



United Overseas Bank Limited

GROUP FINANCIAL PERFORMANCE
FOR FIRST HALF 2003

1 August 2003

UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 2003

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Appendix 1 - Unaudited Consolidated Balance Sheet

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Note: Certain comparative figures have been restated to conform with the current period's presentation.
 Certain figures in this report may not add up to the relevant totals due to rounding.

UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 2003

I) Highlights & Performance Indicators

| | 1st Half 2003 | 1st Half 2002 | 2nd Quarter 2003 | 1st Quarter 2003 | 2nd Quarter 2002 |
|--|------------------|------------------|------------------------|------------------------|------------------------|
| • Key Indicators | | | | | |
| Net Interest Income (NII) (\$'m) | 1,067 | 1,089 | 532 | 535 | 544 |
| Non-Interest Income (\$'m) | 509 | 386 | 259 | 249 | 201 |
| Total Income (\$'m) | 1,576 | 1,475 | 791 | 785 | 745 |
| Total Expenses (\$'m) | 537 | 527 | 271 | 266 | 250 |
| Operating Profit before Goodwill and Provisions (\$'m) | 1,039 | 948 | 520 | 519 | 495 |
| ❖ Net Profit After Tax | | | | | |
| - Include goodwill (\$'m) | 521 | 591 | 240 | 281 | 275 |
| - Exclude goodwill (\$'m) | 623 | 684 | 291 | 332 | 320 |
| ❖ Income Mix:- | | | | | |
| - Net Interest Income/Total Income (%) | 67.7 | 73.8 | 67.2 | 68.2 | 73.1 |
| - Non-Interest Income/Total Income (%) | 32.3 | 26.2 | 32.8 | 31.8 | 26.9 |
| | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| ❖ Profit (Before Tax & Goodwill) Contribution:- | | | | | |
| - Onshore (%) | 58.6 | 70.7 | 54.1 | 62.5 | 70.8 |
| - Offshore including ACU (%) | 41.4 | 29.3 | 45.9 | 37.5 | 29.2 |
| | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| ❖ Annualised Return On Average Shareholders' Funds | | | | | |
| - Include goodwill (%) | 8.1 | 9.2 | 7.4 | 8.8 | 8.6 |
| - Exclude goodwill (%) | 9.7 | 10.6 | 9.0 | 10.4 | 10.0 |
| ❖ Annualised Basic Earnings Per Share | | | | | |
| - Include goodwill (¢) | 66.3 | 75.2 | 61.1 | 71.5 | 69.9 |
| - Exclude goodwill (¢) | 79.2 | 87.1 | 74.1 | 84.4 | 81.4 |
| ❖ Annualised Return on Average Assets | | | | | |
| - Include goodwill (%) | 0.97 | 1.08 | 0.89 | 1.06 | 1.00 |
| - Exclude goodwill (%) | 1.16 | 1.25 | 1.08 | 1.25 | 1.17 |
| ❖ Annualised NII / Average Interest Bearing Assets (%) | | | | | |
| | 2.31 | 2.30 | 2.28 | 2.33 | 2.29 |
| ❖ Expense / Income ratio (%) | | | | | |
| | 34.1 | 35.7 | 34.3 | 33.8 | 33.5 |

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GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 2003

I) Highlights & Performance Indicators

| | 30-Jun-03 | 31-Mar-03 | 31-Dec-02 | 30-Jun-02 |
|--|------------------|-----------|-----------|-----------|
| • <u>Other Indicators</u> | | | | |
| ❖ Customer Loans (net) (\$'m) | 59,760 | 59,193 | 58,884 | 59,289 |
| ❖ Customer Deposits (\$'m) | 66,828 | 65,830 | 67,919 | 68,079 |
| ❖ Loans / Deposits Ratio (%) [@] | 89.4 | 89.9 | 86.7 | 87.1 |
| ❖ Non-Performing Loans (NPLs) (\$'m) | 5,393 | 5,669 | 5,679 | 5,971 |
| ❖ Cumulative Provisions (\$'m) | 3,496 | 3,531 | 3,504 | 3,403 |
| ❖ NPLs [^] / Gross Customer Loans (%) | 8.4 | 8.9 | 9.0 | 9.5 |
| ❖ Cumulative Provisions / NPLs (%) | 64.8 | 62.3 | 61.7 | 57.0 |
| ❖ Total Assets (\$'m) | 107,894 | 107,420 | 107,469 | 109,096 |
| ❖ Shareholders' Funds (\$'m) | 12,910 | 12,952 | 12,653 | 12,768 |
| ❖ Unrealised Surplus from Revaluation (\$'m)* | 1,386 | 1,188 | 1,186 | 1,492 |
| ❖ Net Asset Value (NAV) Per Share (\$) | 8.21 | 8.24 | 8.05 | 8.12 |
| ❖ Revalued NAV Per Share (\$) | 9.10 | 9.00 | 8.81 | 9.07 |
| ❖ Net Tangible Asset (NTA) Backing Per Share (\$) | 5.93 | 5.93 | 5.71 | 5.78 |
| ❖ Dividend Rates (%) | | | | |
| - Interim | 20.0 | - | 15.0 | 15.0 |
| - Dividend in Specie | - | - | 18.8 | - |
| - Final | NA | NA | 25.0 | NA |
| ❖ Manpower (number) | 10,325 | 10,353 | 10,320 | 10,329 |

[@] Loans refer to net customer loans while Deposits refer to customer deposits

[^] Excluding debt securities

* Not incorporated into the accounts and exclude the revaluation surplus / deficit on investments in associates

NA denotes not applicable

UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 2003

II) Review of Financial Performance

The financial statements are prepared in accordance with Financial Reporting Standards and are expressed in Singapore dollars.

Review of Group Performance

Results

1H03 versus 1H02

The Group's operating profit, before goodwill amortisation and provisions ("Operating Profit"), increased 9.7% to \$1,039 million in the first half of 2003 ("1H03") compared to \$948 million in the first half of 2002 ("1H02"). The increase was mainly due to higher fee and commission income and higher other operating income, partially offset by lower net interest income. Despite the improvement in Operating Profit, the Group's net profit after tax decreased 11.9% to \$521 million in 1H03 compared to \$591 million in 1H02, mainly due to higher provision charges for loans and lower share of profit of associates.

The increase in the Group's Operating Profit in 1H03 compared to 1H02 was driven mainly by higher total income. The Group's total income grew 6.9% to \$1,576 million in 1H03 compared to \$1,475 million in 1H02. The growth was largely contributed by higher profits from sale of government and investment securities, higher foreign exchange profits, as well as higher fee and commission income mainly from loan-related and investment-related activities. These were partially offset by lower net interest income mainly due to lower loan margin and lower contributions from inter-bank money market activities as a result of the continued low interest rate environment and flat yield curve.

The Group's total operating expenses, comprising staff and other operating expenses increased 1.8% to \$537 million in 1H03 compared to \$527 million in 1H02. Staff costs decreased 3.3% to \$262 million in 1H03 compared to \$271 million in 1H02, while other operating expenses increased 7.3% to \$275 million mainly to support increased advertising and promotion activities, as well as higher maintenance costs on premises and other fixed assets. These were partially offset by lower depreciation of fixed assets and lower rental expenses. The expense-to-income ratio improved to 34.1% in 1H03 compared to 35.7% in 1H02.

The Group's provision charges increased 68.5% to \$265 million in 1H03 compared to \$157 million in 1H02. The increase was mainly attributed to higher specific provisions made for loans, necessitated by the difficult and uncertain economic conditions as well as lower collateral value in a continued weak property market. In addition, provisions were also made for government securities as against a write-back in 1H02.

Share of profit of associates (before tax) declined 68.4% to \$30 million in 1H03 compared to \$94 million in 1H02, mainly due to the one-time exceptional gain recorded by United Overseas Land Limited arising from the sale of Tiong Bahru Plaza retail mall in 1H02, and no share of profit from Haw Par Corporation Limited which ceased to be an associate of the Group following the divestment exercise in December 2002.

UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 2003

II) Review of Financial Performance

Results *(continued)*

2Q03 versus 1Q03

The Group's net profit after tax of \$240 million in the second quarter of 2003 ("2Q03") was 14.5% lower than \$281 million in the first quarter of 2003 ("1Q03"). The decrease in net profit after tax was principally due to higher provisions, partially offset by higher share of profit of associates and lower tax.

The Group's total income grew 0.8% to \$791 million in 2Q03 from \$785 million in 1Q03, mainly from higher dividend income, higher profits from sale of dealing, investment and government securities, and higher fee and commission income. These were partially offset by lower profits on derivatives and foreign exchange activities, and lower net interest income.

The Group's total operating expenses increased 2.1% to \$271 million in 2Q03 from \$266 million in 1Q03 mainly from advertising and promotional expenses as well as commission and brokerage expenses. As a result, expense-to-income ratio increased to 34.3% in 2Q03 from 33.8% in 1Q03.

The Group's provision charges rose 94.3% to \$175 million in 2Q03 from \$90 million in 1Q03, mainly due to higher specific provisions made for loans and government securities.

Share of profit of associates (before tax) increased to \$27 million in 2Q03 from \$3 million in 1Q03, mainly due to improved performance of the Group's major associates.

2Q03 versus 2Q02

The Group's net profit after tax decreased 12.6% to \$240 million in 2Q03 compared to \$275 million in the second quarter of 2002 ("2Q02"). The decrease was mainly due to higher provisions, higher operating expenses, lower share of profit of associates and higher tax, partially offset by higher non-interest income.

The Group's total income increased 6.2% to \$791 million compared to \$745 million in 2Q02, while total operating expenses increased 8.6% to \$271 million compared to \$250 million in 2Q02. Consequently, expense-to-income ratio rose to 34.3% compared to 33.5% in 2Q02.

The Group's provision charges were higher at \$175 million in 2Q03 compared to \$147 million in 2Q02, largely attributed to the write-back of general provisions in 2Q02.

Share of profit of associates (before tax) declined 42.0% to \$27 million in 2Q03 compared to \$46 million in 2Q02, mainly due to no share of profit from Haw Par Corporation Limited which ceased to be an associate of the Group following the divestment exercise in December 2002.

UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 2003

II) Review of Financial Performance

Balance Sheet

Net customer loans as at 30 June 2003 were \$59,760 million, representing an increase of 1.5% over \$58,884 million as at 31 December 2002, and an increase of 0.8% over \$59,289 million as at 30 June 2002. Non-Performing Loans ("NPLs") declined 5.0% to \$5,393 million as at 30 June 2003 from \$5,679 million as at 31 December 2002, and 9.7% from \$5,971 million as at 30 June 2002. Consequently, NPLs (excluding debt securities) as a percentage of gross customer loans decreased to 8.4% as at 30 June 2003, from 9.0% and 9.5% as at 31 December 2002 and 30 June 2002 respectively.

Total cumulative specific and general provisions were \$3,496 million as at 30 June 2003, representing a marginal decrease of 0.2% compared to \$3,504 million as at 31 December 2002, and an increase of 2.7% over \$3,403 million as at 30 June 2002. General provision was \$1,427 million, or 40.8% of total cumulative provisions. The total cumulative provisions as at 30 June 2003 provided coverage of 64.8% against total NPLs, compared to 61.7% and 57.0% as at 31 December 2002 and 30 June 2002 respectively. Of the total NPLs of \$5,393 million, \$2,847 million or 52.8% were secured by collaterals, and \$3,386 million or 62.8% were in the Substandard category. As at 30 June 2003, the unsecured NPLs were 137.3% covered by total cumulative provisions.

