

To: All Shareholders

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

Financial Results

The unaudited financial results of the Group for the first quarter of 2011 are enclosed.

Dividends

Ordinary share dividend

No dividend on ordinary shares has been declared for the first quarter of 2011.

Preference share dividends

On 15 March 2011, a semi-annual dividend at an annual rate of 5.796% totalling USD14 million (1Q10: USD14 million) was paid on the 5,000 non-cumulative non-convertible guaranteed SPV-A preference shares issued by the Bank's wholly-owned subsidiary, UOB Cayman I Limited.

On 15 March 2011, a semi-annual one-tier tax-exempt dividend of 5.05% per annum totalling S\$33 million (1Q10: S\$33 million) was paid on the Bank's S\$1.32 billion Class E non-cumulative non-convertible preference shares.

Events Subsequent to the Balance Sheet Date

On 1 April 2011, the Bank issued S\$1 billion 3.45% fixed rate subordinated notes due 2021 callable in 2016 (the "Fixed Rate Notes") pursuant to the S\$5 billion euro-medium term note programme established on 8 June 2010. The Bank has outstanding Upper Tier 2 subordinated notes which are callable in the second half of 2011. The Bank intends to use the net proceeds from the issue of the Fixed Rate Notes to partially finance the exercise of the call, subject to approval being obtained from the Monetary Authority of Singapore.

On 5 May 2011, the Bank issued A\$350 million senior unsecured unsubordinated floating rate notes due 2014 (the "Floating Rate Notes") pursuant to the S\$5 billion euro-medium term note programme established on 8 June 2010. The Floating Rate Notes are unlisted and bear interest at 3 month Bank Bill Swap Reference Rate plus 92 bps, (rounded to 4 decimal places) payable quarterly in arrear.

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 quarter of 2011 to be false or misleading.

BY ORDER OF THE BOARD
UNITED OVERSEAS BANK LIMITED

Mrs Vivien Chan
Secretary

Dated this 6th day of May 2011

The results are also available at uobgroup.com



Group Financial Report

For the First Quarter 2011

United Overseas Bank Limited
Incorporated in the Republic of Singapore
Company Registration Number: 193500026Z

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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.

Financial Highlights

	1Q11	4Q10	+ / (-) %	1Q10	+ / (-) %
Profit and loss summary (\$m)					
Net interest income	871	865	0.8	900	(3.2)
Fee and commission income	330	310	6.6	284	16.3
Other non-interest income	221	390	(43.4)	318	(30.5)
Total income	1,423	1,565	(9.1)	1,502	(5.3)
Less: Total expenses	583	620	(6.0)	542	7.6
Operating profit	840	945	(11.1)	960	(12.5)
Less: Amortisation/impairment charges	105	183	(42.2)	111	(5.1)
Add: Share of profit of associates	25	38	(33.0)	25	2.1
Less: Tax and minority interests	148	94	56.5	174	(14.9)
Net profit after tax ¹	612	706	(13.3)	700	(12.6)
Financial indicators					
Non-interest income/Total income (%)	38.7	44.7	(6.0)% pt	40.1	(1.4)% pt
Overseas profit contribution (%)	33.2	21.8	11.4% pt	31.0	2.2% pt
Earnings per ordinary share (\$) ^{2,3}					
Basic	1.52	1.47	3.4	1.63	(6.7)
Diluted	1.52	1.46	4.1	1.62	(6.2)
Return on average ordinary shareholders' equity (%) ^{2,3}	12.0	11.9	0.1% pt	14.2	(2.2)% pt
Return on average total assets (%) ³	1.15	1.14	0.01% pt	1.37	(0.22)% pt
Net interest margin (%) ³	1.90	1.91	(0.01)% pt	2.25	(0.35)% pt
Expense/Income ratio (%)	41.0	39.6	1.4% pt	36.1	4.9% pt
Loan charge off rate (bp) ³					
Exclude collective impairment	11	46	(35)bp	4	7bp
Include collective impairment	31	62	(31)bp	24	7bp

Notes:

1 Refer to profit attributable to equity holders of the Bank.

2 Calculated based on profit attributable to equity holders of the Bank net of preference share dividends.

3 Computed on an annualised basis.

Financial Highlights (cont'd)

	Mar-11	Dec-10	+ / (-) %	Mar-10	+ / (-) %
Financial indicators					
Customer loans (net) (\$m)	120,176	112,440	6.9	100,577	19.5
Customer deposits (\$m)	146,574	142,299	3.0	125,570	16.7
Loans/Deposits ratio (%) ¹	82.1	79.0	3.1% pt	81.5	0.6% pt
NPL ratio (%) ²	1.6	1.8	(0.2)% pt	2.0	(0.4)% pt
Total assets (\$m)	219,970	213,778	2.9	191,587	14.8
Shareholders' equity (\$m) ³	22,114	21,473	3.0	19,926	11.0
Net asset value ("NAV") per ordinary share (\$) ⁴	12.94	12.51	3.4	11.80	9.7
Revalued NAV per ordinary share (\$) ⁴	14.77	14.34	3.0	13.41	10.1
Capital adequacy ratios (%)					
Tier 1	14.9	15.3	(0.4)% pt	14.9	-
Total	19.2	19.8	(0.6)% pt	20.0	(0.8)% pt

Notes:

- 1 Refer to net customer loans and customer deposits.
- 2 Refer to non-performing loans as a percentage of gross customer loans.
- 3 Refer to equity attributable to equity holders of the Bank.
- 4 Preference shares 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 new or amended FRS and Interpretations to FRS ("INT FRS") applicable to the Group with effect from 1 January 2011 are listed below. The adoption of these FRS and INT FRS has no significant impact on the financial statements of the Group.

