



# 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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之  
艺术



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

## Wholesale customers

- Growing regional franchise, capturing cross-border opportunities



### Strengthening Connectivity

Across our ASEAN footprint and global network



**+6%<sup>1</sup>**  
Cross border income;  
Formed 30%<sup>2</sup> of GWB income



**2x<sup>1</sup>**  
Suppliers and distributors within  
Financial Supply Chain Management  
(FSCM) solution



### Sector Specialisation

Building capabilities for  
greater diversification  
and risk mitigation



**+25%<sup>3</sup>**  
Loan and trade-related fees



**+18%<sup>3</sup>**  
Global Financial Institutions  
Group income



### Deepening Digitalisation

For secure and efficient  
transactions



**3x<sup>3,4</sup>**  
Cashless payments to  
businesses in Singapore



**+29%<sup>3,5</sup>**  
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

**>2x<sup>1</sup>**

Target income from digitally-engaged<sup>2</sup> customers

**~5ppt<sup>1</sup>**

Target decline in cost-to-income ratio for digitally-engaged<sup>2</sup> customers



### Growing Eco-system Partnerships

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

**>2x<sup>1</sup>**

Target growth in digitally-enabled<sup>3</sup> customers to 7m<sup>1</sup>

**>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<sup>4,5</sup>**

Assets under management (AUM)<sup>6</sup>  
▲ 6% YoY

**>80%<sup>7</sup>**

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<br>\$m | 9M20<br>\$m | YoY<br>+/(-)% | 3Q21<br>\$m | 2Q21<br>\$m | QoQ<br>+/(-)% |
|----------------------------------|-------------|-------------|---------------|-------------|-------------|---------------|
| <b>Operating Profit</b>          |             |             |               |             |             |               |
| Singapore                        | 2,115       | 1,941       | 9             | 686         | 705         | (3)           |
| <b>Rest of Southeast Asia</b>    | 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)          |
| <b>North Asia</b>                | 452         | 445         | 2             | 154         | 144         | 7             |
| Greater China                    | 425         | 414         | 3             | 145         | 133         | 9             |
| Others                           | 27          | 31          | (12)          | 9           | 10          | (16)          |
| <b>Rest of the world</b>         | 542         | 411         | 32            | 190         | 176         | 8             |
| <b>Total</b>                     | 4,137       | 3,792       | 9             | 1,381       | 1,360       | 2             |
| <b>Overseas contribution (%)</b> | 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        |
| <b>Total income</b>     | <b>7,356</b> | <b>6,927</b> | <b>6</b>  | <b>2,453</b> | <b>2,417</b> | <b>1</b> |
| Less: Total expenses    | 3,218        | 3,135        | 3         | 1,072        | 1,057        | 1        |
| <b>Operating profit</b> | <b>4,137</b> | <b>3,792</b> | <b>9</b>  | <b>1,381</b> | <b>1,360</b> | <b>2</b> |
| Less: Impairment charge | 546          | 1,158        | (53)      | 163          | 182          | (10)     |
| Add: Assoc & JV         | 99           | 64           | 55        | 29           | 39           | (27)     |
| <b>Net profit</b>       | <b>3,057</b> | <b>2,226</b> | <b>37</b> | <b>1,046</b> | <b>1,003</b> | <b>4</b> |

