

UOB Group Financial Updates

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Group Chief Financial Officer

For the Financial Year / Fourth Quarter Ended 31 December 2020

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Financial Highlights



FY20	4Q20
Operating profit \$5.0b - 10% YoY	\$1.2b - 4% QoQ
Net profit \$2.9b -33% YoY	\$0.7b +3% QoQ
Cost/Income ratio 45.6% +1%pt YoY	46.7% +2.1%pt QoQ
Credit costs 57bps +39 bps YoY	55bps -13 bps QoQ
NPL ratio 1.6% + 0.1%pt QoQ + 0.1%pt YoY	Customer loans \$281b No change QoQ + 5% YoY
NSFR ratio 125% + 3%pt QoQ + 14%pt YoY	CET 1 ratio 14.7% + 0.7%pt QoQ + 0.4%pt YoY

4Q20 NPAT up 3% QoQ as business momentum gradually improved

Balance sheet remained resilient supported by strong liquidity, capital and pre-emptive provisioning

- NIM improved 4 basis points and is expected to stabilise.
- Resilient fee base, good momentum in wealth management continuing into 2021.
- Strong provisioning build up in 2020 sufficient to address impact of new NPA formation; 2021 credit costs projected to ease.
- Strong CET1 ratio at 14.7%; 50% dividend payout ratio to resume once dividend cap is relaxed.

Performance by Segment

Client franchise affected by lower rates; business momentum remains healthy & on track to delivering our strategic priorities.

Retail driven by wealth & deposits while Wholesale continued to scale industry coverage, focusing on Cash, Trade & FX

Global Markets supported by stronger trading performance

	2020 \$m	2019 \$m	YoY +/(-) %
Operating Profit			
Group Retail	2,064	2,200	(6)
Group Wholesale Banking	3,101	3,065	1
Global Markets	499	318	57



+6% YoY

Assets under management at \$134b, of which ~60% from overseas customers in the region



29%

Cross-border income's contribution to Group Wholesale Banking income

Wholesale customers

Growing regional franchise, capturing cross-border opportunities



Strengthening Connectivity

Across our ASEAN footprint and global network



29%¹

Cross-border income's contribution to Group Wholesale Banking income

+2%²

Non-Singapore income



Sector Specialisation

Building capabilities for greater diversification and risk mitigation



+17%²

Financial Institutions sector income

+3%²

Non-real estate income



Deepening Digitalisation

For secure and efficient transactions



+23%^{2,3}

Digital banking transactions by businesses across the Group

+6x^{2,4}

Cashless payments to businesses in Singapore



1. For FY20. 2. Year-on-year growth for FY20. 3. Refers to digital banking transactions via Business Internet Banking (BIB) Plus. 4. Refers to payments made on Corporate PayNow in Singapore.

Tapping on rising affluence in Southeast Asia



Omni-channel Experience

Serving affluent customers across various touchpoints



67%¹
Digitally-engaged customers¹

S\$134b^{1,2}
Assets under management (AUM)
▲ 6% YoY³



Digital Bank:TMRW

Specially for mobile-first and mobile-only generation



+ 3x³
Increase in TMRW customers in Thailand and Indonesia

25%
Highly active customers⁴



Ecosystem Partnerships

Forging collaborations to widen distribution reach & deepen wallet share



100%
of new car loan applications⁵ were digital in 4Q20

> 1 in 2
home mortgage applications⁵ were digital in 4Q20

1. For FY20. 2. Of which around 60% are from customers overseas. 3. Year-on-year (YoY) growth in FY20. 4. Defined as customers who transact at least 4 times monthly. 5. In Singapore.

Performance by Geography

Overseas franchise provided diversification and cross border connectivity; contribution grew to 48%.

ASEAN franchise remains resilient and delivered 7% growth

	2020 \$m	2019 \$m	YoY +/(-)%
Operating Profit			
Singapore	2,592	3,276	(21)
Rest of Southeast Asia	1,302	1,220	7
Malaysia	675	649	4
Thailand	392	405	(3)
Indonesia	211	137	54
Vietnam	16	21	(26)
Others	8	8	(8)
North Asia	548	556	(1)
Greater China	514	536	(4)
Others	34	19	75
Rest of the world	550	506	9
Total	4,992	5,558	(10)
Overseas contribution (%)	48.1	41.1	7.0

