

UOB Group Financial Updates

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Group Chief Financial Officer

For the First Quarter Ended 31 March 2021

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Financial Highlights



— 1Q21 key financial indicators —

Operating profit

\$1.4b

+ 16% QoQ
+ 6% YoY

Net profit after tax

\$1.0b

+ 46% QoQ
+ 18% YoY

Cost/Income ratio

43.8%

- 2.9%pt QoQ
- 1.3%pt YoY

Credit costs

29bps

- 26bps QoQ
- 7bps YoY

NPL ratio

1.5%

- 0.1%pt QoQ
- 0.1%pt YoY

Customer loans

\$293b

+ 4% QoQ
+ 5% YoY

NSFR ratio

121%

- 4%pt QoQ
+ 12%pt YoY

CET 1 ratio

14.3%

- 0.4%pt QoQ
+ 0.2%pt YoY




1Q21 NPAT up 46% QoQ driven by broad-based growth with record fees; ROE improved to 10.2%

Balance sheet remained resilient supported by strong liquidity, capital and reserve coverage

- NIM stable at 1.57% this quarter
- Strong growth across loan, wealth and treasury income with improving sentiment
- Robust customer loan growth of 4% QoQ and 5% YoY as business activities picked up
- Portfolio quality resilient with NPA coverage at 112%
- Strong CET1 ratio

Performance by Segment

- Strong franchise growth supported by improvement in economic and business activities
- Retail driven by wealth with record income and AUM while Wholesale saw good momentum in loans/ investment banking
- Double-digit growth in Global Markets driven by stronger trading performance

Operating Profit		1Q21	1Q20	YoY
		\$m	\$m	+/(-)%
	Group Retail	568	556	2
	Group Wholesale Banking	804	740	9
	Global Markets	131	105	25

Wholesale customers

- Growing regional franchise, capturing cross-border opportunities



Strengthening Connectivity

Across our ASEAN footprint and global network



29%¹

Cross border income to Group Wholesale Banking income
▲ 7% YoY²



+8%²

Non-Singapore income



Sector Specialisation

Building capabilities for greater diversification and risk mitigation



+10%²

Financials sector income



+1%²

Non-real estate income



Deepening Digitalisation

For secure and efficient transactions



+43%^{3,4}

Cashless payments to businesses in Singapore



+6%^{3,5}

Digital banking transactions by businesses across the Group

1. YTD Feb '2021. 2. Year on year growth for YTD Feb '21. 3. Quarter on quarter growth in 1Q21. 4. Refers to payments made on Corporate PayNow in Singapore. 5. Refers to digital banking transactions via UOB Infinity.

- Tapping on rising affluence in Southeast Asia



Omni-channel Experience

Serving affluent customers across various touchpoints



S\$136b^{1,2}

Assets under management (AUM)
▲ 10% YoY³



+5%pt⁴

Increase in digitally-engaged customers⁵



Digital Bank: TMRW

Specially for mobile-first and mobile-only generation



314k¹

Customers across Thailand and Indonesia
(18%¹ of both countries' retail base)



+24%⁴

Growth in total TMRW customer deposits



Ecosystem Partnerships

Forging collaborations to widen distribution reach & deepen wallet share



100%
of new car loan applications⁵ were digital in 1Q21



2 in 3
home mortgage applications⁵ were digital in 1Q21

1. As of end-March 2021. 2. Of which around 60% are from customers overseas. 3. Year on year growth in 1Q21.
4. Quarter on quarter growth in 1Q21. 5. In Singapore.

Performance by Geography

- Overseas contribution grew to 48% with China's economic rebound benefitting the rest of Asia
- A good start to the year with growth across our key markets in Singapore, North Asia and ASEAN franchise

	1Q21 \$m	4Q20 \$m	QoQ +/(-)%	1Q20 \$m	YoY +/(-)%
Operating Profit					
Singapore	724	651	11	713	2
Rest of Southeast Asia	342	307	12	345	(1)
Malaysia	182	164	11	195	(7)
Thailand	101	94	7	93	9
Indonesia	59	51	16	45	32
Vietnam	(1)	(3)	75	9	(>100)
Others	1	1	27	3	(49)
North Asia	155	102	51	112	39
Greater China	146	100	47	102	44
Others	9	3	>100	10	(16)
Rest of the world	176	139	26	151	16
Total	1,397	1,200	16	1,320	6
Overseas contribution (%)	48.2	45.7	2.5	46.0	2.2

