

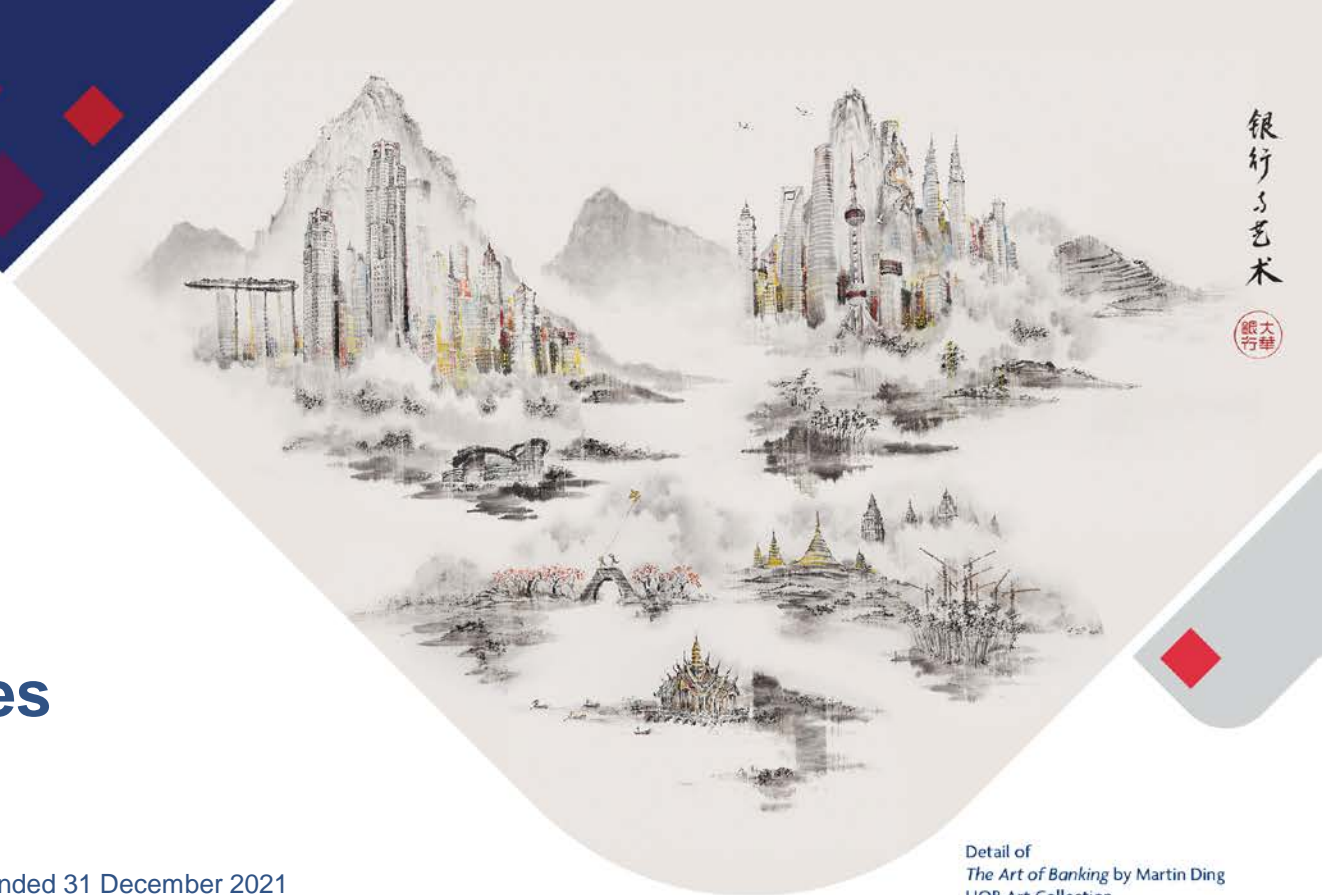


# UOB Group Financial Updates

Lee Wai Fai

Group Chief Financial Officer

For the Financial Year / Fourth Quarter Ended 31 December 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



FY21

4Q21

Operating profit

**\$5.5b**

+ 10% YoY

**\$1.3b**

- 3% QoQ

Net profit

**\$4.1b**

+ 40% YoY

**\$1.0b**

- 3% QoQ

Cost/Income ratio

**44.1%**

- 1.5%pt YoY

**45.0%**

+ 1.3%pt QoQ

Credit costs

**20bps**

- 37 bps YoY

**12bps**

- 8 bps QoQ

NPL ratio

**1.6%**

+ 0.1%pt QoQ  
No change YoY

Customer loans

**\$311b**

+ 2% QoQ  
+ 10% YoY

NSFR

**116%**

- 9%pt QoQ  
- 9%pt YoY

CET 1 ratio

**13.5%**




No change QoQ  
- 1.2%pt YoY

**Business momentum maintained in 4Q21 with NPAT at \$1b. Resilient balance sheet with stable credit outlook**

- NII grew 5% led by loan growth and improvement in margin
- Higher loan-related and credit card fees were moderated by seasonal slowdown in wealth fees
- Decline in trading and investment income largely due to lower non-customer related income from weaker market sentiment towards year-end while customer-related income held steady
- Total credit costs on loans lower at 12bps from write-back in GP with more clarity on path to recovery. Allowance coverage remained robust
- Steady loan growth of 2% QoQ and 10% YoY
- Healthy CET1 ratio at 13.5%

## Performance by Segment

- Retail supported by record AUM and wealth management income coupled with improved credit card activities, offsetting thinner margins
- Wholesale growth led by treasury, investment banking and loan-related deals
- Global Markets moderated as last year benefitted from higher gain in bond sales

