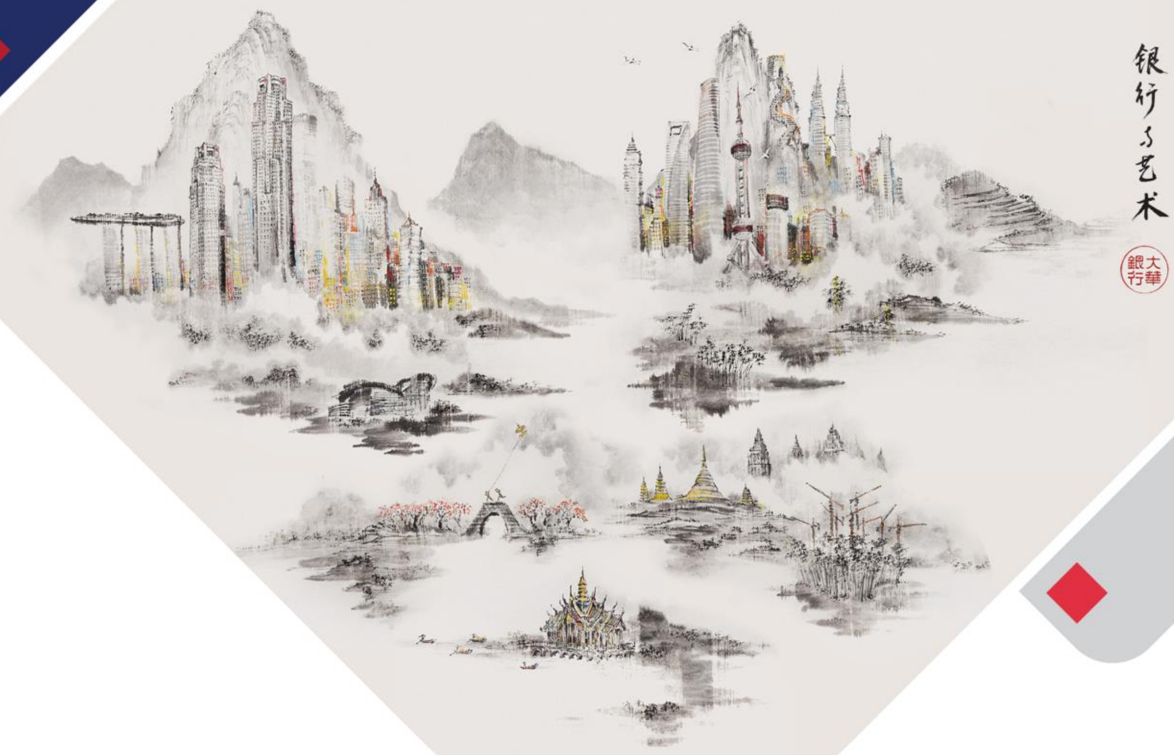
UOB Group Financial Updates

Lee Wai Fai

Group Chief Financial Officer

For the First Quarter Ended 31 March 2022



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

Financial Highlights

1Q22 key financial indicators

Operating profit **$1.3b** - 3% QoQ - 7% YoY	Net profit after tax **$0.9b** - 11% QoQ - 10% YoY
Cost/Income ratio **44.8%** - 0.2%pt QoQ + 1.0%pt YoY	Credit costs **19bps** + 7bp QoQ - 10bps YoY
NPL ratio **1.6%** no change QoQ + 0.1%pt YoY	Customer loans **$320b** + 3% QoQ + 9% YoY
NSFR ratio **113%** - 3%pt QoQ - 8%pt YoY	CET 1 ratio **13.1%** - 0.4%pt QoQ - 1.2%pt YoY

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1Q22 NPAT down 11% QoQ as geopolitical uncertainties led to lower trading and investment income, coupled with lower general allowances write-back

- NIM up 2bps to 1.58% this quarter
- Record loan-related fees moderated by wealth and fund management fees on the back of dampened market sentiment and seasonally lower credit card fees
- Customer-related treasury income grew 18%, more than offset by impact from hedges as interest rates rose and unrealised mark-to-market on investments
- Asset quality intact with NPL ratio stable at 1.6%. Total credit costs normalised to 19bps due to higher general allowance write-back in previous quarter
- Steady customer loan growth of 3% QoQ and 9% YoY
- CET1 ratio healthy at 13.1%

Performance by Segment

- Retail impacted by slower wealth activities from cautious sentiment amid market uncertainty, mitigated by sustained CASA growth
- Wholesale supported by strong franchise volume growth and record high loan-related and investment banking fees
- Global Markets benefitted from better trading and liquidity management activities amid market volatilities

Operating Profit	1Q22 $m	1Q21 $m	YoY +/(-) %
Group Retail	**470**	574	(18)
Group Wholesale Banking	**939**	803	17
Global Markets	**138**	125	10

Wholesale customers

- Growing regional franchise, capturing cross-border opportunities

Strengthening Connectivity

Across our ASEAN footprint and global network

+11%[1]
Cross border income; Formed 31%[2] of GWB income

2x
Suppliers and distributors within Financial Supply Chain Management (FSCM) solution

Sector Specialisation

Building capabilities for greater diversification and risk mitigation

+7%[3]
Loan-related fees

+25%[3]
Global Financial Institutions Group income

Deepening Digitalisation

For secure and efficient transactions

+42%[3,4]
Cashless payments to businesses in the region

+10%[3,5]
Digital banking transactions by businesses across the Group

1. Year on year growth for YTD Feb '22. 2. As of YTD Feb '22. 3. Year on year growth in 1Q22. 4. Refers to payments made on Corporate PayNow, DuitNow and PromptPay in Singapore, Malaysia and Thailand. 5. Refers to digital banking transactions via UOB Infinity/BIBPlus.

