

UOB Group Reports Nine Months 2015 Earnings at S\$2.4 billion

Sustained growth in core income; Strong balance sheet position

Singapore, 30 October 2015 – The UOB Group (“Group”) posted net earnings of S\$2.42 billion for the nine months of 2015 (“9M15”), 1.7% lower from a year ago as prior year results included a higher write-back of tax provisions. Total income rose 6.4% to reach S\$5.97 billion, contributed by steady growth in net interest income and fee income across major business segments.

For the third quarter of 2015 (“3Q15”), net earnings was reported at S\$858 million, an increase of 12.6% over the second quarter of 2015 (“2Q15”) and 1.0% lower from a year ago. Stronger 3Q15 earnings were backed by higher treasury contributions and client franchise income.

The Group’s liquidity and funding position was stable and well diversified. Loan-to-deposit ratio stood at 81.6% as at end September 2015. Asset quality remained resilient with the non-performing loan ratio at 1.3% as at 30 September 2015.

To commemorate UOB’s 80th anniversary, the Board is pleased to declare a one-off 80th Anniversary dividend of 20 cents per ordinary share. Shareholders have the option to receive the dividend in cash and/or new UOB shares.

Nine months 2015 earnings

Net interest income rose 7.7% to S\$3.65 billion, benefitting from healthy loan growth and improved net interest margin. Net interest margin increased 5 basis points to 1.77% as loan yields improved on rising interest rates in Singapore.

Non-interest income increased 4.5% to S\$2.32 billion in 9M15. Fee and commission income was S\$1.40 billion, 8.0% higher from a year ago with broad-based growth registered across most businesses. Trading and investment income improved 5.2% to S\$691 million, with higher contributions from sale of investment securities as well as treasury customer income.

Total expenses rose 12.4% to S\$2.63 billion due to continued investment in people capabilities and technology. This was also partly due to an expense of S\$28 million incurred on a brand campaign and employee incentives to celebrate both UOB's 80th anniversary (UOB80) and Singapore's Golden Jubilee (SG50). Expense-to-income ratio was 44.1%, or 43.7% after excluding the one-off expense. The Group expects to spend about \$60 million for the brand campaign, and UOB80 and SG50 commemorative events for the full year of 2015.

Total allowances were S\$481 million, an increase of 2.6% from a year ago while the total loan charge-off rate was stable at 32 basis points. Specific allowances on loans increased to S\$277 million mainly from Singapore, Indonesia and Greater China. The increase was partially offset by a decline in general allowances. General allowances coverage ratio remained strong at 1.4% of the loan book.

Third quarter 2015 earnings

3Q15 versus 3Q14

The Group reported net earnings of S\$858 million in 3Q15, a marginal decline of 1.0% from a year ago. Total income was 5.8% higher at S\$2.09 billion, led by strong core income and one-off gains from sale of investment securities.

Net interest income rose 6.9% to S\$1.24 billion in 3Q15. Net interest margin increased 6 basis points to 1.77%, contributed mainly by improved loan yields as the loan portfolio re-priced on rising interbank and swap offer rates in Singapore.

Non-interest income for 3Q15 increased 4.2% to S\$850 million. Fee and commission income grew 2.1% to S\$485 million on higher contributions from credit card and wealth management income. Trading and investment income surged 20.6% to S\$310 million, driven by one-off gains from the sale of investment securities, partly offset by lower net trading income.

Total expenses increased 13.0% to S\$904 million mainly on higher staff costs and revenue-related expenses. Expense-to-income ratio was 43.4% in 3Q15.

Total allowances were flat at S\$160 million in 3Q15.

3Q15 versus 2Q15

Net earnings of S\$858 million for 3Q15 was 12.6% higher when compared with the previous quarter, largely driven by stronger net interest income and loan-related fee income, coupled with one-off gains from the sale of investment securities.

Total expenses increased 3.1% to S\$904 million mainly due to UOB80 and SG50 commemorative events as well as the brand campaign.

Total allowances increased 5.0% to S\$160 million in 3Q15 on higher general allowances set aside for loans. Specific allowances on loans declined 64.9% to S\$56 million due to loan recoveries and lower non-performing loans (NPL).

Strong balance sheet and capital position

Gross loans grew 3.7% from a year ago and 0.4% quarter-on-quarter to S\$203 billion as at 30 September 2015. In constant currency terms, the underlying loan growth was 5.5% when compared to the same period last year.

The Group's liquidity position remained robust. Customer deposits rose 9.0% from a year ago and 1.3% over 2Q15 to S\$245 billion as at 30 September 2015, led mainly by growth in Singapore dollar deposits. The Group's loan-to-deposit ratio was healthy at 81.6%. The Singapore dollar and all-currency liquidity coverage ratios were 186% and 134% respectively, well above the regulatory requirements of 100% and 60%.

Asset quality stayed resilient with a non-performing loan ratio of 1.3% as at 30 September 2015. NPL coverage remained strong at 142.7% and 345.4% if collateral was considered.

Shareholders' equity increased 5.6% from a year ago to S\$30.2 billion as at 30 September 2015, largely contributed by net profits and improved valuations on available-for-sale investments. Compared with 2Q15, shareholders' equity decreased 1.1% mainly due to lower revaluation gain on available-for-sale investments. Return on equity was 11.1% for 9M15.

As at 30 September 2015, the Group's strong capital position remained well above the MAS minimum requirements with Common Equity Tier 1 and Total CAR at 13.6% and 16.4% respectively. The Group's leverage ratio stood at 7.2% as at 30 September 2015, well above the minimum requirement of 3%.



CEO's statement

Mr Wee Ee Cheong, UOB's Deputy Chairman and Chief Executive Officer, said, "Our results demonstrate continued resilience amid volatility. Core revenue growth was led by net interest income and fee income while capital and funding positions remain robust.

"As part of our 80th anniversary celebrations which began this month, we launched a brand campaign which expresses our long-standing belief in and commitment to doing what is right for our customers consistently and through business cycles. Our time-tested approach to banking has enabled us to create long-term value across our regional franchise. Today, even as uncertainty prevails, our values will continue to steer us on the right path of sustainable growth."

– 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. 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.

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