



United Overseas Bank Limited

Incorporated in the Republic of Singapore
Company Registration Number: 193500026Z

GROUP FINANCIAL PERFORMANCE FOR THE FIRST HALF / SECOND QUARTER 2004

30 JULY 2004

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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

	1st Half 2004	1st Half 2003	1H04 / 1H03 (%)	2nd Quarter 2004	1st Quarter 2004	2nd Quarter 2003	2Q04 / 2Q03 (%)
• Key Indicators							
Net interest income (NII) (\$'m)	1,056	1,028	+ 2.7	533	523	510	+ 4.3
Non-interest income (Non NII) (\$'m)	515	547	- 5.7	222	293	278	- 20.1
Total income (\$'m)	1,571	1,575	- 0.2	755	816	789	- 4.3
Total expenses (\$'m)	548	537	+ 2.1	280	268	271	+ 3.4
Operating profit before goodwill amortisation and provisions (\$'m)	1,023	1,038	- 1.4	474	548	517	- 8.3
❖ Net profit after tax							
- Including goodwill amortisation (\$'m)	705	501	+ 40.5	347	357	239	+ 45.6
- Excluding goodwill amortisation (\$'m)	805	603	+ 33.5	398	407	290	+ 37.4
❖ Income mix:							
- NII / Total income (%)	67.2	65.3	+ 1.9 % pt	70.5	64.1	64.7	+ 5.8 % pt
- Non NII / Total income (%)	32.8	34.7	- 1.9 % pt	29.5	35.9	35.3	- 5.8 % pt
	100.0	100.0	-	100.0	100.0	100.0	-
❖ Profit (before tax and goodwill amortisation) contribution:							
- Onshore (including ACU) (%)	80.5	75.6	+ 4.9 % pt	82.0	79.3	71.4	+ 10.6 % pt
- Offshore (%)	19.5	24.4	- 4.9 % pt	18.0	20.7	28.6	- 10.6 % pt
	100.0	100.0	-	100.0	100.0	100.0	-
❖ Annualised return on average shareholders' funds							
- Including goodwill amortisation (%)	10.5	7.8	+ 2.7 % pt	10.4	10.6	7.4	+ 3.0 % pt
- Excluding goodwill amortisation (%)	12.0	9.4	+ 2.6 % pt	11.9	12.1	9.0	+ 2.9 % pt
❖ Annualised basic earnings per share							
- Including goodwill amortisation (¢)	89.7	63.8	+ 40.6	88.4	90.9	60.7	+ 45.6
- Excluding goodwill amortisation (¢)	102.5	76.8	+ 33.5	101.2	103.7	73.7	+ 37.3
❖ Annualised return on average assets							
- Including goodwill amortisation (%)	1.21	0.94	+ 0.27 % pt	1.18	1.23	0.89	+ 0.29 % pt
- Excluding goodwill amortisation (%)	1.38	1.13	+ 0.25 % pt	1.36	1.41	1.08	+ 0.28 % pt
❖ Annualised NII / Average interest bearing assets (%)	2.15	2.23	- 0.08 % pt	2.14	2.16	2.19	- 0.05 % pt
❖ Expense / Income ratio (%)	34.9	34.1	+ 0.8 % pt	37.2	32.8	34.4	+ 2.8 % pt
❖ Dividend rate - Interim (%)	20.0	20.0	-	20.0	-	20.0	-


I) Highlights and Performance Indicators

	30-Jun-04	31-Dec-03	Jun-04 / Dec-03 (%)	30-Jun-03	Jun-04 / Jun-03 (%)
• <u>Other Indicators</u>					
❖ Customer loans (net) (\$'m)	59,895	59,297	+ 1.0	59,760	+ 0.2
❖ Customer deposits (\$'m)	71,631	69,863	+ 2.5	66,828	+ 7.2
❖ Loans / Deposits ratio [®] (%)	83.6	84.9	- 1.3 % pt	89.4	- 5.8 % pt
❖ Non-performing loans (NPLs) (\$'m)	4,852	5,160	- 6.0	5,393	- 10.0
❖ Cumulative provisions (\$'m)	3,249	3,332	- 2.5	3,496	- 7.1
❖ NPLs [^] / Gross customer loans (%)	7.6	8.1	- 0.5 % pt	8.4	- 0.8 % pt
❖ Cumulative provisions / NPLs (%)	67.0	64.6	+ 2.4 % pt	64.8	+ 2.2 % pt
❖ Total assets (\$'m)	116,805	113,446	+ 3.0	107,839	+ 8.3
❖ Shareholders' funds (\$'m)	13,450	13,282	+ 1.3	12,850	+ 4.7
❖ Unrealised revaluation surplus * (\$'m)	1,483	1,464	+ 1.3	1,386	+ 7.0
❖ Net asset value (NAV) per share (\$)	8.56	8.45	+ 1.3	8.18	+ 4.6
❖ Revalued NAV per share (\$)	9.50	9.38	+ 1.3	9.06	+ 4.9
❖ Net tangible asset backing per share (\$)	6.32	6.23	+ 1.4	5.90	+ 7.1
❖ Capital adequacy ratios (CAR)					
- Tier 1 capital (%)	12.8	13.2	- 0.4 % pt	12.6	+ 0.2 % pt
- Total capital (%)	13.6	15.2	- 1.6 % pt	14.8	- 1.2 % pt
❖ Manpower (number)	10,561	10,547	+ 14 no.	10,325	+ 236 no.

