

Announcement

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 2020

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

Dividends and Distributions for the Second Quarter Ended 30 June 2020

Ordinary share dividend

An interim one-tier tax-exempt dividend of 39 cents (2Q19: 55 cents) per ordinary share has been declared in respect of the financial year ending 31 December 2020. The UOB 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.

Distributions on perpetual capital securities

On 20 April 2020, a semi-annual distribution at an annual rate of 3.875% totalling US\$13 million was paid on the Bank's US\$650 million 3.875% non-cumulative non-convertible perpetual capital securities for the period from 19 October 2019 up to, but excluding 19 April 2020.

On 18 May 2020, a semi-annual distribution at an annual rate of 4.00% totalling S\$15 million was paid on the Bank's S\$750 million 4.00% non-cumulative non-convertible perpetual capital securities for the period from 18 November 2019 up to, but excluding 18 May 2020.

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 2020 to be false or misleading in any material aspect.

Undertakings from Directors and Executive Officers

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

**BY ORDER OF THE BOARD
UNITED OVERSEAS BANK LIMITED**

Joyce Sia / Theresa Sim
Company Secretaries

Dated this 6th day of August 2020

The results are also available at www.UOBgroup.com



Group Financial Report

For the First Half/Second Quarter ended 30 June 2020

United Overseas Bank Limited
Incorporated in the Republic of Singapore



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Notes

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

Abbreviation

- "1H20" and "1H19" denote to first half of 2020 and 2019 respectively.
"1Q20" denotes first quarter of 2020.
"2Q20" and "2Q19" denote second quarter of 2020 and 2019 respectively.
"NM" denotes not meaningful.
"NA" denotes not applicable.

Financial Highlights

	1H20	1H19	+ / (-) %	2Q20	2Q19	+ / (-) %	1Q20	+ / (-) %
Selected income statement items (\$m)								
Net interest income	3,049	3,241	(6)	1,456	1,653	(12)	1,593	(9)
Net fee and commission income	960	1,005	(4)	445	527	(15)	515	(14)
Other non-interest income	657	743	(12)	359	403	(11)	298	20
Total income	4,667	4,989	(6)	2,260	2,583	(12)	2,407	(6)
Less: Operating expenses	2,126	2,203	(3)	1,040	1,129	(8)	1,086	(4)
Operating profit	2,541	2,787	(9)	1,220	1,453	(16)	1,320	(8)
Less: Allowance for credit and other losses	682	144	>100	396	51	>100	286	39
Add: Share of profit of associates and joint ventures	40	17	>100	22	(0)	>100	18	26
Net profit before tax	1,899	2,660	(29)	846	1,403	(40)	1,052	(20)
Less: Tax and non-controlling interests	340	440	(23)	143	235	(39)	197	(27)
Net profit after tax ¹	1,558	2,219	(30)	703	1,168	(40)	855	(18)

Selected balance sheet items (\$m)

Gross customer loans	280,693	272,881	3	280,693	272,881	3	278,381	1
Customer deposits	322,688	304,792	6	322,688	304,792	6	322,213	0
Total assets	429,614	406,382	6	429,614	406,382	6	428,633	0
Shareholders' equity ¹	40,081	39,033	3	40,081	39,033	3	40,279	(0)

Key financial ratios (%)

Net interest margin ²	1.60	1.80		1.48	1.81		1.71	
Non-interest income/Total income	34.7	35.0		35.6	36.0		33.8	
Cost/Income ratio	45.6	44.1		46.0	43.7		45.1	
Overseas profit before tax contribution	48.1	39.1		52.9	37.5		44.4	
Credit costs on loans (bp) ²								
Non-impaired	30	1		54	(3)		4	
Impaired	22	12		13	11		31	
Total	52	13		67	8		36	
NPL ratio ³	1.6	1.5		1.6	1.5		1.6	

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)

	1H20	1H19	2Q20	2Q19	1Q20
Key financial ratios (%) (cont'd)					
Return on average ordinary shareholders' equity ^{1,2}	8.0	12.0	7.1	12.5	8.8
Return on average total assets ¹	0.74	1.12	0.65	1.17	0.83
Return on average risk-weighted assets ¹	1.35	1.95	1.21	2.02	1.49
Loan/Deposit ratio ³	85.8	88.5	85.8	88.5	85.4
Liquidity coverage ratios ("LCR") ⁴					
All-currency	138	147	136	147	139
Singapore Dollar	317	282	305	312	330
Net stable funding ratio ("NSFR") ⁵	119	108	119	108	109
Capital adequacy ratios					
Common Equity Tier 1	14.0	13.9	14.0	13.9	14.1
Tier 1	15.0	14.9	15.0	14.9	15.1
Total	17.1	17.2	17.1	17.2	17.2
Leverage ratio ⁶	7.3	7.5	7.3	7.5	7.4
Earnings per ordinary share (\$) ^{1,2}					
Basic	1.81	2.61	1.63	2.75	2.00
Diluted	1.81	2.60	1.62	2.74	1.99
Net asset value ("NAV") per ordinary share (\$) ⁷	22.59	22.12	22.59	22.12	22.73
Revalued NAV per ordinary share (\$) ⁷	25.65	25.00	25.65	25.00	25.79

Notes:

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

Performance Review

Changes in Accounting Policies

The Group adopted the following changes with effect from 1 January 2020:

- Amendments to SFRS(I) 3: Definition of a Business
- Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7: Interest Rate Benchmark Reform
- Amendments to SFRS(I) 16: Covid-19-Related Rent Concessions
- Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of Material

The amendments to SFRS(I) 9 provide temporary exceptions to specific hedge accounting requirements, to allow hedge accounting not to be discontinued as a result of uncertainties created by interest rate benchmark reform. The Group will apply the applicable exceptions until the uncertainties arising from the interest rate benchmark reform are no longer present, or when the impacted hedging relationships are discontinued.

The Group early adopted the amendments to SFRS(I) 16. These amendments provide a practical expedient for lessees to not assess qualifying COVID-19-related rent concessions for lease modification. Accordingly, such rent concessions are recognised in profit or loss in the periods to which they relate. The adoption of these amendments did not have any impact on the Group's opening balance sheet as at 1 January 2020.

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

Other than the above changes, the accounting policies and computation methods applied in the financial statements for the second quarter ended 30 June 2020 are the same as those applied in the audited financial statements for the financial year ended 31 December 2019.

1H20 versus 1H19

The Group reported net earnings of \$1.56 billion, 30% lower than a year ago, as more allowance for non-impaired assets was set aside in anticipation of further deterioration in the macroeconomic outlook due to the pandemic.

Net interest income decreased 6% year-on-year to \$3.05 billion, driven by declining margins alongside concerted interest rate cuts across the regional markets as policy-setters attempted to cushion economic headwinds and to protect the productive capacity of their economies.

Net fee and commission income was 4% lower at \$960 million, mainly due to reduced consumer spending on credit cards and slower loan disbursement fees resulted from the economic contraction. This was partially offset by higher wealth management and fund management fees, largely in the first quarter of 2020.

Other non-interest income dropped 12% to \$657 million due to lower net trading income, partially offset by higher gains from investment securities.

Total expenses decreased 3% to \$2.13 billion from lower staff costs, revenue-related expenses and reduced discretionary spend. The cost-to-income ratio was 45.6% on the back of declining operating income.

Total allowance increased to \$682 million in 1H20 from \$144 million a year ago when the credit environment was fairly benign. Given the significantly weakened macroeconomic outlook as a result of COVID-19, additional allowance was set aside pre-emptively for non-impaired assets. The allowance on impaired assets was also higher, largely from a few major customers in Singapore. These brought the total credit costs on loan for the half year to 52 basis points, 39 basis points higher than 1H19.

2Q20 versus 2Q19

2Q20 net earnings of \$703 million was 40% lower than the same quarter last year, mainly due to lower margins and higher credit costs.