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Consumers

- Tapping on rising affluence and growing digitalisation in Southeast Asia

Building Scale & Deepening Engagement

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

~140k
Customers digitally acquired across the region by UOB TMRW in 1Q22

>80%
Customers digitally acquired across the region in 1Q22 by UOB TMRW are new to bank customers

Growing Eco-system Partnerships

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

30%
Digitally acquired customers in 1Q22 from partnership referrals[1]

5
Key strategic partnerships to grow adoption of TMRW Pay in Indonesia

Strengthening Omni-channel Offerings

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

S$140b[2,3]
Assets under management (AUM)[4]
▲ 3% YoY

#1
2021 Customer Satisfaction Index of Singapore (CSISG) Finance Sector Ranking

1. In Thailand and Indonesia. 2. As at 1Q22. 3. Of which 57 % are from customers overseas. 4. Refers to Privilege Banking, Privilege Reserve and Private Bank.

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Performance by Geography

- Operating profit decreased largely from Singapore and North Asia as market volatility led to lower T&I
- Southeast Asia markets showing recovery
- Well connected regional and overseas franchise continue to provide customers support on cross border activities; overseas contribution strong at 49%

Operating Profit	1Q22 $m	4Q21 $m	QoQ +/(-)%	1Q21 $m	YoY +/(-)%
Singapore	**666**	724	(8)	724	(8)
Rest of Southeast Asia	**320**	298	7	342	(7)
Malaysia	**171**	148	15	182	(6)
Thailand	**100**	106	(6)	101	(1)
Indonesia	**45**	40	13	59	(23)
Vietnam	**3**	2	22	(1)	>100
Others	**1**	1	(0)	1	(6)
North Asia	**147**	152	(4)	155	(5)
Greater China	**130**	143	(9)	146	(11)
Others	**16**	9	81	9	92
Rest of the world	**169**	164	3	176	(4)
Total	**1,301**	1,339	(3)	1,397	(7)
Overseas contribution (%)	**48.8**	45.9	2.9	48.2	0.6

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Financial Highlights

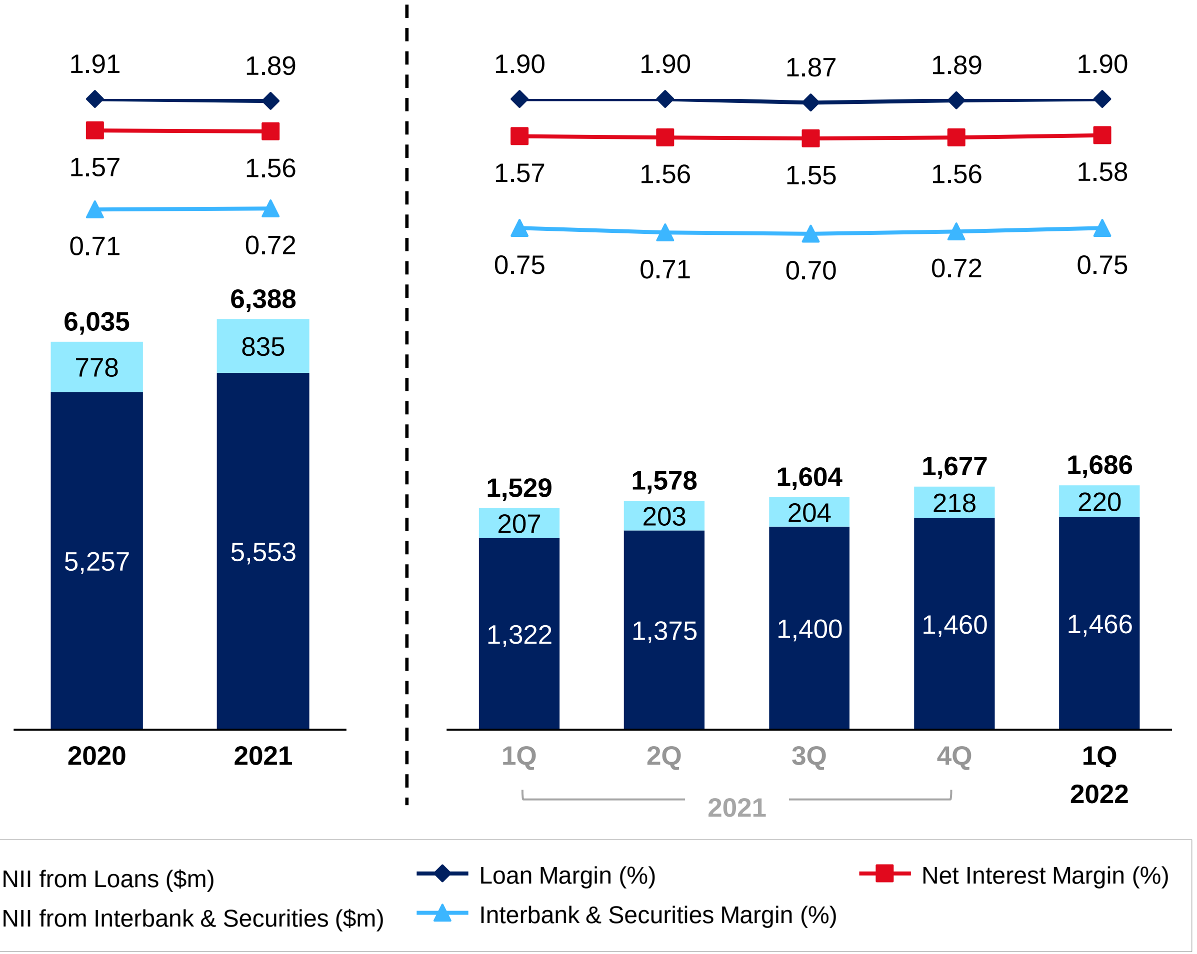
- 1Q22 profits fell as geopolitical uncertainties led to lower non-customer trading and investment income (T&I) and lower general allowances write-back