Financial Highlights

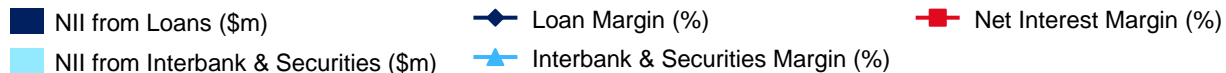
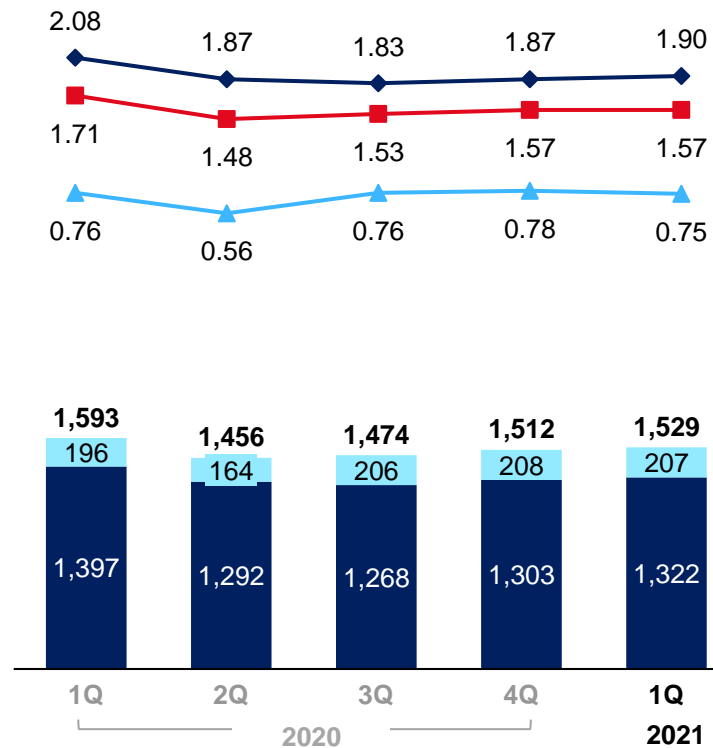
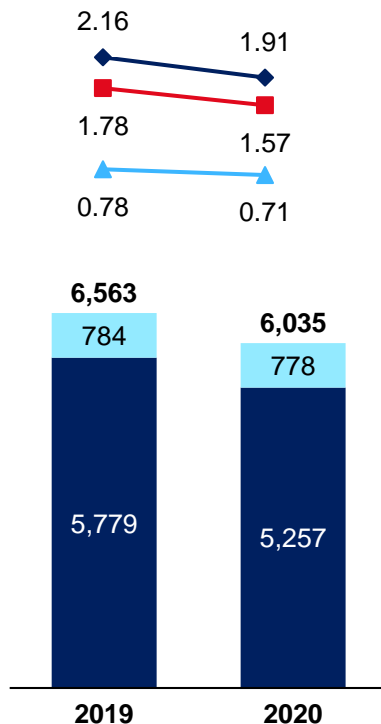
- Quarterly earnings up 46% with notable performance in fees, trading & investment income as business momentum improved
- Allowance reduced as credit outlook stabilised and strong reserve coverage maintained

	1Q21 \$m	4Q20 \$m	QoQ +/(-)%	1Q20 \$m	YoY +/(-)%
Net interest income	1,529	1,512	1	1,593	(4)
Net fee income	638	522	22	515	24
Others	319	214	49	298	7
Total income	2,486	2,249	11	2,407	3
Less: Total expenses	1,089	1,049	4	1,086	0
Operating profit	1,397	1,200	16	1,320	6
Less: Impairment charge	201	396	(49)	286	(29)
Add: Assoc & JV	32	34	(7)	18	79
Net profit	1,008	688	46	855	18



