

To: All Shareholders

The Board of Directors of United Overseas Bank Limited ("UOB") wishes to make the following announcement:

Unaudited Financial Results for the First Quarter Ended 31 March 2016

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

Dividends and Distributions

Ordinary share dividend

No dividend on ordinary shares has been declared for the first quarter of 2016.

Preference share dividend

On 15 March 2016, UOB Cayman I Limited, a wholly-owned subsidiary of UOB, paid a semi-annual dividend of US\$14 million (1Q15: US\$14 million) in respect of the period commencing on 15 September 2015 up to, but excluding, 15 March 2016 on the 5,000 non-cumulative non-convertible guaranteed SPV-A preference shares. On the same day, these SPV-A preference shares were redeemed in full.

Capital securities distributions

On 25 January 2016, a semi-annual distribution at an annual rate of 4.90% totalling S\$21 million was paid on the Bank's S\$850 million 4.90% non-cumulative non-convertible perpetual capital securities for the period from 23 July 2015 up to, but excluding, 23 January 2016.

Interested Person Transactions

UOB 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 2016 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

UNITED OVERSEAS BANK LIMITED

Ms Joyce Sia
Secretary

Dated this 28th day of April 2016

The results are also available at www.uobgroup.com



Group Financial Report

For the First Quarter 2016

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 the 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".

"NM" denotes not meaningful.

"NA" denotes not applicable.

Financial Highlights

	1Q16	1Q15	+ / (-) %	4Q15	+ / (-) %
Selected income statement items (\$m)					
Net interest income	1,275	1,201	6.1	1,277	(0.2)
Fee and commission income	433	453	(4.5)	480	(9.8)
Other non-interest income	262	301	(13.1)	323	(19.0)
Total income	1,969	1,956	0.7	2,081	(5.4)
Less: Total expenses	894	852	4.9	964	(7.2)
Operating profit	1,075	1,103	(2.6)	1,116	(3.7)
Less: Total allowances	117	169	(30.7)	190	(38.4)
Add: Share of profit of associates and joint ventures	(30)	4	(>100.0)	18	(>100.0)
Net profit before tax	927	938	(1.2)	944	(1.8)
Less: Tax and non-controlling interests	161	137	17.7	156	3.7
Net profit after tax ¹	766	801	(4.4)	788	(2.8)

Selected balance sheet items (\$m)

Net customer loans	205,576	199,735	2.9	203,611	1.0
Customer deposits	254,779	239,410	6.4	240,524	5.9
Total assets	329,666	313,596	5.1	316,011	4.3
Shareholders' equity ¹	30,629	30,830	(0.7)	30,768	(0.5)

Key financial ratios (%)

Net interest margin ²	1.78	1.76		1.79	
Non-interest income/Total income	35.3	38.6		38.6	
Expense/Income ratio	45.4	43.6		46.3	
Overseas profit before tax contribution	28.7	40.6		36.4	
Credit costs (bp) ²					
Exclude general allowances	25	12		22	
Include general allowances	32	32		32	
NPL ratio ³	1.4	1.2		1.4	

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)

	1Q16	1Q15	4Q15
Key financial ratios (%) (cont'd)			
Return on average total assets ¹	0.95	1.04	0.99
Return on average ordinary shareholders' equity ^{1,2}	10.2	11.1	10.8
Loan/Deposit ratio ³	80.7	83.4	84.7
Liquidity coverage ratios ("LCR") ⁴			
All-currency	139	140	142
Singapore dollar	169	150	217
Capital adequacy ratios			
Common Equity Tier 1	12.8	14.3	13.0
Tier 1	12.8	14.3	13.0
Total	16.0	17.1	15.6
Leverage ratio ⁵	7.0	7.6	7.3
Earnings per ordinary share (\$) ^{1,2}			
Basic	1.84	1.93	1.90
Diluted	1.84	1.93	1.90
Net asset value ("NAV") per ordinary share (\$) ⁶	18.22	17.88	17.84
Revalued NAV per ordinary share (\$) ⁶	20.93	20.53	20.56

Notes:

1 Computed on an annualised basis.

2 Calculated based on profit attributable to equity holders of the Bank net of preference share dividend and capital securities distributions.

3 Refer to net customer loans and customer deposits.

4 Figures reported are based on average LCR for the respective period. A minimum requirement of Singapore dollar LCR of 100% and all-currency LCR of 60% shall be maintained at all times with effect from 1 January 2015, with all-currency LCR increasing by 10% each year to 100% by 2019. Public disclosure required under MAS Notice 651 is available in the UOB website at www.UOBGroup.com/investor/financial/overview.html.

5 Leverage ratio is calculated based on the revised MAS Notice 637 which took effect from 1 January 2015. A minimum requirement of 3% is applied during the parallel run period from 1 January 2013 to 1 January 2017.

6 Preference shares and capital securities are excluded from the computation.

Performance Review

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") as required by the Singapore Companies Act, with modification to FRS39 Financial Instruments: Recognition and Measurement in respect of loan loss provisioning, as provided in the Monetary Authority of Singapore ("MAS") Notice 612 Credit Files, Grading and Provisioning.

The revised FRS applicable to the Group with effect from 1 January 2016 are listed below. The adoption of these FRS is not expected to have a significant impact on the financial statements of the Group.

- Amendments to FRS1 - Disclosure Initiative
- Amendments to FRS16 and FRS38 - Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to FRS27 - Equity Method in Separate Financial Statements
- Amendments to FRS110, FRS112 and FRS28 - Investment Entities: Applying the Consolidation Exception
- Amendments to FRS111 - Accounting for Acquisitions of Interests in Joint Operations

First quarter 2016 ("1Q16") performance

1Q16 versus 1Q15

The Group reported net earnings of \$766 million for 1Q16, 4.4% lower from a year ago. Total income rose slightly to \$1.97 billion, mainly supported by higher net interest income.