- Revised FRS24 Related Party Disclosures
- INT FRS119 Extinguishing Financial Liabilities with Equity Instruments

Other than the above changes, the accounting policies and computation methods adopted in the financial statements for the first quarter 2011 are the same as those adopted in the audited financial statements for the financial year ended 31 December 2010.

First quarter 2011 ("1Q11") versus fourth quarter 2010 ("4Q10")

Group registered a net profit after tax ("NPAT") of \$612 million in 1Q11, 13.3% lower than 4Q10 largely due to one-time gain on sale of investment securities in 4Q10. Excluding the gain, NPAT would be higher due to higher net interest income as well as fee and commission income, coupled with lower impairment charges.

Net interest income improved to \$871 million contributed by higher loan and securities volumes with net interest margin maintained at 1.90%. Fee and commission income rose 6.6% to \$330 million largely on higher loan-related income, while trading and investment income declined due to the one-time gain on sale of investment securities in 4Q10.

Total operating expenses decreased 6.0% to \$583 million in 1Q11, while expense-to-income ratio was 41.0%.

Impairment charges were lower at \$103 million in 1Q11 due to lower individual impairment on loans as asset quality continued to improve. Total charge off for loans declined to 31bp from 62bp in 4Q10.

Net customer loans grew 6.9% to \$120.2 billion as at 31 March 2011. The increase was across all geographies in most industries. NPL ratio improved to 1.6% from 1.8% in 4Q10.

Customer deposits grew 3.0% to \$146.6 billion as at 31 March 2011 as fixed deposits and savings deposits increased. Loans-to-deposits ratio stood at 82.1%.

Shareholders' equity increased 3.0% over the previous quarter to \$22.1 billion as at 31 March 2011 largely on higher retained profits.

The Group maintained a strong capital position with Tier 1 and total capital adequacy ratios at 14.9% and 19.2% respectively as at 31 March 2011, well above the minimum 6% and 10% required by MAS.

First quarter 2011 ("1Q11") versus first quarter 2010 ("1Q10")

Group NPAT was 12.6% lower against 1Q10. Excluding the one-time gain on sale of UOB Life Assurance Limited ("UOB Life") in 1Q10, Group NPAT declined marginally by 1.0%.

Fee and commission income rose 16.3% to \$330 million across most business areas both in Singapore and the region. Net interest income was lower due to compressed margin, partly offset by expanded asset volumes. Trading and investment income declined mainly attributed by lower gain on sale of investment securities.

Total operating expenses increased 7.6% from 1Q10 mainly on higher staff costs.

Impairment charges were lower when compared to the same period last year on lower collective impairment set aside.

Net customer loans grew 19.5% year-on-year to \$120.2 billion in Singapore and in the region as execution of the Group's regional franchise continues to deliver results. NPL ratio improved to 1.6% from a year ago.

Customer deposits grew 16.7% year-on-year, contributed by higher fixed deposits and saving deposits.

Shareholders' equity grew 11.0% mainly attributed to higher retained profits, the issuance of new ordinary shares pursuant to the scrip dividend scheme, as well as improved valuation of the investment portfolio.

Compared to a year ago, Group Tier 1 capital adequacy ratio of 14.9% remained the same while total capital adequacy ratio of 19.2% was 0.8% point lower on higher risk-weighted assets, partly offset by higher retained earnings.

Net Interest Income

Net interest margin

	1Q11			4Q10			1Q10		
	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	114,221	982	3.49	107,835	967	3.56	98,159	928	3.84
Interbank balances	34,128	121	1.43	38,640	120	1.23	29,346	97	1.34
Securities	37,777	201	2.16	33,302	195	2.32	35,072	198	2.29
Total	186,126	1,304	2.84	179,776	1,282	2.83	162,577	1,224	3.05
Interest bearing liabilities									
Customer deposits	143,502	327	0.92	140,069	311	0.88	125,249	248	0.80
Interbank balances/others	38,224	105	1.12	35,231	106	1.19	33,073	76	0.93
Total	181,726	432	0.96	175,300	417	0.94	158,322	324	0.83
Net interest margin¹			1.90			1.91			2.25

Volume and rate analysis

	1Q11 vs 4Q10			1Q11 vs 1Q10		
	Volume change	Rate change	Net change	Volume change	Rate change	Net change
	\$m	\$m	\$m	\$m	\$m	\$m
Interest income						
Customer loans	57	(20)	37	152	(98)	54
Interbank balances	(14)	17	3	16	8	23
Securities	26	(15)	11	15	(12)	3
Total	69	(18)	51	183	(103)	80
Interest expense						
Customer deposits	8	16	24	36	44	80
Interbank balances/others	9	(7)	2	11	18	29
Total	16	9	25	47	62	109
Change in number of days	-	-	(19)	-	-	-
Net interest income	53	(27)	7	136	(165)	(29)

1Q11 vs 4Q10

Net interest income improved to \$871 million from the previous quarter as loan and securities volumes continued to expand while net interest margin remained stable at 1.90%.