## 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

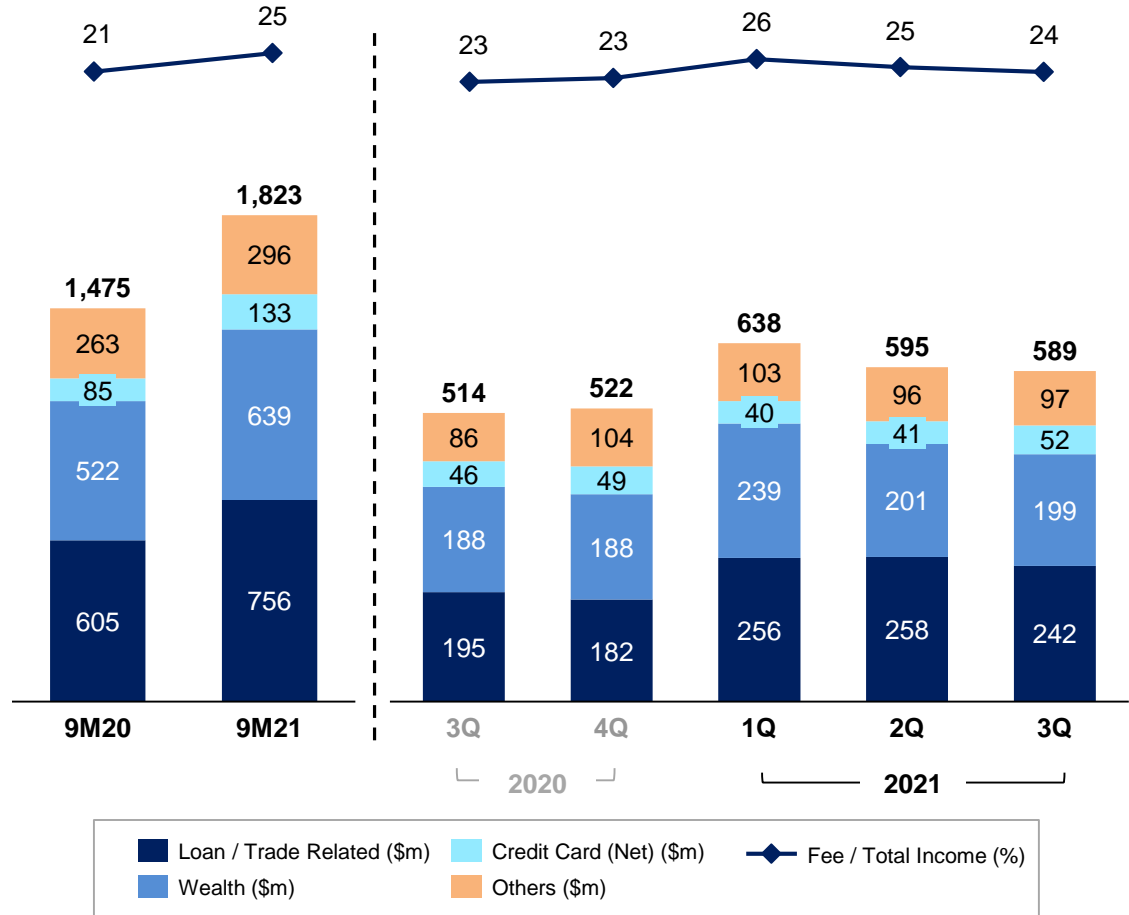
|                               | Sep-21<br>\$b | Jun-21<br>\$b | Sep-20<br>\$b | QoQ<br>+/(-%) | YoY<br>+/(-%) |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|
| Singapore                     | 158           | 153           | 144           | 4             | 10            |
| <b>Rest of Southeast Asia</b> | <b>62</b>     | <b>62</b>     | <b>63</b>     | <b>1</b>      | <b>(1)</b>    |
| 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)           |
| <b>North Asia</b>             | <b>53</b>     | <b>51</b>     | <b>47</b>     | <b>3</b>      | <b>13</b>     |
| Greater China                 | 50            | 48            | 44            | 3             | 12            |
| Others                        | 3             | 3             | 3             | 5             | 28            |
| <b>Rest of the world</b>      | <b>32</b>     | <b>32</b>     | <b>27</b>     | <b>0</b>      | <b>22</b>     |
| <b>Total</b>                  | <b>306</b>    | <b>299</b>    | <b>281</b>    | <b>3</b>      | <b>9</b>      |