Net interest income grew 6.1% to \$1.27 billion, driven by improved net interest margin and an expanded loan base. Net interest margin increased 2 basis points to 1.78%, benefitting from higher interbank and swap offer rates in Singapore.

Non-interest income declined 8.0% to \$695 million in 1Q16, mainly from lower wealth management fees and trading and investment income. This was attributable to softer investors' appetite due to volatile market conditions.

Total expenses increased 4.9% from a year ago to \$894 million, largely from higher staff costs, revenue and IT-related expenses as the Group continued to invest in capabilities and infrastructure to strengthen customer franchise and enhance technology capabilities.

Total allowances decreased 30.7% from a year ago to \$117 million in 1Q16. Specific allowances on loans increased \$71 million to \$133 million offset by a write-back of general allowances on debts. As the credit portfolio remained stable, the Group continued to maintain total credit costs at 32 basis points.

Contribution from associated companies recorded a loss of \$30 million in 1Q16 mainly due to investment losses recognised in an associated company.

Tax expense increased 19.0% to \$158 million due to lower write-back of prior years' tax provisions.

1Q16 versus 4Q15

Compared to 4Q15, the Group's net earnings was 2.8% lower at \$766 million mainly due to a lower non-interest income and investment losses recognised in an associated company, partly offset by lower expenses and allowances.

Net interest income was flat at \$1.27 billion in 1Q16 as volume growth offset the marginal decline in net interest margin.

Non-interest income fell 13.5% to \$695 million, as wealth management and loan-related fees eased, coupled with lower trading gains. This was on the back of weaker market sentiments and reduced investment activities.

Total expenses declined 7.2% to \$894 million as the previous quarter included one-off expenses of \$43 million incurred for the UOB80 commemorative events and brand campaign. Excluding these one-off expenses, total expenses would have decreased 2.9% from 4Q15.

Total allowances were \$117 million in 1Q16, 38.4% lower when compared to the previous quarter. Specific allowances on loans increased 15.2% to \$133 million mainly due to commodity-related NPLs. This was partially offset by lower specific allowances in Greater China and Singapore.

Performance Review (cont'd)

Balance sheet and capital position

Gross loans grew 3.0% year-on-year and 1.0% from the previous quarter to \$209 billion as at 31 March 2016. In constant currency terms, the underlying loan growth was 5.0% from a year ago and 1.2% quarter-on-quarter.

The Group's funding position remained strong. Customer deposits increased 6.4% from a year ago and 5.9% quarter-on-quarter to \$255 billion as at 31 March 2016, mainly from growth in Singapore dollar and US dollar deposits. The Group's loan-to-deposit ratio remained healthy at 80.7% as at 31 March 2016.

The average Singapore dollar and all-currency liquidity coverage ratios during the quarter were 169% and 139% respectively, well above the corresponding regulatory requirements of 100% and 70%.

Besides strengthening the deposit base, the Group tapped on alternative sources of funding to diversify funding mix and optimise funding costs. The March 2016 issuances of EUR500 million covered bonds and US\$700 million subordinated notes were met with good demand from investors.

Asset quality remained stable with NPL ratio at 1.4% while NPL coverage was high at 133.2%, and 325.3% after taking collateral into account.

Shareholders' equity decreased by 0.7% from a year ago and 0.5% over the previous quarter due to the redemption of US\$500 million SPV-A preference shares and lower valuation gains on the available-for-sale investments offset by retained earnings. Return on equity was 10.2% for 1Q16.

As at 31 March 2016, the Group's Common Equity Tier 1 and Total CAR remained strong at 12.8% and 16.0% respectively. On a fully-loaded basis, the Common Equity Tier 1 CAR improved to 12.1% quarter-on-quarter. The Group's leverage ratio was 7.0%, well above Basel's minimum requirement of 3%.

Net Interest Income

Net interest margin

	1Q16			1Q15			4Q15		
	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	207,176	1,809	3.51	198,456	1,596	3.26	203,430	1,747	3.41
Interbank balances	51,474	157	1.23	53,294	164	1.25	52,865	159	1.19
Securities	28,612	131	1.84	25,759	142	2.24	26,925	128	1.89
Total	287,262	2,097	2.94	277,510	1,903	2.78	283,221	2,034	2.85
Interest bearing liabilities									
Customer deposits	248,704	714	1.15	235,380	618	1.07	244,027	661	1.07
Interbank balances/others	32,981	108	1.32	33,113	83	1.02	31,321	96	1.21
Total	281,685	822	1.17	268,493	702	1.06	275,348	757	1.09
Net interest margin ¹			1.78			1.76			1.79

Volume and rate analysis

	1Q16 vs 1Q15			1Q16 vs 4Q15		
	Volume change	Rate change	Net change	Volume change	Rate change	Net change
	\$m	\$m	\$m	\$m	\$m	\$m
Interest income						
Customer loans	70	127	198	32	55	87
Interbank balances	(6)	(3)	(8)	(4)	4	0
Securities	16	(28)	(12)	8	(3)	5
Total	80	96	177	36	56	92
Interest expense						
Customer deposits	35	55	90	13	50	63
Interbank balances/others	(0)	25	24	6	8	14
Total	35	79	114	18	58	77
Change in number of days	-	-	11	-	-	(18)
Net interest income	46	17	73	18	(3)	(3)

Net interest income grew 6.1% to \$1.27 billion from a year ago, supported by improved net interest margin and an expanded loan base. Net interest margin increased 2 basis points to 1.78%, benefitting from rising interbank and swap offer rates in Singapore.

Compared to the previous quarter, net interest income was flat as volume growth offset the marginal decline in net interest margin.

