



UOB Group Financial Updates

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Group Chief Financial Officer

For the Nine Months / Third Quarter Ended 30 September 2021



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藝術



Detail of
The Art of Banking by Martin Ding
UOB Art Collection

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Financial Highlights

— 3Q21 key financial indicators —

Operating profit
\$1.38b

+ 2% QoQ
+ 10% YoY

Net profit after tax
\$1.05b

+ 4% QoQ
+ 57% YoY

Cost/Income ratio
43.7%

No change QoQ
- 0.9%pt YoY

Credit costs
20bps

No change QoQ
- 48bps YoY

NPL ratio
1.5%

No change QoQ
No change YoY

Customer loans
\$306b

+ 3% QoQ
+ 9% YoY

NSFR ratio
125%

+ 2%pt QoQ
+ 3%pt YoY

CET 1 ratio
13.5%

- 0.7%pt QoQ
- 0.5%pt YoY






3Q21 profits maintained at \$1b with ROE improved to 10.4%. Credit outlook stable and balance sheet remained resilient

- NII grew 2% QoQ from steady loan growth with NIM stable at 1.55%
- Wealth, credit card and fund management fees continued momentum amid the improving economic outlook. Loan-related fees moderated from a stellar performance in 2Q
- Credit portfolio remained resilient and well-secured. NPL ratio stable at 1.5% and total credit costs on loans unchanged at 20bps this quarter
- Healthy customer loan growth of 3% QoQ and 9% YoY supported by large corporate loans
- CET1 ratio stayed strong at 13.5%

Performance by Segment

- Retail driven by strong growth in wealth & cards, moderating impact from margin compression
- Wholesale growth led by trade, treasury, investment banking and loan-related deals
- Global Markets decreased as last year benefitted from gain in bond sales

	9M21 \$m	9M20 \$m	YoY +/(-) %	3Q21 \$m	2Q21 \$m	QoQ +/(-) %
Operating Profit						
 Group Retail	1,593	1,566	2	523	502	4
 Group Wholesale Banking	2,506	2,368	6	855	848	1
 Global Markets	312	430	(27)	87	94	(7)

Wholesale customers

- Growing regional franchise, capturing cross-border opportunities



Strengthening Connectivity

Across our ASEAN footprint and global network



+6%¹
Cross border income;
Formed 30%² of GWB income



2x¹
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



+18%³
Global Financial Institutions
Group income



Deepening Digitalisation

For secure and efficient
transactions



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



+29%^{3,5}
Digital banking transactions by
businesses across the Group

1. Year on year growth for YTD Aug '21. 2. As of YTD Aug '21. 3. Year on year growth in 9M21. 4. Refers to payments made on Corporate PayNow in Singapore. 5. Refers to digital banking transactions via UOB Infinity/BIBPlus.

Consumers

- Tapping on rising affluence and growing digitalisation in Southeast Asia



Digital Transformation

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

>2x¹

Target income from digitally-engaged² customers

~5ppt¹

Target decline in cost-to-income ratio for digitally-engaged² customers



Growing Eco-system Partnerships

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

>2x¹

Target growth in digitally-enabled³ customers to 7m¹

>3k

Merchant tie-ups in Rewards+: Singapore's largest rewards programme



Strengthening Omni-channel Offerings

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

S\$137b^{4,5}

Assets under management (AUM)⁶
▲ 6% YoY

>80%⁷

SimpleInvest customers are new to wealth products

1. By 2026. 2. Customers who have made at least 1 transaction on UOB TMRW or Personal Internet Banking (PIB) in the last 12 months. 3. Customers who have a registered user ID and password for UOB TMRW or PIB. 4. 9M21. 5. Of which around 60% are from customers overseas. 6. Refers to Privilege Banking, Privilege Reserve and Private Bank. 7. From launch to Sep 2021.

Performance by Geography

- YTD performance recovering in most markets
- Continued momentum in quarterly growth across ASEAN, Greater China and the developed markets
- Continued to provide diversification and cross border connectivity support, leading to higher 50% overseas contribution

	9M21 \$m	9M20 \$m	YoY +/(-)%	3Q21 \$m	2Q21 \$m	QoQ +/(-)%
Operating Profit						
Singapore	2,115	1,941	9	686	705	(3)
Rest of Southeast Asia	1,029	995	3	351	335	5
Malaysia	541	512	6	185	173	7
Thailand	301	299	1	99	101	(1)
Indonesia	181	160	13	63	59	8
Vietnam	2	19	(87)	2	1	73
Others	4	7	(33)	1	2	(11)
North Asia	452	445	2	154	144	7
Greater China	425	414	3	145	133	9
Others	27	31	(12)	9	10	(16)
Rest of the world	542	411	32	190	176	8
Total	4,137	3,792	9	1,381	1,360	2
Overseas contribution (%)	48.9	48.8	0.1	50.3	48.1	2.2