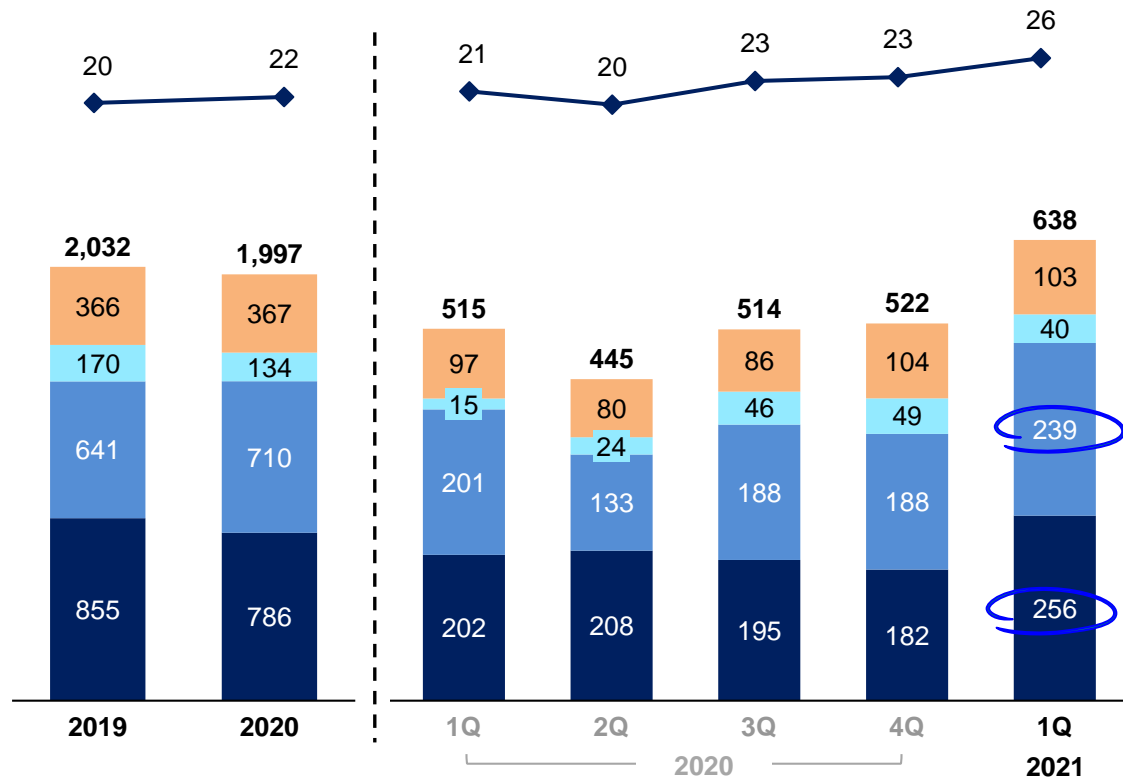
Net Interest Income and Margin

- NIM stable at 1.57%
- NII increased 1% driven largely from loan growth and improvement in loan margin due to active management of deposit cost



Fee Income

- Fees income grew 22% QoQ and 24% YoY on the strength of wealth management and loan-related fees
- Strong momentum in wealth management fees boosted by pick-up in equity market while loan-related fees supported by large investment banking and loan-related deals across SG, HK and US

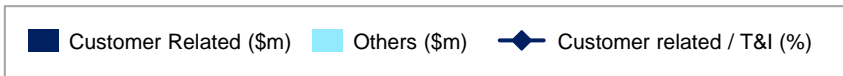
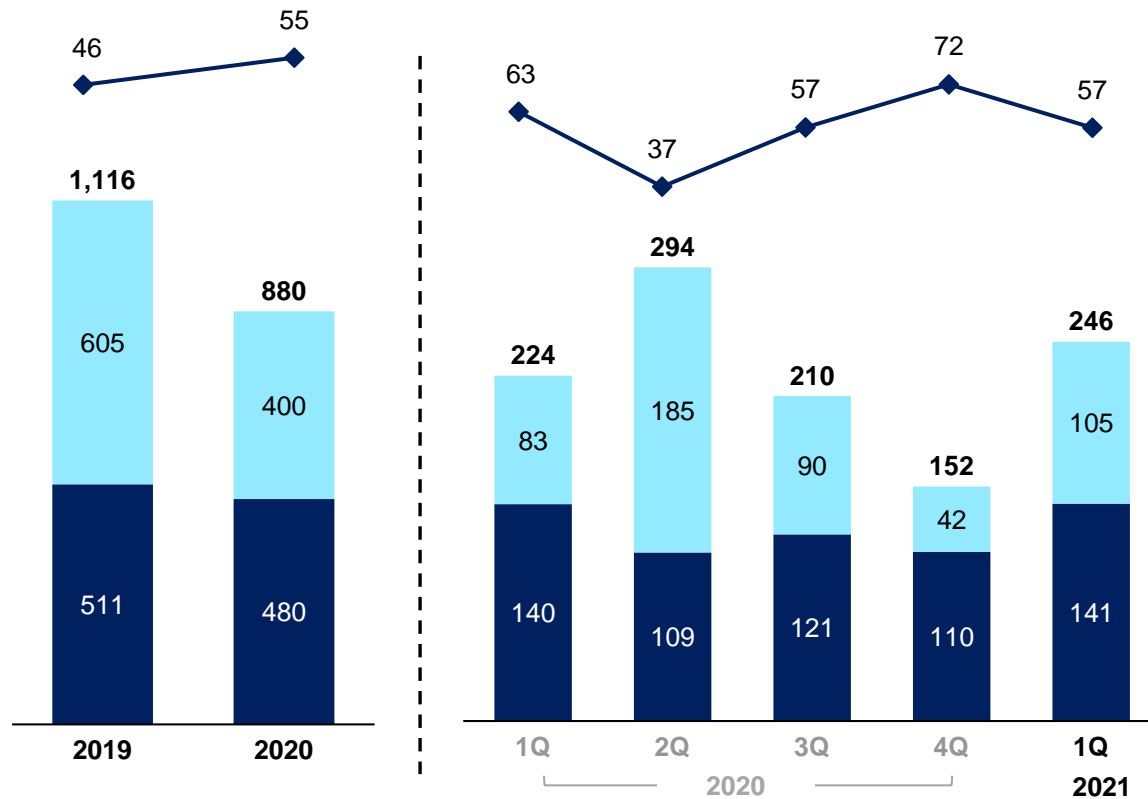