Note:

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

Non-Interest Income

	1Q16	1Q15	+ / (-)	4Q15	+ / (-)
	\$m	\$m	%	\$m	%
Fee and commission income					
Credit card	82	81	0.8	90	(9.1)
Fund management	38	38	0.4	46	(16.5)
Wealth management	81	110	(26.1)	94	(14.1)
Loan-related ¹	110	116	(4.6)	135	(18.2)
Service charges	31	28	9.8	35	(10.8)
Trade-related ²	63	64	(1.3)	64	(1.6)
Others	27	16	64.8	16	70.3
	433	453	(4.5)	480	(9.8)
Other non-interest income					
Net trading income	165	153	7.6	211	(22.0)
Net gain/(loss) from investment securities	37	72	(48.6)	52	(29.2)
Dividend income	1	1	11.5	1	(27.0)
Rental income	29	29	(0.2)	30	(2.8)
Other income	30	47	(35.2)	29	4.7
	262	301	(13.1)	323	(19.0)
Total	695	755	(8.0)	803	(13.5)

Non-interest income decreased 8.0% year-on-year and 13.5% against 4Q15 to \$695 million mainly from lower wealth management and loan-related fees, coupled with lower trading gains. This was on the back of weaker market sentiments and reduced investment activities.

Notes:

- 1 Loan-related fees include fees earned from corporate finance activities.
- 2 Trade-related fees include trade, remittance and guarantees related fees.

Operating Expenses

	1Q16	1Q15	+ / (-)	4Q15	+ / (-)
	\$m	\$m	%	\$m	%
Staff costs	506	496	1.9	522	(3.2)
Other operating expenses					
Revenue-related	194	179	8.5	246	(21.0)
Occupancy-related	81	75	8.1	80	1.5
IT-related	71	63	13.1	59	19.8
Others	42	39	7.8	57	(25.7)
	389	356	9.2	442	(12.0)
Total	894	852	4.9	964	(7.2)
Of which,					
Depreciation of assets	54	44	21.7	47	14.8
Manpower (number)	25,100	25,321	(221)	25,025	75

Total expenses rose 4.9% from a year ago to \$894 million, largely from higher staff costs, revenue and IT-related expenses as the Group continued to invest in capabilities and infrastructure to strengthen customer franchise and enhance technology competencies.

Compared to the previous quarter, total expenses declined 7.2% as the previous quarter included one-off expenses of \$43 million incurred for the UOB80 commemorative events and brand campaign. Excluding these one-off expenses, total expenses would have decreased 2.9% from 4Q15.

Allowances for Credit and Other Losses

	1Q16	1Q15	+ / (-)	4Q15	+ / (-)
	\$m	\$m	%	\$m	%
Specific allowances on loans ¹					
Singapore	33	15	>100.0	40	(17.8)
Malaysia	6	13	(52.9)	7	(4.6)
Thailand	23	19	22.4	18	26.3
Indonesia	30	12	>100.0	32	(4.4)
Greater China ²	9	0	>100.0	19	(51.8)
Others	31	1	>100.0	(0)	>100.0
	133	61	>100.0	115	15.2
Specific allowances on securities and others	7	34	(78.2)	37	(80.2)
General allowances	(23)	74	(>100.0)	38	(>100.0)
Total	117	169	(30.7)	190	(38.4)

Total allowances decreased 30.7% from a year ago to \$117 million in 1Q16. Specific allowances on loans increased \$71 million to \$133 million offset by a write-back of general allowances on debts. As the credit portfolio remained stable, the Group continued to maintain total credit costs at 32 basis points.

Compared to the previous quarter, total allowances were 38.4% lower. Specific allowances on loans increased 15.2% to \$133 million mainly due to commodity-related NPLs. This was partially offset by lower specific allowances in Greater China and Singapore.

Notes:

- 1 Specific allowances on 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-16	Dec-15	Mar-15
	\$m	\$m	\$m
Gross customer loans	209,360	207,371	203,324
Less: Specific allowances	751	773	699
General allowances	3,032	2,987	2,890
Net customer loans	205,576	203,611	199,735
By industry			
Transport, storage and communication	9,388	10,019	10,185
Building and construction	46,729	45,211	39,765
Manufacturing	16,562	15,803	17,080
Financial institutions	13,154	14,282	16,792
General commerce	27,733	28,302	27,494
Professionals and private individuals	25,828	25,950	26,184
Housing loans	58,345	56,385	55,830
Others	11,620	11,419	9,992
Total (gross)	209,360	207,371	203,324
By currency			
Singapore dollar	110,574	108,323	108,158
US dollar	35,202	35,953	34,026
Malaysian ringgit	23,540	22,375	24,138
Thai baht	10,864	10,935	10,851
Indonesian rupiah	4,917	5,157	4,730
Others	24,263	24,628	21,421
Total (gross)	209,360	207,371	203,324
By maturity			
Within 1 year	75,355	70,864	69,463
Over 1 year but within 3 years	40,581	40,335	37,428
Over 3 years but within 5 years	26,637	26,194	24,690
Over 5 years	66,787	69,979	71,743
Total (gross)	209,360	207,371	203,324
By geography ¹			
Singapore	117,795	116,087	114,467
Malaysia	25,511	24,605	25,909
Thailand	11,382	11,481	11,399
Indonesia	10,905	11,543	10,975
Greater China	24,557	25,217	24,263
Others	19,211	18,438	16,310
Total (gross)	209,360	207,371	203,324

Gross customer loans rose 3.0% from a year ago and 1.0% over the previous quarter to \$209 billion as at 31 March 2016. In constant currency terms, the underlying loan growth was 5.0% year-on-year and 1.2% quarter-on-quarter.

As at 31 March 2016, the customer loan base in Singapore registered an increase of 2.9% year-on-year and 1.5% quarter-on-quarter to \$118 billion. Excluding currency effects, regional countries continued to contribute a healthy growth year-on-year.