- Profits down 10% YoY on the back of market uncertainties driving lower non-customer T&I, coupled with lower fees as market sentiments were more subdued this quarter

	1Q22 $m	4Q21 $m	QoQ +/(-)%	1Q21 $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: Assoc & JV	29	19	55	32	(8)
Net profit	**906**	**1,017**	**(11)**	**1,008**	**(10)**

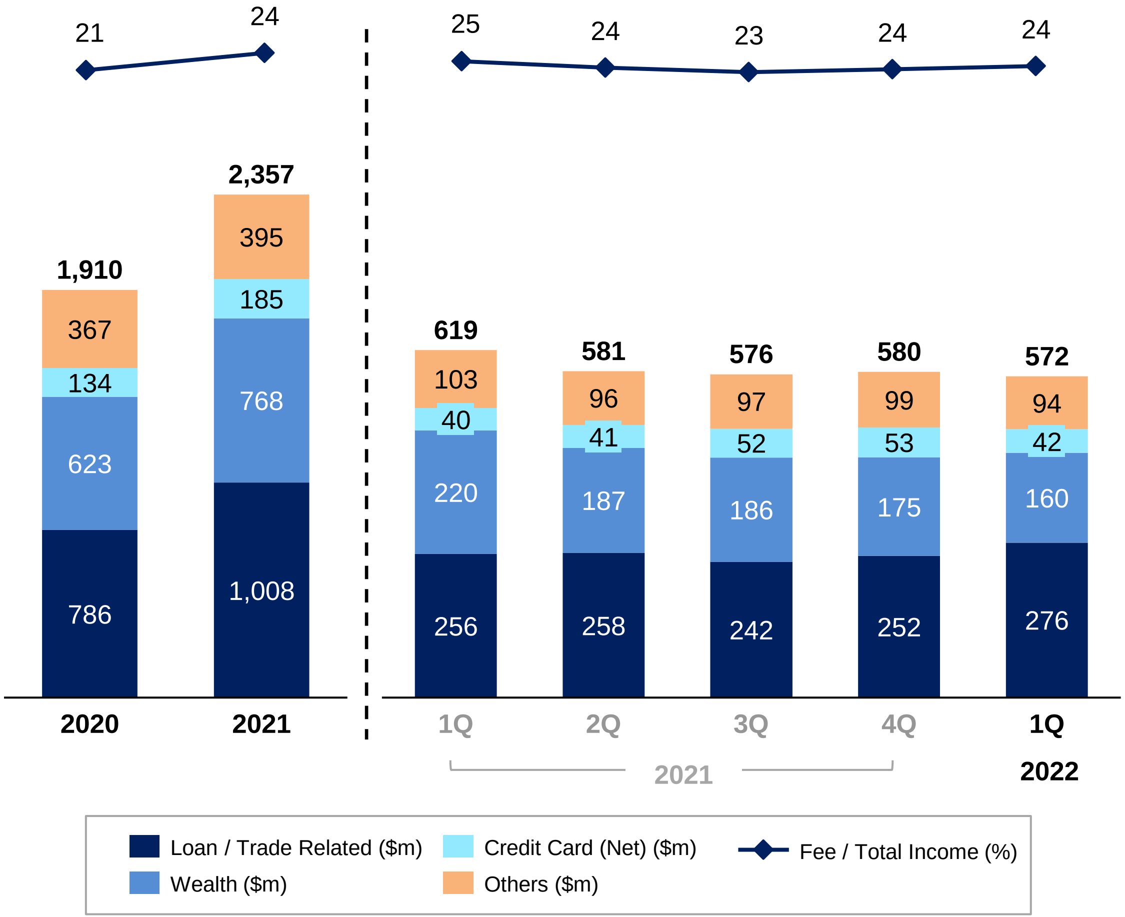
Net Interest Income and Margin

- NII and NIM improved by 1% or 2bps led by healthy loan growth and rising interest rates