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



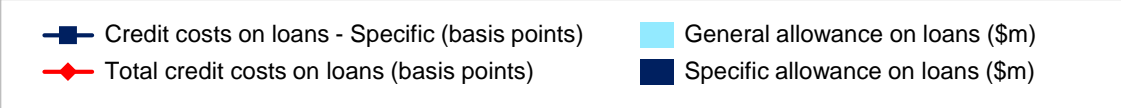
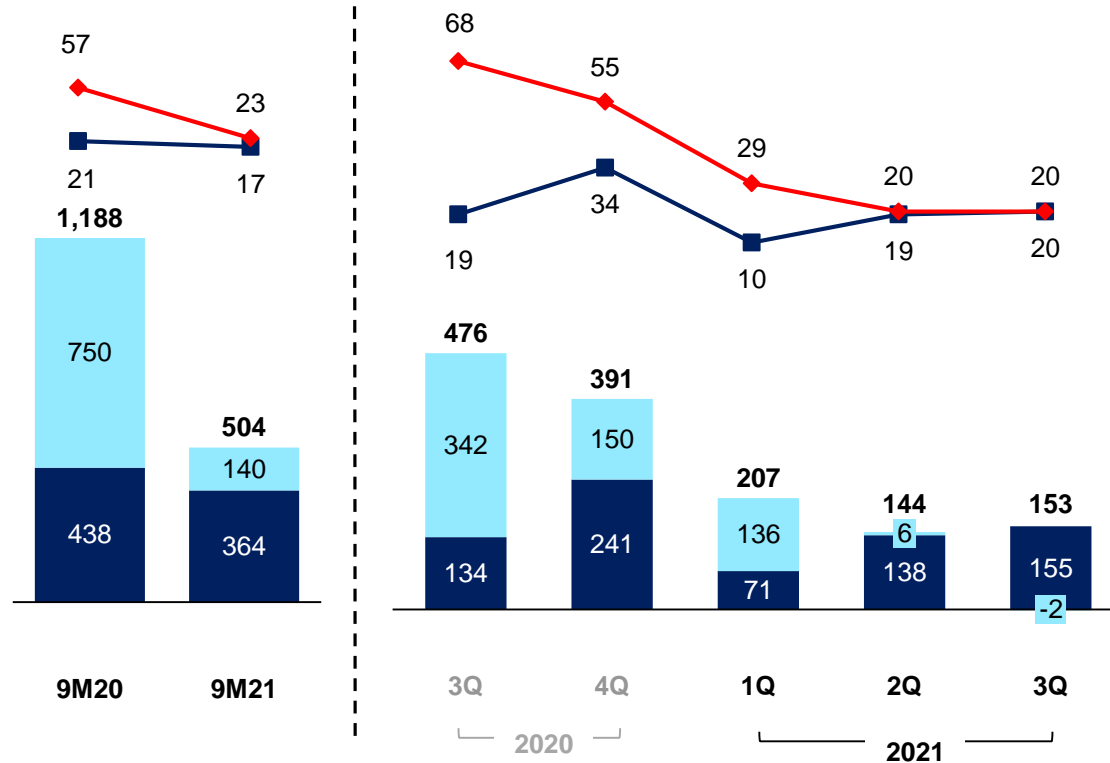
## Non-Performing Assets

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

| (\$m)                             | 2020  |       | 2021  |       |       |
|-----------------------------------|-------|-------|-------|-------|-------|
|                                   | 3Q    | 4Q    | 1Q    | 2Q    | 3Q    |
| <b>NPAs at start of period</b>    | 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    |
| <b>NPAs at end of period</b>      | 4,301 | 4,608 | 4,544 | 4,547 | 4,772 |
| <b>NPL Ratio (%)</b>              | 1.5   | 1.6   | 1.5   | 1.5   | 1.5   |
| <b>Specific allowance/NPA (%)</b> | 39    | 37    | 37    | 35    | 34    |

# Total Allowance on Loans

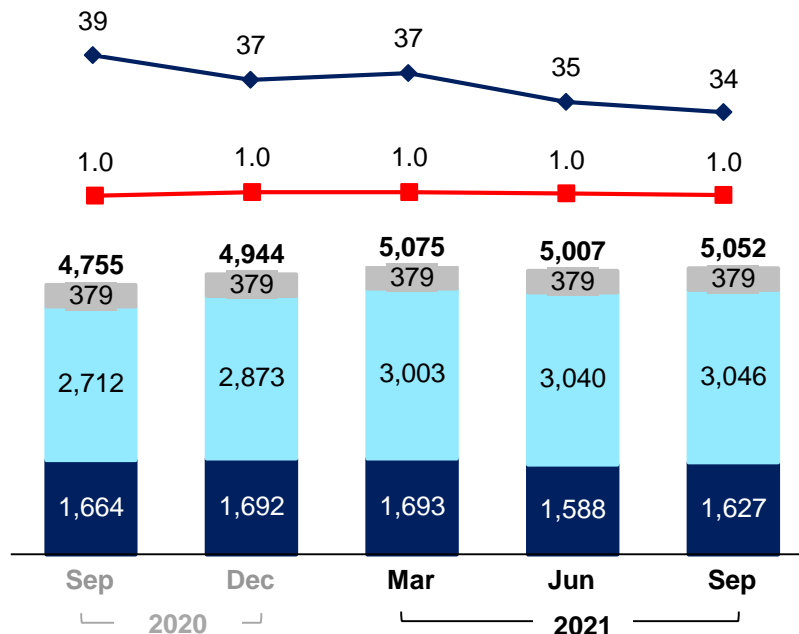
- Steady credit costs at 20bps this quarter



