

**HEAD OFFICE**

To: All Shareholders

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

**Unaudited Financial Results for the First Half/Second Quarter Ended 30 June 2016**

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

**Dividends and Distributions*****Ordinary share dividend***

An interim one-tier tax-exempt dividend of 35 cents (2Q15: 35 cents) per ordinary share has been declared in respect of the financial year ending 31 December 2016. The scrip dividend scheme (the "Scheme") will be applied to the interim dividend. A separate announcement will be made of the books closure and relevant dates for participation in the Scheme.

***Capital securities distributions***

On 19 May 2016, a semi-annual distribution at an annual rate of 4.75% totalling S\$12 million was paid on the Bank's S\$500 million 4.75% non-cumulative non-convertible perpetual capital securities for the period from 19 November 2015 up to, but excluding, 19 May 2016.

**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 first half/second quarter ended 30 June 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 28<sup>th</sup> day of July 2016

The results are also available at [www.uobgroup.com](http://www.uobgroup.com)



# Group Financial Report

## For the First Half/Second 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

	1H16	1H15	+ / (-) %	2Q16	2Q15	+ / (-) %	1Q16	+ / (-) %
<b>Selected income statement items (\$m)</b>								
Net interest income	2,485	2,414	3.0	1,211	1,213	(0.2)	1,275	(5.0)
Fee and commission income	907	919	(1.2)	475	465	2.0	433	9.6
Other non-interest income	600	550	9.2	338	248	36.2	262	29.3
Total income	3,993	3,882	2.8	2,024	1,927	5.0	1,969	2.8
Less: Total expenses	1,821	1,729	5.3	927	877	5.7	894	3.6
Operating profit	2,172	2,153	0.8	1,097	1,050	4.5	1,075	2.0
Less: Total allowances	278	321	(13.5)	161	152	5.7	117	37.3
Add: Share of profit of associates and joint ventures	2	44	(96.0)	32	40	(19.7)	(30)	>100.0
Net profit before tax	1,895	1,876	1.0	968	938	3.2	927	4.4
Less: Tax and non-controlling interests	329	313	5.1	167	176	(4.8)	161	3.7
Net profit after tax <sup>1</sup>	1,566	1,563	0.2	801	762	5.1	766	4.6

## Selected balance sheet items (\$m)

Net customer loans	208,444	198,798	4.9	208,444	198,798	4.9	205,576	1.4
Customer deposits	248,153	241,485	2.8	248,153	241,485	2.8	254,779	(2.6)
Total assets	321,632	310,077	3.7	321,632	310,077	3.7	329,666	(2.4)
Shareholders' equity <sup>1</sup>	31,279	30,548	2.4	31,279	30,548	2.4	30,629	2.1

## Key financial ratios (%)

Net interest margin <sup>2</sup>	1.73	1.76		1.68	1.77		1.78	
Non-interest income/Total income	37.8	37.8		40.2	37.0		35.3	
Expense/Income ratio	45.6	44.5		45.8	45.5		45.4	
Overseas profit before tax contribution	35.6	40.4		42.3	40.2		28.7	
Credit costs (bp) <sup>2</sup>								
Exclude general allowances	24	22		23	31		25	
Include general allowances	32	32		32	32		32	
NPL ratio <sup>3</sup>	1.4	1.2		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)**

	1H16	1H15	2Q16	2Q15	1Q16
<b>Key financial ratios (%) (cont'd)</b>					
Return on average total assets <sup>1</sup>	<b>0.97</b>	1.01	<b>0.99</b>	0.98	0.95
Return on average ordinary shareholders' equity <sup>1,2</sup>	<b>10.5</b>	10.8	<b>10.7</b>	10.4	10.2
Loan/Deposit ratio <sup>3</sup>	<b>84.0</b>	82.3	<b>84.0</b>	82.3	80.7
Liquidity coverage ratios ("LCR") <sup>4</sup>					
All-currency	<b>153</b>	146	<b>167</b>	152	139
Singapore dollar	<b>197</b>	158	<b>224</b>	165	169
Capital adequacy ratios					
Common Equity Tier 1	<b>13.1</b>	14.0	<b>13.1</b>	14.0	12.8
Tier 1	<b>13.2</b>	14.0	<b>13.2</b>	14.0	12.8
Total	<b>15.9</b>	16.8	<b>15.9</b>	16.8	16.0
Leverage ratio <sup>5</sup>	<b>7.4</b>	7.6	<b>7.4</b>	7.6	7.0
Earnings per ordinary share (\$) <sup>1,2</sup>					
Basic	<b>1.89</b>	1.89	<b>1.94</b>	1.84	1.84
Diluted	<b>1.89</b>	1.88	<b>1.93</b>	1.83	1.84
Net asset value ("NAV") per ordinary share (\$) <sup>6</sup>	<b>18.16</b>	17.71	<b>18.16</b>	17.71	18.22
Revalued NAV per ordinary share (\$) <sup>6</sup>	<b>20.87</b>	20.34	<b>20.87</b>	20.34	20.93

**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](http://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 half 2016 ("1H16") performance**

#### **1H16 versus 1H15**

Net interest income rose 3.0% from a year ago to \$2.49 billion, led by healthy loan growth. Net interest margin decreased 3 basis points to 1.73%.

Non-interest income grew 2.7% year-on-year to \$1.51 billion in 1H16, mainly from higher trading income. Net fee income declined by 1.2% to \$907 million on lower wealth management fees particularly in 1Q16 as customer investment activity reduced amidst an uncertain economic environment.

Total expenses increased 5.3% to \$1.82 billion mainly due to higher IT-related expenses as the Group continued to invest in technology to strengthen the Group's franchise.

Total allowances for 1H16 were \$278 million, a decrease of 13.5% year-on-year. Specific allowances for loan increased by \$33 million to \$253 million primarily arising from Singapore but total credit costs remained at 32 basis points.

Contribution from associated companies decreased to \$2 million in 1H16 due to investment losses in an associated company.

### **Second quarter 2016 ("2Q16") performance**

#### **2Q16 versus 2Q15**

The Group reported higher net earnings of \$801 million in 2Q16, an increase of 5.1% as compared to 2Q15.

Net interest income was flat from a year ago at \$1.21 billion as effects of loan growth were offset by a 9 basis points decrease in net interest margin to 1.68%.

Non-interest income grew 13.9% to \$813 million driven by higher net trading income on improved performance from trading activities.

Total expenses increased 5.7% from a year ago to \$927 million in 2Q16 due to higher revenue and IT-related expenses.

Total allowances were \$161 million in 2Q16, a slight increase compared to \$152 million a year ago on a larger loan base.

## **Performance Review (cont'd)**

### **2Q16 versus 1Q16**

Compared with the previous quarter, net earnings were 4.6% higher at \$801 million.

Net interest income decreased 5.0% quarter-on-quarter to \$1.21 billion in 2Q16. This was driven by a 10 basis points decrease in net interest margin to 1.68% on the back of a declining interest rate environment.

Fee and commission income grew 9.6% to \$475 million in 2Q16 with higher wealth management and credit card fees. Trading and investment income rose 27.0% to \$256 million on higher trading gains.

Total expenses increased 3.6% to \$927 million mainly on continued investment in capabilities and infrastructure. Expense-to-income ratio was largely stable at 45.8%.

Total allowances were 37.3% higher this quarter at \$161 million due to the write-back of general allowances on debt securities made in 1Q16. Specific allowances on loans decreased from \$133 million to \$121 million largely due to NPL recoveries.

Contribution from associated companies reported a gain of \$32 million as compared to a loss in 1Q16 due to investment losses in an associated company.

### **Balance sheet and capital position**

The Group continued to maintain a strong funding and capital position. Gross loans grew 4.9% year-on-year and 1.4% from the previous quarter to \$212 billion as at 30 June 2016. In constant currency terms, the underlying loan growth was 6.2% from a year ago.

Customer deposits increased 2.8% from a year ago to \$248 billion. As compared to 1Q16, deposits declined by 2.6% on the back of proactive liquidity management. The Group's loan-to-deposit ratio remained healthy at 84.0%.

The average Singapore dollar and all-currency liquidity coverage ratios during the second quarter were 224% and 167% respectively, well above the corresponding regulatory requirements of 100% and 70%.