Financial Highlights

9M21

- NPAT jumped 37% YoY supported by robust loan growth, record fees and lower credit costs

3Q21

- 3Q21 earnings up 4% with sustained income momentum and stabilising credit outlook

	9M21	9M20	YoY	3Q21	2Q21	QoQ
	\$m	\$m	+/(-)%	\$m	\$m	+/(-)%
Net interest income	4,711	4,524	4	1,604	1,578	2
Net fee income	1,823	1,475	24	589	595	(1)
Others	822	929	(12)	259	243	7
Total income	7,356	6,927	6	2,453	2,417	1
Less: Total expenses	3,218	3,135	3	1,072	1,057	1
Operating profit	4,137	3,792	9	1,381	1,360	2
Less: Impairment charge	546	1,158	(53)	163	182	(10)
Add: Assoc & JV	99	64	55	29	39	(27)
Net profit	3,057	2,226	37	1,046	1,003	4

Gross Loans

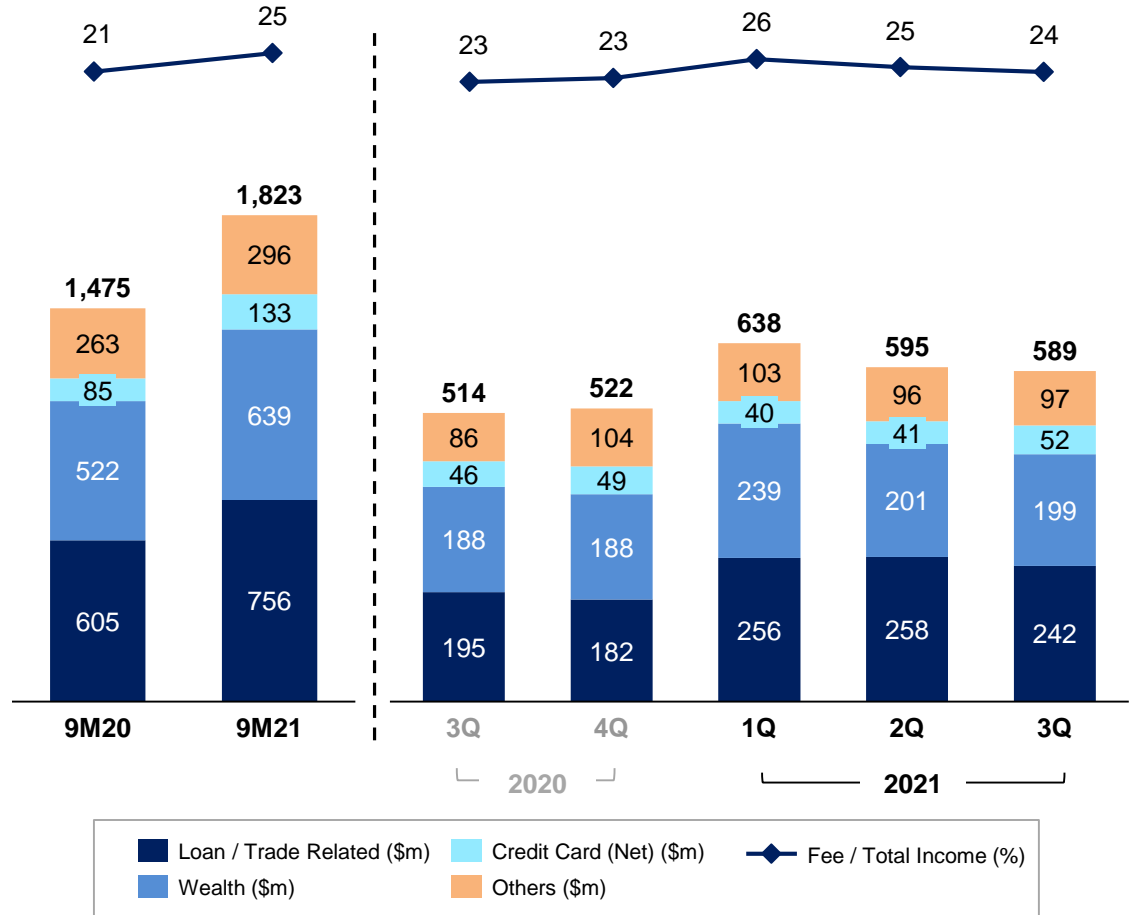
- Steady growth of 3% QoQ mainly from term and trade loans in Singapore and Greater China
- YoY growth of 9% mainly corporate loans from Singapore and Greater China

	Sep-21 \$b	Jun-21 \$b	Sep-20 \$b	QoQ +/(-%)	YoY +/(-%)
Singapore	158	153	144	4	10
Rest of Southeast Asia	62	62	63	1	(1)
Malaysia	29	29	30	1	(3)
Thailand	20	20	19	(1)	1
Indonesia	11	11	11	(0)	(2)
Vietnam	2	2	2	9	30
Others	1	1	1	9	(7)
North Asia	53	51	47	3	13
Greater China	50	48	44	3	12
Others	3	3	3	5	28
Rest of the world	32	32	27	0	22
Total	306	299	281	3	9

Note: Loans are classified based on where credit risks reside, represented by country of incorporation/operation for non-individuals and residence for individuals.