1Q11 vs 1Q10

Compared to 1Q10, net interest income was lower as margins were compressed, partly offset by expanded asset volumes. Net interest margin was 35 basis points lower at 1.90%.

Note:

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

Non-Interest Income

	1Q11	4Q10	+/(-)	1Q10	+/(-)
	\$m	\$m	%	\$m	%
Fee and commission income					
Credit card	50	52	(3.4)	45	11.0
Fund management	27	37	(27.4)	34	(22.2)
Investment-related	49	58	(15.6)	38	30.2
Loan-related	105	66	58.9	77	35.6
Service charges	24	25	(3.9)	23	6.6
Trade-related	59	56	6.4	50	17.6
Others	16	16	0.1	17	(2.4)
	330	310	6.6	284	16.3
Other non-interest income					
Dividend income	3	10	(71.6)	3	(11.1)
Rental income	28	30	(4.9)	30	(4.4)
Trading income/(loss)	32	6	>100.0	31	3.8
Non-trading income/(loss)					
Financial instruments measured at fair value to profit and loss	85	92	(7.0)	56	52.3
Available-for-sale assets and others	48	197	(75.9)	100	(52.3)
	165	295	(44.1)	187	(11.7)
Other income	25	56	(55.3)	99	(74.6)
Other operating income	190	351	(45.9)	285	(33.4)
	221	390	(43.4)	318	(30.5)
Total	551	700	(21.3)	602	(8.4)

1Q11 vs 4Q10

Fee and commission income grew 6.6% to \$330 million largely on higher loan-related income. Trading and investment income was lower due to one-time gain on sale of investment securities in 4Q10. Consequently, non-interest income decreased 21.3% to \$551 million for the quarter.

1Q11 vs 1Q10

Compared to 1Q10, fee and commission income rose 16.3% to \$330 million across Singapore and the regional countries and from most business areas. Loan-related and investment-related fee income rose more than 30% with increased cross-sell efforts as execution of the Group's regional franchise continues to deliver results. Trade-related and credit card fee income also grew as the Group continued to focus its efforts in generating income from these business areas. Trading and investment income showed a decline of 11.7% to \$165 million largely due to lower gain on sale of investment securities. Other income included gain on sale of UOB Life in 1Q10.

Operating Expenses

	1Q11	4Q10	+/(-) %	1Q10	+/(-) %
	\$m	\$m	%	\$m	%
Staff costs	339	330	2.5	301	12.4
Other operating expenses					
Revenue-related	119	133	(10.4)	112	6.7
Occupancy-related	57	57	(1.1)	53	8.2
IT-related	37	41	(10.4)	51	(27.6)
Others	32	58	(45.7)	26	23.0
	244	290	(15.6)	241	1.5
Total	583	620	(6.0)	542	7.6
 Of which, depreciation of assets	32	34	(7.8)	34	(6.9)
 Manpower (number)	22,287	21,653	634	20,660	1,627

1Q11 vs 4Q10

Total operating expenses decreased 6.0% to \$583 million in 1Q11, while expense-to-income ratio increased 1.4% points to 41.0%.

1Q11 vs 1Q10

Total operating expenses increased 7.6% from 1Q10 mainly on higher staff costs. The Group continued to invest in talent in tandem with its business growth strategies. Expense-to-income ratio increased 4.9% points to 41.0%.

Impairment Charges

	1Q11	4Q10	+ / (-)	1Q10	+ / (-)
	\$m	\$m	%	\$m	%
Individual impairment on loans ¹					
Singapore	18	52	(65.3)	(11)	>100.0
Malaysia	(3)	10	(>100.0)	14	(>100.0)
Thailand	6	14	(55.8)	13	(51.4)
Indonesia	8	1	>100.0	4	>100.0
Greater China ²	(0)	1	(>100.0)	(1)	88.1
Others	4	49	(91.5)	(9)	>100.0
	34	128	(73.6)	10	>100.0
Individual impairment on securities and others	9	30	(68.2)	22	(56.9)
Collective impairment	60	22	>100.0	77	(22.4)
Total	103	180	(42.8)	108	(5.1)

1Q11 vs 4Q10

Impairment charges improved to \$103 million in 1Q11 as asset quality continued to improve, partly offset by higher collective impairment due to loan growth.

1Q11 vs 1Q10

Impairment charges were lower when compared to the same period last year on lower collective impairment set aside.