Asset quality remained stable with NPL ratio at 1.4% and NPL coverage strong at 125.6% or 332.5% after taking collateral into account.

Shareholders' equity increased by 2.4% from a year ago to \$31.3 billion as at 30 June 2016 due to the higher retained earnings partially offset by lower available-for-sale reserves. Compared with 1Q16, shareholders' equity was 2.1% higher due to higher profits and the issuance of \$750 million Additional Tier 1 capital securities. Return on equity improved to 10.7% for 2Q16.

As at 30 June 2016, the Group's Common Equity Tier 1 and Total CAR remained strong at 13.1% and 15.9% respectively. On a fully-loaded basis, the Common Equity Tier 1 CAR improved to 12.2% quarter-on-quarter. The Group's leverage ratio was 7.4%, well above Basel's minimum requirement of 3%.

## Net Interest Income

### Net interest margin

	1H16			1H15		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
	\$m	\$m	%	\$m	\$m	%
<b>Interest bearing assets</b>						
Customer loans	208,255	3,575	3.45	198,692	3,250	3.30
Interbank balances	52,242	313	1.21	52,262	318	1.23
Securities	28,357	256	1.81	25,138	273	2.19
<b>Total</b>	<b>288,853</b>	<b>4,144</b>	<b>2.89</b>	<b>276,091</b>	<b>3,841</b>	<b>2.81</b>
<b>Interest bearing liabilities</b>						
Customer deposits	251,945	1,452	1.16	237,686	1,266	1.07
Interbank balances/others	30,357	207	1.37	30,084	161	1.08
<b>Total</b>	<b>282,303</b>	<b>1,659</b>	<b>1.18</b>	<b>267,770</b>	<b>1,427</b>	<b>1.07</b>
<b>Net interest margin <sup>1</sup></b>	<b>1.73</b>			<b>1.76</b>		

	2Q16			2Q15			1Q16		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate	Average balance	Interest	Average rate
	\$m	\$m	%	\$m	\$m	%	\$m	\$m	%
<b>Interest bearing assets</b>									
Customer loans	209,333	1,766	3.39	198,925	1,654	3.34	207,176	1,809	3.51
Interbank balances	53,010	156	1.19	51,241	154	1.20	51,474	157	1.23
Securities	28,101	125	1.78	24,523	130	2.13	28,612	131	1.84
<b>Total</b>	<b>290,445</b>	<b>2,047</b>	<b>2.83</b>	<b>274,688</b>	<b>1,938</b>	<b>2.83</b>	<b>287,262</b>	<b>2,097</b>	<b>2.94</b>
<b>Interest bearing liabilities</b>									
Customer deposits	255,187	738	1.16	239,967	647	1.08	248,704	714	1.15
Interbank balances/others	27,733	99	1.43	27,088	78	1.16	32,981	108	1.32
<b>Total</b>	<b>282,920</b>	<b>837</b>	<b>1.19</b>	<b>267,055</b>	<b>726</b>	<b>1.09</b>	<b>281,685</b>	<b>822</b>	<b>1.17</b>
<b>Net interest margin <sup>1</sup></b>	<b>1.68</b>			<b>1.77</b>			<b>1.78</b>		

Note:

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



## Net Interest Income (cont'd)

### Volume and rate analysis

	1H16 vs 1H15			2Q16 vs 2Q15			2Q16 vs 1Q16		
	Volume change \$m	Rate change \$m	Net change \$m	Volume change \$m	Rate change \$m	Net change \$m	Volume change \$m	Rate change \$m	Net change \$m
<b>Interest income</b>									
Customer loans	157	159	316	87	30	117	19	(62)	(43)
Interbank balances	(0)	(5)	(5)	5	(2)	3	5	(5)	(0)
Securities	35	(53)	(18)	19	(24)	(5)	(2)	(4)	(7)
<b>Total</b>	<b>192</b>	<b>100</b>	<b>292</b>	<b>111</b>	<b>4</b>	<b>114</b>	<b>21</b>	<b>(71)</b>	<b>(50)</b>
<b>Interest expense</b>									
Customer deposits	76	107	183	41	52	93	19	5	24
Interbank balances/others	2	43	45	5	15	20	(14)	4	(10)
<b>Total</b>	<b>78</b>	<b>149</b>	<b>228</b>	<b>46</b>	<b>67</b>	<b>113</b>	<b>5</b>	<b>10</b>	<b>14</b>
Change in number of days	-	-	7	-	-	(3)	-	-	-
<b>Net interest income</b>	<b>113</b>	<b>(49)</b>	<b>71</b>	<b>65</b>	<b>(64)</b>	<b>(2)</b>	<b>17</b>	<b>(80)</b>	<b>(64)</b>

At 1H16, net interest income rose 3% from a year ago to \$2.49 billion, led by healthy loan growth. Net interest margin decreased 3 basis points to 1.73%.

Net interest income was flat from a year ago as effects of loan growth were offset by a 9 basis points decrease in net interest margin to 1.68%.

Quarter-on-quarter, net interest income decreased 5% to \$1.21 billion. Net interest margin decreased 10 basis points to 1.68% on the back of a declining interest rate environment.

## Non-Interest Income

	1H16	1H15	+ / (-)	2Q16	2Q15	+ / (-)	1Q16	+ / (-)
	\$m	\$m	%	\$m	\$m	%	\$m	%
<b>Fee and commission income</b>								
Credit card	172	167	3.0	90	86	5.1	82	10.2
Fund management	81	83	(2.0)	43	45	(4.0)	38	12.4
Wealth management	191	217	(12.3)	110	108	1.6	81	35.4
Loan-related <sup>1</sup>	225	227	(1.1)	114	111	2.7	110	3.7
Service charges	62	57	7.5	31	29	5.3	31	(0.5)
Trade-related <sup>2</sup>	129	130	(0.8)	66	66	(0.4)	63	3.7
Others	48	37	30.8	21	20	2.9	27	(23.6)
	<b>907</b>	<b>919</b>	<b>(1.2)</b>	<b>475</b>	<b>465</b>	<b>2.0</b>	<b>433</b>	<b>9.6</b>
<b>Other non-interest income</b>								
Net trading income	381	267	42.6	216	114	89.6	165	31.4
Net gain/(loss) from investment securities	76	114	(32.9)	39	42	(6.0)	37	7.0
Dividend income	25	28	(10.4)	24	27	(11.1)	1	>100.0
Rental income	58	59	(0.7)	29	29	(1.2)	29	(0.1)
Other income	60	82	(27.7)	29	36	(17.9)	30	(2.4)
	<b>600</b>	<b>550</b>	<b>9.2</b>	<b>338</b>	<b>248</b>	<b>36.2</b>	<b>262</b>	<b>29.3</b>
<b>Total</b>	<b>1,507</b>	<b>1,468</b>	<b>2.7</b>	<b>813</b>	<b>714</b>	<b>13.9</b>	<b>695</b>	<b>17.0</b>

Non-interest income grew 2.7% year-on-year to \$1.51 billion in 1H16, mainly from higher trading income. Net fee income declined by 1.2% to \$907 million on lower wealth management fees particularly in 1Q16 as customer investment activity reduced amidst an uncertain economic environment.

Non-interest income grew 13.9% from a year ago and 17.0% quarter-on-quarter to \$813 million driven by higher net trading income on improved performance from trading activities.

Fee and commission income grew to \$475 million in 2Q16 with higher wealth management and credit card fees. Trading and investment income rose 27.0% to \$256 million on higher trading gains.

### 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

	<b>1H16</b>	1H15	+ / (-)	<b>2Q16</b>	2Q15	+ / (-)	1Q16	+ / (-)
	<b>\$m</b>	\$m	%	<b>\$m</b>	\$m	%	\$m	%
<b>Staff costs</b>	<b>1,027</b>	1,014	1.3	<b>521</b>	517	0.8	506	3.1
<b>Other operating expenses</b>								
Revenue-related	<b>390</b>	356	9.7	<b>196</b>	177	10.9	194	1.0
Occupancy-related	<b>165</b>	152	8.3	<b>84</b>	77	8.4	81	3.4
IT-related	<b>148</b>	123	20.2	<b>76</b>	60	27.7	71	7.5
Others	<b>91</b>	85	8.1	<b>49</b>	45	8.4	42	15.7
	<b>794</b>	715	11.0	<b>405</b>	359	12.9	389	4.3
<b>Total</b>	<b>1,821</b>	1,729	5.3	<b>927</b>	877	5.7	894	3.6
Of which, Depreciation of assets	<b>108</b>	89	21.2	<b>54</b>	45	20.8	54	1.0
Manpower (number)	<b>24,646</b>	25,134	(488)	<b>24,646</b>	25,134	(488)	25,100	(454)

Total expenses increased 5.3% to \$1.82 billion mainly due to higher IT-related expenses as the Group continued to invest in technology to strengthen the Group's franchise.