Fee Income

- Record fees in 9M21 particularly wealth and loan-related as investment and trade activities pick up
- 3Q21 credit card fees higher, while wealth and fund management fees sustained momentum from 2Q21. Loan-related fees moderated after a stellar 2Q21



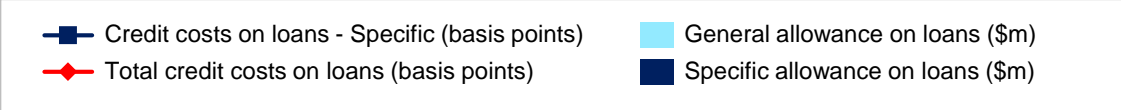
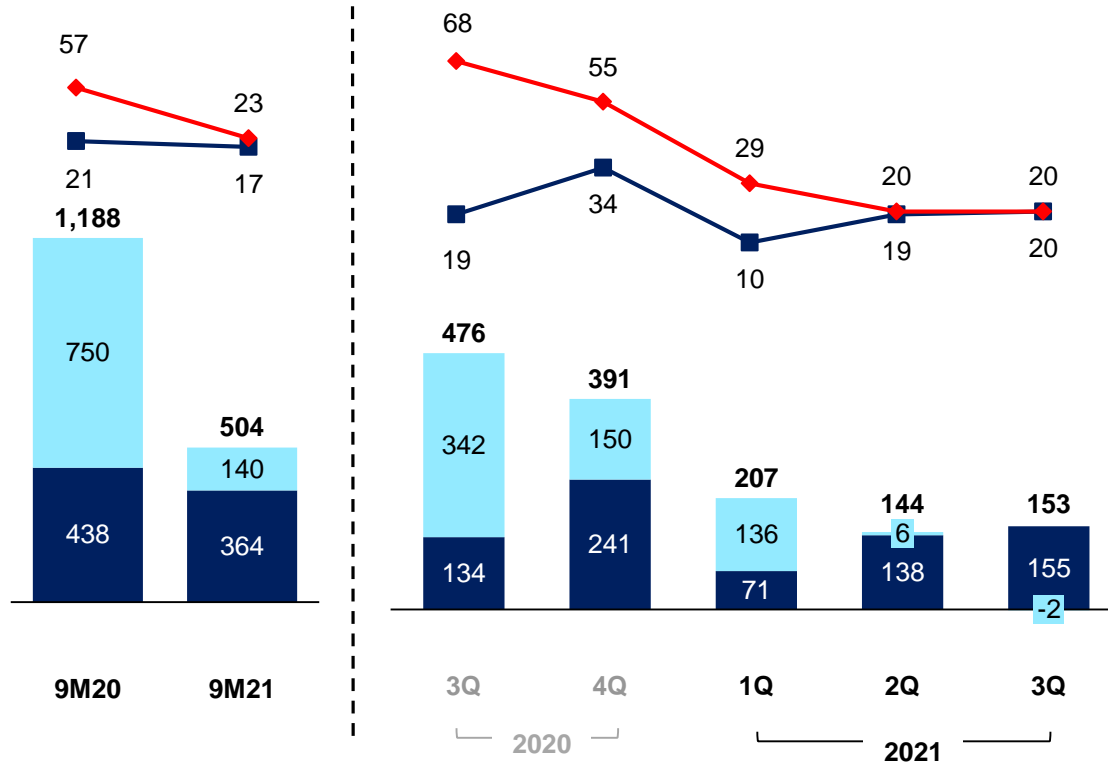
Non-Performing Assets

- Asset quality remained resilient and portfolio well-collateralised
- NPL ratio stable at 1.5%

(\$m)	2020		2021		
	3Q	4Q	1Q	2Q	3Q
NPAs at start of period	4,628	4,301	4,608	4,544	4,547
<u>Non-individuals</u>					
New NPAs	74	622	145	360	251
<i>Less:</i>					
Upgrades and recoveries	216	175	250	158	73
Write-offs	63	179	26	202	42
	4,423	4,569	4,477	4,544	4,683
Individuals	(122)	39	67	3	89
NPAs at end of period	4,301	4,608	4,544	4,547	4,772
NPL Ratio (%)	1.5	1.6	1.5	1.5	1.5
Specific allowance/NPA (%)	39	37	37	35	34