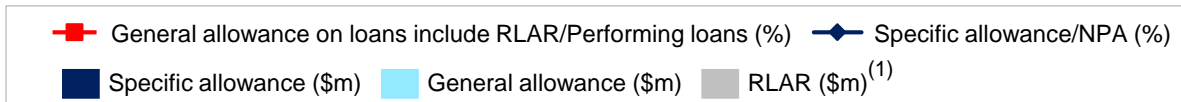


# Allowance Coverage

- 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 (%) <sup>(2)</sup>           | 111 | 107 | 112 | 110 | <b>106</b> |
| Unsecured NPA coverage (%) <sup>(2)</sup> | 264 | 245 | 257 | 265 | <b>265</b> |

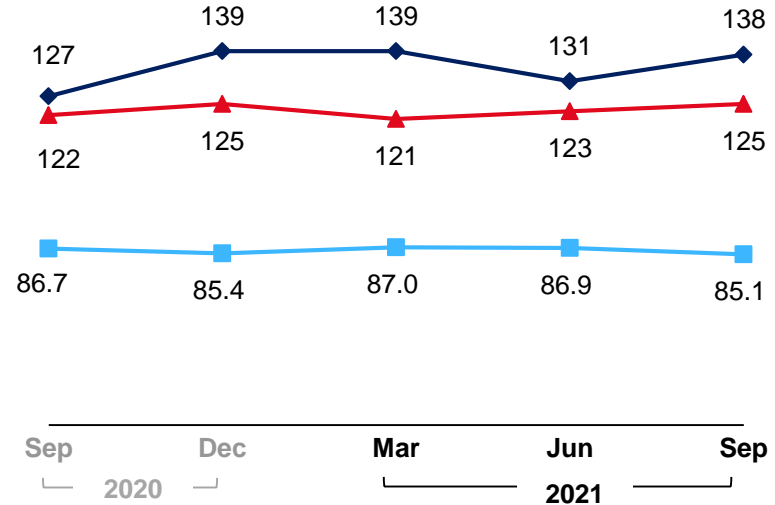


(1) Regulatory loss allowance reserve (RLAR) is a non-distributable reserve appropriated through retained earnings to meet MAS Notice No. 612 Credit Files, Grading and Provisioning requirements.

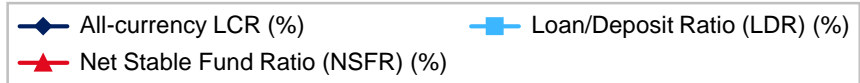
(2) Includes RLAR as part of total allowance.

