

UOB Group Financial Updates

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Group Chief Financial Officer

For the First Half / Second Quarter Ended 30 June 2021

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Financial Highlights

— 2Q21 key financial indicators —

Operating profit
\$1.4b

- 3% QoQ
+ 11% YoY

Net profit after tax
\$1.0b

No change QoQ
+ 43% YoY

Cost/Income ratio
43.7%

- 0.1%pt QoQ
- 2.3%pt YoY

Credit costs
20bps

- 9bps QoQ
- 47bps YoY

NPL ratio
1.5%

No change QoQ
- 0.1%pt YoY

Customer loans
\$299b

+ 2% QoQ
+ 6% YoY

NSFR ratio
123%

+ 2%pt QoQ
+ 4%pt YoY

CET 1 ratio
14.2%

- 0.1%pt QoQ
+ 0.2%pt YoY






Strong first half earnings of \$2b well supported by stable NIM, record fees and lower credit cost. Balance sheet remained resilient

- Business momentum continued into 2Q21 with another quarter earnings of \$1b
- NII grew 3% led by steady loan growth while NIM stable at 1.56%
- Loan-related fees maintained momentum with continued opportunities for refinancing and merger/acquisition deals. Wealth and fund management fees moderated towards the end of 2Q21 after an exceptional 1Q21
- Asset quality intact with NPL ratio stable at 1.5% and credit costs eased to 20bps this quarter. Maintained general allowance given the evolving COVID-19 situation across ASEAN countries
- Sustaining customer loan growth of 2% QoQ and 6% YoY
- CET1 ratio remained strong at 14.2%

Performance by Segment

- Strong Retail performance in wealth management, credit cards and franchise volume growth
- Wholesale saw record investment banking revenue and strong growth in loans/ trade volume
- Global Markets decreased as last year benefitted from gain in bond sales following sharp rate cuts

	1H21 \$m	1H20 \$m	YoY +/(-) %	2Q21 \$m	1Q21 \$m	QoQ +/(-) %
 Operating Profit						
Group Retail	1,070	1,036	3	502	568	(12)
 Group Wholesale Banking	1,651	1,559	6	848	803	6
 Global Markets	225	285	(21)	94	131	(29)

Wholesale customers

- Growing regional franchise, capturing cross-border opportunities



Strengthening Connectivity

Across our ASEAN footprint and global network



+5%¹
Cross border income;
Formed 29%² of GWB income



+78%¹
Suppliers and distributors within
Financial Supply Chain Management
(FSCM) solution



Sector Specialisation

Building capabilities for
greater diversification
and risk mitigation



+25%³
Loan and trade-related fees



+16%³
Global Financial Institutions
Group income



Deepening Digitalisation

For secure and efficient
transactions



3x^{3,4}
Cashless payments to
businesses in Singapore



+36%^{3,5}
Digital banking transactions by
businesses across the Group

1. Year on year growth for YTD May '21. 2. As of YTD May '21. 3. Year on year growth in 1H21. 4. Refers to payments made on Corporate PayNow in Singapore. 5. Refers to digital banking transactions via UOB Infinity/BIBPlus.

- Tapping on rising affluence in Southeast Asia



Omni-channel Experience

Serving affluent customers across various touchpoints



S\$137b^{1,2}

Assets under management (AUM)
▲ 7% YoY³



+20%³

Mortgage sales⁴



Digital Bank: TMRW

Specially for mobile-first and mobile-only generation



>355k¹

Customers in Thailand and Indonesia



4x³

Growth in total TMRW customer deposits



Ecosystem Partnerships

Forging collaborations to widen distribution reach & deepen wallet share



100%

New car loan applications⁴ were digital in 1H21



2 in 3

Home mortgage applications⁴ were digital in 1H21

1. As of end-June 2021. 2. Of which around 60% are from customers overseas. 3. Year on year growth in 1H21. 4. In Singapore.

Performance by Geography

- Steady growth across Singapore, North Asia and ASEAN franchise
- Overseas franchise continued to provide diversification and support cross border connectivity, contributing 48% to Group operating profit

	1H21 \$m	1H20 \$m	YoY +/(-)%	2Q21 \$m	1Q21 \$m	QoQ +/(-)%
Operating Profit						
Singapore	1,429	1,316	9	705	724	(3)
Rest of Southeast Asia	678	663	2	335	342	(2)
Malaysia	355	351	1	173	182	(5)
Thailand	201	189	6	101	101	(0)
Indonesia	118	103	15	59	59	(1)
Vietnam	0	15	(97)	1	(1)	>100
Others	3	5	(36)	2	1	11
North Asia	298	291	3	144	155	(7)
Greater China	280	266	5	133	146	(9)
Others	19	25	(26)	10	9	19
Rest of the world	352	271	30	176	176	(0)
Total	2,757	2,541	9	1,360	1,397	(3)
Overseas contribution (%)	48.2	48.2	0.0	48.1	48.2	(0.1)

Financial Highlights

1H21

- NPAT jumped 29% YoY supported by stable NIM, robust loan growth, record fees and lower impairment