Loan / Trade Related (\$m)
 Credit Card (Net) (\$m)
 Fee / Total Income (%)
 Others (\$m)
 Wealth (\$m)



Trading & Investment Income

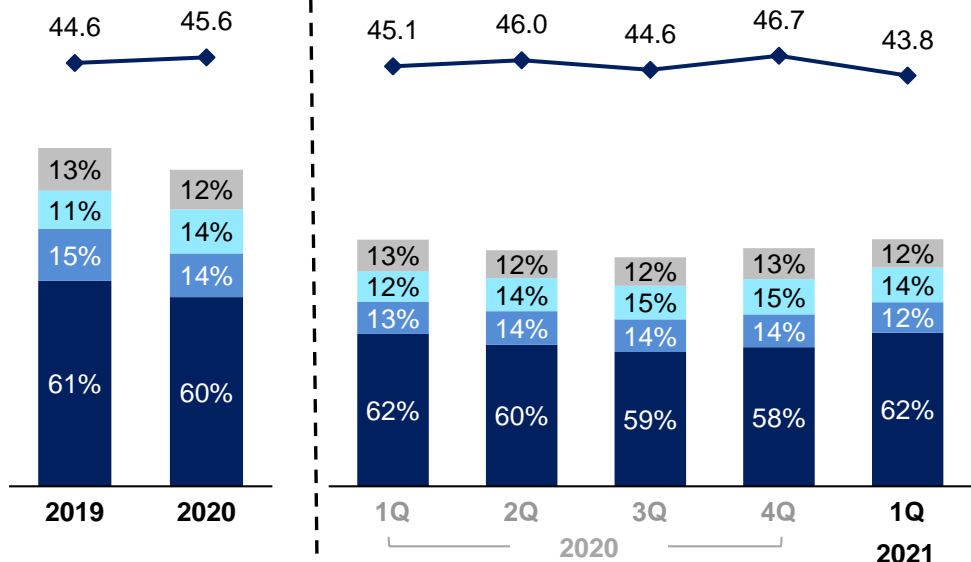
- T&I income improved 62% QoQ from stronger customer flows, trading income and higher gains from investment securities





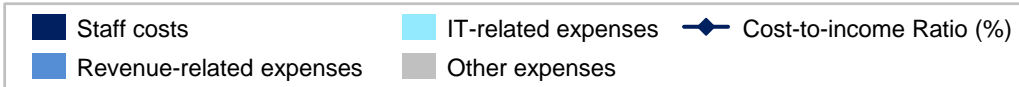
Expenses and Cost / Income Ratio

- Continued efforts to balance strategic investments in people and technology to enhance digital and product capabilities, while maintaining discipline on discretionary expenses
- CIR lower at 43.8%, a positive jaws of 7% for the quarter