Total expenses increased 5.7% from a year ago and 3.6% quarter-on-quarter to \$927 million in 2Q16 due to continued investment in capabilities and infrastructure.

## Allowances for Credit and Other Losses

	1H16	1H15	+ / (-)	2Q16	2Q15	+ / (-)	1Q16	+ / (-)
	\$m	\$m	%	\$m	\$m	%	\$m	%
<b>Specific allowances on loans <sup>1</sup></b>								
Singapore	129	54	>100.0	96	38	>100.0	33	>100.0
Malaysia	20	22	(7.4)	14	8	63.9	6	>100.0
Thailand	32	37	(13.8)	9	18	(51.8)	23	(62.4)
Indonesia	57	80	(29.0)	27	68	(60.8)	30	(12.5)
Greater China <sup>2</sup>	24	16	51.0	15	16	(5.0)	9	62.5
Others	(8)	12	(>100.0)	(39)	11	(>100.0)	31	(>100.0)
	<b>253</b>	221	14.9	<b>121</b>	160	(24.2)	133	(8.8)
<b>Specific allowances on securities and others</b>	<b>(1)</b>	50	(>100.0)	<b>(8)</b>	16	(>100.0)	7	(>100.0)
<b>General allowances</b>	<b>26</b>	51	(49.1)	<b>49</b>	(23)	>100.0	(23)	>100.0
<b>Total</b>	<b>278</b>	321	(13.5)	<b>161</b>	152	5.7	117	37.3

Total allowances for 1H16 were \$278 million, a decrease of 13.5% year-on-year. Specific allowances for loan increased by \$33 million to \$253 million primarily arising from Singapore but total credit costs remained at 32 basis points.

Total allowances increased 5.7% from a year ago and 37.3% quarter-on-quarter to \$161 million due to the write-back of general allowances on debt securities in 1Q16. Specific allowances on loans decreased to \$121 million largely due to NPL recoveries.

### 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

	Jun-16	Mar-16	Dec-15	Jun-15
	\$m	\$m	\$m	\$m
Gross customer loans	212,281	209,360	207,371	202,406
Less: Specific allowances	770	751	773	747
General allowances	3,067	3,032	2,987	2,862
Net customer loans	208,444	205,576	203,611	198,798
<b>By industry</b>				
Transport, storage and communication	8,897	9,388	10,019	9,590
Building and construction	48,761	46,729	45,211	40,648
Manufacturing	16,703	16,562	15,803	17,164
Financial institutions, investment and holding companies	11,778	13,154	14,282	15,834
General commerce	27,857	27,733	28,302	27,550
Professionals and private individuals	26,599	25,828	25,950	25,829
Housing loans	59,272	58,345	56,385	55,295
Others	12,414	11,620	11,419	10,497
Total (gross)	212,281	209,360	207,371	202,406
<b>By currency</b>				
Singapore dollar	111,119	110,574	108,323	107,614
US dollar	37,589	35,202	35,953	33,568
Malaysian ringgit	23,240	23,540	22,375	23,352
Thai baht	11,146	10,864	10,935	10,501
Indonesian rupiah	5,101	4,917	5,157	4,567
Others	24,085	24,263	24,628	22,805
Total (gross)	212,281	209,360	207,371	202,406
<b>By maturity</b>				
Within 1 year	76,103	75,355	70,864	71,567
Over 1 year but within 3 years	41,482	40,581	40,335	37,200
Over 3 years but within 5 years	27,471	26,637	26,194	23,171
Over 5 years	67,224	66,787	69,979	70,469
Total (gross)	212,281	209,360	207,371	202,406
<b>By geography <sup>1</sup></b>				
Singapore	119,891	117,795	116,087	115,024
Malaysia	25,400	25,511	24,605	25,325
Thailand	11,643	11,382	11,481	11,003
Indonesia	11,389	10,905	11,543	10,829
Greater China	24,376	24,557	25,217	23,915
Others	19,582	19,211	18,438	16,310
Total (gross)	212,281	209,360	207,371	202,406

As at 30 June 2016, gross customer loans increased 4.9% from a year ago and 1.4% over the previous quarter to \$212 billion. In constant currency terms, the underlying loan growth was 6.2% year-on-year and 1.9% quarter-on-quarter.

The customer loan base from Singapore grew steadily by 4.2% year-on-year and 1.8% quarter-on-quarter to \$120 billion. In constant currency terms, regional countries continued to contribute a healthy growth year-on-year.

Note:

<sup>1</sup> 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

	Jun-16	Mar-16	Dec-15	Jun-15
	\$m	\$m	\$m	\$m
Loans ("NPL")	3,056	2,841	2,882	2,504
Debt securities and others	108	175	184	201
Non-Performing Assets ("NPA")	3,164	3,016	3,066	2,705

### By grading

Substandard	2,284	2,213	2,255	1,853
Doubtful	350	217	160	204
Loss	530	586	651	648
Total	3,164	3,016	3,066	2,705

### By security

Secured by collateral type:				
Properties	1,179	1,177	1,145	1,106
Shares and debentures	10	25	26	27
Fixed deposits	6	7	6	14
Others <sup>1</sup>	713	476	520	308
	1,908	1,685	1,697	1,455
Unsecured	1,256	1,331	1,369	1,250
Total	3,164	3,016	3,066	2,705

### By ageing

Current	497	400	462	416
Within 90 days	289	401	370	190
Over 90 to 180 days	813	356	417	475
Over 180 days	1,565	1,859	1,817	1,624
Total	3,164	3,016	3,066	2,705

### Total Allowances

Specific	849	903	934	922
General	3,096	3,061	3,074	2,962
Total	3,945	3,964	4,008	3,884

	NPL		NPL		NPL		NPL	
	NPL	ratio	NPL	ratio	NPL	ratio	NPL	ratio
	\$m	%	\$m	%	\$m	%	\$m	%
<b>NPL by industry</b>								
Transport, storage and communication	917	10.3	881	9.4	977	9.8	773	8.1
Building and construction	209	0.4	274	0.6	250	0.6	223	0.5
Manufacturing	288	1.7	264	1.6	287	1.8	262	1.5
Financial institutions, investment and holding companies	73	0.6	102	0.8	102	0.7	112	0.7
General commerce	610	2.2	383	1.4	388	1.4	280	1.0
Professionals and private individuals	286	1.1	294	1.1	287	1.1	252	1.0
Housing loans	563	0.9	542	0.9	550	1.0	541	1.0
Others	110	0.9	101	0.9	41	0.4	61	0.6
Total	3,056	1.4	2,841	1.4	2,882	1.4	2,504	1.2

Note:

<sup>1</sup> Comprise mainly of shipping vessels.

