
NEWS RELEASE

UOB Group Posts Growth In Operating Profit Of 12.1% Year-On-Year And 15.2% Quarter-On-Quarter

***Group's core business, balance sheet and
capital position remain strong***

Final dividend of 40 cents per ordinary share

SINGAPORE, 27 February 2009 – The United Overseas Bank Group recorded operating profit growth of 12.1% year-on-year and 15.2% quarter-on-quarter. The Group's core business remained strong and net interest income rose 20% over the year to S\$3,576 million, contributed by an expanded loan portfolio and higher contributions from interbank money market activities. Net interest margin increased 23 basis points to 2.27% over the year and 24 basis points to 2.45% over the last quarter.

The Board recommends a final one-tier tax-exempt dividend of 40 cents per ordinary share. Together with the interim one-tier tax-exempt dividend of 20 cents, total net dividend for the financial year ended 31 December 2008 will be 60 cents per ordinary share.

On a post-tax profit basis, the Group recorded S\$1,937 million for the year ended 31 December 2008, down 8.2% from a year ago. For the fourth quarter 2008, post-tax profit fell 30.1% from the last quarter to S\$332 million, amidst the global economic crisis.

Year-on-year, non-interest income decreased 11.5% to S\$1,675 million, due mainly to lower fee and commission income from fund management and investment-related activities. Compared to the last quarter, non-interest income increased 22.3% to S\$391 million, attributed mainly to net gain on trading and investment activities.

With disciplined cost control, operating expenses increased only 1.6% over the year. Expense-to-income ratio improved 2.4% points to 39%.

Impairment charges rose 169.1% to S\$807 million over the year. The increase was due mainly to the collective impairment of S\$288 million provided in the light of the global economic uncertainty and the enlarged loan base, as well as higher individual impairment charges on loans and debt securities, reflecting the difficult economic conditions.

Over the year, the Group's net customer loans grew 7.7% across all industries to S\$99,840 million. Non-performing loans increased to S\$2,062 million, or 2.0% of the loan base in the fourth quarter, largely attributed to the classification of a few large accounts. The overall loan portfolio, however, remained sound.

The Group's customer deposits rose 10.5% over the year to S\$118,171 million as at 31 December 2008, resulting in a lower loans-to-deposits ratio of 84.5%.

The Group's Tier 1 and total capital ratios of 10.9% and 15.3% as at 31 December 2008 were well above the minimum 6% and 10% required by the Monetary Authority of Singapore, respectively.

Mr Wee Ee Cheong, the UOB Group's Deputy Chairman and Chief Executive Officer, said: "We have always maintained a strong balance sheet through a diversified loan portfolio. During this challenging period, UOB remains committed to, and will stand by, our valued customers."

"As an Asian bank, we are not spared the impact of the global financial turmoil. But the de-leveraging process has resulted in the banking industry moving 'back to basics', and this validates UOB's forte in commercial banking. We will continue to adopt a prudent, selective and disciplined approach in managing our business and balance sheet. We will also seize opportunities during this turbulent period to strengthen our capabilities, so that we are even better-positioned to capture opportunities when the upturn comes. What we do now, the choices we make, will have a profound impact on how we shape and drive our future business." Mr Wee added.

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About United Overseas Bank

United Overseas Bank Limited (UOB) is a leading bank in Singapore with a strong presence in Asia. It provides a wide range of financial services through its global network of over 500 offices in 18 countries and territories in Asia Pacific, Western Europe and North America, including banking subsidiaries in Singapore, Malaysia, Indonesia, Thailand and mainland China.

In Singapore, UOB is a market leader in the credit and debit cards business, and the private residential home loan business. It is also a dominant player in loans to small and medium-sized enterprises. Its fund management arm, UOB Asset Management, is one of Singapore's most awarded fund managers.

UOB is rated among the world's top banks by Moody's Investors Service, receiving B for financial strength, and Aa1 and Prime-1 for long-term and short-term bank deposits respectively.

UOB also plays an active and meaningful role in the community, focusing on children, education and the arts. It has organised the prestigious Painting Of The Year Competition and Exhibition since 1982, and supports Very Special Arts Singapore which provides art programmes for the disabled. In recognition of its contributions to the arts, UOB has been conferred the National Arts Council's Distinguished Patron of the Arts Award for the third consecutive year. UOB has also established the annual UOB Heartbeat Run to raise funds for charity.

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