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

1,086 1,040 1,009 1,049 1,089



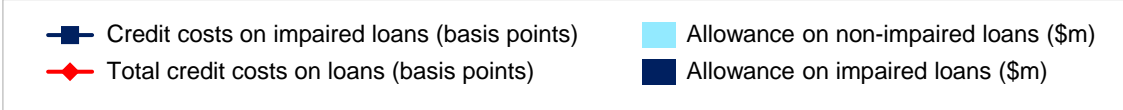
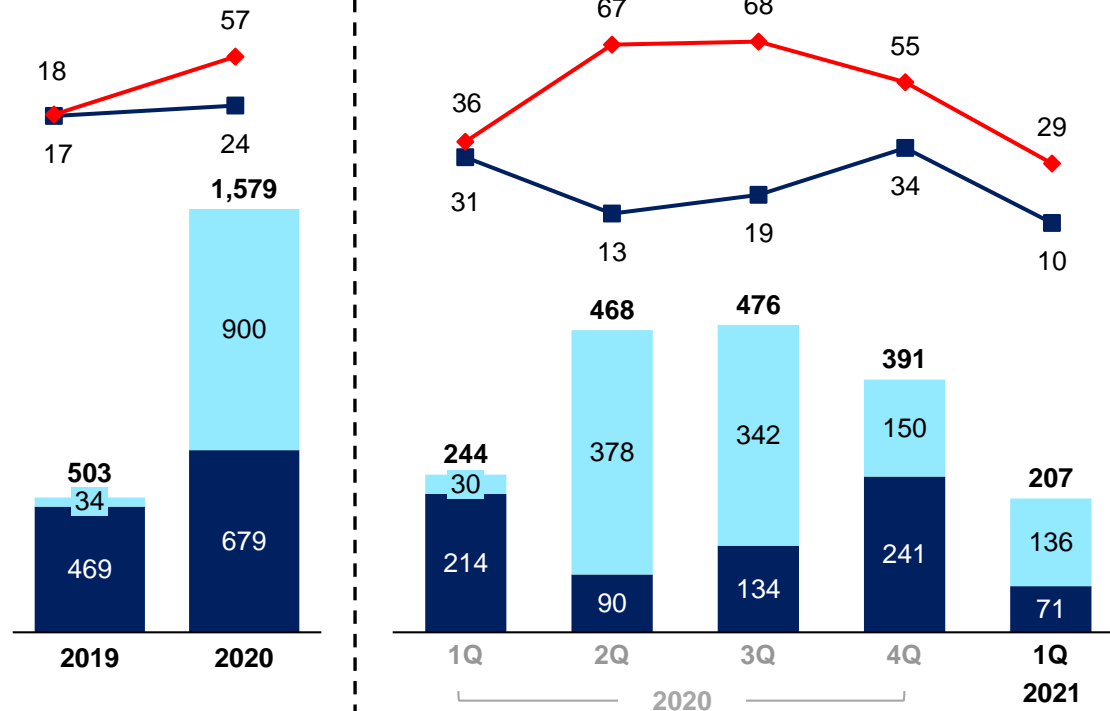
Non-Performing Assets

- Lower NPA formation this quarter, NPL ratio stable at 1.5%
- Reserve coverage specific to NPAs stable at 37% given well-collateralised portfolio

(\$m)	2020				2021
	1Q	2Q	3Q	4Q	1Q
NPAs at start of period	4,297	4,590	4,628	4,301	4,608
<u>Non-individuals</u>					
New NPAs	573	131	74	622	145
Less:					
Upgrades and recoveries	101	126	216	175	250
Write-offs	208	42	63	179	26
	4,561	4,553	4,423	4,569	4,477
Individuals	29	75	(122)	39	67
NPAs at end of period	4,590	4,628	4,301	4,608	4,544
NPL Ratio (%)	1.6	1.6	1.5	1.6	1.5
Allowance on impaired assets/NPA (%)	36	36	39	37	37