Total Allowance on Loans

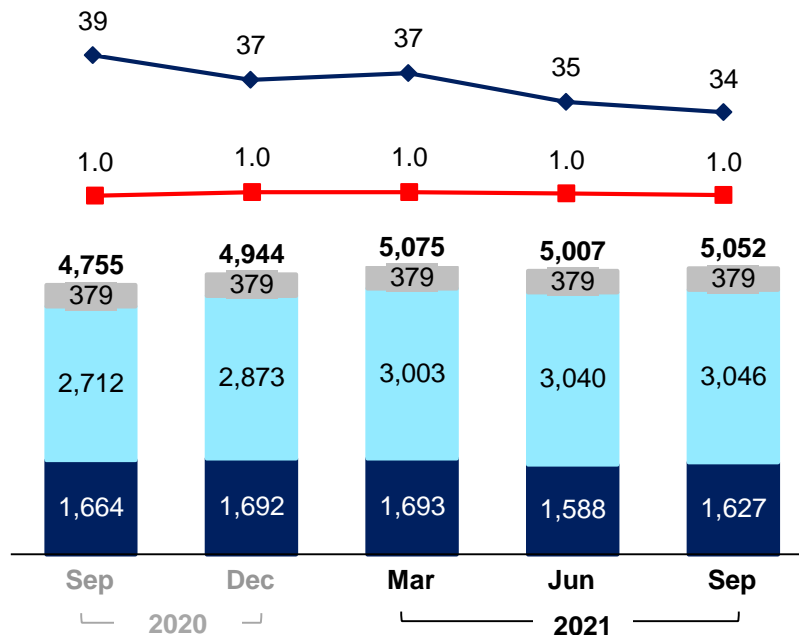
- Steady credit costs at 20bps this quarter





Allowance Coverage

- Strong reserve buffer with coverage for performing loans maintained at 1%
- Strong NPA coverage at 106% or 265% taking collateral into account
- While new NPA within expectation, existing GP is maintained for possible macroeconomic variabilities



NPA coverage (%) ⁽²⁾	111	107	112	110	106
Unsecured NPA coverage (%) ⁽²⁾	264	245	257	265	265

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

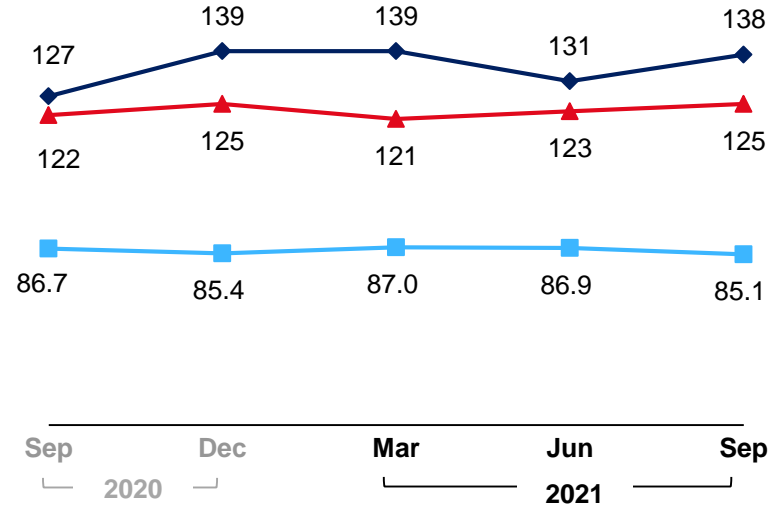
■ Specific allowance (\$m)
 ■ General allowance (\$m)
 ■ RLAR (\$m)⁽¹⁾

(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.

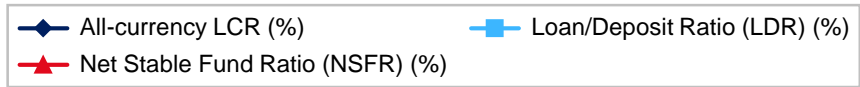
(2) Includes RLAR as part of total allowance.