**Non-Performing Assets (cont'd)**

	NPA/NPL \$m	NPL ratio %	Specific allowances \$m	Total allowances	
				as a % of NPA/NPL %	as a % of unsecured NPA/NPL %
<b>NPL by geography <sup>1</sup></b>					
Singapore					
<b>Jun-16</b>	<b>1,395</b>	<b>1.2</b>	<b>297</b>	<b>180.9</b>	<b>479.8</b>
Mar-16	1,067	0.9	250	230.3	684.4
Dec-15	1,116	1.0	258	220.3	646.8
Jun-15	931	0.8	231	253.4	776.0
Malaysia					
<b>Jun-16</b>	<b>451</b>	<b>1.8</b>	<b>61</b>	<b>114.6</b>	<b>497.1</b>
Mar-16	401	1.6	60	129.9	548.4
Dec-15	386	1.6	58	125.1	525.0
Jun-15	423	1.7	81	117.7	433.0
Thailand					
<b>Jun-16</b>	<b>264</b>	<b>2.3</b>	<b>93</b>	<b>121.2</b>	<b>323.2</b>
Mar-16	250	2.2	94	123.2	308.0
Dec-15	249	2.2	91	121.7	312.4
Jun-15	289	2.6	135	114.9	235.5
Indonesia					
<b>Jun-16</b>	<b>564</b>	<b>5.0</b>	<b>173</b>	<b>40.6</b>	<b>119.9</b>
Mar-16	564	5.2	174	39.9	116.0
Dec-15	569	4.9	175	39.9	110.2
Jun-15	335	3.1	117	46.9	130.8
Greater China					
<b>Jun-16</b>	<b>176</b>	<b>0.7</b>	<b>76</b>	<b>97.7</b>	<b>167.0</b>
Mar-16	158	0.6	51	91.8	162.9
Dec-15	218	0.9	97	87.2	131.0
Jun-15	149	0.6	70	98.0	153.7
Others					
<b>Jun-16</b>	<b>206</b>	<b>1.1</b>	<b>70</b>	<b>36.4</b>	<b>57.3</b>
Mar-16	401	2.1	122	31.7	39.0
Dec-15	344	1.9	94	28.8	36.5
Jun-15	377	2.3	113	31.0	41.1
<b>Group NPL</b>					
<b>Jun-16</b>	<b>3,056</b>	<b>1.4</b>	<b>770</b>	<b>125.6</b>	<b>332.5</b>
Mar-16	2,841	1.4	751	133.2	325.3
Dec-15	2,882	1.4	773	130.5	315.7
Jun-15	2,504	1.2	747	144.1	340.5
<b>Debt securities and others</b>					
<b>Jun-16</b>	<b>108</b>		<b>79</b>	<b>99.5</b>	<b>105.4</b>
Mar-16	175		152	103.1	107.4
Dec-15	184		161	134.8	139.3
Jun-15	201		175	136.8	144.7
<b>Group NPA</b>					
<b>Jun-16</b>	<b>3,164</b>		<b>849</b>	<b>124.7</b>	<b>314.1</b>
Mar-16	3,016		903	131.4	297.8
Dec-15	3,066		934	130.7	292.8
Jun-15	2,705		922	143.6	310.7

Asset quality remained stable with NPL ratio at 1.4% and NPL coverage strong at 125.6% or 332.5% after taking collateral into account.

Group NPL increased 22.0% from a year ago to \$3.06 billion attributable to new NPLs in Singapore and Indonesia. As compared to the previous quarter, Group NPLs increased \$215 million mainly in Singapore and Malaysia.

**Note:**

<sup>1</sup> 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

	Jun-16	Mar-16	Dec-15	Jun-15
	\$m	\$m	\$m	\$m
<b>By product</b>				
Fixed deposits	130,953	136,046	125,486	133,995
Savings deposits	57,756	57,368	55,966	53,765
Current accounts	49,778	51,572	51,221	46,970
Others	9,665	9,793	7,852	6,755
<b>Total</b>	<b>248,153</b>	<b>254,779</b>	<b>240,524</b>	<b>241,485</b>
<b>By maturity</b>				
Within 1 year	239,917	247,085	234,414	234,455
Over 1 year but within 3 years	5,984	5,472	4,130	5,380
Over 3 years but within 5 years	1,015	832	723	508
Over 5 years	1,237	1,390	1,258	1,142
<b>Total</b>	<b>248,153</b>	<b>254,779</b>	<b>240,524</b>	<b>241,485</b>
<b>By currency</b>				
Singapore dollar	118,386	122,817	115,650	114,691
US dollar	58,948	61,595	54,236	60,590
Malaysian ringgit	25,328	25,266	24,122	26,047
Thai baht	11,986	11,776	11,782	10,655
Indonesian rupiah	5,160	5,283	5,252	4,718
Others	28,345	28,042	29,483	24,784
<b>Total</b>	<b>248,153</b>	<b>254,779</b>	<b>240,524</b>	<b>241,485</b>
Group Loan/Deposit ratio (%)	84.0	80.7	84.7	82.3
Singapore dollar Loan/Deposit ratio (%)	91.9	88.1	91.7	91.9
US dollar Loan/Deposit ratio (%)	63.1	56.7	65.6	54.9

Customer deposits grew 2.8% from a year ago to \$248 billion, led mainly by the growth in Singapore dollar deposits. As compared to 1Q16, customer deposits declined 2.6% on the back of proactive liquidity management.

As at 30 June 2016, the Group's loan-to-deposit ratio and Singapore dollar loan-to-deposit ratio remained healthy at 84.0% and 91.9% respectively.

## Debts Issued

	Jun-16	Mar-16	Dec-15	Jun-15
	\$m	\$m	\$m	\$m
<b>Unsecured</b>				
Subordinated debts	4,806	5,804	4,878	4,834
Commercial papers	8,230	8,458	9,666	6,609
Fixed and floating rate notes	3,559	4,055	3,785	3,593
Others	1,536	1,584	1,959	1,799
<b>Secured</b>				
Covered bonds	747	761	-	-
<b>Total</b>	<b>18,878</b>	<b>20,662</b>	<b>20,288</b>	<b>16,834</b>
Due within 1 year	10,560	11,295	12,143	7,993
Due after 1 year	8,318	9,367	8,146	8,840
<b>Total</b>	<b>18,878</b>	<b>20,662</b>	<b>20,288</b>	<b>16,834</b>



## Shareholders' Equity

	Jun-16	Mar-16	Dec-15	Jun-15
	\$m	\$m	\$m	\$m
Shareholders' equity	<b>31,279</b>	30,629	30,768	30,548
Add: Revaluation surplus	<b>4,359</b>	4,360	4,357	4,220
Shareholders' equity including revaluation surplus	<b>35,637</b>	34,989	35,126	34,768

Shareholders' equity increased by 2.4% from a year ago to \$31.3 billion as at 30 June 2016 led by higher retained earnings partially offset by lower available-for-sale reserves. Compared with 1Q16, shareholders' equity rose 2.1% mainly contributed by higher profits and issuance of \$750 million Additional Tier 1 capital securities.

As at 30 June 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			
	1H16	1H15	2Q16	2Q15
	'000	'000	'000	'000
<b>Ordinary shares</b>				
Balance at beginning of period	<b>1,614,544</b>	1,614,544	<b>1,619,570</b>	1,614,544
Issue of shares under scrip dividend scheme	<b>5,026</b>	-	-	-
Balance at end of period	<b>1,619,570</b>	1,614,544	<b>1,619,570</b>	1,614,544
<b>Treasury shares</b>				
Balance at beginning of period	<b>(12,281)</b>	(11,857)	<b>(12,279)</b>	(12,280)
Share buyback - held in treasury	-	(812)	-	(216)
Issue of shares under share-based compensation plans	<b>4</b>	398	<b>2</b>	225
Balance at end of period	<b>(12,277)</b>	(12,271)	<b>(12,277)</b>	(12,271)
Ordinary shares net of treasury shares	<b>1,607,293</b>	1,602,273	<b>1,607,293</b>	1,602,273

## **Performance by Business Segment**

Segmental reporting is prepared based on the Group's internal organisational structure. The Banking Group is organised into three major business segments – Group Retail, Group Wholesale Banking and Global Markets. Others segment includes non banking activities and corporate functions.

Due to business reorganisations during the year, Investment Management and Central Treasury (previously included in Global Markets and Investment Management) are now reported under the Others segment.

Comparative segment information for prior periods had been restated to be consistent with the current period's segment definition.

### **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.

Profit before tax increased 22% to \$798 million in 1H16, mainly driven by higher net interest income, but offset by lower fee income from wealth management products. Compared to 2Q15, profit before tax rose 29% to \$419 million, on the back of higher loan growth and lower allowances. Profit before tax was 11% higher from the previous quarter, led by higher fee income from wealth management and credit card products.

### **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, treasury products and bank notes.

Profit before tax was \$1,183 million in 1H16, 6% higher than a year ago mainly due to net interest income from increased loan volumes. This was partially offset by higher expenses resulted from the continued investment in product capabilities and hiring of new talents as the business expanded regionally. Compared to a year ago, profit before tax for 2Q16 increased 11% to \$592 million contributed by higher loan volume while allowances declined 33% to \$77 million. Profit before tax was relatively flat against the previous quarter.