Notes:

1 Based on the location where the non-performing loans are booked.

2 Comprise China, Hong Kong and Taiwan.

Customer Loans

	Mar-11	Dec-10	Mar-10
	\$m	\$m	\$m
Gross customer loans	122,851	115,122	103,145
Less: Individual impairment	866	930	935
Collective impairment	1,809	1,752	1,633
Net customer loans	120,176	112,440	100,577
By industry			
Transport, storage and communication	7,119	6,710	6,311
Building and construction	13,180	11,506	11,777
Manufacturing	8,606	8,617	8,693
Financial institutions	20,063	18,673	14,854
General commerce	16,542	15,094	12,650
Professionals and private individuals	15,374	14,907	13,496
Housing loans	35,141	33,528	28,623
Others	6,828	6,086	6,740
Total (gross)	122,851	115,122	103,145
By currency			
Singapore dollar	70,244	66,915	59,592
US dollar	15,277	13,855	13,093
Malaysian ringgit	15,437	14,282	12,392
Thai baht	6,781	6,841	6,246
Indonesian rupiah	3,465	3,213	2,976
Others	11,647	10,017	8,845
Total (gross)	122,851	115,122	103,145
By maturity			
Within 1 year	47,274	44,983	39,130
Over 1 year but within 3 years	19,614	19,766	20,335
Over 3 years but within 5 years	15,156	12,575	11,004
Over 5 years	40,808	37,798	32,676
Total (gross)	122,851	115,122	103,145
By geography ¹			
Singapore	80,153	75,534	67,161
Malaysia	16,495	15,278	13,170
Thailand	7,064	7,050	6,398
Indonesia	4,417	3,975	3,594
Greater China	6,098	5,295	4,143
Others	8,624	7,990	8,679
Total (gross)	122,851	115,122	103,145

Net customer loans grew 6.9% over the quarter to \$120.2 billion as at 31 March 2011 across all geographies and over most industries. Compared to the same period last year, net loans grew 19.5% as loan volumes from Singapore and the regional countries increased.

Note:

¹ Based on the location where the loans are booked.

Non-Performing Assets

	Mar-11	Dec-10	Mar-10
	\$m	\$m	\$m
Loans ("NPL")	2,002	2,155	2,153
Debt securities and others ¹	497	405	470
Non-Performing Assets ("NPA")	2,499	2,560	2,623

By grading

Substandard	1,474	1,478	1,555
Doubtful	432	432	399
Loss	593	650	669
Total	2,499	2,560	2,623

By security coverage

Secured	973	1,153	1,117
Unsecured	1,526	1,407	1,506
Total	2,499	2,560	2,623

By ageing

Current	400	596	419
Within 90 days	348	194	491
Over 90 to 180 days	217	251	191
Over 180 days	1,534	1,519	1,522
Total	2,499	2,560	2,623

Cumulative impairment

Individual	1,104	1,157	1,178
Collective	1,945	1,888	1,744
Total	3,049	3,045	2,922
As a % of NPA	122.0%	118.9%	111.4%
As a % of unsecured NPA	199.8%	216.4%	194.0%

	NPL	NPL	NPL	NPL	NPL
	ratio	ratio	ratio	ratio	ratio
	\$m	%	\$m	%	\$m
NPL by industry					
Transport, storage and communication	412	5.8	361	5.3	79
Building and construction	120	0.9	149	1.1	168
Manufacturing	535	6.2	524	6.1	644
Financial institutions	187	0.9	194	1.0	208
General commerce	290	1.8	353	2.3	369
Professionals and private individuals	180	1.2	197	1.3	215
Housing loans	225	0.6	259	0.8	277
Others	53	0.8	118	1.7	193
Total	2,002	1.6	2,155	1.8	2,153

Note:

¹ Included contingent liabilities with effect from March 2011.

Non-Performing Assets (cont'd)

	NPL \$m	NPL ratio %	Total cumulative impairment	
			as a % of NPL %	as a % of unsecured NPL %
NPL by geography ¹				
Singapore				
Mar 11	816	1.0	225.5	377.0
Dec 10	845	1.1	213.7	393.5
Mar 10	831	1.2	208.5	341.1
Malaysia				
Mar 11	355	2.2	103.1	283.7
Dec 10	373	2.4	93.6	258.5
Mar 10	442	3.3	71.9	230.4
Thailand				
Mar 11	311	4.4	75.2	137.6
Dec 10	409	5.2	69.4	120.9
Mar 10	419	5.9	70.4	119.9
Indonesia				
Mar 11	106	2.4	55.7	842.9
Dec 10	80	2.0	71.3	814.3
Mar 10	106	2.9	66.0	250.0
Greater China				
Mar 11	60	1.0	105.0	196.9
Dec 10	61	1.2	104.9	376.5
Mar 10	85	2.1	81.2	222.6
Others				
Mar 11	354	4.1	31.9	36.3
Dec 10	387	4.8	31.5	56.2
Mar 10	270	3.1	30.7	67.5
Group NPL				
Mar 11	2,002	1.6	133.6	235.3
Dec 10	2,155	1.8	124.5	250.7
Mar 10	2,153	2.0	119.3	239.1

Group NPL was \$2,002 million as at 31 March 2011 which was lower when compared to the comparative periods. The decrease in NPL over the comparative periods came mainly from Singapore, Malaysia and Thailand. As at 31 March 2011, Group NPL ratio improved to 1.6%.