Total assets as at 30 June 2003 were \$107,894 million, representing an increase of 0.4% over \$107,469 million as at 31 December 2002. The increase came primarily from higher customer loans which were partially offset by lower inter-bank placements and balances. Compared to total assets of \$109,096 million as at 30 June 2002, there was a decrease of 1.1%. The decrease was mainly due to lower inter-bank placements and balances, partially offset by an increase in government and investment securities.

Shareholders' funds as at 30 June 2003 was \$12,910 million, representing an increase of 2.0% over \$12,653 million as at 31 December 2002, and an increase of 1.1% over \$12,768 million as at 30 June 2002. The increase was largely contributed by retained profits.

UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 2003

II) Review of Financial Performance

UNAUDITED INCOME STATEMENT FOR THE FIRST HALF ENDED 30 JUNE 2003

| | 1st Half 2003 | 1st Half 2002 | 1H03 / 1H02 |
|---|--------------------------|--------------------------|------------------------|
| | \$ million | \$ million | % |
| Interest income | 1,701 | 1,925 | (11.6) |
| Less: Interest expense | 634 | 836 | (24.1) |
| Net interest income | 1,067 | 1,089 | (2.0) |
| Dividend income | 19 | 18 | 2.7 |
| Fee and commission income | 269 | 247 | 8.5 |
| Rental income | 39 | 40 | (3.5) |
| Other operating income | 183 | 80 | 128.2 |
| Total non-interest income | 509 | 386 | 31.9 |
| Income before operating expenses | 1,576 | 1,475 | 6.9 |
| Less: Staff costs | 262 | 271 | (3.3) |
| Other operating expenses | 275 | 256 | 7.3 |
| Total operating expenses | 537 | 527 | 1.8 |
| Operating profit before goodwill amortisation and provisions | 1,039 | 948 | 9.7 |
| Less: | | | |
| Goodwill amortisation | 102 | 93 | 9.6 |
| Provisions | 265 | 157 | 68.5 |
| Operating profit after goodwill amortisation and provisions | 672 | 697 | (3.6) |
| Exceptional item [#] | - | (18) | (100.0) |
| Share of profit of associates | 30 | 94 | (68.4) |
| Profit from ordinary activities before tax | 702 | 773 | (9.3) |
| Less: Tax | 176 | 162 | 8.8 |
| Profit after tax | 526 | 612 | (14.0) |
| Less: Minority interests | 5 | 21 | (76.1) |
| Net profit attributable to members | 521 | 591 | (11.9) |
| Expense / Income ratio (%) | 34.1 | 35.7 | (1.6) % pt |
| Annualised Earnings Per Share (¢) | | | |
| - Basic | 66.3 | 75.2 | (11.8) |
| - Fully diluted | 66.3 | 75.2 | (11.8) |

[#] This comprised restructuring and integration costs as a result of the acquisition and merger of Overseas Union Bank Limited.

UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 2003

II) Review of Financial Performance

UNAUDITED INCOME STATEMENT FOR THE SECOND QUARTER ENDED 30 JUNE 2003

| | 2nd Quarter 2003 | 1st Quarter 2003 | 2nd Quarter 2002 | 2Q03 / 1Q03 | 2Q03 / 2Q02 |
|---|---------------------------------|---------------------------------|---------------------------------|------------------------|------------------------|
| | \$ million | \$ million | \$ million | % | % |
| Interest income | 846 | 855 | 903 | (1.0) | (6.3) |
| Less: Interest expense | 314 | 320 | 359 | (1.7) | (12.4) |
| Net interest income | 532 | 535 | 544 | (0.6) | (2.2) |
| Dividend income | 17 | 2 | 14 | 920.9 | 22.4 |
| Fee and commission income | 138 | 131 | 124 | 5.3 | 11.2 |
| Rental income | 18 | 20 | 19 | (9.7) | (3.4) |
| Other operating income | 86 | 97 | 44 | (10.7) | 96.0 |
| Total non-interest income | 259 | 249 | 201 | 4.0 | 29.2 |
| Income before operating expenses | 791 | 785 | 745 | 0.8 | 6.2 |
| Less: Staff costs | 130 | 132 | 117 | (1.0) | 11.5 |
| Other operating expenses | 141 | 134 | 133 | 5.2 | 6.1 |
| Total operating expenses | 271 | 266 | 250 | 2.1 | 8.6 |
| Operating profit before goodwill amortisation and provisions | 520 | 519 | 495 | 0.2 | 5.0 |
| Less: | | | | | |
| Goodwill amortisation | 51 | 51 | 45 | 0.3 | 13.1 |
| Provisions | 175 | 90 | 147 | 94.3 | 19.0 |
| Operating profit after goodwill amortisation and provisions | 294 | 378 | 303 | (22.2) | (2.9) |
| Exceptional item # | - | - | (10) | NM | (100.0) |
| Share of profit of associates | 27 | 3 | 46 | 863.7 | (42.0) |
| Profit from ordinary activities before tax | 321 | 381 | 339 | (15.8) | (5.5) |
| Less: Tax | 77 | 99 | 55 | (22.6) | 38.6 |
| Profit after tax | 244 | 282 | 284 | (13.3) | (14.1) |
| Less: Minority interests | 4 | 1 | 9 | 338.4 | (57.1) |
| Net profit attributable to members | 240 | 281 | 275 | (14.5) | (12.6) |
| Expense / Income ratio (%) | 34.3 | 33.8 | 33.5 | 0.5 % pt | 0.8 % pt |
| Annualised Earnings Per Share (¢) | | | | | |
| - Basic | 61.1 | 71.5 | 69.9 | (14.5) | (12.6) |
| - Fully diluted | 61.1 | 71.5 | 69.9 | (14.5) | (12.6) |

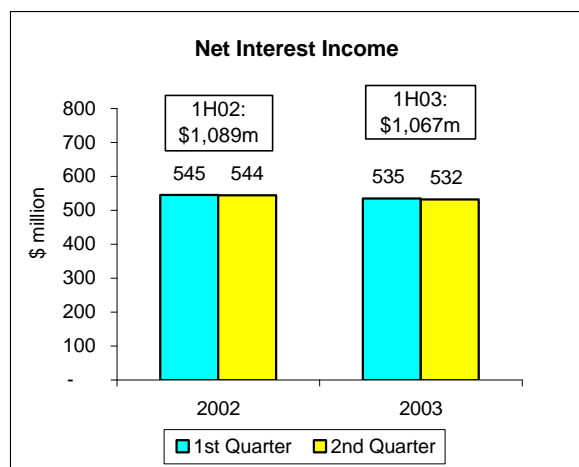
This comprised restructuring and integration costs as a result of the acquisition and merger of Overseas Union Bank Limited.

NM denotes not meaningful.

UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 2003

II) Review of Financial Performance

Net Interest Income



In 1H03, net interest income of the Group declined 2.0% to \$1,067 million compared to \$1,089 million in 1H02. The decrease was largely due to lower loan margin and lower contributions from inter-bank money market activities as a result of the continued low interest rate environment and flat yield curve. Net interest income continued to be the major contributor of total income, accounting for about 67.7% (1H02: 73.8%) of total income.

In 2Q03, net interest income of the Group declined 0.6% to \$532 million from \$535 million in 1Q03. This was primarily due to lower contributions from inter-bank money market activities and lower loan margin, partially offset by higher interest income from government and debt securities.

Average interest margin was 2.31% in 1H03, a marginal increase of 1 basis point compared to 2.30% in 1H02. The increase was mainly attributed to contributions from higher yielding debt securities. Average interest margin in 2Q03 fell to 2.28% from 2.33% in 1Q03, mainly due to lower contributions from inter-bank money market activities and lower loan margin.

Average Interest Margin

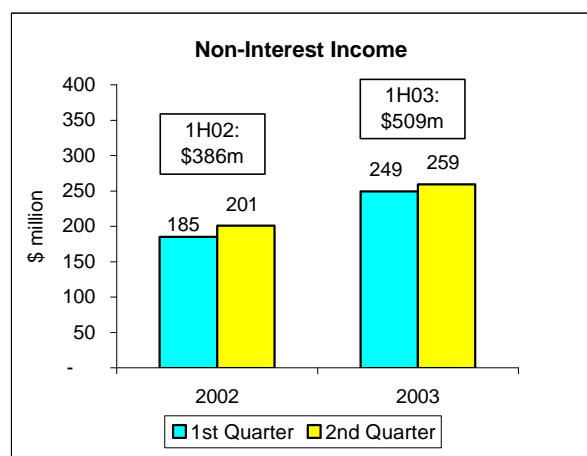
| | 1st Half 2003 | 1st Half 2002 | 2nd Quarter 2003 | 1st Quarter 2003 | 2nd Quarter 2002 |
|--|--------------------------|------------------|-----------------------------|---------------------|---------------------|
| | \$ million | \$ million | \$ million | \$ million | \$ million |
| Annualised Interest Income | 3,431 | 3,850 | 3,394 | 3,468 | 3,622 |
| Less: Annualised Interest Expense | 1,279 | 1,672 | 1,261 | 1,297 | 1,439 |
| Annualised Net Interest Income | 2,152 | 2,178 | 2,134 | 2,171 | 2,183 |
| Average balance of interest bearing assets | 93,175 | 94,813 | 93,569 | 93,176 | 95,377 |
| Average Interest Margin* (%) | 2.31 | 2.30 | 2.28 | 2.33 | 2.29 |

* Interest margin represents net interest income as a percentage of average interest bearing assets.

UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 2003

II) Review of Financial Performance

Non-Interest Income



In 1H03, total non-interest income grew \$123 million or 31.9% to \$509 million compared to \$386 million in 1H02. The increase in total non-interest income was mainly contributed by higher profits from sale of government and investment securities, higher foreign exchange profits, as well as higher fee and commission income largely from loan-related and investment-related activities. The Group's non-interest income for 1H03 accounted for 32.3% (1H02: 26.2%) of total income.

In 2Q03, total non-interest income rose \$10 million or 4.0% to \$259 million from \$249 million in 1Q03, mainly due to higher dividend income, higher profits from sale of dealing, investment and government securities, and higher fee and commission income, partially offset by lower profits on derivatives and foreign exchange activities.