		2021	2020	YoY	4Q21	3Q21	QoQ
		\$m	\$m	+ / (-) %	\$m	\$m	+ / (-) %
<b>Operating Profit</b>							
	Group Retail	<b>2,027</b>	2,064	(2)	<b>434</b>	523	(17)
	Group Wholesale Banking	<b>3,350</b>	3,099	8	<b>844</b>	855	(1)
	Global Markets	<b>385</b>	503	(23)	<b>73</b>	87	(17)

## Wholesale customers

- Growing regional franchise, capturing cross-border opportunities



### Strengthening Connectivity

Across our ASEAN footprint and global network



**+10%<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



**+28%<sup>1</sup>**  
Loan and trade-related fees



**+21%<sup>1</sup>**  
Global Financial Institutions  
Group income



### Deepening Digitalisation

For secure and efficient  
transactions



**~ 3x<sup>1,3</sup>**  
Cashless payments to  
businesses in Singapore



**+25%<sup>1,4</sup>**  
Digital banking transactions by  
businesses across the Group

1. Year on year growth for FY21. 2. As of FY21. 3. Refers to payments made on Corporate PayNow in Singapore. 4. Refers to digital banking transactions via UOB Infinity/BIBPlus.

## 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

~800k<sup>1</sup>

Customers digitally acquired across the region by UOB TMRW

#1<sup>2</sup>

in App Store and Play Store ranking among key banking apps in Singapore



### Growing Eco-system Partnerships

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

4

Key regional strategic partnerships concluded in 2021 to drive growth

+44%<sup>3</sup>

Rewards+ coupon users



### Strengthening Omni-channel Offerings

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

S\$139b<sup>4,5</sup>

Assets under management (AUM)<sup>5</sup>  
▲ 4% YoY

+17%<sup>7</sup>

Total card billings in Singapore

1. Since 4<sup>th</sup> Quarter 2018. 2. As at December 2021. 3. Quarter on quarter growth in 4Q21. 4. As at FY21. 5. Of which around 60% are from customers overseas. 6. Refers to Privilege Banking, Privilege Reserve and Private Bank. 7. Year on year growth in FY21.

## Performance by Geography

- FY21 performance improved across most markets
- 4Q21 growth momentum sustained in Singapore; while ASEAN registered a softer quarter largely due to year-end costs accruals
- Overseas franchise provided diversification and cross border connectivity; contribution strong at 48%

	2021 \$m	2020 \$m	YoY +/(-)%	4Q21 \$m	3Q21 \$m	QoQ +/(-)%
<b>Operating Profit</b>						
Singapore	2,839	2,592	10	724	686	6
<b>Rest of Southeast Asia</b>	1,327	1,302	2	298	351	(15)
Malaysia	689	675	2	148	185	(20)
Thailand	407	392	4	106	99	7
Indonesia	221	211	5	40	63	(37)
Vietnam	4	16	(72)	2	2	5
Others	6	8	(26)	1	1	(4)
<b>North Asia</b>	605	548	10	152	154	(1)
Greater China	568	514	11	143	145	(1)
Others	36	34	8	9	9	6
<b>Rest of the world</b>	706	550	28	164	190	(13)
<b>Total</b>	5,476	4,992	10	1,339	1,381	(3)
<b>Overseas contribution (%)</b>	48.2	48.1	0.1	45.9	50.3	(4.4)

## Financial Highlights

### 2021

- NPAT rose 40% YoY on lower credit costs and stronger revenues across business and geographies

### 4Q21

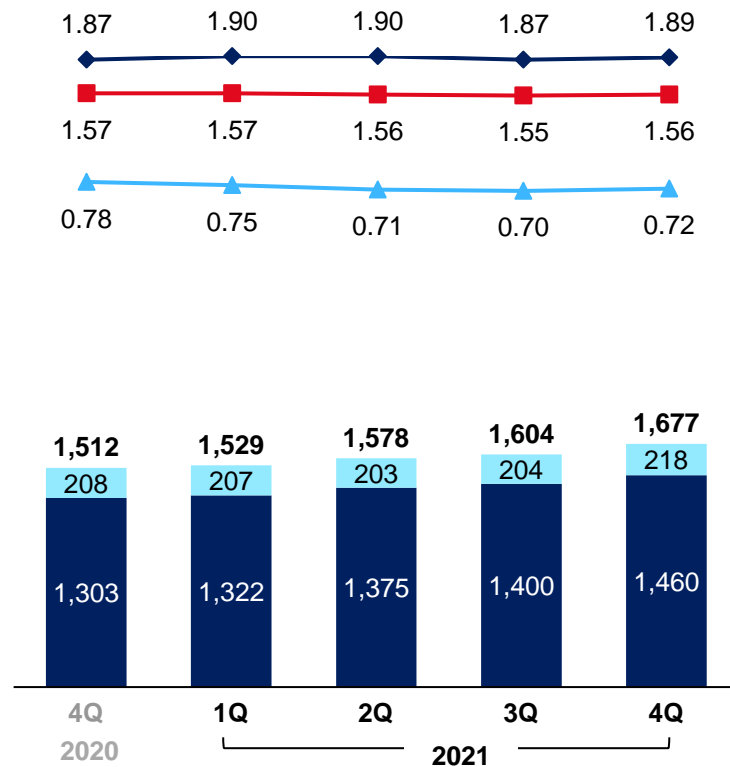
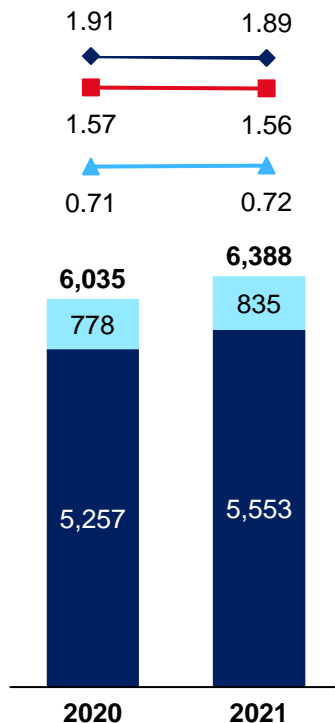
- Earnings down 3% alongside seasonally softer quarter

