

UOB Group Reports Full Year 2015 Earnings at S\$3.2 billion

Steady growth in client franchise income; disciplined balance sheet management

Singapore, 16 February 2016 – The UOB Group (“Group”) reported net earnings of S\$3.21 billion for the full year of 2015 (“2015”), 1.2% lower from a year ago as prior year results included a higher write-back of tax provisions. Total income grew 7.9% to reach S\$8.05 billion, led by strong client franchise income and higher gains on sale of investment securities.

Net earnings for the fourth quarter of 2015 (“4Q15”) was relatively flat at S\$788 million when compared with the same quarter last year. It was 8.1% lower over the third quarter of 2015 (“3Q15”) mainly due to lower gains from the sale of investment securities and higher one-off expenses in 4Q15.

The Group’s liquidity and funding position remained strong with the loan-to-deposit ratio at 84.7% as at end December 2015. Gross loans rose 4.0% across business segments to S\$207 billion while deposits grew 2.9% to S\$241 billion from a year ago. Non-performing loans (“NPL”) ratio increased marginally from 1.2% a year ago to 1.4% as at 31 December 2015.

The Board recommends a final one-tier tax-exempt dividend of 35 cents per ordinary share. Together with the interim one-tier tax-exempt dividend of 35 cents and the one-off 80th Anniversary (“UOB80”) dividend of 20 cents, the total dividend for the financial year ended 31 December 2015 amounts to 90 cents per ordinary share.

Full year 2015 earnings

Net interest income grew 8.1% to a new high of S\$4.93 billion, driven by improved net interest margin and an expanded loan base. Net interest margin increased 6 basis points to 1.77%, benefiting from rising interbank and swap offer rates in Singapore.

Non-interest income rose 7.7% to S\$3.12 billion in 2015. Fee income grew 7.7% to S\$1.88 billion with credit card, fund management and wealth management activities registering steady growth. Trading and investment income surged 16.8% to S\$954 million on higher contributions from sale of investment securities and continued growth in treasury customer income.

Total expenses increased 14.3% to S\$3.60 billion on higher staff costs, revenue and IT-related expenses as the Group continued to invest in people and technology capabilities. The increase was also partly due to a prior year bonus adjustment and a one-off expenditure of S\$67 million incurred for Singapore's Golden Jubilee ("SG50") and UOB80 commemorative events and the launch of a group-wide brand campaign. Expense-to-income ratio was 44.7%, or 43.4% on a normalised basis.

Total allowances increased 5.7% to S\$672 million with the total loan charge off rate stable at 32 basis points. Specific allowances set aside for loans increased by S\$153 million to S\$392 million mainly from non-performing accounts in Singapore, Indonesia and Greater China. The Group provided general allowances of S\$196 million during the year and the general allowance coverage ratio remained strong at 1.4% of the loan book as at 31 December 2015.

Share of associates' profits decreased 40.0% to S\$90 million, mainly due to a non-recurring gain from the disposal of associates in 2014.

Tax expense increased 15.7% to S\$649 million, mainly due to a lower write-back of prior years' tax provision.

Fourth quarter 2015 earnings

4Q15 versus 4Q14

The Group reported net earnings of S\$788 million in 4Q15, a marginal increase of 0.3% from a year ago despite one-off expenses of S\$43 million incurred for the UOB80 commemorative events and brand campaign during the quarter.

Net interest income grew 9.3% to S\$1.28 billion in 4Q15, led by a 10 basis point increase in net interest margin to 1.79%.

Non-interest income increased 17.9% from a year ago to S\$803 million. Fee and commission income grew 6.7% to S\$480 million with increases recorded across most fee businesses. Trading and investment income surged 64.3% to S\$263 million mainly from higher trading income.

Excluding the one-off expenses in 4Q15, total expenses increased 14.4% from a year ago.

Total allowances were S\$190 million in 4Q15, 14.6% higher when compared with a year ago. Specific allowances on loans increased 58.1% to S\$115 million mainly due to non-performing accounts in Singapore, Indonesia and Greater China.

4Q15 versus 3Q15

Net interest income grew 3.4% quarter-on-quarter to S\$1.28 billion, led by loan growth of 2.0% while net interest margin rose 2 basis points to 1.79%.