Liquidity ratios

- Ample liquidity with LCR at 138% and NSFR at 125%

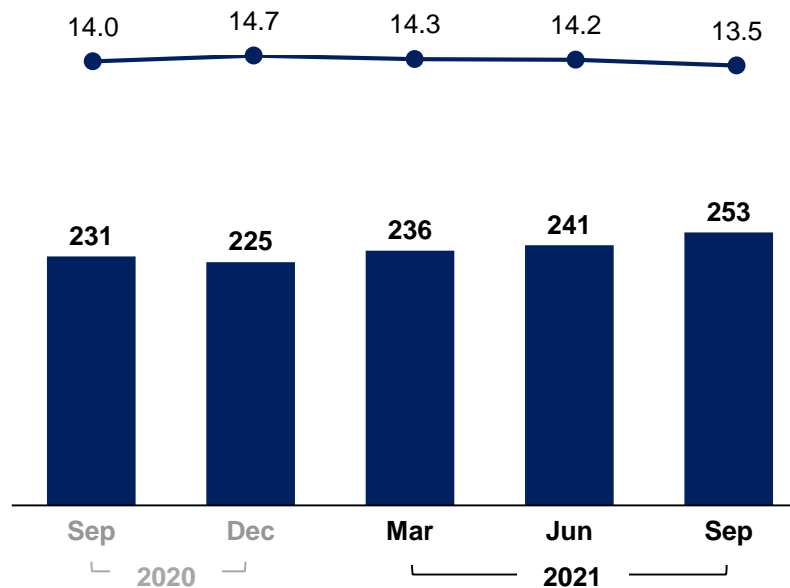


USD LDR (%)	Sep 2020	Dec 2020	Mar 2021	Jun 2021	Sep 2021
	58.0	58.2	62.5	62.6	60.4



Capital

- CET1 ratio eased to 13.5% largely due to strong asset growth and interim dividend paid



Leverage ratio (%)

7.4


7.4

7.5

7.4

7.1

 RWA (\$b)

 CET1 ratio (%)

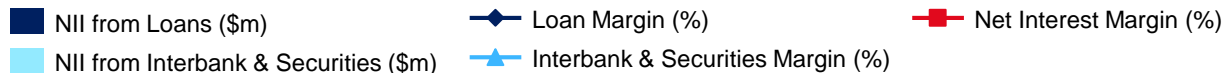
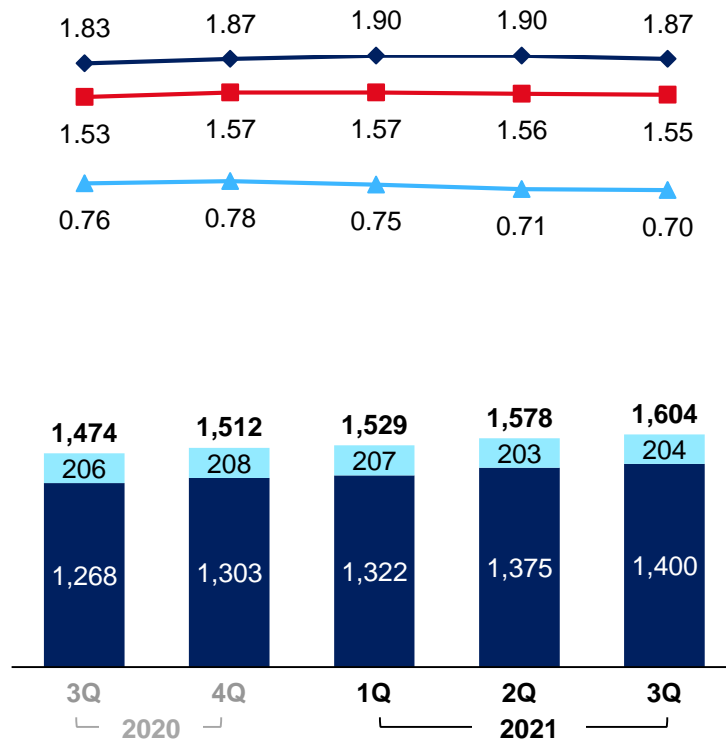
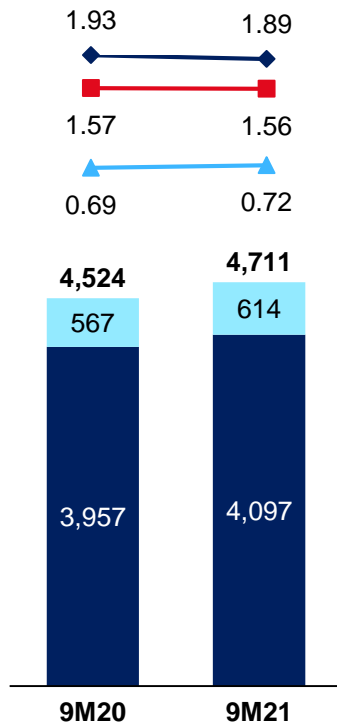
Appendix

- **Net Interest Income and Margin**
- **Trading & Investment Income**
- **Expense and Cost/Income Ratio**
- **Total Funding**
- **Loan portfolio**
- **Exposure to Greater China**
- **Exposure to Oil & Gas sector**