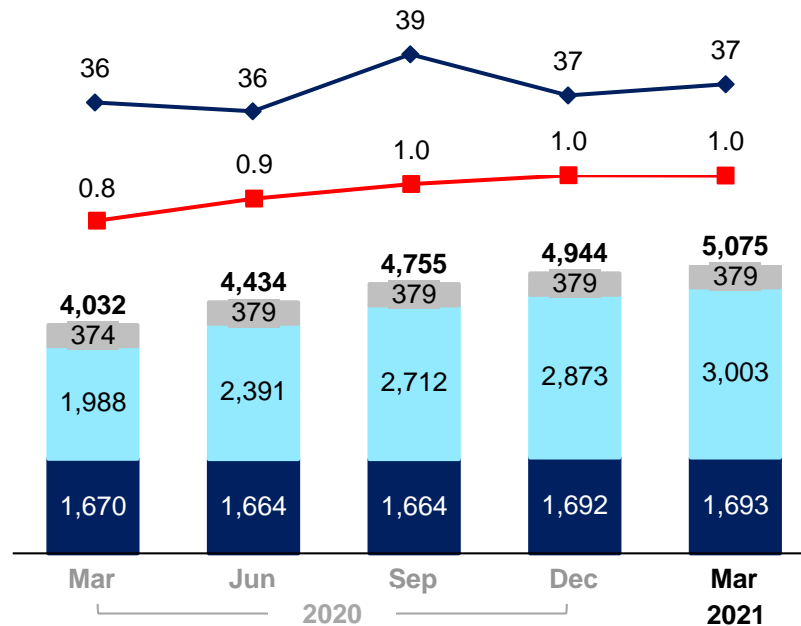
Total Allowance on Loans

- Credit costs eased to 29bps as outlook stabilises
- Lower allowance for impaired loans due to payment recoveries and lower NPL formation this quarter



Allowance Coverage

- Strong reserve buffer with coverage for performing loans at 1%
- NPA coverage strengthened to 112% or 257% taking collateral into account



NPA coverage (%) ⁽²⁾	88	96	111	107	112
Unsecured NPA coverage (%) ⁽²⁾	206	230	264	245	257

■ 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

- Steady growth of 4% QoQ mainly from term and trade loans in Singapore and North Asia
- YoY growth of 5% mainly corporate loans across most territories

	Mar-21 \$b	Dec-20 \$b	Mar-20 \$b	QoQ +/(-)%	YoY +/(-)%
Singapore	151	143	141	5	7
Rest of Southeast Asia	63	63	63	(0)	0
Malaysia	30	30	30	0	0
Thailand	20	21	20	(2)	3
Indonesia	10	10	11	(1)	(6)
Vietnam	2	2	2	9	6
Others	1	1	1	4	(11)
North Asia	50	47	48	7	5
Greater China	47	44	45	7	5
Others	3	3	3	17	5
Rest of the world	29	28	26	3	11
Total	293	281	278	4	5

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

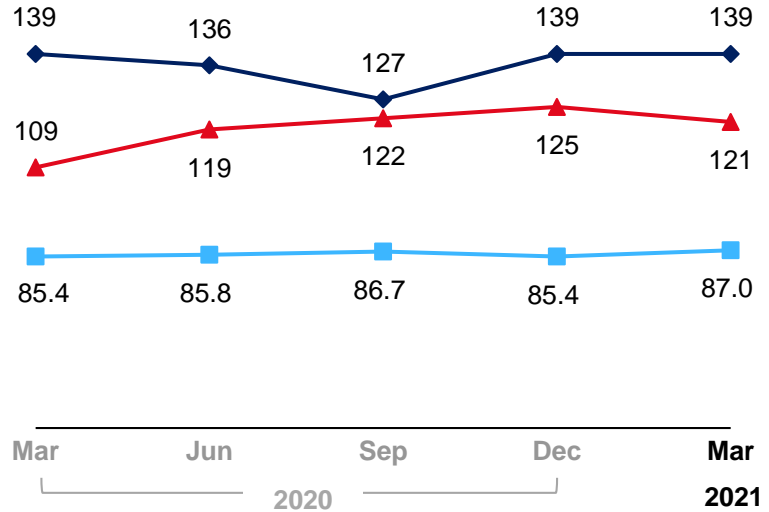
- Continue to focus on stable funding; CASA ratio stable at 53.5%

	Mar-21	Dec-20	Mar-20	QoQ	YoY
	\$b	\$b	\$b	+/(-)%	+/(-)%
Singapore	226	221	216	2	5
Rest of Southeast Asia	64	67	62	(3)	3
Malaysia	30	31	30	(4)	0
Thailand	21	23	22	(7)	(2)
Indonesia	9	9	7	6	28
Vietnam	3	3	3	(0)	6
Others	0	0	0	7	3
North Asia	19	18	23	6	(19)
Greater China	19	18	23	6	(19)
Others	0	0	0	35	(39)
Rest of the world	23	19	21	18	11
Total Customer Deposits	332	325	322	2	3
Wholesale funding ⁽¹⁾	53	48	48	10	10
Total funding	385	373	370	3	4
CASA/Deposit Ratio (%)	53.5	53.5	47.0	-	6.5

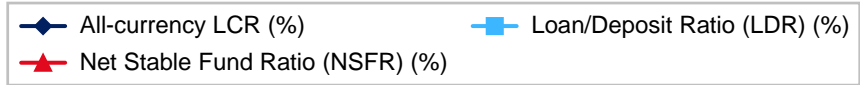
Note: (1) Comprising debt issuances, perpetual capital securities and interbank liabilities.