2Q21

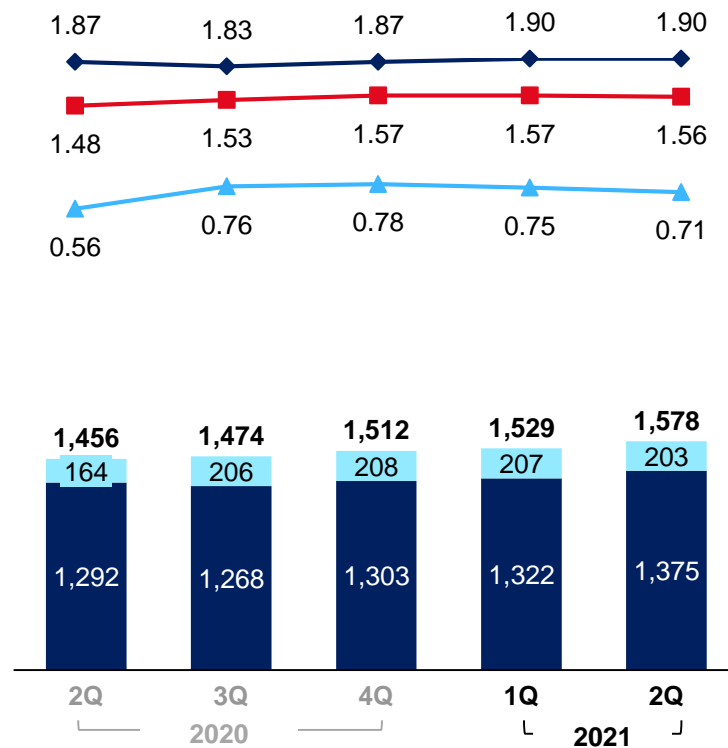
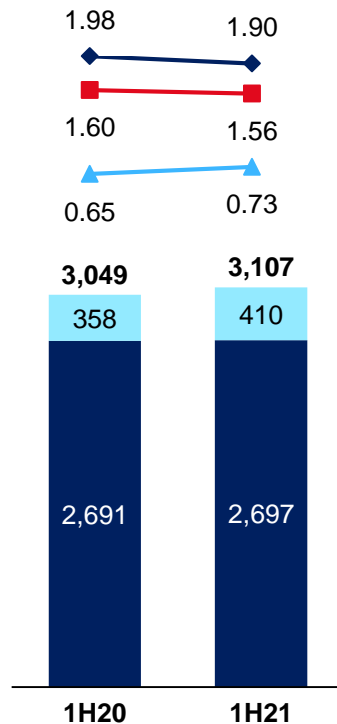
- Business momentum continued into 2Q21 with another quarter earnings of \$1b

	1H21 \$m	1H20 \$m	YoY +/(-)%	2Q21 \$m	1Q21 \$m	QoQ +/(-)%	2Q20 \$m	YoY +/(-)%
Net interest income	3,107	3,050	2	1,578	1,529	3	1,456	8
Net fee income	1,234	960	28	595	638	(7)	445	34
Others	563	657	(14)	243	319	(24)	359	(32)
Total income	4,903	4,667	5	2,417	2,486	(3)	2,260	7
Less: Total expenses	2,146	2,126	1	1,057	1,089	(3)	1,040	2
Operating profit	2,757	2,541	9	1,360	1,397	(3)	1,220	11
Less: Impairment charge	383	682	(44)	182	201	(10)	396	(54)
Add: Assoc & JV	70	40	77	39	32	24	22	76
Net profit	2,011	1,558	29	1,003	1,008	(0)	703	43



Net Interest Income and Margin

- NII increased 3% QoQ led by steady loan growth
- NIM stable for the 3 consecutive quarters



■ NII from Loans (\$m)

■ NII from Interbank & Securities (\$m)