Net interest income decreased 12% to \$1.46 billion, as margin compression offset the loan growth of 3%. Net fee and commission income was 15% lower at \$445 million, as movement restrictions across the region weighed on customer activities. Trading and investment income declined to \$294 million from \$311 million a year ago, largely due to lower net trading income.

Total operating expenses decreased 8% to \$1.04 billion in line with lower income. The cost-to-income ratio for the quarter was 46.0%.

Total allowance rose to \$396 million from \$51 million a year ago, as additional allowance was set aside for non-impaired assets which brought total credit costs for the quarter to 67 basis points.

Performance Review (cont'd)

2Q20 versus 1Q20

Compared with the previous quarter, net profit for 2Q20 was 18% lower.

Net interest income decreased 9% from declining margins across the regional markets. Net fee and commission income fell 14% across most business activities amid the global pandemic outbreak. Other non-interest income increased 20% to \$359 million, mainly from higher trading and investment income as financial markets gradually recovered from the early shocks of COVID-19, unwinding some unrealised losses from the previous quarter.

In tandem with lower operating income, total operating expenses decreased 4%, mainly from the drop in staff costs, occupancy-related expenses and discretionary spend.

Total allowance increased 39% to \$396 million, largely due to higher allowance on non-impaired assets.

Asset quality

The Group's non-performing loan (NPL) ratio stood at 1.6% for 2Q20, unchanged from last quarter as NPL formation was low this quarter. A further \$379 million in allowance for non-impaired assets was taken in 2Q20, strengthening the non-performing assets coverage to 96% or 230% after taking collaterals into account.

Capital, Funding and Liquidity Positions

The Group's liquidity and funding positions remained robust with this quarter's average all-currency liquidity coverage ratio (LCR) at 136% and net stable funding ratio (NSFR) at 119%, well above the minimum regulatory requirements. The loan-to-deposit ratio (LDR) was stable at 85.8%.

As at 30 June 2020, the Group's Common Equity Tier 1 CAR remained strong at 14.0%. The Group's leverage ratio of 7.3% was well above regulatory requirement of 3%. The Group remains well capitalised to navigate the macro uncertainties ahead.

Net Interest Income

Net interest margin

	1H20			1H19		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
	\$m	\$m	%	\$m	\$m	%
Interest bearing assets						
Customer loans	273,574	4,406	3.24	264,839	5,050	3.85
Interbank balances	70,944	534	1.51	66,307	815	2.48
Securities	39,898	426	2.15	32,434	430	2.67
Total	384,416	5,366	2.81	363,580	6,295	3.49
Interest bearing liabilities						
Customer deposits	323,486	2,027	1.26	306,439	2,542	1.67
Interbank balances/others	42,368	289	1.37	41,408	512	2.50
Total	365,855	2,316	1.27	347,846	3,054	1.77
Net interest margin ¹	1.60			1.80		

	2Q20			2Q19			1Q20		
	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	276,646	2,052	2.98	268,507	2,581	3.86	270,503	2,353	3.50
Interbank balances	75,729	215	1.14	64,634	391	2.43	66,159	319	1.94
Securities	42,129	211	2.01	33,619	222	2.65	37,668	215	2.29
Total	394,503	2,478	2.53	366,759	3,194	3.49	374,330	2,887	3.10
Interest bearing liabilities									
Customer deposits	330,559	908	1.11	306,943	1,276	1.67	316,414	1,119	1.42
Interbank balances/others	45,119	114	1.01	43,045	266	2.48	39,618	175	1.78
Total	375,677	1,022	1.09	349,988	1,541	1.77	356,032	1,294	1.46
Net interest margin ¹	1.48			1.81			1.71		

Note:

¹ 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

	1H20 vs 1H19			2Q20 vs 2Q19			2Q20 vs 1Q20		
	Volume change	Rate change	Net change	Volume change	Rate change	Net change	Volume change	Rate change	Net change
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Interest income									
Customer loans	167	(824)	(657)	78	(601)	(523)	53	(354)	(301)
Interbank balances	57	(339)	(282)	67	(243)	(176)	46	(151)	(105)
Securities	99	(104)	(5)	56	(67)	(11)	25	(29)	(4)
Total	323	(1,267)	(944)	202	(911)	(709)	125	(534)	(409)
Interest expense									
Customer deposits	141	(662)	(520)	98	(463)	(365)	50	(261)	(211)
Interbank balances/others	12	(236)	(225)	13	(165)	(152)	24	(86)	(62)
Total	153	(898)	(745)	111	(627)	(516)	74	(347)	(272)
Change in number of days	-	-	8	-	-	(4)	-	-	-
Net interest income	169	(369)	(191)	91	(284)	(197)	51	(188)	(137)

Net interest income for the first half of 2020 decreased 6% year-on-year to \$3.05 billion, driven by declining margins alongside concerted interest rate cuts across the regional markets as policy-setters attempted to cushion economic headwinds and to protect the productive capacity of their economies.

Against the same quarter last year, net interest income decreased 12% to \$1.46 billion as margin compression offset loan growth of 3%.

Compared with last quarter, net interest income was 9% lower from declining margins across the regional markets.

Non-Interest Income

	1H20	1H19	+ / (-)	2Q20	2Q19	+ / (-)	1Q20	+ / (-)
	\$m	\$m	%	\$m	\$m	%	\$m	%
Net fee and commission income								
Credit card ¹	182	227	(20)	76	121	(37)	106	(28)
Fund management	123	111	11	57	59	(3)	66	(14)
Wealth management	335	295	13	133	160	(17)	201	(34)
Loan-related ²	274	316	(13)	144	162	(11)	130	10
Service charges	72	77	(6)	31	38	(18)	41	(25)
Trade-related ³	136	142	(4)	64	72	(11)	72	(10)
Others	8	23	(63)	5	11	(58)	4	16
	1,129	1,190	(5)	509	621	(18)	620	(18)
Less: Fee and commission expenses	169	185	(8)	64	95	(32)	105	(39)
	960	1,005	(4)	445	527	(15)	515	(14)
Other non-interest income								
Net trading income	373	487	(24)	232	245	(5)	141	65
Net gain from investment securities	145	95	52	62	67	(7)	83	(25)
Dividend income	32	41	(20)	22	40	(44)	10	>100
Rental income	56	56	1	27	28	(3)	29	(7)
Other income	51	65	(21)	15	24	(36)	36	(57)
	657	743	(12)	359	403	(11)	298	20
Total	1,617	1,749	(8)	804	930	(14)	813	(1)

For 1H20, net fee and commission income decreased 4% to \$960 million, mainly due to reduced consumer spending on credit cards and slower loan disbursement fees resulted from the economic contraction. This was partially offset by higher wealth management and fund management fees, largely in the first quarter of 2020. Other non-interest income dropped 12% to \$657 million due to lower net trading income, partially offset by higher gains from investment securities.

Against the same quarter last year, net fee and commission income was 15% lower at \$445 million as movement restrictions across the region weighed on customer activities. Trading and investment income declined to \$294 million from \$311 million a year ago, largely due to lower net trading income.

Quarter on quarter, net fee and commission income fell 14% across most business activities amid the global pandemic outbreak. Other non-interest income increased 20% to \$359 million, mainly from higher trading and investment income as financial markets gradually recovered from the early shocks of COVID-19, unwinding some unrealised losses from the previous quarter.