Financial Highlights

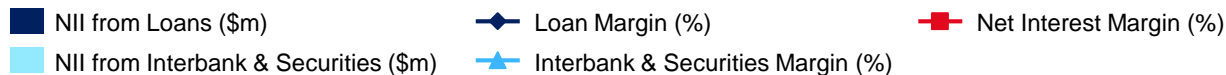
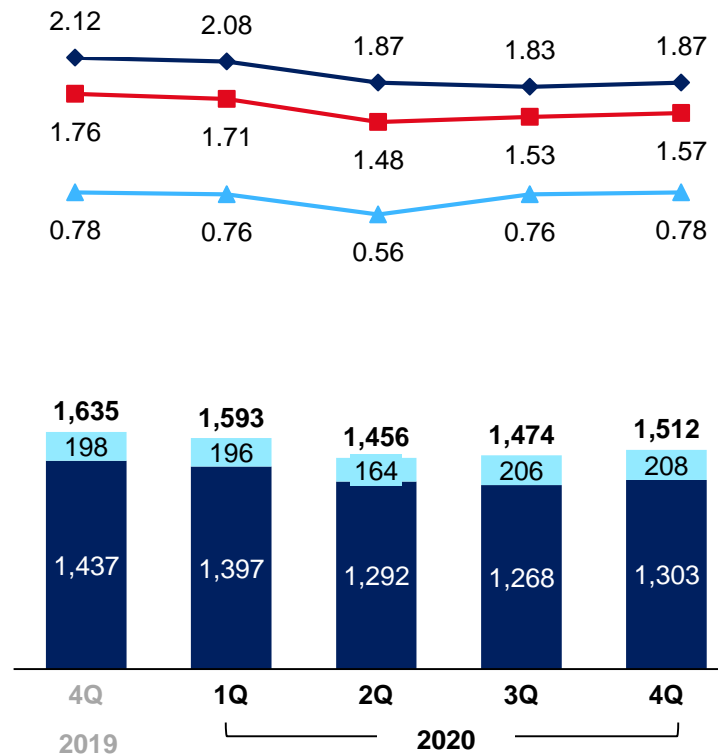
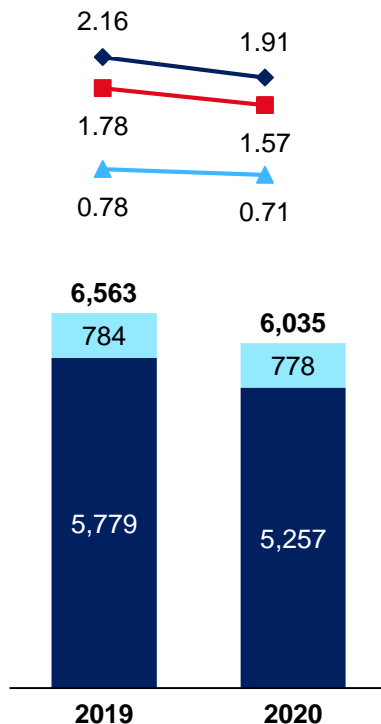
Quarter earnings up 3% on improved NIM, fees and lower allowance as business momentum improved.

	2020	2019	YoY	4Q20	3Q20	QoQ	4Q19	YoY
	\$m	\$m	+/(-)%	\$m	\$m	+/(-)%	\$m	+/(-)%
Net interest income	6,035	6,563	(8)	1,512	1,474	3	1,635	(8)
Net fee income	1,997	2,032	(2)	522	514	2	476	10
Others	1,144	1,435	(20)	214	272	(21)	321	(33)
Total income	9,176	10,030	(9)	2,249	2,261	(1)	2,432	(8)
Less: Total expenses	4,184	4,472	(6)	1,049	1,009	4	1,116	(6)
Operating profit	4,992	5,558	(10)	1,200	1,252	(4)	1,316	(9)
Less: Impairment charge	1,554	435	>100	396	477	(17)	146	>100
Add: Assoc & JV	98	51	91	34	24	40	20	69
Net profit	2,915	4,343	(33)	688	668	3	1,006	(32)



Net Interest Income (NII) and Margin (NIM)

NIM rose 4bps supported by significant improvement in deposit repricing and CASA mix amid proactive balance sheet management.

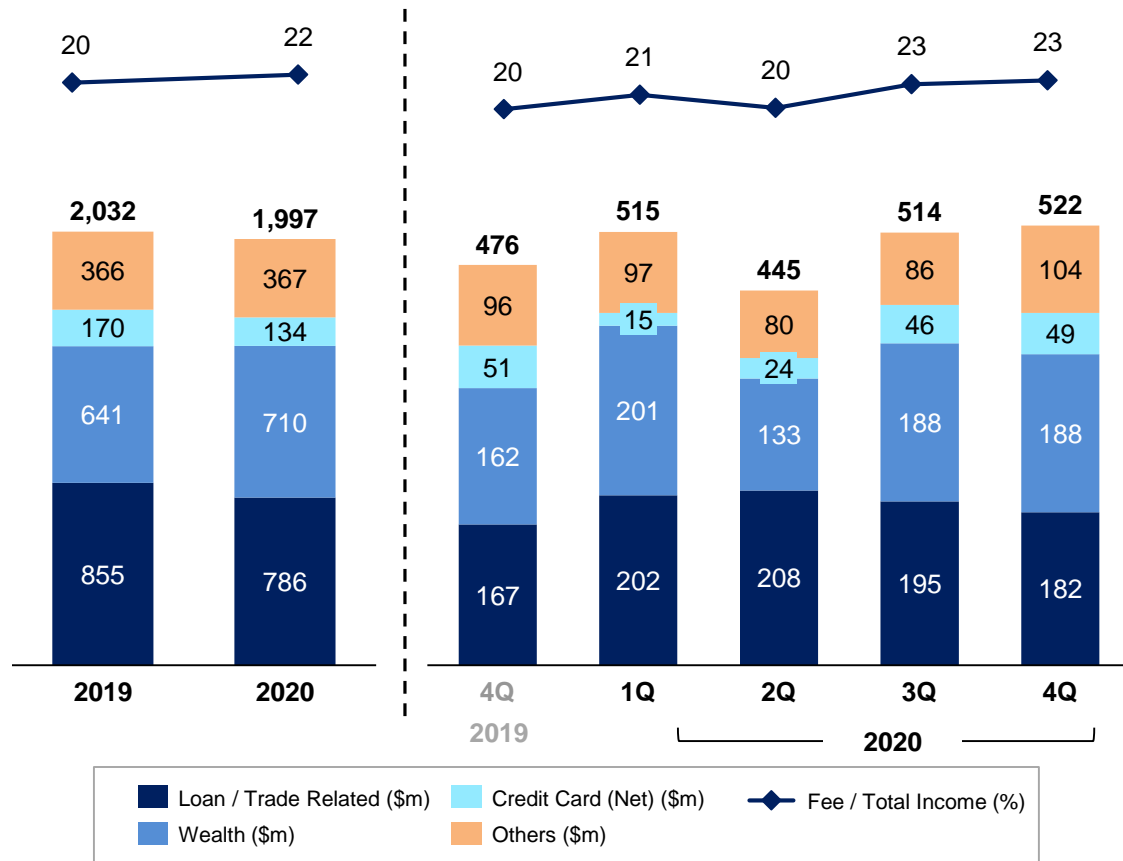


Fee Income

Fee up 2% QoQ driven by fund and cards income while wealth remains stable.

