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UOB Group
Financial Updates

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Group Chief Financial Officer

For the Financial Year / Fourth Quarter Ended 31 December 2021

Detail of
The Art of Banking by Martin Ding
UOB Art Collection

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%

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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

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

Wholesale customers

- Growing regional franchise, capturing cross-border opportunities

Strengthening Connectivity

Across our ASEAN footprint and global network

+10%[1]
Cross border income; Formed 30%[2] of GWB income

2x[1]
Suppliers and distributors within Financial Supply Chain Management (FSCM) solution

Sector Specialisation

Building capabilities for greater diversification and risk mitigation

+28%[1]
Loan and trade-related fees

+21%[1]
Global Financial Institutions Group income

Deepening Digitalisation

For secure and efficient transactions

~ 3x[1,3]
Cashless payments to businesses in Singapore

+25%[1,4]
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.

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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[1]
Customers digitally acquired across the region by UOB TMRW

#1[2]
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%[3]
Rewards+ coupon users

Strengthening Omni-channel Offerings

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

S$139b[4,5]
Assets under management (AUM)[5]
▲ 4% YoY

+17%[7]
Total card billings in Singapore

1. Since 4th 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%

Operating Profit	2021 $m	2020 $m	YoY +/(-)%	4Q21 $m	3Q21 $m	QoQ +/(-)%
Singapore	**2,839**	2,592	10	**724**	686	6
Rest of Southeast Asia	**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)
North Asia	**605**	548	10	**152**	154	(1)
Greater China	**568**	514	11	**143**	145	(1)
Others	**36**	34	8	**9**	9	6
Rest of the world	**706**	550	28	**164**	190	(13)
Total	**5,476**	4,992	10	**1,339**	1,381	(3)
Overseas contribution (%)	**48.2**	48.1	0.1	**45.9**	50.3	(4.4)

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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 $m	2020 $m	YoY +/(-)%	4Q21 $m	3Q21 $m	QoQ +/(-)%	4Q20 $m	YoY +/(-)%
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)
Total income	**9,789**	**9,176**	**7**	**2,434**	**2,453**	**(1)**	**2,249**	**8**
Less: Total expenses	4,313	4,184	3	1,095	1,072	2	1,049	4
Operating profit	**5,476**	**4,992**	**10**	**1,339**	**1,381**	**(3)**	**1,200**	**12**
Less: Impairment charge	657	1,554	(58)	112	163	(31)	396	(72)
Add: Assoc & JV	118	98	20	19	29	(35)	34	(45)
Net profit	**4,075**	**2,915**	**40**	**1,017**	**1,046**	**(3)**	**688**	**48**

