

Announcement

To: All Shareholders

The Board of Directors of United Overseas Bank Limited wishes to make the following announcement:

Unaudited Financial Results for the Three Months/First Quarter Ended 31 March 2019

Details of the financial results are in the accompanying Group Financial Report.

Dividends and Distributions for the First Quarter Ended 31 March 2019

Ordinary share dividend

No dividend on ordinary shares has been declared for the first quarter of 2019.

Distributions on perpetual capital securities

There is no distribution on perpetual capital securities for the first quarter of 2019.

Interested Person Transactions

The Bank has not obtained a general mandate from shareholders for Interested Person Transactions.

Confirmation by Directors

The Board of Directors hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the unaudited financial results of the Group for the three months/first quarter ended 31 March 2019 to be false or misleading in any material aspect.

Undertakings from Directors and Executive Officers

The Bank has procured undertakings in the form set out in Appendix 7.7 of the Listing Manual from all its directors and executive officers pursuant to Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

UNITED OVERSEAS BANK LIMITED

Ms Joyce Sia
Secretary

Dated this 3rd day of May 2019

The results are also available at www.UOBgroup.com



Group Financial Report

For the First Quarter 2019

United Overseas Bank Limited
Incorporated in the Republic of Singapore



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Notes

- 1 The financial statements are presented in Singapore Dollars.
- 2 Certain comparative figures have been restated to conform with current period's presentation.
- 3 Certain figures in this report may not add up to the respective totals due to rounding.
- 4 Amounts less than \$500,000 in absolute term are shown as "0".
- 5 Non-impaired assets refer to Stage 1 and Stage 2 assets under SFRS(I) 9.
- 6 Impaired assets refer to Stage 3 and purchased or originated credit-impaired assets under SFRS(I) 9.

Abbreviation

"4Q18" denotes fourth quarter of 2018.

"1Q19" and "1Q18" denote first quarter of 2019 and 2018 respectively.

"NM" denotes not meaningful.

"NA" denotes not applicable.

Financial Highlights

	1Q19	1Q18	+ / (-) %	4Q18	+ / (-) %
Selected income statement items (\$m)					
Net interest income	1,587	1,470	8	1,608	(1)
Net fee and commission income	479	517	(7)	467	2
Other non-interest income	340	244	40	140	>100
Total income	2,406	2,231	8	2,216	9
Less: Operating expenses	1,073	987	9	984	9
Operating profit	1,333	1,244	7	1,232	8
Less: Allowances for credit and other losses	93	80	17	128	(27)
Add: Share of profit of associates and joint ventures	17	29	(41)	0	>100
Net profit before tax	1,257	1,193	5	1,104	14
Less: Tax and non-controlling interests	205	216	(5)	188	9
Net profit after tax ¹	1,052	978	8	916	15

Selected balance sheet items (\$m)

Net customer loans	266,515	237,447	12	258,627	3
Customer deposits	307,701	273,817	12	293,186	5
Total assets	400,467	364,455	10	388,092	3
Shareholders' equity ¹	38,989	37,877	3	37,623	4

Key financial ratios (%)

Net interest margin ²	1.79	1.84		1.80	
Non-interest income/Total income	34.0	34.1		27.4	
Cost/Income ratio	44.6	44.2		44.4	
Overseas profit before tax contribution	40.9	43.1		33.5	
Credit costs on loans (bp) ²					
Non-impaired	6	(1)		(2)	
Impaired	13	12		22	
Total	19	11		20	
NPL ratio ³	1.5	1.7		1.5	

Notes:

- 1 Relate to amount attributable to equity holders of the Bank.
- 2 Computed on an annualised basis.
- 3 Refer to non-performing loans as a percentage of gross customer loans.

Financial Highlights (cont'd)

	1Q19	1Q18	4Q18
Key financial ratios (%) (cont'd)			
Return on average ordinary shareholders' equity ^{1,2}	11.4	11.0	10.2
Return on average total assets ¹	1.07	1.09	0.95
Return on average risk-weighted assets ¹	1.88	1.95	1.68
Loan/Deposit ratio ³	86.6	86.7	88.2
Liquidity coverage ratios ("LCR") ⁴			
All-currency	146	128	127
Singapore Dollar	251	174	220
Net stable funding ratio ("NSFR") ⁵	109	111	107
Capital adequacy ratios			
Common Equity Tier 1	13.9	14.9	13.9
Tier 1	14.9	16.4	14.9
Total	17.0	18.8	17.0
Leverage ratio ⁶	7.6	8.2	7.6
Earnings per ordinary share (\$) ^{1,2}			
Basic	2.47	2.28	2.15
Diluted	2.46	2.27	2.14
Net asset value ("NAV") per ordinary share (\$) ⁷	22.13	21.01	21.31
Revalued NAV per ordinary share (\$) ⁷	25.01	23.84	24.19

Notes:

- 1 Computed on an annualised basis.
- 2 Calculated based on profit attributable to equity holders of the Bank net of perpetual capital securities distributions.
- 3 Refer to net customer loans and customer deposits.
- 4 Figures reported are based on average LCR for the respective periods. A minimum requirement of Singapore Dollar LCR of 100% and all-currency LCR of 100% shall be maintained at all times with effect from 1 January 2019 (2018: 90%). Public disclosure required under MAS Notice 651 is available in the UOB website at www.UOBgroup.com/investor/financial/overview.html.
- 5 NSFR is calculated based on MAS Notice 652 which requires a minimum of 100% to be maintained. Public disclosure required under MAS Notice 653 is available in the UOB website at www.UOBgroup.com/investor/financial/overview.html.
- 6 Leverage ratio is calculated based on MAS Notice 637 which requires a minimum ratio of 3%.
- 7 Perpetual capital securities are excluded from the computation.