### **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.

Profit before tax increased 18% to \$130 million in 1H16 as compared to a year ago. Total income rose 21% to \$283 million, driven by higher gains on debt securities and market making activities from favourable positioning. Total expenses increased 22% to \$153 million, primarily from higher revenue related expenses and continued investments in staff and product capabilities. Compared to a year ago, profit before tax rose 85% to \$63 million, largely contributed by higher gains from market making activities. However, profit before tax in 2Q16 decreased 7% quarter-on-quarter mainly from lower gains from hedging activities.

### **Others**

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

Other segment recorded a net loss of \$216 million in 1H16 and \$106 million in 2Q16. Compared to the corresponding periods last year, performance was affected by lower income from investment, central treasury activities and share of associates' loss. Net loss narrowed in 2Q16 from the previous quarter due to investment income.

**Performance by Business Segment**<sup>1</sup> (cont'd)

Selected income statement items	GR \$m	GWB \$m	GM \$m	Others \$m	Total \$m
<b>1H16</b>					
Net interest income	1,192	1,225	49	19	2,485
Non-interest income	575	521	233	178	1,507
Operating income	1,767	1,746	283	197	3,993
Operating expenses	(884)	(394)	(153)	(390)	(1,821)
Allowances for credit and other losses	(85)	(169)	-	(24)	(278)
Share of profit of associates and joint ventures	-	1	-	1	2
Profit before tax	798	1,183	130	(216)	1,895
Tax					(323)
<b>Profit for the financial period</b>					<b>1,572</b>
<b>Other information:</b>					
Capital expenditure	10	10	7	150	178
Depreciation of assets	8	4	2	93	108
<b>1H15</b>					
Net interest income	1,024	1,119	123	148	2,414
Non-interest income	609	522	111	226	1,468
Operating income	1,633	1,641	234	374	3,882
Operating expenses	(882)	(377)	(125)	(345)	(1,729)
Allowances for credit and other losses	(96)	(146)	-	(79)	(321)
Share of profit of associates and joint ventures	-	-	-	44	44
Profit before tax	655	1,118	110	(7)	1,876
Tax					(306)
<b>Profit for the financial period</b>					<b>1,570</b>
<b>Other information:</b>					
Capital expenditure	10	10	12	421	454
Depreciation of assets	6	3	2	78	89

Note:

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

**Performance by Business Segment <sup>1</sup> (cont'd)**

Selected income statement items	GR	GWB	GM	Others	Total
	\$m	\$m	\$m	\$m	\$m
<b>2Q16</b>					
Net interest income	597	605	31	(22)	1,211
Non-interest income	310	258	109	136	813
Operating income	907	863	140	114	2,024
Operating expenses	(446)	(195)	(78)	(208)	(927)
Allowances for credit and other losses	(42)	(77)	-	(42)	(161)
Share of profit of associates and joint ventures	-	1	-	31	32
Profit before tax	419	592	63	(106)	968
Tax					(165)
<b>Profit for the financial period</b>					<b>803</b>
<b>Other information:</b>					
Capital expenditure	5	6	4	87	102
Depreciation of assets	4	2	1	47	54
<b>2Q15</b>					
Net interest income	528	576	59	50	1,213
Non-interest income	310	262	38	104	714
Operating income	838	838	97	154	1,927
Operating expenses	(454)	(193)	(63)	(167)	(877)
Allowances for credit and other losses	(59)	(114)	-	21	(152)
Share of profit of associates and joint ventures	-	-	-	40	40
Profit before tax	325	531	34	48	938
Tax					(173)
<b>Profit for the financial period</b>					<b>764</b>
<b>Other information:</b>					
Capital expenditure	5	7	5	385	403
Depreciation of assets	3	2	1	40	45
<b>1Q16</b>					
Net interest income	595	620	18	42	1,275
Non-interest income	265	263	125	42	695
Operating income	860	883	143	83	1,969
Operating expenses	(438)	(199)	(75)	(182)	(894)
Allowances for credit and other losses	(43)	(92)	-	18	(117)
Share of profit of associates and joint ventures	-	-	-	(30)	(30)
Profit before tax	379	592	68	(112)	927
Tax					(158)
<b>Profit for the financial period</b>					<b>769</b>
<b>Other information:</b>					
Capital expenditure	5	4	4	63	76
Depreciation of assets	4	2	2	46	54

Note:

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

**Performance by Business Segment**<sup>1</sup> (cont'd)

Selected balance sheet items	GR \$m	GWB \$m	GM \$m	Others \$m	Total \$m
<b>At 30 June 2016</b>					
<b>Segment assets</b>	<b>94,336</b>	<b>137,420</b>	<b>49,574</b>	<b>35,078</b>	<b>316,408</b>
Intangible assets	1,317	2,086	659	81	4,143
Investment in associates and joint ventures	-	42	-	1,040	1,081
<b>Total assets</b>	<b>95,652</b>	<b>139,548</b>	<b>50,234</b>	<b>36,198</b>	<b>321,632</b>
<b>Segment liabilities</b>	<b>120,938</b>	<b>123,067</b>	<b>27,733</b>	<b>18,455</b>	<b>290,193</b>
<b>Other information:</b>					
Gross customer loans	94,200	118,036	37	8	212,281
Non-performing assets	987	2,117	17	44	3,164
<b>At 31 March 2016</b>					
<b>Segment assets</b>	93,016	134,294	57,243	39,878	324,431
Intangible assets	1,319	2,090	660	73	4,142
Investment in associates and joint ventures	-	40	-	1,054	1,093
<b>Total assets</b>	<b>94,335</b>	<b>136,423</b>	<b>57,904</b>	<b>41,004</b>	<b>329,666</b>
<b>Segment liabilities</b>	<b>118,888</b>	<b>132,787</b>	<b>27,547</b>	<b>19,655</b>	<b>298,877</b>
<b>Other information:</b>					
Gross customer loans	92,875	116,451	25	9	209,360
Non-performing assets	943	1,989	17	67	3,016
<b>At 30 June 2015</b>					
<b>Segment assets</b>	89,594	127,700	49,656	37,906	304,855
Intangible assets	1,319	2,090	660	74	4,143
Investment in associates and joint ventures	-	-	-	1,079	1,079
<b>Total assets</b>	<b>90,913</b>	<b>129,789</b>	<b>50,316</b>	<b>39,059</b>	<b>310,077</b>
<b>Segment liabilities</b>	<b>112,392</b>	<b>127,902</b>	<b>22,709</b>	<b>16,363</b>	<b>279,366</b>
<b>Other information:</b>					
Gross customer loans	89,471	112,432	493	10	202,406
Non-performing assets	875	1,725	18	88	2,705

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 <sup>1</sup>

	1H16	1H15	2Q16	2Q15	1Q16
	\$m	\$m	\$m	\$m	\$m
<b>Total operating income</b>					
Singapore	2,323	2,222	1,182	1,102	1,141
Malaysia	491	507	241	246	250
Thailand	396	384	203	191	192
Indonesia	232	191	121	94	112
Greater China	305	341	151	170	155
Others	245	237	126	124	119
<b>Total</b>	<b>3,993</b>	<b>3,882</b>	<b>2,024</b>	<b>1,927</b>	<b>1,969</b>
<b>Profit before tax</b>					
Singapore	1,220	1,117	558	560	661
Malaysia	262	280	125	137	137
Thailand	96	93	58	43	38
Indonesia	39	21	20	10	19
Greater China	133	197	66	92	66
Others	146	168	141	95	5
<b>Total</b>	<b>1,895</b>	<b>1,876</b>	<b>968</b>	<b>938</b>	<b>927</b>

Compared to a year ago, the Group's total operating income registered an increase of 2.9% to \$3.99 billion. Singapore grew 4.5% driven by higher net interest income and trading and investment income. Regional growth increased marginally by 0.2%. In term of profit before tax, the Group rose 1.0% to \$1.90 billion largely contributed by Singapore offset by Greater China due to lower disposal gains on properties and higher allowances.

Total operating income and profit before tax increased 2.8% and 4.4% respectively from the previous quarter mainly due to investment losses recognised in an associated company in 1Q16.

