

## NEWS RELEASE

### **UOB Group First Quarter Earnings Up 4% to Record Quarter of S\$722 million**

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#### ***Another Record Fee Quarter. Strong Loans Growth.***

**SINGAPORE, 2 May 2013** – The UOB Group (“Group”) net earnings for the first quarter of 2013 (“1Q13”) rose 3.8% from the previous quarter and 4.9% year-on-year to a new record of S\$722 million. Fee income increased 16.9% quarter-on-quarter to reach a new high of S\$453 million in 1Q13. Loans growth was strong, increasing 7.4% over last quarter to S\$167 billion in 1Q13. Credit quality on the overall loans portfolio remained sound with improvement in the non-performing loans (“NPL”) ratio to 1.3% as the Group continued to focus on disciplined growth.

#### **First quarter 2013 earnings**

Total income for the Group increased 5.0% over the fourth quarter of 2012 (“4Q12”) to S\$1.67 billion, driven by robust fee and commission income as business activities in lending, capital markets, wealth management and fund management continued to perform well. The record fee and commission income, along with stronger loans volume, mitigated the effects of tight interest margins. Net interest income was stable at S\$964 million in 1Q13 with the net interest margin lower at 1.70% as yields declined. Trading and investment income increased 7.4% to S\$158 million as a result of favourable market sentiment. Consequently, total non-interest income came in at S\$708 million with the non-interest income ratio at 42.4%.

The Group remained prudent in managing costs. Total operating expenses decreased 3.2% quarter-on-quarter to S\$696 million. Staff costs and other operating expenses were lower this quarter, down from the higher seasonal expense accruals in 4Q12. Consequently, the Group’s expense-to-income ratio improved 3.5% points to 41.6%.

Total impairment charges for 1Q13 were lower at S\$130 million. Individual impairment on loans declined from the higher impairment in 4Q12 due to a specific account. The total loans charge off rate remained at 30 basis points. Credit quality on the loans portfolio continued to stay healthy as the NPL ratio improved 20 basis points to 1.3% with strong NPL coverage at 134.0%.

Gross customer loans grew 7.4% for the quarter to S\$167 billion as at 31 March 2013. The strong growth which rose 8.8% to S\$110 billion came primarily from Singapore. The regional countries grew at a controlled pace of 2.2% to a combined loans base of S\$47.8 billion.

Customer deposits increased 3.4% to S\$188 billion, supported by a strong deposits franchise. The Group's liquidity position remained stable with a loans-to-deposits ratio at 87.3%. The Group further diversified its funding base through new issuances under the US\$10 billion US commercial paper programme.

Shareholders' equity increased 3.9% to S\$26.1 billion, largely contributed by higher earnings as well as improved valuation on its investment portfolio.

With effect from 1 January 2013, the Group adopted Basel III for its computation of capital adequacy ratios ("CAR") in accordance with the revised Monetary Authority of Singapore ("MAS") Notice 637. The Common Equity Tier 1 and total CAR of 14.3% and 18.0% as at 31 March 2013 respectively were well above the minimum requirements of the MAS.

Compared with 1Q12, net earnings of the Group rose 4.9% to S\$722 million.

Net interest income of S\$964 million was 3.5% lower than 1Q12 on compressed assets yields. Continued efforts to boost fee income to mitigate the effects of margin pressure resulted in fees registering a robust 25.2% year-on-year growth. The sterling performance in fee income was underpinned by strong growth in lending, fund management, capital market and wealth management businesses. Trading and investment income decreased to S\$158 million due to lower gains on the sale of securities.

Operating expenses of S\$696 million in 1Q13 were 2.9% higher than 1Q12 mainly on higher staff costs. Cost-to-income ratio was 10 basis points higher at 41.6%.

Total impairment charges were higher at S\$130 million in 1Q13 as more collective impairment was set aside on higher loans growth. The total loans charge off rate was maintained at 30 basis points.

Gross customer loans of S\$167 billion as at 31 March 2013 were 13.3% higher than 1Q12. Singapore increased 15.5% to reach \$110 billion while loans base of regional countries grew 9.7% to S\$47.8 billion. Customer deposits were 11.7% higher at S\$188 billion as at 31 March 2013 when compared with a year ago.

### **CEO's statement**

Mr Wee Ee Cheong, the UOB Group's Deputy Chairman and Chief Executive Officer, said: "UOB continues to deliver strong, sustainable profits by strengthening its regional network and product capabilities. We started 2013 well, posting a record quarter of profits and fees.

"Despite this strong start, we are mindful that overall growth is expected to moderate this year. Within Asia, especially Southeast Asia, business and economic fundamentals remain sound and we will continue to see ample liquidity and intense competition.

"Given our balance sheet strength, we are well-positioned to navigate the changing landscape, even as Basel III implementation kicks in this year. With our regionalisation initiatives on track, we remain confident of furthering our regional wholesale and wealth management business."

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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 through a series of strategic acquisitions. Today it operates in Asia 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 eighth consecutive year in 2012. 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 [www.UOBGroup.com](http://www.UOBGroup.com)

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