	2021	2020	YoY	4Q21	3Q21	QoQ	4Q20	YoY
	\$m	\$m	+/(-%)	\$m	\$m	+/(-%)	\$m	+/(-%)
Net interest income	6,388	6,035	6	1,677	1,604	5	1,512	11
Net fee income	2,412	1,997	21	589	589	(0)	522	13
Others	990	1,144	(13)	168	259	(35)	214	(22)
<b>Total income</b>	<b>9,789</b>	<b>9,176</b>	<b>7</b>	<b>2,434</b>	<b>2,453</b>	<b>(1)</b>	<b>2,249</b>	<b>8</b>
Less: Total expenses	4,313	4,184	3	1,095	1,072	2	1,049	4
<b>Operating profit</b>	<b>5,476</b>	<b>4,992</b>	<b>10</b>	<b>1,339</b>	<b>1,381</b>	<b>(3)</b>	<b>1,200</b>	<b>12</b>
Less: Impairment charge	657	1,554	(58)	112	163	(31)	396	(72)
Add: Assoc & JV	118	98	20	19	29	(35)	34	(45)
<b>Net profit</b>	<b>4,075</b>	<b>2,915</b>	<b>40</b>	<b>1,017</b>	<b>1,046</b>	<b>(3)</b>	<b>688</b>	<b>48</b>



## Net Interest Income and Margin

- Higher NII led by continued loan growth momentum
  - YoY: +\$353m (+6%)
  - QoQ: +\$73m (+5%)
- Net interest margin stable



■ NII from Loans (\$m)

■ NII from Interbank & Securities (\$m)

◆ Loan Margin (%)

▲ Interbank & Securities Margin (%)

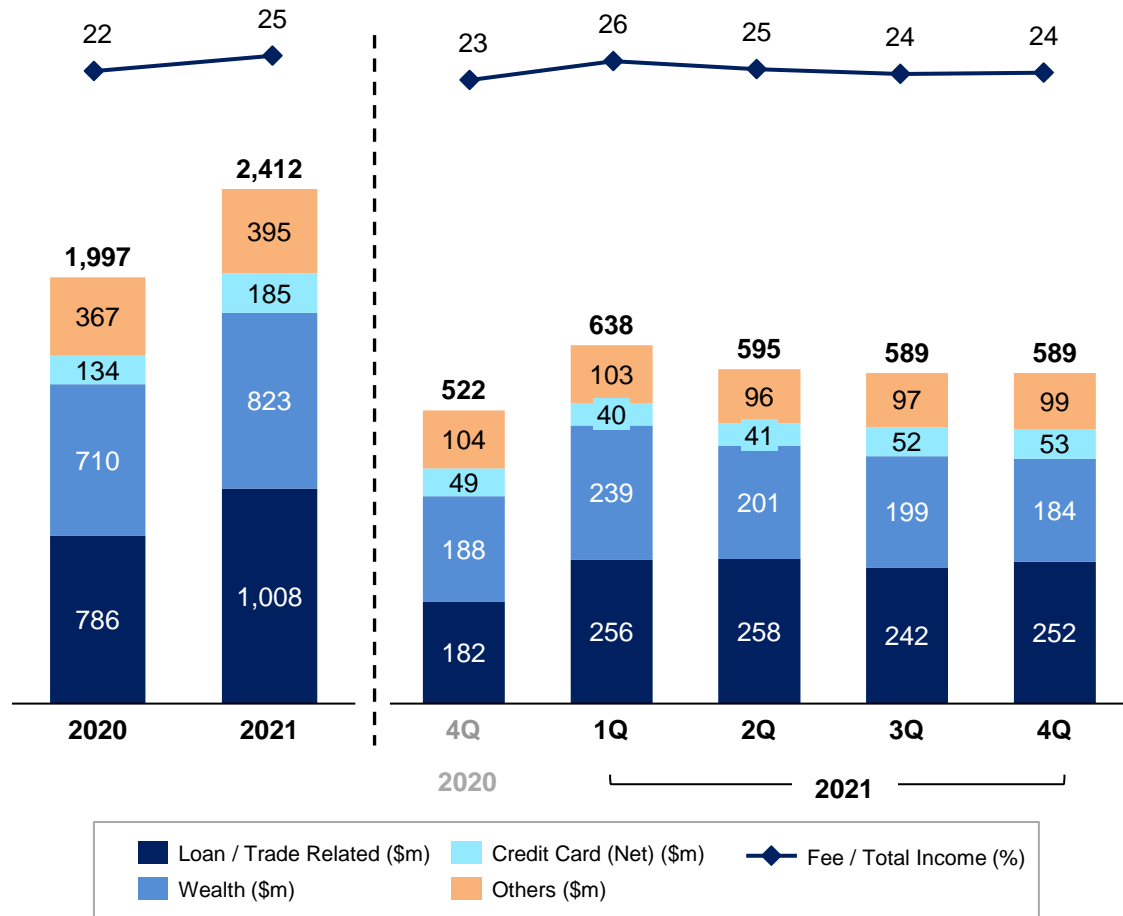
■ Net Interest Margin (%)