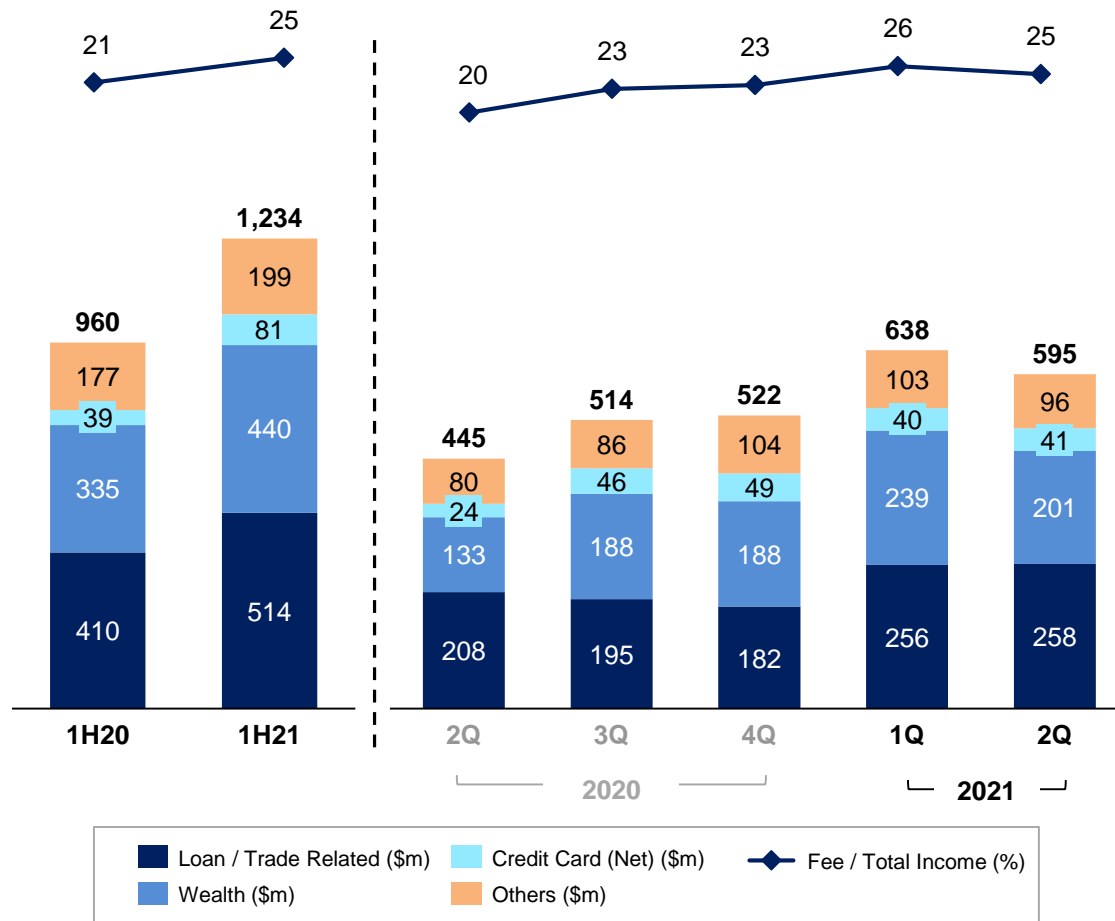
◆ Loan Margin (%)

▲ Interbank & Securities Margin (%)

■ Net Interest Margin (%)

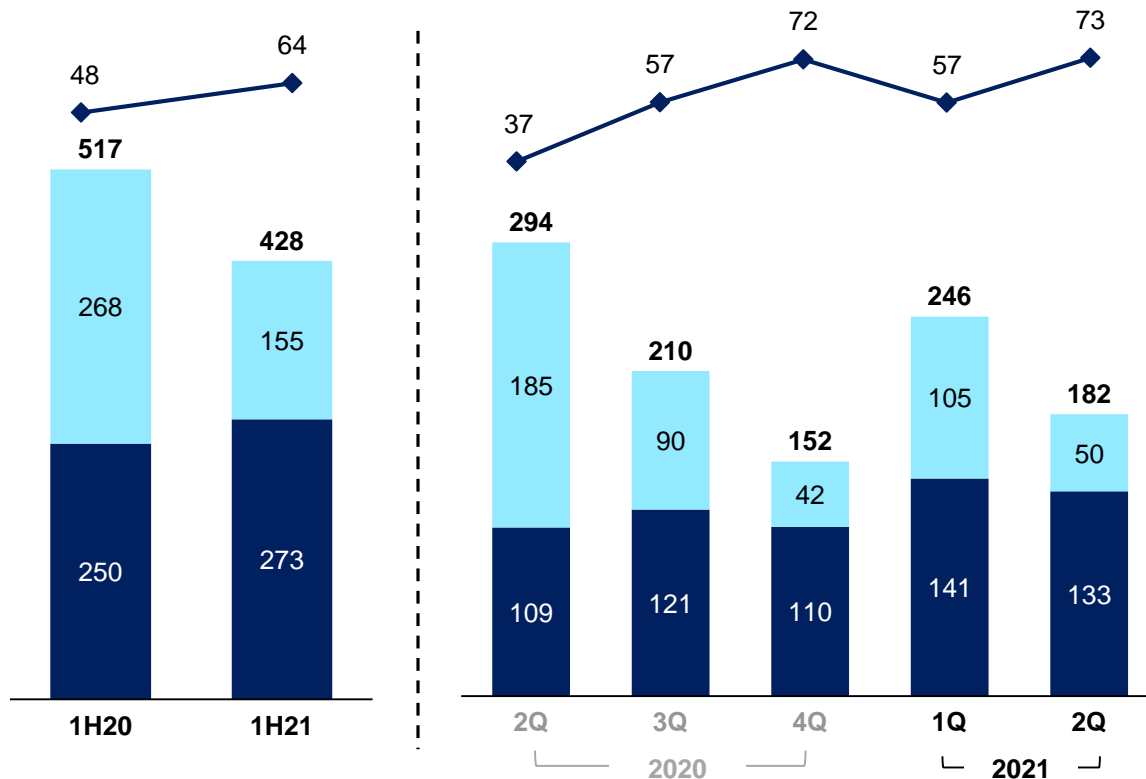
Fee Income

- Broad-based fee increase of 28% for 1H21
- Loan-related fees maintained strong momentum from 1Q with continued opportunities for refinancing or merger/acquisition deals
- Softer fees this quarter largely from wealth and fund management



