

## UOB's 3Q21 net profit increases 4% QoQ *Sustainable loan growth and stable asset quality despite macro uncertainties*

UOB Group (Group) has posted commendable financial results for the third quarter (3Q21), with net profit up 4% quarter on quarter (QoQ) to S\$1.05 billion, despite slower economic recovery in Southeast Asia.

This was achieved on the back of healthy loan growth and sustained fee income, as well as lower credit allowance.

The Group's 3Q21 performance was powered by its diversified growth engines of connectivity, digital and sustainability capabilities. Cross-border revenue remained stable while loan-related, wealth and fund management as well as credit card fees saw strong growth.

Credit costs in 3Q21 were flat at 20 basis points on a quarterly basis, reflecting the Group's resilient, well-secured portfolio and asset quality. The Group's balance sheet stayed robust with ample liquidity and strong Common Equity Tier 1 (CET1) ratio at 13.5%.

### 3Q21 key financial indicators

Operating profit <b>S\$1.38b</b> + 2% QoQ + 10% YoY	Net profit after tax <b>S\$1.05b</b> + 4% QoQ + 57% YoY
Cost/Income ratio <b>43.7%</b> No change QoQ - 0.9%pt YoY	Credit costs <b>20bps</b> No change QoQ - 48bps YoY
NPL ratio <b>1.5%</b> No change QoQ No change YoY	Customer loans <b>S\$306b</b> + 3% QoQ + 9% YoY
NSFR ratio <b>125%</b> + 2%pt QoQ + 3%pt YoY	CET 1 ratio <b>13.5%</b> - 0.7%pt QoQ - 0.5%pt YoY

### Building upon our 2021 growth momentum



Mr. Wee Ee Cheong,  
Deputy Chairman and  
Chief Executive Officer, UOB

“ UOB has built upon the strong growth momentum of 2021 to record higher 3Q net profit. This was amid a challenging macro backdrop with disruptions in global supply chains, China's slowing economy and resurgent COVID-19 infections across the region. Through such times, we continue to stand steadfastly in support of our customers, including small- and medium-sized enterprises (SMEs), and we are honoured to be named the World's Best Bank for SMEs by *Euromoney* and *Global Finance*.

Amid near-term uncertainties, the gradual reopening of borders bodes well for business flows and we remain positive of strong activities along the Greater China-ASEAN trade corridors. Our strong fundamentals enable us to continue investing to deepen our capabilities in connectivity, digital innovation and sustainability – areas that are set to drive Asia's growth for the decades to come.

We are pioneering progressive solutions in areas such as decentralised finance and digital assets, as well as through our unified digital platform, UOB TMRW. These initiatives enable us to provide our customers with digital solutions for greater efficiency and an enhanced experience. We also lead the region in creating solutions to help individuals and businesses adopt sustainability as their way of life – from reducing energy consumption to investing with greater purpose. We believe that this is our role as a responsible financial steward, as well as a catalyst and enabler in forging a sustainable future. ”

## Financial performance

	9M21 S\$m	9M20 S\$m	YoY + / (-)%	3Q21 S\$m	2Q21 S\$m	QoQ + / (-)%	3Q20 S\$m	YoY + / (-)%
Net interest income	4,711	4,524	4	1,604	1,578	2	1,474	9
Net fee income	1,823	1,475	24	589	595	(1)	514	15
Others	822	929	(12)	259	243	7	272	(5)
<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>	<b>2,261</b>	<b>8</b>
Less: Total expenses	3,218	3,135	3	1,072	1,057	1	1,009	6
<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>	<b>1,252</b>	<b>10</b>
Less: Impairment charge	546	1,158	(53)	163	182	(10)	477	(66)
Add: Assoc & JV	99	64	55	29	39	(27)	24	18
<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>	<b>668</b>	<b>57</b>

### 9M21 versus 9M20

Net profit grew 37% to S\$3.06 billion in 9M21 on the back of rising income amid improving business sentiment and lower credit allowance.

Net interest income increased 4% from a year ago to S\$4.71 billion, boosted by healthy loan growth of 9% and broadly stable net interest margin. Net fee and commission income rose 24% to a new high of S\$1.82 billion. Wealth management fees increased 22% to a record S\$639 million as investor confidence returned. Loan-related fees were similarly at record high of S\$528 million, growing 33% year on year spurred by trade and investment growth. Fund management and credit card fees were also higher as the equity market and customer spending recovered respectively from a year ago.