Composition of Non-Interest Income

| | 1st Half 2003 | 1st Half 2002 | 2nd Quarter 2003 | 1st Quarter 2003 | 2nd Quarter 2002 |
|--|--------------------------|--------------------------|-----------------------------|-----------------------------|-----------------------------|
| | \$ million | \$ million | \$ million | \$ million | \$ million |
| Fee and commission income | | | | | |
| Credit card | 40 | 43 | 20 | 20 | 22 |
| Fund management | 32 | 39 | 16 | 16 | 22 |
| Futures broking & stockbroking | 17 | 31 | 9 | 8 | 12 |
| Investment-related | 28 | 12 | 12 | 17 | 6 |
| Loan-related | 62 | 40 | 35 | 27 | 20 |
| Service charges | 24 | 20 | 12 | 12 | 11 |
| Trade-related | 54 | 49 | 27 | 27 | 24 |
| Others | 11 | 13 | 7 | 4 | 6 |
| | 269 | 247 | 138 | 131 | 124 |
| Dividend and rental income | 57 | 58 | 35 | 22 | 33 |
| Other operating income | | | | | |
| Net profit / (loss) from: | | | | | |
| - dealing securities, government treasury bills & securities and derivatives | 57 | 5 | 22 | 35 | 1 |
| - foreign exchange dealings | 70 | 40 | 28 | 42 | 20 |
| - disposal of investment securities / associates | 22 | 6 | 18 | 5 | (1) |
| - disposal and liquidation of subsidiaries | 0 * | (0)^ | 0 * | (0)^ | (0)^ |
| - disposal of properties and other fixed assets | 8 | 1 | 2 | 6 | 1 |
| - others | 25 | 28 | 16 | 9 | 23 |
| | 183 | 80 | 86 | 97 | 44 |
| Total non-interest income | 509 | 386 | 259 | 249 | 201 |

* Less than \$500,000

^ Less than (\$500,000)

UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 2003

II) Review of Financial Performance

Operating Expenses

In 1H03, total operating expenses amounted to \$537 million, representing an increase of 1.8% over that in 1H02. The increase was attributed to higher other operating expenses, partially offset by lower staff costs. Despite the increase in operating expenses, the Group's expense-to-income ratio improved to 34.1% compared to 35.7% in 1H02, reflecting the higher growth in operating income.

In 2Q03, total operating expenses increased 2.1% to \$271 million from \$266 million in 1Q03, and expense-to-income ratio increased to 34.3% from 33.8% in 1Q03.

| | 1st Half 2003 | 1st Half 2002 | 2nd Quarter 2003 | 1st Quarter 2003 | 2nd Quarter 2002 |
|---|--------------------------|------------------|-----------------------------|---------------------|---------------------|
| | \$ million | \$ million | \$ million | \$ million | \$ million |
| Staff costs | 262 | 271 | 130 | 132 | 117 |
| Other operating expenses | 275 | 256 | 141 | 134 | 133 |
| Total operating expenses[@] | 537 | 527 | 271 | 266 | 250 |

[@] Total operating expenses included:

| | | | | | |
|---|-------|-------|-------|-------|-------|
| IT-related expenses | 99 | 102 | 48 | 51 | 52 |
| IT-related expenses as % of total operating expenses | 18.5% | 19.4% | 17.7% | 19.2% | 20.7% |

Other Operating Expenses

| | 1st Half 2003 | 1st Half 2002 | 2nd Quarter 2003 | 1st Quarter 2003 | 2nd Quarter 2002 |
|---|--------------------------|------------------|-----------------------------|---------------------|---------------------|
| | \$ million | \$ million | \$ million | \$ million | \$ million |
| Depreciation | | | | | |
| - Land and buildings | 13 | 13 | 7 | 7 | 6 |
| - Office equipment, computers, fixtures and other fixed assets | 39 | 48 | 20 | 19 | 22 |
| | 53 | 61 | 27 | 26 | 28 |
| Rental of premises and equipment | 21 | 29 | 10 | 11 | 13 |
| Maintenance of premises and other fixed assets | 28 | 19 | 14 | 14 | 10 |
| Other expenses | 174 | 148 | 90 | 83 | 82 |
| Total other operating expenses | 275 | 256 | 141 | 134 | 133 |

In 1H03, other operating expenses increased 7.3% to \$275 million compared to \$256 million in 1H02, mainly to support increased advertising and promotion activities, as well as higher maintenance costs on premises and other fixed assets. These were partially offset by lower depreciation of fixed assets and lower rental expenses.

In 2Q03, other operating expenses increased 5.2% to \$141 million from \$134 million in 1Q03. The increase was primarily from advertising and promotional expenses, as well as commission and brokerage expenses.

UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 2003

II) Review of Financial Performance

Provisions Charged to Income Statement

In 1H03, total provision charges of \$265 million was 68.5% higher than \$157 million in 1H02. The increase was mainly attributed to higher specific provisions made for loans, necessitated by the difficult and uncertain economic conditions as well as lower collateral value in a continued weak property market. In addition, provisions were also made for government securities in 1H03 as opposed to a write-back in 1H02.

In 2Q03, total provision charges increased to \$175 million from \$90 million in 1Q03. The higher provision charges were mainly due to higher specific provisions made for loans and government securities.

| | 1st Half 2003 | 1st Half 2002 | 2nd Quarter 2003 | 1st Quarter 2003 | 2nd Quarter 2002 |
|--|--------------------------|------------------|-----------------------------|---------------------|---------------------|
| | \$ million | \$ million | \$ million | \$ million | \$ million |
| Specific provisions for loans | 245 | 191 | 163 | 82 | 158 |
| General provisions | - | - | - | - | (20) |
| Specific provisions for diminution in value of investments and other assets | 20 | (34) | 12 | 8 | 10 |
| Total provisions | 265 | 157 | 175 | 90 | 147 |

UNITED OVERSEAS BANK LIMITED

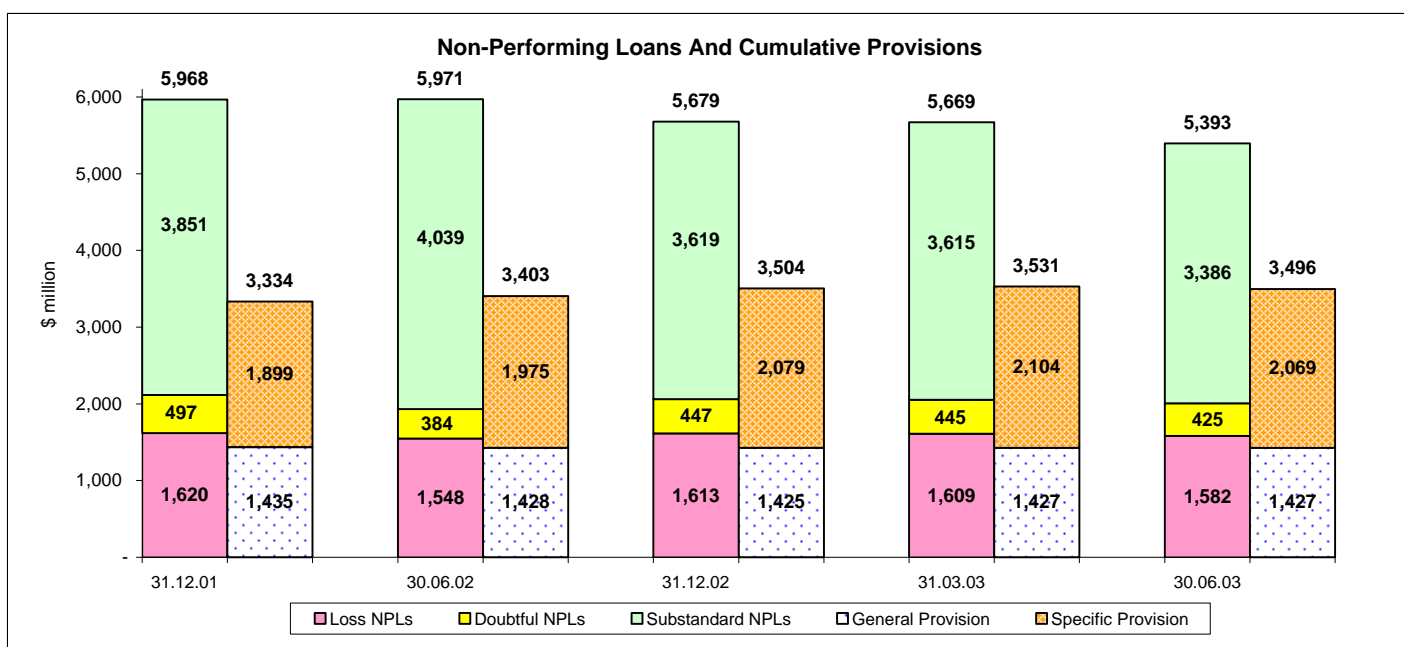
GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 2003

III) Non-Performing Loans (NPLs) And Cumulative Provisions

NPLs And Cumulative Provisions

NPLs declined 5.0% to \$5,393 million as at 30 June 2003 compared to \$5,679 million as at 31 December 2002, despite difficult and uncertain economic conditions. Consequently, the ratio of NPLs (excluding debt securities) to total gross customer loans improved by 0.6% point to 8.4%. Of the total NPLs, \$2,847 million or 52.8% were secured by collateral, and \$3,386 million or 62.8% were in the Substandard category. Total cumulative provisions as at 30 June 2003 were \$3,496 million, a marginal decrease of 0.2% over \$3,504 million as at 31 December 2002, and provided coverage of 64.8% against the total NPLs and 137.3% against the unsecured NPLs.

NPLs reduced \$578 million or 9.7% to \$5,393 million as at 30 June 2003 from \$5,971 million as at 30 June 2002. The ratio of NPLs (excluding debt securities) to total gross customer loans declined 1.1% points to 8.4% as at 30 June 2003 compared to 9.5% as at 30 June 2002. Cumulative provision coverage against unsecured NPLs increased 5.1% points to 137.3% as at 30 June 2003 from 132.2% as at 30 June 2002.



| | 30-Jun-03 | 31-Mar-03 | 31-Dec-02 | 30-Jun-02 | 31-Dec-01 |
|---|--------------|--------------|--------------|--------------|--------------|
| \$ million | | | | | |
| NPLs | | | | | |
| Substandard | 3,386 | 3,615 | 3,619 | 4,039 | 3,851 |
| Doubtful | 425 | 445 | 447 | 384 | 497 |
| Loss | 1,582 | 1,609 | 1,613 | 1,548 | 1,620 |
| Total NPLs | 5,393 | 5,669 | 5,679 | 5,971 | 5,968 |
| \$ million | | | | | |
| Cumulative Provisions | | | | | |
| Specific Provision | 2,069 | 2,104 | 2,079 | 1,975 | 1,899 |
| General Provision | 1,427 | 1,427 | 1,425 | 1,428 | 1,435 |
| Total Cumulative Provisions | 3,496 | 3,531 | 3,504 | 3,403 | 3,334 |
| % | | | | | |
| Ratios | | | | | |
| NPLs*/Gross Customer Loans | 8.4 | 8.9 | 9.0 | 9.5 | 9.3 |
| Cumulative Provisions/ NPLs | 64.8 | 62.3 | 61.7 | 57.0 | 55.9 |
| Cumulative Provisions/Doubtful & Loss NPLs | 174.2 | 171.9 | 170.1 | 176.1 | 157.5 |
| Cumulative Provisions/Unsecured NPLs | 137.3 | 134.5 | 138.3 | 132.2 | 136.6 |
| Cumulative Provisions*/Gross Customer Loans | 5.5 | 5.6 | 5.5 | 5.4 | 5.2 |
| General Provision/Gross Customer Loans (net of Specific Provision*) | 2.3 | 2.4 | 2.4 | 2.4 | 2.3 |
| NPLs/Total Assets | 5.0 | 5.3 | 5.3 | 5.5 | 5.2 |

* Excluding debt securities

UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 2003

III) Non-Performing Loans (NPLs) And Cumulative Provisions

NPLs By Region

By geographical region, Singapore accounted for \$3,684 million or 68.3% of the total NPLs as at 30 June 2003. NPLs of Singapore declined \$251 million or 6.4% compared to that of 31 December 2002, and \$333 million or 8.3% compared to that of 30 June 2002.