Fee Income

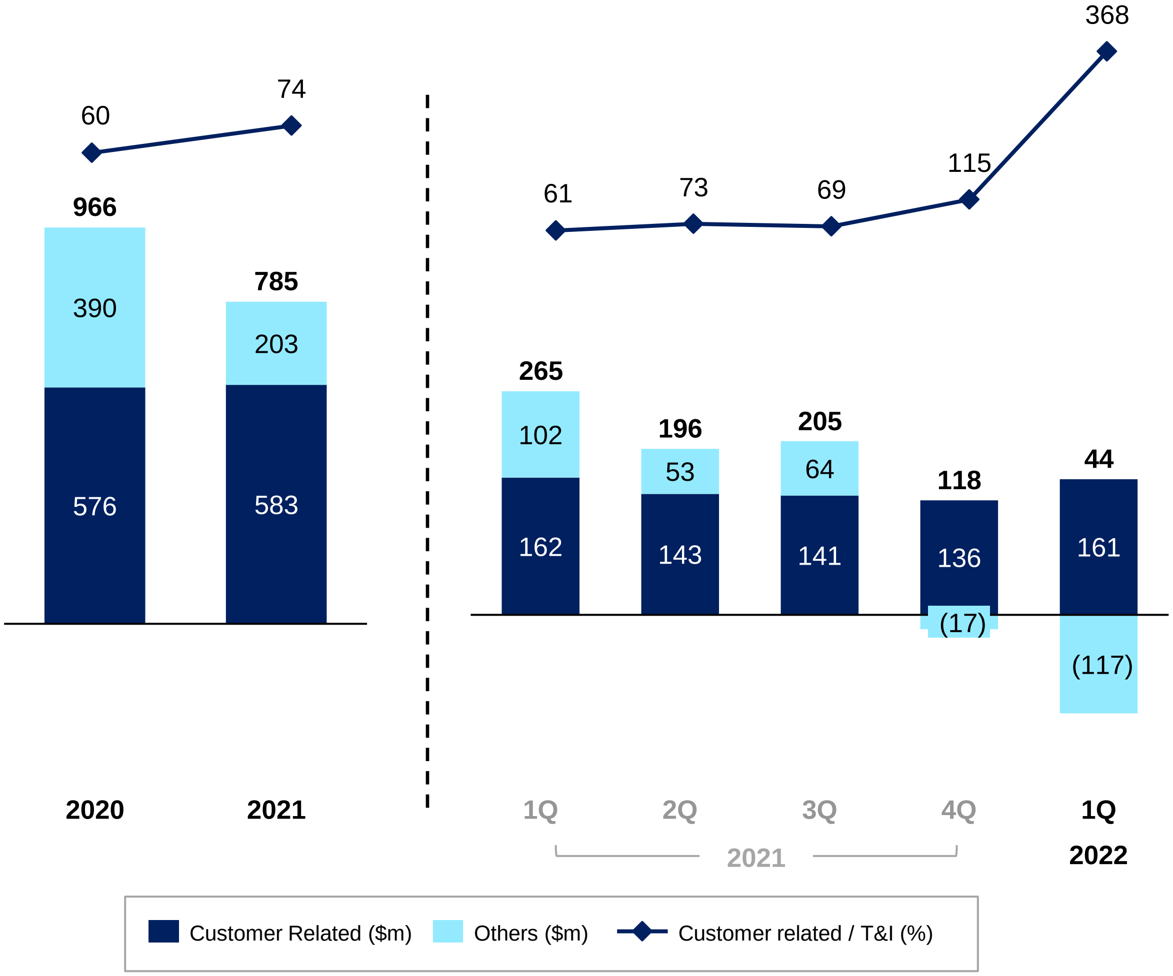
- Fee income largely flat QoQ
- Loans fees grew to a new high propelled by strong demand in lending and advisory business. This is moderated by wealth and fund management fees on the back of dampened market sentiment and seasonally lower credit card fees



Trading & Investment Income

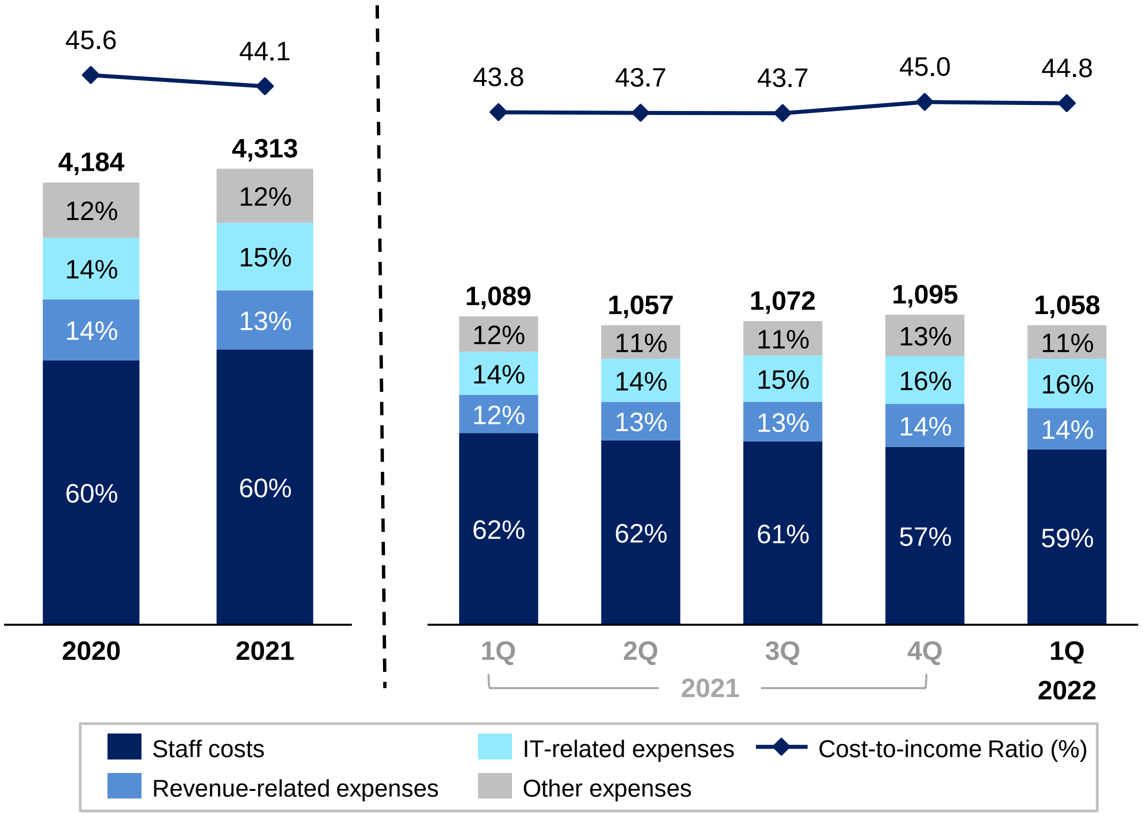
- Double digit QoQ growth in customer-related income (18%) supported by franchise growth as hedging needs rose