	Jun-16	Mar-16	Dec-15	Jun-15
	\$m	\$m	\$m	\$m
<b>Total assets</b>				
Singapore	201,209	207,651	197,929	189,754
Malaysia	34,123	33,182	32,669	34,910
Thailand	16,933	16,241	16,643	16,245
Indonesia	8,652	8,364	8,550	8,039
Greater China	35,707	35,607	32,982	31,788
Others	20,865	24,479	23,094	25,198
	<b>317,489</b>	<b>325,524</b>	<b>311,867</b>	<b>305,934</b>
Intangible assets	4,143	4,142	4,144	4,143
<b>Total</b>	<b>321,632</b>	<b>329,666</b>	<b>316,011</b>	<b>310,077</b>

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 <sup>1,2,3</sup>

	Jun-16	Mar-16	Dec-15	Jun-15
	\$m	\$m	\$m	\$m
Share capital	3,803	3,803	3,704	3,704
Disclosed reserves/others	25,251	25,351	24,762	24,544
Regulatory adjustments	(2,677)	(3,217)	(2,448)	(2,754)
<b>Common Equity Tier 1 Capital ("CET1")</b>	<b>26,378</b>	<b>25,937</b>	<b>26,018</b>	<b>25,494</b>
Perpetual capital securities/others	2,096	1,348	2,179	2,179
Regulatory adjustments - capped	(1,765)	(1,348)	(2,179)	(2,179)
<b>Additional Tier 1 Capital ("AT1")</b>	<b>331</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Tier 1 Capital</b>	<b>26,708</b>	<b>25,937</b>	<b>26,018</b>	<b>25,494</b>
Subordinated notes	4,425	5,414	4,505	4,435
Provisions/others	1,045	1,027	1,028	928
Regulatory adjustments	(23)	(93)	(201)	(380)
<b>Tier 2 Capital</b>	<b>5,446</b>	<b>6,348</b>	<b>5,332</b>	<b>4,983</b>
<b>Eligible Total Capital</b>	<b>32,155</b>	<b>32,285</b>	<b>31,350</b>	<b>30,477</b>
<b>Risk-Weighted Assets ("RWA")</b>	<b>201,723</b>	<b>201,934</b>	<b>200,654</b>	<b>181,552</b>
<b>Capital Adequacy Ratios ("CAR")</b>				
CET1	13.1%	12.8%	13.0%	14.0%
Tier 1	13.2%	12.8%	13.0%	14.0%
Total	15.9%	16.0%	15.6%	16.8%
Fully-loaded CET1 (based on final rules effective 1 Jan 2018)	12.2%	12.1%	11.7%	12.5%
<b>Leverage Exposure</b>	<b>361,877</b>	<b>368,179</b>	<b>355,932</b>	<b>337,146</b>
<b>Leverage Ratio</b>	<b>7.4%</b>	<b>7.0%</b>	<b>7.3%</b>	<b>7.6%</b>

The Group's CET1, Tier 1 and Total CAR as at 30 June 2016 were well above the regulatory minimum requirements.

Compared to a year ago, total capital increased resulting from retained earnings and the issuance of Basel III-compliant instruments, partially offset by the redemption of old-style preference shares and Tier 2 subordinated notes. RWA was higher year-on-year due to asset growth, coupled with the revised recognition of undrawn credit facilities effective December 2015.

Compared with 31 March 2016, total capital decreased due to redemption of old-style Tier 2 subordinated notes, partially offset by the issuance of perpetual capital securities.

The Group's leverage ratio increased from the previous quarter to 7.4% as at 30 June 2016. Tier 1 capital increased from the issuance of perpetual capital securities while leverage exposure declined due to lower placements with central banks.

### 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](http://www.UOBGroup.com/investor/financial/overview.html).

**Consolidated Income Statement (Unaudited)**

	1H16	1H15	+/-)	2Q16	2Q15	+/-)	1Q16	+/-)
	\$m	\$m	%	\$m	\$m	%	\$m	%
Interest income	4,144	3,841	7.9	2,047	1,938	5.6	2,097	(2.4)
Less: Interest expense	1,659	1,427	16.2	837	726	15.3	822	1.7
<b>Net interest income</b>	<b>2,485</b>	<b>2,414</b>	<b>3.0</b>	<b>1,211</b>	<b>1,213</b>	<b>(0.2)</b>	<b>1,275</b>	<b>(5.0)</b>
Fee and commission income	907	919	(1.2)	475	465	2.0	433	9.6
Dividend income	25	28	(10.4)	24	27	(11.1)	1	>100.0
Rental income	58	59	(0.7)	29	29	(1.2)	29	(0.1)
Net trading income	381	267	42.6	216	114	89.6	165	31.4
Net gain/(loss) from investment securities	76	114	(32.9)	39	42	(6.0)	37	7.0
Other income	60	82	(27.7)	29	36	(17.9)	30	(2.4)
<b>Non-interest income</b>	<b>1,507</b>	<b>1,468</b>	<b>2.7</b>	<b>813</b>	<b>714</b>	<b>13.9</b>	<b>695</b>	<b>17.0</b>
<b>Total operating income</b>	<b>3,993</b>	<b>3,882</b>	<b>2.8</b>	<b>2,024</b>	<b>1,927</b>	<b>5.0</b>	<b>1,969</b>	<b>2.8</b>
Less: Staff costs	1,027	1,014	1.3	521	517	0.8	506	3.1
Other operating expenses	794	715	11.0	405	359	12.9	389	4.3
<b>Total operating expenses</b>	<b>1,821</b>	<b>1,729</b>	<b>5.3</b>	<b>927</b>	<b>877</b>	<b>5.7</b>	<b>894</b>	<b>3.6</b>
<b>Operating profit before allowances</b>	<b>2,172</b>	<b>2,153</b>	<b>0.8</b>	<b>1,097</b>	<b>1,050</b>	<b>4.5</b>	<b>1,075</b>	<b>2.0</b>
Less: Allowances for credit and other losses	278	321	(13.5)	161	152	5.7	117	37.3
<b>Operating profit after allowances</b>	<b>1,893</b>	<b>1,832</b>	<b>3.4</b>	<b>936</b>	<b>898</b>	<b>4.3</b>	<b>958</b>	<b>(2.3)</b>
Share of profit of associates and joint ventures	2	44	(96.0)	32	40	(19.7)	(30)	>100.0
<b>Profit before tax</b>	<b>1,895</b>	<b>1,876</b>	<b>1.0</b>	<b>968</b>	<b>938</b>	<b>3.2</b>	<b>927</b>	<b>4.4</b>
Less: Tax	323	306	5.5	165	173	(5.0)	158	4.0
<b>Profit for the financial period</b>	<b>1,572</b>	<b>1,570</b>	<b>0.2</b>	<b>803</b>	<b>764</b>	<b>5.1</b>	<b>769</b>	<b>4.5</b>
Attributable to:								
<b>Equity holders of the Bank</b>	<b>1,566</b>	<b>1,563</b>	<b>0.2</b>	<b>801</b>	<b>762</b>	<b>5.1</b>	<b>766</b>	<b>4.6</b>
Non-controlling interests	6	7	(12.2)	3	3	8.2	3	(15.2)
	<b>1,572</b>	<b>1,570</b>	<b>0.2</b>	<b>803</b>	<b>764</b>	<b>5.1</b>	<b>769</b>	<b>4.5</b>



**Consolidated Statement of Comprehensive Income (Unaudited)**

	<b>1H16</b>	1H15	+ / (-)	<b>2Q16</b>	2Q15	+ / (-)	1Q16	+ / (-)
	<b>\$m</b>	\$m	%	<b>\$m</b>	\$m	%	\$m	%
<b>Profit for the financial period</b>	<b>1,572</b>	1,570	0.2	<b>803</b>	764	5.1	769	4.5
Currency translation adjustments	<b>(45)</b>	(195)	77.0	<b>(119)</b>	(311)	61.8	74	(>100.0)
Change in available-for-sale/other reserves								
Change in fair value	<b>(308)</b>	714	(>100.0)	<b>(170)</b>	243	(>100.0)	(138)	(23.2)
Transfer to income statement								
on disposal/impairment	<b>(120)</b>	(102)	(17.1)	<b>(37)</b>	(42)	11.6	(83)	55.4
Tax relating to available-for-sale	<b>22</b>	(36)	>100.0	<b>6</b>	(12)	>100.0	15	(59.2)
Change in share of other comprehensive income of associates and joint ventures	<b>(20)</b>	3	(>100.0)	<b>(12)</b>	(3)	(>100.0)	(9)	(36.3)
Remeasurement of defined benefit obligation <sup>1</sup>	<b>(4)</b>	(0)	(>100.0)	<b>(4)</b>	(0)	(>100.0)	-	NM
<b>Other comprehensive income for the financial period, net of tax</b>	<b>(475)</b>	383	(>100.0)	<b>(335)</b>	(125)	(>100.0)	(140)	(>100.0)
<b>Total comprehensive income for the financial period, net of tax</b>	<b>1,097</b>	1,952	(43.8)	<b>468</b>	640	(26.8)	629	(25.5)
Attributable to:								
<b>Equity holders of the Bank</b>	<b>1,090</b>	1,946	(44.0)	<b>464</b>	639	(27.4)	626	(25.9)
Non-controlling interests	<b>7</b>	7	12.2	<b>4</b>	1	>100.0	3	44.6
	<b>1,097</b>	1,952	(43.8)	<b>468</b>	640	(26.8)	629	(25.5)

## Note:

<sup>1</sup> Refer to item that will not be reclassified subsequently to Income Statement.