Performance Review

Changes in Accounting Policies

The Group adopted the following changes with effect from 1 January 2019:

- SFRS(I) 16 Leases
- SFRS(I) INT 23 Uncertainty over Income Tax Treatments
- Amendments to SFRS(I) 9: Prepayment Features with Negative Compensation
- Amendments to SFRS(I) 1-28: Long-term Interests in Associates and Joint Ventures
- Amendments to SFRS(I) 1-19: Plan Amendment, Curtailment or Settlement

The adoption of the above changes did not have a significant impact on the Group's financial statements.

Other than the above changes, the accounting policies and computation methods applied in the financial statements for the first quarter ended 31 March 2019 are the same as those applied in the audited financial statements for the financial year ended 31 December 2018.

1Q19 versus 1Q18

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

Net interest income increased 8% to \$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 \$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 \$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 \$1 billion, led by volume growth and higher deposit margin. Total income for Group Wholesale Banking rose 14% to \$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 \$144 million from higher trading and investment income.

Total expenses increased 9% to \$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 \$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 \$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 \$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 \$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 \$340 million from \$140 million last quarter as financial markets rebounded.

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

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

Performance Review (cont'd)

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 \$270 billion and \$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 \$2 billion as at 31 March 2019.

Compared with the last quarter, shareholders' equity increased 4% to \$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.

Net Interest Income

Net interest margin

	1Q19			1Q18			4Q18		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate	Average balance	Interest	Average rate
	\$m	\$m	%	\$m	\$m	%	\$m	\$m	%
Interest bearing assets									
Customer loans	261,131	2,469	3.84	234,379	1,970	3.41	256,731	2,408	3.72
Interbank balances	67,999	423	2.52	64,455	311	1.96	67,960	419	2.45
Securities	31,235	208	2.70	25,807	173	2.72	30,635	211	2.74
Total	360,365	3,101	3.49	324,640	2,454	3.07	355,326	3,038	3.39
Interest bearing liabilities									
Customer deposits	305,929	1,266	1.68	273,743	828	1.23	295,270	1,168	1.57
Interbank balances/others	39,752	247	2.52	37,049	156	1.71	44,273	262	2.35
Total	345,681	1,513	1.78	310,792	984	1.28	339,542	1,430	1.67
Net interest margin ¹			1.79			1.84			1.80

Volume and rate analysis

	1Q19 vs 1Q18			1Q19 vs 4Q18		
	Volume change	Rate change	Net change	Volume change	Rate change	Net change
	\$m	\$m	\$m	\$m	\$m	\$m
Interest income						
Customer loans	225	274	499	41	75	117
Interbank balances	17	95	112	0	13	13
Securities	36	(2)	35	4	(3)	1
Total	278	368	646	46	86	131
Interest expense						
Customer deposits	97	341	439	42	84	126
Interbank balances/others	11	79	91	(27)	17	(10)
Total	109	420	529	15	101	117
Change in number of days	-	-	-	-	-	(35)
Net interest income	170	(53)	117	30	(16)	(21)

Net interest income increased 8% year on year to \$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%.

Compared with last quarter, net interest income declined 1% to \$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%.

Note:

¹ Net interest margin represents annualised net interest income as a percentage of total interest bearing assets.

Non-Interest Income

	1Q19	1Q18	+ / (-)	4Q18	+ / (-)
	\$m	\$m	%	\$m	%
Net fee and commission income					
Credit card ¹	106	99	7	123	(14)
Fund management	52	68	(24)	60	(13)
Wealth management	136	164	(17)	114	19
Loan-related ²	154	141	9	121	27
Service charges	39	36	7	43	(10)
Trade-related ³	70	72	(3)	76	(9)
Others	12	20	(39)	14	(11)
	569	602	(5)	551	3
Less: Fee and commission expenses	(90)	(84)	(7)	(84)	(7)
	479	517	(7)	467	2
Other non-interest income					
Net trading income	243	175	39	118	>100
Net gain/(loss) from investment securities	28	12	>100	(59)	>100
Dividend income	1	1	(32)	1	(29)
Rental income	31	30	2	29	6
Other income	38	25	49	52	(27)
	340	244	40	140	>100
Total	819	761	8	607	35

Net fee and commission income declined 7% year on year to \$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 \$340 million on improved customer-related income and higher trading income.

Quarter on quarter, net fee and commission income increased 2% to \$479 million. This was 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 \$340 million from \$140 million last quarter as financial market rebounded.

Notes:

- 1 Credit card fees are net of interchange fees paid.
- 2 Loan-related fees include fees earned from corporate finance activities.
- 3 Trade-related fees include trade, remittance and guarantees related fees.

Operating Expenses

	1Q19	1Q18	+ / (-)	4Q18	+ / (-)
	\$m	\$m	%	\$m	%
Staff costs	660	606	9	597	11
Other operating expenses					
Revenue-related	159	144	11	153	4
Occupancy-related	76	80	(5)	83	(9)
IT-related	119	103	16	94	27
Others	60	55	8	57	4
	413	381	8	387	7
Total	1,073	987	9	984	9
Of which,					
Depreciation of assets	91	64	42	73	24
Manpower (number)	26,651	25,288	5	26,153	2

Total expenses increased 9% from last year and quarter on quarter to \$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 for the quarter stood at 44.6%.

