



United Overseas Bank Limited

GROUP FINANCIAL PERFORMANCE
FOR THE NINE MONTHS / THIRD QUARTER 2003

31 OCTOBER 2003

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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.

I) Highlights and Performance Indicators

	9 Months 2003	9 Months 2002	Variance (%)	3rd Quarter 2003	2nd Quarter 2003	Variance (%)	3rd Quarter 2002
• Key Indicators							
Net Interest Income (NII) (\$'m)	1,591	1,623	- 1.9	524	532	- 1.5	534
Non-Interest Income (Non-NII) (\$'m)	743	615	+ 20.9	235	259	- 9.6	229
Total Income (\$'m)	2,334	2,238	+ 4.3	758	791	- 4.2	763
Total Expenses (\$'m)	806	789	+ 2.1	269	271	- 0.8	262
Operating Profit before Goodwill Amortisation and Provisions (\$'m)	1,528	1,448	+ 5.5	489	520	- 5.9	501
❖ Net Profit After Tax							
- Include goodwill amortisation (\$'m)	802	825	- 2.8	281	240	+ 16.9	234
- Exclude goodwill amortisation (\$'m)	954	966	- 1.3	331	291	+ 13.7	282
❖ Income Mix:-							
- NII / Total Income (%)	68.2	72.5	- 4.3 % pt	69.1	67.2	+ 1.9 % pt	70.0
- Non NII / Total Income (%)	31.8	27.5	+ 4.3 % pt	30.9	32.8	- 1.9 % pt	30.0
	100.0	100.0	-	100.0	100.0	-	100.0
❖ Profit (Before Tax & Goodwill Amortisation) Contribution:-							
- Onshore including ACU (%)	76.6	77.4	- 0.8 % pt	77.0	71.7	+ 5.3 % pt	63.4
- Offshore (%)	23.4	22.6	+ 0.8 % pt	23.0	28.3	- 5.3 % pt	36.6
	100.0	100.0	-	100.0	100.0	-	100.0
❖ Annualised Return On Average Shareholders' Funds							
- Include goodwill amortisation (%)	8.3	8.6	- 0.3 % pt	8.7	7.4	+ 1.3 % pt	7.3
- Exclude goodwill amortisation (%)	9.9	10.0	- 0.1 % pt	10.3	9.0	+ 1.3 % pt	8.8
❖ Annualised Basic Earnings Per Share							
- Include goodwill amortisation (¢)	68.0	70.0	- 2.9	71.4	61.1	+ 16.9	59.4
- Exclude goodwill amortisation (¢)	80.9	82.0	- 1.3	84.2	74.1	+ 13.6	71.8
❖ Annualised Return on Average Assets							
- Include goodwill amortisation (%)	1.00	1.01	- 0.01 % pt	1.05	0.89	+ 0.16 % pt	0.87
- Exclude goodwill amortisation (%)	1.19	1.18	+ 0.01 % pt	1.24	1.08	+ 0.16 % pt	1.05
❖ Annualised NII / Average Interest Bearing Assets (%)	2.31	2.24	+ 0.07 % pt	2.29	2.28	+ 0.01 % pt	2.22
❖ Expense / Income ratio (%)	34.5	35.3	- 0.8 % pt	35.5	34.3	+ 1.2 % pt	34.4
❖ Dividend Rate - Interim (%)	20.0	15.0	+ 5.0 % pt	-	20.0	NM	-

NM denotes not meaningful.

I) Highlights and Performance Indicators

	30-Sep-03	31-Dec-02	Variance (%)	30-Sep-02	Variance (%)
• <u>Other Indicators</u>					
❖ Customer Loans (net) (\$'m)	59,248	58,884	+ 0.6	59,742	- 0.8
❖ Customer Deposits (\$'m)	66,092	67,919	- 2.7	67,402	- 1.9
❖ Loans / Deposits Ratio [@] (%)	89.6	86.7	+ 2.9 % pt	88.6	+ 1.0 % pt
❖ Non-Performing Loans (NPLs) (\$'m)	5,343	5,679	- 5.9	6,021	- 11.3
❖ Cumulative Provisions (\$'m)	3,438	3,504	- 1.9	3,520	- 2.3
❖ NPLs [^] / Gross Customer Loans (%)	8.4	9.0	- 0.6 % pt	9.5	- 1.1 % pt
❖ Cumulative Provisions / NPLs (%)	64.3	61.7	+ 2.6 % pt	58.5	+ 5.8 % pt
❖ Total Assets (\$'m)	108,016	107,469	+ 0.5	107,086	+ 0.9
❖ Shareholders' Funds (\$'m)	12,929	12,653	+ 2.2	12,777	+ 1.2
❖ Unrealised Revaluation Surplus* (\$'m)	1,368	1,186	+ 15.3	1,300	+ 5.2
❖ Net Asset Value (NAV) Per Share (\$)	8.23	8.05	+ 2.2	8.13	+ 1.2
❖ Revalued NAV Per Share (\$)	9.10	8.81	+ 3.3	8.96	+ 1.6
❖ Net Tangible Asset (NTA) Backing Per Share (\$)	5.98	5.71	+ 4.7	5.75	+ 4.0
❖ Capital Adequacy Ratio (CAR) - BIS (%)	17.9	15.3	+ 2.6 % pt	15.3	+ 2.6 % pt
❖ Manpower (number)	10,575	10,320	+ 255 no.	10,238	+ 337 no.

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

[^] Excluding debt securities

* Refer to revaluation surplus on properties and long-term investments (excluding associates) which was not incorporated into the accounts

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

9 Months 03 versus 9 Months 02

The Group recorded a net profit after tax ("NPAT") of \$802 million for the nine months ended 30 September 2003 ("this year-to-date") compared to \$825 million for the nine months ended 30 September 2002 ("last year-to-date"), a decrease of 2.8%. The drop in NPAT was mainly due to higher provision charges and lower share of profit of associates, partly offset by higher operating profits.

The Group's operating profit before goodwill amortisation and provisions ("Operating Profit") increased 5.5% to \$1,528 million for this year-to-date compared to \$1,448 million for the same period last year. The increase in the Group's Operating Profit was mainly due to a 4.3% growth in total income to \$2,334 million from \$2,238 million for last year-to-date. The growth was largely contributed by higher gain on sale of government and investment securities, higher profit on foreign exchange, as well as higher fee and commission income mainly from investment-related and loan-related activities. These were partially offset by lower net interest income mainly due to narrowing of loan margin and lower contributions from inter-bank money market activities as a result of the low and flat interest rate yield curve.

The Group's total operating expenses, comprising staff and other operating expenses, increased 2.1% to \$806 million for this year-to-date compared to \$789 million for last year-to-date. Staff expenses decreased 2.4% to \$390 million, while other operating expenses increased 6.7% to \$416 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. As a result of a higher growth in total income compared to that of total operating expenses, the expense-to-income ratio of the Group improved to 34.5% for this year-to-date from 35.3% for last year-to-date.