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

[^] Excluding debt securities.

* Refers to revaluation surplus on properties and investment securities which was not incorporated into the financial statements.



II) Review of Financial Performance

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

Review of Group Performance

Results

1st Half 2004 versus 1st Half 2003

The Group recorded a net profit after tax ("NPAT") of \$705 million in the first half of 2004 ("1H04"), an increase of 40.5% over the \$501 million registered in the first half of 2003 ("1H03"). The increase in NPAT was mainly due to lower provision charges, higher share of profit of associates, higher fee and commission income, and higher net interest income. These were partially offset by lower other operating income and higher tax expense.

Total income decreased 0.2% to \$1,571 million in 1H04 from \$1,575 million in 1H03, mainly due to lower net profit from dealing securities, government securities and derivatives, as well as lower net profit from foreign exchange dealings. These were partially offset by higher fee and commission income derived largely from investment-related and fund management activities, higher net profit from disposal of investment securities and associates, and higher net interest income from inter-bank money market activities and debt securities.

The Group's total operating expenses, comprising staff costs and other operating expenses, increased 2.1% to \$548 million in 1H04 compared to \$537 million in 1H03. Staff costs increased 1.3% to \$265 million, while other operating expenses increased 3.0% to \$283 million. The increase in other operating expenses was mainly due to higher commission and brokerage expenses incurred to support the increased business volume. The expense-to-income ratio of the Group increased to 34.9% in 1H04 from 34.1% in 1H03.

The Group's provision charges decreased 72.9% to \$76 million in 1H04 compared to \$280 million in 1H03. The decrease was largely attributable to lower specific provisions for loans and the write-back of general provisions due to improved asset quality and economic conditions in Singapore and the region.

Share of profit of associates (before tax) increased to \$76 million in 1H04 from \$30 million in 1H03 mainly due to higher contributions from most of the Group's major associates.

2nd Quarter 2004 versus 2nd Quarter 2003

The Group's NPAT of \$347 million achieved in the second quarter of 2004 ("2Q04") was 45.6% higher than the \$239 million recorded in the second quarter of 2003 ("2Q03"). The increase was also mainly due to lower provision charges, higher share of profit of associates, higher net interest income, and higher fee and commission income, partially offset by lower other operating income and higher tax expense.

The Group's total income decreased 4.3% to \$755 million in 2Q04 from \$789 million in 2Q03, mainly due to foreign exchange losses and lower net profit from dealing securities, government securities and derivatives. These were partially offset by higher net interest income from inter-bank money market activities and debt securities, as well as higher fee and commission income derived largely from investment-related and fund management activities.

The increase in both staff costs and other operating expenses in 2Q04 resulted in the 3.4% increase in total operating expenses to \$280 million in 2Q04 from \$271 million in 2Q03. Staff costs increased 3.9% to \$135 million in 2Q04 from \$130 million in 2Q03, and other operating expenses grew 2.9% to \$145 million in 2Q04 from \$141 million in 2Q03 mainly due to higher commission and brokerage expenses. Expense-to-income ratio increased to 37.2% in 2Q04 from 34.4% in 2Q03.



II) Review of Financial Performance

2nd Quarter 2004 versus 1st Quarter 2004

The Group's net profit after tax decreased 2.8% to \$347 million in 2Q04 compared to \$357 million in the first quarter of 2004 ("1Q04"). The decrease was mainly due to lower total income and higher total operating expenses. These were partially offset by lower provision charges and higher share of profit of associates.

The Group's total income decreased 7.5% to \$755 million in 2Q04 compared to \$816 million in 1Q04 mainly due to foreign exchange losses and lower net profit from disposal of investment securities and associates, while total operating expenses increased 4.7% to \$280 million in 2Q04 compared to \$268 million in 1Q04 due to higher staff costs and other operating expenses. Consequently, expense-to-income ratio rose to 37.2% in 2Q04 compared to 32.8% in 1Q04.

The Group's provision charges were lower at \$16 million in 2Q04 compared to \$60 million in 1Q04, largely attributed to the write-back of general provisions which was partially offset by higher specific provisions for loans.

Balance Sheet

The Group's net loans and advances to customers of \$59,895 million as at 30 June 2004 were 1.0% higher than the \$59,297 million as at 31 December 2003 and 0.2% higher than the \$59,760 million as at 30 June 2003. The Group's non-performing loans ("NPLs") declined 6.0% and 10.0% to \$4,852 million as at 30 June 2004 from \$5,160 million as at 31 December 2003 and \$5,393 million as at 30 June 2003 respectively. Consequently, Group NPLs (excluding debt securities) as a percentage of gross customer loans decreased to 7.6% as at 30 June 2004 from 8.1% as at 31 December 2003 and 8.4% as at 30 June 2003. Of the total Group NPLs as at 30 June 2004, \$2,548 million or 52.5% were secured by collateral, and \$3,031 million or 62.5% were in the Substandard category.