## Liquidity ratios

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

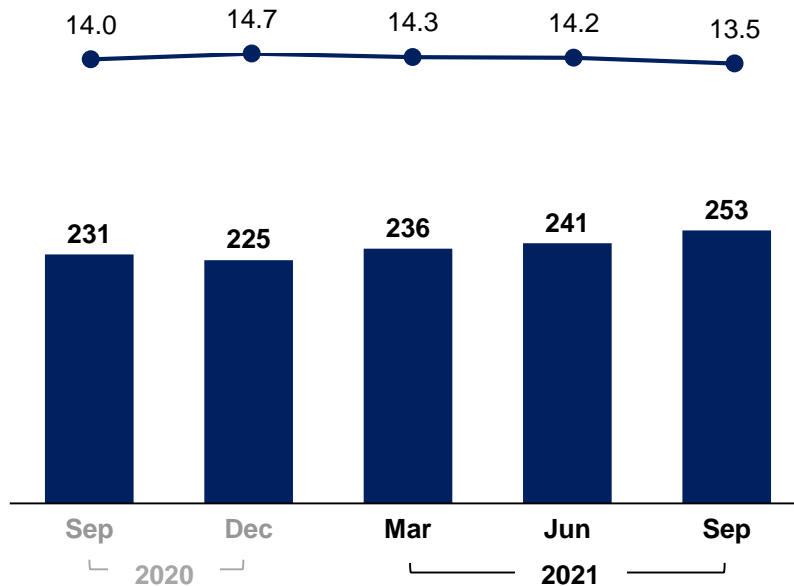


| USD LDR (%) | Sep 2020 | Dec 2020 | Mar 2021 | Jun 2021 | Sep 2021 |
|-------------|----------|----------|----------|----------|----------|
|             | 58.0     | 58.2     | 62.5     | 62.6     | 60.4     |



## 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 (%)

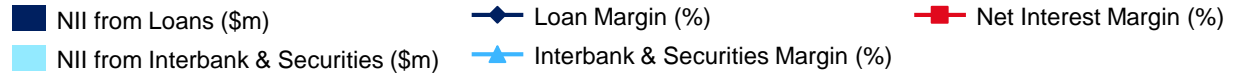
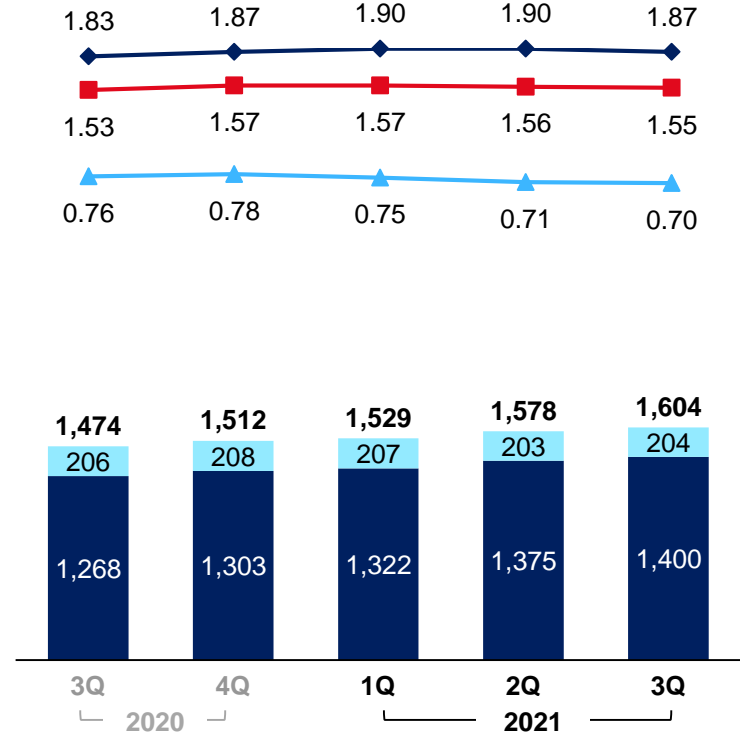
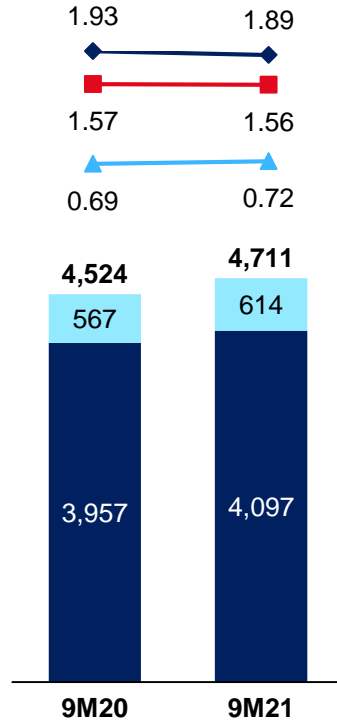
# Appendix