Amid global pandemic, fees remained resilient supported by good momentum from wealth management.

Continue to deliver sustainable fee growth through focus on wealth and connectivity-related products/ services.

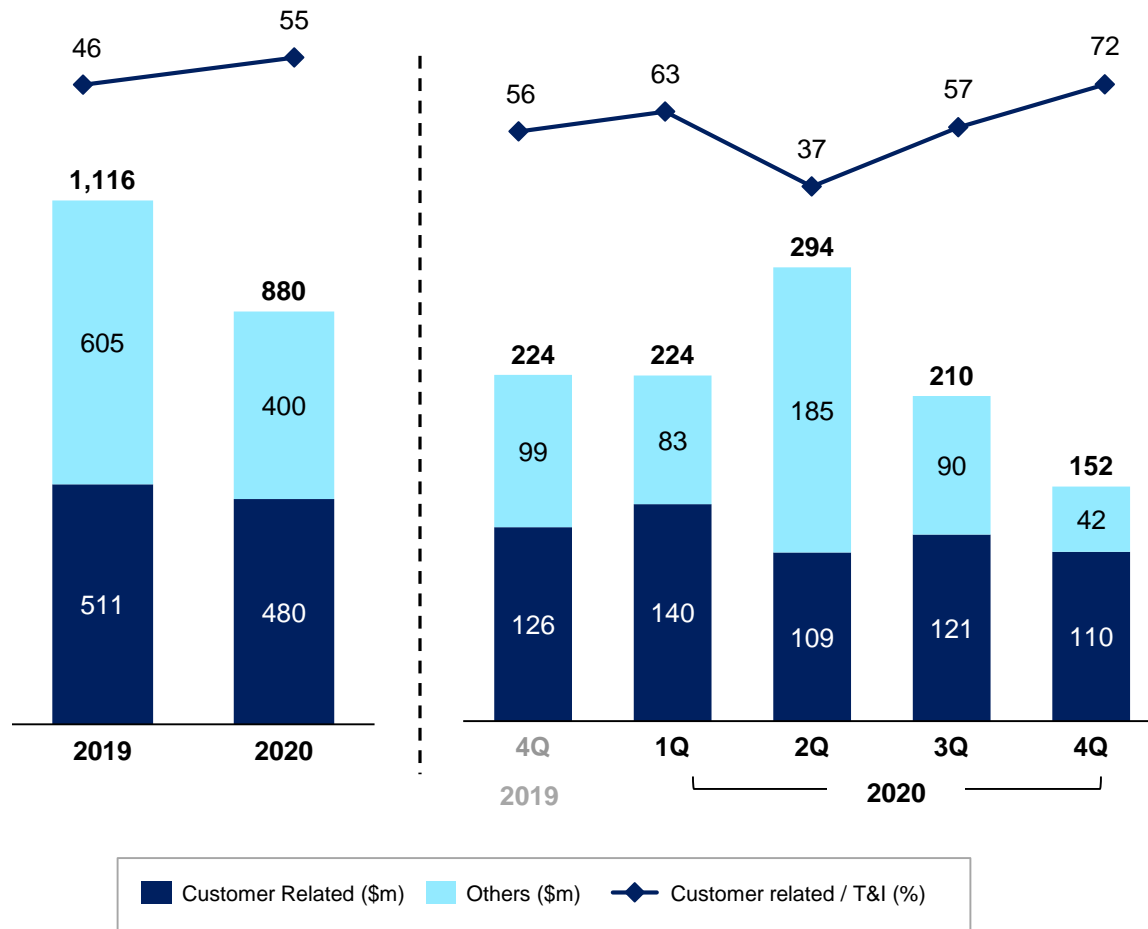




Trading & Investment Income

T&I income down QoQ from trading and bond sales amid relatively low/ flat rates.

Lower trading income on the back of volatile markets in 2020, partially offset by gains from investment securities.

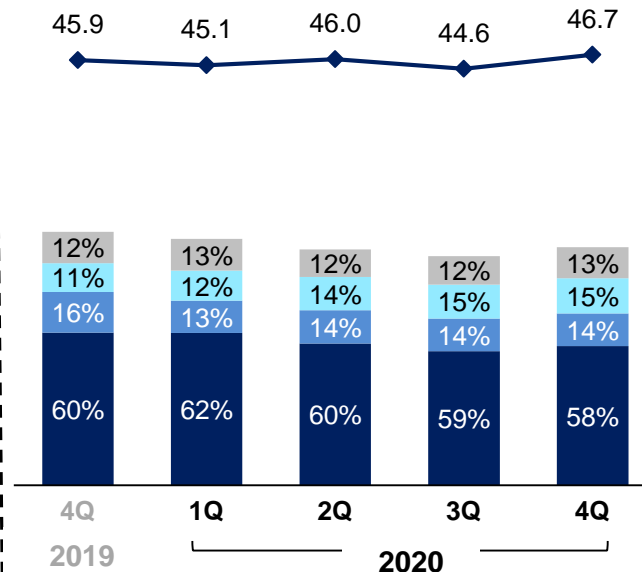
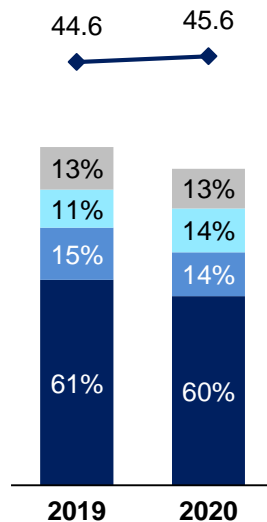




