

NEWS RELEASE

UOB Group Reports First Quarter 2015 Earnings of S\$801 million

Steady core earnings growth supported by healthy balance sheet position

SINGAPORE, 30 April 2015 – The UOB Group (“Group”) delivered net earnings of S\$801 million for the first quarter of 2015 (“1Q15”), an increase of 1.6% over the first quarter of 2014 (“1Q14”) and 1.9% higher than fourth quarter of 2014 (“4Q14”). Operating profit rose 10.7% from a year ago and 5.6% over 4Q14, led by a broad-based increase in core income.

The Group’s loans grew a steady 7.8% from a year ago and 2.0% over the previous quarter to S\$203 billion as at 31 March 2015. The liquidity and funding position remained strong with loan-to-deposit ratio at 83.4%. Asset quality stayed resilient with the non-performing loans (“NPL”) ratio stable at 1.2%.

First quarter 2015 earnings

1Q15 versus 1Q14

The Group posted a 1.6% increase in net earnings to S\$801 million from a year ago. Operating profit recorded a double-digit growth of 10.7% to S\$1.10 billion, boosted by strong core income.

Net interest income continued its upward trend, rising 8.3% from a year ago to S\$1.20 billion. Loans grew 7.8% across most industries and territories while net interest margin increased 3 basis points to 1.76% in 1Q15, lifted by improved loan pricing and higher securities yield.

Non-interest income grew 17.5% from a year ago to S\$755 million in 1Q15 on the back of a 9.5% increase in fee income across major lines of businesses and higher trading and investment income from treasury customer income and investment gains.

Total operating expenses increased 12.9% year-on-year to S\$852 million in 1Q15, largely due to higher staff costs, revenue and IT-related expenses to support the Group’s continued efforts in deepening its customer franchise and enhancing technology capabilities. The Group’s expense-to-income ratio was relatively stable at 43.6%.

Total loan charge-off rate remained at 32 basis points while total impairment charges increased 7.6% to S\$169 million in 1Q15 on the back of a larger loan book.

The share of associates’ profits was lower at S\$4 million in 1Q15 from a year ago due to divestment gain in the prior period.

1Q15 versus 4Q14

Group net earnings were 1.9% higher compared with 4Q14.

Net interest income grew 2.8% to S\$1.20 billion in 1Q15. Net interest margin increased 7 basis points to 1.76% as a result of improved loan pricing.

Non-interest income from customers' activities continued to grow. Fee and commission income was reported at S\$453 million with growth coming mainly from wealth management and credit card fees but offset by lower loan and trade related fees. Trading and investment income increased 40.2% to S\$225 million due to higher treasury customer income, investment and trading gains.

Total operating expenses increased 5.9% over 4Q14 largely from higher staff costs due to salary increments in 1Q15 and a release of prior year's bonus accrual last quarter.

Total impairment charges for 1Q15 were relatively unchanged from 4Q14 at S\$169 million.

The share of associates' profits declined from S\$43 million in 4Q14 to S\$4 million in 1Q15 due to higher investment gains recognised in the previous quarter.

Strong balance sheet and capital position

Gross customer loans grew 7.8% year-on-year and 2.0% over the previous quarter to S\$203 billion as at 31 March 2015. The loan growth was broad-based across most territories and industries.

The Group's liquidity position strengthened as customer deposits expanded 10.5% from a year ago and 2.4% over 4Q14 to S\$239 billion as at 31 March 2015, mainly led by US-dollar deposits. Total and SGD loan-to-deposit ratios remained healthy at 83.4% and 94.5% respectively as at 31 March 2015.

Asset quality remained healthy. Group NPL ratio stayed stable at 1.2% with a strong NPL coverage at 147.0%.

Shareholders' equity was S\$30.8 billion as at 31 March 2015, up 13.1% from a year ago largely contributed by net profit and improved valuation on the available-for-sale investments, coupled with issuance of new ordinary shares pursuant to the scrip dividend scheme. Return on equity was 11.1% for 1Q15.

As at 31 March 2015, the Group's strong capital position remained well above the MAS minimum requirements with Common Equity Tier 1 ("CET1"), Tier 1 and Total CAR at 14.3%, 14.3% and 17.1% respectively.

With effect from 1 January 2015, the Group is required under the revised Monetary Authority of Singapore Notice 637 to disclose the leverage ratio, which is a supplementary non-risk based measure of the Group's capital strength. The Group's leverage ratio stood at 7.6% as at 31 March 2015, well above the minimum requirement of 3% applied during the Basel Committee's parallel run period from 2013 to 2017.

CEO's statement

Mr Wee Ee Cheong, UOB Group's Deputy Chairman and Chief Executive Officer, said, "We are off to a good start to the year with our first quarter results. Net interest income was lifted by widening margins and growth in loans across our core markets and customer segments.

"Our asset quality remained stable while we continued to ensure a strong funding and capital base. We diversified our funding sources, with an increase in our EMTN programme limit from S\$10 billion to S\$15 billion in March 2015.

"Even as market volatility is likely to persist, we remain focused on building our core franchise for the long-term. We will stay vigilant, nimble and continue to invest in capabilities to serve customers' evolving needs."

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. UOB is rated among the world's top banks: AA1 by Moody's and AA- by Standard & Poor's and Fitch Ratings respectively.

In Asia, UOB operates through its head office in Singapore and banking subsidiaries in China, Indonesia, Malaysia, Thailand and the Philippines, as well as branches and representative offices.

UOB plays an active role in the community, focusing on art, children and education. It has, over more than three decades, held the longest-running art competition in Singapore, the UOB Painting of the Year, which has since been extended across Southeast Asia. In recognition of its contributions to the arts, UOB was conferred the Singapore National Arts Council's Distinguished Patron of the Arts Award for the tenth consecutive year in 2014. 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 China, Indonesia, Malaysia, Singapore and Thailand.

For more information about UOB, visit UOBGroup.com.

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