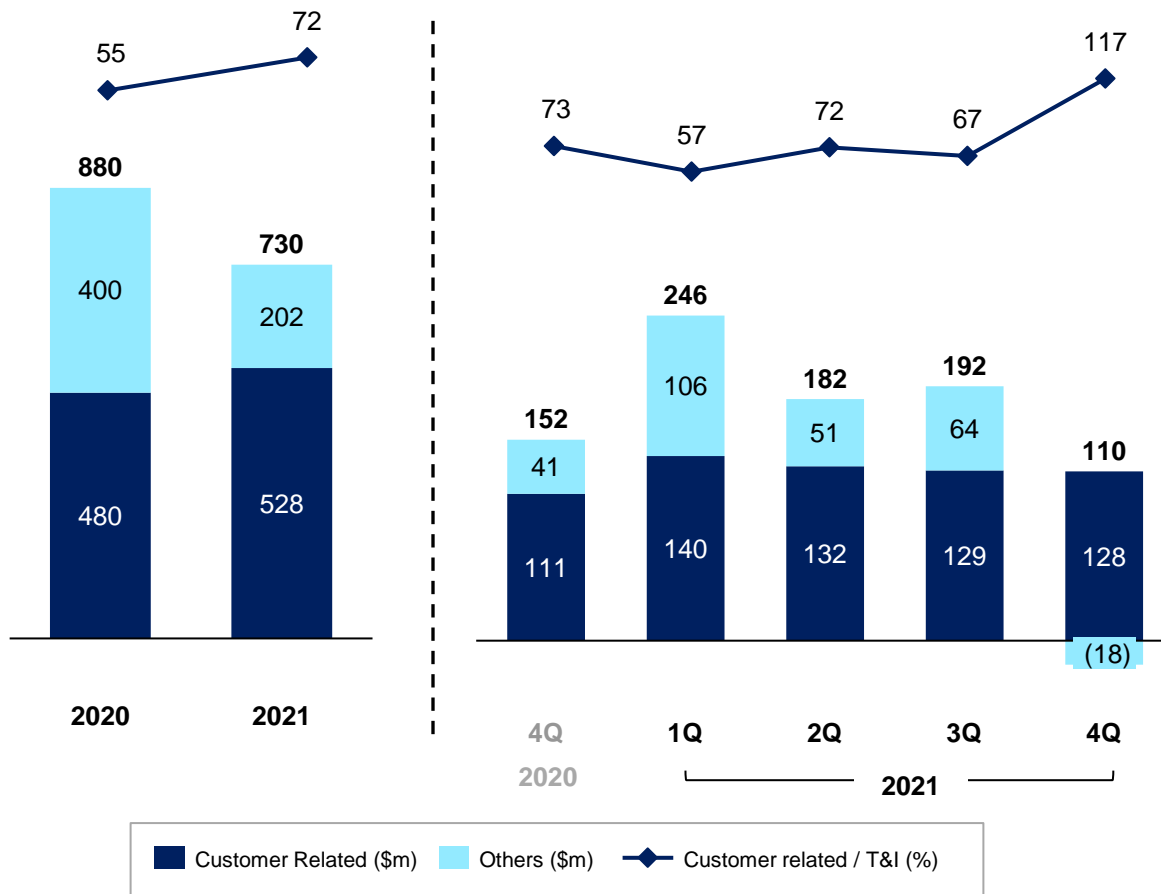
## Fee Income

- Record fees in FY21 boosted by stellar performance in wealth and loan-related activities
- Fees stable in 4Q21 as higher loan-related and credit card fees were moderated by seasonally softer wealth fees



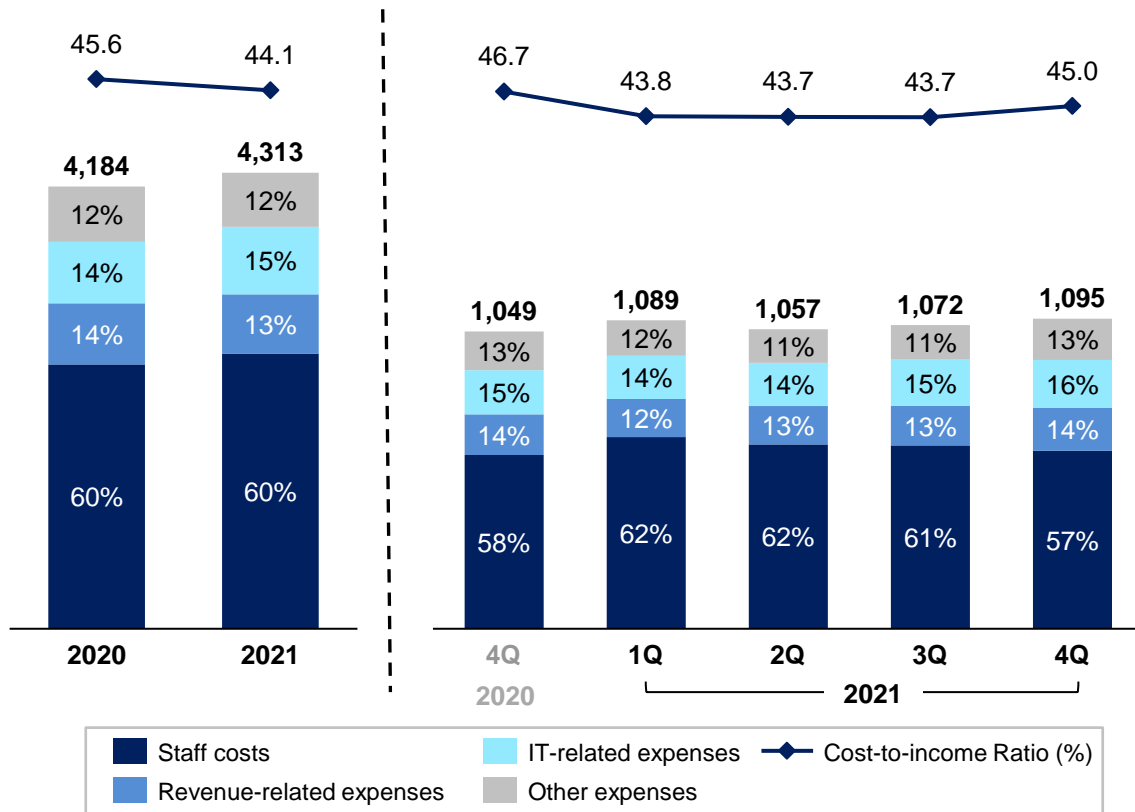
# Trading & Investment Income

- Record high customer-related income with year on year growth of 10%
- While customer-related income was sustained QoQ, other trading and investment income was affected by softer trading conditions towards year-end