Expenses and Cost / Income Ratio

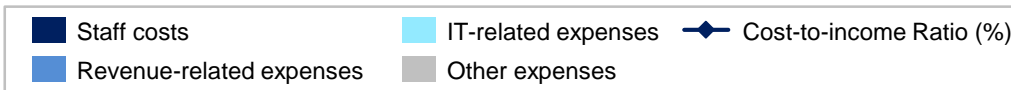
Continue to invest in people and technology to enhance digital and product capabilities.

IT-related cost mix increased to 14%, while others declined from tighter discretionary expense management.



Total expenses (\$m)	2019	2020
	4,472	4,184

2019	2020			
4Q	1Q	2Q	3Q	4Q
1,116	1,086	1,040	1,009	1,049



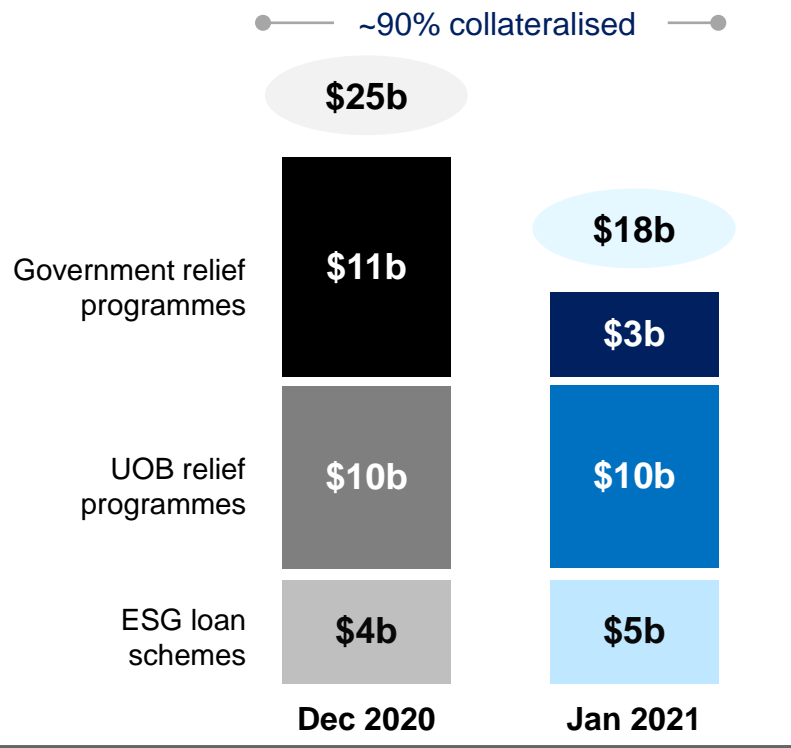
Loans under relief

Gradual reopening of economies will help to cushion future NPA formation.

Bottom-up analysis of our book to proactively engage customers for support through the pandemic.

Asset quality impact is manageable, with \$2 billion in NPLs expected, which are highly collateralised; our books remain resilient.

Book under relief measures



Outlook

~\$2b

Potential new NPA

30 to 40 bps

Total credit costs on loans

Assumptions

- No unforeseen single/ large NPL
- No further deterioration of COVID-19 situation/ prolonged lockdown

Non-Performing Assets (NPA)

NPA formation rose this quarter from a few secured exposures, no concentration risks observed.

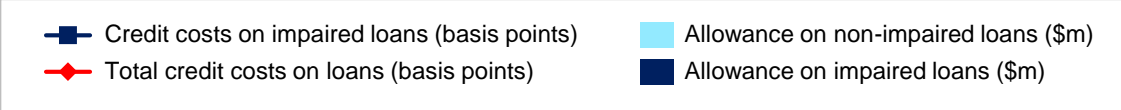
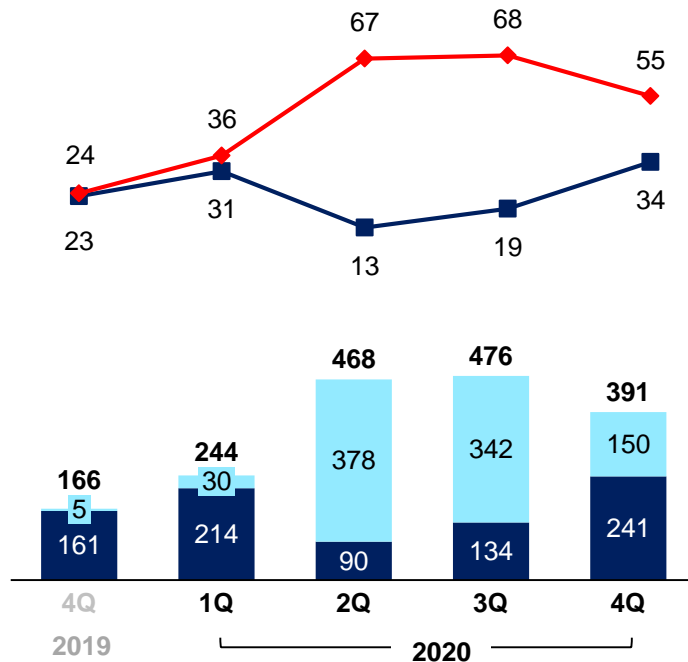
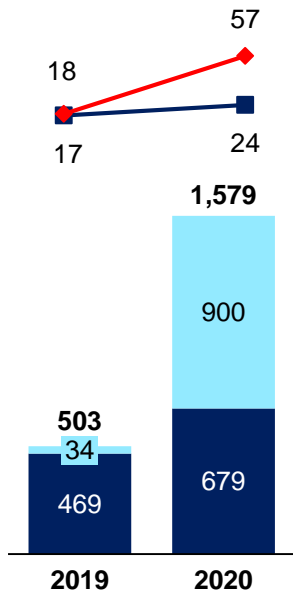
SP/NPA trend demonstrate consistent approach to provisioning given well-collateralised portfolio.