Total cumulative specific and general provisions of the Group were \$3,249 million as at 30 June 2004 compared to \$3,332 million as at 31 December 2003 and \$3,496 million as at 30 June 2003. General provisions as at 30 June 2004 were \$1,361 million or 41.9% of total cumulative provisions. The total cumulative provisions as at 30 June 2004 provided coverage of 67.0% against Group NPLs, compared to 64.6% as at 31 December 2003 and 64.8% as at 30 June 2003. As at 30 June 2004, unsecured NPLs were 141.0% covered by total cumulative provisions, compared to 141.4% as at 31 December 2003 and 137.3% as at 30 June 2003.

Total assets of the Group as at 30 June 2004 were \$116,805 million, representing a growth of 3.0% and 8.3% over the \$113,446 million as at 31 December 2003 and the \$107,839 million as at 30 June 2003 respectively. Shareholders' funds of the Group as at 30 June 2004 were \$13,450 million, representing an increase of 1.3% and 4.7% over the \$13,282 million as at 31 December 2003 and the \$12,850 million as at 30 June 2003 respectively. Consequently, the Group's net asset value per share increased 11 cents and 38 cents to \$8.56 as at 30 June 2004, from \$8.45 as at 31 December 2003 and \$8.18 as at 30 June 2003 respectively.

As at 30 June 2004, the Group's total Capital Adequacy Ratio ("CAR") of 13.6% computed under the revised capital framework as issued by the Monetary Authority of Singapore ("MAS"), was 3.6% points higher than the minimum total CAR of 10% set by MAS. Compared to the total CAR of 15.2% as at 31 December 2003 and 14.8% as at 30 June 2003, it had decreased 1.6% points and 1.2% points respectively. The decrease was mainly attributable to the committed capital for the acquisition of 80.77% stake in Bank of Asia Public Company Limited, the acquisition of 23% stake in PT Bank Buana Indonesia Tbk, and higher risk-weighted assets.

II) Review of Financial Performance

UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE FIRST HALF ENDED 30 JUNE 2004

	1st Half 2004	1st Half 2003	1H04/ 1H03
	\$ million	\$ million	%
Interest income	1,679	1,662	1.0
Less: Interest expense	623	634	(1.8)
Net interest income	1,056	1,028	2.7
Dividend income	28	19	52.2
Fee and commission income	322	269	19.9
Rental income	32	39	(16.0)
Other operating income	133	221	(40.0)
Total non-interest income	515	547	(5.7)
Income before operating expenses	1,571	1,575	(0.2)
Less: Staff costs	265	262	1.3
Other operating expenses	283	275	3.0
Total operating expenses	548	537	2.1
Operating profit before goodwill amortisation and provisions	1,023	1,038	(1.4)
Less: Goodwill amortisation	101	102	(1.2)
Less: Write-back of general provisions	(63)	-	NM
Specific provisions for loans	113	245	(53.8)
Specific provisions for other assets	26	34	(25.4)
Total provisions	76	280	(72.9)
Operating profit after goodwill amortisation and provisions	846	656	29.0
Share of profit of associates	76	30	156.3
Profit from ordinary activities before tax	922	686	34.5
Less: Tax	212	179	18.4
Profit after tax	711	507	40.1
Less: Minority interests	6	6	4.0
Net profit attributable to members	705	501	40.5
Expense / Income ratio (%)	34.9	34.1	0.8 % pt
Annualised earnings per share (¢)			
- Basic	89.7	63.8	40.6
- Fully diluted	89.6	63.8	40.4

NM denotes "Not Meaningful".

II) Review of Financial Performance
**UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE SECOND QUARTER ENDED 30 JUNE 2004**