- Others decreased due to impact from hedges as interest rates rose and unrealised mark-to-market on investments



Expenses and Cost / Income Ratio

- Continued focus on strategic investments in people and technology to enhance capabilities and improve customer experience, while maintaining discipline on discretionary spending
- CIR steady at 44.8%



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Non-Performing Assets

- Lower NPA formation this quarter, NPL ratio stable at 1.6%
- Asset quality remained resilient and portfolio well-collateralised with SP/NPA stable at 31%

($m)	2021 1Q	2021 2Q	2021 3Q	2021 4Q	2022 1Q
NPAs at start of period	4,608	4,544	4,547	4,772	5,077
Non-individuals					
New NPAs	145	360	251	670	462
Less:					
Upgrades and recoveries	250	158	73	172	207
Write-offs	26	202	42	205	36
	4,477	4,544	4,683	5,065	5,296
Individuals	67	3	89	12	(7)
NPAs at end of period	4,544	4,547	4,772	5,077	5,289
NPL Ratio (%)	1.5	1.5	1.5	1.6	**1.6**
Specific allowance/NPA (%)	37	35	34	31	**31**

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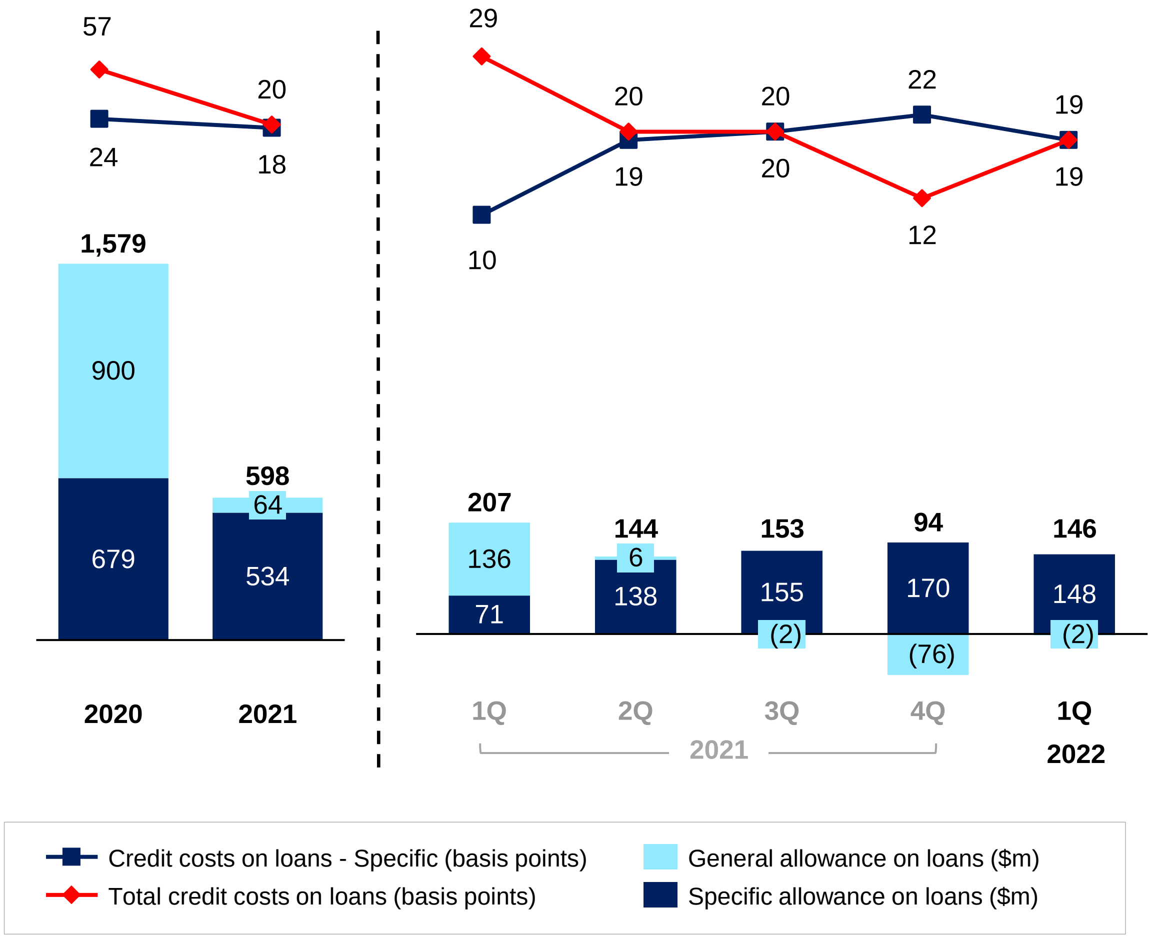
Total Allowance on Loans