Allowances for Credit and Other Losses

	1Q19	1Q18	+ / (-)	4Q18	+ / (-)
	\$m	\$m	%	\$m	%
Allowances for non-impaired assets	6	(9)	>100	(6)	>100
Allowances for impaired loans ¹	84	71	17	146	(43)
Singapore	56	7	>100	162	(65)
Malaysia	13	1	>100	(36)	>100
Thailand	21	36	(41)	24	(11)
Indonesia	7	32	(79)	46	(85)
Greater China ²	(12)	1	(>100)	9	(>100)
Others	(1)	(6)	83	(58)	98
Allowances for impaired securities and others	3	17	(83)	(12)	>100
Total	93	80	17	128	(27)

Total allowances increased 17% year on year to \$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.

Quarter on quarter, total allowances decreased 27% largely due to lower allowances for impaired loans in Singapore and Indonesia.

Notes:

- 1 Allowances for impaired loans by geography are classified according to where credit risks reside, largely represented by the borrower's country of incorporation/operation for non-individuals and residence for individuals.
- 2 Comprise China, Hong Kong and Taiwan.

Customer Loans

	Mar-19	Dec-18	Mar-18
	\$m	\$m	\$m
Gross customer loans	269,683	261,707	240,788
Less: Allowances for non-impaired loans	1,618	1,571	1,570
Allowances for impaired loans	1,549	1,508	1,771
Net customer loans	266,515	258,627	237,447
By industry			
Transport, storage and communication	10,795	10,185	9,235
Building and construction	67,102	63,139	54,883
Manufacturing	23,440	21,112	19,993
Financial institutions, investment and holding companies	23,138	23,199	19,303
General commerce	33,658	32,928	31,307
Professionals and private individuals	29,230	29,288	28,360
Housing loans	68,740	68,387	66,545
Others	13,580	13,469	11,160
Total (gross)	269,683	261,707	240,788
By currency			
Singapore Dollar	124,326	123,347	115,514
US Dollar	52,632	50,674	46,402
Malaysian Ringgit	25,532	25,328	24,976
Thai Baht	16,441	15,600	14,473
Indonesian Rupiah	5,445	5,288	4,769
Others	45,306	41,471	34,653
Total (gross)	269,683	261,707	240,788
By maturity			
Within 1 year	106,134	104,686	95,022
Over 1 year but within 3 years	50,756	48,826	43,828
Over 3 years but within 5 years	33,045	30,452	25,673
Over 5 years	79,748	77,744	76,265
Total (gross)	269,683	261,707	240,788
By geography ¹			
Singapore	139,199	137,176	128,559
Malaysia	29,287	29,315	28,771
Thailand	17,600	16,813	15,646
Indonesia	11,372	11,289	10,489
Greater China	42,830	40,081	33,821
Others	29,395	27,033	23,502
Total (gross)	269,683	261,707	240,788

As at 31 March 2019, gross loans grew 12% year on year and 3% quarter on quarter to \$270 billion, led by broad-based increase across all territories and industries.

Singapore loans rose 8% year on year to \$139 billion as at 31 March 2019, while regional countries contributed a strong growth of 14% in the same period.

Note:

1 Loans by geography are classified according to where credit risks reside, largely represented by the borrower's country of incorporation/operation for non-individuals and residence for individuals.

Non-Performing Assets

	Mar-19	Dec-18	Mar-18
	\$m	\$m	\$m
Loans ("NPL")	4,055	3,994	4,138
Debt securities and others	160	172	185
Non-performing assets ("NPA")	4,215	4,166	4,323

By grading

Substandard	2,548	2,512	2,402
Doubtful	169	230	386
Loss	1,498	1,424	1,535
Total	4,215	4,166	4,323

By security

Secured by collateral type:

Properties	1,926	1,897	1,837
Shares and debentures	7	6	7
Fixed deposits	15	13	13
Others ¹	433	453	410
	2,381	2,369	2,267
Unsecured	1,834	1,797	2,056
Total	4,215	4,166	4,323

By ageing

Current	905	885	843
Within 90 days	392	581	456
Over 90 to 180 days	475	379	577
Over 180 days	2,443	2,321	2,447
Total	4,215	4,166	4,323

Total allowances

Non-impaired	2,001	1,984	1,978
Impaired	1,684	1,651	1,935
Total	3,685	3,636	3,913

NPL by industry

	NPL	NPL	NPL	NPL	NPL
	\$m	ratio	\$m	ratio	\$m
		%		%	
Transport, storage and communication	814	7.5	813	8.0	1,105
Building and construction	517	0.8	497	0.8	435
Manufacturing	730	3.1	709	3.4	564
Financial institutions, investment and holding companies	41	0.2	41	0.2	89
General commerce	559	1.7	511	1.6	560
Professionals and private individuals	295	1.0	320	1.1	289
Housing loans	740	1.1	739	1.1	720
Others	359	2.6	364	2.7	376
Total	4,055	1.5	3,994	1.5	4,138

Note:

1 Comprise mainly marine vessels.

Non-Performing Assets (cont'd)

NPL by geography ¹	NPL/NPA	NPL ratio	Allowances for impaired assets	Allowances for impaired assets as a % of NPL/NPA
	\$m	%	\$m	%
Singapore				
Mar-19	2,138	1.5	852	40
Dec-18	2,085	1.5	818	39
Mar-18	1,918	1.5	828	43
Malaysia				
Mar-19	571	1.9	166	29
Dec-18	558	1.9	161	29
Mar-18	603	2.1	217	36
Thailand				
Mar-19	485	2.8	164	34
Dec-18	456	2.7	153	34
Mar-18	485	3.1	172	36
Indonesia				
Mar-19	531	4.7	230	43
Dec-18	545	4.8	221	41
Mar-18	692	6.6	327	47
Greater China				
Mar-19	107	0.2	39	36
Dec-18	120	0.3	53	44
Mar-18	150	0.4	76	51
Others				
Mar-19	223	0.8	98	44
Dec-18	230	0.9	102	44
Mar-18	290	1.2	151	52
Group NPL				
Mar-19	4,055	1.5	1,549	38
Dec-18	3,994	1.5	1,508	38
Mar-18	4,138	1.7	1,771	43
Group NPA				
Mar-19	4,215		1,684	40
Dec-18	4,166		1,651	40
Mar-18	4,323		1,935	45
Total allowances				
Group	as a % of NPA ²		as a % of unsecured NPA ²	
	%		%	
Mar-19	89		203	
Dec-18	87		202	
Mar-18	91		190	

The Group's overall loan portfolio remained sound. Total NPA increased 1% from last quarter to \$4.22 billion.