**Consolidated Balance Sheet (Unaudited)**

	Jun-16	Mar-16	Dec-15 <sup>1</sup>	Jun-15
	\$m	\$m	\$m	\$m
<b>Equity</b>				
Share capital and other capital	5,898	5,149	5,881	5,881
Retained earnings	16,412	16,188	15,463	14,769
Other reserves	8,969	9,292	9,424	9,898
Equity attributable to equity holders of the Bank	31,279	30,629	30,768	30,548
Non-controlling interests	160	159	155	164
<b>Total</b>	<b>31,439</b>	<b>30,788</b>	<b>30,924</b>	<b>30,712</b>
<b>Liabilities</b>				
Deposits and balances of banks	10,298	10,990	11,986	10,958
Deposits and balances of customers	248,153	254,779	240,524	241,485
Bills and drafts payable	564	492	435	609
Other liabilities	12,299	11,955	11,854	9,480
Debts issued	18,878	20,662	20,288	16,834
<b>Total</b>	<b>290,193</b>	<b>298,877</b>	<b>285,087</b>	<b>279,366</b>
<b>Total equity and liabilities</b>	<b>321,632</b>	<b>329,666</b>	<b>316,011</b>	<b>310,077</b>
<b>Assets</b>				
Cash, balances and placements with central banks	26,444	36,663	32,306	38,741
Singapore Government treasury bills and securities	6,542	6,796	6,865	7,017
Other government treasury bills and securities	11,601	13,175	12,644	9,808
Trading securities	2,904	2,147	1,277	1,499
Placements and balances with banks	33,138	33,244	28,646	25,658
Loans to customers	208,444	205,576	203,611	198,798
Investment securities	10,562	10,910	10,562	11,003
Other assets	13,893	13,070	12,004	9,608
Investment in associates and joint ventures	1,081	1,093	1,106	1,079
Investment properties	1,117	1,096	1,108	1,279
Fixed assets	1,764	1,753	1,739	1,445
Intangible assets	4,143	4,142	4,144	4,143
<b>Total</b>	<b>321,632</b>	<b>329,666</b>	<b>316,011</b>	<b>310,077</b>
<b>Off-balance sheet items</b>				
Contingent liabilities	20,895	20,680	19,026	19,818
Financial derivatives	675,156	680,753	677,475	681,087
Commitments	136,045	138,204	143,312	99,093
<b>Net asset value per ordinary share (\$)</b>	<b>18.16</b>	<b>18.22</b>	<b>17.84</b>	<b>17.71</b>

Note:

<sup>1</sup> Audited.

**Consolidated Statement of Changes in Equity (Unaudited)**

	<b>Attributable to equity holders of the Bank</b>					<b>Total equity</b>
	<b>Share capital and other capital</b>	<b>Retained earnings</b>	<b>Other reserves</b>	<b>Total</b>	<b>Non-controlling interests</b>	
	\$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	-	1,566	-	1,566	6	1,572
Other comprehensive income for the financial period	-	(11)	(466)	(477)	1	(475)
<b>Total comprehensive income for the financial period</b>	<b>-</b>	<b>1,556</b>	<b>(466)</b>	<b>1,090</b>	<b>7</b>	<b>1,097</b>
Transfers	-	9	(9)	-	-	-
Change in non-controlling interests	-	-	-	-	2	2
Dividends	-	(616)	-	(616)	(4)	(620)
Issue of shares under scrip dividend scheme	99	-	-	99	-	99
Share-based compensation	-	-	20	20	-	20
Issue of shares under share-based compensation plans	0	-	(0)	-	-	-
Issue of perpetual capital securities	748	-	-	748	-	748
Redemption of preference shares	(832)	-	-	(832)	-	(832)
<b>Balance at 30 June 2016</b>	<b>5,898</b>	<b>16,412</b>	<b>8,969</b>	<b>31,279</b>	<b>160</b>	<b>31,439</b>
Balance at 1 January 2015	5,892	14,064	9,613	29,569	203	29,772
Profit for the financial period	-	1,563	-	1,563	7	1,570
Other comprehensive income for the financial period	-	(0)	383	383	(0)	383
<b>Total comprehensive income for the financial period</b>	<b>-</b>	<b>1,563</b>	<b>383</b>	<b>1,946</b>	<b>7</b>	<b>1,952</b>
Transfers	-	75	(75)	-	-	-
Change in non-controlling interests	-	-	(33)	(33)	(41)	(75)
Dividends	-	(933)	-	(933)	(4)	(938)
Share buyback - held in treasury	(19)	-	-	(19)	-	(19)
Share-based compensation	-	-	18	18	-	18
Issue of shares under share-based compensation plans	8	-	(8)	-	-	-
<b>Balance at 30 June 2015</b>	<b>5,881</b>	<b>14,769</b>	<b>9,898</b>	<b>30,548</b>	<b>164</b>	<b>30,712</b>

**Consolidated Statement of Changes in Equity (Unaudited)**

	<b>Attributable to equity holders of the Bank</b>					<b>Total equity</b>
	<b>Share capital and other capital</b>	<b>Retained earnings</b>	<b>Other reserves</b>	<b>Total</b>	<b>Non-controlling interests</b>	
	\$m	\$m	\$m	\$m	\$m	
Balance at 1 April 2016	5,149	16,188	9,292	30,629	159	30,788
Profit for the financial period	-	801	-	801	3	803
Other comprehensive income for the financial period	-	(11)	(326)	(337)	2	(335)
Total comprehensive income for the financial period	-	790	(326)	464	4	468
Transfers	-	9	(9)	-	-	-
Change in non-controlling interests	-	-	-	-	0	0
Dividends	-	(574)	-	(574)	(4)	(578)
Share-based compensation	-	-	12	12	-	12
Issue of shares under share-based compensation plans	0	-	(0)	-	-	-
Issue of perpetual capital securities	748	-	-	748	-	748
Balance at 30 June 2016	<b>5,898</b>	<b>16,412</b>	<b>8,969</b>	<b>31,279</b>	<b>160</b>	<b>31,439</b>
Balance at 1 April 2015	5,882	14,826	10,122	30,830	208	31,038
Profit for the financial period	-	762	-	762	3	764
Other comprehensive income for the financial period	-	(0)	(123)	(123)	(1)	(125)
Total comprehensive income for the financial period	-	762	(123)	639	1	640
Transfers	-	74	(74)	-	-	-
Change in non-controlling interests	-	-	(33)	(33)	(41)	(75)
Dividends	-	(893)	-	(893)	(4)	(897)
Share buyback - held in treasury	(5)	-	-	(5)	-	(5)
Share-based compensation	-	-	10	10	-	10
Issue of shares under share-based compensation plans	4	-	(4)	-	-	-
Balance at 30 June 2015	<b>5,881</b>	<b>14,769</b>	<b>9,898</b>	<b>30,548</b>	<b>164</b>	<b>30,712</b>