Trading & Investment Income

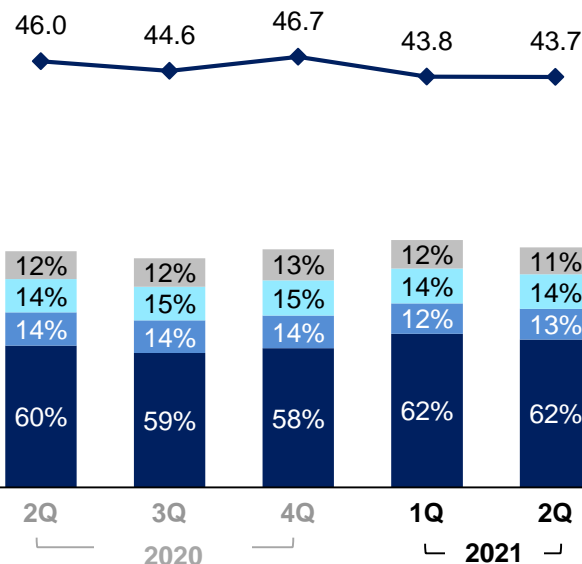
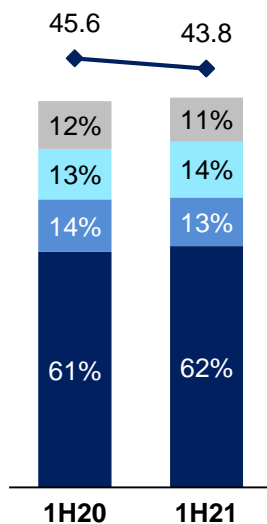
- T&I income from customer-related contribution held steady
- Trading income normalised from last quarter's exceptional trading performance



■ Customer Related (\$m)
 ■ Others (\$m)
 ◆ Customer related / T&I (%)

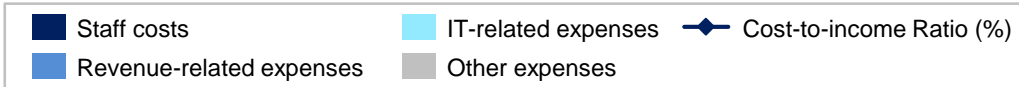
Expenses and Cost / Income Ratio

- Disciplined spending and investments aligned
- Lowest quarter CIR of 43.7%
- Continue to focus on strategic investments in people and technology to enhance digital / product capabilities and improving customer experience



Total expenses (\$m) 2,126 2,146

1,040 1,009 1,049 1,089 1,057



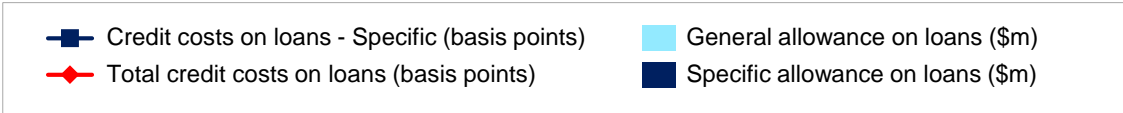
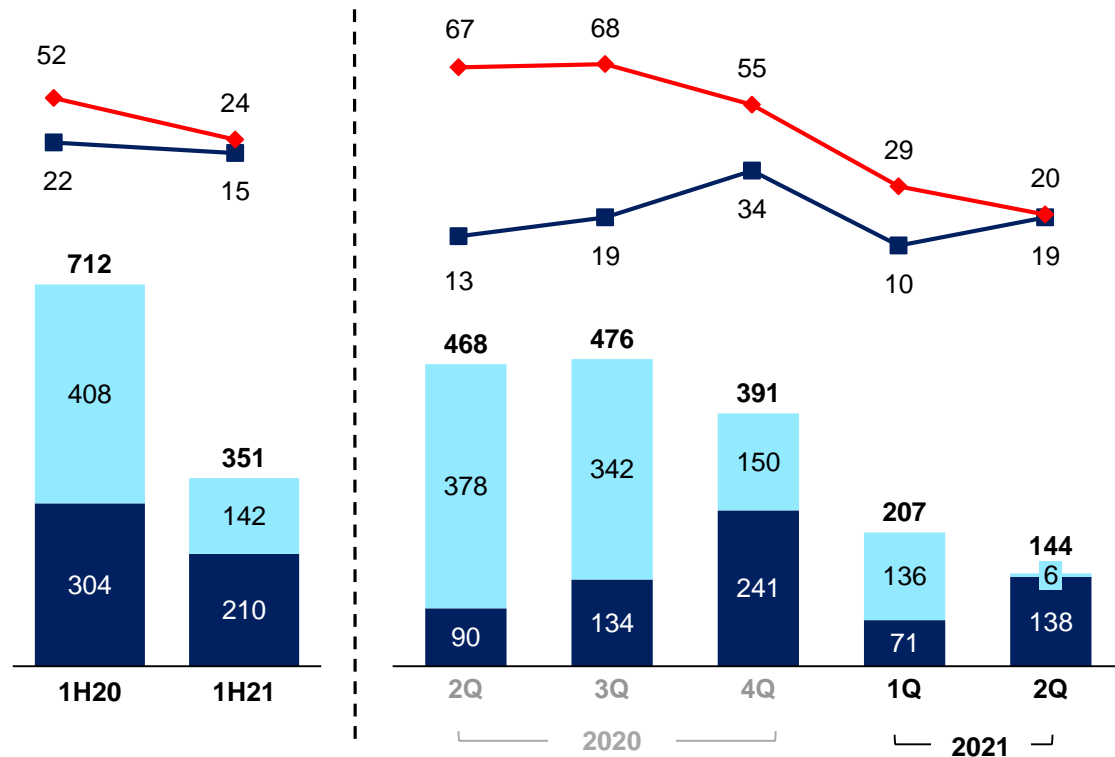
Non-Performing Assets