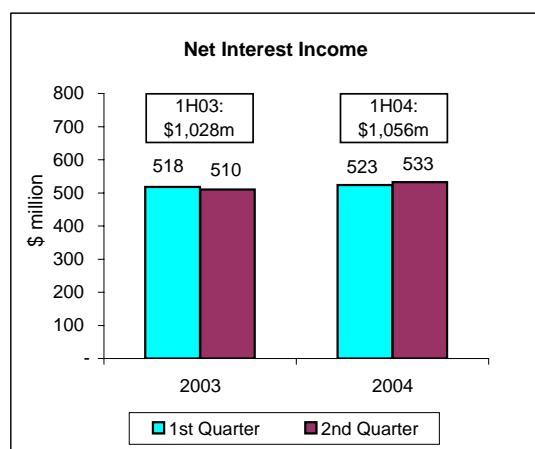
	2nd Quarter 2004	1st Quarter 2004	2Q04 / 1Q04	2nd Quarter 2003	2Q04 / 2Q03
	\$ million	\$ million	%	\$ million	%
Interest income	850	829	2.4	825	3.0
Less: Interest expense	317	306	3.6	314	0.9
Net interest income	533	523	1.7	510	4.3
Dividend income	22	6	244.0	17	29.5
Fee and commission income	152	170	(10.3)	138	10.5
Rental income	16	16	2.9	18	(10.3)
Other operating income	32	101	(68.5)	105	(69.8)
Total non-interest income	222	293	(24.1)	278	(20.1)
Income before operating expenses	755	816	(7.5)	789	(4.3)
Less: Staff costs	135	130	4.2	130	3.9
Other operating expenses	145	138	5.2	141	2.9
Total operating expenses	280	268	4.7	271	3.4
Operating profit before goodwill amortisation and provisions	474	548	(13.5)	517	(8.3)
Less: Goodwill amortisation	50	50	0.2	51	(1.3)
Less: Write-back of general provisions	(63)	-	NM	-	NM
Specific provisions for loans	72	42	72.6	163	(56.0)
Specific provisions for other assets	7	19	(63.4)	8	(8.4)
Total provisions	16	60	(74.1)	171	(90.9)
Operating profit after goodwill amortisation and provisions	408	438	(6.7)	296	38.1
Share of profit of associates	47	29	58.7	27	73.5
Profit from ordinary activities before tax	455	467	(2.6)	323	41.0
Less: Tax	104	108	(3.5)	79	31.0
Profit after tax	351	359	(2.3)	243	44.3
Less: Minority interests	4	2	68.7	5	(22.3)
Net profit attributable to members	347	357	(2.8)	239	45.6
Expense / Income ratio (%)	37.2	32.8	4.4 % pt	34.4	2.8 % pt
Annualised earnings per share (¢)					
- Basic	88.4	90.9	(2.8)	60.7	45.6
- Fully diluted	88.4	90.9	(2.8)	60.7	45.6

NM denotes "Not Meaningful".



II) Review of Financial Performance

Net Interest Income



Net interest income of the Group increased 2.7% to \$1,056 million in 1H04 compared to \$1,028 million in 1H03. The increase was mainly due to higher contributions from inter-bank money market activities and debt securities, which were partially offset by lower contributions from customer loans. Net interest income continued to be the major contributor of total income, accounting for 67.2% (1H03: 65.3%) of total income.

The increase in net interest income of 4.3% to \$533 million in 2Q04 from \$510 million in 2Q03 was also largely from inter-bank money market activities and debt securities, partly offset by lower contributions from customer loans.

Average interest margin decreased 8 basis points to 2.15% in 1H04 from 2.23% in 1H03, and decreased 5 basis points to 2.14% in 2Q04 from 2.19% in 2Q03. This was mainly due to the narrowing of interest spreads on customer loans due to market competition.

Average Interest Margin

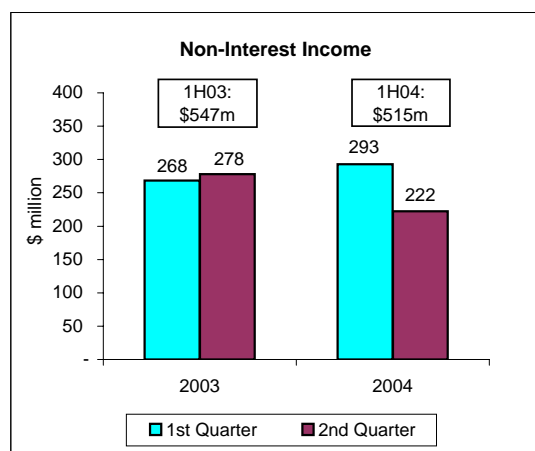
	1st Half 2004	1st Half 2003	2nd Quarter 2004	1st Quarter 2004	2nd Quarter 2003
	\$ million	\$ million	\$ million	\$ million	\$ million
Annualised interest income	3,376	3,352	3,417	3,336	3,308
Less: Annualised interest expense	1,253	1,279	1,275	1,231	1,261
Annualised net interest income	2,123	2,073	2,142	2,105	2,047
Average balance of interest bearing assets	98,927	93,141	100,192	97,528	93,654
Average interest margin * (%)	2.15	2.23	2.14	2.16	2.19

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



II) Review of Financial Performance

Non-Interest Income



Non-interest income of the Group decreased 5.7% to \$515 million in 1H04 compared to \$547 million in 1H03. The decrease was primarily due to lower net profit from dealing securities, government securities and derivatives, as well as lower net profit from foreign exchange dealings. These were partially offset by higher fee and commission income derived largely from investment-related and fund management activities, and higher net profit from disposal of investment securities and associates. The Group's non-interest income for 1H04 accounted for 32.8% (1H03: 34.7%) of total income.

Non-interest income decreased 20.1% to \$222 million in 2Q04 from \$278 million in 2Q03 due mainly to foreign exchange losses and lower net profit from dealing securities, government securities and derivatives. These were partially offset by higher fee and commission income derived largely from investment-related and fund management activities.