**Consolidated Cash Flow Statement (Unaudited)**

	1H16	1H15	2Q16	2Q15
	\$m	\$m	\$m	\$m
<b>Cash flows from operating activities</b>				
Profit for the financial period	1,572	1,570	803	764
Adjustments for:				
Allowances for credit and other losses	278	321	161	152
Share of profit of associates and joint ventures	(2)	(44)	(32)	(40)
Tax	323	306	165	173
Depreciation of assets	108	89	54	45
Net gain on disposal of assets	(129)	(148)	(79)	(57)
Share-based compensation	20	19	12	10
Operating profit before working capital changes	2,171	2,113	1,084	1,048
Increase/(decrease) in working capital				
Deposits and balances of banks	(1,688)	(268)	(692)	(1,981)
Deposits and balances of customers	7,628	7,736	(6,626)	2,075
Bills and drafts payable	130	(342)	72	(87)
Other liabilities	756	(659)	449	(1,298)
Restricted balances with central banks	(392)	71	229	182
Government treasury bills and securities	1,410	1,093	1,847	(1,517)
Trading securities	(1,582)	(756)	(723)	(647)
Placements and balances with banks	(4,492)	3,034	105	878
Loans to customers	(5,170)	(3,222)	(3,037)	774
Investment securities	(335)	1,169	165	658
Other assets	(1,893)	(341)	(847)	612
Cash (used in)/generated from operations	(3,458)	9,627	(7,975)	695
Income tax paid	(275)	(294)	(227)	(209)
Net cash (used in)/provided by operating activities	(3,734)	9,333	(8,201)	487
<b>Cash flows from investing activities</b>				
Capital injection into associates and joint ventures	(2)	(3)	(2)	(0)
Acquisition of associates and joint ventures	(44)	(9)	-	(8)
Distribution from associates and joint ventures	37	151	29	149
Acquisition of properties and other fixed assets	(179)	(454)	(103)	(403)
Proceeds from disposal of properties and other fixed assets	2	38	2	23
Net cash used in investing activities	(186)	(277)	(74)	(239)
<b>Cash flows from financing activities</b>				
Issuance of perpetual capital securities	748	-	748	-
Redemption of preference shares	(689)	-	-	-
Issuance of debts issued	13,113	8,006	4,191	3,175
Redemption of debts issued	(14,972)	(12,230)	(6,682)	(4,819)
Share buyback - held in treasury	-	(19)	-	(5)
Change in non-controlling interests	2	(75)	0	(75)
Dividends paid on ordinary shares	(784)	(881)	(563)	(881)
Dividends paid on preference shares	(20)	(20)	-	-
Distribution for perpetual capital securities	(33)	(33)	(12)	(12)
Dividends paid to non-controlling interests	(4)	(4)	(4)	(4)
Net cash used in financing activities	(2,638)	(5,255)	(2,320)	(2,621)
Currency translation adjustments	304	(73)	605	(493)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(6,254)	3,729	(9,990)	(2,866)
Cash and cash equivalents at beginning of the financial period	27,228	29,704	30,964	36,299
<b>Cash and cash equivalents at end of the financial period</b>	20,974	33,433	20,974	33,433

**Balance Sheet of the Bank (Unaudited)**

	Jun-16	Mar-16	Dec-15 <sup>1</sup>	Jun-15
	\$m	\$m	\$m	\$m
<b>Equity</b>				
Share capital and other capital	5,898	5,149	5,050	5,050
Retained earnings	12,546	12,383	11,735	11,356
Other reserves	9,507	9,729	9,971	10,280
<b>Total</b>	<b>27,951</b>	<b>27,261</b>	<b>26,756</b>	<b>26,685</b>
<b>Liabilities</b>				
Deposits and balances of banks	9,635	10,199	10,538	9,742
Deposits and balances of customers	195,483	201,786	190,378	189,723
Deposits and balances of subsidiaries	7,744	8,058	2,412	2,811
Bills and drafts payable	325	243	237	420
Other liabilities	8,798	8,198	8,455	6,940
Debts issued	17,905	19,484	20,211	16,693
<b>Total</b>	<b>239,891</b>	<b>247,969</b>	<b>232,231</b>	<b>226,329</b>
<b>Total equity and liabilities</b>	<b>267,842</b>	<b>275,230</b>	<b>258,987</b>	<b>253,015</b>
<b>Assets</b>				
Cash, balances and placements with central banks	18,090	29,846	24,249	28,787
Singapore Government treasury bills and securities	6,542	6,796	6,865	7,013
Other government treasury bills and securities	6,635	8,209	7,268	4,679
Trading securities	2,762	1,865	1,010	1,326
Placements and balances with banks	26,693	27,269	24,280	21,312
Loans to customers	162,195	159,778	158,230	153,916
Placements with and advances to subsidiaries	11,827	9,116	5,944	7,052
Investment securities	9,750	10,041	9,857	10,177
Other assets	11,494	10,394	9,447	7,073
Investment in associates and joint ventures	389	450	407	415
Investment in subsidiaries	5,846	5,862	5,841	5,700
Investment properties	1,169	1,166	1,174	1,197
Fixed assets	1,268	1,258	1,233	1,188
Intangible assets	3,182	3,182	3,182	3,182
<b>Total</b>	<b>267,842</b>	<b>275,230</b>	<b>258,987</b>	<b>253,015</b>
<b>Off-balance sheet items</b>				
Contingent liabilities	14,440	14,253	13,306	13,961
Financial derivatives	594,939	597,336	587,768	574,648
Commitments	116,825	118,387	113,895	80,219
<b>Net asset value per ordinary share (\$)</b>	<b>16.09</b>	<b>16.12</b>	<b>15.86</b>	<b>15.81</b>

Note:

<sup>1</sup> 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	-	1,392	-	1,392
Other comprehensive income for the financial period	-	-	(470)	(470)
Total comprehensive income for the financial period	-	1,392	(470)	923
Transfers	-	15	(15)	-
Dividends	-	(595)	-	(595)
Issue of shares under scrip dividend scheme	99	-	-	99
Share-based compensation	-	-	20	20
Issue of shares under share-based compensation plans	0	-	(0)	-
Issue of perpetual capital securities	748	-	-	748
Balance at 30 June 2016	<b>5,898</b>	<b>12,546</b>	<b>9,507</b>	<b>27,951</b>
Balance at 1 January 2015	5,061	10,809	9,780	25,650
Profit for the financial period	-	1,387	-	1,387
Other comprehensive income for the financial period	-	-	564	564
Total comprehensive income for the financial period	-	1,387	564	1,951
Transfers	-	74	(74)	-
Dividends	-	(914)	-	(914)
Share buyback - held in treasury	(19)	-	-	(19)
Share-based compensation	-	-	18	18
Issue of shares under share-based compensation plans	8	-	(8)	-
Balance at 30 June 2015	<b>5,050</b>	<b>11,356</b>	<b>10,280</b>	<b>26,685</b>

**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 April 2016	5,149	12,383	9,729	27,261
Profit for the financial period	-	728	-	728
Other comprehensive income for the financial period	-	-	(225)	(225)
Total comprehensive income for the financial period	-	728	(225)	504
Transfers	-	9	(9)	-
Dividends	-	(574)	-	(574)
Share-based compensation	-	-	12	12
Issue of shares under share-based compensation plans	0	-	(0)	-
Issue of perpetual capital securities	748	-	-	748
Balance at 30 June 2016	<b>5,898</b>	<b>12,546</b>	<b>9,507</b>	<b>27,951</b>
Balance at 1 April 2015	5,050	11,401	10,170	26,622
Profit for the financial period	-	774	-	774
Other comprehensive income for the financial period	-	-	178	178
Total comprehensive income for the financial period	-	774	178	952
Transfers	-	74	(74)	-
Dividends	-	(893)	-	(893)
Share buyback - held in treasury	(5)	-	-	(5)
Share-based compensation	-	-	10	10
Issue of shares under share-based compensation plans	4	-	(4)	-
Balance at 30 June 2015	<b>5,050</b>	<b>11,356</b>	<b>10,280</b>	<b>26,685</b>



**Capital Adequacy Ratios of Major Bank Subsidiaries**

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

	Jun-16			
	Total Risk- Weighted Assets	Capital Adequacy Ratios		
		CET1	Tier 1	Total
	\$m	%	%	%
United Overseas Bank (Malaysia) Bhd	18,691	13.0	13.0	16.1
United Overseas Bank (Thai) Public Company Limited	9,928	17.1	17.1	19.8
PT Bank UOB Indonesia	7,461	14.6	14.6	16.9
United Overseas Bank (China) Limited	6,118	21.7	21.7	22.3