- **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

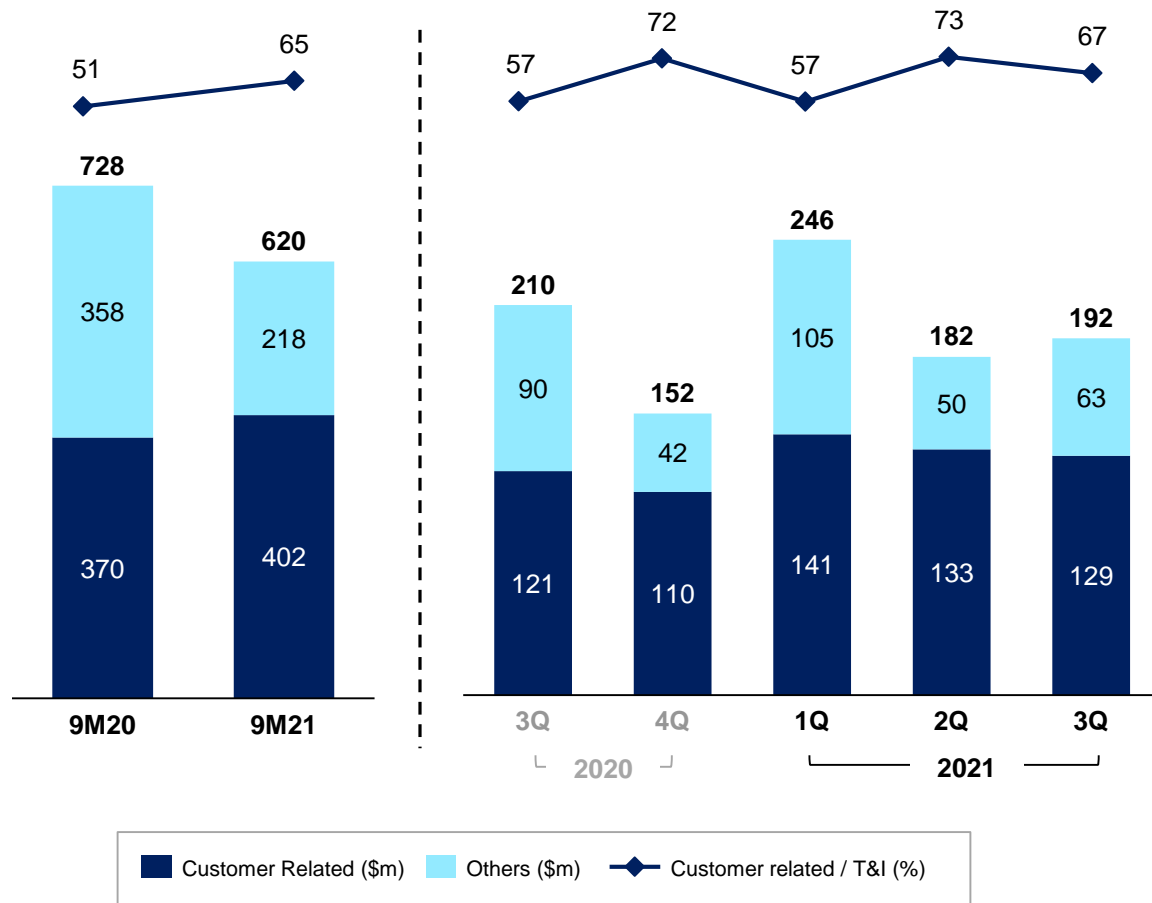
- Higher NII led by healthy loan growth of 9% YoY
- Broadly stable net interest margin amid low rate environment and competition