NPLs of the Five Regional Countries decreased \$27 million or 1.9% to \$1,431 million as at 30 June 2003 from \$1,458 million as at 31 December 2002, and \$124 million or 8.0% from \$1,555 million as at 30 June 2002.

NPLs of Greater China as at 30 June 2003 reduced 0.5% to \$181 million compared to \$182 million as at 31 December 2002, and 20.3% compared to \$227 million as at 30 June 2002.

| | 30-Jun-03 | | 31-Dec-02 | | 30-Jun-02 | |
|-------------------------|----------------------|-----------------------|----------------------|-----------------------|----------------------|-----------------------|
| | Amount \$ million | As % of Total NPLs | Amount \$ million | As % of Total NPLs | Amount \$ million | As % of Total NPLs |
| Singapore | 3,684 | 68.3 | 3,935 | 69.3 | 4,017 | 67.3 |
| Five Regional Countries | | | | | | |
| Malaysia | 933 | 17.3 | 943 | 16.6 | 984 | 16.5 |
| Indonesia | 127 | 2.3 | 156 | 2.8 | 169 | 2.8 |
| Philippines | 202 | 3.7 | 208 | 3.7 | 235 | 3.9 |
| Thailand | 154 | 2.9 | 144 | 2.5 | 159 | 2.7 |
| South Korea | 15 | 0.3 | 7 | 0.1 | 8 | 0.1 |
| | 1,431 | 26.5 | 1,458 | 25.7 | 1,555 | 26.0 |
| Greater China | 181 | 3.4 | 182 | 3.2 | 227 | 3.8 |
| Others | 97 | 1.8 | 104 | 1.8 | 172 | 2.9 |
| Total NPLs | 5,393 | 100.0 | 5,679 | 100.0 | 5,971 | 100.0 |

NPLs By Industry

NPLs as at 30 June 2003 and 31 December 2002 were led by non-bank financial institutions, professionals and private individuals, and manufacturing sectors. Building and construction sector which dominated the NPLs as at 30 June 2002 was managed down by 30.5% to \$770m as at 30 June 2003.

| | 30-Jun-03 | | 31-Dec-02 | | 30-Jun-02 | |
|---------------------------------------|----------------------|---------------------------------------|----------------------|---------------------------------------|----------------------|---------------------------------------|
| | Amount \$ million | As % of Gross Customer Loans | Amount \$ million | As % of Gross Customer Loans | Amount \$ million | As % of Gross Customer Loans |
| Transport, storage and communication | 123 | 6.1 | 124 | 6.0 | 99 | 4.9 |
| Building and construction | 770 | 9.5 | 843 | 9.2 | 1,108 | 11.5 |
| Manufacturing | 875 | 15.7 | 874 | 16.2 | 906 | 16.3 |
| Non-bank financial institutions | 1,016 | 9.0 | 1,029 | 9.5 | 1,076 | 9.8 |
| General commerce | 755 | 12.4 | 769 | 12.4 | 761 | 12.1 |
| Professionals and private individuals | 972 | 10.2 | 1,014 | 10.9 | 1,006 | 11.0 |
| Housing loans | 612 | 4.3 | 668 | 4.8 | 588 | 4.3 |
| Others | 206 | 3.3 | 294 | 5.3 | 404 | 7.6 |
| Sub-total | 5,329 | 8.4 | 5,615 | 9.0 | 5,948 | 9.5 |
| Debt securities | 64 | | 64 | | 23 | |
| Total NPLs | 5,393 | | 5,679 | | 5,971 | |

UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 2003

III) Non-Performing Loans (NPLs) And Cumulative Provisions

Specific Provision By Region

The Group's specific provision was \$2,069 million as at 30 June 2003. Singapore and the Five Regional Countries accounted for 60.8% and 34.3% respectively of the Group's total specific provision.

| | 30-Jun-03 | | 31-Dec-02 | | 30-Jun-02 | |
|-------------------------|----------------------|---|----------------------|---|----------------------|---|
| | Amount \$ million | As % of Total Specific Provision | Amount \$ million | As % of Total Specific Provision | Amount \$ million | As % of Total Specific Provision |
| Singapore | 1,258 | 60.8 | 1,271 | 61.1 | 1,153 | 58.4 |
| Five Regional Countries | | | | | | |
| Malaysia | 453 | 21.9 | 428 | 20.6 | 427 | 21.6 |
| Indonesia | 88 | 4.2 | 111 | 5.3 | 117 | 5.9 |
| Philippines | 72 | 3.5 | 72 | 3.5 | 70 | 3.6 |
| Thailand | 89 | 4.3 | 87 | 4.2 | 87 | 4.4 |
| South Korea | 8 | 0.4 | 2 | 0.1 | 2 | 0.1 |
| | 710 | 34.3 | 700 | 33.7 | 703 | 35.6 |
| Greater China | 62 | 3.0 | 69 | 3.3 | 81 | 4.1 |
| Others | 39 | 1.9 | 39 | 1.9 | 38 | 1.9 |
| Total | 2,069 | 100.0 | 2,079 | 100.0 | 1,975 | 100.0 |

Specific Provision By Industry

Specific provision for both the professional and private individuals and manufacturing sectors accounted for 40.5% of the total specific provision as at 30 June 2003, representing an increase of 4.7% points from 35.8% as at 31 December 2002 and 4.6% points from 35.9% as at 30 June 2002.

The increase in specific provision for professional and private individuals were mainly driven by lower collateral values.

| | 30-Jun-03 | | 31-Dec-02 | | 30-Jun-02 | |
|---------------------------------------|----------------------|--|----------------------|--|----------------------|--|
| | Amount \$ million | As % of Total Specific Provision* | Amount \$ million | As % of Total Specific Provision* | Amount \$ million | As % of Total Specific Provision* |
| Transport, storage and communication | 48 | 2.4 | 35 | 1.7 | 27 | 1.4 |
| Building and construction | 281 | 13.9 | 369 | 18.2 | 353 | 18.1 |
| Manufacturing | 404 | 20.0 | 398 | 19.6 | 371 | 19.0 |
| Non-bank financial institutions | 362 | 17.9 | 309 | 15.2 | 317 | 16.2 |
| General commerce | 320 | 15.8 | 309 | 15.2 | 296 | 15.2 |
| Professionals and private individuals | 414 | 20.5 | 329 | 16.2 | 329 | 16.9 |
| Housing loans | 82 | 4.1 | 143 | 7.1 | 108 | 5.5 |
| Others | 109 | 5.4 | 138 | 6.8 | 151 | 7.7 |
| Sub-total | 2,020 | 100.0 | 2,030 | 100.0 | 1,952 | 100.0 |
| Debt securities | 49 | | 49 | | 23 | |
| Total | 2,069 | | 2,079 | | 1,975 | |

* Excluding debt securities

UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 2003

III) Non-Performing Loans (NPLs) And Cumulative Provisions

Secured / Unsecured NPLs

As at 30 June 2003, 52.8% of the Group's total NPLs was secured by collateral as compared to 55.4% and 56.9% as at 31 December 2002 and 30 June 2002 respectively. The decline in the level of secured NPLs was primarily due to the fall in collateral value in a weak property market.

| | 30-Jun-03 | | 31-Dec-02 | | 30-Jun-02 | |
|-------------------|----------------------|-----------------------|----------------------|-----------------------|----------------------|-----------------------|
| | Amount \$ million | As % of Total NPLs | Amount \$ million | As % of Total NPLs | Amount \$ million | As % of Total NPLs |
| Secured | 2,847 | 52.8 | 3,146 | 55.4 | 3,396 | 56.9 |
| Unsecured | 2,546 | 47.2 | 2,533 | 44.6 | 2,575 | 43.1 |
| Total NPLs | 5,393 | 100.0 | 5,679 | 100.0 | 5,971 | 100.0 |

Collateral

The Group's NPLs are predominately secured by properties. Properties are valued at forced sale value and such valuations are updated semi-annually. Other types of collateral include marketable securities such as, listed stocks and shares, cash and deposits, and bankers' standby letters of credit (SBLCs).

The secured NPLs of the Group analysed by country of risk and collateral type were as follows:

| <u>30-Jun-03</u> | \$ million | | | | |
|-------------------------|--------------|--------------------------|----------------------|------------|--------------|
| | Properties | Marketable Securities | Cash And Deposits | Others | Total |
| Singapore | 1,952 | 39 | 15 | 99 | 2,105 |
| Five Regional Countries | 538 | 53 | 8 | 51 | 650 |
| Greater China | 54 | 1 | 2 | - | 57 |
| Others | 35 | - | - | - | 35 |
| Total | 2,579 | 93 | 25 | 150 | 2,847 |

| <u>31-Dec-02</u> | \$ million | | | | |
|-------------------------|--------------|--------------------------|----------------------|------------|--------------|
| | Properties | Marketable Securities | Cash And Deposits | Others | Total |
| Singapore | 2,067 | 86 | 36 | 135 | 2,324 |
| Five Regional Countries | 569 | 102 | 2 | 43 | 716 |
| Greater China | 61 | 2 | - | - | 63 |
| Others | 43 | - | - | - | 43 |
| Total | 2,740 | 190 | 38 | 178 | 3,146 |

| <u>30-Jun-02</u> | \$ million | | | | |
|-------------------------|--------------|--------------------------|----------------------|------------|--------------|
| | Properties | Marketable Securities | Cash And Deposits | Others | Total |
| Singapore | 2,232 | 105 | 19 | 105 | 2,461 |
| Five Regional Countries | 621 | 84 | 3 | 51 | 759 |
| Greater China | 68 | 5 | 1 | - | 74 |
| Others | 102 | - | - | - | 102 |
| Total | 3,023 | 194 | 23 | 156 | 3,396 |

UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 2003

IV) Segmental Analysis

Business Segments

The Group's businesses are organised into five segments, based on the types of products and services that it provides worldwide. These segments are Individual Banking, Institutional Banking, Global Treasury, Asset Management and Others that include mainly property-related activities.

Individual Banking

The Group's Individual Banking segment encompasses personal financial services and private banking. Personal financial services business delivers a wide array of consumer services that includes the issue of credit and debit cards, loans and mortgages, deposit services and investment advisory services. Private banking offers wealth management services for high networth individuals.

Despite the uncertainties that prevailed in 1H03, gross loans and advances to individual customers grew by 4.7% to \$24 billion over that in 1H02. Profit before tax remained relatively stable at \$175 million.

Institutional Banking

Institutional Banking encompasses commercial credit, corporate banking and capital markets. Our commercial credit business serves the small and medium-sized enterprises, while corporate banking serves the large corporations, institutions and governments. Both commercial credit and corporate banking provide customers with a broad range of products and services that include financing options, trade services, custody services and cash management services. Our capital markets business offers corporate finance services, including initial public offering and corporate advisory services.

These businesses recorded a decline in profit before tax over that in 1H02 by 15.3% to \$280 million in 1H03 against a background of difficult business conditions.

Global Treasury

The Group's Global Treasury segment extends a wide range of treasury capabilities in foreign exchange, money market, fixed income instruments, derivatives, leveraged trading and futures broking. It is a dominant player in Singapore dollar treasury instruments and a major primary dealer in Singapore Government securities. Global Treasury also provides banknotes services and a full range of gold products, and continues to lead in the provision of Singapore dollar cheque clearing services to correspondent banks.

