

NEWS RELEASE

UOB Group Nine Months' 2013 Earnings Up 6% to S\$2.2 billion

Stable Quarterly Core Profit backed by Record Net Interest Income, Continued Growth in Regional Franchise and Robust Asset Quality

SINGAPORE, 5 November 2013 – The UOB Group (“Group”) delivered net earnings of S\$2.24 billion for the first nine months of 2013 (“9M13”), an increase of 6.1% year-on-year, driven by strong net interest income and a broad-based increase in fee income, coupled with higher associates’ profits. For the third quarter of 2013 (“3Q13”), the Group’s net earnings was S\$730 million, an increase of 3.3% over the third quarter of 2012 (“3Q12”).

Gross loans registered steady growth of 15.8% year-on-year to reach S\$177 billion. Asset quality remained robust with the non-performing loans (“NPL”) ratio stable at 1.2% and the total loans charge off rate maintained at 30 basis points.

Nine months 2013 earnings

The Group’s net earnings grew 6.1% year-on-year to S\$2.24 billion for 9M13, attributed to stronger core income and higher associates’ profits.

Net interest income increased 2.5% from a year ago to S\$3.03 billion in 9M13, supported by robust loans growth. Net interest margin was 1.71%, 20 basis points lower compared with 9M12, as margins came under pressure driven by competition in a sustained low interest rate environment.

Fee and commission income grew 15.7% to S\$1.30 billion, driven by double-digit growth in corporate finance, wealth management and fund management fees across Singapore and the regional countries.

Trading and investment income declined 24.0% to S\$400 million on lower gains from investment securities due to market volatility amid concerns over the US quantitative easing (“QE”) tapering.

Total impairment charges were 11.2% lower at S\$290 million in 9M13. Individual impairment on loans declined to S\$84 million, while collective impairment was higher at S\$222 million, in line with the strong loans growth. The total loans charge off rate remained unchanged at 30 basis points.

The share of associates' profits more than doubled to S\$177 million for 9M13, mainly contributed by the non-recurring gains on the disposal of investments.

Third quarter 2013 earnings

The Group recorded net earnings of S\$730 million for 3Q13, an increase of 3.3% against 3Q12, but declined 6.8% quarter-on-quarter on lower fee and commission income and share of associates' profits.

Net interest income for 3Q13 posted a consecutive record quarter of S\$1.05 billion, driven by loans growth and stable net interest margin of 1.71%. Compared with the same period last year, net interest income grew 7.7%, even as net interest margin declined. Margins had been stable for the past two quarters, helped by the shift in asset mix towards loans coupled with lower cost of funds.

Fee and commission income was lower quarter-on-quarter by 6.9% at S\$407 million, as contributions from wealth management, loans-related and fund management activities moderated. Year-on-year, strong contributions from wealth management and trade-related activities had driven fee and commission income up by 9.2%.

Trading and investment income of S\$143 million in 3Q13 was 17.2% lower against 3Q12 due to lower gains on investment securities. Compared with the previous quarter, it rose 43.7% as market volatility in 2Q13 resulted in losses on government securities.

Total operating expenses declined 1.5% quarter-on-quarter to S\$715 million with expense-to-income ratio improving to 43.0%. Compared with 3Q12, operating expenses increased 4.0% mainly on higher staff costs.

Individual impairment on loans and collective impairment fell to S\$11 million and S\$45 million respectively for the quarter, bringing total impairment charges for 3Q13 to S\$85 million. The total loans charge off rate was stable at 30 basis points.

With lower gains on disposal of investments, the share of associates' profits decreased from S\$101 million in 2Q13 to S\$52 million in 3Q13.

Strong balance sheet and capital position

Gross customer loans registered a robust growth of 13.3% year-to-date to S\$177 billion while customer deposits grew 7.9% to S\$196 billion, bringing the Group's loans-to-deposits ratio to 88.3% as at 30 September 2013. For 3Q13, loans growth was 2.1% while customer deposits grew 3.9%, mainly contributed by the higher Singapore fixed deposits.

US dollar loans increased 8.5% quarter-on-quarter to S\$24.4 billion. With the US dollar deposits growth outpacing loans growth at 14.5%, the US dollar loans-to-deposits ratio improved to 83.7% as at 30 September 2013. The Group's funding base was further strengthened by the issuance of S\$4.35 billion under the US\$10 billion US commercial paper programme during the year.

Asset quality remained strong with NPL declining 15.6% year-on-year to S\$2.11 billion as at end September 2013, while the NPL ratio improved to 1.2%.

Shareholders' equity rose 3.9% from a year ago to S\$25.2 billion largely contributed by higher retained earnings. Annualised return on shareholders' equity for 9M13 was 12.2%.

The Group's Common Equity Tier 1 and Total capital adequacy ratios of 12.9% and 16.3% respectively as at 30 September 2013 were well above the minimum requirements of the Monetary Authority of Singapore. Compared with 30 June 2013, the capital ratios were lower mainly due to lower net capital resources and higher risk-weighted assets.

CEO's statement

Mr Wee Ee Cheong, the UOB Group's Deputy Chairman and Chief Executive Officer, said: "The Group has achieved another decent set of results this quarter, driven by steady core income and continued growth in our regional franchise. This was underpinned by stable margins and healthy asset quality as we stayed disciplined in pursuing sustainable growth.

"While the US economy appears to have avoided the fiscal cliff and QE tapering has been postponed for now, the lack of clarity on these fronts will continue to impact Asia. Despite the near-term headwinds from ongoing global uncertainties, the long-term fundamentals of our region remain strong as intra-regional trade and wealth management activities continue to expand.

"Our strong balance sheet enables us to continue investing in regional capabilities to support seamlessly our customers' expanding needs within and across countries."

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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 ninth consecutive year in 2013. 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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