- NPL ratio stable at 1.5%
- Higher NPA formation this quarter due to a few corporate accounts
- Specific allowance/NPA dropped to 35%, reflecting well-collateralised portfolio

(\$m)	2020			2021	
	2Q	3Q	4Q	1Q	2Q
NPAs at start of period	4,590	4,628	4,301	4,608	4,544
<u>Non-individuals</u>					
New NPAs	131	74	622	145	360
Less:					
Upgrades and recoveries	126	216	175	250	158
Write-offs	42	63	179	26	202
	<u>4,553</u>	<u>4,423</u>	<u>4,569</u>	<u>4,477</u>	<u>4,544</u>
Individuals	75	(122)	39	67	3
NPAs at end of period	<u>4,628</u>	<u>4,301</u>	<u>4,608</u>	<u>4,544</u>	<u>4,547</u>
NPL Ratio (%)	1.6	1.5	1.6	1.5	1.5
Specific allowance/NPA (%)	36	39	37	37	35

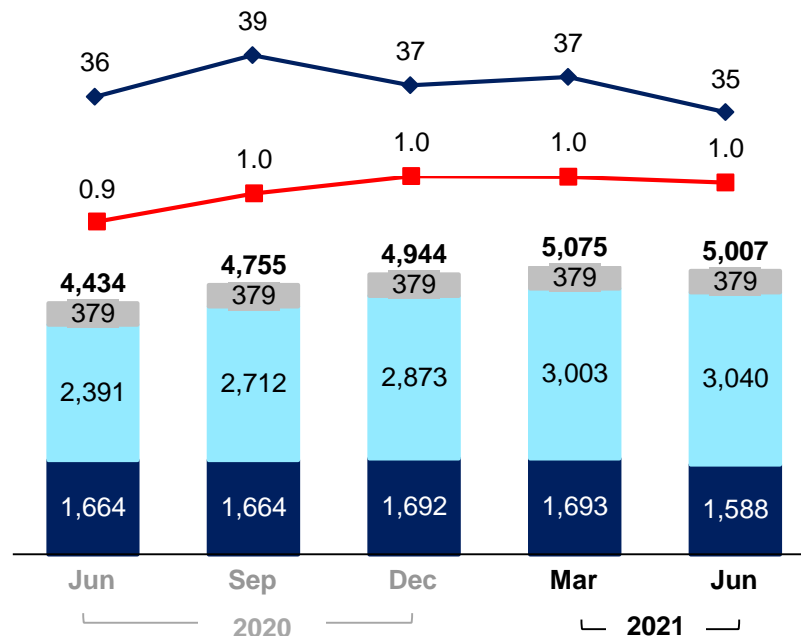
Total Allowance on Loans

- Credit costs eased to 20bps this quarter with stabilising macroeconomic conditions, albeit unevenly, across the region
- As such no further build-up of general allowance is required

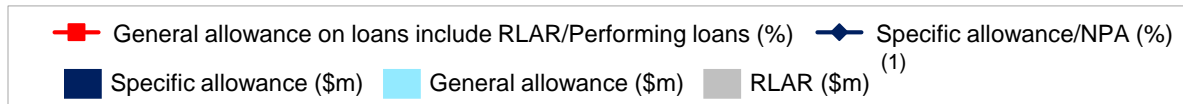


Allowance Coverage

- Strong reserve buffer with coverage for performing loans maintained at 1%
- Strong NPA coverage at 110% or 265% taking collateral into account
- As new NPAs remain low, existing general allowance is maintained in anticipation of a range of possible macroeconomic uncertainties



NPA coverage (%) ⁽²⁾	96	111	107	112	110
Unsecured NPA coverage (%) ⁽²⁾	230	264	245	257	265



(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

- Steady growth of 2% QoQ mainly from term and trade loans in Singapore, North Asia and Rest of the World
- YoY growth of 6% mainly corporate loans from Singapore and Greater China