Note:

¹ Based on the location where the non-performing loans are booked.

Customer Deposits

	<u>Mar-11</u>	<u>Dec-10</u>	<u>Mar-10</u>
	\$m	\$m	\$m
By product group			
Fixed deposits	79,313	77,310	65,332
Savings deposits	36,667	34,841	31,232
Current accounts	26,658	27,261	24,911
Others	3,937	2,888	4,095
Total	146,574	142,299	125,570
By maturity			
Within 1 year	143,608	139,129	121,993
Over 1 year but within 3 years	1,523	1,784	2,411
Over 3 years but within 5 years	1,238	1,157	771
Over 5 years	204	230	394
Total	146,574	142,299	125,570
Loans/Deposits ratio (%)	82.1	79.0	81.5

Customer deposits grew 3.0% for the quarter and 16.7% year-on-year to \$146.6 billion as at 31 March 2011. The increase over the comparative periods was led by fixed deposits and savings deposits.

Debts Issued

	<u>Mar-11</u>	<u>Dec-10</u>	<u>Mar-10</u>
	\$m	\$m	\$m
Subordinated debts			
Due after one year (unsecured)	5,293	5,367	5,588
Other debts issued			
Due within one year (unsecured)	1,129	672	427
Due after one year (unsecured)	250	224	107
	1,379	896	534
Total	6,672	6,263	6,122

Shareholders' Equity

	<u>Mar-11</u>	<u>Dec-10</u>	<u>Mar-10</u>
	\$m	\$m	\$m
Shareholders' equity	22,114	21,473	19,926
Add: Revaluation surplus	2,828	2,818	2,416
Shareholders' equity including revaluation surplus	<u>24,942</u>	<u>24,292</u>	<u>22,342</u>

Shareholders' equity increased 3.0% over 31 December 2010 to \$22.1 billion as at 31 March 2011 largely on higher retained profits.

Compared to a year ago, shareholders' equity grew 11.0% mainly contributed by higher retained profits, the issuance of new ordinary shares pursuant to the scrip dividend scheme, as well as improved valuation of the investment portfolio.

As at 31 March 2011, revaluation surplus of \$2.8 billion on the Group's properties was not recognised in the financial statements.

Changes in Issued Shares of the Bank

	Number of shares	
	<u>1Q11</u>	<u>1Q10</u>
	'000	'000
Ordinary shares		
Balance at beginning/end of period	<u>1,560,139</u>	<u>1,524,194</u>
Treasury shares		
Balance at beginning of period	(17,515)	(18,175)
Issue of shares under share-based compensation plans	12	-
Balance at end of period	<u>(17,503)</u>	<u>(18,175)</u>
Ordinary shares net of treasury shares	<u>1,542,637</u>	<u>1,506,019</u>
Preference shares		
Class E non-cumulative non-convertible preference shares at beginning/end of period	<u>13,200</u>	<u>13,200</u>

Performance by Operating Segment

The Group is organized 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 product groups:

Group Retail ("GR")

GR segment covers Consumer, Privilege and Business 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.

Segment profit decreased by 2.3% to \$250 million in 1Q11. The increase in operating expenses was mainly driven by business volume-related costs. The higher operating expenses and impairment charges were partially offset by higher fee and commission income from investment products, credit cards and loan-related fees.

Group Wholesale ("GW")

GW segment encompasses Commercial Banking, Corporate Banking, Financial Institutions Group ("FIG"), Corporate Finance, Debt Capital Markets and Private Banking. Commercial Banking serves the medium and large enterprises, while Corporate Banking serves large local corporations, government-linked companies and agencies, and FIG serves financial institutions. Commercial Banking, Corporate Banking and FIG provide customers with a broad range of products and services that include current accounts, deposits, lending, asset finance, ship finance, trade finance, structured finance, cash management and cross-border payments. Corporate Finance provides services that include lead managing and underwriting equity offerings and corporate advisory 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. 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 6.9% to \$389 million in 1Q11. The increase was mainly due to higher net interest income and loan-related fee income driven by strong loan growth. This was partly negated by higher impairment charges.

Global Markets and Investment Management ("GMIM")

GMIM segment provides a comprehensive range of treasury products and services, including foreign exchange, money market, fixed income, derivatives, margin trading, futures broking, gold products, as well as an array of structured products. It is a dominant player in Singapore dollar treasury 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.

Segment profit decreased 41.3% to \$152 million in 1Q11. The decline was mainly attributed to lower income from investment and interest rate management activities.

Other

Other segment includes property-related activities, insurance businesses and income and expenses not attributable to other operating segments.

The segment recorded a loss of \$6 million in 1Q11 compared to a profit of \$16 million in 1Q10. This was mainly due to the gain on sale of UOB Life in 1Q10, partially offset by lower collective impairment.