Composition of Non-Interest Income

	1st Half 2004	1st Half 2003	2nd Quarter 2004	1st Quarter 2004	2nd Quarter 2003
	\$ million	\$ million	\$ million	\$ million	\$ million
Fee and commission income					
Credit card	47	40	24	23	20
Fund management	53	32	24	29	16
Futures broking	19	17	10	9	9
Investment-related	57	28	23	35	12
Loan-related	50	62	23	28	35
Service charges	26	24	14	12	12
Trade-related	62	54	32	31	27
Other	7	11	3	4	7
	322	269	152	170	138
Dividend and rental income	61	57	38	22	35
Other operating income					
Net profit / (loss) from:					
- Dealing securities, government treasury bills and securities, and derivatives	9	95	8	1	41
- Foreign exchange dealings	37	70	(10)	47	28
- Disposal of investment securities and associates	43	22	14	29	18
- Disposal of fixed assets	9	8	0 *	9	2
- Other	35	25	20	15	16
	133	221	32	101	105
Total non-interest income	515	547	222	293	278

* Less than \$500,000.



II) Review of Financial Performance

Operating Expenses

Total operating expenses increased 2.1% to \$548 million in 1H04 compared to \$537 million in 1H03 as a result of higher staff costs and other operating expenses. The expense-to-income ratio of the Group increased to 34.9% in 1H04 from 34.1% in 1H03.

The increase in both staff costs and other operating expenses in 2Q04 resulted in the 3.4% increase in total operating expenses to \$280 million in 2Q04 from \$271 million in 2Q03. Expense-to-income ratio increased by 2.8% points to 37.2% in 2Q04 from 34.4% in 2Q03.

	1st Half 2004	1st Half 2003	2nd Quarter 2004	1st Quarter 2004	2nd Quarter 2003
	\$ million	\$ million	\$ million	\$ million	\$ million
Staff costs	265	262	135	130	130
Other operating expenses	283	275	145	138	141
Total operating expenses [@]	548	537	280	268	271

[@] Total operating expenses included:

IT-related expenses	82	99	40	42	48
IT-related expenses / Total operating expenses (%)	15.0	18.5	14.3	15.6	17.7

Other Operating Expenses

	1st Half 2004	1st Half 2003	2nd Quarter 2004	1st Quarter 2004	2nd Quarter 2003
	\$ million	\$ million	\$ million	\$ million	\$ million
Depreciation					
- Land and buildings	13	13	7	7	7
- Office equipment, computers, fixtures and other fixed assets	44	39	22	22	20
	57	53	29	28	27
Rental of premises and equipment	17	21	9	9	10
Maintenance of premises and other assets	24	28	13	11	14
Other expenses	185	174	95	90	90
Total other operating expenses	283	275	145	138	141

Other operating expenses increased 3.0% to \$283 million in 1H04 compared to \$275 million in 1H03, and increased 2.9% to \$145 million in 2Q04 from \$141 million in 2Q03. The increase was mainly due to higher commission and brokerage expenses incurred to support the increased business volume.

**II) Review of Financial Performance****Provisions Charged to Income Statement**

Total provision charges decreased 72.9% to \$76 million in 1H04 from \$280 million in 1H03, and decreased 90.9% to \$16 million in 2Q04 from \$171 million in 2Q03. The decrease was largely attributable to lower specific provisions for loans and the write-back of general provisions due to improved asset quality and economic conditions in Singapore and the region.

	1st Half 2004	1st Half 2003	2nd Quarter 2004	1st Quarter 2004	2nd Quarter 2003
	\$ million	\$ million	\$ million	\$ million	\$ million
Write-back of general provisions	(63)	-	(63)	-	-
Specific provisions for loans	113	245	72	42	163
Specific provisions for diminution in value or impairment of investments, fixed assets and other assets	26	34	7	19	8
Total provisions	76	280	16	60	171