NPL ratio was stable at 1.5% as at 31 March 2019. The coverage for non-performing assets remained adequate at 89%, or 203% after taking collateral into account.

Notes:

- 1 NPL by geography are classified according to where credit risks reside, largely represented by the borrower's country of incorporation/operation for non-individuals and residence for individuals.
- 2 Includes regulatory loss allowance reserves (RLAR) as part of total allowances.

Customer Deposits

	Mar-19 \$m	Dec-18 \$m	Mar-18 \$m
By product			
Fixed deposits	162,700	150,071	137,922
Savings deposits	72,729	71,601	68,475
Current accounts	58,696	58,858	56,931
Others	13,576	12,656	10,488
Total	307,701	293,186	273,817
By maturity			
Within 1 year	303,464	289,448	269,423
Over 1 year but within 3 years	2,684	2,085	1,978
Over 3 years but within 5 years	766	833	1,190
Over 5 years	787	819	1,226
Total	307,701	293,186	273,817
By currency			
Singapore Dollar	136,661	130,981	121,690
US Dollar	78,645	71,704	68,387
Malaysian Ringgit	28,504	28,312	27,682
Thai Baht	17,387	17,148	16,654
Indonesian Rupiah	5,214	5,148	4,635
Others	41,289	39,894	34,769
Total	307,701	293,186	273,817
Group Loan/Deposit ratio (%)	86.6	88.2	86.7
Singapore Dollar Loan/Deposit ratio (%)	90.3	93.5	94.2
US Dollar Loan/Deposit ratio (%)	65.8	69.5	66.2

Customer deposits grew in tandem with loan growth by 12% from a year ago and 5% quarter on quarter to \$308 billion as at 31 March 2019.

As at 31 March 2019, the Group's loan-to-deposit ratio and Singapore Dollar loan-to-deposit ratio stayed healthy at 86.6% and 90.3% respectively.

Debts Issued

	Mar-19 \$m	Dec-18 \$m	Mar-18 \$m
Unsecured			
Subordinated debts	5,076	5,062	4,735
Commercial papers	5,821	13,974	11,818
Fixed and floating rate notes	5,517	5,586	2,576
Others	1,690	1,583	1,590
Secured			
Covered bonds	4,357	4,401	3,689
Total	22,461	30,606	24,409
Due within 1 year	7,744	15,680	13,307
Due after 1 year	14,717	14,926	11,102
Total	22,461	30,606	24,409

Shareholders' Equity

	Mar-19	Dec-18	Mar-18
	\$m	\$m	\$m
Shareholders' equity	38,989	37,623	37,877
Add: Revaluation surplus	4,798	4,802	4,709
Shareholders' equity including revaluation surplus	43,787	42,425	42,586

Shareholders' equity increased 3% year on year and 4% quarter on quarter to \$39.0 billion mainly driven by higher retained earnings.

As at 31 March 2019, the revaluation surplus of \$4.80 billion relating to the Group's properties, was not recognised in the financial statements.

Changes in Issued Shares of the Bank

	Number of shares	
	1Q19	1Q18
	'000	'000
Ordinary shares		
Balance at beginning and at end of period	1,680,541	1,671,534
Treasury shares		
Balance at beginning of period	(14,834)	(8,879)
Shares re-purchased - held in treasury	-	(1,377)
Shares issued under share-based compensation plans	15	79
Balance at end of period	(14,819)	(10,177)
Ordinary shares net of treasury shares	1,665,722	1,661,357

Performance by Business Segment

Business segment performance reporting is prepared based on the Group's internal organisation structure and the methodologies adopted in the management reporting framework. Business segments' results include all applicable revenue, expenses, internal fund transfer price and cost allocations associated with the activities of the business. Transactions between business segments are operated on an arm's length basis in a manner similar to third party transactions and they are eliminated on consolidation.

The Banking Group is organised into three major business segments - Group Retail, Group Wholesale Banking and Global Markets. Others includes non-banking activities and corporate functions.

Group Retail ("GR")

GR segment covers personal and small enterprise customers.

Customers have access to a diverse range of products and services, including deposits, insurance, card, wealth management, investment, loan and trade financing products which are available across the Group's global branch network.

Compared to a year ago, profit before tax increased 1% to \$471 million. Total income grew 4% to \$1 billion, driven by net interest income from deposits and loans growth and increased deposit margin. This was offset by lower fees from wealth management products. Expenses of \$494 million were 9% higher mainly due to continued investments in digitalisation and headcount for franchise growth.

Against the previous quarter, profit before tax grew 1%. Total income remained relatively flat while expenses decreased by 4% mainly due to seasonal marketing expenses in previous quarter.

Group Wholesale Banking ("GWB")

GWB encompasses corporate and institutional client segments which include medium and large enterprises, local corporations, multi-national corporations, financial institutions, government-linked entities, financial sponsors and property funds.

GWB provides customers with a broad range of products and services, including financing, trade services, cash management, capital markets solutions and advisory and treasury products.