Performance by Operating Segment ¹ (cont'd)

	GR	GW	GMIM	Other	Elimination ²	Total
	\$m	\$m	\$m	\$m	\$m	\$m
1Q11						
Operating income	564	537	283	131	(92)	1,423
Operating expenses	(298)	(118)	(130)	(104)	67	(583)
Impairment charges	(15)	(28)	(1)	(59)	-	(103)
Amortisation of intangible assets	(1)	(2)	-	-	-	(3)
Share of profit of associates	-	-	-	25	-	25
Profit before tax	250	389	152	(6)	(25)	760
Segment assets	53,664	71,084	87,651	7,318	(5,183)	214,534
Intangible assets	1,339	2,122	667	80	-	4,208
Investment in associates	-	-	20	1,208	-	1,228
Total assets	55,003	73,206	88,338	8,606	(5,183)	219,970
Segment liabilities	69,469	71,839	51,015	11,165	(5,813)	197,675
Other information						
Inter-segment operating income	48	(26)	(23)	93	(92)	-
Gross customer loans	53,619	68,892	274	66	-	122,851
Non-performing assets	518	1,664	193	124	-	2,499
Capital expenditure	2	1	1	28	-	32
Depreciation of assets	2	1	1	28	-	32
1Q10						
Operating income	523	468	362	225	(76)	1,502
Operating expenses	(260)	(115)	(102)	(120)	55	(542)
Impairment charges	(6)	13	(2)	(113)	-	(108)
Amortisation of intangible assets	(1)	(2)	-	-	-	(3)
Share of profit of associates	-	-	1	24	-	25
Profit before tax	256	364	259	16	(21)	874
Segment assets	44,886	59,904	80,008	4,044	(2,721)	186,121
Intangible assets	1,348	2,136	669	80	-	4,233
Investment in associates	-	-	18	1,215	-	1,233
Total assets	46,234	62,040	80,695	5,339	(2,721)	191,587
Segment liabilities	62,529	59,318	43,762	9,311	(3,432)	171,488
Other information						
Inter-segment operating income	27	(29)	6	72	(76)	-
Gross customer loans	44,831	58,138	91	85	-	103,145
Non-performing assets	603	1,550	307	163	-	2,623
Capital expenditure	3	-	-	10	-	13
Depreciation of assets	2	1	1	30	-	34

Notes:

- 1 Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.
- 2 This includes joint income and expenses allocated to business segments in respect of cross-sell activities.
- 3 Certain prior period comparatives have been restated to reflect the re-alignment of the organisation to be more segment focused.

Performance by Geographical Segment¹

	1Q11	4Q10	1Q10
	\$m	\$m	\$m
Total operating income			
Singapore	866	1,035	979
Malaysia	190	178	176
Thailand	103	102	109
Indonesia	103	98	97
Greater China	64	68	47
Others	96	85	94
Total	1,423	1,565	1,502
Profit before tax			
Singapore	509	628	605
Malaysia	109	78	98
Thailand	19	19	26
Indonesia	35	49	45
Greater China	26	26	23
Others	64	3	79
	762	803	877
Intangible assets amortised	(3)	(3)	(3)
Total	760	800	874

Singapore accounted for 66.8% of the Group's pre-tax profit, while the regional countries contributed 24.8% to the Group's pre-tax profit in 1Q11.

Compared to 4Q10, Singapore recorded lower profit contribution mainly attributed to one-time gain on sale of investment securities. Malaysia's higher pre-tax profit was contributed by strong operating performance, coupled with lower impairment charges.

	Mar-11	Dec-10	Mar-10
	\$m	\$m	\$m
Total assets			
Singapore	145,098	141,970	128,890
Malaysia	23,604	21,620	18,897
Thailand	10,786	10,533	9,725
Indonesia	6,116	5,455	4,945
Greater China	13,432	11,879	7,405
Others	16,724	18,111	17,493
	215,762	209,568	187,354
Intangible assets	4,208	4,210	4,233
Total	219,970	213,778	191,587

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 Ratios

	Mar-11	Dec-10	Mar-10
	\$m	\$m	\$m
Tier 1 capital			
Share capital	2,537	2,537	1,902
Preference shares	2,149	2,149	2,149
Disclosed reserves/others	16,912	16,439	15,859
Deductions from Tier 1 capital	(4,773)	(4,763)	(4,819)
Eligible Tier 1 capital	16,825	16,362	15,091
Tier 2 capital			
Cumulative collective impairment/others	954	936	863
Subordinated notes	4,288	4,343	4,785
Deductions from Tier 2 capital	(432)	(435)	(468)
Eligible total capital	21,635	21,206	20,271
Risk-weighted assets	112,791	106,889	101,414
Capital adequacy ratios ("CAR")			
Tier 1	14.9%	15.3%	14.9%
Total	19.2%	19.8%	20.0%

As at 31 March 2011, Group Tier 1 and total CAR of 14.9% and 19.2% were well above the minimum 6% and 10% required by MAS respectively. These were lower when compared against the comparative periods mainly due to higher risk-weighted assets in tandem with the growth in assets, partly offset by higher retained earnings.