The Group's provision charges increased 31.1% to \$366 million for this year-to-date compared to \$279 million for last year-to-date, mainly due to provision for diminution in value of government securities as compared to a write-back for the same period last year.

Share of profit of associates (before tax) declined 43.0% to \$62 million for this year-to-date, mainly due to a one-time exceptional gain recorded by United Overseas Land Limited arising from the sale of Tiong Bahru Plaza retail mall in the first quarter of 2002, and no share of profit from Haw Par Corporation Limited which ceased to be an associate of the Group following the divestment in December 2002. These were partially offset by higher contributions from other associates.

II) Review of Financial Performance

Results *(continued)*

3Q03 versus 2Q03

The Group's net profit after tax of \$281 million in the third quarter of 2003 ("3Q03") was 16.9% higher than \$240 million recorded in the second quarter of 2003 ("2Q03"). The increase in net profit after tax was principally due to lower provision charges, partially offset by lower non-interest income.

The Group's total income decreased 4.2% to \$758 million in 3Q03 from \$791 million in 2Q03, mainly due to lower net profit from dealing securities, government securities and derivatives, lower foreign exchange profits, lower net interest income, lower dividend income and lower gain on sale of investment securities. These were partially offset by higher fee and commission income from fund management and investment-related activities.

The Group's total operating expenses decreased 0.8% to \$269 million in 3Q03 from \$271 million in 2Q03 mainly due to lower staff expenses. Expense-to-income ratio increased to 35.5% in 3Q03 from 34.3% in 2Q03.

The Group's provision charges decreased 42.1% to \$101 million in 3Q03 from \$175 million in 2Q03, mainly due to lower specific provisions made for loans partially offset by higher provision for diminution in value of government securities.

3Q03 versus 3Q02

The Group's net profit after tax increased 20.2% to \$281 million in 3Q03 compared to \$234 million in the third quarter of 2002 ("3Q02"). The increase was mainly due to higher fee and commission income, lower provision charges and higher share of profit of associates, partially offset by lower other operating income resulted mainly from the lower net profit from dealing securities, government securities and derivatives, and lower foreign exchange profits.

The Group's total income decreased 0.6% to \$758 million compared to \$763 million in 3Q02, while total operating expenses increased 2.6% to \$269 million compared to \$262 million in 3Q02. Consequently, expense-to-income ratio rose to 35.5% compared to 34.4% in 3Q02.

The Group's provision charges were lower at \$101 million in 3Q03 compared to \$122 million in 3Q02, largely attributed to lower specific provisions made for loans, partially offset by higher provision for diminution in value of government securities.

Share of profit of associates (before tax) increased 114.0% to \$32 million in 3Q03 compared to \$15 million in 3Q02, mainly due to higher contributions from the Group's stockbroking and investment associates.

II) Review of Financial Performance

Balance Sheet

The Group's net loans and advances to customers as at 30 September 2003 were \$59,248 million, representing an increase of 0.6% over \$58,884 million as at 31 December 2002, and a decrease of 0.8% from \$59,742 million as at 30 September 2002. Group non-performing loans ("NPLs") declined 5.9% to \$5,343 million as at 30 September 2003 from \$5,679 million as at 31 December 2002, and 11.3% from \$6,021 million as at 30 September 2002. Consequently, Group NPLs (excluding debt securities) as a percentage of gross customer loans decreased to 8.4% as at 30 September 2003, from 9.0% and 9.5% as at 31 December 2002 and 30 September 2002 respectively. Of the total Group NPLs as at 30 September 2003, \$2,837 million or 53.1% were secured by collaterals, and \$3,406 million or 63.7% were in the Substandard category.

Total cumulative specific and general provisions of the Group were \$3,438 million as at 30 September 2003, compared to \$3,504 million as at 31 December 2002 and \$3,520 million as at 30 September 2002. General provisions as at 30 September 2003 were \$1,425 million, or 41.4% of total cumulative provisions. The total cumulative provisions as at 30 September 2003 provided coverage of 64.3% against Group NPLs, compared to 61.7% and 58.5% as at 31 December 2002 and 30 September 2002 respectively. As at 30 September 2003, unsecured NPLs were 137.2% covered by total cumulative provisions.

The Group's total assets as at 30 September 2003 were \$108,016 million, representing an increase of 0.5% and 0.9% over \$107,469 million as at 31 December 2002 and \$107,086 million as at 30 September 2002 respectively. The increase came primarily from higher cash and balances with central banks and investment securities, partially offset by lower government securities and inter-bank placements and balances.

Shareholders' funds of the Group as at 30 September 2003 were \$12,929 million, representing an increase of 2.2% and 1.2% over \$12,653 million as at 31 December 2002 and \$12,777 million as at 30 September 2002 respectively. The increase was largely contributed by retained profits.

As at 30 September 2003, the Group's Capital Adequacy Ratio ("CAR") of 17.9% computed under the Bank for International Settlements ("BIS") guidelines was more than twice the minimum requirement of 8% set by BIS. Compared to the CAR of 15.3% as at 31 December 2002 and 30 September 2002, the increase by 2.6% points was mainly due to the issuance of US\$1 billion 4.50% Subordinated Notes in June 2003.

II) Review of Financial Performance
UNAUDITED INCOME STATEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2003

	9 Months 2003	9 Months 2002	Variance
	\$ million	\$ million	%
Interest income	2,518	2,851	(11.7)
Less: Interest expense	927	1,228	(24.5)
Net interest income	1,591	1,623	(1.9)
Dividend income	30	24	26.0
Fee and commission income	417	362	15.1
Rental income	56	60	(7.0)
Other operating income	241	169	42.6
Total non-interest income	743	615	20.9
Income before operating expenses	2,334	2,238	4.3
Less: Staff costs	390	399	(2.4)
Other operating expenses	416	390	6.7
Total operating expenses	806	789	2.1
Operating profit before goodwill amortisation and provisions	1,528	1,448	5.5
Less:			
Goodwill amortisation	152	142	7.4
Provisions	366	279	31.1
Operating profit after goodwill amortisation and provisions	1,010	1,027	(1.7)
Exceptional item [#]	-	(35)	(100.0)
Share of profit of associates	62	109	(43.0)
Profit from ordinary activities before tax	1,072	1,101	(2.7)
Less: Tax	263	250	5.4
Profit after tax	809	852	(5.0)
Less: Minority interests	7	27	(72.6)
Net profit attributable to members	802	825	(2.8)
Expense / Income ratio (%)	34.5	35.3	(0.8) % pt
Annualised Earnings Per Share (¢)			
- Basic	68.0	70.0	(2.9)
- Fully diluted	68.0	70.0	(2.9)

