

NEWS RELEASE

UOB Group Delivers Strong Net Profit of S\$2 billion for Nine Months, 44% Increase Year-on-Year

Solid Regional Franchise, Sturdy Fee & Commission Income Growth Across Key Markets Underpinned Robust Results

SINGAPORE, 29 October 2010 – The UOB Group (Group) recorded after-tax profit of S\$1,990 million in nine months 2010 (9M10), an increase of 44.2% from a year ago.

For third quarter 2010, after-tax profit was S\$688 million, 37.5% increase over the same quarter last year. Compared to second quarter 2010, after-tax profit grew 14.3%.

Riding on a solid regional franchise, the nine months' performance was underpinned by strong fee and commission income in Singapore and the region, as well as lower impairment charges for all asset classes due to improved asset quality following the economic recovery.

With sharpened focus on cross-selling efforts across the region, the Group delivered broad based increase in fee and commission income including investment-related, investment banking as well as trade-related, loan and credit card business.

The Group's effort to harness the benefits from the regional franchise generated loan growth of 7.8% from last year end. The increase was mainly from home loans as the Group continued to be a leading player in the market. In Singapore, loans expanded 6.8% whilst the key regional countries rose 13.6%. Malaysia, with a loan base equivalent to one-fifth of Singapore's, led the growth with a 19.0% increase.

The expansion in loans provided support to the Group's net interest income. As a result, the decline in net interest income was not significant notwithstanding compressed interest margins amidst the declining interest rate environment.

With a disciplined approach to cost management, expenses remained under control as the Group continued to build and invest in its key resources comprising people and technology.

The balance sheet and capital position remained strong. Loan quality improved over end 2009 with a low non-performing loans ratio of 1.9%. Total loan charge-off for the nine months declined to 26 basis points from 76 basis points last year end. As the Group continued to manage loan growth on a risk-adjusted returns basis, the increase in risk-weighted assets was lower at 2.3% compared to the 7.8% year-to-date loan growth. Consequently, together with higher reserves, Core Tier 1 and Tier 1 capital adequacy ratios (CAR) rose to 13.0% and 15.1% respectively when compared to last year end, well above the new Basel III capital requirements.

Net Interest Income

Net interest income for 9M10 was S\$2,667 million, 4.1% lower year-on-year with net interest margin declining 23 basis points to 2.15%. Quarter-on-quarter, net interest income was stable at S\$883 million whilst net interest margin was lower at 2.07%. Interest margins declined on the back of the current low interest rate environment.

Non-Interest Income

For 9M10, non-interest income rose 13.5% to S\$1,568 million due to fee and commission income. Compared to last quarter, the increase was 53.1% to S\$585 million, contributed mainly from trading and investment activities due to favourable market conditions.

Expenses

Expenses rose 7.7% to S\$1,638 million in 9M10 due to continued investments in staff and technology. Expense-to-income ratio remained under control at 38.7%. Quarter-on-quarter, costs inched up by 2.8% to S\$555 million, while expense-to-income ratio improved 4.9% points to 37.8%.

Loans and Deposits

Loans reached S\$109.7 billion as at 30 September 2010, 7.8% increase from last year end and 3.2% from last quarter. The increase over the quarter was broad based across the industries with more significant contribution from housing loans and loans to non-bank financial institutions. Deposits rose to S\$132.5 billion, higher by 9.0% from

last year end and 5.4% over the quarter. Loans-to-deposits ratio was 81.1% as at 30 September 2010.

Asset Quality

The Group's asset quality remained strong with non-performing assets declining to S\$2.5 billion as at 30 September 2010 from end 2009. Non-performing loans ratio remained low at 1.9%.

Impairment coverage for the Group was high at 206% against unsecured non-performing assets whilst cumulative impairment stood at S\$3.0 billion as at 30 September 2010.

Capital Position

As at 30 September 2010, Group Tier 1 CAR of 15.1% and total CAR of 19.9% continued to be well above the regulatory minimum of 6% and 10% respectively. The higher CAR over 30 September 2009 was boosted mainly by higher retained earnings, partially offset by higher risk-weighted assets.

CEO's Statement

Mr Wee Ee Cheong, the UOB Group's Deputy Chairman and Chief Executive Officer, said: "This latest set of results is consistent with improving stability in Asian economies, as reflected in our robust fee income and strong regional loan growth.

Going forward, the global dilemma remains -- gradual but volatile recovery in the West and asset price inflation in the East. However, we maintain that the risk of a double-dip recession and renewed sovereign debt crisis remain manageable; and Asean economies will remain a global sweet spot.

At UOB, our network that spans across the region allows us to ride on the Asian growth story. We aim to compete more effectively by leveraging our strengths, sharpening our focus on the region and growing our fee income. At the same time, we will continue our steady and disciplined approach to growth, investing in and strengthening our Asian franchise to position UOB as a premier regional bank."

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About United Overseas Bank

United Overseas Bank Limited (UOB) is a leading bank in Asia. It provides a wide range of financial services through its global network of over 500 offices in 19 countries and territories in Asia Pacific, Western Europe and North America, including banking subsidiaries in Singapore, Malaysia, Indonesia, Thailand and mainland China.

In Singapore, UOB is a market leader in the credit and debit cards business, and the private residential home loan business. It is also a key player in loans to small and medium enterprises. Its fund management arm, UOB Asset Management, is one of Singapore's most awarded fund managers.

UOB is rated among the world's top banks by Moody's Investors Service, receiving B for financial strength, and Aa1 and Prime-1 for long-term and short-term bank deposits respectively.

UOB also plays an active role in the community, focusing on children, education and the arts. It has organised the prestigious Painting Of The Year Competition and Exhibition since 1982, and supports Very Special Arts Singapore which provides art programmes for the disabled. In recognition of its contributions to the arts, UOB has been conferred the National Arts Council's Distinguished Patron of the Arts Award for the sixth consecutive year. UOB has also established the annual UOB Heartbeat Run to raise funds for charity.

For more information about UOB, visit uobgroup.com.

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