(\$m)	2019	2020			
	4Q	1Q	2Q	3Q	4Q
NPAs at start of period	4,350	4,297	4,590	4,628	4,301
<u>Non-individuals</u>					
New NPAs	437	573	131	74 ⁽¹⁾	622
Less:					
Upgrades and recoveries	400	101	126	216	175
Write-offs	81	208	42	63	179
	<u>4,307</u>	<u>4,561</u>	<u>4,553</u>	<u>4,423</u>	<u>4,569</u>
Individuals	(10)	29	75	(122)	39
NPAs at end of period	<u>4,297</u>	<u>4,590</u>	<u>4,628</u>	<u>4,301</u>	<u>4,608</u>
NPL Ratio (%)	1.5	1.6	1.6	1.5	1.6
SP/NPA (%)	38	36	36	39	37

(1) Moratorium relief for most countries were still in force at 3Q20.

Total Allowance on Loans

Higher credit costs in FY20 mainly from pre-emptive allowance for non-impaired loans, to fortify reserves buffers against credit risks.

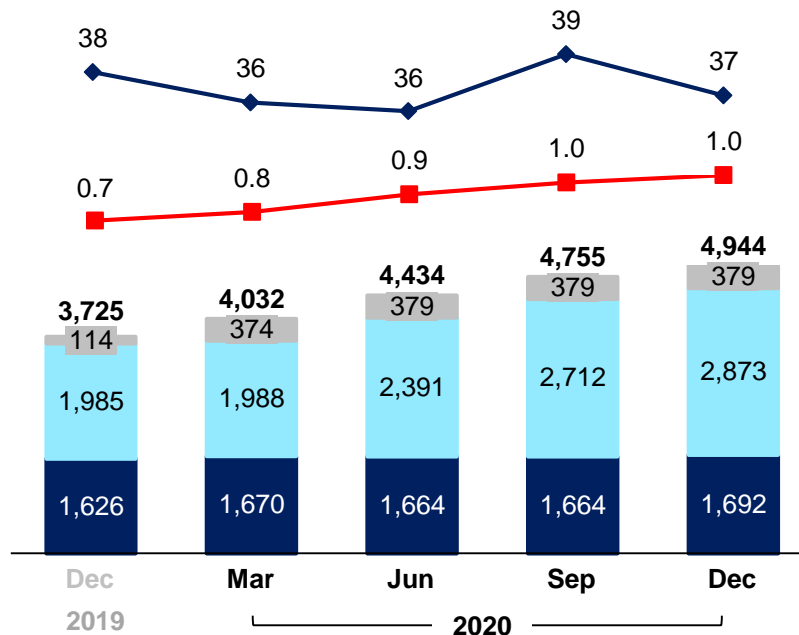




Allowance Coverage

Strong provisioning with coverage for performing loans at 1%.

NPA coverage strengthened to 107% or 245% taking collateral into account.



NPA coverage (%) ⁽²⁾	87	88	96	111	107
Unsecured NPA coverage (%) ⁽²⁾	202	206	230	264	245

■ Allowance for non-impaired loan include RLAR / performing loans (%)
 ◆ Allowance on impaired assets/NPA (%)

■ Allowance for impaired assets (\$m)
 ■ Allowance for non-impaired assets (\$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.

Gross Loans

Loan growth flat QoQ

YoY growth of 5% mainly corporate loans across most territories.

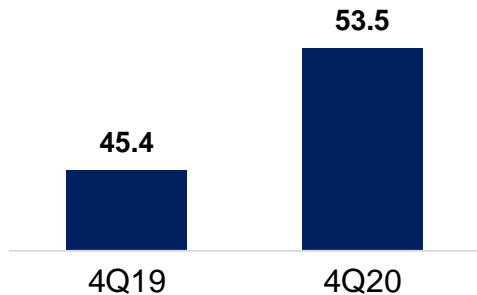
	Dec-20 \$b	Sep-20 \$b	Dec-19 \$b	QoQ +/(-)%	YoY +/(-)%
Singapore	143	144	139	(1)	3
Rest of Southeast Asia	63	63	63	0	0
Malaysia	30	30	30	(2)	0
Thailand	21	19	20	6	5
Indonesia	10	11	11	(4)	(9)
Vietnam	2	2	1	6	17
Others	1	1	1	(11)	(27)
North Asia	47	47	43	(0)	9
Greater China	44	44	41	0	7
Others	3	3	2	(3)	59
Rest of the world	28	27	24	6	17
Total	281	281	269	0	5

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

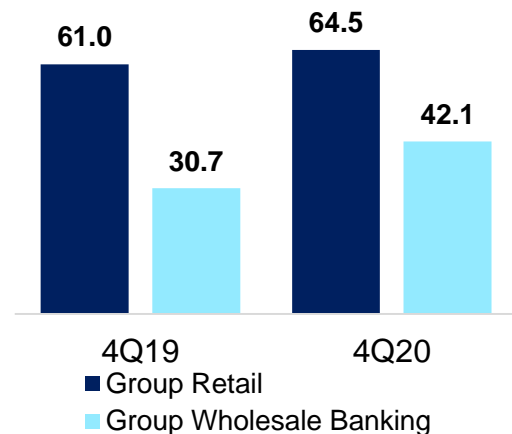
Deposits

Strong CASA growth across the Group, providing NIM support.