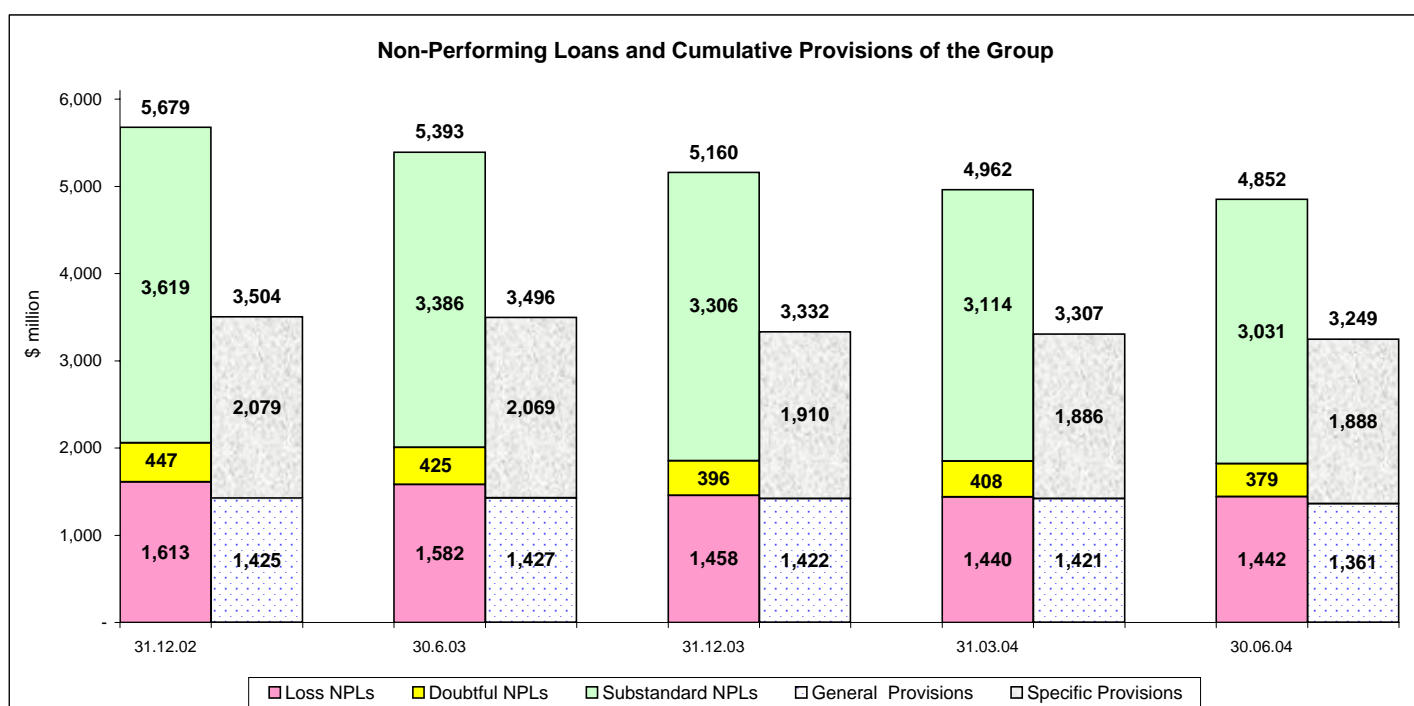


III) Non-Performing Loans (NPLs) and Cumulative Provisions

NPLs and Cumulative Provisions of the Group

NPLs edged down 6.0% and 10.0% to \$4,852 million as at 30 June 2004 from \$5,160 million as at 31 December 2003 and \$5,393 million as at 30 June 2003 respectively. Consequently, the ratio of NPLs (excluding debt securities) to total gross customer loans improved to 7.6% as at 30 June 2004 from 8.1% as at 31 December 2003 and 8.4% as at 30 June 2003. Of the total NPLs, \$2,548 million or 52.5% were secured by collateral, and \$3,031 million or 62.5% were in the Substandard category.

Total cumulative provisions of \$3,249 million as at 30 June 2004 declined by 2.5% and 7.1% compared to \$3,332 million as at 31 December 2003 and \$3,496 million as at 30 June 2003 respectively. Total cumulative provisions provided coverage of 67.0% against the total NPLs, compared to 64.6% as at 31 December 2003 and 64.8% as at 30 June 2003. Unsecured NPLs as at 30 June 2004 were 141.0% covered by total cumulative provisions, compared to 141.4% as at 31 December 2003 and 137.3% as at 30 June 2003.



30-Jun-04 31-Mar-04 31-Dec-03 30-Jun-03 31-Dec-02

NPLs

	\$ million				
Substandard	3,031	3,114	3,306	3,386	3,619
Doubtful	379	408	396	425	447
Loss	1,442	1,440	1,458	1,582	1,613
Total NPLs	4,852	4,962	5,160	5,393	5,679

Cumulative Provisions

	\$ million				
Specific provisions	1,888	1,886	1,910	2,069	2,079
General provisions	1,361	1,421	1,422	1,427	1,425
Total cumulative provisions	3,249	3,307	3,332	3,496	3,504

Ratios

	%				
NPLs*/Gross customer loans	7.6	7.8	8.1	8.4	9.0
NPLs/Total assets	4.2	4.2	4.5	5.0	5.3
Cumulative provisions/NPLs	67.0	66.6	64.6	64.8	61.7
Cumulative provisions/Doubtful & Loss NPLs	178.4	179.0	179.7	174.2	170.1
Cumulative provisions/Unsecured NPLs	141.0	143.9	141.4	137.3	138.3
Cumulative provisions*/Gross customer loans	5.1	5.2	5.2	5.5	5.5
General provisions/Gross customer loans (net of specific provisions*)	2.2	2.3	2.3	2.3	2.4

* Excluding debt securities.



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

NPLs by Region

By geographical region, Singapore accounted for \$3,215 million or 66.3% of the total NPLs as at 30 June 2004. NPLs of Singapore decreased \$315 million or 8.9% compared to the \$3,530 million as at 31 December 2003, and decreased \$469 million or 12.7% compared to the \$3,684 million as at 30 June 2003.