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

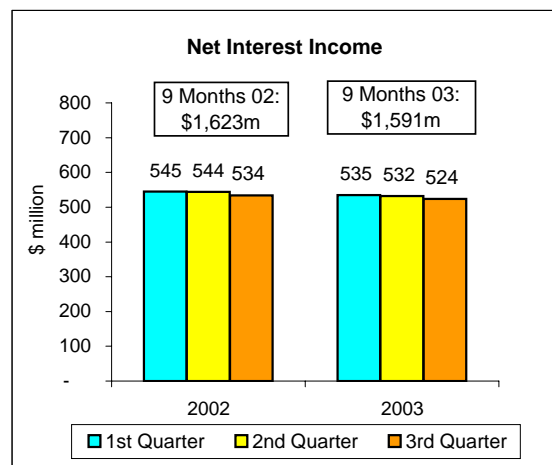
II) Review of Financial Performance
UNAUDITED INCOME STATEMENT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2003

	3rd Quarter 2003	2nd Quarter 2003	3Q03 / 2Q03	3rd Quarter 2002	3Q03 / 3Q02
	\$ million	\$ million	%	\$ million	%
Interest income	817	846	(3.5)	926	(11.8)
Less: Interest expense	293	314	(6.8)	392	(25.3)
Net interest income	524	532	(1.5)	534	(1.8)
Dividend income	11	17	(32.8)	6	100.3
Fee and commission income	148	138	7.5	115	29.2
Rental income	17	18	(5.6)	20	(14.1)
Other operating income	58	86	(33.1)	89	(34.9)
Total non-interest income	235	259	(9.6)	229	2.4
Income before operating expenses	758	791	(4.2)	763	(0.6)
Less: Staff costs	128	130	(1.6)	129	(0.5)
Other operating expenses	141	141	(0.1)	133	5.6
Total operating expenses	269	271	(0.8)	262	2.6
Operating profit before goodwill amortisation and provisions	489	520	(5.9)	501	(2.3)
Less:					
Goodwill amortisation	50	51	(1.5)	49	3.1
Provisions	101	175	(42.1)	122	(17.1)
Operating profit after goodwill amortisation and provisions	338	294	14.9	330	2.4
Exceptional item #	-	-	-	(17)	(100.0)
Share of profit of associates	32	27	20.7	15	114.0
Profit from ordinary activities before tax	370	321	15.4	328	12.9
Less: Tax	87	77	13.3	88	(0.9)
Profit after tax	283	244	16.0	240	18.0
Less: Minority interests	3	4	(36.7)	7	(61.3)
Net profit attributable to members	281	240	16.9	234	20.2
Expense / Income ratio (%)	35.5	34.3	1.2 % pt	34.4	1.1 % pt
Annualised Earnings Per Share (¢)					
- Basic	71.4	61.1	16.9	59.4	20.2
- Fully diluted	71.4	61.1	16.9	59.4	20.2

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

II) Review of Financial Performance

Net Interest Income



Net interest income of the Group declined 1.9% to \$1,591 million for this year-to-date compared to \$1,623 million for last year-to-date. The decrease was largely due to narrowing of loan margin and lower contributions from inter-bank money market activities as a result of the low and flat interest rate yield curve. Net interest income continued to be the major contributor of total income, accounting for 68.2% (last year-to-date: 72.5%) of total income.

In 3Q03, net interest income of the Group declined 1.5% to \$524 million from \$532 million in 2Q03 mainly due to lower interest income from government securities.

Average interest margin was 2.31% for this year-to-date, an increase of 7 basis points compared to 2.24% for the corresponding period last year. The increase was mainly contributed by higher yielding debt securities. Average interest margin in 3Q03 increased marginally to 2.29% from 2.28% in 2Q03.

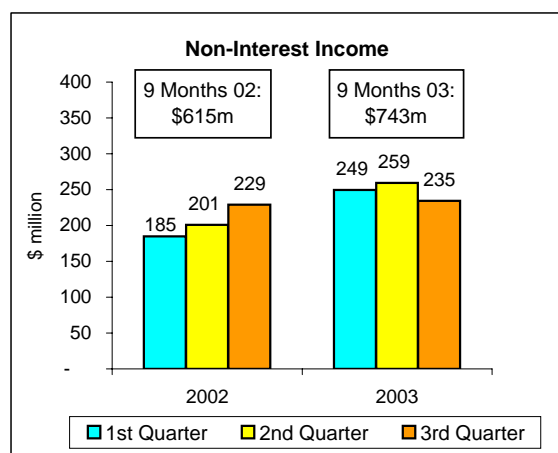
Average Interest Margin

	9 Months 2003	9 Months 2002	3rd Quarter 2003	2nd Quarter 2003	3rd Quarter 2002
	\$ million	\$ million	\$ million	\$ million	\$ million
Annualised Interest Income	3,367	3,811	3,241	3,394	3,673
Less: Annualised Interest Expense	1,239	1,642	1,162	1,261	1,555
Annualised Net Interest Income	2,127	2,170	2,078	2,134	2,117
Average balance of interest bearing assets	92,217	96,771	90,693	93,569	95,431
Average Interest Margin* (%)	2.31	2.24	2.29	2.28	2.22

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

II) Review of Financial Performance

Non-Interest Income



Total non-interest income of the Group grew \$128 million or 20.9% to \$743 million for this year-to-date compared to \$615 million for last year-to-date. The increase in total non-interest income was mainly contributed by higher fee and commission income largely from investment-related and loan-related activities, higher gain on sale of government and investment securities, as well as higher foreign exchange profits. The Group's non-interest income for this year-to-date accounted for 31.8% (last year-to-date: 27.5%) of total income.

In 3Q03, total non-interest income decreased \$25 million or 9.6% to \$235 million from \$259 million in 2Q03, mainly due to lower net profit from dealing securities, government securities and derivatives, lower foreign exchange profits, lower gain on sale of investment securities and lower dividend income. These were partially offset by higher fee and commission income from fund management and investment-related activities.

Composition of Non-Interest Income

	9 Months 2003	9 Months 2002	3rd Quarter 2003	2nd Quarter 2003	3rd Quarter 2002
	\$ million	\$ million	\$ million	\$ million	\$ million
Fee and commission income					
Credit card	64	69	24	20	26
Fund management	53	56	21	16	17
Futures broking & stockbroking	27	41	10	9	11
Investment-related	51	16	23	12	4
Loan-related	83	56	21	35	16
Service charges	37	31	13	12	11
Trade-related	81	75	27	27	26
Others	21	17	10	7	4
	417	362	148	138	115
Dividend and rental income	86	84	29	35	26
Other operating income					
Net profit / (loss) from:					
- dealing securities, government securities and derivatives	67	27	10	22	23
- foreign exchange dealings	87	65	16	28	25
- disposal of investment securities / associates	36	14	14	18	8
- disposal and liquidation of subsidiaries	0*	1	(0) [^]	0*	1
- disposal of properties and other fixed assets	9	7	1	2	5
- others	41	54	16	16	26
	241	169	58	86	89
Total non-interest income	743	615	235	259	229

* Less than \$500,000

[^] Less than (\$500,000)

II) Review of Financial Performance

Operating Expenses

Total operating expenses amounted to \$806 million for this year-to-date, representing an increase of 2.1% over that in the same period last year. The increase was attributed to higher other operating expenses, partially offset by lower staff costs. As a result of a higher growth in total income compared to that of total operating expenses, the expense-to-income ratio of the Group improved to 34.5% for this year-to-date from 35.3% for last year-to-date.

