

Announcement**UOB Group Reports First Quarter 2019 Earnings of S\$1.05 Billion***Earnings lifted by income growth; maintained balance sheet strength*

Singapore, 3 May 2019 – UOB Group (“Group”) achieved net earnings of S\$1.05 billion for the first quarter of 2019 (“1Q19”), up 15% from the previous quarter. Total income rose 9% to S\$2.41 billion, led by a recovery in trading and investment income and healthy loan growth as macro conditions stabilised and the financial markets rebounded.

Compared with the first quarter of 2018 (“1Q18”), net earnings was 8% higher driven by higher net interest income and trading and investment income. This resulted in an improvement in return on equity to 11.4%.

The Group’s funding position and capital base stayed strong. The loan-to-deposit ratio was at a healthy level of 86.6% as at 31 March 2019, as both gross loans and deposits grew 12% year on year to S\$270 billion and S\$308 billion respectively. The Group’s Common Equity Tier 1 capital adequacy ratio (CAR) remained robust at 13.9%.

First quarter 2019 earnings**1Q19 versus 1Q18**

The Group delivered strong quarter earnings of S\$1.05 billion, 8% higher than a year ago.

Net interest income increased 8% to S\$1.59 billion on the back of broad-based loan growth of 12%, partially offset by net interest margin compression of five basis points to 1.79%.

Net fee and commission income declined 7% to S\$479 million due to lower wealth management and fund management fees as market sentiment was more subdued compared with a year ago. This was partially offset by higher loan-related and credit cards fees, which grew 9% and 7% respectively. Other non-interest income rose 40% to S\$340 million on improved customer-related income and higher trading income.

Client franchise across business segments delivered healthy growth. Group Retail income grew 4% to S\$1 billion, led by volume growth and higher deposit margin. Total income for Group Wholesale Banking rose 14% to S\$1.02 billion, driven by double-digit volume growth and margin improvement, coupled with stronger treasury and fee-based income. Global Markets income was 1% higher at S\$144 million from higher trading and investment income.

Total expenses increased 9% to S\$1.07 billion due to higher performance-related staff costs and IT-related expenses, as the Group remained committed to investing in talent and technology to strengthen product capabilities, to enhance customer experience and to improve productivity. The cost-to-income ratio increased slightly to 44.6%.

Total allowances increased 17% to S\$93 million as expected credit losses for non-impaired assets rose with loan growth this quarter. Total credit costs on impaired loans was stable at 13 basis points.

1Q19 versus 4Q18

Net earnings of S\$1.05 billion in 1Q19 was 15% higher than the previous quarter, led by higher trading and investment income and lower allowances.

Net interest income declined 1% to S\$1.59 billion, as interest income from loan growth of 3% was moderated by a shorter day count this quarter and a slight dip in net interest margin to 1.79%.

Net fee and commission income increased 2% to S\$479 million, largely driven by higher loan-related and wealth management fees with improved customer confidence as the macro outlook stabilised, but partially offset by seasonally lower credit card fees. Other non-interest income rose to S\$340 million from S\$140 million last quarter as financial markets rebounded.

Total expenses increased 9% to S\$1.07 billion in line with income growth.

Total allowances decreased 27% to S\$93 million, largely due to lower allowances for impaired loans in Singapore and Indonesia.

Strong balance sheet and capital position

The Group's funding position remained strong with a healthy loan-to-deposit ratio at 86.6%. Against the last quarter, gross loans and deposits grew 3% and 5% respectively to S\$270 billion and S\$308 billion.

The quarter's average Singapore dollar and all-currency liquidity coverage ratios were 251% and 146% respectively, well above the regulatory requirements of 100%. The net stable funding ratio was 109% as at 31 March 2019.

The non-performing loan ratio stayed at 1.5% with coverage for non-performing assets stable at 89%, or 203% after taking collateral into account. Total allowances for non-impaired assets remained adequate at S\$2 billion as at 31 March 2019.

Compared with the last quarter, shareholders' equity increased 4% to S\$39.0 billion, mainly driven by higher retained earnings.

As at 31 March 2019, the Group's Common Equity Tier 1 CAR remained strong at 13.9%. The Group's leverage ratio of 7.6% was more than double the regulatory minimum requirement of 3%. The Group remains well capitalised to navigate the macro uncertainties ahead.

CEO's statement

Mr Wee Ee Cheong, UOB's Deputy Chairman and Chief Executive Officer, said, "We started 2019 with strong quarter earnings, underpinned by our continued focus on our fundamentals and prudence in managing our business. This discipline is key especially when the macro environment remains uncertain due to the slowing global economy and ongoing trade tensions. Our steadfast approach to ensuring continued sustainable growth has seen strong investor support, which was also recently reflected in their response to our debut Panda Bond and US dollar-denominated subordinated notes issuances.

“Placing our customers at the heart of all that we do, we will continue to harness technology and to tap our partner ecosystems to enhance the customer experience and to drive performance. In investing in and strengthening our omni-channel and connectivity capabilities, we will offer more solutions at scale and with speed to market to more consumers and businesses across our regional network.”

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About United Overseas Bank Limited

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, 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 both Standard & Poor’s and Fitch Ratings. In Asia, UOB operates through its head office in Singapore and banking subsidiaries in China, Indonesia, Malaysia, Thailand and Vietnam, as well as branches and representative offices across the region.

Over more than eight decades, generations of UOB employees have carried through the entrepreneurial spirit, the focus on long-term value creation and an unwavering commitment to do what is right for our customers and our colleagues.

We believe in being a responsible financial services provider and we are committed to making a difference in the lives of our stakeholders and in the communities in which we operate. Just as we are dedicated to helping our customers manage their finances wisely and to grow their businesses, UOB is steadfast in our support of social development, particularly in the areas of art, children and education.

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