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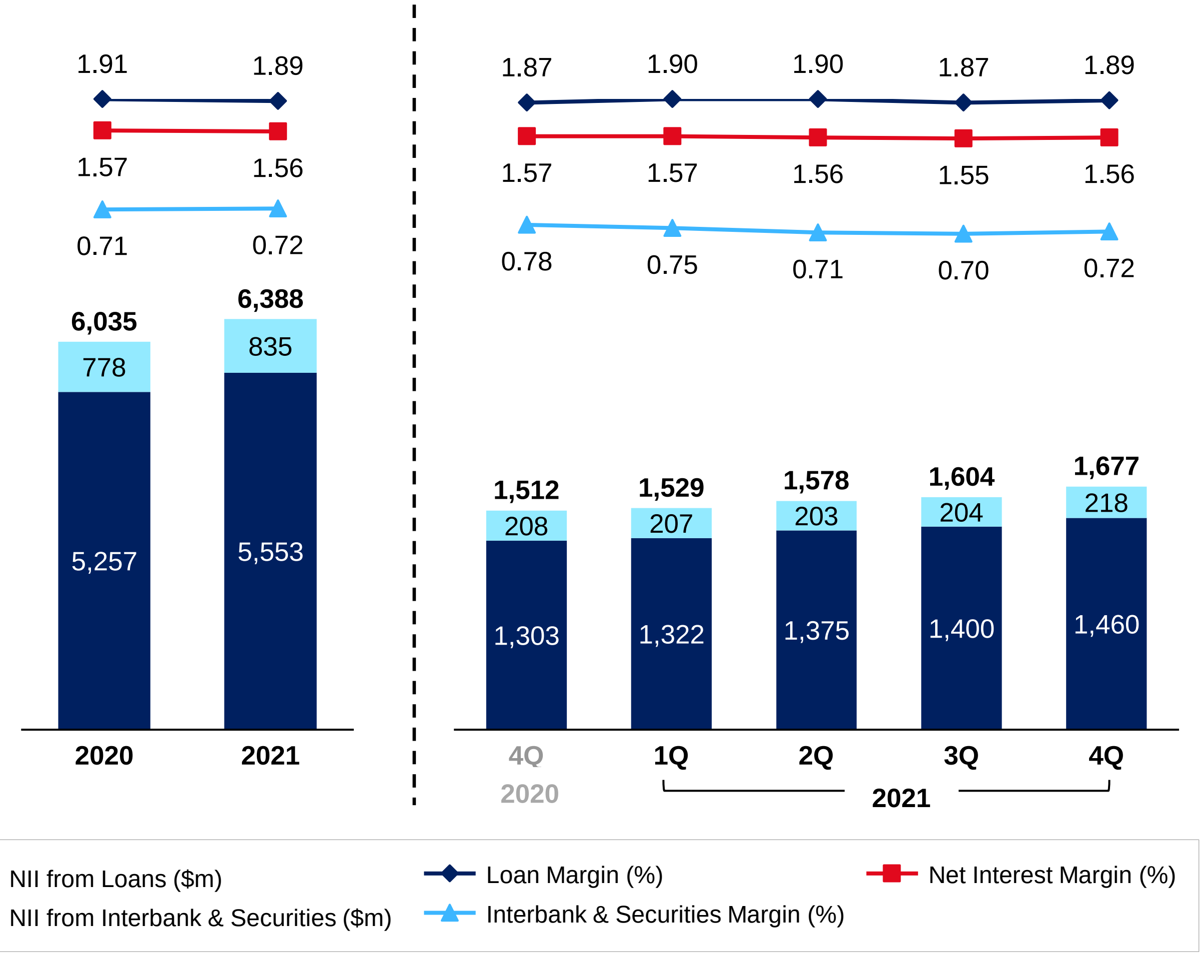
Net Interest Income and Margin

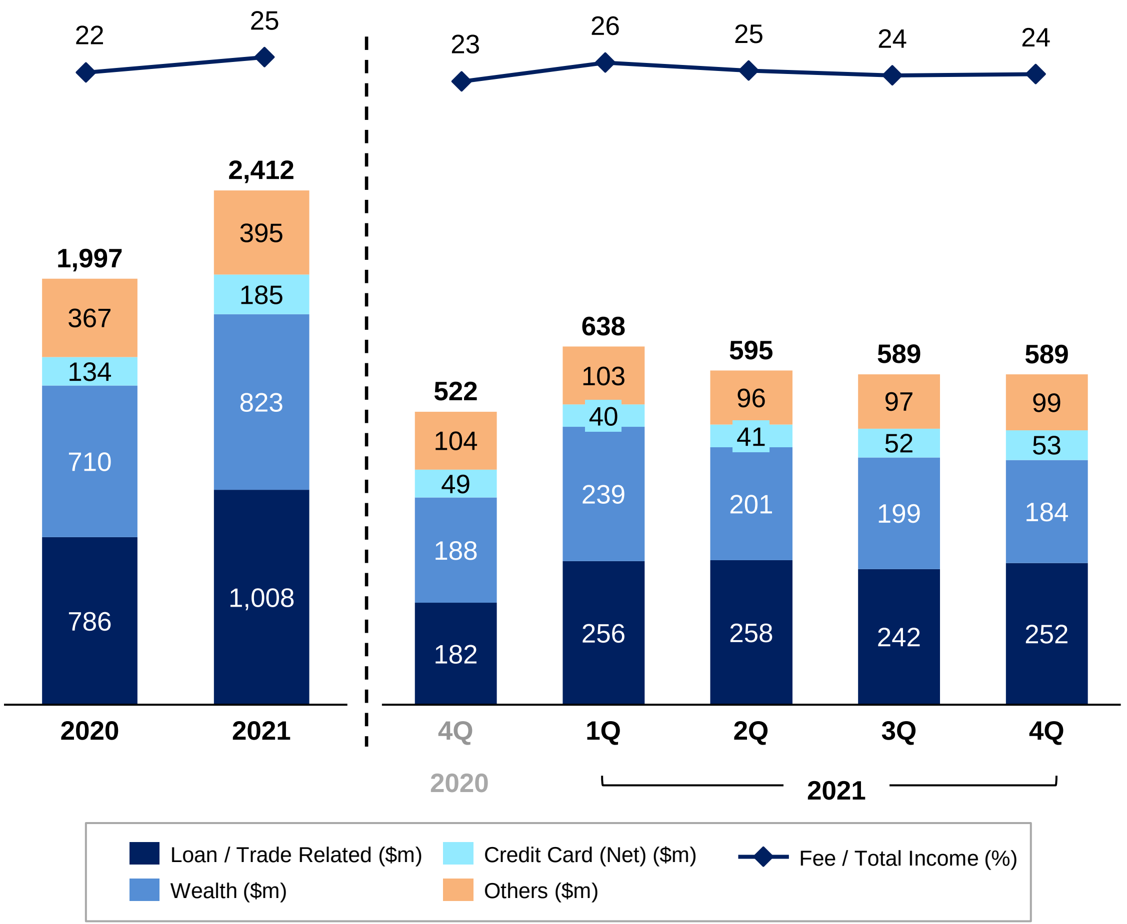
- Higher NII led by continued loan growth momentum
  - YoY: +$353m (+6%)
  - QoQ:+$73m (+5%)