In 3Q03, total operating expenses reduced 0.8% to \$269 million from \$271 million in 2Q03, while expense-to-income ratio increased to 35.5% from 34.3% in 2Q03.

	9 Months 2003	9 Months 2002	3rd Quarter 2003	2nd Quarter 2003	3rd Quarter 2002
	\$ million	\$ million	\$ million	\$ million	\$ million
Staff costs	390	399	128	130	129
Other operating expenses	416	390	141	141	133
Total operating expenses [@]	806	789	269	271	262

[@] Total operating expenses included:

IT-related expenses	149	148	49	48	46
IT-related expenses as % of total operating expenses	18.4%	18.8%	18.4%	17.7%	17.5%

Other Operating Expenses

	9 Months 2003	9 Months 2002	3rd Quarter 2003	2nd Quarter 2003	3rd Quarter 2002
	\$ million	\$ million	\$ million	\$ million	\$ million
Depreciation					
- Land and buildings	20	19	7	7	6
- Office equipment, computers, fixtures and other fixed assets	60	69	21	20	21
	80	88	27	27	27
Rental of premises and equipment	31	38	10	10	10
Maintenance of premises and other fixed assets	41	33	13	14	14
Other expenses	264	231	91	90	83
Total other operating expenses	416	390	141	141	133

Other operating expenses increased 6.7% to \$416 million for this year-to-date compared to \$390 million for the corresponding period last year, 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.

II) Review of Financial Performance
Provisions Charged to Income Statement

Total provision charges of \$366 million for this year-to-date was 31.1% higher than \$279 million for last year-to-date. The increase was mainly attributed to provision for diminution in value of government securities as compared to a write-back in the same period last year.

In 3Q03, total provision charges decreased to \$101 million from \$175 million in 2Q03. The decrease was mainly due to lower specific provisions made for loans, partially offset by higher provision for diminution in value of government securities.

	9 Months 2003	9 Months 2002	3rd Quarter 2003	2nd Quarter 2003	3rd Quarter 2002
	\$ million	\$ million	\$ million	\$ million	\$ million
Specific provisions for loans	292	292	47	163	101
General provisions	-	7	-	-	7
Specific provisions for diminution in value of investments and other assets	74	(19)	55	12	15
Total provisions	366	279	101	175	122

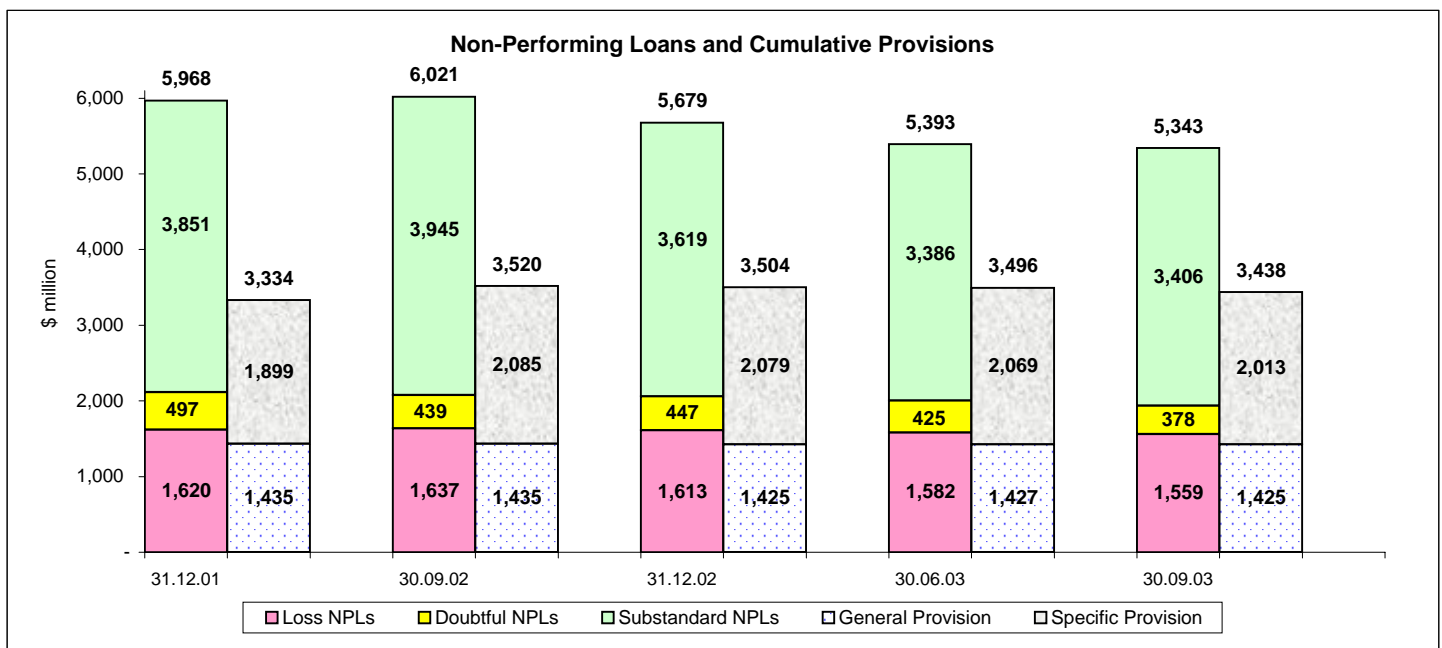


III) Non-Performing Loans (NPLs) and Cumulative Provisions

NPLs and Cumulative Provisions

NPLs edged down 5.9% to \$5,343 million as at 30 September 2003 from \$5,679 million as at 31 December 2002. 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, \$2,837 million or 53.1% were secured by collateral, and \$3,406 million or 63.7% were in the Substandard category. Total cumulative provisions as at 30 September 2003 were \$3,438 million, a decrease of 1.9% over \$3,504 million as at 31 December 2002, and provided a coverage of 64.3% against the total NPLs and 137.2% against the unsecured NPLs.

NPLs as at 30 September 2003 declined 11.3% or \$678 million compared to \$6,021 million as at 30 September 2002. As a result, the ratio of NPLs (excluding debt securities) to total gross customer loans reduced 1.1% points to 8.4% as at 30 September 2003 from 9.5% as at 30 September 2002. Cumulative provision coverage against unsecured NPLs increased 3.1% points to 137.2% as at 30 September 2003 from 134.1% as at 30 September 2002.