Notes:

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

Operating Expenses

	1H20	1H19	+ / (-)	2Q20	2Q19	+ / (-)	1Q20	+ / (-)
	\$m	\$m	%	\$m	\$m	%	\$m	%
Staff costs	1,296	1,335	(3)	624	675	(7)	672	(7)
Other operating expenses								
Revenue-related	289	332	(13)	147	173	(15)	142	3
Occupancy-related	161	163	(1)	75	85	(12)	86	(13)
IT-related	278	253	10	146	134	9	132	10
Others	102	120	(15)	48	63	(24)	54	(11)
	830	868	(4)	415	455	(9)	415	0
Total	2,126	2,203	(3)	1,040	1,129	(8)	1,086	(4)
Of which,								
Depreciation of assets	223	188	19	114	98	16	110	4
Manpower (number)	26,495	26,867	(1)	26,495	26,867	(1)	26,779	(1)

Total expenses for 1H20 decreased 3% to \$2.13 billion from lower staff costs, revenue-related expenses and reduced discretionary spend. The Group remained committed to investing in technology to strengthen product capabilities, enhance customer experience and improve productivity. The cost-to-income ratio was 45.6% on the back of declining operating income.

Compared with the same quarter last year, total expenses fell 8% to \$1.04 billion in line with lower income. The cost-to-income ratio for the quarter was 46.0%.

Quarter on quarter, total expenses decreased 4%, mainly from lower staff costs, occupancy-related expenses and tighter control over discretionary spending.

Allowance for Credit and Other Losses

	1H20	1H19	+ / (-)	2Q20	2Q19	+ / (-)	1Q20	+ / (-)
	\$m	\$m	%	\$m	\$m	%	\$m	%
Allowance for non-impaired assets	427	(15)	>100	379	(21)	>100	48	>100
Allowance for impaired assets								
Impaired loans ¹	304	158	92	90	75	20	214	(58)
Singapore	161	64	>100	28	8	>100	133	(79)
Malaysia	31	26	20	16	13	18	16	0
Thailand	52	55	(5)	18	34	(47)	34	(47)
Indonesia	49	17	>100	25	10	>100	24	6
Greater China ²	29	(4)	>100	16	8	92	13	23
Others	(19)	(0)	(>100)	(14)	1	(>100)	(5)	(>100)
Impaired securities and others	(49)	0	(>100)	(73)	(3)	(>100)	24	(>100)
Total	682	144	>100	396	51	>100	286	39

Total allowance increased to \$682 million in 1H20 from \$144 million a year ago when the credit environment was fairly benign. Given the significantly weakened macroeconomic outlook as a result of COVID-19, additional allowance was set aside pre-emptively for non-impaired assets. The allowance on impaired assets was also higher, largely from a few major customers in Singapore. These brought the total credit costs for 1H20 to 52 basis points, 39 basis points higher than 1H19.

Total allowance rose to \$396 million in 2Q20 from \$51 million a year ago, as additional allowance was set aside for non-impaired assets which brought total credit costs for the quarter to 67 basis points.

Quarter on quarter, total allowance was 39% higher largely due to higher allowance on non-impaired assets. Allowance on impaired loans decreased to \$90 million in 2Q20 as compared with \$214 million as last quarter included a few major downgrades.

Notes:

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

Customer Loans

	Jun-20	Mar-20	Dec-19	Jun-19
	\$m	\$m	\$m	\$m
Gross customer loans	280,693	278,381	268,676	272,881
Less: Allowance for non-impaired loans	2,106	1,708	1,721	1,697
Allowance for impaired loans	1,593	1,535	1,498	1,364
Net customer loans	276,994	275,138	265,458	269,820
By industry				
Transport, storage and communication	11,449	11,453	11,036	10,682
Building and construction	70,569	69,099	66,992	68,087
Manufacturing	23,868	22,985	19,380	22,478
Financial institutions, investment and holding companies	28,651	27,310	26,098	26,750
General commerce	35,302	35,378	32,713	33,662
Professionals and private individuals	27,453	28,490	29,458	29,225
Housing loans	68,205	68,335	68,586	68,498
Others	15,196	15,330	14,413	13,498
Total (gross)	280,693	278,381	268,676	272,881
By currency				
Singapore Dollar	126,316	125,540	125,447	127,395
US Dollar	53,846	55,423	47,562	52,278
Malaysian Ringgit	26,531	26,361	26,167	25,438
Thai Baht	19,177	18,089	18,298	16,974
Indonesian Rupiah	5,744	5,105	5,681	5,414
Others	49,078	47,863	45,520	45,381
Total (gross)	280,693	278,381	268,676	272,881
By maturity				
Within 1 year	114,035	112,076	103,112	108,350
Over 1 year but within 3 years	54,604	53,568	52,058	52,094
Over 3 years but within 5 years	31,922	33,425	33,494	33,634
Over 5 years	80,133	79,312	80,012	78,802
Total (gross)	280,693	278,381	268,676	272,881
By geography ¹				
Singapore	141,949	141,495	138,666	141,696
Malaysia	29,754	29,659	29,554	29,010
Thailand	20,581	19,575	19,585	18,084
Indonesia	11,400	10,969	11,466	11,363
Greater China	44,106	45,060	41,423	42,737
Others	32,903	31,623	27,982	29,991
Total (gross)	280,693	278,381	268,676	272,881

As at 30 June 2020, gross loans grew 3% year on year and 1% quarter on quarter to \$281 billion.

Compared to a year ago, Singapore loans remained stable at \$142 billion, while overseas contributed a healthy growth of 6% mainly from Southeast Asia and western countries.

Note:

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

Non-Performing Assets

	Jun-20	Mar-20	Dec-19	Jun-19
	\$m	\$m	\$m	\$m
Loans ("NPL")	4,529	4,373	4,136	4,030
Debt securities and others	99	217	161	155
Non-performing assets ("NPA")	4,628	4,590	4,297	4,185

By grading

Substandard	2,961	2,955	2,677	2,716
Doubtful	544	267	205	146
Loss	1,123	1,368	1,415	1,323
Total	4,628	4,590	4,297	4,185

By security

Secured by collateral type:				
Properties	2,314	2,260	2,003	1,896
Shares and debentures	1	-	-	6
Fixed deposits	7	9	66	16
Others ¹	382	363	386	418
	2,704	2,632	2,455	2,336
Unsecured	1,924	1,958	1,842	1,849
Total	4,628	4,590	4,297	4,185

By ageing

Current	980	1,150	1,055	1,000
Within 90 days	330	290	480	419
Over 90 to 180 days	518	842	386	432
Over 180 days	2,800	2,308	2,376	2,334
Total	4,628	4,590	4,297	4,185

Total allowance

Non-impaired	2,391	1,988	1,985	1,980
Impaired	1,664	1,670	1,626	1,494
Total	4,055	3,658	3,611	3,474

	NPL	NPL	NPL	NPL	NPL	NPL	NPL
	NPL	ratio	NPL	ratio	NPL	ratio	NPL
	\$m	%	\$m	%	\$m	%	\$m
NPL by industry							
Transport, storage and communication	691	6.0	655	5.7	650	5.9	685
Building and construction	563	0.8	575	0.8	618	0.9	733
Manufacturing	790	3.3	804	3.5	712	3.7	697
Financial institutions, investment and holding companies	37	0.1	39	0.1	39	0.1	39
General commerce	898	2.5	819	2.3	658	2.0	487
Professionals and private individuals	324	1.2	309	1.1	309	1.0	273
Housing loans	867	1.3	804	1.2	775	1.1	766
Others	359	2.4	368	2.4	375	2.6	350
Total	4,529	1.6	4,373	1.6	4,136	1.5	4,030

Note:

¹ Comprise mainly marine vessels.