- Net interest margin stable



Fee Income

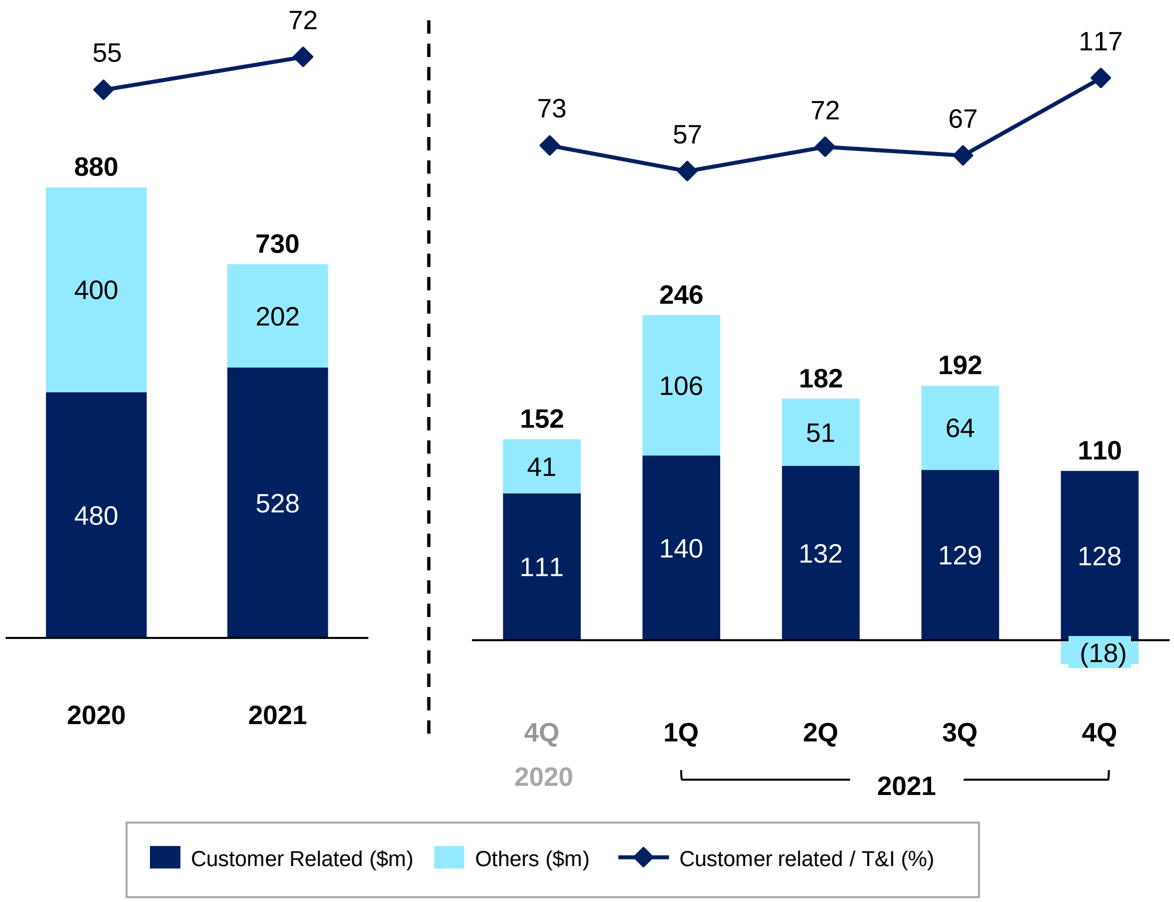
- Record fees in FY21 boosted by stellar performance in wealth and loan-related activities
- Fees stable in 4Q21 as higher loan-related and credit card fees were moderated by seasonally softer wealth fees