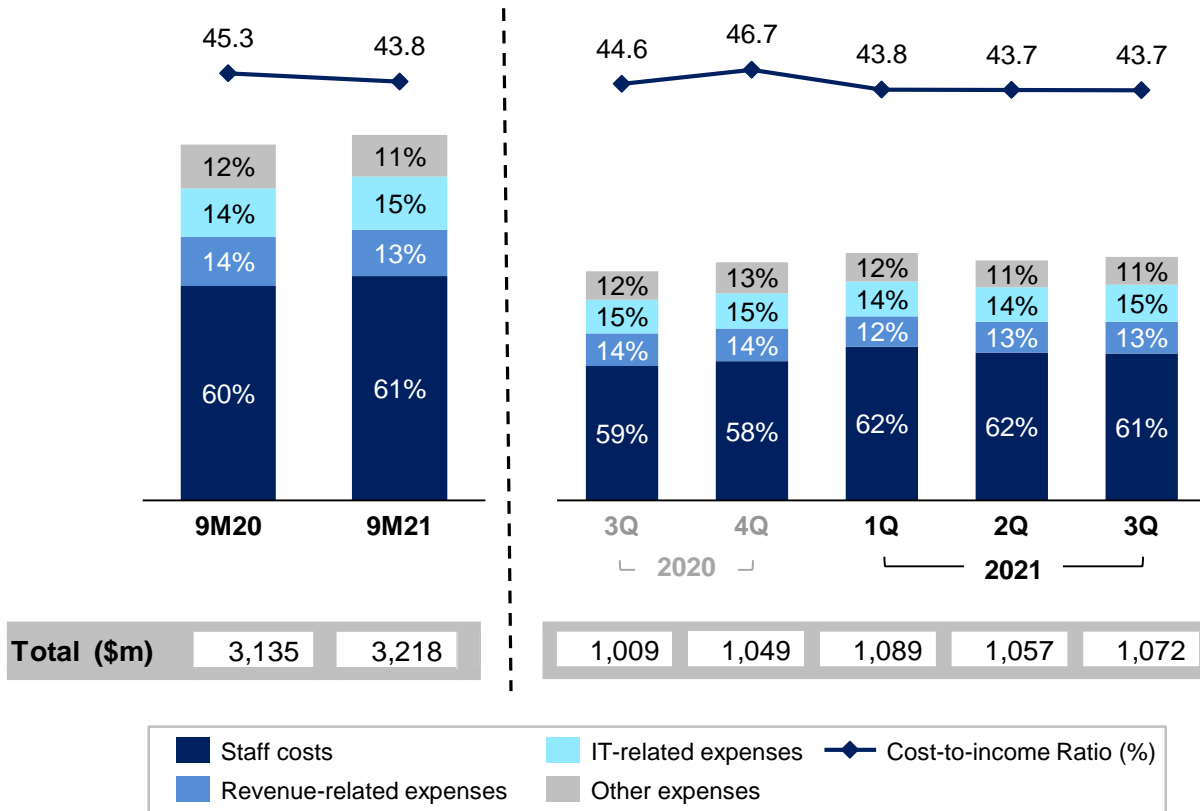
## Trading & Investment Income

- 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



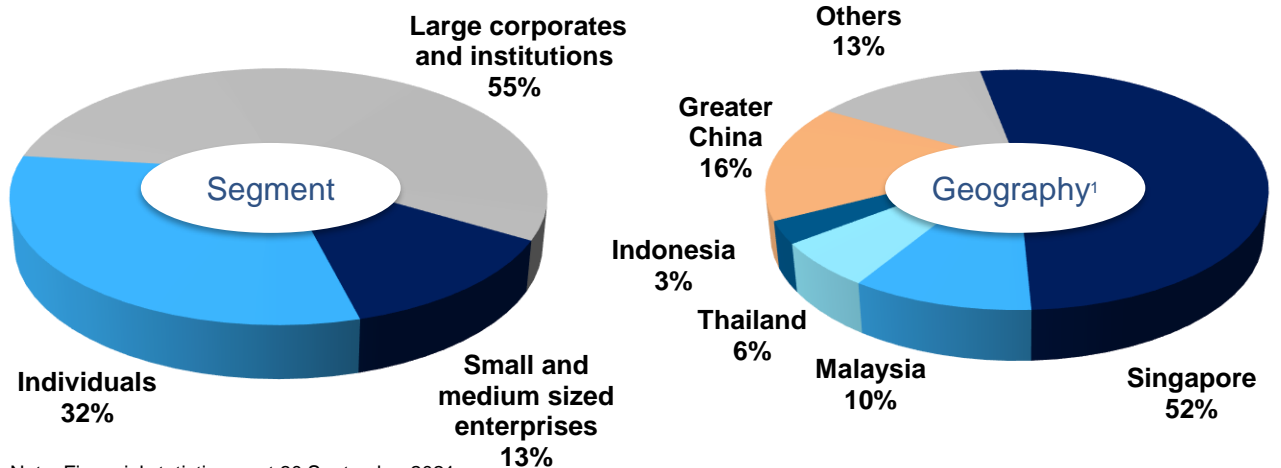
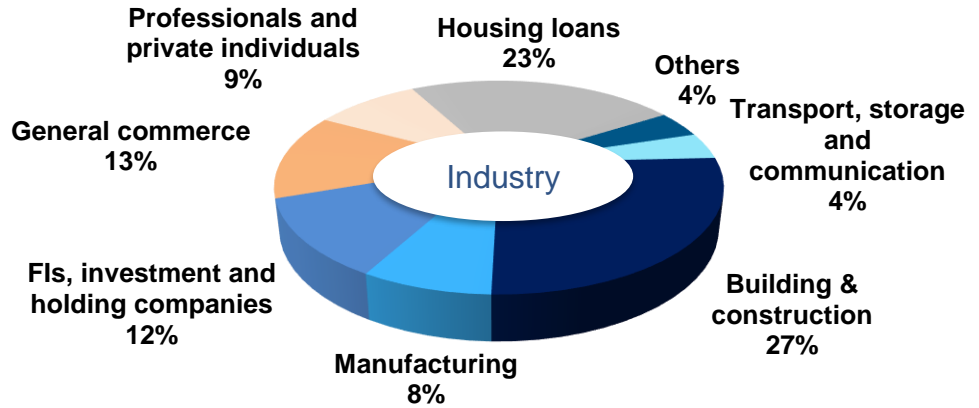
## Total Funding