Non-Performing Assets (cont'd)

NPL by geography ¹	NPL/NPA	NPL ratio	Allowance for impaired assets	Allowance for impaired assets as a % of NPL/NPA
	\$m	%	\$m	%
Singapore				
Jun-20	2,325	1.6	865	37
Mar-20	2,313	1.6	859	37
Dec-19	2,183	1.6	823	38
Jun-19	1,963	1.4	681	35
Malaysia				
Jun-20	546	1.8	124	23
Mar-20	576	1.9	127	22
Dec-19	612	2.1	174	28
Jun-19	553	1.9	167	30
Thailand				
Jun-20	600	2.9	238	40
Mar-20	569	2.9	229	40
Dec-19	550	2.8	200	36
Jun-19	495	2.7	172	35
Indonesia				
Jun-20	576	5.1	244	42
Mar-20	484	4.4	195	40
Dec-19	463	4.0	178	38
Jun-19	497	4.4	205	41
Greater China				
Jun-20	257	0.6	51	20
Mar-20	220	0.5	37	17
Dec-19	101	0.2	24	24
Jun-19	106	0.2	41	39
Others				
Jun-20	225	0.7	71	32
Mar-20	211	0.7	88	42
Dec-19	227	0.8	99	44
Jun-19	416	1.4	98	24
Group NPL				
Jun-20	4,529	1.6	1,593	35
Mar-20	4,373	1.6	1,535	35
Dec-19	4,136	1.5	1,498	36
Jun-19	4,030	1.5	1,364	34
Group NPA				
Jun-20	4,628		1,664	36
Mar-20	4,590		1,670	36
Dec-19	4,297		1,626	38
Jun-19	4,185		1,494	36
Total allowance				
Group	as a % of NPA ²		as a % of unsecured NPA ²	
	%		%	
Jun-20	96		230	
Mar-20	88		206	
Dec-19	87		202	
Jun-19	84		191	

The Group's overall loan portfolio remained sound. Total NPA stood at \$4.63 billion, a slight increase from last quarter.

NPL ratio was stable at 1.6% as at 30 June 2020 as NPL formation was low this quarter. A further \$379 million allowance for non-impaired assets was taken in 2Q20, strengthening the NPA coverage to 96% or 230% after taking collaterals into account.

Notes:

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

Customer Deposits

	Jun-20	Mar-20	Dec-19	Jun-19
	\$m	\$m	\$m	\$m
By product				
Fixed deposits	150,227	160,455	155,768	159,707
Savings deposits	87,819	83,522	78,411	75,158
Current accounts	72,291	67,857	62,779	56,245
Others	12,351	10,379	13,769	13,682
Total	322,688	322,213	310,726	304,792
By maturity				
Within 1 year	317,539	318,806	307,222	299,678
Over 1 year but within 3 years	4,298	2,607	2,603	3,689
Over 3 years but within 5 years	352	463	538	736
Over 5 years	499	337	363	689
Total	322,688	322,213	310,726	304,792
By currency				
Singapore Dollar	143,297	143,587	140,167	136,656
US Dollar	89,087	87,172	76,511	73,506
Malaysian Ringgit	28,804	28,646	28,327	28,727
Thai Baht	22,223	21,264	20,610	19,423
Indonesian Rupiah	5,977	5,032	5,698	5,183
Others	33,300	36,512	39,413	41,297
Total	322,688	322,213	310,726	304,792
Group Loan/Deposit ratio (%)	85.8	85.4	85.4	88.5
Singapore Dollar Loan/Deposit ratio (%)	87.2	86.7	88.7	92.5
US Dollar Loan/Deposit ratio (%)	59.6	62.7	61.2	70.1

Customer deposits were \$323 billion as at 30 June 2020, an increase of 6% from a year ago and little changed over the quarter. The growth was led by higher saving deposits and current accounts.

As at 30 June 2020, the Group's loan-to-deposit ratio and Singapore Dollar loan-to-deposit ratio remained healthy at 85.8% and 87.2% respectively.

Debts Issued

	Jun-20	Mar-20	Dec-19	Jun-19
	\$m	\$m	\$m	\$m
Unsecured				
Subordinated debts	4,513	5,362	5,121	5,946
Commercial papers	9,513	4,105	8,729	13,975
Fixed and floating rate notes	4,235	4,211	4,853	5,183
Others	1,226	1,570	1,497	1,830
Secured				
Covered bonds	4,494	4,516	5,009	4,404
Total	23,981	19,765	25,209	31,338
Due within 1 year	13,483	5,703	10,759	16,369
Due after 1 year	10,498	14,062	14,450	14,970
Total	23,981	19,765	25,209	31,338

Shareholders' Equity

	Jun-20	Mar-20	Dec-19	Jun-19
	\$m	\$m	\$m	\$m
Shareholders' equity	40,081	40,279	39,637	39,033
Add: Revaluation surplus	5,122	5,106	5,112	4,801
Shareholders' equity including revaluation surplus	45,203	45,385	44,748	43,834

Shareholders' equity increased 3% year on year to \$40.1 billion largely driven by higher retained earnings.

As at 30 June 2020, the revaluation surplus of \$5.12 billion relating to the Group's properties, was not recognised in the financial statements.

Changes in Issued Shares of the Bank

	Number of shares			
	1H20	1H19	2Q20	2Q19
	'000	'000	'000	'000
Ordinary shares				
Balance at beginning and at end of period	1,680,541	1,680,541	1,680,541	1,680,541
Treasury shares				
Balance at beginning of period	(12,207)	(14,834)	(13,200)	(14,819)
Shares re-purchased - held in treasury	(993)	-	-	-
Shares issued under share-based compensation plans	2,099	2,493	2,099	2,478
Balance at end of period	(11,101)	(12,341)	(11,101)	(12,341)
Ordinary shares net of treasury shares	1,669,440	1,668,200	1,669,440	1,668,200

Performance by Business Segment ¹

Selected income statement items	GR \$m	GWB \$m	GM \$m	Others \$m	Total \$m
1H20					
Net interest income	1,436	1,520	172	(79)	3,049
Non-interest income	620	528	245	224	1,617
Operating income	2,056	2,048	417	146	4,667
Operating expenses	(1,019)	(489)	(131)	(487)	(2,126)
Allowance for credit and other losses	(131)	(263)	2	(290)	(682)
Share of profit of associates and joint ventures	-	5	-	35	40
Profit before tax	906	1,301	288	(596)	1,899
Tax					(336)
Profit for the financial period					1,563
Other information:					
Capital expenditure	28	19	4	210	261
Depreciation of assets	32	14	6	171	223
1H19					
Net interest income	1,460	1,479	13	289	3,241
Non-interest income	612	583	270	284	1,749
Operating income	2,072	2,062	283	573	4,989
Operating expenses	(1,011)	(492)	(123)	(577)	(2,203)
Allowance for credit and other losses	(91)	(98)	4	41	(144)
Share of profit of associates and joint ventures	-	1	-	16	17
Profit before tax	970	1,473	164	53	2,660
Tax					(432)
Profit for the financial period					2,228
Other information:					
Capital expenditure	27	26	12	205	270
Depreciation of assets	27	12	5	144	188

Note:

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

Performance by Business Segment¹ (cont'd)

Selected income statement items	GR \$m	GWB \$m	GM \$m	Others \$m	Total \$m
2Q20					
Net interest income	697	771	117	(129)	1,456
Non-interest income	265	273	123	143	804
Operating income	962	1,044	240	13	2,260
Operating expenses	(482)	(224)	(65)	(269)	(1,040)
Allowance for credit and other losses	(99)	1	(4)	(294)	(396)
Share of profit of associates and joint ventures	-	1	-	21	22
Profit before tax	381	822	171	(528)	846
Tax					(141)
Profit for the financial period					706
Other information:					
Capital expenditure	14	10	2	92	118
Depreciation of assets	16	7	3	88	114
1Q20					
Net interest income	738	749	54	52	1,593
Non-interest income	355	256	122	80	813
Operating income	1,093	1,005	176	133	2,407
Operating expenses	(537)	(265)	(66)	(218)	(1,086)
Allowance for credit and other losses	(32)	(264)	6	4	(286)
Share of profit of associates and joint ventures	-	4	-	14	18
Profit before tax	524	480	116	(68)	1,052
Tax					(195)
Profit for the financial period					857
Other information:					
Capital expenditure	14	9	2	118	144
Depreciation of assets	16	7	3	84	110
2Q19					
Net interest income	744	745	10	154	1,653
Non-interest income	328	296	130	176	930
Operating income	1,072	1,041	140	330	2,583
Operating expenses	(519)	(251)	(63)	(296)	(1,129)
Allowance for credit and other losses	(56)	8	8	(11)	(51)
Share of profit of associates and joint ventures	-	(5)	-	5	(0)
Profit before tax	497	793	85	28	1,403
Tax					(231)
Profit for the financial period					1,171
Other information:					
Capital expenditure	11	14	7	108	140
Depreciation of assets	14	6	2	76	98