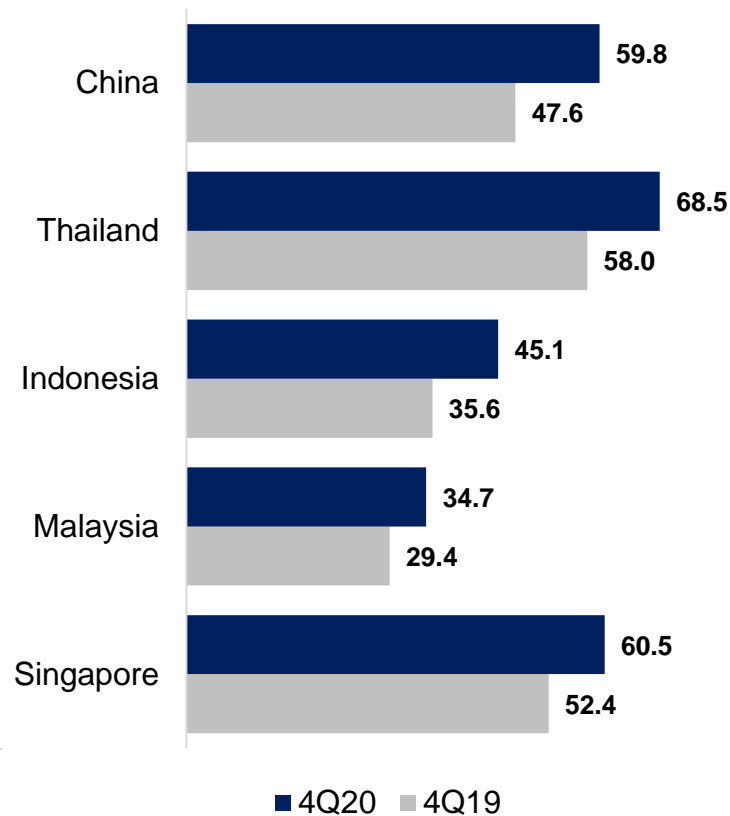
Group CASA (%)



CASA by Segment (%)

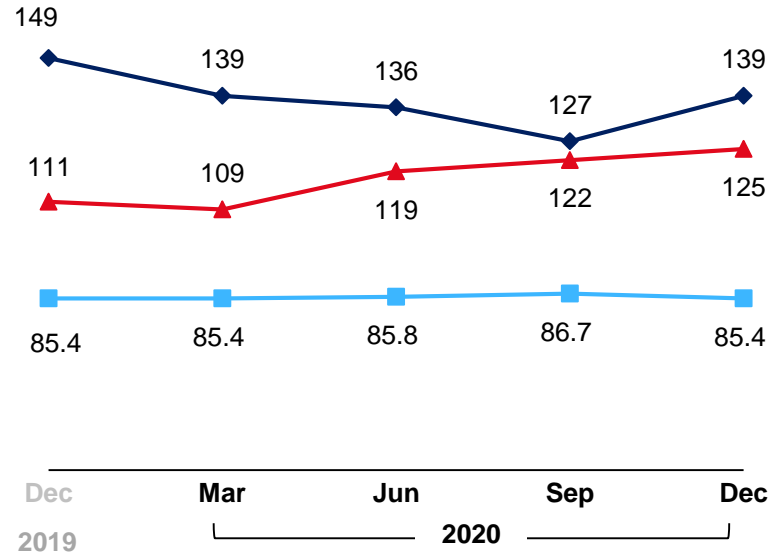


CASA by Region (%)

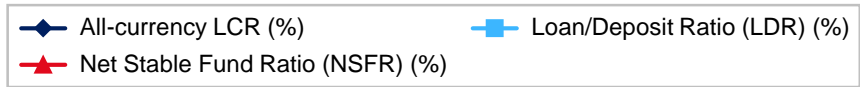


Liquidity ratios

Balance sheet remained resilient with ample liquidity.

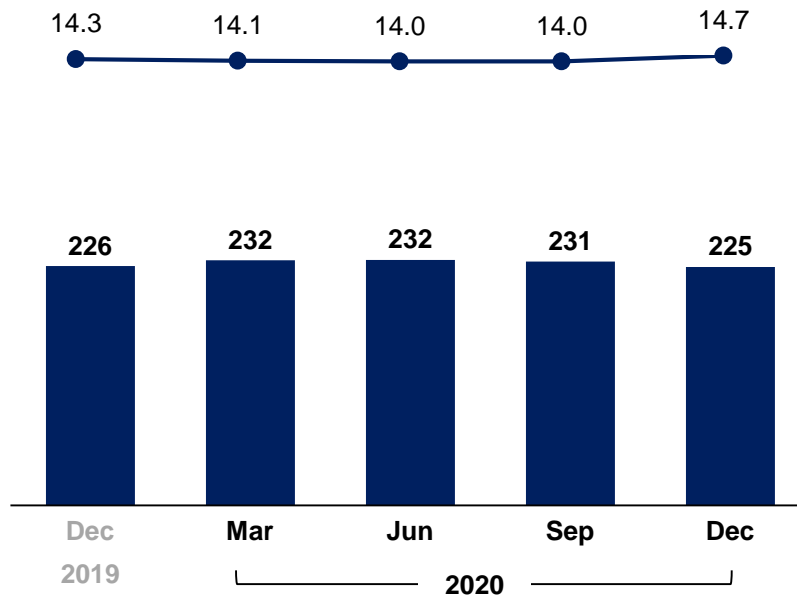


USD LDR (%)	61.2	62.7	59.6	58.0	58.2
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Capital

Strong capital position with CET1 ratio at 14.7%, 50% dividend payout ratio to resume once dividend cap is relaxed.