	Jun-21 \$b	Mar-21 \$b	Jun-20 \$b	QoQ +/(-)%	YoY +/(-)%
Singapore	153	151	142	1	8
Rest of Southeast Asia	62	63	64	(1)	(4)
Malaysia	29	30	30	(2)	(2)
Thailand	20	20	21	(3)	(5)
Indonesia	11	10	11	3	(6)
Vietnam	2	2	2	3	12
Others	1	1	1	(7)	(15)
North Asia	51	50	47	2	10
Greater China	48	47	44	2	9
Others	3	3	3	8	14
Rest of the world	32	29	28	11	17
Total	299	293	281	2	6

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

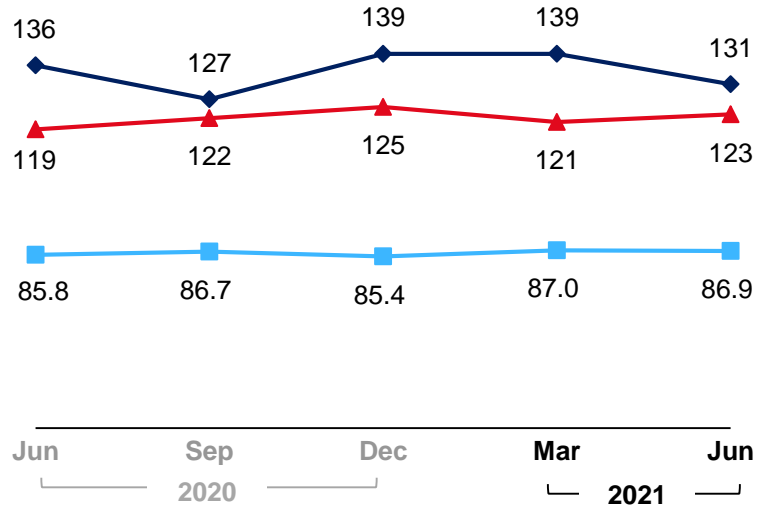
- Continue to focus on stable funding
- Healthy CASA ratio of 52.7% this quarter

	Jun-21 \$b	Mar-21 \$b	Jun-20 \$b	QoQ +/(-)%	YoY +/(-)%
Singapore	230	226	217	2	6
Rest of Southeast Asia	64	64	65	(0)	(1)
Malaysia	31	30	30	4	3
Thailand	20	21	23	(5)	(12)
Indonesia	9	9	8	(2)	8
Vietnam	3	3	3	(7)	4
Others	0	0	0	0	8
North Asia	20	19	20	6	(3)
Greater China	20	19	20	6	(3)
Others	0	0	0	23	(55)
Rest of the world	25	23	21	11	22
Total Customer Deposits	339	332	323	2	5
Wholesale funding ⁽¹⁾	52	53	50	(1)	4
Total funding	391	385	373	2	5
CASA/Deposit Ratio (%)	52.7	53.5	49.6	(0.8)	3.1

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

Liquidity ratios

- Ample liquidity with LCR at 131% and NSFR at 123%



USD LDR (%)

59.6

58.0

58.2

62.5

62.6

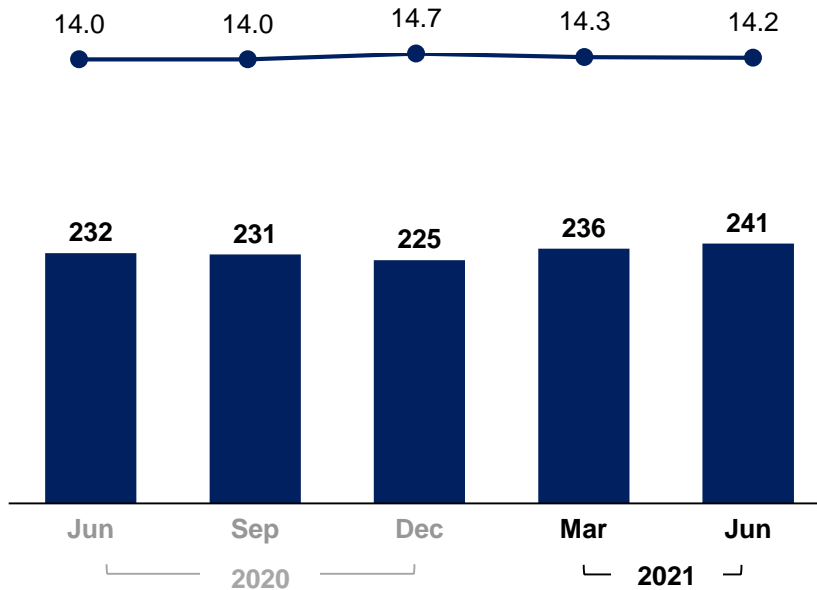
◆ All-currency LCR (%)

■ Loan/Deposit Ratio (LDR) (%)

▲ Net Stable Fund Ratio (NSFR) (%)

