

UOB achieves strong start to 2021 with 1Q profit up 46% QoQ to S\$1 billion, driven by broad-based growth with record fees

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

UOB Group (Group) has achieved a strong start to 2021, with first quarter (1Q21) net profit rising 46% quarter on quarter (QoQ) to S\$1.0 billion. The solid rebound came on the back of broad-based growth across the Group's diversified franchise.

Income also increased 11% on a quarterly basis to S\$2.5 billion, which is around pre-COVID-19 levels. Fee income reached a new high, led by wealth management fees from investments and bancassurance. This was in addition to healthy loans and investment banking activities such as major advisory trades, coupled with stronger treasury income.

The Group's strong performance was supported by its resilient, well-secured portfolio and asset quality. Credit costs in 1Q21 eased to 29 basis points in view of the proactive sizeable provisions made in 2020. Balance sheet remained robust with ample liquidity and strong Common Equity Tier 1 (CET1) ratio at 14.3%.

1Q21 key financial indicators

Operating profit	Net profit after tax
S\$1.4b	S\$1.0b
+ 16% QoQ + 6% YoY	+ 46% QoQ + 18% YoY
Cost/Income ratio	Credit costs
43.8%	29bps
- 2.9%pt QoQ - 1.3%pt YoY	- 26bps QoQ - 7bps YoY
NPL ratio	Customer loans
1.5%	S\$293b
- 0.1%pt QoQ - 0.1%pt YoY	+ 4% QoQ + 5% YoY
NSFR ratio	CET 1 ratio
121%	14.3%
- 4%pt QoQ + 12%pt YoY	- 0.4%pt QoQ + 0.2%pt YoY

Right on course for strong, sustainable growth



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

“ UOB has achieved a strong start to 2021 with revenue drivers accelerating in the first quarter and net profit rebounding strongly, up 46 per cent to S\$1 billion. Our core businesses are growing well across our diversified franchise and we are seeing quality growth with record fee income.

We expect this momentum to continue as economic and business activity picks up and market sentiment improves across the region, starting with Singapore and Greater China.

Across our key markets, we are seeing robust credit demand from our large corporate and institutional clients. We support them through our established network and connectivity, deep sectoral insights and local expertise.

Asia's prospects remain bright. Even so, we stay vigilant and nimble. As a responsible financial steward, we help our customers grow their business and wealth and create value for our stakeholders in forging a sustainable future. ”

Financial performance

	1Q21	4Q20	QoQ + / (-)	1Q20	YoY + / (-)
	S\$m	S\$m	%	S\$m	%
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
Total expenses	(1,089)	(1,049)	4	(1,086)	0
Operating profit	1,397	1,200	16	1,320	6
Impairment charge	(201)	(396)	(49)	(286)	(29)
Associate & Joint Ventures	32	34	(7)	18	79
Net profit after tax	1,008	688	46	855	18

1Q21 versus 4Q20

The Group reported net profit of S\$1.0 billion, 46% higher than last quarter boosted by robust customer franchise growth amid recovery and improvement in market sentiments, coupled with lower credit allowance.

Net interest income increased 1% led by loan growth of 4% with net interest margin stable at 1.57%. Fee income grew 22% to a new high of S\$638 million, driven by stronger momentum in wealth management, loan-related and investment banking activities, including increased participation in large syndicated and merger and acquisition deals. Trading and investment income rose 62% to S\$246 million, led by higher net gains from investment securities and stronger trading income.

Total operating expenses increased 4%, largely from higher staff costs in tandem with strong income growth. Cost-to-income ratio improved 2.9% points to 43.8%, with continued focus on productivity and management of discretionary spend while investing in digitalisation and technology capabilities. Total impairment charge was down by 49% as much of the pre-emptive provisions had been taken last year and credit outlook is stabilising. Total credit cost on loans of 29 basis points this quarter was in line with expectations. Credit costs on impaired loans dropped to 10 basis points due to low non-performing loan (NPL) formation and higher loan recoveries.

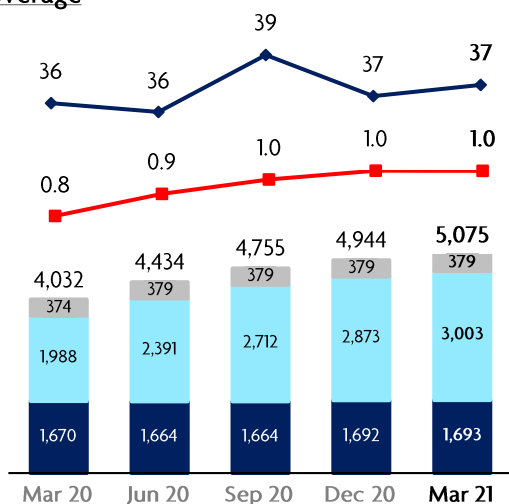
1Q21 versus 1Q20

Net interest income decreased 4% as loan growth was more than offset by the impact of rate cuts on margins across the region. Fee income was 24% higher, led by wealth, loan-related and fund management fees. Trading and investment income increased by 10%, largely due to higher net gains from investment securities.