- Total credit cost was higher at 19bps due mainly to higher general allowance write-back last quarter



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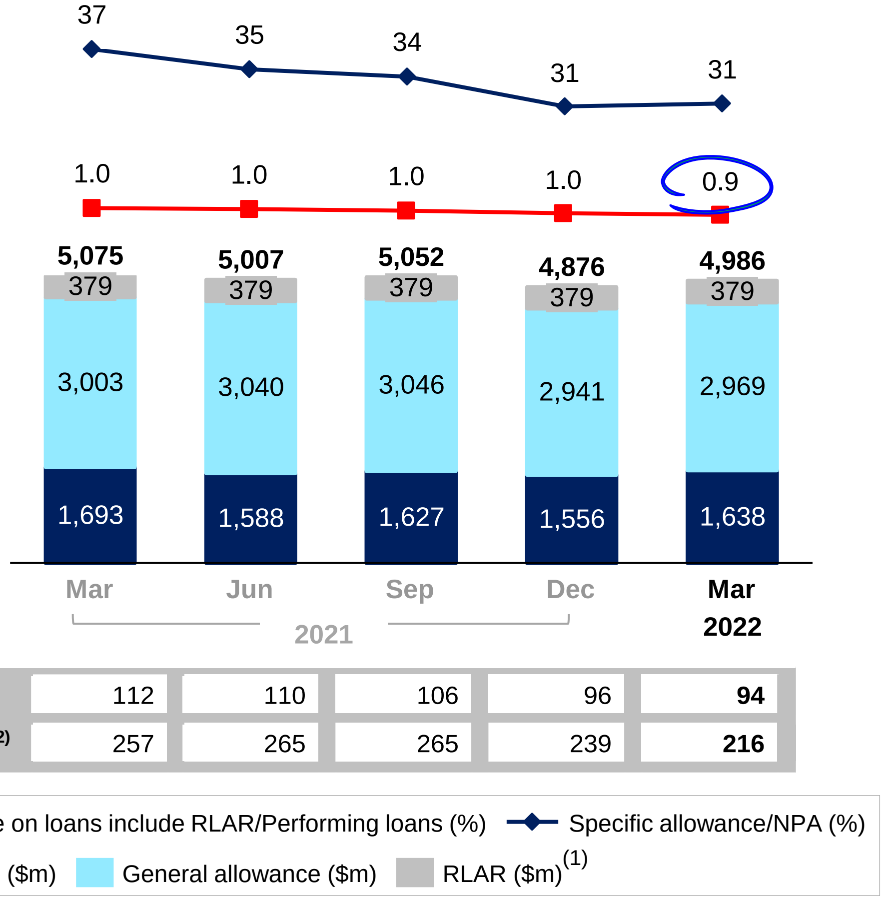
Allowance Coverage

- Adequate reserve buffer with coverage for performing loans maintained prudently at 0.9%
- NPA coverage remained adequate at 94% or 216% taking collateral into account



NPA coverage (%) (2)	112	110	106	96	**94**
Unsecured NPA coverage (%) (2)	257	265	265	239	**216**

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.

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Gross Loans

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

	Mar-22 $b	Dec-21 $b	Mar-21 $b	QoQ +/(-)%	YoY +/(-)%
Singapore	**162**	158	151	3	8
Rest of Southeast Asia	**64**	63	63	1	2
Malaysia	**30**	30	30	(1)	(1)
Thailand	**21**	21	20	0	3
Indonesia	**10**	10	10	3	1
Vietnam	**2**	2	2	12	10
Others	**1**	1	1	7	31
North Asia	**56**	53	50	6	12
Greater China	**51**	49	47	6	9
Others	**5**	4	3	13	55
Rest of the world	**38**	37	29	2	29
Total	**320**	311	293	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.