Liquidity ratios

- Ample liquidity with LCR at 139% and NSFR at 121%

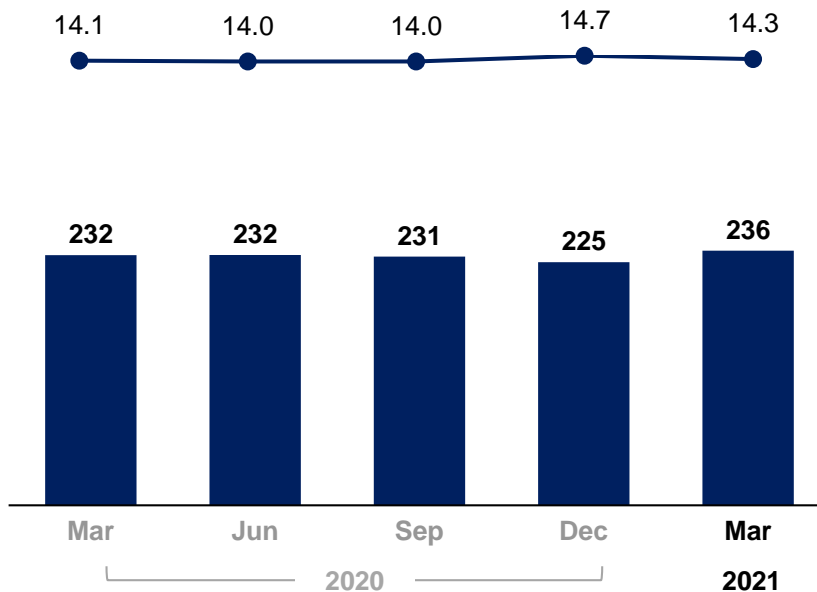


USD LDR (%)	62.7	59.6	58.0	58.2	62.5
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Capital

- Strong capital position with CET1 ratio at 14.3%
- Higher RWA in line with corporate loan growth



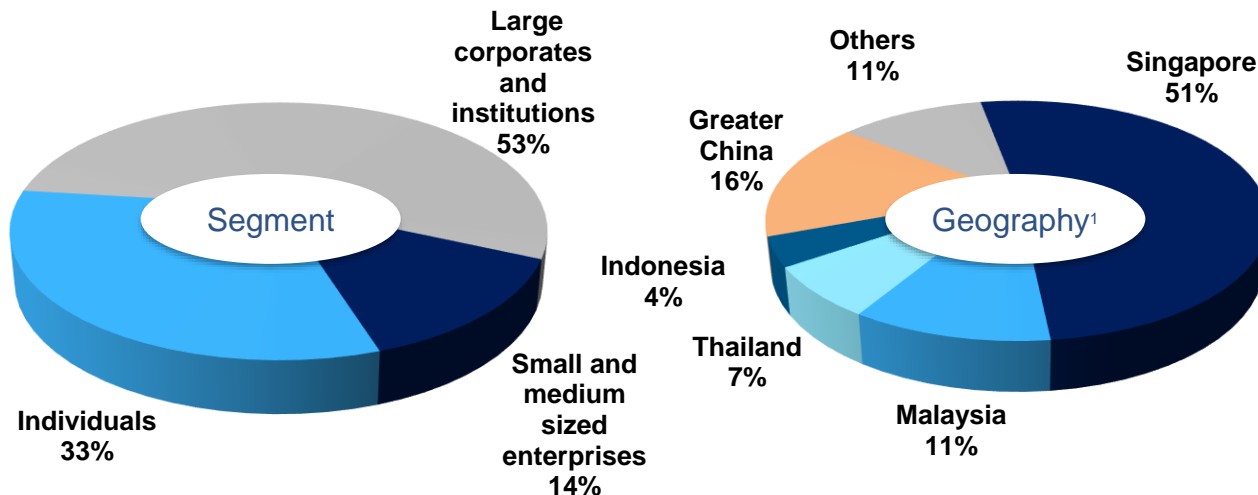
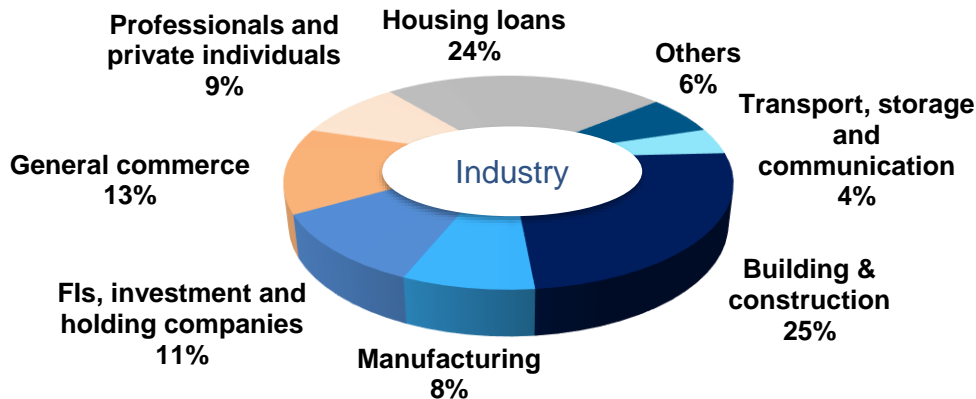
Leverage ratio (%)	7.4	7.3	7.4	7.4	7.5
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Appendix