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



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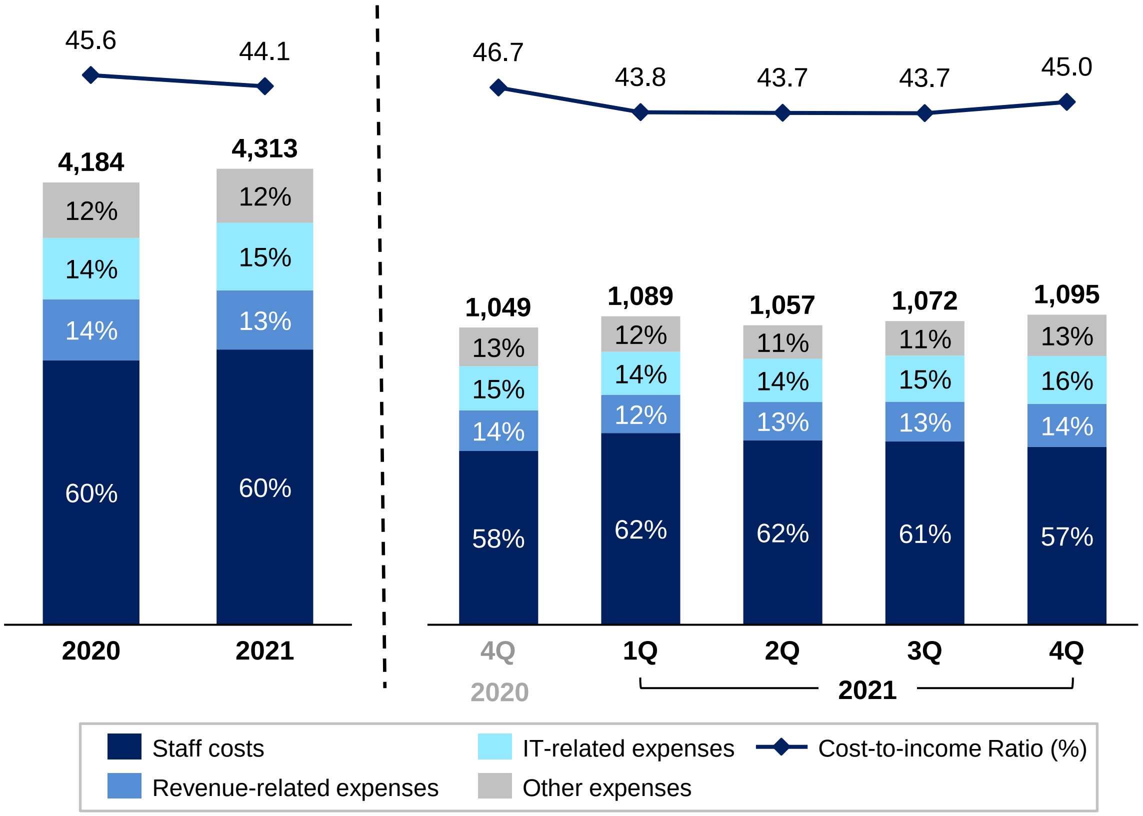
Expenses and Cost / Income Ratio