	30-Sep-03	30-Jun-03	31-Dec-02	30-Sep-02	31-Dec-01
NPLs					
Substandard	3,406	3,386	3,619	3,945	3,851
Doubtful	378	425	447	439	497
Loss	1,559	1,582	1,613	1,637	1,620
Total NPLs	5,343	5,393	5,679	6,021	5,968

	30-Sep-03	30-Jun-03	31-Dec-02	30-Sep-02	31-Dec-01
Cumulative Provisions					
Specific Provisions	2,013	2,069	2,079	2,085	1,899
General Provisions	1,425	1,427	1,425	1,435	1,435
Total Cumulative Provisions	3,438	3,496	3,504	3,520	3,334

	30-Sep-03	30-Jun-03	31-Dec-02	30-Sep-02	31-Dec-01
Ratios					
NPLs*/Gross Customer Loans	8.4	8.4	9.0	9.5	9.3
Cumulative Provisions/NPLs	64.3	64.8	61.7	58.5	55.9
Cumulative Provisions/Doubtful & Loss NPLs	177.5	174.2	170.1	169.6	157.5
Cumulative Provisions/Unsecured NPLs	137.2	137.3	138.3	134.1	136.6
Cumulative Provisions*/Gross Customer Loans	5.4	5.5	5.5	5.5	5.2
General Provision/Gross Customer Loans (net of Specific Provision*)	2.3	2.3	2.4	2.3	2.3
NPLs/Total Assets	4.9	5.0	5.3	5.6	5.2

* Excluding debt securities



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

NPLs by Region

By geographical region, Singapore accounted for \$3,703 million or 69.3% of the total NPLs as at 30 September 2003. NPLs of Singapore decreased \$232 million or 5.9% compared to that as at 31 December 2002, and \$440 million or 10.6% compared to that as at 30 September 2002.

NPLs of the Five Regional Countries reduced \$84 million or 5.8% to \$1,374 million as at 30 September 2003 from \$1,458 million as at 31 December 2002, and \$156 million or 10.2% from \$1,530 million as at 30 September 2002.

NPLs of Greater China as at 30 September 2003 were \$172 million, representing a decline of 5.5% over \$182 million as at 31 December 2002, and 21.5% over \$219 million as at 30 September 2002.

	30-Sep-03		31-Dec-02		30-Sep-02	
	Amount \$ million	As % of Total NPLs	Amount \$ million	As % of Total NPLs	Amount \$ million	As % of Total NPLs
Singapore	3,703	69.3	3,935	69.3	4,143	68.8
Five Regional Countries						
Malaysia	924	17.3	943	16.6	984	16.4
Indonesia	107	1.9	156	2.8	170	2.8
Philippines	191	3.6	208	3.7	217	3.6
Thailand	137	2.6	144	2.5	151	2.5
South Korea	15	0.3	7	0.1	8	0.1
	1,374	25.7	1,458	25.7	1,530	25.4
Greater China	172	3.2	182	3.2	219	3.7
Others	94	1.8	104	1.8	129	2.1
Total NPLs	5,343	100.0	5,679	100.0	6,021	100.0

NPLs by Industry

NPLs as at 30 September 2003 were led by non-bank financial institutions and professionals and private individuals sectors. NPLs across all sectors were managed down from their respective levels as at 30 September 2002.

	30-Sep-03		31-Dec-02		30-Sep-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	104	5.7	124	6.0	130	7.0
Building and construction	810	10.3	843	9.2	1,059	11.0
Manufacturing	796	13.6	874	16.2	901	16.6
Non-bank financial institutions	1,010	9.6	1,029	9.5	1,069	9.5
General commerce	709	11.4	769	12.4	814	13.1
Professionals and private individuals	972	10.0	1,014	10.9	1,037	11.2
Housing loans	657	4.5	668	4.8	666	4.8
Others	222	3.5	294	5.3	322	5.6
Sub-total	5,280	8.4	5,615	9.0	5,998	9.5
Debt securities	63		64		23	
Total NPLs	5,343		5,679		6,021	

Secured / Unsecured NPLs

As at 30 September 2003, 53.1% of the Group's total NPLs was secured by collateral, compared to 55.4% and 56.4% as at 31 December 2002 and 30 September 2002 respectively. The decline in the level of secured NPLs was primarily due to lower collateral value in a weak property market.

	30-Sep-03		31-Dec-02		30-Sep-02	
	Amount \$ million	As % of Total NPLs	Amount \$ million	As % of Total NPLs	Amount \$ million	As % of Total NPLs
Secured	2,837	53.1	3,146	55.4	3,397	56.4
Unsecured	2,506	46.9	2,533	44.6	2,624	43.6
Total NPLs	5,343	100.0	5,679	100.0	6,021	100.0

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

	9 Months 2003	9 Months 2002	3rd Quarter 2003	2nd Quarter 2003	3rd Quarter 2002
	\$ million	\$ million	\$ million	\$ million	\$ million
Singapore (including Asian Currency Units)	1,756	1,694	566	586	571
Other ASEAN countries	372	338	128	127	119
Other Asia Pacific countries	129	146	41	47	51
Rest of the world	77	59	23	31	21
Total	2,334	2,238	758	791	763

Profit before tax

	9 Months 2003	9 Months 2002	3rd Quarter 2003	2nd Quarter 2003	3rd Quarter 2002
	\$ million	\$ million	\$ million	\$ million	\$ million
Singapore (including Asian Currency Units)	937	962	324	267	239
Other ASEAN countries	173	157	61	64	83
Other Asia Pacific countries	58	90	20	17	42
Rest of the world	56	34	16	24	12
	1,224	1,243	420	372	377
Goodwill amortisation	(152)	(142)	(50)	(51)	(49)
Total	1,072	1,101	370	321	328

Total assets

	30-Sep-03	31-Dec-02	30-Sep-02
	\$ million	\$ million	\$ million
Singapore (including Asian Currency Units)	71,845	77,286	76,417
Other ASEAN countries	15,586	12,477	13,168
Other Asia Pacific countries	11,481	8,365	8,839
Rest of the world	5,589	5,675	4,917
	104,501	103,803	103,342
Goodwill	3,516	3,666	3,744
Total	108,016	107,469	107,086

**V) Overview of Balance Sheet****Total Assets**

The Group's total assets as at 30 September 2003 were \$108,016 million, representing an increase of 0.5% and 0.9% over \$107,469 million as at 31 December 2002 and \$107,086 million as at 30 September 2002 respectively. The increase came primarily from higher cash and balances with central banks and investment securities, partially offset by lower government securities and inter-bank placements and balances.

Customer Loans

Net loans and advances to customers as at 30 September 2003 were \$59,248 million, representing an increase of 0.6% over \$58,884 million as at 31 December 2002. The increase was mainly from housing loans and trade financing, partially offset by a decrease in overdrafts. Compared to net loans and advances of \$59,742 million as at 30 September 2002, there was a decrease of 0.8%, largely due to lower overdrafts and term loans, partially offset by higher housing loans.