Capital

- Strong capital position with CET1 ratio at 14.2%
- Higher RWA alongside loan growth

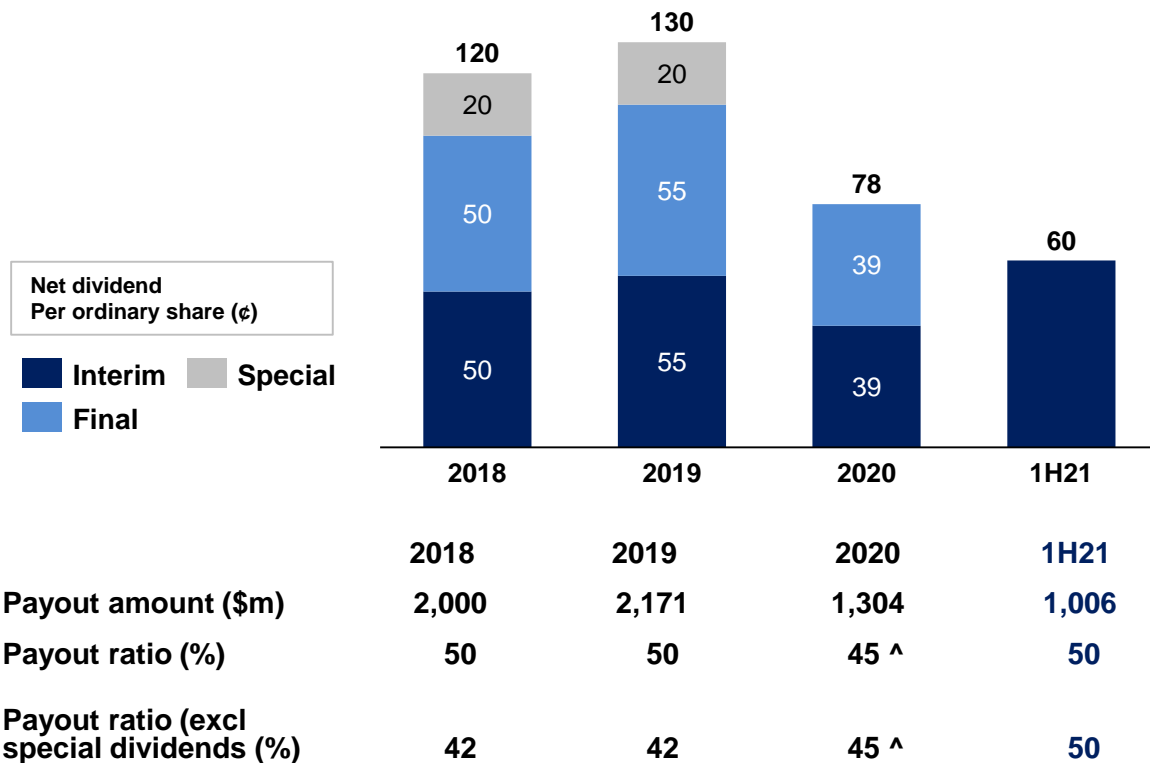


Leverage ratio (%)	7.3	7.4	7.4	7.5	7.4
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Dividends

- MAS dividend cap lifted
- Resuming 50% payout

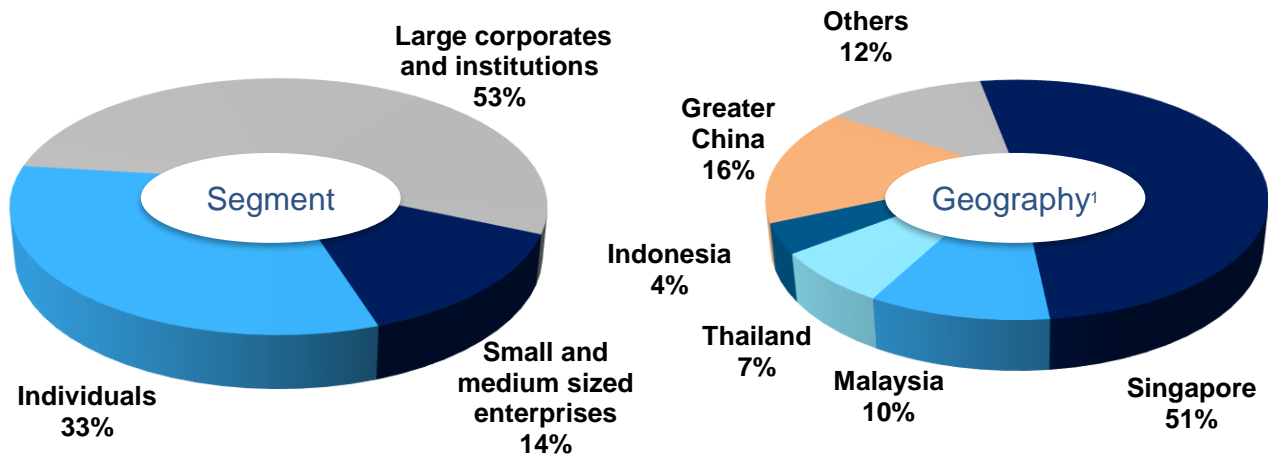
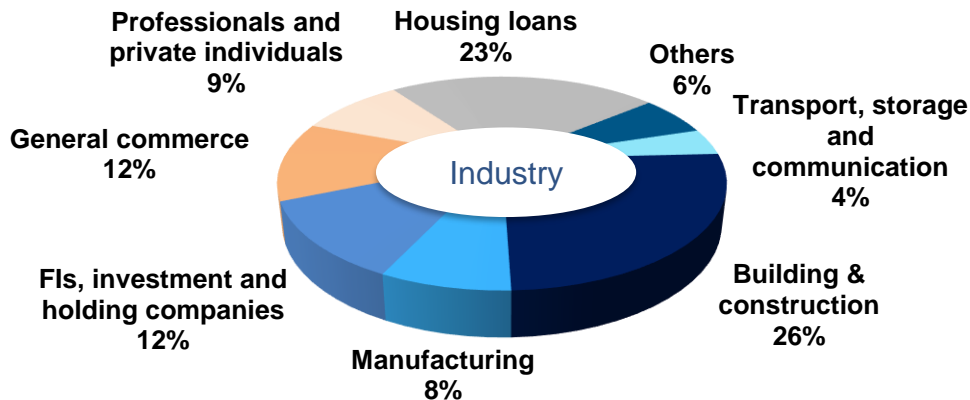