Consolidated Profit and Loss Account (Unaudited)

	1Q11	4Q10	+/(-) %	1Q10	+/(-) %
	\$m	\$m		\$m	
Interest income	1,304	1,282	1.7	1,224	6.6
Less: Interest expense	432	417	3.7	324	33.6
Net interest income	871	865	0.8	900	(3.2)
Fee and commission income	330	310	6.6	284	16.3
Dividend income	3	10	(71.6)	3	(11.1)
Rental income	28	30	(4.9)	30	(4.4)
Other operating income	190	351	(45.9)	285	(33.4)
Non-interest income	551	700	(21.3)	602	(8.4)
Total operating income	1,423	1,565	(9.1)	1,502	(5.3)
Less: Staff costs	339	330	2.5	301	12.4
Other operating expenses	244	290	(15.6)	241	1.5
Total operating expenses	583	620	(6.0)	542	7.6
Operating profit before charges	840	945	(11.1)	960	(12.5)
Less: Amortisation/impairment charges					
Intangible assets	3	3	(0.8)	3	(5.1)
Loans and others	103	180	(42.8)	108	(5.1)
Operating profit after charges	734	762	(3.7)	849	(13.5)
Share of profit of associates	25	38	(33.0)	25	2.1
Profit before tax	760	800	(5.1)	874	(13.1)
Less: Tax	143	89	61.5	167	(14.1)
Profit for the financial period	617	712	(13.3)	707	(12.8)
Attributable to:					
Equity holders of the Bank	612	706	(13.3)	700	(12.6)
Minority interests	5	6	(20.4)	7	(34.0)
	617	712	(13.3)	707	(12.8)

Consolidated Statement of Comprehensive Income (Unaudited)

	1Q11	4Q10	+ / (-)	1Q10	+ / (-)
	\$m	\$m	%	\$m	%
Profit for the financial period	617	712	(13.3)	707	(12.8)
Currency translation adjustments	(33)	(118)	71.8	152	(>100.0)
Change in available-for-sale reserve					
Change in fair value	112	46	>100.0	139	(19.3)
Transfer to profit and loss account on disposal/impairment	(17)	(150)	88.8	11	(>100.0)
Tax on net movement	3	3	19.5	(24)	>100.0
Change in share of other comprehensive income of associates	(6)	(26)	75.9	(4)	(60.0)
Other comprehensive income for the financial period, net of tax	59	(246)	>100.0	275	(78.4)
Total comprehensive income for the financial period, net of tax	676	466	45.0	982	(31.2)
Attributable to:					
Equity holders of the Bank	672	461	45.9	974	(31.0)
Minority interests	3	5	(34.6)	8	(54.8)
	676	466	45.0	982	(31.2)

Consolidated Balance Sheet (Unaudited)

	Mar-11	Dec-10¹	Mar-10
	\$m	\$m	\$m
Equity			
Share capital	4,686	4,685	4,051
Retained earnings	8,256	7,687	6,981
Other reserves	9,172	9,101	8,894
Equity attributable to equity holders of the Bank	22,114	21,473	19,926
Minority interests	181	180	173
Total	22,295	21,654	20,099
Liabilities			
Deposits and balances of banks	32,033	31,862	28,910
Deposits and balances of non-bank customers	146,574	142,299	125,570
Bills and drafts payable	1,767	1,288	1,282
Other liabilities	10,629	10,412	9,605
Debts issued	6,672	6,263	6,122
Total	197,675	192,125	171,488
Total equity and liabilities	219,970	213,778	191,587
Assets			
Cash, balances and placements with central banks	27,445	30,743	21,221
Singapore Government treasury bills and securities	11,961	12,814	14,850
Other government treasury bills and securities	14,181	11,575	9,625
Trading securities	179	138	127
Placements and balances with banks	12,280	13,458	13,131
Loans to non-bank customers	120,176	112,440	100,577
Investment securities	16,105	15,926	15,801
Other assets	10,065	9,132	8,625
Investment in associates	1,228	1,198	1,233
Investment properties	1,124	1,125	1,131
Fixed assets	1,018	1,019	1,033
Intangible assets	4,208	4,210	4,233
Total	219,970	213,778	191,587
Off-balance sheet items			
Contingent liabilities	17,457	15,021	13,463
Financial derivatives	324,459	289,011	283,348
Commitments	50,534	48,994	50,073
Net asset value per ordinary share (\$)	12.94	12.51	11.80

Note:

1 Audited.

Consolidated Statement of Changes in Equity (Unaudited)

	Attributable to equity holders of the Bank				Minority interests	Total equity
	Share capital	Retained earnings	Other reserves	Total		
	\$m	\$m	\$m	\$m		
Balance at 1 January 2011	4,685	7,687	9,101	21,473	180	21,654
Profit for the financial period	-	612	-	612	5	617
Other comprehensive income for the financial period	-	-	60	60	(1)	59
Total comprehensive income for the financial period	-	612	60	672	3	676
Change in minority interests	-	-	-	-	(1)	(1)
Dividends	-	(42)	-	(42)	(1)	(43)
Share-based compensation	-	-	9	9	-	9
Increase in statutory reserves	-	-	1	1	-	1
Issue of treasury shares under share-based compensation plans	0	-	(0)	-	-	-
Balance at 31 March 2011	4,686	8,256	9,172	22,114	181	22,295
Balance at 1 January 2010	4,051	6,324	8,611	18,986	169	19,155
Profit for the financial period	-	700	-	700	7	707
Other comprehensive income for the financial period	-	-	274	274	1	275
Total comprehensive income for the financial period	-	700	274	974	8	982
Change in minority interests	-	-	0	0	(2)	(2)
Dividends	-	(43)	-	(43)	(1)	(45)
Share-based compensation	-	-	9	9	-	9
Balance at 31 March 2010	4,051	6,981	8,894	19,926	173	20,099