Operating profit grew 11% to \$777 million from a year ago. Net interest income rose 16% to \$734 million on the back of double-digit volume growth and margin improvement amid rising interest rates. Non-interest income grew 10% to \$286 million from loan-related fees and treasury customer income. Expenses were \$48 million higher at \$243 million, primarily from investments in people and technology to support regional expansion. Profit before tax declined 4% from higher allowances for credit and other losses.

Against the previous quarter, profit before tax increased 10%, driven by higher loan-related fees and lower expenses.

Global Markets ("GM")

GM provides a comprehensive suite of treasury products and services across multi-asset classes which includes foreign exchange, interest rate, credit, commodities, equities and structured investment products to help customers manage market risks and volatility. GM also engages in market making activities and management of funding and liquidity.

Income from products and services offered to customers of Group Retail and Group Wholesale Banking are reflected in the respective client segments.

Compared to a year ago, profit before tax rose \$19 million to \$80 million, mainly from lower allowances for other losses. Against the previous quarter, profit before tax improved 43% largely supported by higher trading and investment income.

Others

Others includes corporate support functions, decisions not attributable to business segments mentioned above and other activities, which comprises property, insurance and investment management.

Profit before tax increased to \$29 million from a net loss of \$39 million a year ago and \$33 million last quarter, on the back of higher income from property and lower allowances for non-impaired assets.

Performance by Business Segment¹ (cont'd)

Selected income statement items	GR \$m	GWB \$m	GM \$m	Others \$m	Total \$m
1Q19					
Net interest income	717	734	4	132	1,587
Non-interest income	284	286	140	109	819
Operating income	1,001	1,020	144	241	2,406
Operating expenses	(494)	(243)	(60)	(276)	(1,073)
Allowances for credit and other losses	(36)	(106)	(4)	53	(93)
Share of profit of associates and joint ventures	-	6	-	11	17
Profit before tax	471	677	80	29	1,257
Tax					(200)
Profit for the financial period					1,057
Other information:					
Capital expenditure	16	12	4	98	130
Depreciation of assets	13	6	2	70	91

4Q18					
Net interest income	712	740	31	125	1,608
Non-interest income	297	258	72	(19)	607
Operating income	1,009	998	103	106	2,216
Operating expenses	(514)	(270)	(57)	(143)	(984)
Allowances for credit and other losses	(30)	(103)	10	(5)	(128)
Share of profit of associates and joint ventures	-	(9)	-	9	0
Profit before tax	465	616	56	(33)	1,104
Tax					(185)
Profit for the financial period					919
Other information:					
Capital expenditure	21	12	6	120	159
Depreciation of assets	7	3	2	61	73

1Q18					
Net interest income	638	635	48	149	1,470
Non-interest income	325	259	95	82	761
Operating income	963	894	143	231	2,231
Operating expenses	(453)	(195)	(63)	(276)	(987)
Allowances for credit and other losses	(44)	5	(19)	(22)	(80)
Share of profit of associates and joint ventures	-	1	-	28	29
Profit before tax	466	705	61	(39)	1,193
Tax					(212)
Profit for the financial period					981
Other information:					
Capital expenditure	9	4	4	66	83
Depreciation of assets	5	2	2	55	64

Note:

1 Comparative segment information for prior periods have been adjusted for changes in organisational structure and management reporting methodology.

Performance by Business Segment¹ (cont'd)

Selected balance sheet items	GR \$m	GWB \$m	GM \$m	Others \$m	Total \$m
At 31 March 2019					
Segment assets	108,747	186,233	62,177	37,987	395,144
Intangible assets	1,315	2,085	659	81	4,140
Investment in associates and joint ventures	-	179	-	1,004	1,183
Total assets	110,062	188,497	62,836	39,072	400,467
Segment liabilities	145,697	169,264	32,577	13,741	361,279
Other information:					
Gross customer loans	108,659	160,370	635	19	269,683
Non-performing assets	1,228	2,965	7	15	4,215
At 31 December 2018					
Segment assets	108,115	184,530	55,657	34,482	382,784
Intangible assets	1,315	2,084	659	80	4,138
Investment in associates and joint ventures	-	167	-	1,003	1,170
Total assets	109,430	186,781	56,316	35,565	388,092
Segment liabilities	142,067	157,404	37,360	13,449	350,280
Other information:					
Gross customer loans	108,022	153,168	498	19	261,707
Non-performing assets	1,248	2,896	7	15	4,166
At 31 March 2018					
Segment assets	104,891	163,178	59,748	31,286	359,103
Intangible assets	1,315	2,085	659	81	4,140
Investment in associates and joint ventures	-	129	-	1,084	1,212
Total assets	106,206	165,392	60,407	32,450	364,455
Segment liabilities	136,782	141,983	38,198	9,427	326,390
Other information:					
Gross customer loans	104,887	135,337	538	26	240,788
Non-performing assets	1,196	3,092	17	18	4,323

Note:

1 Comparative segment information for prior periods have been adjusted for changes in organisational structure and management reporting methodology.