## Expenses and Cost / Income Ratio

- FY21 CIR improved to 44.1% on the back of strong income growth and disciplined spend
- Higher CIR in 4Q21 due to seasonally higher year-end accruals
- Continued focus on strategic investments in people and technology to enhance capabilities and improve customer experience



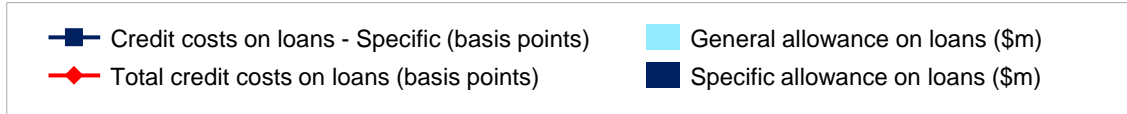
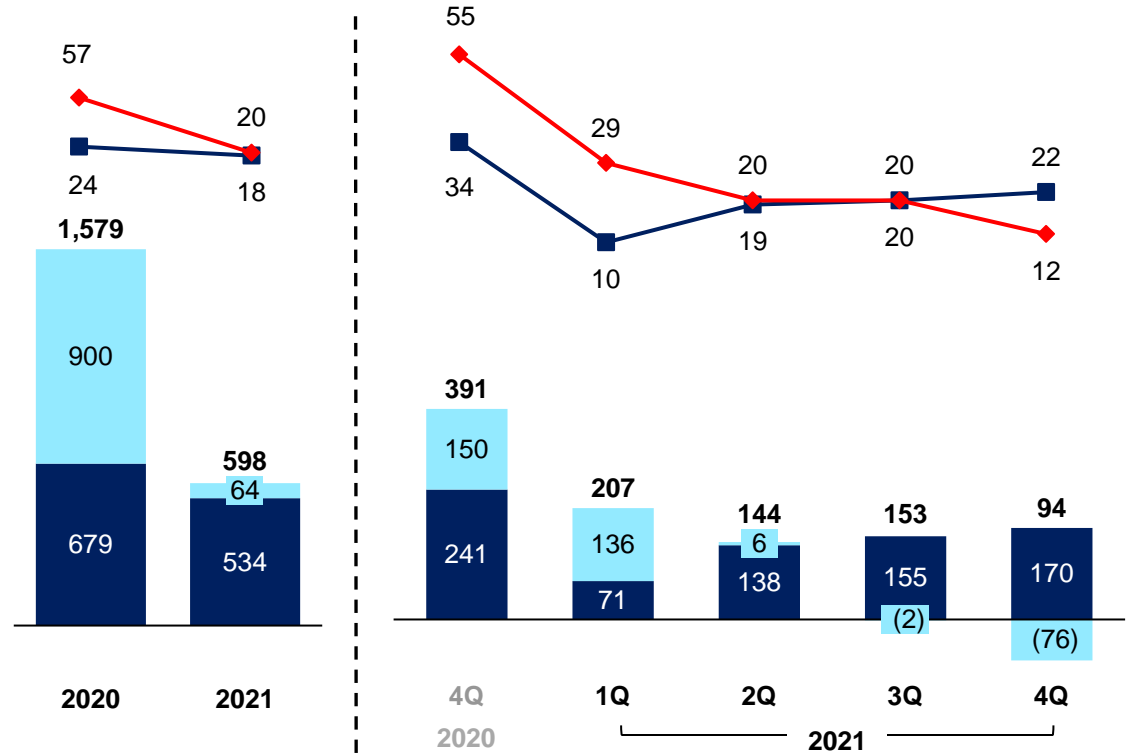
## Non-Performing Assets

- Higher NPA formation in 4Q21 from several secured corporate accounts though no concentration risk observed
- Asset quality remained resilient and portfolio well-collateralised with SP/NPA at 31%

(\$m)	2020	2021			
	4Q	1Q	2Q	3Q	4Q
<b>NPAs at start of period</b>	4,301	4,608	4,544	4,547	4,772
<u>Non-individuals</u>					
New NPAs	622	145	360	251	670
<i>Less:</i>					
Upgrades and recoveries	175	250	158	73	172
Write-offs	179	26	202	42	205
	<u>4,569</u>	<u>4,477</u>	<u>4,544</u>	<u>4,683</u>	<u>5,065</u>
Individuals	39	67	3	89	12
<b>NPAs at end of period</b>	<u>4,608</u>	<u>4,544</u>	<u>4,547</u>	<u>4,772</u>	<u>5,077</u>
<b>NPL Ratio (%)</b>	1.6	1.5	1.5	1.5	1.6
<b>Specific allowance/NPA (%)</b>	37	37	35	34	31