Note:

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

Performance by Business Segment ¹ (cont'd)

Selected balance sheet items	GR \$m	GWB \$m	GM \$m	Others \$m	Total \$m
At 30 June 2020					
Segment assets	106,734	197,170	82,709	37,657	424,270
Intangible assets	1,317	2,087	660	83	4,147
Investment in associates and joint ventures	0	175	-	1,022	1,197
Total assets	108,051	199,432	83,369	38,762	429,614
Segment liabilities	164,224	165,681	48,913	10,490	389,308
Other information:					
Gross customer loans	106,929	172,949	795	20	280,693
Non-performing assets	1,401	3,201	10	16	4,628
At 31 March 2020					
Segment assets	107,481	199,115	79,236	37,450	423,282
Intangible assets	1,313	2,081	658	83	4,134
Investment in associates and joint ventures	0	195	-	1,022	1,217
Total assets	108,794	201,391	79,894	38,555	428,633
Segment liabilities	157,914	168,258	50,731	11,233	388,136
Other information:					
Gross customer loans	107,455	170,612	294	20	278,381
Non-performing assets	1,317	3,248	9	16	4,590
At 30 June 2019					
Segment assets	108,505	189,521	66,814	36,221	401,061
Intangible assets	1,316	2,086	660	81	4,143
Investment in associates and joint ventures	-	182	-	996	1,178
Total assets	109,821	191,789	67,474	37,298	406,382
Segment liabilities	148,344	162,939	41,717	14,147	367,147
Other information:					
Gross customer loans	108,408	163,603	851	19	272,881
Non-performing assets	1,229	2,932	8	16	4,185

Note:

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

Performance by Business Segment (cont'd)

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

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

Group Retail ("GR")

GR segment covers personal and small enterprise customers.

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

Profit before tax declined 7% to \$906 million in 1H20 compared to a year ago. Net interest income decreased 2% to \$1.44 billion largely from deposit margin compression amid significant easing in benchmark rates, partly moderated by healthy volume growth. Non-interest income stable at \$620 million, supported by higher wealth management income. Expenses marginally higher at \$1.02 billion, as the savings from tighter staff and discretionary cost management were offset by continued investments in technology/digital capabilities. Allowance for credit and other losses rose 44% to \$131 million mainly from mortgage and unsecured loans.

Compared to 2Q19 and 1Q20, profit before tax decreased to \$381 million as interest income was affected by lower rates while wealth, cards and transaction related service fee registered a drop from lock down and disruption to client activities amidst the global pandemic. This was partly offset by reduction in expenses.

Group Wholesale Banking ("GWB")

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

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

Against 1H19, operating profit for 1H20 was relatively flat at \$1.56 billion. Net interest income grew 3% to \$1.52 billion from franchise volume growth, partly negated by margin compression following the reduction in benchmark rates by US Federal Reserve and other regional central banks. Non-interest income declined 9% to \$528 million, mainly from slowdown in investment banking and loan-related fees. Expenses were relatively flat at \$489 million, with tighter cost management and pacing of investments to income growth. Allowance for credit and other losses increased by \$165 million to \$263 million, mainly due to specific allowances for a few major accounts while last year included recovery/ repayments.

As compared to 2Q19, profit before tax grew 4% to \$822 million from lower staff and revenue related expenses whilst income and allowance for credit and other losses were relatively flat. Profit before tax improved by 71% against 1Q20. Income rose 4% to \$1.04 billion from volume growth and higher fee while expenses were lower by 15% to \$224 million, generating positive JAWs growth. Allowance for credit and other losses declined as 1Q20 was adversely impacted by major clients downgrade (including a corporate oil trading account).

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 rose 76% to \$288 million as compared to 1H19. Income benefitted from the sharp downward movement in interest rates during the early part of this year. Expenses grew 7% to \$131 million from investments in technology, with strong positive JAWs to income growth.

Profit before tax for the quarter at \$171 million, increased by \$86 million against 2Q19 and \$55 million against 1Q20 from stronger net interest income while expenses were relatively flat.

Others

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

Other segment registered a net loss of \$596 million in 1H20, due to lower income from investments, central treasury activities and allowance for non-impaired assets set aside for deterioration in the macroeconomic outlook. This was partially moderated by lower operating expenses.

Against 2Q19 and 1Q20, the net loss of \$528 million this quarter was attributable to lower income from central treasury activities and allowance for non-impaired assets.

Performance by Geographical Segment ¹

	Singapore	Malaysia	Thailand	Indonesia	Greater China	Others	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
1H20							
Net interest income	1,548	387	368	175	323	248	3,049
Non-interest income	942	179	126	96	135	139	1,617
Operating income	2,490	566	494	271	458	388	4,667
Operating expenses	(1,174)	(215)	(305)	(168)	(192)	(72)	(2,126)
Allowance for credit and other losses	(371)	(53)	(130)	(79)	(39)	(10)	(682)
Share of profit of associates and joint ventures	40	0	-	-	(1)	1	40
Profit before tax	985	298	59	24	226	307	1,899
Total assets before intangible assets	247,268	41,515	27,507	10,335	58,363	40,479	425,467
Intangible assets	3,182	-	729	236	-	-	4,147
Total assets	250,450	41,515	28,236	10,571	58,363	40,479	429,614
1H19							
Net interest income	1,887	357	373	162	198	264	3,241
Non-interest income	1,014	156	138	74	283	84	1,749
Operating income	2,901	513	511	236	481	347	4,989
Operating expenses	(1,251)	(205)	(318)	(165)	(191)	(73)	(2,203)
Allowance for credit and other losses	(52)	(28)	(33)	(34)	14	(11)	(144)
Share of profit of associates and joint ventures	22	0	-	-	0	(5)	17
Profit before tax	1,620	280	160	37	304	259	2,660
Total assets before intangible assets	236,811	40,521	24,470	9,866	56,288	34,283	402,239
Intangible assets	3,182	-	728	233	-	-	4,143
Total assets	239,993	40,521	25,198	10,099	56,288	34,283	406,382

Note:

¹ Based on the location where the transactions and assets are booked. The information is stated after elimination of inter-segment transactions.

Performance by Geographical Segment ¹ (cont'd)

	Singapore	Malaysia	Thailand	Indonesia	Greater China	Others	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
2Q20							
Net interest income	690	191	184	92	172	127	1,456
Non-interest income	493	69	58	50	83	51	804
Operating income	1,183	260	242	142	255	178	2,260
Operating expenses	(580)	(105)	(145)	(84)	(91)	(35)	(1,040)
Allowance for credit and other losses	(228)	(19)	(93)	(50)	(21)	15	(396)
Share of profit of associates and joint ventures	24	0	-	-	(1)	(1)	22
Profit before tax	399	136	4	8	142	157	846
Total assets before intangible assets	247,268	41,515	27,507	10,335	58,363	40,479	425,467
Intangible assets	3,182	-	729	236	-	-	4,147
Total assets	250,450	41,515	28,236	10,571	58,363	40,479	429,614
1Q20							
Net interest income	858	197	184	83	150	121	1,593
Non-interest income	449	109	68	47	53	87	813
Operating income	1,307	306	252	130	203	209	2,407
Operating expenses	(594)	(110)	(159)	(85)	(101)	(37)	(1,086)
Allowance for credit and other losses	(143)	(34)	(37)	(29)	(18)	(25)	(286)
Share of profit of associates and joint ventures	16	0	-	-	0	2	18
Profit before tax	586	162	56	16	84	148	1,052
Total assets before intangible assets	248,368	42,240	26,582	9,165	60,331	37,813	424,499
Intangible assets	3,182	-	727	225	-	-	4,134
Total assets	251,550	42,240	27,309	9,390	60,331	37,813	428,633
2Q19							
Net interest income	970	177	189	79	106	132	1,653
Non-interest income	533	80	72	38	150	57	930
Operating income	1,503	257	261	117	256	189	2,583
Operating expenses	(644)	(105)	(161)	(83)	(99)	(37)	(1,129)
Allowance for credit and other losses	9	(26)	(38)	(17)	27	(6)	(51)
Share of profit of associates and joint ventures	9	0	-	-	0	(9)	(0)
Profit before tax	877	126	62	17	184	137	1,403
Total assets before intangible assets	236,811	40,521	24,470	9,866	56,288	34,283	402,239
Intangible assets	3,182	-	728	233	-	-	4,143
Total assets	239,993	40,521	25,198	10,099	56,288	34,283	406,382

Note:

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

Performance by Geographical Segment (cont'd)

Geographical segment performance reporting is prepared based on the location where the transactions or assets are booked. The information is stated after elimination of inter-segment transactions.