Total impairment charge was 29% lower from a year ago, mainly due to allowance for impaired assets.

Asset quality

Allowance coverage



NPL formation stayed low this quarter. Coupled with payment recoveries, NPL ratio improved to 1.5%, while total credit costs on loans eased to 29 basis points.

Allowance coverage remained strong with non-performing assets (NPA) coverage at 112% or 257% after taking collateral into account. Total allowance for non-impaired loans was maintained at 1.0% of performing loans.

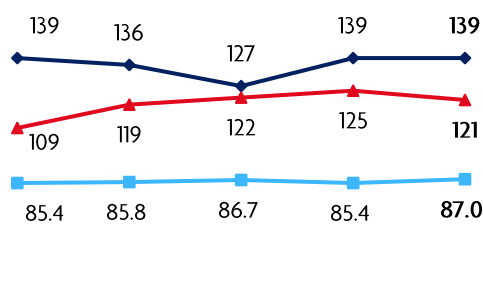
NPL ratio (%)	1.6	1.6	1.5	1.6	1.5
Total credit costs on loans (bps)	36	67	68	55	29

■ Allowance for impaired assets (\$m)
 ■ Allowance for non-impaired assets (\$m)
 ■ RLAR (\$m)

◆ Allowance on impaired assets/NPA (%)
 ◆ Allowance for non-impaired loan include RLAR / performing loans (%)

Capital, funding and liquidity positions

Liquidity and capital ratios



The Group's liquidity and funding positions remained robust with this quarter's average all-currency liquidity coverage ratio (LCR) at 139% and net stable funding ratio (NSFR) at 121%, well above the minimum regulatory requirements. Loan-to-deposit ratio (LDR) was healthy at 87.0%.

CET1 ratio (%)	14.1	14.0	14.0	14.7	14.3
----------------	------	------	------	------	------

While the CET1 ratio eased to 14.3% due to strong loan growth, the Group remains well positioned to continue supporting customers with outlook cautiously improving.

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

For more information about UOB, please visit www.UOBGroup.com.

Disclaimer: This material that follows is a presentation of general background information about the Bank's activities current at the date of the presentation. It is information given in summary form and does not purport to be complete. It is not to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. This material should be considered with professional advice when deciding if an investment is appropriate. UOB accepts no liability whatsoever with respect to the use of this document or its content.

	1Q21	4Q20	+/(-) %	1Q20	+/(-) %
Selected income statement items (\$m)					
Net interest income	1,529	1,512	1	1,593	(4)
Net fee and commission income	638	522	22	515	24
Other non-interest income	319	214	49	298	7
Total income	2,486	2,249	11	2,407	3
Less: Operating expenses	1,089	1,049	4	1,086	0
Operating profit	1,397	1,200	16	1,320	6
Less: Allowances for credit and other losses	201	396	(49)	286	(29)
Add: Share of profit of associates and joint ventures	32	34	(7)	18	79
Net profit before tax	1,227	838	46	1,052	17
Less: Tax and non-controlling interests	219	150	47	197	11
Net profit after tax¹	1,008	688	46	855	18
Selected balance sheet items (\$m)					
Gross customer loans	293,267	281,387	4	278,381	5
Customer deposits	331,979	324,598	2	322,213	3
Total assets	440,749	431,814	2	428,633	3
Shareholders' equity ¹	41,700	40,901	2	40,279	4
Risk-weighted assets	236,008	225,441	5	231,900	2
Key financial ratios (%)					
Net interest margin ²	1.57	1.57		1.71	
Cost/Income ratio	43.8	46.7		45.1	
Credit costs on loans (bp) ²					
Non-impaired	19	21		4	
Impaired	10	34		31	
Total	29	55		36	
NPA coverage ratio	112	107		88	
NPL ratio ³	1.5	1.6		1.6	
Return on average ordinary shareholders' equity ^{2,4}	10.2	7.0		8.8	
Return on average total assets ²	0.93	0.65		0.83	
Loan/Deposit ratio ⁵	87.0	85.4		85.4	
Liquidity coverage ratios ("LCR") ⁶					
All-currency	139	139		139	
Singapore Dollar	274	256		330	
Net stable funding ratio ("NSFR") ⁷	121	125		109	
Capital adequacy ratios					
Common Equity Tier 1	14.3	14.7		14.1	
Tier 1	15.4	15.8		15.1	
Total	17.9	18.4		17.2	
Leverage ratio ⁸	7.5	7.4		7.4	
Earnings per ordinary share (\$) ^{2,4}					
Basic	2.36	1.59		2.00	
Diluted	2.35	1.58		1.99	
Net asset value ("NAV") per ordinary share (\$) ⁹	23.42	23.03		22.73	

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.
- 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.
- 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.