- 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



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

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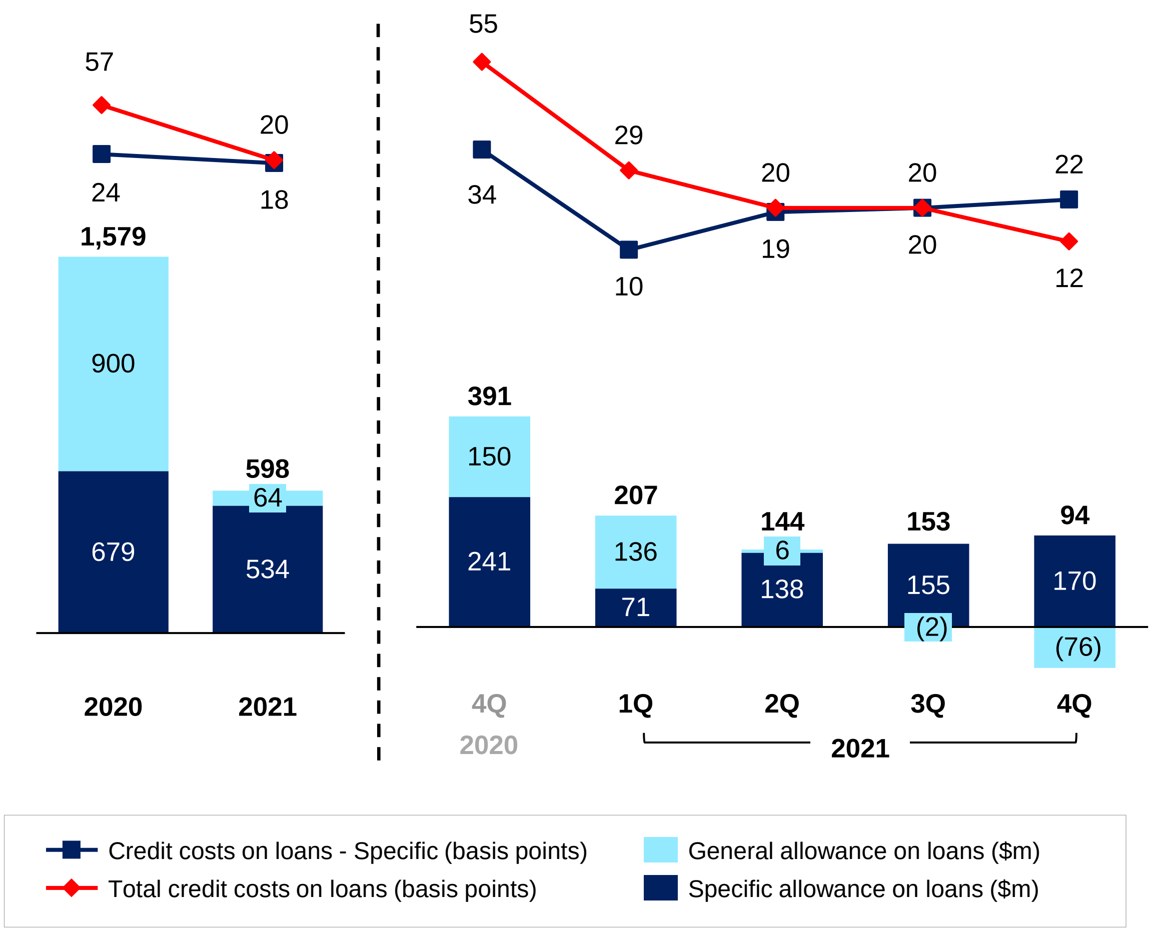
Total Allowance on Loans