Customer-related treasury income grew 8%, while other non-interest income declined 12% to S\$822 million due to lower non-customer trading income.

Total operating expenses increased 3% to S\$3.22 billion. Staff costs grew in tandem with income, offset by lower discretionary expenses. The cost-to-income ratio improved from 45.3% to 43.8%.

Total allowance fell 53% from a year ago to S\$546 million, with credit outlook stabilising and pre-emptive allowance from last year remaining adequate. Total credit costs on loans dropped from 57 basis points to 23 basis points.

### 3Q21 versus 2Q21

Net interest income increased 2% to S\$1.60 billion led by loan growth of 3%. Net fee and commission income eased 1% to S\$589 million as loan-related fees moderated to S\$164 million after a record performance in the second quarter. Trading and investment income grew 5% to S\$192 million driven by higher investment gains while customer-related treasury income was broadly sustained quarter on quarter.

Total operating expenses were largely unchanged at S\$1.07 billion. Credit allowance was stable with total credit costs on loans flat at 20 basis points.

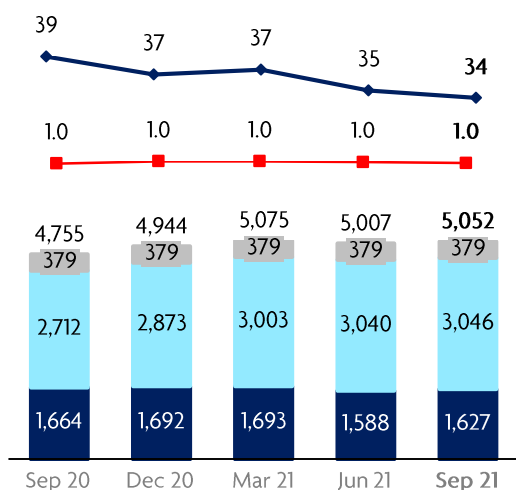
### 3Q21 versus 3Q20

Net interest income grew 9% led by healthy loan growth, coupled with a 2-basis point increase in net interest margin to 1.55%. Net fee income rose 15%, with strong growth recorded across all activities, particularly in loan-related, wealth and fund management and credit card fees. Other non-interest income declined 5% to S\$259 million, mainly from lower investment gains.

On the back of strong income growth, cost-to-income ratio improved 0.9% point to 43.7%. Total allowance was 66% lower due to the pre-emptive general allowance taken last year.

## Asset quality

### Allowance coverage



	Sep 20	Dec 20	Mar 21	Jun 21	Sep 21
NPL ratio (%)	1.5	1.6	1.5	1.5	1.5
Total credit costs on loans (bps)	68	55	29	20	20

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

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

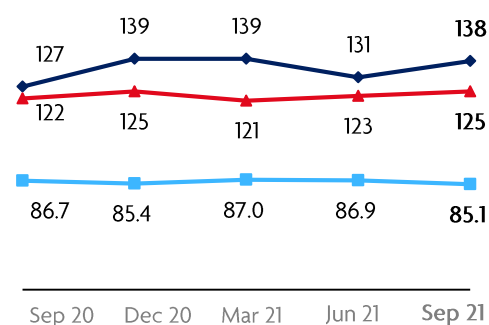
Asset quality was resilient with the non-performing loan (NPL) ratio stable at 1.5%. Total credit costs stayed at 20 bps.

Allowance coverage remained strong with non-performing assets (NPA) coverage at 106% or 265% after taking collateral into account.

General allowance, including regulatory loss allowance reserves (RLAR), were prudently maintained at 1.0% of performing loans, enabling UOB to cope with a range of macroeconomic outcomes.

## Capital, funding and liquidity positions

### Liquidity and capital ratios



	Sep 20	Dec 20	Mar 21	Jun 21	Sep 21
CET1 ratio (%)	14.0	14.7	14.3	14.2	13.5

◆ All-currency LCR (%) ■ NSFR (%) ■ LDR (%)

The Group's liquidity and funding positions remained robust with this quarter's average all-currency liquidity coverage ratio (LCR) at 138% and net stable funding ratio (NSFR) at 125%, well above the minimum regulatory requirements. Loan-to-deposit ratio (LDR) was healthy at 85.1%.

While the CET1 ratio eased to 13.5% largely due to strong asset growth and interim dividends for 2021, the Group remains well positioned to continue supporting customers.

For more information about UOB, please visit [www.UOBGroup.com](http://www.UOBGroup.com).