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-16	Dec-15	Mar-15
	\$m	\$m	\$m
Loans ("NPL")	2,841	2,882	2,442
Debt securities and others	175	184	250
Non-Performing Assets ("NPA")	3,016	3,066	2,692

By grading

Substandard	2,213	2,255	1,900
Doubtful	217	160	187
Loss	586	651	605
Total	3,016	3,066	2,692

By security coverage

Secured	1,685	1,697	1,464
Unsecured	1,331	1,369	1,228
Total	3,016	3,066	2,692

By ageing

Current	400	462	494
Within 90 days	401	370	189
Over 90 to 180 days	356	417	270
Over 180 days	1,859	1,817	1,739
Total	3,016	3,066	2,692

Total Allowances

Specific	903	934	873
General	3,061	3,074	3,017
Total	3,964	4,008	3,890
As a % of NPA	131.4%	130.7%	144.5%
As a % of unsecured NPA	297.8%	292.8%	316.8%

	NPL	NPL	NPL	NPL	NPL	
	ratio	ratio	ratio	ratio	ratio	
	\$m	%	\$m	%	\$m	%
NPL by industry						
Transport, storage and communication	881	9.4	977	9.8	757	7.4
Building and construction	274	0.6	250	0.6	221	0.6
Manufacturing	264	1.6	287	1.8	301	1.8
Financial institutions	102	0.8	102	0.7	108	0.6
General commerce	383	1.4	388	1.4	273	1.0
Professionals and private individuals	294	1.1	287	1.1	229	0.9
Housing loans	542	0.9	550	1.0	501	0.9
Others	101	0.9	41	0.4	52	0.5
Total	2,841	1.4	2,882	1.4	2,442	1.2

Non-Performing Assets (cont'd)

NPL by geography ¹	NPL \$m	NPL ratio %	Total allowances	
			as a % of NPL %	as a % of unsecured NPL %
Singapore				
Mar-16	1,067	0.9	230.3	684.4
Dec-15	1,116	1.0	220.3	646.8
Mar-15	922	0.8	246.2	807.8
Malaysia				
Mar-16	401	1.6	129.9	548.4
Dec-15	386	1.6	125.1	525.0
Mar-15	388	1.5	135.1	467.9
Thailand				
Mar-16	250	2.2	123.2	308.0
Dec-15	249	2.2	121.7	312.4
Mar-15	292	2.6	119.2	236.7
Indonesia				
Mar-16	564	5.2	39.9	116.0
Dec-15	569	4.9	39.9	110.2
Mar-15	313	2.9	57.5	195.7
Greater China				
Mar-16	158	0.6	91.8	162.9
Dec-15	218	0.9	87.2	131.0
Mar-15	127	0.5	109.4	213.8
Others				
Mar-16	401	2.1	31.7	39.0
Dec-15	344	1.9	28.8	36.5
Mar-15	400	2.5	32.0	43.7
Group NPL				
Mar-16	2,841	1.4	133.2	325.3
Dec-15	2,882	1.4	130.5	315.7
Mar-15	2,442	1.2	147.0	362.5

NPL ratio remained stable at 1.4% as at 1Q16 while NPL coverage was high at 133.2% and 325.3%, after taking collateral into account.

Group NPL increased 16.3% from a year ago to \$2.84 billion attributable to new NPLs in Indonesia and Singapore.

As compared to the previous quarter, Group NPLs decreased \$41 million mainly in Greater China and Singapore offset by commodity-related NPLs.

Note:

1 Non-performing 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).

Customer Deposits

	Mar-16	Dec-15	Mar-15
	\$m	\$m	\$m
By product			
Fixed deposits	136,046	125,486	133,259
Savings deposits	57,368	55,966	53,362
Current accounts	51,572	51,221	45,253
Others	9,793	7,852	7,536
Total	254,779	240,524	239,410
By maturity			
Within 1 year	247,085	234,414	232,225
Over 1 year but within 3 years	5,472	4,130	5,625
Over 3 years but within 5 years	832	723	494
Over 5 years	1,390	1,258	1,066
Total	254,779	240,524	239,410
By currency			
Singapore dollar	122,817	115,650	112,193
US dollar	61,595	54,236	58,267
Malaysian ringgit	25,266	24,122	26,990
Thai baht	11,776	11,782	11,536
Indonesian rupiah	5,283	5,252	4,861
Others	28,042	29,483	25,564
Total	254,779	240,524	239,410
Group Loan/Deposit ratio (%)	80.7	84.7	83.4
Singapore dollar Loan/Deposit ratio (%)	88.1	91.7	94.5
US dollar Loan/Deposit ratio (%)	56.7	65.6	58.0

Customer deposits rose 6.4% from a year ago to \$255 billion, contributed mainly from growth in Singapore dollar and US dollar deposits. In 1Q16, customer deposits increased 5.9% largely from fixed deposits.

As at 31 March 2016, the Group's loan-to-deposit ratio and Singapore dollar loan-to-deposit ratio remained healthy at 80.7% and 88.1% respectively.

Debts Issued

	Mar-16	Dec-15	Mar-15
	\$m	\$m	\$m
Unsecured			
Subordinated debts	5,804	4,878	4,520
Commercial papers	8,458	9,666	7,686
Fixed and floating rate notes	4,055	3,785	4,119
Others	1,584	1,959	2,371
Secured			
Covered bonds	761	-	-
Total	20,662	20,288	18,696
Due within 1 year	11,295	12,143	9,832
Due after 1 year	9,367	8,146	8,864
Total	20,662	20,288	18,696

Besides strengthening the deposit base, the Group tapped on alternative sources of funding to diversify funding mix and optimise funding costs. The March 2016 issuances of EUR500 million covered bonds and US\$700 million subordinated notes were met with good demand from investors.

