

NEWS RELEASE

UOB Group Nine Months 2014 Earnings Rose 10% to S\$2.5 billion

Healthy Profits Growth supported by Diversified Earnings and Disciplined Balance Sheet Management

SINGAPORE, 30 October 2014 – The UOB Group (“Group”) reported net earnings of S\$2.46 billion for the first nine months of 2014 (“9M14”). The increase of 10.2% from the nine months of 2013 (“9M13”) was contributed by a broad-based increase in operating income which rose 12.6% to S\$5.61 billion.

For the third quarter of 2014 (“3Q14”), net earnings grew 7.2% over the second quarter of 2014 (“2Q14”) to a new high of S\$866 million. This was 18.7% higher when compared with the third quarter of 2013 (“3Q13”).

Gross loans registered steady growth of 11.0% year-on-year to reach S\$196 billion. The Group continued to exercise balance sheet discipline, recognising the need for a strong and stable funding base to ensure sustainable asset growth. Consequently, the Group intensified its deposit gathering efforts this quarter which, coupled with a more moderate increase in loans, resulted in a lower loan-to-deposit ratio of 85.8%. Besides enhancing its deposits base, the Group also tapped on alternative sources of funding this quarter, leveraging its strong credit ratings to optimise funding costs and to diversify funding mix.

Nine months 2014 earnings

Total income for 9M14 grew 12.6% over the same period last year to S\$5.61 billion, driven by growth in net interest income, steady contribution in fee and commission income and higher trading and investment income.

Net interest income continued its upward trend, achieving a double-digit growth of 12.1% over 9M13 to reach S\$3.39 billion. Net interest margin improved 1 basis point from a year ago to 1.72%.

Total non-interest income registered a strong growth of 13.5% year-on-year to S\$2.22 billion, on the back of stable fee and commission income and improved trading and investment income. Fee and commission income was S\$1.30 billion in 9M14 with broad-based growth in credit card, wealth management, trade and loan-related activities. Trading and investment income increased 64.1% to S\$657 million due to higher treasury customer income, investment

gains and trading income on back of improved market sentiments, after concerns over QE tapering in 2013.

Operating expenses increased 9.6% year-on-year to S\$2.34 billion in 9M14 on higher staff and revenue-related expenses to support the Group's growing franchise. With the strong income growth, the expense-to-income ratio improved to 41.8% in 9M14.

Total impairment charges increased to S\$469 million from a year ago due to higher individual impairment on loans relating to a few non-performing accounts in Singapore, Thailand and Indonesia. Including collective impairment of S\$255 million set aside for 9M14, the total loan charge off rate was maintained at 32 basis points.

Third quarter 2014 earnings

3Q14 versus 3Q13

The Group delivered 3Q14 earnings of S\$866 million, an increase of 18.7% from 3Q13, led by double-digit growth in both net interest income and non-interest income.

Net interest income rose 10.5% from 3Q13 to S\$1.16 billion in 3Q14, driven by higher average loan volume in Singapore and the regional countries. Net interest margin was stable at 1.71%.

Non-interest income for 3Q14 grew 32.1% from a year ago to S\$816 million. Fee and commission income rose 16.8% to S\$475 million in 3Q14 with strong contributions from fund management, wealth management, investment banking as well as loan-related businesses. This was further backed by higher trading and investment income on increased treasury customer flow income and net trading income as a result of favourable market conditions.

The Group recorded S\$800 million of expenses in 3Q14, 11.9% higher from a year ago due to higher staff costs and revenue-related expenses. Total impairment charges were higher at S\$162 million due to a few specific non-performing loan accounts in Thailand and Indonesia.

3Q14 versus 2Q14

Compared with 2Q14, net earnings increased 7.2% driven by higher contributions from both net interest income and fee income.

Net interest income was 2.7% higher quarter-on-quarter, mainly supported by loan growth. Strong contributions from fund management, wealth management, investment banking as well as loan-related businesses drove fee and commission income up by 15.8%.

Total expenses increased marginally by 1.6% from 2Q14, while total impairment charges were 8.4% higher mainly from collective impairment set aside for loan growth.

Strong balance sheet and capital position

Gross customer loans grew 11.0% year-on-year and 1.5% over the quarter to S\$196 billion as at 30 September 2014. Loan growth was broad-based across territories and industries.

With a strong deposit franchise, customer deposits expanded 8.7% from a year ago to S\$224 billion as at 30 September 2014. Compared with 2Q14, the deposit growth was 3.8%. The Group's loan-to-deposit ratio was 85.8%. During the quarter, the Group also tapped on its US\$10 billion EMTN programme for the issuance of US\$500 million and A\$300 million of senior unsecured debts, which further strengthened and diversified the funding base.

Asset quality stayed healthy with the NPL ratio unchanged at 1.2% while NPL coverage remained strong at 146.8%.

Shareholders' equity increased 1.9% from 30 June 2014 to S\$28.6 billion as at 30 September 2014. Compared with 30 September 2013, shareholders' equity was 13.6% higher from net profits as well as available-for-sale reserves. Return on equity for 9M14 was 12.6%.

The Group's capital position remained strong and well above the regulatory minimum requirements with Common Equity Tier 1, Tier 1 and Total Capital Adequacy Ratios at 14.0%, 14.0% and 17.0% respectively as at 30 September 2014.

CEO's statement

Mr Wee Ee Cheong, UOB Group's Deputy Chairman and Chief Executive Officer, said, "We achieved a good set of results, with our continued discipline in balance sheet management and investment in fee-generating capabilities.

"Ensuring a strong funding base remains a key focus to sustain the Bank's growth. Besides strengthening our deposit base, we tapped on alternative sources of funding, such as our EMTN programme, to diversify our funding mix and optimise our funding costs. Our recent US\$500 million and A\$300 million senior unsecured debt issuances were well received by investors.

"The recent award of a branch banking licence in Myanmar reinforces our commitment to the region and our investments in serving our customers' needs."

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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 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 Singapore, Malaysia, Indonesia, Thailand and mainland China.

For more information about UOB, visit UOBGroup.com.

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