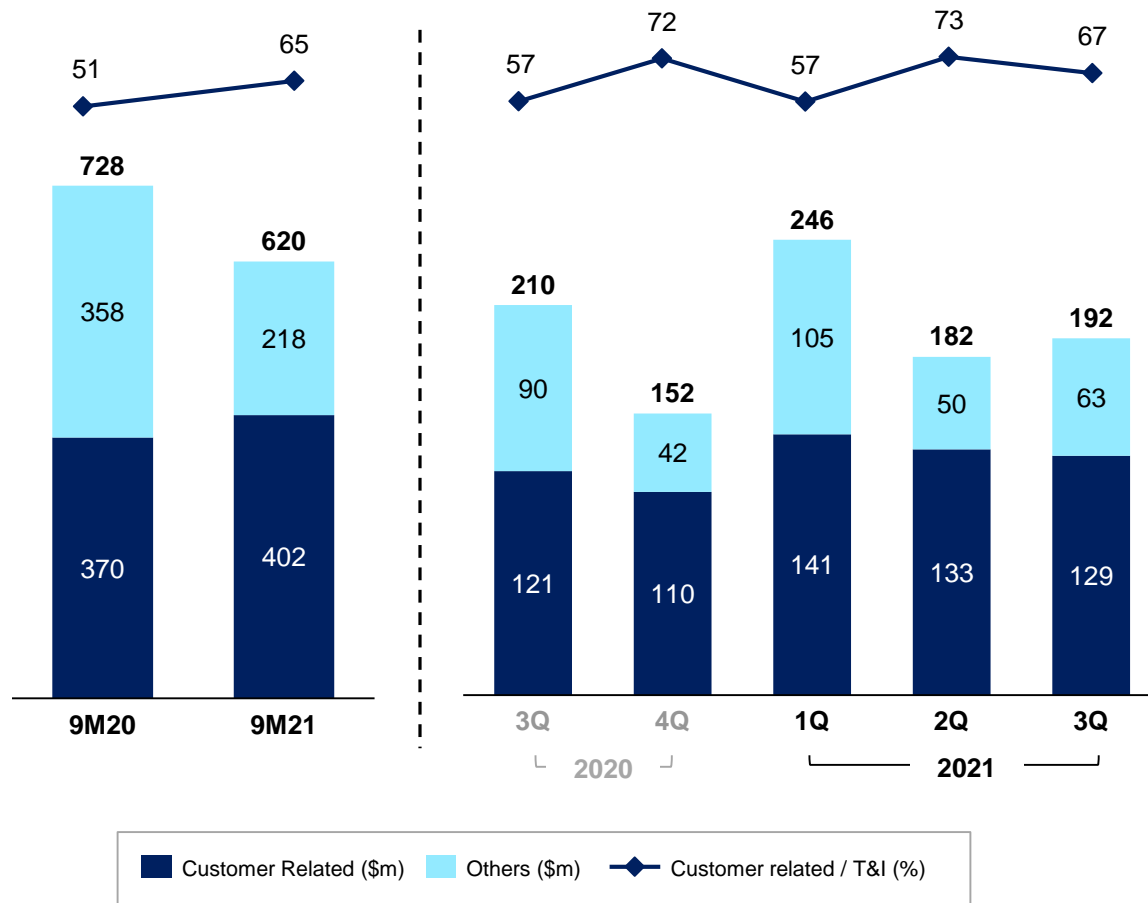
Net Interest Income and Margin

- Higher NII led by healthy loan growth of 9% YoY
- Broadly stable net interest margin amid low rate environment and competition