Stronger performance from our trading activities lifted Global Treasury's income in 1H03, compared to the same period in last year. Profit before tax, however, edged down slightly on account of higher provisions for our liquid assets portfolio.

Asset Management

Asset Management comprises our asset management, venture capital management and proprietary investment activities. Profit before tax in 1H03 was 60.2% higher than that in 1H02 due largely to higher investment gains partially offset by lower dividends received.

Others

Other operations of the Group include property-related activities, insurance and shareholders' funds management. The higher profit before tax in 1H03 compared to that in 1H02 was mainly due to gains on disposal of overseas properties.

UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 2003

IV) Segmental Analysis

Business Segments

30-Jun-03

| | | | | | | \$ million |
|--|-------------------------------|----------------------------------|----------------------------|-----------------------------|---------------|----------------|
| | Individual Banking | Institutional Banking | Global Treasury | Asset Management | Others | Total |
| Segment income before operating expenses | 491 | 629 | 266 | 63 | 161 | 1,610 |
| Eliminations | | | | | | (34) |
| Income before operating expenses | | | | | | 1,576 |
| Segment profit before tax (after provisions) | 175 | 280 | 178 | 50 | 91 | 774 |
| Goodwill amortisation | | | | | | (102) |
| Operating profit after goodwill amortisation and provisions | | | | | | 672 |
| Share of profit of associates | | | | | | 30 |
| Profit before tax and minority interests | | | | | | 702 |
| Tax and minority interests | | | | | | (181) |
| Net profit attributable to members | | | | | | 521 |
| Other information: | | | | | | |
| Segment assets | 21,855 | 40,065 | 36,841 | 2,718 | 1,496 | 102,974 |
| Investments in associates | | | | | | 1,251 |
| Goodwill | | | | | | 3,566 |
| Unallocated assets | | | | | | 103 |
| Total assets | | | | | | 107,894 |
| Gross customer loans | 23,844 | 39,363 | - | - | - | 63,207 |
| Non-performing loans ("NPLs") ^ | 1,584 | 3,745 | - | - | - | 5,329 |
| Specific provisions & Interest-in-suspense for NPLs ^ | 496 | 1,524 | - | - | - | 2,020 |
| Segment liabilities | 41,977 | 26,975 | 25,226 | 44 | 78 | 94,300 |
| Provision for current and deferred tax | | | | | | 473 |
| Unallocated liabilities | | | | | | 64 |
| Total liabilities | | | | | | 94,838 |
| Capital expenditure | 16 | 16 | 4 | 0* | 10 | 46 |
| Depreciation of fixed assets | 16 | 16 | 4 | 1 | 16 | 53 |

^ Excluding debt securities

* Less than \$500,000

UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 2003

IV) Segmental Analysis

Business Segments

30-Jun-02

\$ million

| | Individual Banking | Institutional Banking | Global Treasury | Asset Management | Others | Total |
|--|-----------------------|--------------------------|--------------------|---------------------|--------|----------------|
| Segment income before operating expenses | 465 | 632 | 223 | 69 | 142 | 1,531 |
| Eliminations | | | | | | (56) |
| Income before operating expenses | | | | | | <u>1,475</u> |
| Segment profit before tax (after provisions) | 175 | 330 | 182 | 31 | 72 | 790 |
| Goodwill amortisation | | | | | | (93) |
| Operating profit after goodwill amortisation and provisions | | | | | | 697 |
| Exceptional items | | | | | | (18) |
| Share of profit of associates | | | | | | 94 |
| Profit before tax and minority interests | | | | | | <u>773</u> |
| Tax and minority interests | | | | | | (182) |
| Net profit attributable to members | | | | | | <u>591</u> |
| Other information: | | | | | | |
| Segment assets | 20,570 | 41,409 | 37,732 | 2,478 | 1,397 | 103,586 |
| Investments in associates | | | | | | 1,674 |
| Goodwill | | | | | | 3,681 |
| Unallocated assets | | | | | | 155 |
| Total assets | | | | | | <u>109,096</u> |
| Gross customer loans | 22,770 | 39,899 | - | - | - | 62,669 |
| Non-performing loans ("NPLs") ^ | 1,594 | 4,354 | - | - | - | 5,948 |
| Specific provisions & Interest-in-suspense for NPLs ^ | 437 | 1,515 | - | - | - | 1,952 |
| Segment liabilities | 38,665 | 31,660 | 25,344 | 110 | 38 | 95,818 |
| Provision for current and deferred tax | | | | | | 175 |
| Unallocated liabilities | | | | | | 61 |
| Total liabilities | | | | | | <u>96,053</u> |
| Capital expenditure | 15 | 19 | 7 | 1 | 5 | 45 |
| Depreciation of fixed assets | 18 | 18 | 5 | 1 | 20 | 61 |

^ Excluding debt securities

Note:

1H02 segment figures as disclosed above have been restated to reflect changes in the cost allocation methodologies and organisation structure introduced in 2003.

UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 2003

IV) Segmental Analysis

Geographical Segments

The following geographical segment information is based on the location where the transactions and assets are booked. It provides an approximation to geographical segment information that is based on location of customers and assets. The information is stated after elimination of inter-segment transactions.

Income before operating expenses

| | 1st Half 2003 | 1st Half 2002 | 2nd Quarter 2003 | 1st Quarter 2003 | 2nd Quarter 2002 |
|---|--------------------------|------------------|-----------------------------|---------------------|---------------------|
| | \$ million | \$ million | \$ million | \$ million | \$ million |
| Singapore (including Asian Currency Units) | 1,190 | 1,123 | 586 | 604 | 573 |
| Other ASEAN countries | 245 | 219 | 127 | 117 | 108 |
| Other Asia Pacific countries | 88 | 94 | 47 | 41 | 45 |
| Rest of the world | 54 | 38 | 31 | 23 | 19 |
| Total | 1,576 | 1,475 | 791 | 785 | 745 |

Profit before tax

| | 1st Half 2003 | 1st Half 2002 | 2nd Quarter 2003 | 1st Quarter 2003 | 2nd Quarter 2002 |
|---|--------------------------|------------------|-----------------------------|---------------------|---------------------|
| | \$ million | \$ million | \$ million | \$ million | \$ million |
| Singapore (including Asian Currency Units) | 613 | 723 | 267 | 347 | 312 |
| Other ASEAN countries | 113 | 73 | 64 | 48 | 39 |
| Other Asia Pacific countries | 38 | 48 | 17 | 21 | 23 |
| Rest of the world | 40 | 22 | 24 | 16 | 11 |
| | 804 | 866 | 372 | 432 | 385 |
| Goodwill amortisation | (102) | (93) | (51) | (51) | (45) |
| Total | 702 | 773 | 321 | 381 | 339 |

Total assets

| | 30-Jun-03 | 31-Dec-02 | 30-Jun-02 |
|---|------------------|------------------|------------------|
| | \$ million | \$ million | \$ million |
| Singapore (including Asian Currency Units) | 75,710 | 77,286 | 80,746 |
| Other ASEAN countries | 14,171 | 12,477 | 13,179 |
| Other Asia Pacific countries | 8,862 | 8,365 | 7,415 |
| Rest of the world | 5,585 | 5,675 | 4,075 |
| | 104,328 | 103,803 | 105,415 |
| Goodwill | 3,566 | 3,666 | 3,681 |
| Total | 107,894 | 107,469 | 109,096 |

UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 2003

V) Overview of Balance Sheet

Total Assets

The Group's total assets as at 30 June 2003 were \$107,894 million, representing an increase of 0.4% over \$107,469 million as at 31 December 2002. The increase came primarily from higher customer loans which were partially offset by lower inter-bank placements and balances. Compared to total assets of \$109,096 million as at 30 June 2002, there was a decrease of 1.1%. The decrease was mainly due to lower inter-bank placements and balances, partially offset by an increase in government and investment securities.

Securities*

Total securities as at 30 June 2003 were \$15,193 million, representing an increase of 7.3% over \$14,159 million as at 31 December 2002 and an increase of 14.1% over \$13,317 million as at 30 June 2002. These came primarily from increased holdings in government securities and investment securities issued by financial institutions.

| <u>Total Securities</u> | <u>30-Jun-03</u> | <u>31-Dec-02</u> | <u>30-Jun-02</u> |
|--|----------------------|----------------------|----------------------|
| | \$ million | \$ million | \$ million |
| Cost | | | |
| Dealing | 980 | 828 | 1,381 |
| Non-dealing | <u>14,363</u> | <u>13,473</u> | <u>12,048</u> |
| | <u>15,343</u> | <u>14,301</u> | <u>13,429</u> |
| Less : Provision for diminution in value | <u>(150)</u> | <u>(142)</u> | <u>(112)</u> |
| Net Book Value | <u><u>15,193</u></u> | <u><u>14,159</u></u> | <u><u>13,317</u></u> |

| <u>Securities Analysed By Issuer Type</u> | <u>30-Jun-03</u> | | <u>31-Dec-02</u> | | <u>30-Jun-02</u> | |
|---|----------------------|---------------------|----------------------|---------------------|----------------------|---------------------|
| | \$ million | % | \$ million | % | \$ million | % |
| Government | 10,441 | 68.1 | 9,594 | 67.1 | 8,984 | 66.9 |
| Public sector | 6 | 0.0 | 8 | 0.1 | 9 | 0.1 |
| Bank | 1,112 | 7.2 | 652 | 4.6 | 762 | 5.7 |
| Corporate | 3,497 | 22.8 | 3,564 | 24.9 | 3,390 | 25.2 |
| Others | 287 | 1.9 | 483 | 3.3 | 284 | 2.1 |
| Total (at cost) | <u><u>15,343</u></u> | <u><u>100.0</u></u> | <u><u>14,301</u></u> | <u><u>100.0</u></u> | <u><u>13,429</u></u> | <u><u>100.0</u></u> |

| <u>Securities Analysed By Industry</u> | <u>30-Jun-03</u> | | <u>31-Dec-02</u> | | <u>30-Jun-02</u> | |
|--|----------------------|--------------|----------------------|--------------|----------------------|--------------|
| | \$ million | % | \$ million | % | \$ million | % |
| Transport, storage and communication | 328 | 2.3 | 559 | 4.2 | 394 | 3.3 |
| Building and construction | 380 | 2.7 | 321 | 2.4 | 273 | 2.3 |
| Manufacturing | 565 | 3.9 | 606 | 4.5 | 284 | 2.4 |
| Financial institutions | 2,300 | 16.0 | 1,537 | 11.4 | 1,271 | 10.4 |
| General commerce | 121 | 0.8 | 72 | 0.5 | 67 | 0.6 |
| Government | 9,865 | 68.7 | 9,416 | 69.9 | 8,876 | 73.7 |
| Others | 804 | 5.6 | 962 | 7.1 | 883 | 7.3 |
| Non-dealing | <u>14,363</u> | <u>100.0</u> | <u>13,473</u> | <u>100.0</u> | <u>12,048</u> | <u>100.0</u> |
| Dealing | <u>980</u> | | <u>828</u> | | <u>1,381</u> | |
| Total (at cost) | <u><u>15,343</u></u> | | <u><u>14,301</u></u> | | <u><u>13,429</u></u> | |

* Comprise Singapore and other government securities, and dealing and investment securities

UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 2003

V) Overview of Balance Sheet

Customer Loans

Net loans and advances to customers as at 30 June 2003 were \$59,760 million, representing an increase of 1.5% over \$58,884 million as at 31 December 2002, and an increase of 0.8% over \$59,289 million as at 30 June 2002. The increase came from all categories of loans except for overdraft portfolio.

| <u>Customer Loans Analysed By Type</u> | <u>30-Jun-03</u> \$ million | <u>31-Dec-02</u> \$ million | <u>30-Jun-02</u> \$ million |
|--|--------------------------------|--------------------------------|--------------------------------|
| Housing loans | 14,287 | 13,841 | 13,603 |
| Term loans | 35,910 | 35,253 | 35,676 |
| Trade financing | 3,193 | 2,915 | 2,756 |
| Overdrafts | 9,817 | 10,330 | 10,634 |
| Total gross customer loans | 63,207 | 62,339 | 62,669 |
| Less: General provisions | (1,427) | (1,425) | (1,428) |
| Specific provisions and Interest-in-suspense | (2,020) | (2,030) | (1,952) |
| Total net customer loans | 59,760 | 58,884 | 59,289 |

| <u>Gross Customer Loans Analysed By Industry</u> | <u>30-Jun-03</u> \$ million | % | <u>31-Dec-02</u> \$ million | % | <u>30-Jun-02</u> \$ million | % |
|--|--------------------------------|--------------|--------------------------------|-------|--------------------------------|-------|
| Transport, storage and communication | 2,015 | 3.2 | 2,058 | 3.3 | 2,013 | 3.2 |
| Building and construction | 8,148 | 12.9 | 9,148 | 14.7 | 9,673 | 15.4 |
| Manufacturing | 5,562 | 8.8 | 5,392 | 8.6 | 5,575 | 8.9 |
| Non-bank financial institutions | 11,306 | 17.9 | 10,809 | 17.3 | 10,998 | 17.6 |
| General commerce | 6,085 | 9.6 | 6,200 | 10.0 | 6,298 | 10.1 |
| Professionals and private individuals | 9,557 | 15.1 | 9,335 | 15.0 | 9,167 | 14.6 |
| Housing loans | 14,287 | 22.6 | 13,841 | 22.2 | 13,603 | 21.7 |
| Others | 6,247 | 9.9 | 5,556 | 8.9 | 5,342 | 8.5 |
| Total gross customer loans | 63,207 | 100.0 | 62,339 | 100.0 | 62,669 | 100.0 |

| <u>Gross Customer Loans Analysed By Currency and Fixed / Variable Rates</u> | <u>30-Jun-03</u> \$ million | % | <u>31-Dec-02</u> \$ million | % | <u>30-Jun-02</u> \$ million | % |
|---|--------------------------------|--------------|--------------------------------|-------|--------------------------------|-------|
| <u>Fixed Rate</u> | | | | | | |
| Singapore Dollars | 14,529 | 23.0 | 13,724 | 22.0 | 13,054 | 20.8 |
| US Dollars | 933 | 1.5 | 747 | 1.2 | 484 | 0.8 |
| Malaysian Ringgit | 183 | 0.3 | 166 | 0.3 | 139 | 0.2 |
| Hong Kong Dollars | 46 | 0.1 | 40 | 0.1 | 44 | 0.1 |
| Thai Baht | 758 | 1.2 | 534 | 0.8 | 488 | 0.8 |
| Others | 1,236 | 1.9 | 1,059 | 1.7 | 920 | 1.4 |
| Sub-total | 17,685 | 28.0 | 16,270 | 26.1 | 15,129 | 24.1 |
| <u>Variable Rate</u> | | | | | | |
| Singapore Dollars | 26,498 | 41.9 | 27,645 | 44.3 | 28,547 | 45.6 |
| US Dollars | 7,131 | 11.3 | 7,391 | 11.9 | 8,095 | 12.9 |
| Malaysian Ringgit | 6,188 | 9.8 | 5,762 | 9.2 | 5,759 | 9.2 |
| Hong Kong Dollars | 1,123 | 1.8 | 1,426 | 2.3 | 1,501 | 2.4 |
| Thai Baht | 541 | 0.8 | 501 | 0.8 | 486 | 0.8 |
| Others | 4,041 | 6.4 | 3,344 | 5.4 | 3,152 | 5.0 |
| Sub-total | 45,522 | 72.0 | 46,069 | 73.9 | 47,540 | 75.9 |
| Total | 63,207 | 100.0 | 62,339 | 100.0 | 62,669 | 100.0 |

UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 2003

V) Overview of Balance Sheet

Customer Loans (cont'd)

| <u>Gross Customer Loans Analysed By Remaining Maturity</u> | <u>30-Jun-03</u> | | <u>31-Dec-02</u> | | <u>30-Jun-02</u> | |
|--|------------------|--------------|------------------|--------------|------------------|--------------|
| | \$ million | % | \$ million | % | \$ million | % |
| Within 1 year | 30,183 | 47.8 | 29,394 | 47.2 | 30,133 | 48.1 |
| Over 1 year but within 3 years | 10,071 | 15.9 | 10,045 | 16.1 | 9,468 | 15.1 |
| Over 3 years but within 5 years | 5,950 | 9.4 | 6,627 | 10.6 | 7,056 | 11.3 |
| Over 5 years | 17,003 | 26.9 | 16,273 | 26.1 | 16,012 | 25.5 |
| Total | 63,207 | 100.0 | 62,339 | 100.0 | 62,669 | 100.0 |

Deposits

Total deposits as at 30 June 2003 were \$85,569 million, representing a decrease of 1.9% over \$87,221 million as at 31 December 2002, and a decrease of 2.7% over \$87,951 million as at 30 June 2002. The decrease was mainly due to lower bankers' deposits and customer fixed deposits, partially offset by higher savings and other deposits.

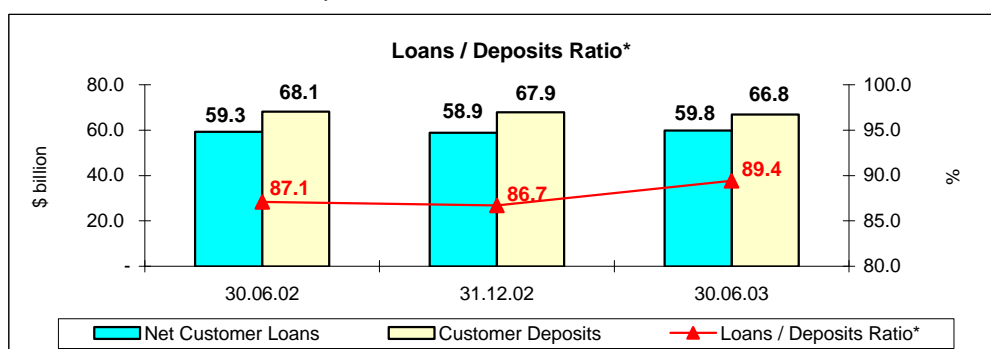
As at 30 June 2003, customer deposits accounted for 78.1% of total deposits.

| <u>Deposits Analysed By Type</u> | <u>30-Jun-03</u> | | <u>31-Dec-02</u> | | <u>30-Jun-02</u> | |
|----------------------------------|------------------|--------------|------------------|--------------|------------------|--------------|
| | \$ million | % | \$ million | % | \$ million | % |
| Bankers' deposits | 18,741 | 21.9 | 19,302 | 22.1 | 19,871 | 22.6 |
| Customer deposits | | | | | | |
| Fixed deposits | 45,624 | 53.3 | 47,287 | 54.2 | 47,899 | 54.5 |
| Savings and other deposits | 21,204 | 24.8 | 20,632 | 23.7 | 20,180 | 22.9 |
| | 66,828 | 78.1 | 67,919 | 77.9 | 68,079 | 77.4 |
| Total | 85,569 | 100.0 | 87,221 | 100.0 | 87,951 | 100.0 |

| <u>Deposits Analysed By Remaining Maturity</u> | <u>30-Jun-03</u> | | <u>31-Dec-02</u> | | <u>30-Jun-02</u> | |
|--|------------------|--------------|------------------|--------------|------------------|--------------|
| | \$ million | % | \$ million | % | \$ million | % |
| Within 1 year | 84,460 | 98.7 | 86,324 | 99.0 | 87,177 | 99.1 |
| Over 1 year but within 3 years | 729 | 0.8 | 743 | 0.8 | 624 | 0.7 |
| Over 3 years but within 5 years | 306 | 0.4 | 80 | 0.1 | 1 | 0.0 |
| Over 5 years | 74 | 0.1 | 74 | 0.1 | 149 | 0.2 |
| Total | 85,569 | 100.0 | 87,221 | 100.0 | 87,951 | 100.0 |

Loans / Deposits Ratio*

Loans-to-deposits ratio was 89.4% as at 30 June 2003, representing an increase of 2.7% points over 86.7% as at 31 December 2002, and an increase of 2.3% points over 87.1% as at 30 June 2002.



* Loans refer to net customer loans while Deposits refer to customer deposits

UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 2003

V) Overview of Balance Sheet

| <u>Debts Issued</u> | <u>30-Jun-03</u> \$ million | <u>31-Dec-02</u> \$ million | <u>30-Jun-02</u> \$ million |
|--|---------------------------------------|---------------------------------------|---------------------------------------|
| (a) <u>Subordinated Notes</u> | | | |
| S\$1.3 billion 4.95% Subordinated Notes due 2016 Callable with Step-up in 2011 ("S\$ Notes") | 1,300 | 1,300 | 1,300 |
| US\$1 billion 4.50% Subordinated Notes due 2013 ("US\$ Notes") | 1,761 | - | - |
| US\$ Subordinated Floating Rate Notes due 2011 Callable in 2002 ("US\$ Floating Rate Notes") | - | - | 1,442 |
| | 3,061 | 1,300 | 2,742 |
| Unamortised discount and expenses incurred in connection with the issue of the subordinated notes | (11) | (6) | (7) |
| | 3,050 | 1,294 | 2,735 |
| (b) <u>Asset Backed Commercial Papers ("ABCPs")</u> | | | |
| S\$ ABCPs | 754 | 642 | 501 |
| US\$ ABCPs | 216 | 211 | 18 |
| | 970 | 852 | 518 |
| (c) <u>Others</u> | | | |
| | 262 | - | - |
| Total | 4,281 | 2,147 | 3,253 |

(a) The S\$ Notes were issued at par on 30 September 2001 and mature on 30 September 2016. The S\$ Notes may be redeemed at par at the option of the Bank, in whole but not in part, on 30 September 2011 or at any interest payment date in the event of certain changes to the tax laws of Singapore, subject to the prior approval of the Monetary Authority of Singapore and certain other conditions. Interest is payable semi-annually at 4.95% per annum up to and including 29 September 2011. From and including 30 September 2011, interest is payable semi-annually at a fixed rate equal to the five-year Singapore Dollar Interest Rate Swap (Offer Rate) as at 30 September 2011 plus 2.25% per annum.

The Bank has entered into interest rate swaps to manage the interest rate risk arising from the S\$ Notes.

The US\$ Notes were issued at 99.96% on 30 June 2003 and mature on 2 July 2013. These fixed rate notes may be redeemed at par at the option of the Bank, in whole, in the event of certain changes to the tax laws of Singapore, subject to the prior approval of the Monetary Authority of Singapore and certain other conditions. Interest is payable semi-annually on 2 January and 2 July of each year, beginning 2 January 2004, at the rate of 4.50% per annum.