Shareholders' Equity

	Mar-16	Dec-15	Mar-15
	\$m	\$m	\$m
Shareholders' equity	30,629	30,768	30,830
Add: Revaluation surplus	4,360	4,357	4,234
Shareholders' equity including revaluation surplus	34,989	35,126	35,064

Shareholders' equity declined by 0.7% from a year ago and 0.5% over the previous quarter to \$30.6 billion as at 31 March 2016 mainly due to the redemption of US\$500 million SPV-A preference shares and lower valuations gain on the available-for-sale investments offset by retained earnings.

As at 31 March 2016, revaluation surplus of \$4.36 billion relating to the Group's properties, is not recognised in the financial statements.

Changes in Issued Shares of the Bank

	Number of shares	
	1Q16	1Q15
	'000	'000
Ordinary shares		
Balance at beginning of period	1,614,544	1,614,544
Issue of shares under scrip dividend scheme	5,026	-
Balance at end of period	1,619,570	1,614,544
Treasury shares		
Balance at beginning of period	(12,281)	(11,857)
Share buyback - held in treasury	-	(596)
Issue of shares under share-based compensation plans	2	173
Balance at end of period	(12,279)	(12,280)
Ordinary shares net of treasury shares	1,607,291	1,602,263

Performance by Operating Segment

The Group is organised to be segment-led across key markets. Global segment heads are responsible for driving business, with decision-making balanced with a geographical perspective. For internal management purposes, the following segments represent the key customer segments and business activities:

Group Retail ("GR")

GR segment covers Consumer, Privilege, Business and Private Banking. Consumer Banking serves the individual customers, while Business Banking serves small enterprises with a wide range of products and services, including deposits, loans, investments, credit and debit cards and insurance products. Privilege Banking provides an extended range of financial services, including wealth management, and restricted products such as structured notes, funds of hedge funds, and insurance plans to the wealthy and affluent customers. Private Banking caters to the high net worth individuals and accredited investors, offering financial and portfolio planning, including investment management, asset management and estate planning.

Segment profit increased 14.2% to \$379 million in 1Q16, mainly driven by higher net interest income. The increase was partly offset by lower non-interest income from wealth management products and higher business volume-related operating expenses.

Group Wholesale Banking ("GWB")

GWB segment encompasses Commercial Banking, Corporate Banking and Financial Institutions client segments as well as Transaction Banking, Structured Trade Commodities Finance, Investment Banking and Specialised Asset Finance. Commercial Banking serves medium and large enterprises, while Corporate Banking includes large local corporations, multi-national corporations and government-linked companies and agencies. Financial Institutions include bank and non-bank financial institutions, including insurance companies, fund managers and sovereign wealth funds. GWB provides customers with a broad range of products and services that include cash management and liquidity solutions; payments, current accounts, and deposit services; trade finance and structure finance solutions; working capital and term lending, and specialised asset finance. Investment Banking provides corporate finance services that include lead managing and underwriting equity offerings and corporate advisory M&A services. Debt Capital Markets specialises in solution-based structures to meet clients' financing requirements in structuring, underwriting and arranging syndicated loans for general corporate needs, leveraged buy-outs, project and structured finance, and underwriting and lead managing bond issues.

Segment profit grew 1.2% to \$592 million in 1Q16, contributed by higher net interest income and increased cross-sell income from global markets products and transaction banking. Revenue growth was partly offset by higher allowances and higher operating expenses. Increased operating expenses primarily resulted from the continued investment in product capabilities and hiring of new talents as the business expanded regionally.

Global Markets and Investment Management ("GMIM")

GMIM segment provides a comprehensive range of global markets products and services, including foreign exchange, money market, fixed income, derivatives, margin trading, futures broking, precious metals products, as well as an array of structured products. It is a dominant player in Singapore dollar instruments as well as a provider of banknote services in the region. It also engages in asset management, proprietary investment activities and management of excess liquidity and capital funds. Income from global markets products and services offered to customers of other operating segments, such as Group Retail and Group Wholesale Banking, is reflected in the respective customer segments.

Segment recorded a loss of \$67 million in 1Q16, mainly due to share of associates' loss and lower income from central treasury activities.

Others

Others include property-related activities, insurance businesses and income and expenses not attributable to other operating segments mentioned above.

Other segment recorded a gain of \$23 million in 1Q16, mainly due to write-back of allowances for credit and other losses.

Performance by Operating Segment¹ (cont'd)

	GR	GWB	GMIM	Others	Total
	\$m	\$m	\$m	\$m	\$m
1Q16					
Net interest income	595	623	(24)	81	1,275
Non-interest income	265	256	128	46	695
Operating income	860	878	104	127	1,969
Operating expenses	(438)	(193)	(128)	(135)	(894)
Allowances for credit and other losses	(43)	(92)	(4)	22	(117)
Share of profit of associates and joint ventures	-	-	(39)	9	(30)
Profit before tax	379	592	(67)	23	927
Tax					(158)
Profit for the financial period					769
Segment assets	93,016	133,157	103,103	1,851	331,127
Intangible assets	1,319	2,090	660	73	4,142
Investment in associates and joint ventures	-	40	260	793	1,093
Elimination					(6,696)
Total assets	94,335	135,287	104,023	2,717	329,666
Segment liabilities	118,888	135,989	38,523	12,173	305,573
Elimination					(6,696)
Total liabilities	118,888	135,989	38,523	12,173	298,877
Other information					
Gross customer loans	92,875	116,451	25	9	209,360
Non-performing assets	943	1,989	17	67	3,016
Capital expenditure	5	4	4	63	76
Depreciation of assets	4	2	2	46	54
1Q15					
Net interest income	496	543	88	74	1,201
Non-interest income	301	253	150	51	755
Operating income	797	796	238	125	1,956
Operating expenses	(427)	(180)	(110)	(135)	(852)
Allowances for credit and other losses	(38)	(31)	(1)	(99)	(169)
Share of profit of associates and joint ventures	-	-	(8)	12	4
Profit before tax	332	585	119	(98)	938
Tax					(133)
Profit for the financial period					805
Segment assets	90,574	127,431	92,530	2,738	313,273
Intangible assets	1,319	2,090	660	82	4,151
Investment in associates and joint ventures	-	-	340	858	1,198
Elimination					(5,026)
Total assets	91,893	129,521	93,530	3,678	313,596
Segment liabilities	111,848	130,779	35,370	10,274	288,271
Elimination					(5,713)
Total liabilities	111,848	130,779	35,370	10,274	282,558
Other information					
Gross customer loans	90,396	112,090	828	10	203,324
Non-performing assets	811	1,770	25	86	2,692
Capital expenditure	5	2	6	37	50
Depreciation of assets	3	2	1	38	44