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

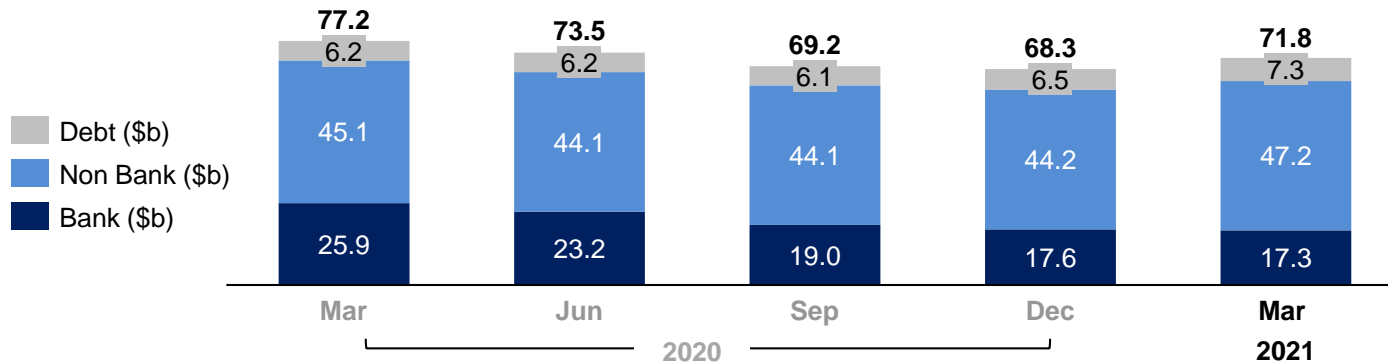
Diversified Loan portfolio



Note: Financial statistics as at 31 March 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 31 Mar 2021:

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

Bank exposure (\$11.7b)

- 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 ~40% of total bank exposure

Non-bank exposure (\$10.9b)

- 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 (\$37.8b or 9% of total assets)

Bank exposure (\$2.8b)

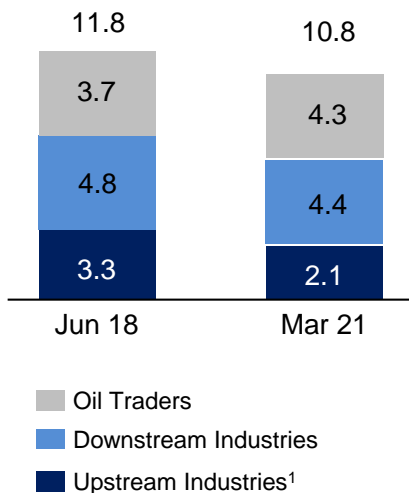
- Majority of exposure are to foreign banks

Non-bank exposure (\$31.6b)

- Exposure mainly to wholesale corporates
- ~60% with <1 year tenor
- NPL ratio at 0.9%

Exposure to Oil and Gas (O&G) Sector

Total Outstanding O&G Loans (\$b)



As of 31 March 2021, outstanding O&G loans represented 4% of total loans as compared with 4.7% 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.