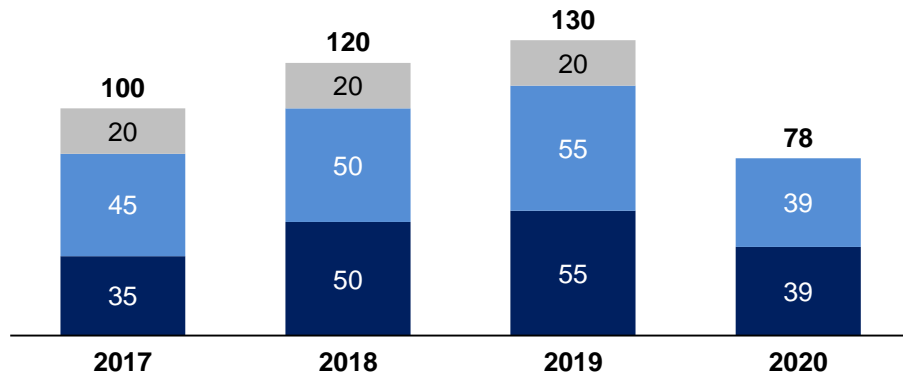


Leverage ratio (%)	7.7	7.4	7.3	7.4	7.4
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Dividends

Dividends in line with MAS guidance.



Net dividend Per ordinary share (¢) ■ Interim ■ Final ■ Special

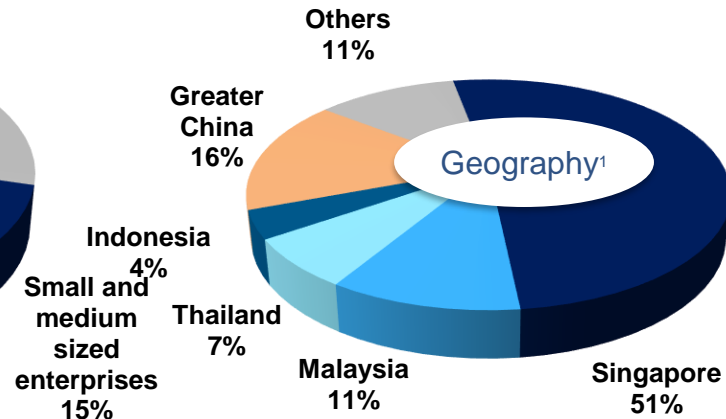
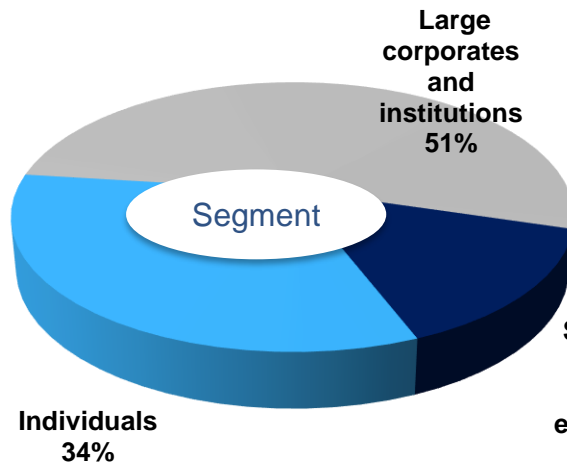
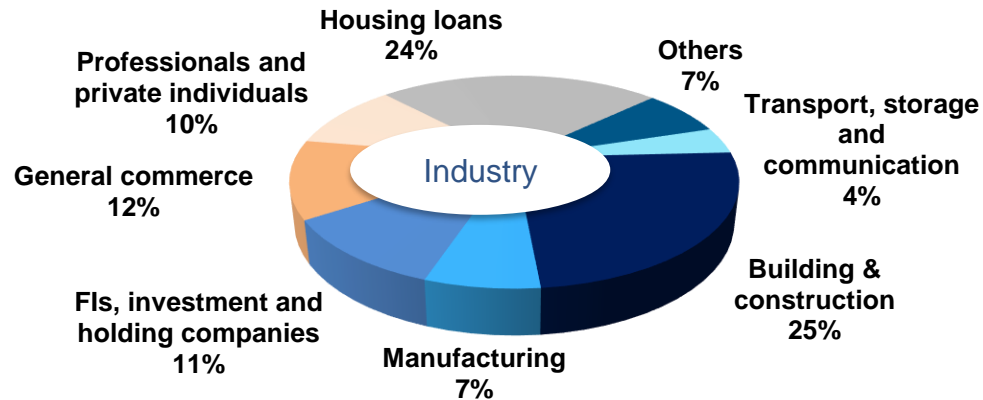
	2017	2018	2019	2020
Payout amount (\$m)	1,660	2,000	2,170	1,303
Payout ratio (%)	49	50	50	45 ^
Payout ratio (excl special dividends) (%)	39	42	42	45 ^

^ 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**
- **Total Funding**
- **Exposure to Greater China**
- **Exposure to Oil & Gas sector**
- **ESG**