Performance by Geographical Segment

	Singapore \$m	Malaysia \$m	Thailand \$m	Indonesia \$m	Greater China \$m	Others \$m	Total \$m
1Q19							
Net interest income	918	180	184	82	92	131	1,587
Non-interest income	481	76	66	36	134	26	819
Operating income	1,399	256	250	118	226	157	2,406
Operating expenses	(607)	(100)	(156)	(82)	(92)	(36)	(1,073)
Allowances for credit and other losses	(61)	(2)	4	(17)	(13)	(4)	(93)
Share of profit of associates and joint ventures	13	-	-	-	-	4	17
Profit before tax	744	154	98	19	121	121	1,257
Tax	(84)	(36)	(12)	(8)	(20)	(40)	(200)
Profit for the financial period	660	118	86	11	101	81	1,057
Total assets before intangible assets	235,366	39,415	22,656	9,946	58,220	30,723	396,327
Intangible assets	3,182	-	726	232	-	-	4,140
Total assets	238,548	39,415	23,382	10,178	58,220	30,723	400,467
4Q18							
Net interest income	921	189	183	82	101	132	1,608
Non-interest income	291	90	70	34	103	20	607
Operating income	1,212	279	253	116	204	153	2,216
Operating expenses	(479)	(111)	(157)	(89)	(107)	(41)	(984)
Allowances for credit and other losses	(13)	(15)	(31)	(6)	(40)	(23)	(128)
Share of profit of associates and joint ventures	14	-	-	-	-	(14)	-
Profit before tax	734	153	65	21	57	75	1,104
Tax	(113)	(35)	(15)	(5)	(8)	(9)	(185)
Profit for the financial period	621	118	50	16	49	66	919
Total assets before intangible assets	228,478	40,620	21,946	9,256	55,021	28,633	383,954
Intangible assets	3,182	-	725	231	-	-	4,138
Total assets	231,660	40,620	22,671	9,487	55,021	28,633	388,092
1Q18							
Net interest income	832	178	171	77	104	108	1,470
Non-interest income	422	92	62	30	108	47	761
Operating income	1,254	270	233	107	212	155	2,231
Operating expenses	(557)	(98)	(132)	(72)	(93)	(35)	(987)
Allowances for credit and other losses	(36)	(13)	(24)	5	(11)	(1)	(80)
Share of profit of associates and joint ventures	18	-	-	-	10	1	29
Profit before tax	679	159	77	40	118	120	1,193
Tax	(105)	(36)	(10)	(6)	(20)	(35)	(212)
Profit for the financial period	574	123	67	34	98	85	981
Total assets before intangible assets	214,936	38,891	21,977	8,518	50,590	25,405	360,315
Intangible assets	3,182	-	725	233	-	-	4,140
Total assets	218,118	38,891	22,702	8,751	50,590	25,405	364,455

Total operating income rose 8% from a year ago to \$2.41 billion, led by broad-based growth across most of the geographical segments, while profit before tax increased 5% to \$1.26 billion mainly from Singapore.

Quarter on quarter, profit before tax registered a strong growth of 14% to \$1.26 billion, on the back of higher operating income and lower allowances.

Note:

Based on the location where the transaction and assets are booked. The information is stated elimination of inter-segment transactions.

Capital Adequacy and Leverage Ratios^{1,2,3}

	Mar-19	Dec-18	Mar-18
	\$m	\$m	\$m
Share capital	4,888	4,888	4,755
Disclosed reserves/others	31,754	30,445	29,983
Regulatory adjustments	(4,629)	(4,583)	(4,532)
Common Equity Tier 1 Capital ("CET1")	32,013	30,750	30,206
Perpetual capital securities/others	2,129	2,129	2,976
Regulatory adjustments	-	-	-
Additional Tier 1 Capital ("AT1")	2,129	2,129	2,976
Tier 1 Capital	34,142	32,879	33,182
Subordinated notes	4,190	4,186	4,046
Provisions/others	582	477	758
Regulatory adjustments	-	-	-
Tier 2 Capital	4,772	4,663	4,804
Eligible Total Capital	38,914	37,542	37,986
Risk-Weighted Assets ("RWA")	229,515	220,568	202,286
Capital Adequacy Ratios ("CAR")			
CET1	13.9%	13.9%	14.9%
Tier 1	14.9%	14.9%	16.4%
Total	17.0%	17.0%	18.8%
Leverage Exposure	448,511	434,732	406,608
Leverage Ratio	7.6%	7.6%	8.2%

The Group's CET1, Tier 1 and Total CAR as at 31 March 2019 were well above the regulatory minimum requirements.

Year on year, total capital was higher mainly from retained earnings, partly offset by redemption of the S\$850 million perpetual capital securities and lower eligible provisions. RWA was higher largely due to asset growth.

Total capital was higher quarter on quarter, mainly from retained earnings and higher eligible provisions. The higher RWA was mainly due to corporate loan growth.

As at 31 March 2019, the Group's leverage ratio was 7.6%, comfortably above the regulatory minimum requirement of 3%.

Notes:

- 1 Singapore-incorporated banks are required to maintain minimum CAR as follows: CET1 at 6.5%, Tier 1 at 8% and Total at 10%. In addition, the Group is required to maintain CET1 capital to meet the capital conservation buffer of 2.5% and the countercyclical capital buffer (CCyB) of up to 2.5% effective 1 January 2019. The Group's CCyB is computed as the weighted average of effective CCyB in jurisdictions to which the Group has private sector exposures.
- 2 Leverage ratio is calculated in accordance with MAS Notice 637. A minimum ratio of 3% is required effective 1 January 2018.
- 3 Disclosures required under MAS Notice 637 are published on our website: www.UOBgroup.com/investor-relations/financial/index.html.