## Total Allowance on Loans

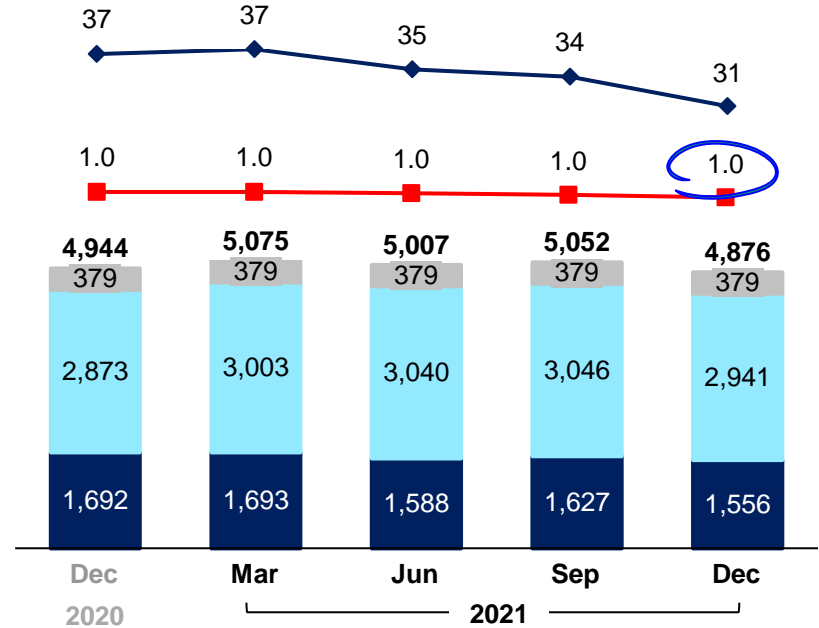
- Lower credit costs in FY21 as FY20 included pre-emptive allowance for non-impaired loans
- 4Q21 credit cost was lower at 12bps due to write-back in general allowance following better clarity and confidence on market recovery outlook





# Allowance Coverage

- Strong reserve buffer with coverage for performing loans maintained at 1%
- NPA coverage remained adequate at 96% or 239% taking collateral into account



NPA coverage (%) <sup>(2)</sup>	107	112	110	106	<b>96</b>
Unsecured NPA coverage (%) <sup>(2)</sup>	245	257	265	265	<b>239</b>

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

■ Specific allowance (\$m)
 ■ General allowance (\$m)
 ■ RLAR (\$m) <sup>(1)</sup>

Notes:

- 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.
- Includes RLAR as part of total allowance.

## Gross Loans

- Steady growth of 2% QoQ mainly from term loans in Western World
- YoY growth of 10% mainly from corporate loans in Singapore, Greater China and the Western World

	Dec-21 \$b	Sep-21 \$b	Dec-20 \$b	QoQ +/(-)%	YoY +/(-)%
Singapore	158	158	143	(1)	10
<b>Rest of Southeast Asia</b>	<b>63</b>	<b>62</b>	<b>63</b>	<b>2</b>	<b>1</b>
Malaysia	30	29	30	1	0
Thailand	21	20	21	7	1
Indonesia	10	11	10	(5)	(3)
Vietnam	2	2	2	(12)	8
Others	1	1	1	21	28
<b>North Asia</b>	<b>53</b>	<b>53</b>	<b>47</b>	<b>(0)</b>	<b>13</b>
Greater China	49	50	44	(2)	10
Others	4	3	3	21	60
<b>Rest of the world</b>	<b>37</b>	<b>32</b>	<b>28</b>	<b>14</b>	<b>31</b>
<b>Total</b>	<b>311</b>	<b>306</b>	<b>281</b>	<b>2</b>	<b>10</b>

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 rose to new high of 56.2% in 4Q21

	Dec-21 \$b	Sep-21 \$b	Dec-20 \$b	QoQ +/(-)%	YoY +/(-)%
Singapore	240	241	221	(0)	8
<b>Rest of Southeast Asia</b>	<b>67</b>	<b>64</b>	<b>67</b>	<b>3</b>	<b>0</b>
Malaysia	32	32	31	(1)	1
Thailand	22	20	23	10	(3)
Indonesia	9	9	9	2	10
Vietnam	3	3	3	7	(14)
Others	0	0	0	(6)	(4)
<b>North Asia</b>	<b>24</b>	<b>25</b>	<b>18</b>	<b>(3)</b>	<b>37</b>
Greater China	24	25	18	(4)	36
Others	0	0	0	36	>100
<b>Rest of the world</b>	<b>22</b>	<b>25</b>	<b>19</b>	<b>(10)</b>	<b>14</b>
Total Customer Deposits	353	355	325	(1)	9
Wholesale funding <sup>(1)</sup>	52	49	48	6	8
Total funding	405	403	373	0	9
<b>CASA/Deposit Ratio (%)</b>	<b>56.2</b>	<b>55.8</b>	<b>53.5</b>	<b>0.4</b>	<b>2.7</b>

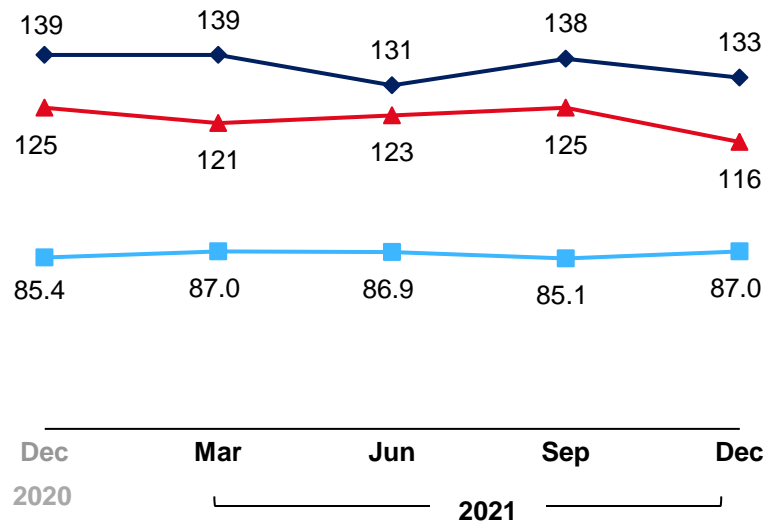
Note:

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

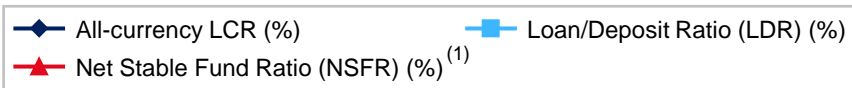


## Liquidity Ratios

- Strong liquidity with LCR at 133% and NSFR at 116%



USD LDR (%)	58.2	62.5	62.6	60.4	61.6
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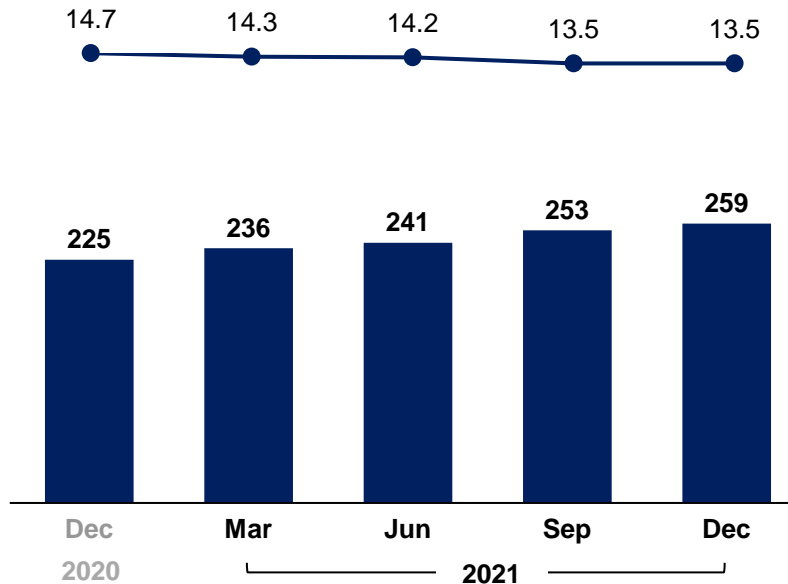


Note:

(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.

# Capital

- CET1 ratio healthy at 13.5%
- Higher RWA alongside loan growth



Leverage ratio (%)	7.4	7.5	7.4	7.1	7.2
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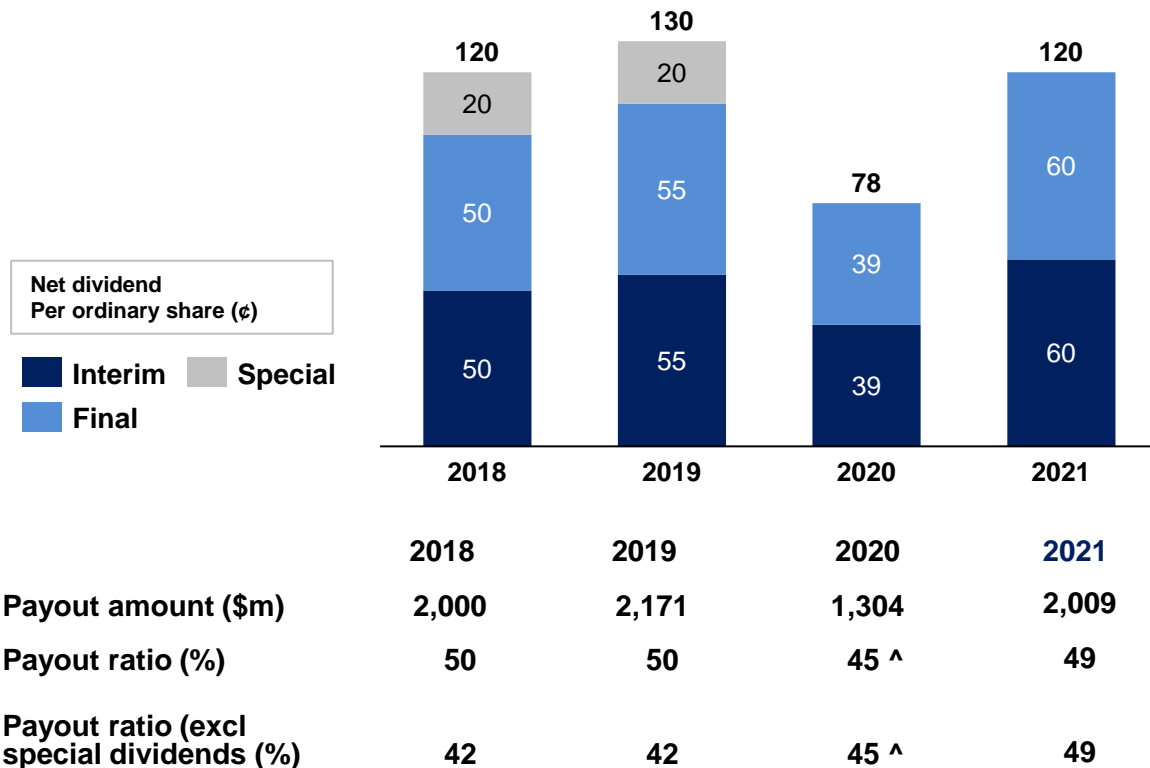


Note:

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

## Dividends

- Committed to consistent and sustainable returns to shareholders
- Final dividend of 60 cents per share