The US\$ Floating Rate Notes were issued at par on 19 September 2001 and were fully redeemed on 26 March 2002 and 19 September 2002. Interest was payable quarterly at the three-month US\$ LIBOR plus 2.28% per annum.

The S\$ Notes, US\$ Notes and US\$ Floating Rate Notes are unsecured.

UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 2003

V) Overview of Balance Sheet

Debts Issued (cont'd)

(b) The ABCPs were issued in relation to a \$1 billion ABCP programme carried out by Archer 1 Limited, a special purpose entity (SPE). The ABCPs have maturity of less than one year, and are secured by a first floating charge in favour of the trustee, Bermuda Trust (Singapore) Limited, on all assets of the SPE. These assets have been included in the assets of the Group.

Interest rates of the S\$ ABCPs and US\$ ABCPs range from 1.15% to 1.6% (31 December 2002: 1.5% to 1.9%) per annum and 1.7% to 1.8% (31 December 2002: 2.1% to 2.45%) per annum respectively.

The holders of the ABCPs are entitled to receive payment comprising both the principal and interest as contracted in the ABCPs but only to the extent that there are available resources in the SPE to meet those payments. The holders of the ABCPs have no recourse to the Group.

The SPE intends to issue new ABCPs upon the maturity of outstanding ABCPs for as long as the SPE intends to carry on its principal activity of investment holding.

(c) Other debts issued comprise index-linked notes and credit-linked notes.

Shareholders' Funds

Shareholders' funds as at 30 June 2003 was \$12,910 million, representing an increase of 2.0% over \$12,653 million as at 31 December 2002, and an increase of 1.1% over \$12,768 million as at 30 June 2002. The increase was largely contributed by retained profits.

Unrealised revaluation surplus on properties and long-term investments amounted to \$1,386 million as at 30 June 2003. The revaluation surplus was not incorporated into the Group's accounts.

| | <u>30-Jun-03</u> <u>\$ million</u> | <u>31-Dec-02</u> <u>\$ million</u> | <u>30-Jun-02</u> <u>\$ million</u> |
|--|---|---|---|
| Shareholders' Funds per book | 12,910 | 12,653 | 12,768 |
| Add: Revaluation Surplus on properties and long term investments** | 1,386 | 1,186 | 1,492 |
| Shareholders' Funds including Revaluation Surplus | <u>14,296</u> | <u>13,839</u> | <u>14,260</u> |
| <u>Per Share (in \$)</u> | | | |
| NAV per book | 8.21 | 8.05 | 8.12 |
| Revaluation Surplus | 0.88 | 0.76 | 0.95 |
| Revalued NAV | <u>9.10</u> | <u>8.81</u> | <u>9.07</u> |

** Excluding the revaluation surplus / deficit on investments in associates

UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 2003

VI) Capital Adequacy Ratio - BIS Basis

The Capital Adequacy Ratios of the Group were computed in accordance with the guidelines issued by the Basle Committee on Banking Supervision. The Group's capital management policy is to maintain a strong capital position to support its growth, both organically and through acquisitions.

On 30 June 2003, the Bank issued US\$1 billion 4.50% Subordinated Notes due 2013 ("US\$ Notes"). On 22 July 2003, the Monetary Authority of Singapore approved the US\$ Notes to qualify as Upper Tier II Capital. Including the US\$ Notes as Upper Tier II Capital, the Group's Capital Adequacy Ratio measured under the Bank for International Settlements ("BIS") guidelines would increase from 15.4% to 17.8% as at 30 June 2003.

| | Including US\$ Notes <u>30-Jun-03</u> \$ million | Excluding US\$ Notes <u>30-Jun-03</u> \$ million | <u>31-Dec-02</u> \$ million | <u>30-Jun-02</u> \$ million |
|--|---|---|--|--|
| Capital | | | | |
| Tier 1 - Core Capital | | | | |
| Share capital | 1,572 | 1,572 | 1,572 | 1,572 |
| Disclosed reserves | 11,188 | 11,188 | 10,956 | 10,974 |
| Minority interests | 146 | 146 | 150 | 275 |
| Less: Goodwill | <u>(3,584)</u> | <u>(3,584)</u> | <u>(3,684)</u> | <u>(3,681)</u> |
| | <u>9,322</u> | <u>9,322</u> | <u>8,994</u> | <u>9,140</u> |
| Tier 2 - Supplementary Capital | | | | |
| Revaluation reserves on investments and properties ⁽¹⁾ | 371 | 371 | 349 | 576 |
| General loan loss provision ⁽²⁾ | 944 | 944 | 920 | 964 |
| Subordinated notes | <u>3,050</u> | <u>1,295</u> | <u>1,294</u> | <u>2,735</u> |
| | <u>4,365</u> | <u>2,610</u> | <u>2,563</u> | <u>4,275</u> |
| Less: Deductions against Capital ⁽³⁾ | <u>(268)</u> | <u>(268)</u> | <u>(337)</u> | <u>(156)</u> |
| Total Capital | <u><u>13,419</u></u> | <u><u>11,664</u></u> | <u><u>11,220</u></u> | <u><u>13,259</u></u> |
| Risk-Weighted Assets (including market risk) | <u><u>75,552</u></u> | <u><u>75,552</u></u> | <u><u>73,574</u></u> | <u><u>77,134</u></u> |
| Capital Adequacy Ratios | | | | |
| Tier 1 | 12.3% | 12.3% | 12.2% | 11.8% |
| Total Capital | 17.8% | 15.4% | 15.3% | 17.2% |

⁽¹⁾ After discount of 55% in accordance with BIS guidelines

⁽²⁾ Excluding specific and earmarked provisions

⁽³⁾ Including capital deductions for certain investments

UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 2003

VII) Exposure By Country of Operations

The Group's total direct net exposure to the countries outside Singapore in which it has a presence amounted to \$30.9 billion as at 30 June 2003, or 28.7% of Group total assets. Exposure (excluding contingent items) reported is categorised into loans and advances to customers, balances due from governments, balances due from banks incorporated in the country, and investments.

Exposure to the Five Regional Countries, Greater China and Others

\$ million

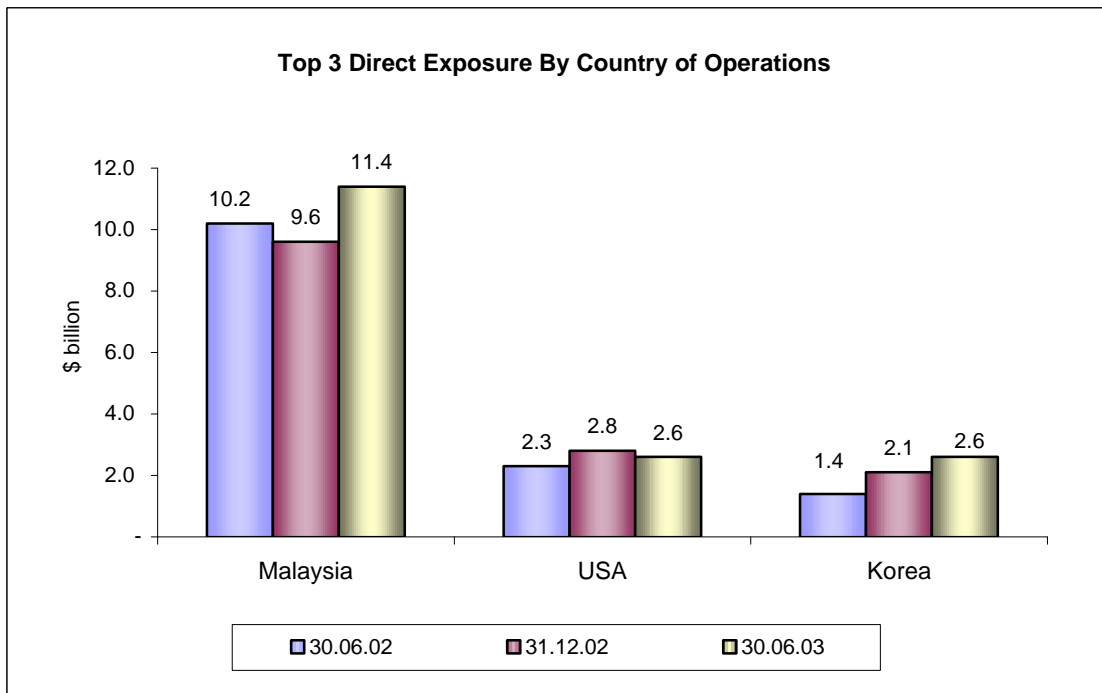
| | Loans and Debt Securities | | | Investments | Total | less: Loans/ Investments in Subsidiaries & Branches | Net Exposure | | Contingent Liabilities |
|-------------------------------------|---------------------------|--------------|---------------|--------------|---------------|---|---------------|----------------------------|---------------------------|
| | Non-Bank | Government | Bank | | | | Total | % of Group Total Assets | |
| Malaysia | | | | | | | | | |
| 30-Jun-03 | 6,560 | 2,917 | 3,354 | 537 | 13,368 | 2,007 | 11,361 | 10.5 | 1,027 |
| 31-Dec-02 | 6,164 | 1,990 | 2,381 | 530 | 11,065 | 1,498 | 9,567 | 8.9 | 1,032 |
| 30-Jun-02 | 6,014 | 2,648 | 2,229 | 615 | 11,506 | 1,286 | 10,220 | 9.4 | 872 |
| Indonesia | | | | | | | | | |
| 30-Jun-03 | 438 | 147 | 66 | 77 | 728 | 50 | 678 | 0.6 | 73 |
| 31-Dec-02 | 444 | 127 | 106 | 74 | 751 | 50 | 701 | 0.6 | 67 |
| 30-Jun-02 | 449 | 141 | 98 | 55 | 743 | 32 | 711 | 0.6 | 48 |
| Philippines | | | | | | | | | |
| 30-Jun-03 | 263 | 243 | 68 | 28 | 602 | 74 | 528 | 0.5 | 60 |
| 31-Dec-02 | 254 | 225 | 44 | 10 | 533 | 31 | 502 | 0.5 | 56 |
| 30-Jun-02 | 290 | 200 | 42 | 43 | 575 | 66 | 509 | 0.5 | 47 |
| Thailand | | | | | | | | | |
| 30-Jun-03 | 1,435 | 860 | 154 | 201 | 2,650 | 232 | 2,418 | 2.2 | 303 |
| 31-Dec-02 | 1,178 | 1,177 | 112 | 200 | 2,667 | 194 | 2,473 | 2.3 | 285 |
| 30-Jun-02 | 1,127 | 1,355 | 279 | 174 | 2,935 | 325 | 2,610 | 2.4 | 285 |
| South Korea | | | | | | | | | |
| 30-Jun-03 | 51 | 1,221 | 1,144 | 154 | 2,570 | 10 | 2,560 | 2.4 | 94 |
| 31-Dec-02 | 45 | 591 | 1,354 | 95 | 2,085 | 12 | 2,073 | 1.9 | 253 |
| 30-Jun-02 | 63 | 241 | 1,329 | 204 | 1,837 | 404 | 1,433 | 1.3 | 132 |
| Total Regional Countries | | | | | | | | | |
| 30-Jun-03 | 8,747 | 5,388 | 4,786 | 997 | 19,918 | 2,373 | 17,545 | 16.2 | 1,557 |
| 31-Dec-02 | 8,085 | 4,110 | 3,997 | 909 | 17,101 | 1,785 | 15,316 | 14.2 | 1,693 |
| 30-Jun-02 | 7,943 | 4,585 | 3,977 | 1,091 | 17,596 | 2,113 | 15,483 | 14.2 | 1,384 |
| Greater China | | | | | | | | | |
| 30-Jun-03 | 2,147 | 125 | 4,523 | 389 | 7,184 | 2,589 | 4,595 | 4.3 | 498 |
| 31-Dec-02 | 2,482 | 233 | 4,311 | 632 | 7,658 | 2,536 | 5,122 | 4.8 | 504 |
| 30-Jun-02 | 2,798 | 112 | 3,884 | 539 | 7,333 | 2,501 | 4,832 | 4.4 | 451 |
| Other OECD | | | | | | | | | |
| 30-Jun-03 | 5,086 | 342 | 3,613 | 670 | 9,711 | 1,137 | 8,574 | 7.9 | 1,484 |
| 31-Dec-02 | 4,847 | 105 | 4,647 | 687 | 10,286 | 1,862 | 8,424 | 7.8 | 878 |
| 30-Jun-02 | 4,151 | 51 | 3,645 | 547 | 8,394 | 1,010 | 7,384 | 6.8 | 908 |
| Others | | | | | | | | | |
| 30-Jun-03 | 154 | 11 | 51 | 1 | 217 | 7 | 210 | 0.2 | 39 |
| 31-Dec-02 | 154 | 11 | 35 | 4 | 204 | 4 | 200 | 0.2 | 47 |
| 30-Jun-02 | 161 | 11 | 36 | 5 | 213 | 4 | 209 | 0.2 | 22 |
| Grand Total | | | | | | | | | |
| 30-Jun-03 | 16,134 | 5,866 | 12,973 | 2,057 | 37,030 | 6,106 | 30,924 | 28.7 | 3,578 |
| 31-Dec-02 | 15,568 | 4,459 | 12,990 | 2,232 | 35,249 | 6,187 | 29,062 | 27.0 | 3,122 |
| 30-Jun-02 | 15,053 | 4,759 | 11,542 | 2,182 | 33,536 | 5,628 | 27,908 | 25.6 | 2,765 |

UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 2003

VII) Exposure By Country of Operations

At the country level, direct net exposure to Malaysia where the Group has a long-standing presence, remained the largest at \$11.4 billion or 10.5% of Group total assets, followed by direct net exposure to USA at \$2.6 billion or 2.4% of Group total assets.



UNITED OVERSEAS BANK LIMITED
UNAUDITED CONSOLIDATED BALANCE SHEET

Appendix 1

| | 30-Jun-03 \$ million | 31-Mar-03 \$ million | 31-Dec-02 \$ million | 30-Jun-02 \$ million |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| <u>Share Capital and Reserves</u> | | | | |
| Share capital | 1,572 | 1,572 | 1,572 | 1,572 |
| Share premium | 791 | 791 | 791 | 791 |
| Non-distributable reserves | 6,291 | 6,244 | 6,223 | 6,201 |
| Revenue reserves | 4,119 | 4,215 | 3,933 | 3,851 |
| Share of reserves of associates | 137 | 131 | 134 | 353 |
| Total Shareholders' Funds | 12,910 | 12,952 | 12,653 | 12,768 |
| Minority Interests | 146 | 145 | 150 | 275 |
| <u>Liabilities</u> | | | | |
| Deposits (non-bank customers) | 66,828 | 65,830 | 67,919 | 68,079 |
| Deposits and balances of banks and agents | 18,741 | 21,567 | 19,302 | 19,871 |
| Total deposits | 85,569 | 87,398 | 87,221 | 87,951 |
| Bills and drafts payable | 180 | 152 | 164 | 147 |
| Other liabilities | 4,808 | 4,390 | 5,136 | 4,702 |
| Debts issued | 4,281 | 2,384 | 2,147 | 3,253 |
| Total Liabilities | 94,838 | 94,323 | 94,667 | 96,053 |
| Total Shareholders' Funds and Liabilities | 107,894 | 107,420 | 107,469 | 109,096 |
| <u>Assets</u> | | | | |
| Cash and balances with central banks | 4,210 | 3,887 | 4,213 | 3,877 |
| Singapore Government treasury bills and securities | 8,546 | 8,574 | 8,261 | 7,268 |
| Other government treasury bills and securities | 1,883 | 1,640 | 1,333 | 1,714 |
| Dealing securities | 400 | 448 | 620 | 1,250 |
| Placements and balances with banks and agents | 18,976 | 19,604 | 19,426 | 22,066 |
| Loans and advances including trade bills (non-bank customers) | 59,760 | 59,193 | 58,884 | 59,289 |
| Other assets | 3,153 | 2,979 | 4,052 | 3,519 |
| Investment securities | 4,364 | 4,442 | 3,945 | 3,086 |
| Investments in associates | 1,251 | 1,271 | 1,274 | 1,674 |
| Fixed assets | 1,785 | 1,767 | 1,794 | 1,673 |
| Goodwill | 3,566 | 3,616 | 3,666 | 3,681 |
| Total Assets | 107,894 | 107,420 | 107,469 | 109,096 |
| <u>Off-Balance Sheet Items</u> | | | | |
| Contingent liabilities | 9,115 | 8,746 | 8,919 | 7,722 |
| Derivative financial instruments | 165,273 | 153,046 | 131,279 | 94,597 |
| Commitments | 36,973 | 38,609 | 36,526 | 37,539 |

UNITED OVERSEAS BANK LIMITED**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

| | Share capital \$ million | Share premium \$ million | Non-distributable reserves \$ million | Revenue reserves \$ million | Share of reserves of associates \$ million | Total \$ million |
|---|-----------------------------|-----------------------------|--|--------------------------------|---|---------------------|
| Balance at 1 April 2003 | 1,572 | 791 | 6,244 | 4,215 | 131 | 12,952 |
| Net profit for the financial period attributable to members | - | - | - | 240 | - | 240 |
| Differences arising from currency translation of financial statements of foreign branches and subsidiaries | - | - | 18 | - | - | 18 |
| Group's share of reserves of associates | - | - | - | - | 6 | 6 |
| Other adjustments | - | - | - | 0* | - | 0* |
| Total recognised gains for the financial period | - | - | 18 | 240 | 6 | 264 |
| Net transfer from revenue reserves | - | - | 30 | (30) | - | - |
| Dividends | - | - | - | (306) | - | (306) |
| Issue of shares to option holders who exercised their rights | 0* | 0* | - | - | - | 0* |
| Balance at 30 June 2003 | 1,572 | 791 | 6,291 | 4,119 | 137 | 12,910 |
| Balance at 1 January 2003 | 1,572 | 791 | 6,223 | 3,933 | 134 | 12,653 |
| Net profit for the financial period attributable to members | - | - | - | 281 | - | 281 |
| Differences arising from currency translation of financial statements of foreign branches and subsidiaries | - | - | 21 | - | - | 21 |
| Group's share of reserves of associates | - | - | - | - | (3) | (3) |
| Other adjustments | - | - | - | 0* | - | 0* |
| Total recognised gains / (losses) for the financial period | - | - | 21 | 281 | (3) | 300 |
| Net transfer to revenue reserves | - | - | (1) | 1 | - | - |
| Balance at 31 March 2003 | 1,572 | 791 | 6,244 | 4,215 | 131 | 12,952 |
| Balance at 1 January 2002 | 1,571 | 786 | 6,623 | 3,199 | 537 | 12,717 |
| Net profit for the financial year attributable to members | - | - | - | 1,064 | - | 1,064 |
| Differences arising from currency translation of financial statements of foreign branches and subsidiaries | - | - | (15) | - | - | (15) |
| Group's share of reserves of associates | - | - | - | - | (394) | (394) |
| Other adjustments | - | - | (3) | (2) | - | (5) |
| Total recognised gains / (losses) for the financial year | - | - | (17) | 1,062 | (394) | 651 |
| Net transfer to revenue reserves | - | - | (385) | 385 | - | - |
| Transfer from share of reserves of associates | - | - | 3 | 7 | (10) | - |
| Dividends | - | - | - | (720) | - | (720) |
| Issue of shares to option holders who exercised their rights | 0* | 5 | - | - | - | 6 |
| Balance at 31 December 2002 | 1,572 | 791 | 6,223 | 3,933 | 134 | 12,653 |

* Less than \$500,000

UNITED OVERSEAS BANK LIMITED
UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

| | <u>1st Half 2003</u> \$ million | <u>1st Half 2002</u> \$ million |
|---|------------------------------------|------------------------------------|
| Cash flows from operating activities | | |
| Profit before tax | 702 | 773 |
| Adjustments for: | | |
| Depreciation of fixed assets | 53 | 61 |
| Goodwill amortisation | 102 | 93 |
| Share of profit of associates | (30) | (94) |
| Operating profit before changes in operating assets and liabilities | <u>827</u> | <u>834</u> |
| Changes in operating assets and liabilities: | | |
| Deposits | (1,652) | (4,595) |
| Bills and drafts payable | 16 | 22 |
| Other liabilities | (328) | 869 |
| Dealing securities | 220 | (569) |
| Placements and balances with banks and agents | 450 | 2,680 |
| Loans and advances including trade bills (non-bank customers) | (876) | 1,603 |
| Other government treasury bills and securities not qualifying as cash and cash equivalents | (28) | 15 |
| Other assets | 903 | (523) |
| Cash (used in) / generated from operations | <u>(468)</u> | <u>337</u> |
| Income taxes paid | (174) | (261) |
| Net cash (used in) / provided by operating activities | <u>(642)</u> | <u>76</u> |
| Cash flows from investing activities | | |
| (Increase) / decrease in investment securities and investments in associates | (399) | 292 |
| Net dividends received from associates | 30 | 38 |
| Net increase in fixed assets | (43) | (10) |
| Acquisition of / change in minority interests of subsidiaries | (5) | (136) |
| Net cashflow from disposal of subsidiaries | - | 50 |
| Net cash (used in) / provided by investing activities | <u>(418)</u> | <u>235</u> |
| Cash flows from financing activities | | |
| Proceeds from issue of shares | 0* | 5 |
| Net increase / (decrease) in debts issued | 2,135 | (904) |
| Dividends paid by the Bank | (306) | (306) |
| Dividends paid by subsidiaries to minority shareholders | (3) | (8) |
| Net cash provided by / (used in) financing activities | <u>1,825</u> | <u>(1,213)</u> |
| Currency translation adjustment | 39 | (113) |
| Net increase / (decrease) in cash and cash equivalents | <u>804</u> | <u>(1,015)</u> |
| Cash and cash equivalents at beginning of the financial period | 13,084 | 12,729 |
| Cash and cash equivalents at end of the financial period (Note A) | <u>13,888</u> | <u>11,714</u> |
| Note A: | | |
| Cash and balances with central banks | 4,210 | 3,877 |
| Singapore Government treasury bills and securities | 8,546 | 7,268 |
| Other government treasury bills and securities, less non-cash equivalents of \$752 million (30 June 2002: \$1,145 million) | 1,132 | 569 |
| Cash and cash equivalents at end of the financial period | <u>13,888</u> | <u>11,714</u> |

* Less than \$500,000