Consolidated Income Statement (Unaudited)

	1Q19	1Q18	+ / (-)	4Q18	+ / (-)
	\$m	\$m	%	\$m	%
Interest income	3,101	2,454	26	3,038	2
Less: Interest expense	1,513	984	54	1,430	6
Net interest income	1,587	1,470	8	1,608	(1)
Net fee and commission income	479	517	(7)	467	2
Dividend income	1	1	(32)	1	(29)
Rental income	31	30	2	29	6
Net trading income	243	175	39	118	>100
Net gain/(loss) from investment securities	28	12	>100	(59)	>100
Other income	38	25	49	52	(27)
Non-interest income	819	761	8	607	35
Total operating income	2,406	2,231	8	2,216	9
Less: Staff costs	660	606	9	597	11
Other operating expenses	413	381	8	387	7
Total operating expenses	1,073	987	9	984	9
Operating profit before allowance	1,333	1,244	7	1,232	8
Less: Allowances for credit and other losses	93	80	17	128	(27)
Operating profit after allowance	1,240	1,164	7	1,104	12
Share of profit of associates and joint ventures	17	29	(41)	0	>100
Profit before tax	1,257	1,193	5	1,104	14
Less: Tax	200	212	(6)	185	8
Profit for the financial period	1,057	981	8	919	15
Attributable to:					
Equity holders of the Bank	1,052	978	8	916	15
Non-controlling interests	5	3	56	3	56
	1,057	981	8	919	15

Consolidated Statement of Comprehensive Income (Unaudited)

	1Q19	1Q18	+ / (-)	4Q18	+ / (-)
	\$m	\$m	%	\$m	%
Profit for the financial period	1,057	981	8	919	15
Other comprehensive income that will not be reclassified to income statement					
Net gains/(losses) on equity instruments at fair value through other comprehensive income	110	107	3	(91)	>100
Fair value changes on financial liabilities designated at fair value due to the Bank's own credit risk	(26)	25	(>100)	(18)	(44)
Remeasurement of defined benefit obligation	0	-	NM	2	(100)
Related tax on items fair value through other comprehensive income	16	(19)	>100	12	27
	100	113	(12)	(95)	>100
Other comprehensive income that may be subsequently reclassified to income statement					
Currency translation adjustments	98	136	(28)	(0)	>100
Debt instruments at fair value through other comprehensive income					
Change in fair value	176	(167)	>100	33	>100
Transfer to income statement on disposal	(12)	17	(>100)	14	(>100)
Changes in allowance for expected credit losses	(48)	(1)	(>100)	8	(>100)
Related tax	(4)	4	(>100)	(3)	(20)
	211	(12)	>100	52	>100
Change in shares of other comprehensive income of associates and joint ventures	(5)	(7)	35	3	(>100)
Other comprehensive income for the financial period, net of tax	306	94	>100	(40)	>100
Total comprehensive income for the financial period, net of tax	1,363	1,075	27	880	55
Attributable to:					
Equity holders of the Bank	1,354	1,072	26	879	54
Non-controlling interests	9	3	>100	1	>100
	1,363	1,075	27	880	55

Consolidated Balance Sheet (Unaudited)

	Mar-19	Dec-18 ¹	Mar-18
	\$m	\$m	\$m
Equity			
Share capital and other capital	7,014	7,014	7,729
Retained earnings	22,725	21,716	20,726
Other reserves	9,250	8,893	9,423
Equity attributable to equity holders of the Bank	38,989	37,623	37,877
Non-controlling interests	199	190	188
Total equity	39,188	37,813	38,065
Liabilities			
Deposits and balances of banks	18,959	13,801	14,004
Deposits and balances of customers	307,701	293,186	273,817
Bills and drafts payable	727	638	1,151
Derivative financial liabilities	5,054	5,840	6,736
Other liabilities	5,477	5,417	5,354
Tax payable	637	514	748
Deferred tax liabilities	264	279	171
Debts issued	22,461	30,606	24,409
Total liabilities	361,279	350,280	326,390
Total equity and liabilities	400,467	388,092	364,455
Assets			
Cash, balances and placements with central banks	30,058	25,252	27,401
Singapore Government treasury bills and securities	6,030	5,615	5,352
Other government treasury bills and securities	12,882	13,201	11,224
Trading securities	2,014	1,929	1,948
Placements and balances with banks	48,893	50,800	49,679
Loans to customers	266,515	258,627	237,447
Derivative financial assets	4,987	5,730	6,875
Investment securities	15,161	13,553	11,458
Other assets	4,808	4,516	4,448
Deferred tax assets	270	284	181
Investment in associates and joint ventures	1,183	1,170	1,212
Investment properties	1,004	1,012	1,041
Fixed assets	2,522	2,266	2,050
Intangible assets	4,140	4,138	4,140
Total assets	400,467	388,092	364,455
Off-balance sheet items			
Contingent liabilities	29,471	31,003	28,596
Financial derivatives	959,526	922,170	1,022,489
Commitments	155,078	151,494	135,106
Net asset value per ordinary share (\$)	22.13	21.31	21.01

Note:

1 Audited.

Consolidated Statement of Changes in Equity (Unaudited)

	Attributable to equity holders of the Bank					Total equity \$m
	Share capital and other capital	Retained earnings	Other reserves	Total	Non-controlling interests	
	\$m	\$m	\$m	\$m	\$m	
Balance at 1 January 2019	7,014	21,716	8,893	37,623	190	37,813
Profit for the financial period	-	1,052	-	1,052	5	1,057
Other comprehensive income for the financial period	-	(0)	302	302	4	306
Total comprehensive income for the financial period	-	1,052	302	1,354	9	1,363
Transfers	-	(43)	43	-	-	-
Dividends	-	-	-	-	(0)	(0)
Share-based compensation	-	-	12	12	-	12
Shares issued under share-based compensation plans	0	-	(0)	-	-	-
Balance at 31 March 2019	7,014	22,725	9,250	38,989	199	39,188
Balance at 1 January 2018	7,766	19,707	9,377	36,850	187	37,037
Impact of adopting SFRS(I) 9	-	62	(59)	3	(1)	2
Restated opening balance under SFRS(I) 9	7,766	19,769	9,318	36,853	185	37,039
Profit for the financial period	-	978	-	978	3	981
Other comprehensive income for the financial period	-	(0)	95	95	(1)	94
Total comprehensive income for the financial period	-	978	95	1,072	3	1,075
Dividends	-	(21)	-	(21)	(0)	(21)
Shares re-purchased - held in treasury	(39)	-	-	(39)	-	(39)
Share-based compensation	-	-	11	11	-	11
Shares issued under share-based compensation plans	2	-	(2)	-	-	-
Balance at 31 March 2018	7,729	20,726	9,423	37,877	188	38,065