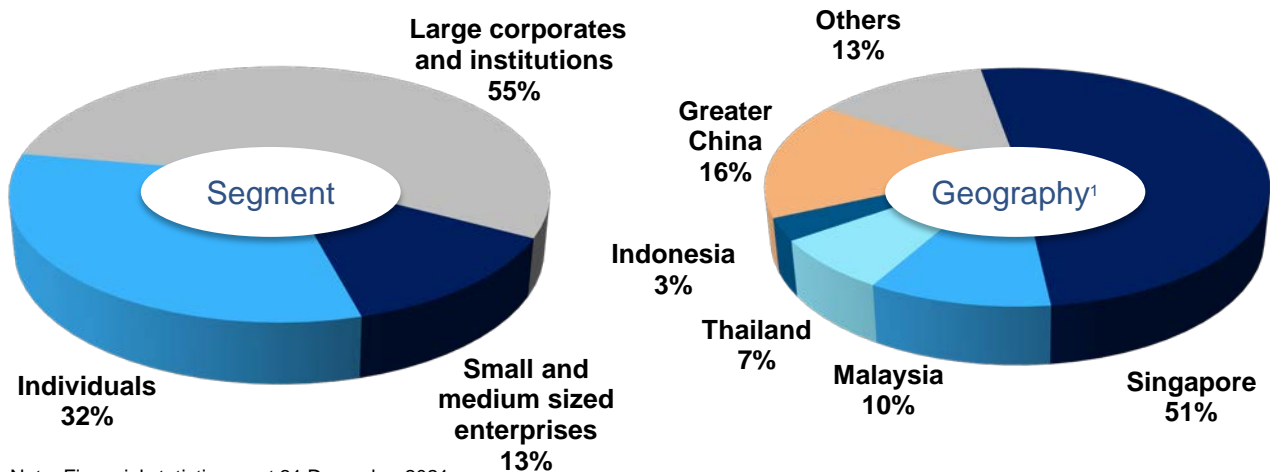
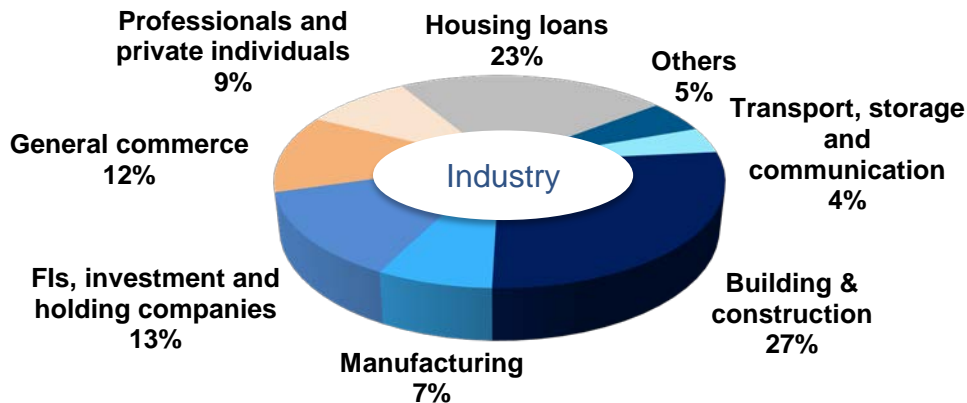


^ Dividend for 2020 is in line with Monetary Authority of Singapore's call for banks to cap the total dividends per share (DPS) at 60% of 2019's DPS.

# Appendix

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

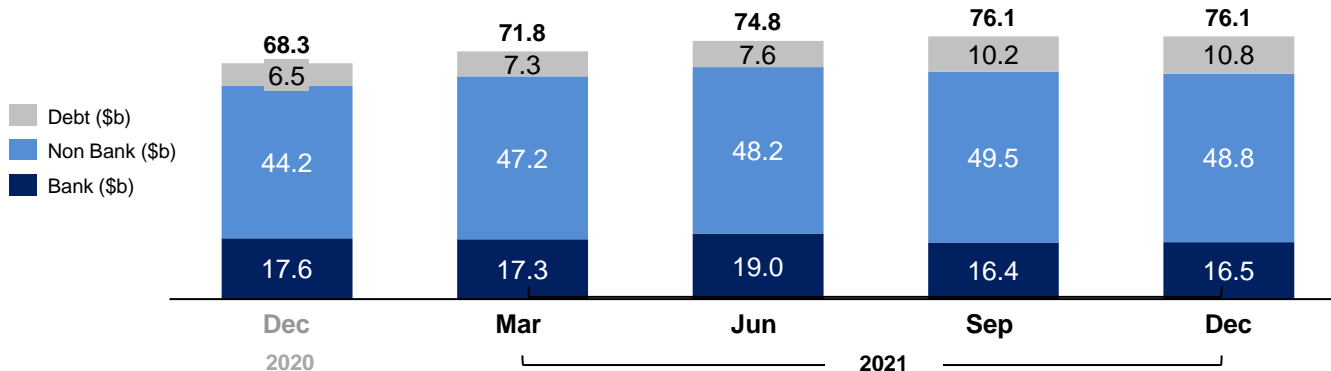
# Diversified Loan Portfolio



Note: Financial statistics as at 31 December 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 Dec 2021:

Mainland China exposure (\$27.7b or 6% of total assets)

Bank exposure (\$11.2b)

- Accounted for ~40% of total exposure to Mainland China, with top 5 domestic banks and 3 policy banks accounting for ~55% of total bank exposure
- 98% with <1 year tenor
- Trade exposures comprise ~50% of total bank exposure

Non-bank exposure (\$12.2b)

- 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 0.3%

Hong Kong SAR exposure (\$39.5b or 9% of total assets)

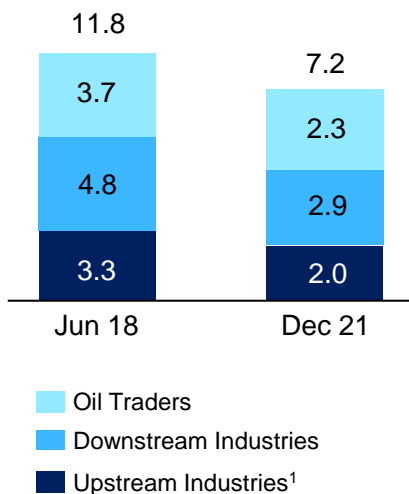
Bank exposure (\$2.6b)

- Majority of exposure are to foreign banks
- Non-bank exposure (\$32.6b)
- Exposure mainly to wholesale corporates
  - ~50% 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 Oil and Gas (O&G) Sector

## Total Outstanding O&G Loans (\$b)



As of 31 December 2021, outstanding O&G loans represented 2% of total loans as compared with 5% at 30 June 2018

Approximately 70% 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.