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**Financial Highlights**

	9M21	9M20	+ /(-) %	3Q21	2Q21	+ /(-) %	3Q20	+ /(-) %
<b>Selected income statement items (\$\$m)</b>								
Net interest income	4,711	4,524	4	1,604	1,578	2	1,474	9
Net fee and commission income	1,823	1,475	24	589	595	(1)	514	15
Other non-interest income	822	929	(12)	259	243	7	272	(5)
Total income	7,356	6,927	6	2,453	2,417	1	2,261	8
Less: Operating expenses	3,218	3,135	3	1,072	1,057	1	1,009	6
Operating profit	4,137	3,792	9	1,381	1,360	2	1,252	10
Less: Allowances for credit and other losses	546	1,158	(53)	163	182	(10)	477	(66)
Add: Share of profit of associates and joint ventures	99	64	55	29	39	(27)	24	18
Net profit before tax	3,691	2,698	37	1,247	1,217	2	800	56
Less: Tax and non-controlling interests	634	472	34	200	214	(6)	132	52
Net profit after tax <sup>1</sup>	3,057	2,226	37	1,046	1,003	4	668	57
<b>Selected balance sheet items (\$\$m)</b>								
Gross customer loans	306,083	280,682	9	306,083	298,597	3	280,682	9
Customer deposits	354,559	319,114	11	354,559	338,894	5	319,114	11
Total assets	457,659	422,079	8	457,659	446,506	2	422,079	8
Shareholders' equity <sup>1</sup>	41,841	39,986	5	41,841	42,031	(0)	39,986	5
Risk-weighted assets	252,810	230,595	10	252,810	241,090	5	230,595	10
<b>Key financial ratios (%)</b>								
Net interest margin <sup>2</sup>	1.56	1.57		1.55	1.56		1.53	
Cost/Income ratio	43.8	45.3		43.7	43.7		44.6	
Credit costs on loans (bp) <sup>2</sup>								
General	6	36		-	1		49	
Specific	17	21		20	19		19	
Total	23	57		20	20		68	
NPA coverage ratio	106	111		106	110		111	
NPL ratio <sup>3</sup>	1.5	1.5		1.5	1.5		1.5	
Return on average ordinary shareholders' equity <sup>2,4</sup>	10.2	7.6		10.4	10.1		6.9	
Return on average total assets <sup>2</sup>	0.92	0.70		0.93	0.91		0.63	
Loan/Deposit ratio <sup>5</sup>	85.1	86.7		85.1	86.9		86.7	
Liquidity coverage ratios ("LCR") <sup>6</sup>								
All-currency	136	134		138	131		127	
Singapore Dollar	305	312		360	281		301	
Net stable funding ratio ("NSFR") <sup>7</sup>	125	122		125	123		122	
Capital adequacy ratios								
Common Equity Tier 1	13.5	14.0		13.5	14.2		14.0	
Tier 1	14.4	15.0		14.4	15.2		15.0	
Total	16.8	17.6		16.8	18.1		17.6	
Leverage ratio <sup>8</sup>	7.1	7.4		7.1	7.4		7.4	
Earnings per ordinary share (\$) <sup>2,4</sup>								
Basic	2.39	1.72		2.46	2.35		1.55	
Diluted	2.38	1.72		2.44	2.34		1.54	
Net asset value ("NAV") per ordinary share (\$) <sup>9</sup>	23.56	22.53		23.56	23.65		22.53	

Notes:

1 Relate to amount attributable to equity holders of the Bank.

2 Computed on an annualised basis.

3 Refer to non-performing loans as a percentage of gross customer loans.

4 Calculated based on profit attributable to equity holders of the Bank net of perpetual capital securities distributions.

5 Refer to net customer loans and customer deposits.

 6 Figures reported are based on average LCR for the respective periods. A minimum requirement of Singapore Dollar LCR of 100% and all-currency LCR of 100% shall be maintained at all times. Public disclosure required under MAS Notice 651 is available in the UOB website at [www.UOBgroup.com/investor-relations/financial/index.html](http://www.UOBgroup.com/investor-relations/financial/index.html).

 7 NSFR is calculated based on MAS Notice 652 which requires a minimum of 100% to be maintained. Public disclosure required under MAS Notice 653 is available in the UOB website at [www.UOBgroup.com/investor-relations/financial/index.html](http://www.UOBgroup.com/investor-relations/financial/index.html).

8 Leverage ratio is calculated based on MAS Notice 637 which requires a minimum ratio of 3%.

9 Perpetual capital securities are excluded from the computation.