Note:

1 Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.

Performance by Geographical Segment ¹

	1Q16	1Q15	4Q15
	\$m	\$m	\$m
Total operating income			
Singapore	1,141	1,120	1,217
Malaysia	250	261	249
Thailand	192	193	198
Indonesia	112	97	111
Greater China	155	171	182
Others	119	115	124
Total	1,969	1,956	2,081
Profit before tax			
Singapore	661	557	601
Malaysia	137	143	132
Thailand	38	51	31
Indonesia	19	10	15
Greater China	66	104	75
Others	5	72	90
Total	927	938	944

The Group's total operating income increased 0.7% from a year ago to \$1.97 billion driven by higher net interest income in Singapore. Compared to the previous quarter, total operating income decreased 5.4% mainly due to lower trading and investment income from Singapore and Greater China.

Profit before tax decreased 1.2% from a year ago and 1.8% from 4Q15 mainly due to investment losses recognised in an associated company.

	Mar-16	Dec-15	Mar-15
	\$m	\$m	\$m
Total assets			
Singapore	207,651	197,929	188,222
Malaysia	33,182	32,669	35,322
Thailand	16,241	16,643	16,990
Indonesia	8,364	8,550	8,443
Greater China	35,607	32,982	32,351
Others	24,479	23,094	28,117
	325,524	311,867	309,446
Intangible assets	4,142	4,144	4,151
Total	329,666	316,011	313,596

Note:

¹ Based on the location where the transactions and assets are booked, which approximates that based on the location of the customers and assets. Information is stated after elimination of inter-segment transactions.

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

	Mar-16	Dec-15	Mar-15
	\$m	\$m	\$m
Share capital	3,803	3,704	3,704
Disclosed reserves/others	25,351	24,762	24,833
Regulatory adjustments	(3,217)	(2,448)	(2,600)
Common Equity Tier 1 Capital ("CET1")	25,937	26,018	25,937
Preference shares/others	1,348	2,179	2,180
Regulatory adjustments - capped	(1,348)	(2,179)	(2,180)
Additional Tier 1 Capital ("AT1")	-	-	-
Tier 1 Capital	25,937	26,018	25,937
Subordinated notes	5,414	4,505	4,475
Provisions/others	1,027	1,028	937
Regulatory adjustments	(93)	(201)	(202)
Tier 2 Capital	6,348	5,332	5,210
Eligible Total Capital	32,285	31,350	31,147
Risk-Weighted Assets ("RWA")	201,934	200,654	181,892
Capital Adequacy Ratios ("CAR")			
CET1	12.8%	13.0%	14.3%
Tier 1	12.8%	13.0%	14.3%
Total	16.0%	15.6%	17.1%
Fully-loaded CET1 (based on final rules effective 1 Jan 2018)	12.1%	11.7%	12.8%
Leverage Exposure	368,179	355,932	339,409
Leverage Ratio	7.0%	7.3%	7.6%

The Group's CET1, Tier 1 and Total CAR as at 31 March 2016 were well above the regulatory minimum requirements.

Compared to a year ago and the last quarter, total capital increased resulting from retained earnings and the issuance of subordinated debts, partially offset by the redemption of the Group's preference shares. RWA was higher year-on-year due to asset growth, coupled with the revised recognition of undrawn credit facilities effective December 2015.

The Group's leverage ratio reduced from the previous quarter to 7.0% as at 31 March 2016 mainly due to total asset growth.

Notes:

1 For year 2016, Singapore-incorporated banks are to maintain minimum CAR of CET1 at 6.5%, Tier 1 at 8% and Total at 10%. In addition, with the phased-in implementation of the capital conservation buffer (CCB) and the countercyclical capital buffer (CCyB) with effect from 1 January 2016, the Group is required to maintain CET1 capital to meet CCB of 0.625% and CCyB (computed as the weighted average of effective CCyB in jurisdictions to which the Group has private sector exposures) of up to 0.625%.

2 Leverage ratio is calculated based on the revised MAS Notice 637 which took effect from 1 January 2015. A minimum requirement of 3% is applied during the parallel run period from 1 January 2013 to 1 January 2017.

3 More information on regulatory disclosure is available on the UOB website at www.UOBGroup.com/investor/financial/overview.html.