NPLs of the Five Regional Countries declined \$9 million or 0.7% to \$1,369 million as at 30 June 2004 from \$1,378 million as at 31 December 2003, and was managed down by \$62 million or 4.3% from \$1,431 million as at 30 June 2003.

NPLs of Greater China as at 30 June 2004 were \$180 million, representing an increase of 11.8% over the \$161 million as at 31 December 2003.

	30-Jun-04		31-Dec-03		30-Jun-03	
	\$ million	%	\$ million	%	\$ million	%
Singapore	3,215	66.3	3,530	68.4	3,684	68.3
Five Regional Countries						
Malaysia	936	19.3	930	18.0	933	17.3
Indonesia	112	2.3	119	2.3	127	2.3
Philippines	179	3.7	184	3.6	202	3.7
Thailand	140	2.9	140	2.7	154	2.9
South Korea	2	0.0	5	0.1	15	0.3
	1,369	28.2	1,378	26.7	1,431	26.5
Greater China	180	3.7	161	3.1	181	3.4
Other	88	1.8	91	1.8	97	1.8
Total NPLs	4,852	100.0	5,160	100.0	5,393	100.0

NPLs by Industry

The decline in NPLs as at 30 June 2004 over 31 December 2003 and 30 June 2003 were mainly from the non-bank financial institutions and professionals and private individuals sectors.

	30-Jun-04		31-Dec-03		30-Jun-03	
	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	89	3.8	105	5.0	123	6.1
Building and construction	795	10.9	756	10.3	779	9.6
Manufacturing	789	12.5	745	12.7	875	15.7
Non-bank financial institutions	789	7.6	984	9.5	1,016	9.0
General commerce	777	8.1	751	8.1	802	8.3
Professionals and private individuals	791	8.8	926	9.6	972	10.2
Housing loans	531	3.5	632	4.3	612	4.3
Other	212	6.7	182	5.7	150	5.5
Sub-total	4,773	7.6	5,081	8.1	5,329	8.4
Debt securities	79		79		64	
Total NPLs	4,852		5,160		5,393	



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

Specific Provisions by Region

Singapore and the Five Regional Countries accounted for 62.5% and 33.2% respectively of the Group's total specific provisions of \$1,888 million as at 30 June 2004.

	30-Jun-04		31-Dec-03		30-Jun-03	
	\$ million	%	\$ million	%	\$ million	%
Singapore	1,180	62.5	1,200	62.8	1,258	60.8
Five Regional Countries						
Malaysia	399	21.1	383	20.0	453	21.9
Indonesia	79	4.2	78	4.1	88	4.2
Philippines	76	4.0	76	4.0	72	3.5
Thailand	71	3.8	69	3.6	89	4.3
South Korea	1	0.1	2	0.1	8	0.4
	626	33.2	608	31.8	710	34.3
Greater China	52	2.7	61	3.2	62	3.0
Other	30	1.6	41	2.2	39	1.9
Total specific provisions	1,888	100.0	1,910	100.0	2,069	100.0

Specific Provisions by Industry

Specific provisions as at 30 June 2004 were catered mainly for manufacturing, general commerce, and professionals and private individuals sectors. Specific provisions for non-bank financial institutions accounted for 12.5% of the total specific provisions for loans as at 30 June 2004, representing a decrease of 4.6% points and 5.4% points over the 17.1% as at 31 December 2003 and 17.9% as at 30 June 2003 respectively.

	30-Jun-04		31-Dec-03		30-Jun-03	
	\$ million	%	\$ million	%	\$ million	%
Transport, storage and communication	42	2.3	44	2.4	48	2.4
Building and construction	291	15.8	275	14.8	284	14.1
Manufacturing	380	20.7	352	18.9	404	20.0
Non-bank financial institutions	229	12.5	319	17.1	362	17.9
General commerce	353	19.2	316	16.9	336	16.6
Professionals and private individuals	337	18.3	360	19.3	414	20.5
Housing loans	96	5.2	98	5.3	82	4.1
Other	111	6.0	98	5.3	90	4.4
Sub-total	1,839	100.0	1,862	100.0	2,020	100.0
Debt securities	49		48		49	
Total specific provisions	1,888		1,910		2,069	

Secured / Unsecured NPLs

As at 30 June 2004, 52.5% of the Group's total NPLs was secured by collateral compared to 54.3% as at 31 December 2003 and 52.8% as at 30 June 2003.

	30-Jun-04		31-Dec-03		30-Jun-03	
	\$ million	%	\$ million	%	\$ million	%
Secured	2,548	52.5	2,804	54.3	2,847	52.8
Unsecured	2,304	47.5	2,356	45.7	2,546	47.2
Total NPLs	4,852	100.0	5,160	100.0	5,393	100.0



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

Collateral

The Group's NPLs are predominantly secured by properties. Properties are valued at forced sale values which 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.

