

NEWS RELEASE

UOB Group's Full Year 2014 Earnings Rose 8% to S\$3.2 billion

Steady Returns Supported by Strong Balance Sheet

SINGAPORE, 13 February 2015 – The UOB Group (“Group”) posted net earnings of S\$3.25 billion for 2014, an increase of 8.0% from a year ago. The new high full year performance was contributed by broad-based growth across core income streams.

Total income rose 11.0% year-on-year, crossing a new record at S\$7.46 billion, mainly led by healthy loan growth and higher trading and investment income, including income from increased treasury customer flows.

The Group’s liquidity and funding position remained sound. The Group’s loan-to-deposit ratio was steady at 83.8% as at 31 December 2014 with well-paced deposit and loan growth of 9.0% and 9.5% respectively from a year ago. Asset quality stayed resilient with the non-performing loans (“NPL”) ratio stable at 1.2%.

The Board recommends a final one-tier tax-exempt dividend of 50 cents and a special one-tier tax-exempt dividend of 5 cents per ordinary share. Together with the interim one-tier tax-exempt dividend of 20 cents, total dividend for the financial year ended 31 December 2014 will be 75 cents per ordinary share.

Full year 2014 earnings

The Group delivered net earnings of S\$3.25 billion, an increase of 8.0% from a year ago.

Total income rose 11.0% to reach S\$7.46 billion, driven by healthy loan growth and higher trading and investment income. Both net interest income and non-interest income registered double-digit growth. Net interest income rose 10.6% year-on-year to S\$4.56 billion in 2014 while net interest margin was relatively flat at 1.71%.

Non-interest income increased 11.5% to S\$2.90 billion in 2014. Fee and commission income increased 1.1% to S\$1.75 billion with increased contributions from credit card, wealth management, trade and loan-related activities, but partly offset by lower fund management and corporate finance fees. Trading and investment income surged 50.1% to S\$817 million, supported by increased treasury customer income, investment gains and trading income as market sentiment improved from last year.

Operating expenses increased 8.6% from a year ago to S\$3.15 billion mainly due to higher staff costs, revenue and IT-related expenses in support of the Group's growing franchise and increased business volume. With a stronger revenue growth, expense-to-income ratio improved from 43.1% to 42.2%.

Total impairment charges of S\$635 million was 48.1% higher than a year ago, due to a larger loan book coupled with an increase in the total charge off rate to 32 basis points. Individual impairment on loans increased due mainly to a few isolated non-performing accounts in Thailand and Indonesia.

The share of associates' profits decreased 21.9% to S\$149 million, as some associates realised non-recurring gains on investments in 2013.

Fourth quarter 2014 earnings

4Q14 versus 4Q13

The Group reported net earnings of S\$786 million in 4Q14, 1.7% higher than 4Q13 driven by core income streams.

Net interest income grew 6.7% to S\$1.17 billion in 4Q14 supported by loan growth, but offset by a decrease in net interest margin. With a broad-based increase in fee and commission income as well as higher trading and investment income, non-interest income for 4Q14 improved 5.4% to S\$682 million.

Operating expenses of S\$805 million in 4Q14 was 5.6% higher than 4Q13 on revenue and IT-related expenses.

Total impairment charges increased 19.9% from year ago to S\$166 million, due mainly to higher individual impairment on loans as well as collective impairment set aside for loan growth.

4Q14 versus 3Q14

Net earnings decreased 9.3% to S\$786 million from the previous quarter.

Non-interest income was 16.4% lower from the previous quarter as fee and commission income decreased due to seasonal slowdown in business volume. Trading and investment income decreased 37.8% over the previous quarter to S\$160 million mainly due to higher hedging gains in 3Q14 on the back of favourable market conditions.

Strong balance sheet and capital position

Gross customer loans rose 9.5% year-on-year and 1.7% quarter-on-quarter to S\$199 billion as at 31 December 2014. Loan growth was broad-based across most of the territories and industries.

With the Group's ongoing efforts to build a sustainable funding base, customer deposits increased 9.0% from a year ago to S\$234 billion as at 31 December 2014. Compared with 3Q14, deposits grew 4.2%. Total and SGD loan-to-deposit ratios stayed healthy at 83.8% and 93.0% respectively as at 31 December 2014.

Asset quality remained sound with NPL ratio at 1.2% while NPL coverage was strong at 145.9%. NPL increased to S\$2.36 billion in 2014, as compared with the previous quarter and 2013, due to a few isolated NPL accounts in Singapore, Thailand and Indonesia. Housing loans NPL stabilised in the fourth quarter after the NPL associated to a property project of S\$166 million was recognised in the previous two quarters.

Shareholders' equity increased 12.1% from a year ago to S\$29.6 billion as at 31 December 2014, driven by higher net profit, improved valuation on the available-for-sale investments and issuance of new ordinary shares pursuant to the scrip dividend scheme. Return on equity for 2014 was 12.3%.

As at 31 December 2014, the Group's capital position remains robust and well above the Monetary Authority of Singapore's minimum requirements with Common Equity Tier 1 ("CET1"), Tier 1 and Total CAR at 13.9%, 13.9% and 16.9% respectively.

CEO's statement

Mr Wee Ee Cheong, UOB Group's Deputy Chairman and Chief Executive Officer, said, "Amid a volatile global environment, we have continued to achieve steady returns while maintaining a resilient portfolio. Our core franchise continued to perform well while we maintain stable asset quality and a robust capital and funding base.

"We enter 2015 confident of the long-term prospects of the region and of our ability to seize the right opportunities to achieve sustainable growth. The establishment of the ASEAN Economic Community this year will result in greater integration of our core markets over time, which is in line with our approach to provide seamless connectivity and consistent quality service to our customers across our regional network.

"We are now operating in an environment where heightened volatility is the new norm. In such a context, our continued discipline and steadfastness in pursuing balanced growth serves us well. We will stay focused on the core fundamentals of banking, ensuring balance sheet strength and building capabilities for the future."

- ends -

About United Overseas Bank

United Overseas Bank Limited (UOB) is a leading bank in Asia with a global network of more than 500 offices in 19 countries and territories in Asia Pacific, Western Europe and North America. Since its incorporation in 1935, UOB has grown organically and through a series of strategic acquisitions. In Asia, it operates through its branches and representative offices as well as banking subsidiaries in China, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

UOB plays an active role in the community, focusing on the arts, education and children. For three decades UOB has organised the prestigious UOB Painting of the Year Competition and Exhibition. In recognition of its contributions to the arts, UOB was conferred the National Arts Council's Distinguished Patron of the Arts Award for the ninth consecutive year in 2013. UOB also encourages its employees across the region to be involved in its regular volunteer activities. This includes the annual UOB Heartbeat Run which is held in Singapore, Malaysia, Indonesia, Thailand and mainland China.

For more information about UOB, visit UOBGroup.com.

<p>For media queries, please contact:</p> <p>Jean Khong Lye Yee Group Strategic Communications and Customer Advocacy Email: Jean.KhongLY@UOBgroup.com Tel: 6539 3981 / 9791-2300</p>	<p>For investor/analyst queries, please contact:</p> <p>Stephen Lin Shih Tung Investor Relations Email: Stephen.LinST@UOBgroup.com Tel: 6539 2523</p>
---	---