Consolidated Income Statement (Unaudited)

	1Q16	1Q15	+ / (-)	4Q15	+ / (-)
	\$m	\$m	%	\$m	%
Interest income	2,097	1,903	10.2	2,034	3.1
Less: Interest expense	822	702	17.2	757	8.7
Net interest income	1,275	1,201	6.1	1,277	(0.2)
Fee and commission income	433	453	(4.5)	480	(9.8)
Dividend income	1	1	11.5	1	(27.0)
Rental income	29	29	(0.2)	30	(2.8)
Net trading income	165	153	7.6	211	(22.0)
Net gain/(loss) from investment securities	37	72	(48.6)	52	(29.2)
Other income	30	47	(35.2)	29	4.7
Non-interest income	695	755	(8.0)	803	(13.5)
Total operating income	1,969	1,956	0.7	2,081	(5.4)
Less: Staff costs	506	496	1.9	522	(3.2)
Other operating expenses	389	356	9.2	442	(12.0)
Total operating expenses	894	852	4.9	964	(7.2)
Operating profit before allowances	1,075	1,103	(2.6)	1,116	(3.7)
Less: Allowances for credit and other losses	117	169	(30.7)	190	(38.4)
Operating profit after allowances	958	934	2.5	926	3.4
Share of profit of associates and joint ventures	(30)	4	(>100.0)	18	(>100.0)
Profit before tax	927	938	(1.2)	944	(1.8)
Less: Tax	158	133	19.0	154	2.8
Profit for the financial period	769	805	(4.5)	790	(2.7)
Attributable to:					
Equity holders of the Bank	766	801	(4.4)	788	(2.8)
Non-controlling interests	3	4	(24.4)	2	88.7
	769	805	(4.5)	790	(2.7)

Consolidated Statement of Comprehensive Income (Unaudited)

	1Q16	1Q15	+ / (-)	4Q15	+ / (-)
	\$m	\$m	%	\$m	%
Profit for the financial period	769	805	(4.5)	790	(2.7)
Currency translation adjustments	74	116	(36.3)	37	>100.0
Change in available-for-sale/other reserves					
Change in fair value	(138)	471	(>100.0)	135	(>100.0)
Transfer to income statement on disposal/impairment	(83)	(60)	(36.9)	(47)	(76.8)
Tax relating to available-for-sale/other reserves	15	(24)	>100.0	(1)	>100.0
Change in share of other comprehensive income of associates and joint ventures	(9)	6	(>100.0)	7	(>100.0)
Remeasurement of defined benefit obligation ¹	-	-	-	(10)	NM
Other comprehensive income for the financial period, net of tax	(140)	507	(>100.0)	120	(>100.0)
Total comprehensive income for the financial period, net of tax	629	1,313	(52.1)	910	(30.9)
Attributable to:					
Equity holders of the Bank	626	1,307	(52.1)	903	(30.7)
Non-controlling interests	3	6	(45.5)	7	(58.4)
	629	1,313	(52.1)	910	(30.9)

Note:

1 Refer to item that will not be reclassified subsequently to Income Statement.

Consolidated Balance Sheet (Unaudited)

	Mar-16	Dec-15 ¹	Mar-15
	\$m	\$m	\$m
Equity			
Share capital and other capital	5,149	5,881	5,882
Retained earnings	16,188	15,463	14,826
Other reserves	9,292	9,424	10,122
Equity attributable to equity holders of the Bank	30,629	30,768	30,830
Non-controlling interests	159	155	208
Total	30,788	30,924	31,038
Liabilities			
Deposits and balances of banks	10,990	11,986	12,939
Deposits and balances of customers	254,779	240,524	239,410
Bills and drafts payable	492	435	696
Other liabilities	11,955	11,854	10,816
Debts issued	20,662	20,288	18,696
Total	298,877	285,087	282,558
Total equity and liabilities	329,666	316,011	313,596
Assets			
Cash, balances and placements with central banks	36,663	32,306	41,789
Singapore Government treasury bills and securities	6,796	6,865	6,791
Other government treasury bills and securities	13,175	12,644	8,509
Trading securities	2,147	1,277	851
Placements and balances with banks	33,244	28,646	26,536
Loans to customers	205,576	203,611	199,735
Investment securities	10,910	10,562	11,402
Other assets	13,070	12,004	10,232
Investment in associates and joint ventures	1,093	1,106	1,198
Investment properties	1,096	1,108	959
Fixed assets	1,753	1,739	1,445
Intangible assets	4,142	4,144	4,151
Total	329,666	316,011	313,596
Off-balance sheet items			
Contingent liabilities	20,680	19,026	18,555
Financial derivatives	680,753	677,475	652,125
Commitments	148,580	143,312	128,771
Net asset value per ordinary share (\$)	18.22	17.84	17.88

Note:

1 Audited.

Consolidated Statement of Changes in Equity (Unaudited)

	Attributable to equity holders of the Bank					
	Share capital and other capital	Retained earnings	Other reserves	Total	Non- controlling interests	Total equity
	\$m	\$m	\$m	\$m	\$m	\$m
Balance at 1 January 2016	5,881	15,463	9,424	30,768	155	30,924
Profit for the financial period	-	766	-	766	3	769
Other comprehensive income for the financial period	-	-	(140)	(140)	(0)	(140)
Total comprehensive income for the financial period	-	766	(140)	626	3	629
Change in non-controlling interests	-	-	-	-	1	1
Dividends	-	(41)	-	(41)	(0)	(42)
Issue of shares under scrip dividend scheme	99	-	-	99	-	99
Share-based compensation	-	-	8	8	-	8
Issue of shares under share-based compensation plans	0	-	(0)	-	-	-
Redemption of preference shares	(832)	-	-	(832)	-	(832)
Balance at 31 March 2016	5,149	16,188	9,292	30,629	159	30,788
Balance at 1 January 2015	5,892	14,064	9,613	29,569	203	29,772
Profit for the financial period	-	801	-	801	4	805
Other comprehensive income for the financial period	-	-	506	506	1	507
Total comprehensive income for the financial period	-	801	506	1,307	6	1,313
Transfers	-	1	(1)	-	-	-
Dividends	-	(40)	-	(40)	(0)	(40)
Share buyback - held in treasury	(14)	-	-	(14)	-	(14)
Share-based compensation	-	-	8	8	-	8
Issue of shares under share-based compensation plans	3	-	(3)	-	-	-
Balance at 31 March 2015	5,882	14,826	10,122	30,830	208	31,038

Consolidated Cash Flow Statement (Unaudited)