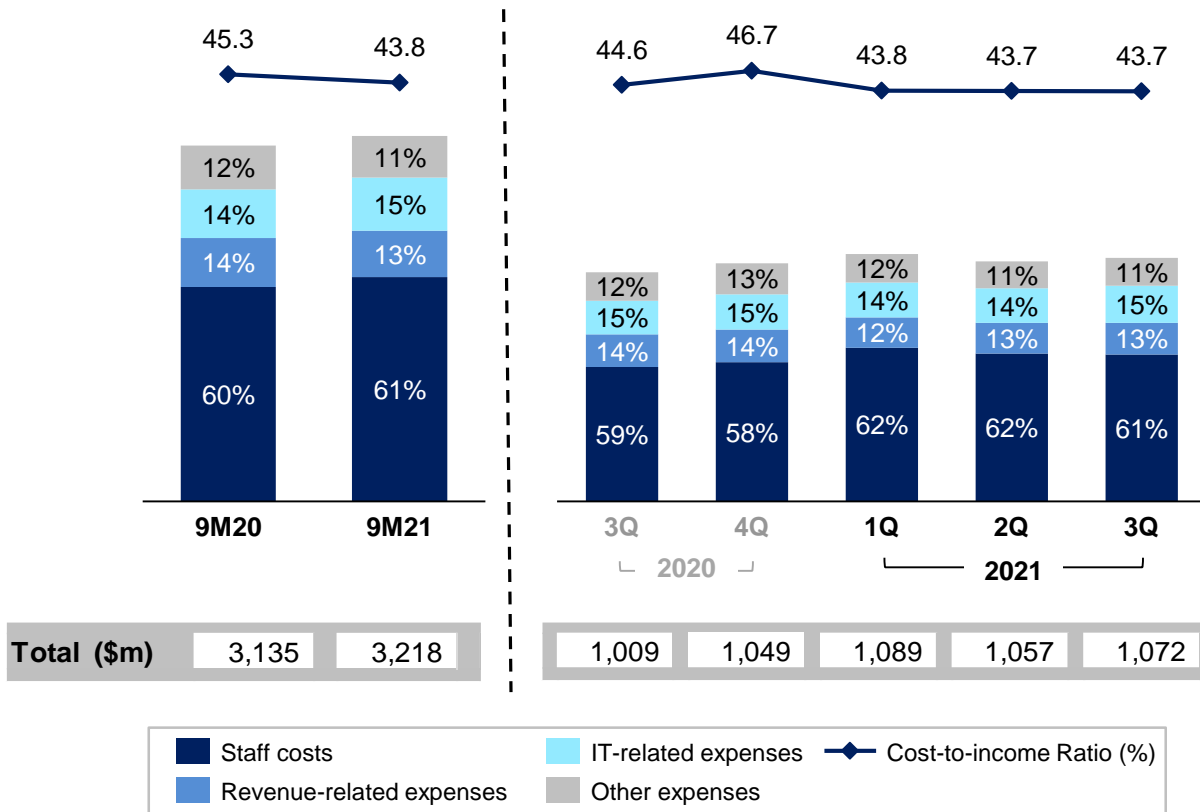
Trading & Investment Income

- 9M21 customer-related T&I increased 8% as market activities picked-up this year
- T&I income from customer-related contribution at 67% for 3Q21



Expenses and Cost / Income Ratio

- Stable CIR on the back of strong income growth and disciplined spend
- Continue to prioritise strategic investments in people and technology to enhance digital / product capabilities and improving customer experience



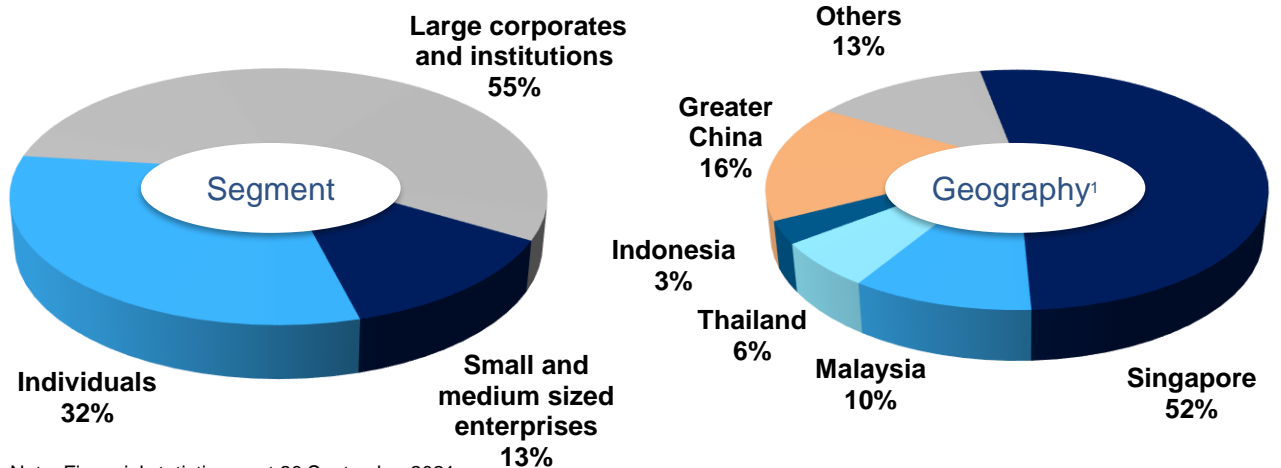
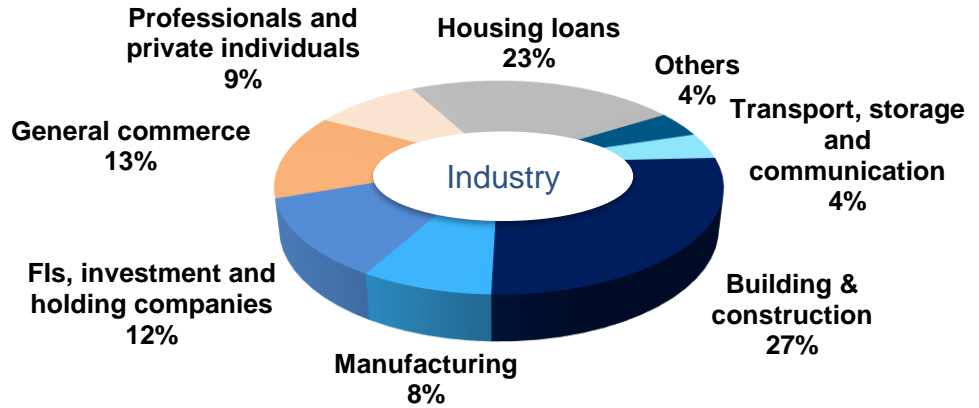
Total Funding