<u>Customer Loans Analysed By Product Group</u>	<u>30-Sep-03</u>		<u>31-Dec-02</u>		<u>30-Sep-02</u>	
	\$ million	%	\$ million	%	\$ million	%
Housing loans	14,488	23.1	13,841	22.2	13,785	21.8
Term loans	35,302	56.4	35,253	56.5	35,990	56.9
Trade financing	3,324	5.3	2,915	4.7	2,935	4.6
Overdrafts	9,523	15.2	10,330	16.6	10,529	16.7
Total gross customer loans	62,637	100.0	62,339	100.0	63,239	100.0
General provisions	(1,425)		(1,425)		(1,435)	
Specific provisions and Interest-in-suspense	(1,965)		(2,030)		(2,062)	
Total net customer loans	59,248		58,884		59,742	

<u>Gross Customer Loans Analysed By Industry</u>	<u>30-Sep-03</u>		<u>31-Dec-02</u>		<u>30-Sep-02</u>	
	\$ million	%	\$ million	%	\$ million	%
Transport, storage and communication	1,816	2.9	2,058	3.3	1,852	2.9
Building and construction	7,841	12.5	9,148	14.7	9,588	15.2
Manufacturing	5,859	9.4	5,392	8.6	5,443	8.6
Non-bank financial institutions	10,470	16.7	10,809	17.3	11,292	17.8
General commerce	6,209	9.9	6,200	10.0	6,192	9.8
Professionals and private individuals	9,678	15.5	9,335	15.0	9,295	14.7
Housing loans	14,488	23.1	13,841	22.2	13,785	21.8
Others	6,276	10.0	5,556	8.9	5,791	9.2
Total gross customer loans	62,637	100.0	62,339	100.0	63,239	100.0

Deposits

Total deposits as at 30 September 2003 were \$84,189 million, representing a decrease of 3.5% and 4.5% over \$87,221 million as at 31 December 2002 and \$88,137 million as at 30 September 2002 respectively. The decrease was from lower bankers' deposits and customer fixed deposits, partially offset by higher savings and other deposits.

As at 30 September 2003, customer deposits accounted for 78.5% of total deposits.

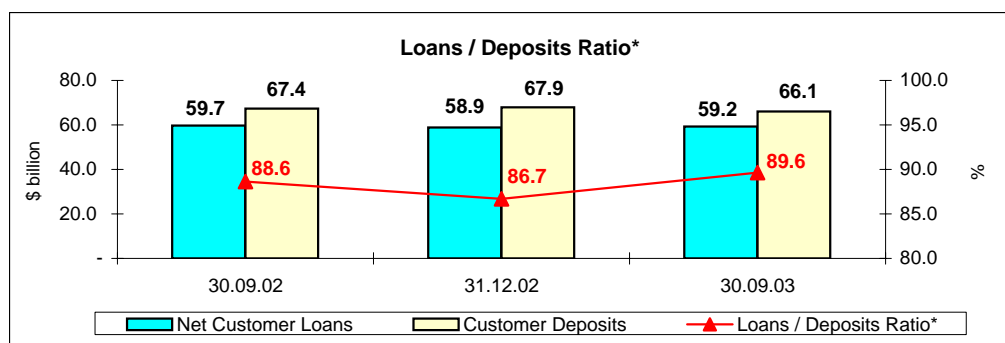
<u>Deposits Analysed By Product Group</u>	<u>30-Sep-03</u>		<u>31-Dec-02</u>		<u>30-Sep-02</u>	
	\$ million	%	\$ million	%	\$ million	%
Bankers' deposits	18,097	21.5	19,302	22.1	20,735	23.5
Customer deposits						
Fixed deposits	42,495	50.5	47,287	54.2	47,600	54.0
Savings and other deposits	23,597	28.0	20,632	23.7	19,802	22.5
	66,092	78.5	67,919	77.9	67,402	76.5
Total deposits	84,189	100.0	87,221	100.0	88,137	100.0



V) Overview of Balance Sheet

Loans / Deposits Ratio*

Loans-to-deposits ratio was 89.6% as at 30 September 2003, representing an increase of 2.9% points over 86.7% as at 31 December 2002, and an increase of 1.0% point over 88.6% as at 30 September 2002.



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

Debts Issued

	<u>30-Sep-03</u> \$ million	<u>31-Dec-02</u> \$ million	<u>30-Sep-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")	1,729	-	-
	<u>3,029</u>	<u>1,300</u>	<u>1,300</u>
Unamortised discount and expenses incurred in connection with the issue of the subordinated notes	(10)	(6)	(6)
	<u>3,018</u>	<u>1,294</u>	<u>1,294</u>
(b) <u>Asset Backed Commercial Papers ("ABCPs")</u>			
S\$ ABCPs	703	642	501
US\$ ABCPs	206	211	18
	<u>909</u>	<u>852</u>	<u>518</u>
(c) <u>Others</u>	303	-	-
	<u>303</u>	<u>-</u>	<u>-</u>
Total debts issued	<u><u>4,231</u></u>	<u><u>2,147</u></u>	<u><u>1,812</u></u>

(a) The S\$ Notes were issued by the Bank 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 will be 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.



V) Overview of Balance Sheet

Debts Issued (cont'd)

The US\$ Notes were issued by the Bank 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 S\$ Notes and US\$ Notes are unsecured.

- (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 as at 30 September 2003 range from 1.0% to 1.3% (31 December 2002: 1.5% to 1.9%) per annum and 1.2% to 1.4% (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 maturity of the 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, credit-linked notes and interest rate-linked notes.

Shareholders' Funds

Shareholders' funds as at 30 September 2003 were \$12,929 million, representing an increase of 2.2% and 1.2% over \$12,653 million as at 31 December 2002 and \$12,777 million as at 30 September 2002 respectively. The increase was largely contributed by retained profits.

Unrealised revaluation surplus on properties and long-term investments amounted to \$1,368 million as at 30 September 2003. The revaluation surplus was not incorporated into the Group's accounts.

	<u>30-Sep-03</u> \$ million	<u>31-Dec-02</u> \$ million	<u>30-Sep-02</u> \$ million
Shareholders' Funds per book	12,929	12,653	12,777
Add: Revaluation Surplus*	1,368	1,186	1,300
Shareholders' Funds including Revaluation Surplus	<u>14,297</u>	<u>13,839</u>	<u>14,077</u>
<u>Per Share (in \$)</u>			
NAV per book	8.23	8.05	8.13
Revaluation Surplus	0.87	0.76	0.83
Revalued NAV	<u>9.10</u>	<u>8.81</u>	<u>8.96</u>

* Refer to revaluation surplus on properties and long-term investments (excluding associates) which was not incorporated into the accounts

VI) Capital Adequacy Ratio - BIS Basis

The Group's capital management policy is to maintain a strong capital position to support its growth, both organically and through acquisitions.