- 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



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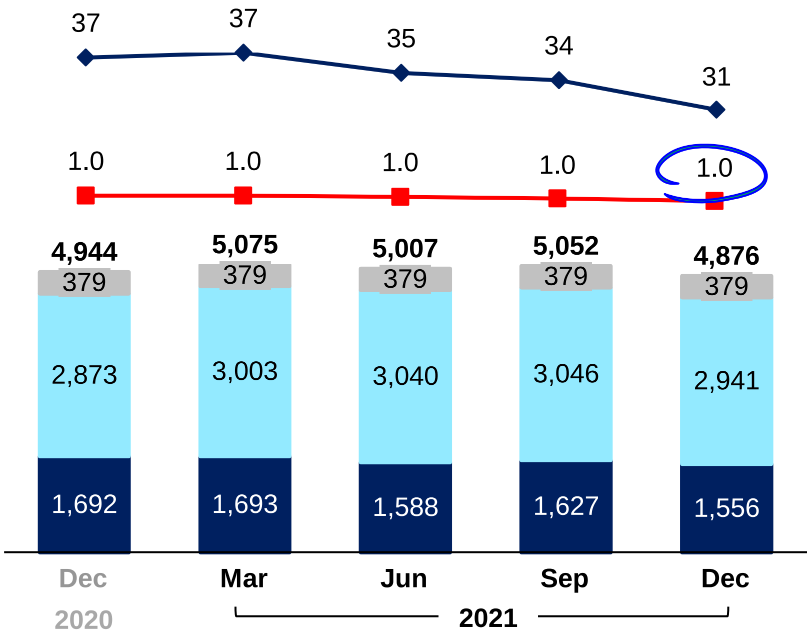
Allowance Coverage

- 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 (%) [(2)]	107	112	110	106	**96**
Unsecured NPA coverage (%) [(2)]	245	257	265	265	**239**

General allowance on loans include RLAR/Performing loans (%)
Specific allowance/NPA (%)
Specific allowance ($m)
General allowance ($m)
RLAR ($m)[(1)]

Notes:
(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.

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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
Rest of Southeast Asia	**63**	62	63	2	1
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
North Asia	**53**	53	47	(0)	13
Greater China	**49**	50	44	(2)	10
Others	**4**	3	3	21	60
Rest of the world	**37**	32	28	14	31
Total	**311**	306	281	2	10

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

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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
Rest of Southeast Asia	**67**	64	67	3	0
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)
North Asia	**24**	25	18	(3)	37
Greater China	**24**	25	18	(4)	36
Others	**0**	0	0	36	>100
Rest of the world	**22**	25	19	(10)	14
Total Customer Deposits	**353**	355	325	(1)	9
Wholesale funding (1)	**52**	49	48	6	8
Total funding	**405**	403	373	0	9
CASA/Deposit Ratio (%)	**56.2**	55.8	53.5	0.4	2.7

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

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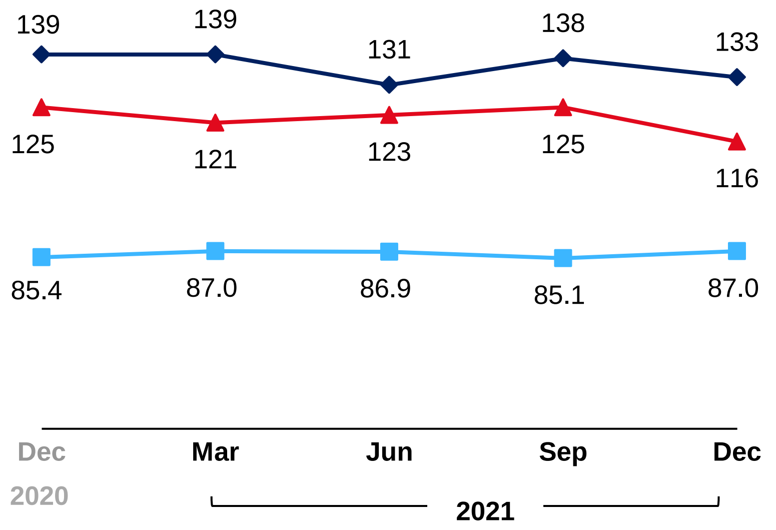
Liquidity Ratios

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



USD LDR (%)	**58.2**	**62.5**	**62.6**	**60.4**	**61.6**

All-currency LCR (%)
Loan/Deposit Ratio (LDR) (%)
Net Stable Fund Ratio (NSFR) (%) (1)

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.