[^] Dividend for 2020 is in line with Monetary Authority of Singapore's call for banks to cap the total dividends per share (DPS) at 60% of 2019's DPS.

Appendix

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

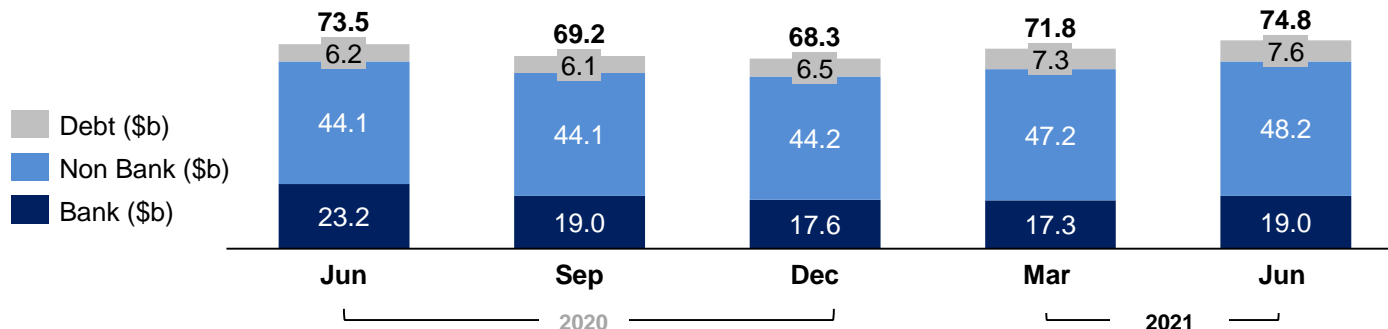
Diversified Loan portfolio



Note: Financial statistics as at 30 June 2021

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 Jun 2021:

Mainland China exposure (\$27.3b or 6% of total assets)

Bank exposure (\$12.9b)

- Accounted for ~50% of total exposure to Mainland China, with top 5 domestic banks and 3 policy banks accounting for ~70% of total bank exposure
- 99% with <1 year tenor
- Trade exposures comprise ~50% of total bank exposure

Non-bank exposure (\$11.0b)

- Target customers include top-tier state-owned enterprises, large local corporates and foreign investment enterprises
- ~60% denominated in RMB
- ~50% with <1 year tenor
- NPL ratio at 0.4%

Hong Kong SAR exposure (\$38.2b or 9% of total assets)

Bank exposure (\$2.9b)

- Majority of exposure are to foreign banks

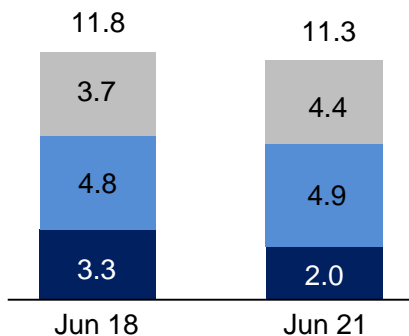
Non-bank exposure (\$32.0b)

- Exposure mainly to wholesale corporates
- ~60% with <1 year tenor
- NPL ratio at 0.8%

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 Oil and Gas (O&G) Sector

Total Outstanding O&G Loans (\$b)



- Oil Traders
- Downstream Industries
- Upstream Industries¹

As of 30 June 2021, outstanding O&G loans represented 4% of total loans as compared with 5% at 30 June 2018

Approximately 80% of 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.

Thank You

RIGHT BY YOU 

The logo for Bank of China is a red circular emblem containing the Chinese characters "大華銀行" (Bank of China) in a stylized font.