Consolidated Cash Flow Statement (Unaudited)

	1Q11	1Q10
	\$m	\$m
Cash flows from operating activities		
Operating profit before amortisation and impairment charges	840	960
Adjustments for:		
Depreciation of assets	32	34
Net gain on disposal of assets	(31)	(134)
Share-based compensation	9	9
Operating profit before working capital changes	<u>849</u>	<u>869</u>
Increase/(decrease) in working capital		
Deposits	4,447	5,226
Bills and drafts payable	478	(155)
Other liabilities	136	(185)
Restricted balances with central banks	(71)	(109)
Government treasury bills and securities	(1,753)	(3,986)
Trading securities	(42)	(9)
Investment securities	(53)	492
Placements and balances with banks	1,179	984
Loans to non-bank customers	(7,829)	(1,438)
Other assets	(935)	37
Cash generated from/(used in) operations	<u>(3,592)</u>	<u>1,726</u>
Income tax paid	(56)	(49)
Net cash provided by/(used in) operating activities	<u>(3,648)</u>	<u>1,677</u>
Cash flows from investing activities		
Net cash flow on disposal/(acquisition) of:		
Associates	(14)	(3)
Properties and other fixed assets	(29)	(23)
Proceeds from disposal of subsidiaries	-	428
Change in minority interests	-	(2)
Dividends received from associates	-	1
Net cash provided by/(used in) investing activities	<u>(43)</u>	<u>400</u>
Cash flows from financing activities		
Increase in debts issued	409	78
Change in minority interests	(1)	-
Dividends paid on preference shares	(51)	(53)
Dividends paid to minority interests	(1)	(1)
Net cash provided by financing activities	<u>356</u>	<u>23</u>
Currency translation adjustments	(32)	147
Net increase/(decrease) in cash and cash equivalents	(3,369)	2,247
Cash and cash equivalents at beginning of the financial period	<u>27,143</u>	<u>16,544</u>
Cash and cash equivalents at end of the financial period	<u>23,774</u>	<u>18,792</u>

Balance Sheet of the Bank (Unaudited)

	Mar-11	Dec-10 ¹	Mar-10
	\$m	\$m	\$m
Equity			
Share capital	3,854	3,854	3,220
Retained earnings	6,805	6,363	5,932
Other reserves	8,875	8,730	8,299
Total	19,534	18,947	17,450
Liabilities			
Deposits and balances of banks	30,221	30,012	27,706
Deposits and balances of non-bank customers	115,451	111,727	99,691
Deposits and balances of subsidiaries	2,013	2,269	2,587
Bills and drafts payable	372	183	275
Other liabilities	8,586	8,357	7,416
Debts issued	6,146	6,165	6,315
Total	162,789	158,714	143,991
Total equity and liabilities	182,323	177,661	161,441
Assets			
Cash, balances and placements with central banks	20,386	25,112	14,736
Singapore Government treasury bills and securities	11,849	12,694	14,797
Other government treasury bills and securities	10,407	7,332	7,480
Trading securities	179	134	127
Placements and balances with banks	9,799	11,199	11,523
Loans to non-bank customers	91,460	85,538	76,622
Placements with and advances to subsidiaries	4,379	2,869	3,700
Investment securities	14,671	14,487	14,749
Other assets	8,709	7,817	7,208
Investment in associates	371	371	371
Investment in subsidiaries	4,757	4,757	4,764
Investment properties	1,423	1,419	1,403
Fixed assets	750	750	779
Intangible assets	3,182	3,182	3,182
Total	182,323	177,661	161,441
Off-balance sheet items			
Contingent liabilities	14,272	11,910	10,899
Financial derivatives	281,295	254,775	259,309
Commitments	38,803	37,051	38,051
Net asset value per ordinary share (\$)	11.81	11.42	10.71

Note:

1 Audited.

Statement of Changes in Equity of the Bank (Unaudited)

	Share capital	Retained earnings	Other reserves	Total equity
	\$m	\$m	\$m	\$m
Balance at 1 January 2011	3,854	6,363	8,730	18,947
Profit for the financial period	-	475	-	475
Other comprehensive income for the financial period	-	-	135	135
Total comprehensive income for the financial period	-	475	135	610
Dividends	-	(33)	-	(33)
Share-based compensation	-	-	9	9
Issue of treasury shares under share-based compensation plans	0	-	(0)	-
Balance at 31 March 2011	3,854	6,805	8,875	19,534
Balance at 1 January 2010	3,220	5,337	8,136	16,693
Profit for the financial period	-	627	-	627
Other comprehensive income for the financial period	-	-	154	154
Total comprehensive income for the financial period	-	627	154	781
Dividends	-	(33)	-	(33)
Share-based compensation	-	-	9	9
Balance at 31 March 2010	3,220	5,932	8,299	17,450