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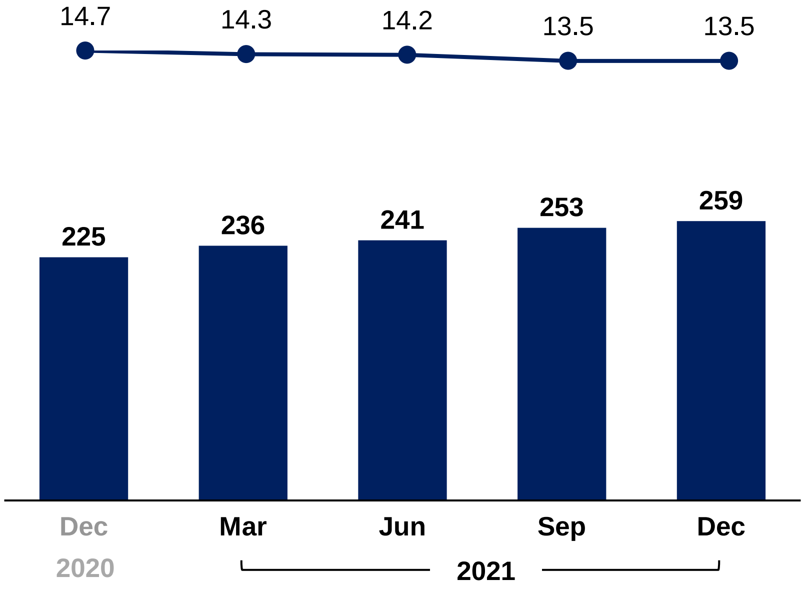
Capital

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



Leverage ratio (%)	7.4	7.5	7.4	7.1	7.2

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

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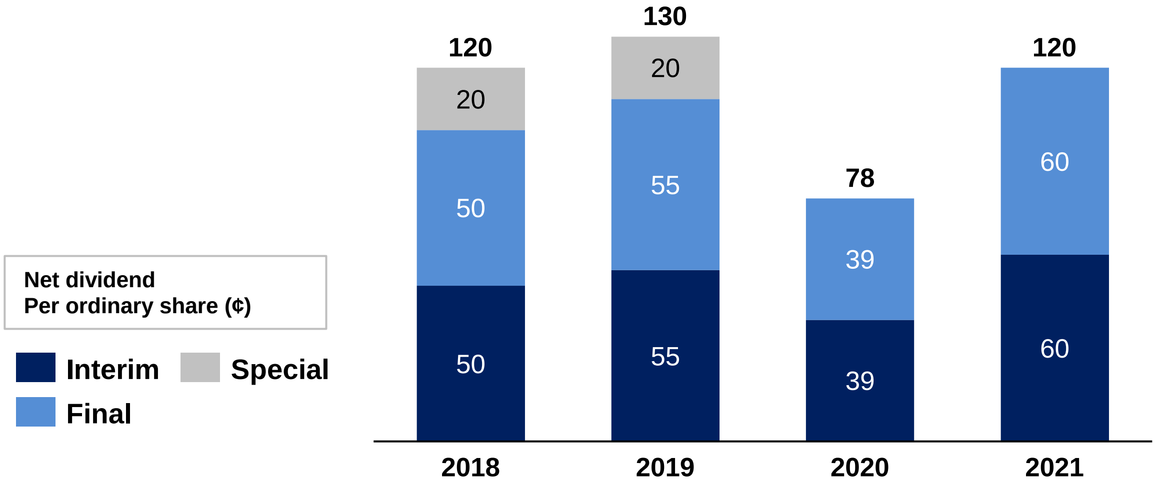
Dividends

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



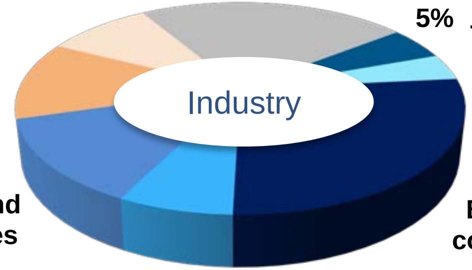
	2018	2019	2020	2021
Payout amount ($m)	2,000	2,171	1,304	2,009
Payout ratio (%)	50	50	45 ^	49
Payout ratio (excl special dividends (%)	42	42	45 ^	49