Singapore

Profit before tax for 1H20 was lower by 39% to \$985 million against the previous year due to lower net interest income from margin compression amid significant reduction in benchmark interest rates, coupled with increased allowance for credit and other losses. Expenses were 6% lower at \$1.17 billion from lower staff costs, revenue-related costs and tighter control over discretionary spend.

Against the same quarter last year, profit before tax declined by 54% to \$399 million largely due to declining margins and additional allowance for non-impaired assets set aside for deteriorating macroeconomic outlook.

Profit before tax of \$399 million in 2Q20 represented a drop of 32% from last quarter. Net interest income decreased by 20% to \$690 million due to lower loan margin and declining interbank rates while allowance for credit and other losses increased. This was partly moderated by higher trading income and reduced expenses.

Malaysia

Compared to a year ago, profit before tax grew 6% to \$298 million in 1H20. Total income rose 10% to \$566 million supported by higher net interest income on government securities and treasury income, partly negated by decline in fees. Total expenses increased 5% to \$215 million from investments in technology while allowance for credit and other losses was higher by \$25 million at \$53 million.

Against the same quarter last year, profit before tax increased 8% to \$136 million attributable to higher net interest income and lower credit losses while non-interest income declined mainly from fee and commission income.

Profit before tax was 16% lower than 1Q20 due to lower treasury and fee income, partly mitigated by lower credit costs.

Thailand

For 1H20, profit before tax fell by 63% year on year to \$59 million as higher allowance for credit and other losses was set aside to improve provision coverage in view of the weaker macro environment backdrop.

Profit before tax was lower at \$4 million in 2Q20 as compared to a year ago and previous quarter, largely due to lower fee income and additional allowance set aside for non-impaired assets.

Indonesia

Profit before tax declined by 35% to \$24 million in 1H20 largely due to increased credit costs, partly moderated by double-digit growth in income. Net interest income rose 8% to \$175 million led by improved net interest margin. Non-interest income registered 31% growth to \$96 million on the back of higher trading income and wealth management fee.

Against the same quarter last year and the previous quarter, profit before tax decreased by 55% and 52% respectively to \$8 million mainly attributable to higher allowance for credit and other losses. This was partly compensated by stronger net interest income and trading performance.

Greater China

Profit before tax fell 26% year on year to \$226 million in 1H20. Total income declined by 5% to \$458 million as stronger net interest income from improved net interest margin was more than offset by lower trading income and loan-related fee. Credit costs were higher due to allowance on impaired loans while similar period last year benefitted from payment recoveries.

Compared to the same quarter last year, profit before tax decreased by 23% to \$142 million due to lower treasury income and higher allowance for credit and other losses.

Against last quarter, profit before tax improved 68% to \$142 million supported by recovery in trading income, higher net interest income and lower staff costs.

Others

Profit before tax registered strong growth of 19% to \$307 million on the back of higher gain from investment securities, loan-related fee income and contribution from associates. This was partly offset by lower net interest income.

Compared to the same quarter last year, profit before tax rose 15% to \$157 million largely due to recoveries from impaired loans as well as improved contribution from associates. Quarter on quarter, profit before tax increased 6% to \$157 million due to write-back in allowance for credit and other losses, partly offset by lower trading and investment income.

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

	Jun-20	Mar-20	Dec-19	Jun-19
	\$m	\$m	\$m	\$m
Share capital	4,977	4,929	4,949	4,946
Disclosed reserves/others	32,172	32,425	32,012	31,734
Regulatory adjustments	(4,668)	(4,606)	(4,595)	(4,613)
Common Equity Tier 1 Capital ("CET1")	32,481	32,748	32,366	32,067
Perpetual capital securities/others	2,379	2,379	2,379	2,129
Additional Tier 1 Capital ("AT1")	2,379	2,379	2,379	2,129
Tier 1 Capital	34,860	35,127	34,745	34,196
Subordinated notes	3,678	4,219	3,969	5,056
Provisions/others	1,054	593	638	378
Tier 2 Capital	4,732	4,812	4,607	5,434
Eligible Total Capital	39,592	39,939	39,352	39,630
Risk-Weighted Assets ("RWA")	232,037	231,900	226,318	230,032
Capital Adequacy Ratios ("CAR")				
CET1	14.0%	14.1%	14.3%	13.9%
Tier 1	15.0%	15.1%	15.4%	14.9%
Total	17.1%	17.2%	17.4%	17.2%
Leverage Exposure	477,488	475,001	452,859	454,152
Leverage Ratio	7.3%	7.4%	7.7%	7.5%

The Group's CET1, Tier 1 and Total CAR as at 30 June 2020 were well above the regulatory minimum requirements.

Year on year, total capital remained stable mainly from retained earnings, issuance net redemption of perpetual capital securities and higher eligible provisions, offset by redemption of subordinated notes. RWA was higher largely due to asset growth.

Total capital was lower quarter on quarter mainly from payment of dividends and redemption of S\$500 million subordinated notes, partly offset by higher eligible provisions.

As at 30 June 2020, the Group's leverage ratio was 7.3%, comfortably above the regulatory minimum requirement of 3%.

Notes:

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

Consolidated Income Statement (Unaudited)

	1H20	1H19	+ / (-)	2Q20	2Q19	+ / (-)	1Q20	+ / (-)
	\$m	\$m	%	\$m	\$m	%	\$m	%
Interest income	5,366	6,295	(15)	2,478	3,194	(22)	2,887	(14)
Less: Interest expense	2,316	3,054	(24)	1,022	1,541	(34)	1,294	(21)
Net interest income	3,049	3,241	(6)	1,456	1,653	(12)	1,593	(9)
Net fee and commission income	960	1,005	(4)	445	527	(15)	515	(14)
Dividend income	32	41	(20)	22	40	(44)	10	>100
Rental income	56	56	1	27	28	(3)	29	(7)
Net trading income	373	487	(24)	232	245	(5)	141	65
Net gain from investment securities	145	95	52	62	67	(7)	83	(25)
Other income	51	65	(21)	15	24	(36)	36	(57)
Non-interest income	1,617	1,749	(8)	804	930	(14)	813	(1)
Total operating income	4,667	4,989	(6)	2,260	2,583	(12)	2,407	(6)
Less: Staff costs	1,296	1,335	(3)	624	675	(7)	672	(7)
Other operating expenses	830	868	(4)	415	455	(9)	415	0
Total operating expenses	2,126	2,203	(3)	1,040	1,129	(8)	1,086	(4)
Operating profit before allowance	2,541	2,787	(9)	1,220	1,453	(16)	1,320	(8)
Less: Allowance for credit and other losses	682	144	>100	396	51	>100	286	39
Operating profit after allowance	1,859	2,643	(30)	824	1,403	(41)	1,035	(20)
Share of profit of associates and joint ventures	40	17	>100	22	(0)	>100	18	26
Profit before tax	1,899	2,660	(29)	846	1,403	(40)	1,052	(20)
Less: Tax	336	432	(22)	141	231	(39)	195	(28)
Profit for the financial period	1,563	2,228	(30)	706	1,171	(40)	857	(18)
Attributable to:								
Equity holders of the Bank	1,558	2,219	(30)	703	1,168	(40)	855	(18)
Non-controlling interests	5	9	(45)	3	4	(26)	2	28
	1,563	2,228	(30)	706	1,171	(40)	857	(18)