As at 30 September 2003, the Group's Capital Adequacy Ratio ("CAR") of 17.9% computed under the Bank for International Settlements ("BIS") guidelines was more than twice the minimum requirement of 8% set by BIS. Compared to the CAR of 15.3% as at 31 December 2002 and 30 September 2002, the increase by 2.6% points was mainly due to the issuance of US\$1 billion 4.50% Subordinated Notes in June 2003.

	<u>30-Sep-03</u> \$ million	<u>31-Dec-02</u> \$ million	<u>30-Sep-02</u> \$ million
Capital			
Tier 1 - Core Capital			
Share capital	1,572	1,572	1,572
Disclosed reserves	11,297	10,956	10,987
Minority interests	149	150	300
Less: Goodwill	<u>(3,533)</u>	<u>(3,684)</u>	<u>(3,744)</u>
	<u>9,485</u>	<u>8,994</u>	<u>9,115</u>
Tier 2 - Supplementary Capital			
Revaluation reserves on investments and properties ⁽¹⁾	363	349	485
General loan loss provision ⁽²⁾	948	920	939
Subordinated notes	<u>3,018</u>	<u>1,294</u>	<u>1,294</u>
	<u>4,329</u>	<u>2,563</u>	<u>2,718</u>
Less: Deductions against Capital ⁽³⁾	<u>(239)</u>	<u>(337)</u>	<u>(307)</u>
Total Capital	<u>13,575</u>	<u>11,220</u>	<u>11,526</u>
Risk-Weighted Assets (including market risk)	<u>75,802</u>	<u>73,574</u>	<u>75,091</u>
Capital Adequacy Ratios			
Tier 1	12.5%	12.2%	12.1%
Total Capital	17.9%	15.3%	15.3%

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

⁽²⁾ Excluding specific and earmarked provisions

⁽³⁾ Including capital deductions for certain investments


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 \$33.5 billion or 31.0% of Group total assets as at 30 September 2003. 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.

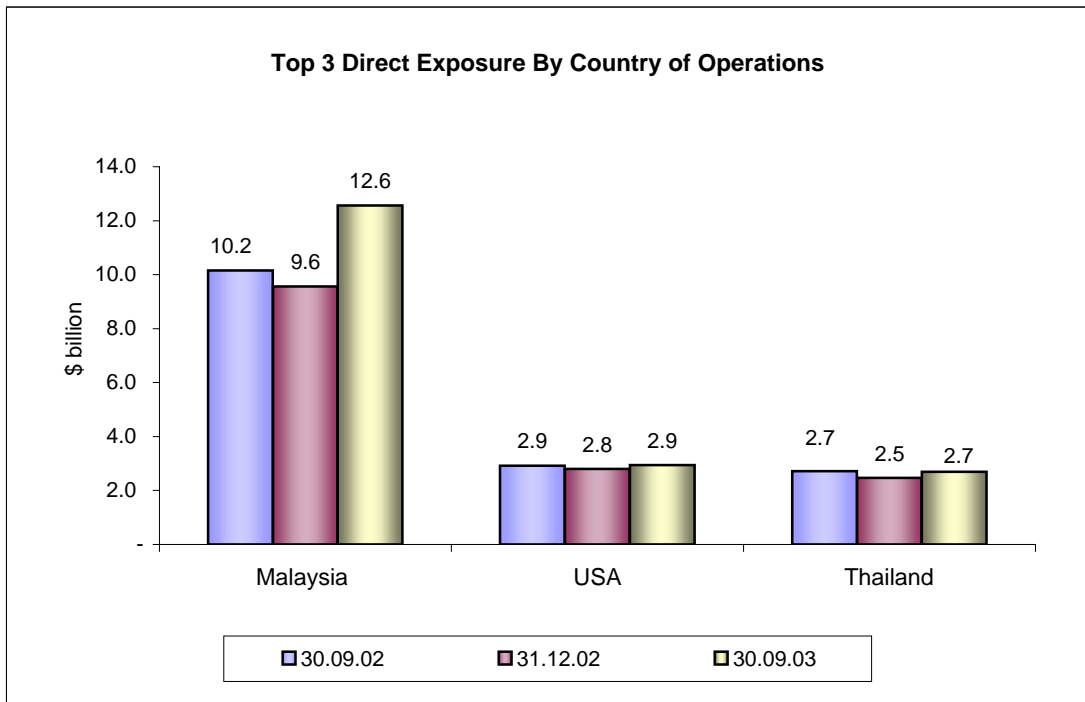
Exposure to the Five Regional Countries, Greater China and Others

\$ 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-Sep-03	6,600	3,667	3,975	700	14,942	2,379	12,563	11.7	1,038
31-Dec-02	6,164	1,990	2,381	530	11,065	1,498	9,567	8.9	1,032
30-Sep-02	6,158	2,428	2,570	566	11,722	1,571	10,151	9.5	970
Indonesia									
30-Sep-03	448	160	50	76	734	50	684	0.6	75
31-Dec-02	444	127	106	74	751	50	701	0.6	67
30-Sep-02	453	119	110	56	738	33	705	0.7	71
Philippines									
30-Sep-03	250	248	69	18	585	59	526	0.5	61
31-Dec-02	254	225	44	10	533	31	502	0.5	56
30-Sep-02	252	238	38	113	641	138	503	0.5	68
Thailand									
30-Sep-03	1,651	908	159	183	2,901	205	2,696	2.5	295
31-Dec-02	1,178	1,177	112	200	2,667	194	2,473	2.3	285
30-Sep-02	1,267	1,317	312	182	3,078	362	2,716	2.5	208
South Korea									
30-Sep-03	50	561	1,095	249	1,955	-	1,955	1.8	55
31-Dec-02	45	591	1,354	95	2,085	12	2,073	1.9	253
30-Sep-02	64	268	1,628	122	2,082	242	1,840	1.7	225
Total Regional Countries									
30-Sep-03	8,999	5,544	5,348	1,226	21,117	2,693	18,424	17.1	1,524
31-Dec-02	8,085	4,110	3,997	909	17,101	1,785	15,316	14.2	1,693
30-Sep-02	8,194	4,370	4,658	1,039	18,261	2,346	15,915	14.9	1,542
Greater China									
30-Sep-03	2,107	416	4,875	281	7,679	2,559	5,120	4.7	461
31-Dec-02	2,482	233	4,311	632	7,658	2,536	5,122	4.8	504
30-Sep-02	2,726	185	4,861	712	8,484	3,030	5,454	5.1	363
Other OECD									
30-Sep-03	5,239	810	3,521	1,117	10,687	985	9,702	9.0	900
31-Dec-02	4,847	105	4,647	687	10,286	1,862	8,424	7.8	878
30-Sep-02	5,078	53	4,219	780	10,130	2,244	7,886	7.3	444
Others									
30-Sep-03	164	14	42	1	221	9	212	0.2	44
31-Dec-02	154	11	35	4	204	4	200	0.2	47
30-Sep-02	158	11	28	5	202	4	198	0.2	42
Grand Total									
30-Sep-03	16,509	6,784	13,786	2,625	39,704	6,246	33,458	31.0	2,929
31-Dec-02	15,568	4,459	12,990	2,232	35,249	6,187	29,062	27.0	3,122
30-Sep-02	16,156	4,619	13,766	2,536	37,077	7,624	29,453	27.5	2,391

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 \$12.6 billion or 11.7% of Group total assets, followed by USA at \$2.9 billion and Thailand at \$2.7 billion.