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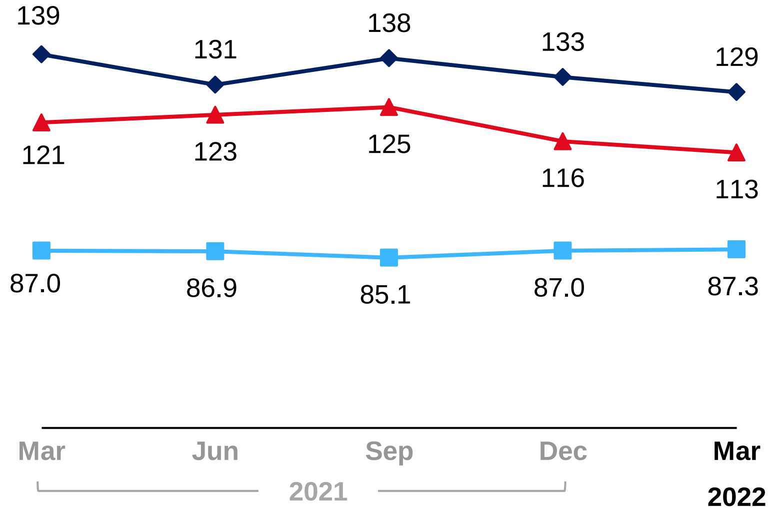
Liquidity Ratios

- LCR at 129% and NSFR at 113% remains well above regulatory requirements



USD LDR (%)	62.5	62.6	60.4	61.6	66.3

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.

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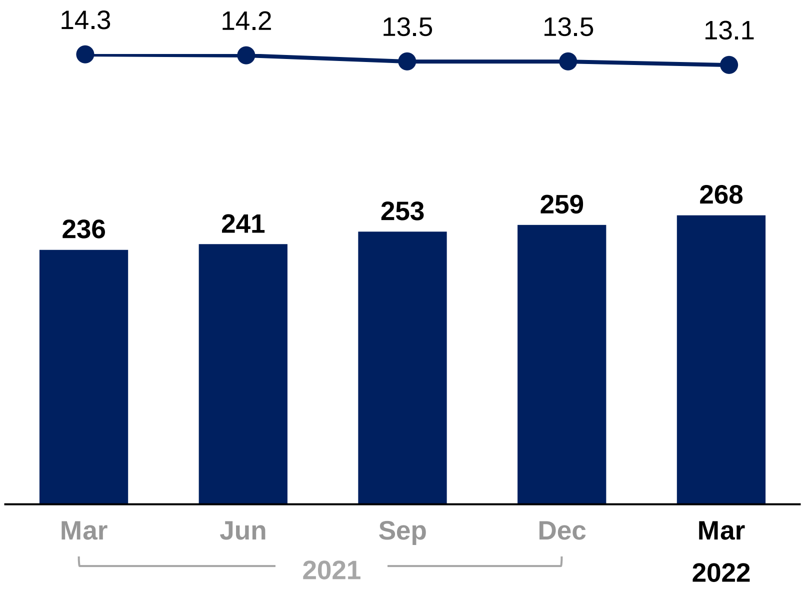
Capital

- CET1 ratio healthy at 13.1%
- Higher RWA alongside loan growth



Leverage ratio (%)	7.5	7.4	7.1	7.2	6.9

RWA ($b) CET1 ratio (%)[1]

Note:
(1) MAS required Banks to cap dividend payment from July 2020 to July 2021

Appendix

- Total Funding
- Loan portfolio
- Exposure to Greater China
- Exposure to Commodities

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Total Funding

- Continue to focus on stable funding
- Deposits grew in tandem with loans; CASA ratio broadly stable at 55.9% in 1Q22

	Mar-22 $b	Dec-21 $b	Mar-21 $b	QoQ +/(-)%	YoY +/(-)%
Singapore	**248**	240	226	3	10
Rest of Southeast Asia	**65**	67	64	(2)	2
Malaysia	**32**	32	30	(0)	5
Thailand	**23**	22	21	3	7
Indonesia	**10**	9	9	4	8
Vietnam	**1**	3	3	(67)	(71)
Others	**0**	0	0	(4)	(14)
North Asia	**24**	24	19	(1)	28
Greater China	**24**	24	19	(0)	28
Others	**0**	0	0	(58)	(7)
Rest of the world	**25**	22	23	11	8
Total Customer Deposits	**362**	353	332	3	9
Wholesale funding (1)	**56**	52	53	8	6
Total funding	**418**	405	385	3	9
CASA/Deposit Ratio (%)	**55.9**	56.2	53.5	(0.3)	2.4