Consolidated Statement of Comprehensive Income (Unaudited)

	1H20	1H19	+ / (-)	2Q20	2Q19	+ / (-)	1Q20	+ / (-)
	\$m	\$m	%	\$m	\$m	%	\$m	%
Profit for the financial period	1,563	2,228	(30)	706	1,171	(40)	857	(18)
Other comprehensive income that will not be reclassified to income statement								
Net gains/(losses) on equity instruments at fair value through other comprehensive income	(147)	131	(>100)	4	21	(81)	(151)	>100
Fair value changes on financial liabilities designated at fair value due to the Bank's own credit risk	(1)	(38)	97	(4)	(12)	68	3	(>100)
Remeasurement of defined benefit obligation	-	0	NM	-	0	NM	-	-
Related tax on items at fair value through other comprehensive income	8	(51)	>100	3	(67)	>100	5	(46)
	(140)	43	(>100)	3	(57)	>100	(143)	>100
Other comprehensive income that may be subsequently reclassified to income statement								
Currency translation adjustments	50	89	(44)	131	(9)	>100	(81)	>100
Debt instruments at fair value through other comprehensive income								
Change in fair value	341	300	14	281	124	>100	59	>100
Transfer to income statement on disposal	(81)	(53)	(53)	(32)	(41)	22	(49)	34
Changes in allowance for expected credit losses	3	(50)	>100	2	(3)	>100	1	87
Related tax	(24)	49	(>100)	(15)	53	(>100)	(9)	(63)
	288	335	(14)	367	124	>100	(79)	>100
Change in shares of other comprehensive income of associates and joint ventures	20	6	>100	3	11	(74)	17	(84)
Other comprehensive income for the financial period, net of tax	168	384	(56)	373	78	>100	(205)	>100
Total comprehensive income for the financial period, net of tax	1,732	2,612	(34)	1,079	1,249	(14)	653	65
Attributable to:								
Equity holders of the Bank	1,728	2,596	(33)	1,068	1,242	(14)	660	62
Non-controlling interests	3	16	(79)	11	7	49	(7)	>100
	1,732	2,612	(34)	1,079	1,249	(14)	653	65

Consolidated Balance Sheet (Unaudited)

	Jun-20	Mar-20	Dec-19 ¹	Jun-19
	\$m	\$m	\$m	\$m
Equity				
Share capital and other capital	7,354	7,305	7,325	7,072
Retained earnings	23,429	24,020	23,405	22,681
Other reserves	9,299	8,953	8,907	9,280
Equity attributable to equity holders of the Bank	40,081	40,279	39,637	39,033
Non-controlling interests	225	219	227	202
Total equity	40,306	40,498	39,864	39,235
Liabilities				
Deposits and balances of banks	23,899	25,875	15,301	18,157
Deposits and balances of customers	322,688	322,213	310,726	304,792
Bills and drafts payable	737	704	646	743
Derivative financial liabilities	11,905	13,084	6,695	5,874
Other liabilities	5,001	5,528	5,179	5,431
Tax payable	650	571	489	542
Deferred tax liabilities	447	396	299	270
Debts issued	23,981	19,765	25,209	31,338
Total liabilities	389,308	388,136	364,545	367,147
Total equity and liabilities	429,614	428,633	404,409	406,382
Assets				
Cash, balances and placements with central banks	31,016	30,306	25,864	26,742
Singapore Government treasury bills and securities	8,491	6,877	6,199	5,542
Other government treasury bills and securities	17,406	14,946	15,166	14,733
Trading securities	3,134	3,076	2,789	2,193
Placements and balances with banks	44,975	53,795	52,840	53,103
Loans to customers	276,994	275,138	265,458	269,820
Derivative financial assets	11,905	12,960	6,408	5,832
Investment securities	20,573	16,401	15,454	14,722
Other assets	5,572	5,667	4,906	4,536
Deferred tax assets	426	359	300	260
Investment in associates and joint ventures	1,197	1,217	1,182	1,178
Investment properties	957	955	936	984
Fixed assets	2,822	2,801	2,760	2,593
Intangible assets	4,147	4,134	4,148	4,143
Total assets	429,614	428,633	404,409	406,382
Off-balance sheet items				
Contingent liabilities	24,581	26,130	32,364	32,175
Financial derivatives	1,014,222	1,061,616	941,393	939,828
Commitments	162,970	157,759	161,245	153,946
Net asset value per ordinary share (\$)	22.59	22.73	22.33	22.12

Note:

1 Audited.

Consolidated Statement of Changes in Equity (Unaudited)

	<u>Attributable to equity holders of the Bank</u>					Total equity
	Share capital and other capital	Retained earnings	Other reserves	Total	Non-controlling interests	
	\$m	\$m	\$m	\$m	\$m	
Balance at 1 January 2020	7,325	23,405	8,907	39,637	227	39,864
Profit for the financial period	-	1,558	-	1,558	5	1,563
Other comprehensive income for the financial period	-	(1)	171	170	(1)	168
Total comprehensive income for the financial period	-	1,557	171	1,728	3	1,732
Transfers	-	(241)	241	-	-	-
Change in non-controlling interests	-	-	-	-	(1)	(1)
Dividends	-	(1,292)	-	(1,292)	(5)	(1,297)
Shares re-purchased - held in treasury	(20)	-	-	(20)	-	(20)
Share-based compensation	-	-	28	28	-	28
Shares issued under share-based compensation plans	48	-	(48)	-	-	-
Balance at 30 June 2020	7,354	23,429	9,299	40,081	225	40,306
Balance at 1 January 2019	7,014	21,716	8,893	37,623	190	37,813
Profit for the financial period	-	2,219	-	2,219	9	2,228
Other comprehensive income for the financial period	-	(0)	376	376	7	384
Total comprehensive income for the financial period	-	2,219	376	2,596	16	2,612
Transfers	-	(43)	43	-	-	-
Dividends	-	(1,211)	-	(1,211)	(4)	(1,215)
Share-based compensation	-	-	26	26	-	26
Shares issued under share-based compensation plans	58	-	(58)	-	-	-
Balance at 30 June 2019	7,072	22,681	9,280	39,033	202	39,235

Consolidated Statement of Changes in Equity (Unaudited)

	Attributable to equity holders of the Bank					Total equity
	Share capital and other capital	Retained earnings	Other reserves	Total	Non-controlling interests	
	\$m	\$m	\$m	\$m	\$m	
Balance at 1 April 2020	7,305	24,020	8,953	40,279	219	40,498
Profit for the financial period	-	703	-	703	3	706
Other comprehensive income for the financial period	-	(1)	366	365	8	373
Total comprehensive income for the financial period	-	702	366	1,068	11	1,079
Transfers	-	(14)	14	-	-	-
Dividends	-	(1,280)	-	(1,280)	(5)	(1,285)
Share-based compensation	-	-	15	15	-	15
Shares issued under share-based compensation plans	48	-	(48)	-	-	-
Balance at 30 June 2020	7,354	23,429	9,299	40,081	225	40,306
Balance at 1 April 2019	7,014	22,725	9,250	38,989	199	39,188
Profit for the financial period	-	1,168	-	1,168	4	1,171
Other comprehensive income for the financial period	-	0	74	74	3	78
Total comprehensive income for the financial period	-	1,168	74	1,242	7	1,249
Transfers	-	0	(0)	-	-	-
Dividends	-	(1,211)	-	(1,211)	(4)	(1,215)
Share-based compensation	-	-	13	13	-	13
Shares issued under share-based compensation plans	58	-	(58)	-	-	-
Balance at 30 June 2019	7,072	22,681	9,280	39,033	202	39,235