	1Q16	1Q15
	\$m	\$m
Cash flows from operating activities		
Profit for the financial period	769	805
Adjustments for:		
Allowances for credit and other losses	117	169
Share of loss/(profit) of associates and joint ventures	30	(4)
Tax	158	133
Depreciation of assets	54	44
Net gain on disposal of assets	(50)	(91)
Share-based compensation	8	9
Operating profit before working capital changes	1,087	1,065
Increase/(decrease) in working capital		
Deposits and balances of banks	(996)	1,713
Deposits and balances of customers	14,254	5,661
Bills and drafts payable	58	(255)
Other liabilities	307	639
Restricted balances with central banks	(621)	(111)
Government treasury bills and securities	(436)	2,610
Trading securities	(859)	(109)
Placements and balances with banks	(4,598)	2,157
Loans to customers	(2,134)	(3,995)
Investment securities	(499)	511
Other assets	(1,046)	(953)
Cash generated from operations	4,516	8,932
Income tax paid	(49)	(85)
Net cash provided by operating activities	4,468	8,847
Cash flows from investing activities		
Capital injection into associates and joint ventures	(0)	(3)
Acquisition of associates and joint ventures	(44)	(1)
Distribution from associates and joint ventures	8	2
Acquisition of properties and other fixed assets	(76)	(50)
Proceeds from disposal of properties and other fixed assets	-	15
Net cash used in investing activities	(112)	(38)
Cash flows from financing activities		
Redemption of preference shares	(832)	-
Issuance of debts issued	8,921	4,831
Redemption of debts issued	(8,290)	(7,410)
Share buyback - held in treasury	-	(14)
Change in non-controlling interests	1	-
Dividends paid on ordinary shares	(221)	-
Dividends paid on preference shares	(20)	(20)
Distribution for perpetual capital securities	(21)	(21)
Dividends paid to non-controlling interests	(0)	(0)
Net cash used in financing activities	(460)	(2,634)
Currency translation adjustments	(159)	420
Net increase in cash and cash equivalents	3,736	6,595
Cash and cash equivalents at beginning of the financial period	27,228	29,704
Cash and cash equivalents at end of the financial period	30,964	36,299

Balance Sheet of the Bank (Unaudited)

	Mar-16	Dec-15¹	Mar-15
	\$m	\$m	\$m
Equity			
Share capital and other capital	5,149	5,050	5,050
Retained earnings	12,383	11,735	11,401
Other reserves	9,729	9,971	10,170
Total	27,261	26,756	26,622
Liabilities			
Deposits and balances of banks	10,199	10,538	12,468
Deposits and balances of customers	201,786	190,378	184,327
Deposits and balances of subsidiaries	8,058	2,412	2,709
Bills and drafts payable	243	237	328
Other liabilities	8,198	8,455	8,459
Debts issued	19,484	20,211	19,085
Total	247,969	232,231	227,376
Total equity and liabilities	275,230	258,987	253,998
Assets			
Cash, balances and placements with central banks	29,846	24,249	31,341
Singapore Government treasury bills and securities	6,796	6,865	6,662
Other government treasury bills and securities	8,209	7,268	3,422
Trading securities	1,865	1,010	764
Placements and balances with banks	27,269	24,280	22,694
Loans to customers	159,778	158,230	152,796
Placements with and advances to subsidiaries	9,116	5,944	6,985
Investment securities	10,041	9,857	10,261
Other assets	10,394	9,447	7,961
Investment in associates and joint ventures	450	407	520
Investment in subsidiaries	5,862	5,841	5,031
Investment properties	1,166	1,174	1,228
Fixed assets	1,258	1,233	1,151
Intangible assets	3,182	3,182	3,182
Total	275,230	258,987	253,998
Off-balance sheet items			
Contingent liabilities	14,253	13,306	12,666
Financial derivatives	597,336	587,768	557,510
Commitments	118,387	113,895	100,483
Net asset value per ordinary share (\$)	16.12	15.86	15.78

Note:

1 Audited.

Statement of Changes in Equity of the Bank (Unaudited)

	Share capital and other capital \$m	Retained earnings \$m	Other reserves \$m	Total equity \$m
Balance at 1 January 2016	5,050	11,735	9,971	26,756
Profit for the financial period	-	664	-	664
Other comprehensive income for the financial period	-	-	(245)	(245)
Total comprehensive income for the financial period	-	664	(245)	419
Transfers	-	5	(5)	-
Dividends	-	(21)	-	(21)
Issue of shares under scrip dividend scheme	99	-	-	99
Share-based compensation	-	-	8	8
Issue of shares under share-based compensation plans	0	-	(0)	-
Balance at 31 March 2016	5,149	12,383	9,729	27,261
Balance at 1 January 2015	5,061	10,809	9,780	25,650
Profit for the financial period	-	614	-	614
Other comprehensive income for the financial period	-	-	386	386
Total comprehensive income for the financial period	-	614	386	999
Dividends	-	(21)	-	(21)
Share buyback - held in treasury	(14)	-	-	(14)
Share-based compensation	-	-	8	8
Issue of shares under share-based compensation plans	3	-	(3)	-
Balance at 31 March 2015	5,050	11,401	10,170	26,622

Capital Adequacy Ratios of Major Bank Subsidiaries

The information below is prepared on solo basis under the capital adequacy framework of the respective countries.

	Mar-16			
	Total Risk-Weighted Assets	Capital Adequacy Ratios		
		CET1	Tier 1	Total
\$m	%	%	%	
United Overseas Bank (Malaysia) Bhd	18,169	14.4	14.4	17.7
United Overseas Bank (Thai) Public Company Limited	9,844	16.6	16.6	19.3
PT Bank UOB Indonesia	7,153	15.0	15.0	17.3
United Overseas Bank (China) Limited	6,083	22.5	22.5	23.0