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

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

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

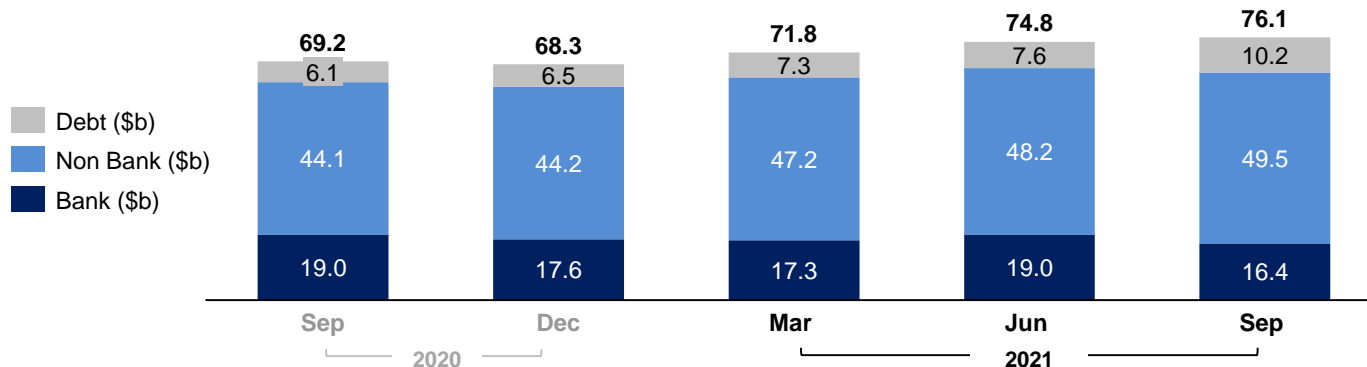
# Diversified Loan portfolio



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

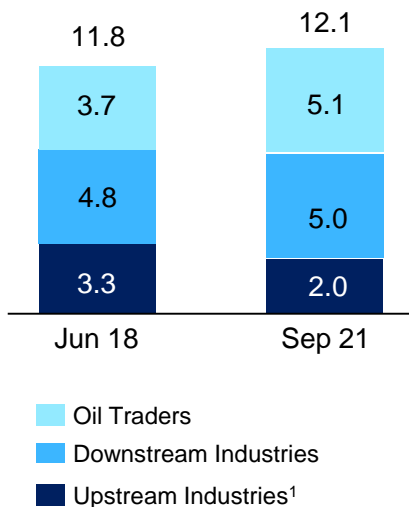
#### Non-bank exposure (\$33.1b)

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