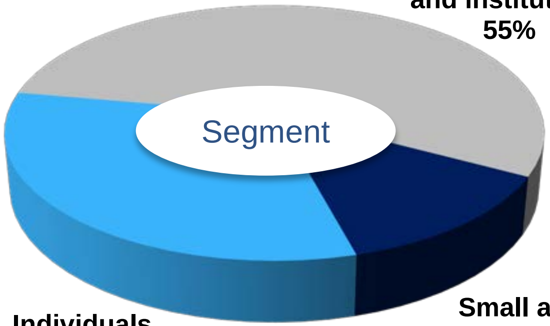
^ Dividend for 2020 is in line with Monetary Authority of Singapore's call for banks to cap the total dividends per share (DPS) at 60% of 2019's DPS.

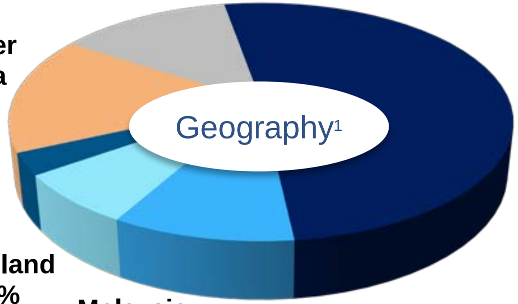
Appendix

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

Diversified Loan Portfolio



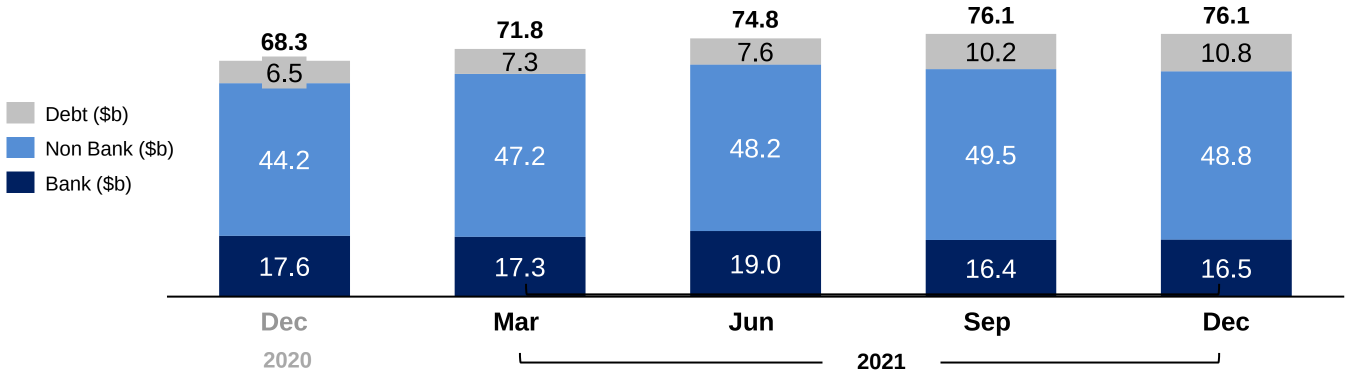




Note: Financial statistics as at 31 December 2021

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



<u>As at 31 Dec 2021:</u>

<u>Mainland China exposure ($27.7b or 6% of total assets)</u>

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%

<u>Hong Kong SAR exposure ($39.5b or 9% of total assets)</u>

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

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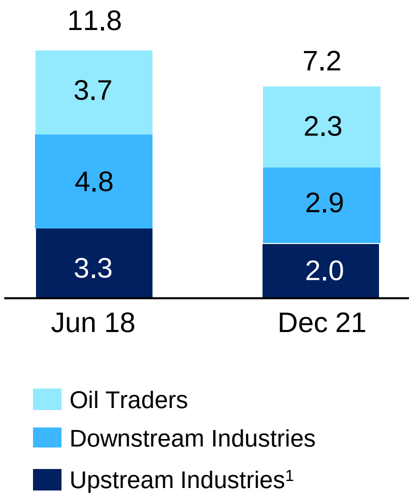
Total Outstanding O&G Loans ($b)



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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