Consolidated Cash Flow Statement (Unaudited)

	1Q19	1Q18
	\$m	\$m
Cash flows from operating activities		
Profit for the financial period	1,057	981
Adjustments for:		
Allowances for credit and other losses	93	80
Share of profit of associates and joint ventures	(17)	(29)
Tax	200	212
Depreciation of assets	91	64
Net (gain)/loss on disposal of assets	(41)	5
Share-based compensation	12	11
Operating profit before working capital changes	1,395	1,324
Change in working capital:		
Deposits and balances of banks	5,170	2,640
Deposits and balances of customers	13,887	430
Bills and drafts payable	85	441
Other liabilities	(543)	1,801
Restricted balances with central banks	(224)	(32)
Government treasury bills and securities	(35)	(603)
Trading securities	(88)	(171)
Placements and balances with banks	1,911	2,574
Loans to customers	(7,692)	(5,046)
Investment securities	(1,343)	(198)
Other assets	491	(1,422)
Cash generated from operations	13,014	1,737
Income tax paid	(62)	(18)
Net cash provided by operating activities	12,952	1,719
Cash flows from investing activities		
Capital injection into associates and joint ventures	(8)	(9)
Distribution from associates and joint ventures	4	9
Acquisition of properties and other fixed assets	(130)	(83)
Proceeds from disposal of properties and other fixed assets	15	-
Net cash used in investing activities	(119)	(83)
Cash flows from financing activities		
Issuance of debts issued	2,720	12,597
Redemption of debts issued	(10,996)	(13,082)
Shares re-purchased - held in treasury	-	(39)
Distribution for perpetual capital securities	-	(21)
Dividends paid to non-controlling interests	(0)	(0)
Lease payments	(17)	-
Net cash used in financing activities	(8,293)	(545)
Currency translation adjustments	19	(390)
Net increase in cash and cash equivalents	4,559	701
Cash and cash equivalents at beginning of the financial period	19,617	20,975
Cash and cash equivalents at end of the financial period	24,176	21,676

Balance Sheet of the Bank (Unaudited)

	Mar-19 \$m	Dec-18 ¹ \$m	Mar-18 \$m
Equity			
Share capital and other capital	7,014	7,014	7,729
Retained earnings	16,905	16,118	15,545
Other reserves	9,808	9,598	9,977
Total	33,728	32,729	33,251
Liabilities			
Deposits and balances of banks	16,287	12,071	12,615
Deposits and balances of customers	242,704	227,259	213,792
Deposits and balances of subsidiaries	11,071	13,562	9,646
Bills and drafts payable	403	359	849
Derivative financial liabilities	3,896	4,487	4,316
Other liabilities	3,448	3,105	2,745
Tax payable	561	435	645
Deferred tax liabilities	185	206	120
Debts issued	20,942	28,905	23,128
Total	299,498	290,389	267,857
Total equity and liabilities	333,226	323,118	301,107
Assets			
Cash, balances and placements with central banks	25,501	20,783	20,940
Singapore Government treasury bills and securities	6,013	5,609	5,352
Other government treasury bills and securities	5,817	5,668	6,397
Trading securities	1,940	1,795	1,779
Placements and balances with banks	38,182	39,812	37,871
Loans to customers	208,408	201,789	183,967
Placements with and advances to subsidiaries	14,716	16,363	15,522
Derivative financial assets	3,788	4,344	4,394
Investment securities	13,212	11,668	10,294
Other assets	3,039	2,870	2,703
Deferred tax assets	87	87	54
Investment in associates and joint ventures	368	363	338
Investment in subsidiaries	6,026	6,014	5,709
Investment properties	1,077	1,079	1,108
Fixed assets	1,872	1,692	1,499
Intangible assets	3,182	3,182	3,182
Total	333,226	323,118	301,107
Off-balance sheet items			
Contingent liabilities	17,757	19,377	18,082
Financial derivatives	773,214	754,822	860,899
Commitments	127,051	123,815	109,499
Net asset value per ordinary share (\$)	18.97	18.37	18.22

Note:

1 Audited.

Statement of Changes in Equity of the Bank (Unaudited)

	Share capital and other capital	Retained earnings	Other reserves	Total equity
	\$m	\$m	\$m	\$m
Balance at 1 January 2019	7,014	16,118	9,598	32,729
Profit for the financial period	-	834	-	834
Other comprehensive income for the financial period	-	(0)	152	152
Total comprehensive income for the financial period	-	834	152	986
Transfers	-	(46)	46	-
Share-based compensation	-	-	12	12
Shares issued under share-based compensation plans	0	-	(0)	-
Balance at 31 March 2019	7,014	16,905	9,808	33,728
Balance at 1 January 2018	7,766	14,701	10,045	32,512
Impact of adopting SFRS(I) 9	-	93	(34)	59
Restated opening balance under SFRS(I) 9	7,766	14,794	10,011	32,571
Profit for the financial period	-	773	-	773
Other comprehensive income for the financial period	-	(0)	(44)	(44)
Total comprehensive income for the financial period	-	773	(44)	728
Dividends	-	(21)	-	(21)
Shares re-purchased - held in treasury	(39)	-	-	(39)
Share-based compensation	-	-	11	11
Shares issued under share-based compensation plans	2	-	(2)	-
Balance at 31 March 2018	7,729	15,545	9,977	33,251