UNAUDITED CONSOLIDATED BALANCE SHEET

	30-Sep-03	30-Jun-03	31-Dec-02	30-Sep-02
	\$ million	\$ million	\$ million	\$ million
<u>Share Capital and Reserves</u>				
Share capital	1,572	1,572	1,572	1,572
Share premium	792	791	791	791
Non-distributable reserves	6,275	6,291	6,223	6,374
Revenue reserves	4,154	4,119	3,933	3,709
Share of reserves of associates	136	137	134	331
Total Shareholders' Funds	12,929	12,910	12,653	12,777
Minority Interests	149	146	150	300
<u>Liabilities</u>				
Deposits of non-bank customers	66,092	66,828	67,919	67,402
Deposits and balances of banks and agents	18,097	18,741	19,302	20,735
Total deposits	84,189	85,569	87,221	88,137
Bills and drafts payable	187	180	164	123
Other liabilities	6,332	4,808	5,136	3,937
Debts issued	4,231	4,281	2,147	1,812
Total Liabilities	94,939	94,838	94,667	94,010
Total Shareholders' Funds and Liabilities	108,016	107,894	107,469	107,086
<u>Assets</u>				
Cash and balances with central banks	6,566	4,210	4,213	3,676
Singapore Government securities	5,972	8,546	8,261	8,288
Other government securities	1,800	1,883	1,333	1,675
Dealing securities	453	400	620	976
Placements and balances with banks and agents	17,972	18,976	19,426	19,428
Loans and advances including trade bills to non-bank customers	59,248	59,760	58,884	59,742
Other assets	4,186	3,153	4,052	2,756
Investment securities	5,264	4,364	3,945	3,504
Investments in associates	1,270	1,251	1,274	1,630
Fixed assets	1,769	1,785	1,794	1,668
Goodwill	3,516	3,566	3,666	3,744
Total Assets	108,016	107,894	107,469	107,086
<u>Off-Balance Sheet Items</u>				
Contingent liabilities	8,416	9,115	8,919	8,406
Derivative financial instruments	208,426	165,273	131,279	116,154
Commitments	37,671	36,973	36,526	37,527

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share premium	Non-distributable reserves	Revenue reserves	Share of reserves of associates	Total
	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million
Balance at 1 July 2003	1,572	791	6,291	4,119	137	12,910
Net profit for the financial period attributable to members	-	-	-	281	-	281
Differences arising from currency translation of financial statements of foreign branches and subsidiaries	-	-	(16)	-	-	(16)
Group's share of reserves of associates	-	-	-	-	(1)	(1)
Total recognised gains / (losses) for the financial period	-	-	(16)	281	(1)	264
Dividends	-	-	-	(245)	-	(245)
Issue of shares to option holders who exercised their rights	0*	0*	-	-	-	0*
Balance at 30 September 2003	1,572	792	6,275	4,154	136	12,929
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

* Less than \$500,000


UNITED OVERSEAS BANK GROUP
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (cont'd)

	Share capital \$ million	Share premium \$ million	Non-distributable reserves \$ million	Revenue reserves \$ million	Share of reserves of associates \$ million	Total \$ million
Balance at 1 January 2003	1,572	791	6,223	3,933	134	12,653
Net profit for the financial period attributable to members	-	-	-	802	-	802
Differences arising from currency translation of financial statements of foreign branches and subsidiaries	-	-	23	-	-	23
Group's share of reserves of associates	-	-	-	-	3	3
Other adjustments	-	-	-	0*	-	0*
Total recognised gains for the financial period	-	-	23	802	3	827
Net transfer from revenue reserves	-	-	29	(29)	-	-
Dividends	-	-	-	(552)	-	(552)
Issue of shares to option holders who exercised their rights	0*	0*	-	-	-	0*
Balance at 30 September 2003	1,572	792	6,275	4,154	136	12,929
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 GROUP
UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

	<u>9 Months 2003</u> \$ million	<u>Full Year 2002</u> \$ million
Cash flows from operating activities		
Profit before tax	1,072	1,434
Adjustments for:		
Depreciation of fixed assets	80	115
Goodwill amortisation	152	196
Share of profit of associates	(62)	(123)
Operating profit before changes in operating assets and liabilities	<u>1,242</u>	<u>1,620</u>
Changes in operating assets and liabilities:		
Deposits	(3,032)	(5,325)
Bills and drafts payable	23	39
Other liabilities	1,245	1,217
Dealing securities	167	61
Placements and balances with banks and agents	1,454	5,319
Loans and advances including trade bills to non-bank customers	(364)	2,008
Other government securities not qualifying as cash and cash equivalents	(55)	407
Other assets	(131)	(1,044)
Cash generated from operations	<u>550</u>	<u>4,302</u>
Income taxes paid	(302)	(371)
Net cash provided by operating activities	<u>248</u>	<u>3,931</u>
Cash flows from investing activities		
Increase in investment securities and investments in associates	(1,295)	(340)
Net dividends received from associates	31	52
Net increase in fixed assets	(54)	(184)
Change in minority interests of subsidiaries	(4)	(353)
Net cashflow on acquisition of subsidiaries	-	(1)
Net cashflow from disposal of subsidiaries	-	0*
Net cash used in investing activities	<u>(1,323)</u>	<u>(826)</u>
Cash flows from financing activities		
Proceeds from issue of shares	0*	6
Net increase / (decrease) in debts issued	2,084	(2,010)
Dividends paid by the Bank	(552)	(720)
Dividends paid by subsidiaries to minority shareholders	(4)	(10)
Net cash provided by / (used in) financing activities	<u>1,529</u>	<u>(2,736)</u>
Currency translation adjustment	23	(15)
Net increase in cash and cash equivalents	<u>477</u>	<u>355</u>
Cash and cash equivalents at beginning of the financial period	<u>13,084</u>	<u>12,729</u>
Cash and cash equivalents at end of the financial period (Note A)	<u><u>13,561</u></u>	<u><u>13,084</u></u>
Note A:		
Cash and balances with central banks	6,566	4,213
Singapore Government securities	5,972	8,261
Other government securities, less non-cash equivalents of \$778 million (2002: \$723 million)	1,022	610
Cash and cash equivalents at end of the financial period	<u><u>13,561</u></u>	<u><u>13,084</u></u>

* Less than \$500,000