Consolidated Cash Flow Statement (Unaudited)

	1H20	1H19	2Q20	2Q19
	\$m	\$m	\$m	\$m
Cash flows from operating activities				
Profit for the financial period	1,563	2,228	706	1,171
Adjustments for:				
Allowance for credit and other losses	682	144	396	51
Share of profit of associates and joint ventures	(40)	(17)	(22)	0
Tax	336	432	141	231
Depreciation of assets	223	188	114	98
Net gain on disposal of assets	(134)	(151)	(88)	(110)
Share-based compensation	28	26	15	14
Operating profit before working capital changes	2,659	2,850	1,260	1,454
Change in working capital:				
Deposits and balances of banks	8,444	4,420	(2,373)	(751)
Deposits and balances of customers	11,357	11,110	(432)	(2,777)
Bills and drafts payable	92	98	29	13
Other liabilities	3,345	279	(1,459)	821
Restricted balances with central banks	636	(260)	629	(36)
Government treasury bills and securities	(4,317)	(1,393)	(3,782)	(1,358)
Trading securities	(412)	(247)	(43)	(159)
Placements and balances with banks	8,279	(2,284)	8,858	(4,195)
Loans to customers	(10,804)	(11,125)	(1,548)	(3,433)
Investment securities	(4,815)	(808)	(3,736)	535
Other assets	(5,974)	(208)	1,341	(699)
Cash generated from/(used in) operations	8,488	2,431	(1,256)	(10,583)
Income tax paid	(157)	(390)	(82)	(328)
Net cash provided by/(used in) operating activities	8,331	2,041	(1,338)	(10,911)
Cash flows from investing activities				
Capital injection into associates and joint ventures	(0)	(22)	(0)	(14)
Distribution from associates and joint ventures	34	31	33	27
Acquisition of properties and other fixed assets	(261)	(270)	(118)	(140)
Proceeds from disposal of properties and other fixed assets	9	22	-	7
Change in non-controlling interests	(1)	-	-	-
Net cash used in investing activities	(220)	(239)	(85)	(120)
Cash flows from financing activities				
Issuance of debts issued	13,646	17,604	9,313	14,884
Redemption of debts issued	(15,362)	(17,119)	(5,168)	(6,123)
Shares re-purchased - held in treasury	(20)	-	-	-
Dividends paid on ordinary shares	(1,252)	(1,167)	(1,252)	(1,167)
Distribution for perpetual capital securities	(46)	(44)	(33)	(44)
Dividends paid to non-controlling interests	(5)	(4)	(5)	(4)
Lease payments	(51)	(38)	(25)	(21)
Net cash (used in)/provided by financing activities	(3,090)	(768)	2,829	7,525
Currency translation adjustments	743	197	(70)	178
Net increase/(decrease) in cash and cash equivalents	5,765	1,232	1,337	(3,327)
Cash and cash equivalents at beginning of the financial period	20,188	19,617	24,616	24,176
Cash and cash equivalents at end of the financial period	25,953	20,849	25,953	20,849

Balance Sheet of the Bank (Unaudited)

	Jun-20	Mar-20	Dec-19 ¹	Jun-19
	\$m	\$m	\$m	\$m
Equity				
Share capital and other capital	7,354	7,305	7,325	7,072
Retained earnings	17,124	17,656	17,197	16,944
Other reserves	9,654	9,485	9,351	9,822
Total	34,132	34,446	33,873	33,838
Liabilities				
Deposits and balances of banks	22,534	24,365	13,404	15,513
Deposits and balances of customers	249,630	251,131	241,462	236,998
Deposits and balances of subsidiaries	12,776	13,682	13,419	11,071
Bills and drafts payable	588	532	465	492
Derivative financial liabilities	10,666	11,478	5,695	4,759
Other liabilities	3,737	4,281	3,667	3,462
Tax payable	518	470	410	491
Deferred tax liabilities	220	230	202	191
Debts issued	22,700	18,139	23,557	29,894
Total	323,370	324,308	302,280	302,871
Total equity and liabilities	357,501	358,754	336,154	336,709
Assets				
Cash, balances and placements with central banks	27,583	25,314	22,319	22,229
Singapore Government treasury bills and securities	8,491	6,877	6,199	5,542
Other government treasury bills and securities	4,535	5,003	5,120	6,177
Trading securities	2,708	2,642	2,506	2,103
Placements and balances with banks	37,086	43,918	42,456	41,845
Loans to customers	215,263	214,699	205,229	211,203
Placements with and advances to subsidiaries	17,020	18,474	17,972	14,831
Derivative financial assets	10,647	11,231	5,394	4,741
Investment securities	17,386	13,577	12,723	12,491
Other assets	3,824	4,217	3,528	2,885
Deferred tax assets	102	105	96	87
Investment in associates and joint ventures	347	350	350	374
Investment in subsidiaries	6,224	6,067	6,005	6,026
Investment properties	979	981	970	1,050
Fixed assets	2,125	2,118	2,106	1,943
Intangible assets	3,182	3,182	3,182	3,182
Total	357,501	358,754	336,154	336,709
Off-balance sheet items				
Contingent liabilities	17,291	18,728	19,908	20,442
Financial derivatives	863,206	921,403	803,829	762,745
Commitments	129,149	125,583	128,562	125,858
Net asset value per ordinary share (\$)	19.02	19.23	18.88	19.01

Note:

1 Audited.

Statement of Changes in Equity of the Bank (Unaudited)

	Share capital and other capital	Retained earnings	Other reserves	Total equity
	\$m	\$m	\$m	\$m
Balance at 1 January 2020	7,325	17,197	9,351	33,873
Profit for the financial period	-	1,457	-	1,457
Other comprehensive income for the financial period	-	(1)	86	85
Total comprehensive income for the financial period	-	1,456	86	1,542
Transfers	-	(238)	238	-
Dividends	-	(1,292)	-	(1,292)
Share buyback - held in treasury	(20)	-	-	(20)
Share-based compensation	-	-	28	28
Shares issued under share-based compensation plans	48	-	(48)	-
Balance at 30 June 2020	7,354	17,124	9,654	34,132
Balance at 1 January 2019	7,014	16,118	9,598	32,729
Profit for the financial period	-	2,083	-	2,083
Other comprehensive income for the financial period	-	(0)	212	212
Total comprehensive income for the financial period	-	2,082	212	2,294
Transfers	-	(45)	45	-
Dividends	-	(1,211)	-	(1,211)
Share-based compensation	-	-	26	26
Shares issued under share-based compensation plans	58	-	(58)	-
Balance at 30 June 2019	7,072	16,944	9,822	33,838

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 2020	7,305	17,656	9,485	34,446
Profit for the financial period	-	762	-	762
Other comprehensive income for the financial period	-	(1)	190	189
Total comprehensive income for the financial period	-	761	190	951
Transfers	-	(13)	13	-
Dividends	-	(1,280)	-	(1,280)
Share-based compensation	-	-	15	15
Shares issued under share-based compensation plans	48	-	(48)	-
Balance at 30 June 2020	7,354	17,124	9,654	34,132
Balance at 1 April 2019	7,014	16,905	9,808	33,728
Profit for the financial period	-	1,248	-	1,248
Other comprehensive income for the financial period	-	(0)	60	60
Total comprehensive income for the financial period	-	1,248	60	1,308
Transfers	-	1	(1)	-
Dividends	-	(1,211)	-	(1,211)
Share-based compensation	-	-	13	13
Shares issued under share-based compensation plans	58	-	(58)	-
Balance at 30 June 2019	7,072	16,944	9,822	33,838