- Continue to focus on building stable funding
- CASA ratio rose to new high of 55.8% this quarter

	Sep-21 \$b	Jun-21 \$b	Sep-20 \$b	QoQ +/(-)%	YoY +/(-)%
Singapore	241	230	217	5	11
Rest of Southeast Asia	64	64	64	1	(0)
Malaysia	32	31	32	2	2
Thailand	20	20	21	(1)	(6)
Indonesia	9	9	8	4	11
Vietnam	3	3	3	(14)	(9)
Others	0	0	0	(4)	(10)
North Asia	25	20	18	26	39
Greater China	25	20	18	26	38
Others	0	0	0	34	>100
Rest of the world	25	25	19	(3)	27
Total Customer Deposits	355	339	319	5	11
Wholesale funding ⁽¹⁾	49	52	43	(6)	13
Total funding	403	391	363	3	11
CASA/Deposit Ratio (%)	55.8	52.7	51.0	3.1	4.8

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

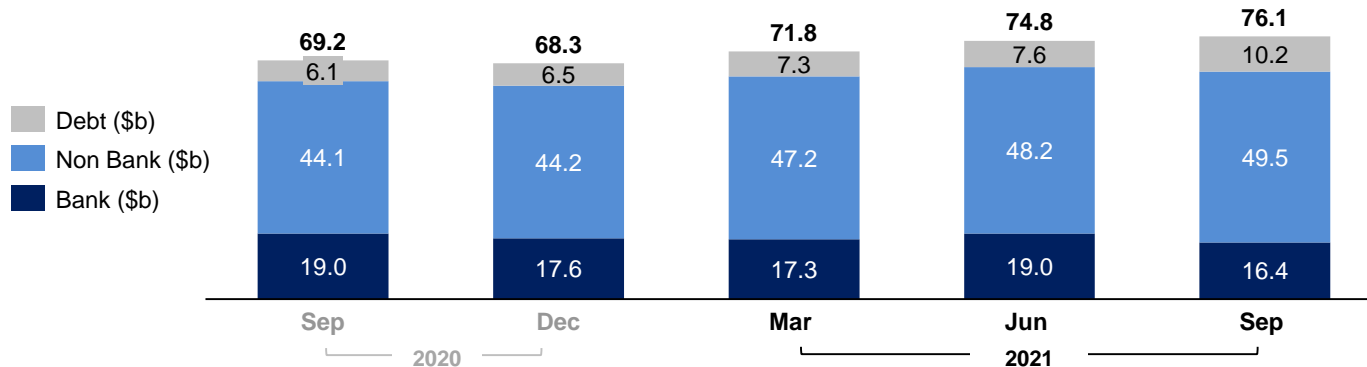
Diversified Loan portfolio



Note: Financial statistics as at 30 September 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 Sep 2021:

Mainland China exposure (\$26.4b or 6% of total assets)

Bank exposure (\$10.7b)

- Accounted for ~40% of total exposure to Mainland China, with top 5 domestic banks and 3 policy banks accounting for ~60% of total bank exposure
- 98% with <1 year tenor
- Trade exposures comprise ~50% of total bank exposure

Non-bank exposure (\$11.9b)

- Target customers include top-tier state-owned enterprises, large local corporates and foreign investment enterprises
- ~55% denominated in RMB
- ~50% with <1 year tenor
- NPL ratio at 0.3%

Hong Kong SAR exposure (\$40.9b or 9% of total assets)

Bank exposure (\$2.9b)

- Majority of exposure are to foreign banks

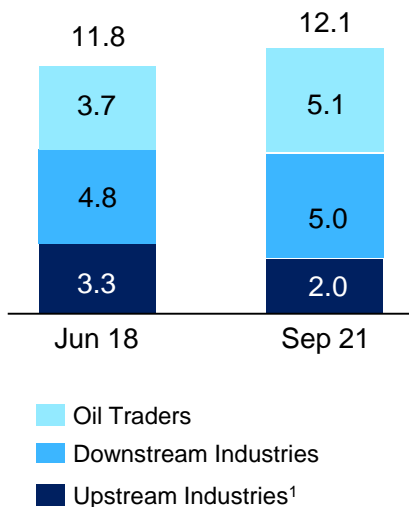
Non-bank exposure (\$33.1b)

- Exposure mainly to wholesale corporates
- ~60% with <1 year tenor
- NPL ratio at 0.7%

Exposure to Oil and Gas (O&G) Sector



Total Outstanding O&G Loans (\$b)



As of 30 September 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

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