Diversified Loan portfolio



Note: Financial statistics as at 31 December 2020

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

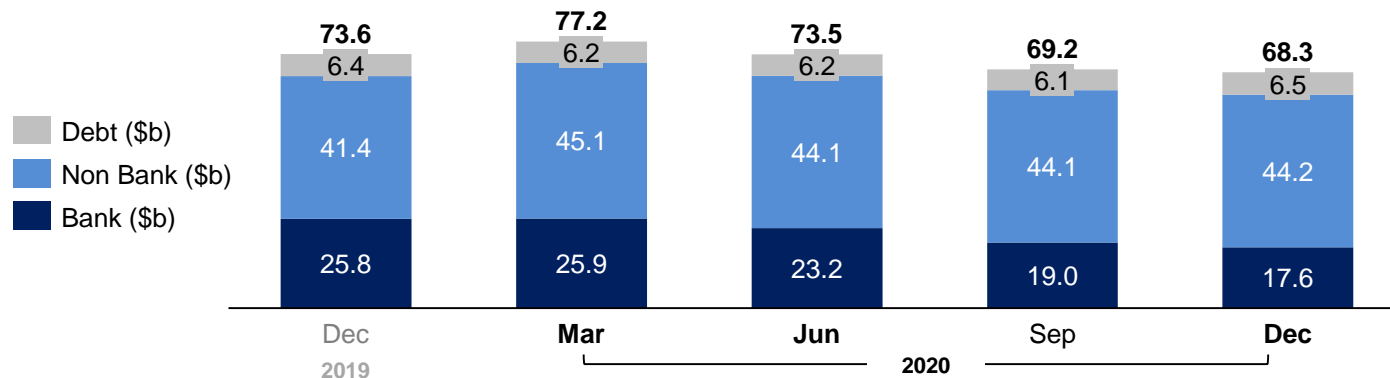
Total Funding

Continue to focus on stable funding; CASA ratio increased steadily to 53.5%.

	Dec-20 \$b	Sep-20 \$b	Dec-19 \$b	QoQ +/(-)%	YoY +/(-)%
Singapore	221	217	206	2	7
Rest of Southeast Asia	67	64	61	3	9
Malaysia	31	32	30	(1)	6
Thailand	23	21	21	7	8
Indonesia	9	8	8	3	10
Vietnam	3	3	2	14	63
Others	0	0	0	(12)	(14)
North Asia	18	18	22	(2)	(21)
Greater China	18	18	22	(2)	(21)
Others	0	0	0	11	(59)
Rest of the world	19	19	21	0	(8)
Total Customer Deposits	325	319	311	2	4
Wholesale funding ⁽¹⁾	48	43	43	10	12
Total funding	373	363	354	3	5
CASA/Deposit Ratio (%)	53.5	51.0	45.4	2.5	8.1

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

Exposure to Greater China



As at 31 Dec 2020:

Mainland China exposure (\$25.8b or 6% of total assets)

Bank exposure (\$12.5b)

- Accounted for ~50% of total exposure to Mainland China, with top 5 domestic banks and 3 policy banks accounting for ~60% of total bank exposure
- 100% with <1 year tenor
- Trade exposures comprise ~30% of total bank exposure

Non-bank exposure (\$10.6b)

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

Hong Kong SAR exposure (\$35.2b or 8% of total assets)

Bank exposure (\$3.2b)

- Majority of exposure are to foreign banks

Non-bank exposure (\$29.0b)

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

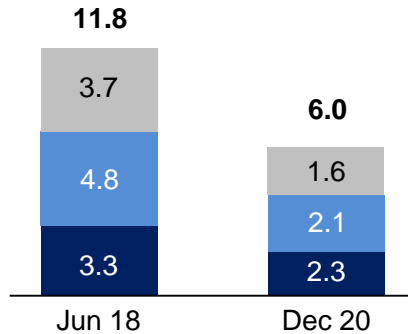
Note: Classification is according to where credit risks reside, largely represented by the borrower's country of incorporation/operation for non-individuals and residence for individuals.

Exposure to Oil and Gas (O&G) Sector



Total Outstanding O&G Loans (\$b)

As of 31 December 2020, outstanding O&G loans represented 2% of total loans as compared with 4.7% at 30 June 2018



- Oil Traders
- Downstream Industries
- Upstream Industries¹

Approximately 60% of O&G exposure is to downstream players and traders, of which two thirds are to national oil companies (NOCs) and global firms, while short-term structured loans account for a significant share of the remainder

A significant 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.



ESG Highlights

Recognised by extra-financial rating agencies and included in leading sustainability indices

RATINGS

#2

Among ASEAN banks in 2021

**WWF Sustainable
Banking Assessment**

25.9

Medium Risk¹, as at Sep 2020

**Sustainalytics
ESG Risk Rating**

RANKINGS

Top 20

Among ASEAN companies

**ASEAN Corporate
Governance Scorecard
(ACGS)**

#2

Among Singapore companies

**ASEAN Corporate
Governance Scorecard
(ACGS)**

#10

Among Singapore companies

**Singapore Governance &
Transparency Index (SGTI)**

INDICES

#3

By market cap
as at Jan 2021

FTSE4Good ASEAN-5 Index

#2

Largest constituent
as at Dec 2020

**iEdge Singapore
ESG Leaders Index**

Inclusion

In 2021

**Bloomberg Gender
Equality Index**

1. In September 2020, UOB received an ESG Risk Rating of 25.9 and was assessed by Sustainalytics to be at Medium Risk of experiencing material financial impacts from ESG factors.

Source: Bloomberg, Centre for Governance and Sustainability at National University of Singapore Business School; FTSE Russell; Singapore Exchange (SGX); Sustainalytics; and World Wide Fund for Nature.