Fee and commission income was flat at S\$480 million. Trading and investment income decreased 15.2% to S\$263 million due to lower gains from the sale of investment securities.

Excluding the one-off expenses, total expenses increased 4.3% to S\$921 million mainly on higher revenue-related costs.

Total allowances increased 19.0% to S\$190 million in 4Q15, attributed to higher specific allowances on loans and other assets but offset by a decline in general allowances.

Strong balance sheet and capital position

Gross loans grew 4.0% year-on-year and 2.0% from the previous quarter to S\$207 billion as at 31 December 2015. In constant currency terms, the underlying loan growth was 5.4% from a year ago.

The Group's funding position remained strong with customer deposits increasing 2.9% from a year ago to S\$241 billion as at 31 December 2015, contributed mainly by growth in Singapore dollar and US dollar deposits. Compared with 3Q15, customer deposits decreased 1.7% on active management of funding costs. The Group's loan-to-deposit ratio stayed healthy at 84.7% as at 31 December 2015. The average Singapore dollar and all-currency liquidity coverage ratios during the quarter were 217% and 142% respectively, well above the regulatory requirements of 100% and 60%. In November 2015, UOB established its maiden US\$8 billion Global Covered Bond Programme. This allows the Group to broaden its funding sources and to diversify the investor base into the institutional secured funding market.

Asset quality remained stable with NPL ratio at 1.4% as at 31 December 2015 while NPL coverage was 130.5%, and 315.7% after taking collateral into account.

Shareholders' equity increased 4.1% from a year ago to S\$30.8 billion as at 31 December 2015, largely contributed by net profits and improved valuations on available-for-sale investments. Compared with 3Q15, shareholders' equity rose 1.9%. Return on equity was 11.0% for 2015.

As at 31 December 2015, the Group's Common Equity Tier 1 and Total CAR remained strong at 13.0% and 15.6% respectively. The Group's leverage ratio was 7.3%, well above Basel's minimum requirement of 3%.

CEO's statement

Mr Wee Ee Cheong, UOB's Deputy Chairman and Chief Executive Officer, said, "2015 was a milestone year for us as we celebrated UOB's 80th anniversary. Our approach since our founding in 1935 has been to stand by our customers and to plan well ahead in building our franchise across the region. Despite the slowing environment and bouts of market volatility during the year, we have kept our earnings steady and our balance sheet strong.

"Financial markets will continue to grapple with volatility and uncertainty in 2016 underpinned by ongoing concerns such as the impact of falling oil prices and China's slowdown on the global economy. Our view is that the risks are largely manageable and the underlying economic fundamentals are strong enough to withstand the shocks even as we enter an environment of slower growth.

"It is against this backdrop that UOB is ensuring a resilient balance sheet and staying disciplined in pursuing sustainable growth and this will continue to see us through economic cycles. Times like these present opportunities for long-term players such as UOB. We remain confident of the region's underlying prospects and will continue to invest in our capabilities and selectively grow our franchise for the long term."

– Ends –



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. UOB is rated among the world's top banks: Aa1 by Moody's and AA- by Standard & Poor's and Fitch Ratings respectively.

In Asia, UOB operates through its head office in Singapore and banking subsidiaries in China, Indonesia, Malaysia and Thailand, as well as branches and representative offices.

UOB plays an active role in the community, focusing on art, children and education. It has, over more than three decades, held the longest-running art competition in Singapore, the UOB Painting of the Year, which has since been extended across Southeast Asia. In recognition of its contributions to the arts, UOB was conferred the Singapore National Arts Council's Distinguished Patron of the Arts Award for the eleventh consecutive year in 2015. 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 China, Indonesia, Malaysia, Singapore and Thailand.

For media queries, please contact:

Name: Jean Khong Lye Yee

Group Strategic Communications and Customer Advocacy

Email: Jean.KhongLY@UOBgroup.com

Tel: 6539 3981 / 9791 2300

For investor/analyst queries, please contact:

Name: Alfred Chan Yunn Perng

Investor Relations

Email: Alfred.ChanYP@UOBgroup.com

Tel: 6539 3933