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

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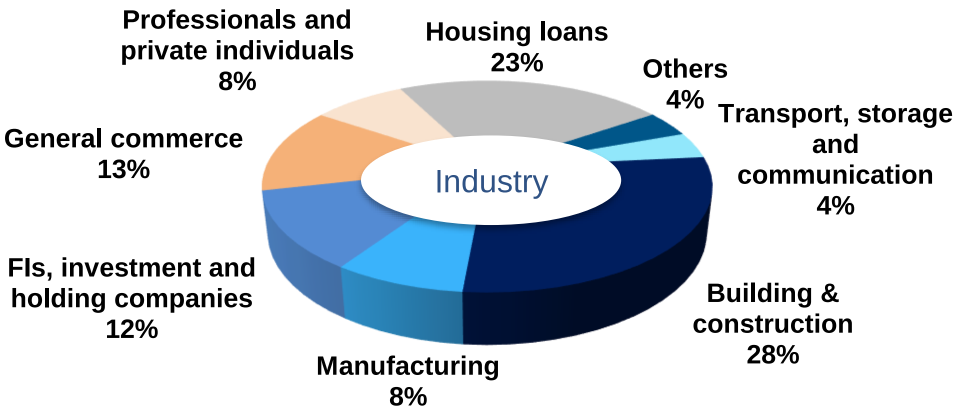
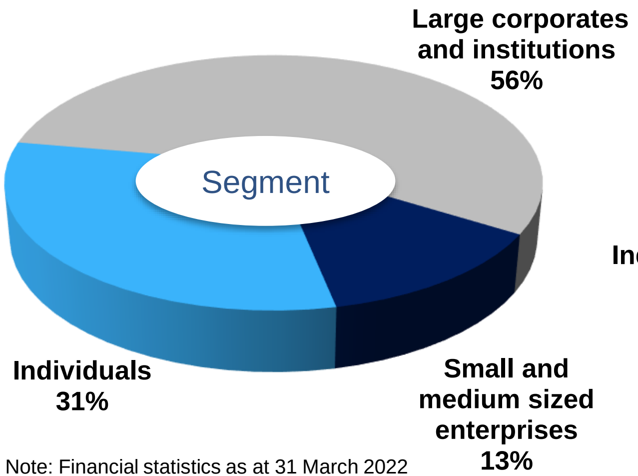
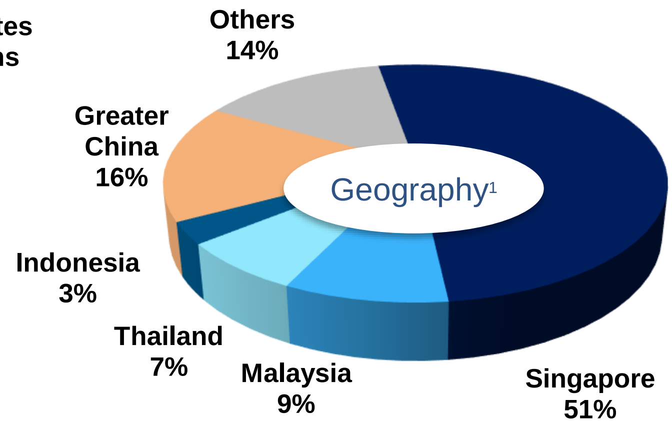
Diversified Loan Portfolio



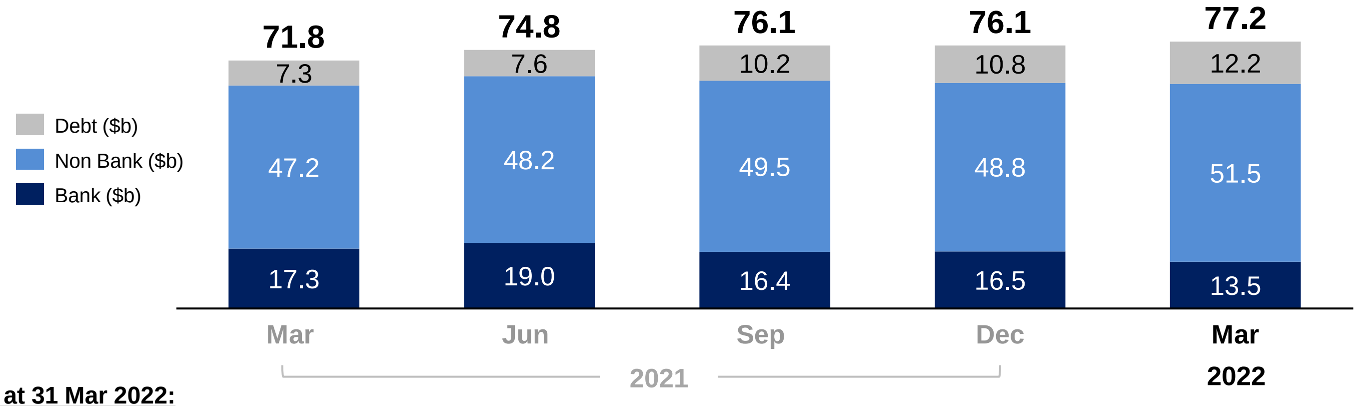




Note: Financial statistics as at 31 March 2022

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



<u>As at 31 Mar 2022:</u>

<u>Mainland China exposure ($26.8b or 6% of total assets)</u>

Bank exposure ($9.2b)

- Accounted for ~35% of total exposure to Mainland China, with top 5 domestic banks and 3 policy banks accounting for ~65% of total bank exposure
- 99% with <1 year tenor
- Trade exposures comprise ~50% of total bank exposure

Non-bank exposure ($13.1b)

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

<u>Hong Kong SAR exposure ($41.5b or 9% of total assets)</u>

Bank exposure ($2.0b)

- Majority of exposure are to foreign banks

Non-bank exposure ($34.3b)

- Exposure mainly to wholesale corporates
- ~55% with <1 year tenor
- NPL ratio at 0.7%

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

Mar 22	Oil and Gas (O&G)		Other Commodity Segments[2]	Total
	Upstream industries	Traders / downstream industries[1]		
Outstanding loans	S$2.0b	S$9.7b	S$9.7b	S$21.4b
Percentage of total loans	4%		3%	7%

As of 31 March 2022, outstanding loans to commodities remain modest and represented 7% of total loans. In particular, outstanding O&G loans represented 4% of total loans as compared to 5% as at 30 June 2018.

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.

Thank You

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