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

	\$ million				
<u>30-Jun-04</u>	Properties	Marketable Securities	Cash and Deposits	Other	Total
Singapore	1,646	31	14	57	1,748
Five Regional Countries	549	63	11	53	676
Greater China	83	1	-	-	84
Other	40	-	-	-	40
Total secured NPLs	2,318	95	25	110	2,548

	\$ million				
<u>31-Dec-03</u>	Properties	Marketable Securities	Cash and Deposits	Other	Total
Singapore	1,883	51	16	78	2,028
Five Regional Countries	579	69	9	41	698
Greater China	44	1	2	-	47
Other	30	-	-	1	31
Total secured NPLs	2,536	121	27	120	2,804

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

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 Financial Services, Institutional Financial Services, Global Treasury, Asset Management and Other.

Individual Financial Services

The Individual Financial Services segment covers Personal Financial Services and High Networth Banking. Personal Financial Services serves individual customers, including the mass affluent. The principal products and services for personal customers include deposits, loans, investments, and credit and debit cards. Personal Financial Services also sells and distributes a range of life assurance products. High Networth Banking provides an extensive range of financial services, including wealth management and trust services, to the wealthy and more affluent customers.

Profit before tax recorded strong growth of 49.2% to \$276 million in 1H04. The increase was largely due to lower loan provisions and increase in fee income from structured products and credit card activities.

Institutional Financial Services

The Institutional Financial Services segment encompasses Commercial Credit, Corporate Banking, Corporate Finance and Capital Markets. Commercial Credit serves the small and medium-sized enterprises. Corporate Banking serves the middle market and large local corporate groups, including non-bank financial institutions. Both Commercial Credit and Corporate Banking provide customers with a broad range of products and services that include current accounts, deposits, lending, asset finance, trade finance, structured finance, cash management and cross-border payments. Corporate Finance serves corporations with services that include initial public offerings, rights issues, and corporate advisory services. Capital Markets specialises in providing solution-based structures to meet clients' financing requirements, as well as in the issue of debt and quasi-debt securities and loan syndications.

Profit before tax of these businesses grew 24.7% over that in 1H03. The improved performance was attributed mainly to lower loan provisions. Although there was a stronger fee income from capital market and trade-related activities, this was offset by lower loan-related fees.

Global Treasury

Global Treasury segment provides a comprehensive range of treasury products and services, including foreign exchange, money market, fixed income, derivatives, margin trading, futures broking, a full range of gold products, as well as an array of structured products. It is a dominant player in Singapore dollar treasury instruments as well as a provider of bank note services in the region.

Lower contributions from trading and investment activities impacted Global Treasury's performance for 1H04.

Asset Management

Asset Management segment comprises asset management, venture capital management and proprietary investment activities. Profit before tax in 1H04 was 23.3% higher than that in 1H03 due largely to higher fee income resulting from an increase in assets under management.

Other

Other segment includes property-related activities, insurance businesses and the management of shareholders' funds. The higher profit before tax in 1H04 compared to that in 1H03 was mainly due to the write-back of general provisions.

IV) Segmental Analysis
Business Segments (cont'd)

						\$ million
30-Jun-04	Individual Financial Services	Institutional Financial Services	Global Treasury	Asset Management	Other	Total
Income before operating expenses	535	615	180	104	137	1,571
Segment profit before tax	276	374	96	74	147	967
Unallocated corporate expenses						(20)
						947
Goodwill amortisation						(101)
Operating profit after goodwill amortisation and provisions						846
Share of profit of associates						76
Profit before tax						922
Tax and minority interests						(218)
Net profit attributable to members						705
Other information:						
Segment assets	22,799	39,624	45,533	830	2,945	111,731
Investments in associates						1,600
Goodwill						3,378
Unallocated assets						96
Total assets						116,805
Gross customer loans	24,026	39,069				63,095
NPLs [@]	1,322	3,451				4,773
Specific provisions for NPLs [@]	433	1,406				1,839
Segment liabilities	41,626	31,557	29,245	53	162	102,643
Unallocated liabilities						543
Total liabilities						103,186
Capital expenditure	15	9	4	0*	5	33
Depreciation of fixed assets	16	14	7	1	19	57

[@] Excluding debt securities.

* Less than \$500,000.

IV) Segmental Analysis
Business Segments (cont'd)

	\$ million					
<u>30-Jun-03</u>	Individual Financial Services	Institutional Financial Services	Global Treasury	Asset Management	Other	Total
Income before operating expenses	489	650	240	85	111	1,575
Segment profit before tax	185	300	172	60	72	789
Unallocated corporate expenses						(31)
						758
Goodwill amortisation						(102)
Operating profit after goodwill amortisation and provisions						656
Share of profit of associates						30
Profit before tax						686
Tax and minority interests						(185)
Net profit attributable to members						501
Other information:						
Segment assets	21,855	40,131	37,051	830	3,052	102,919
Investments in associates						1,251
Goodwill						3,566
Unallocated assets						103
Total assets						107,839
Gross customer loans	23,844	39,363				63,207
NPLs [@]	1,584	3,745				5,329
Specific provisions for NPLs [@]	496	1,524				2,020
Segment liabilities	41,977	26,975	25,226	44	78	94,300
Unallocated liabilities						541
Total liabilities						94,841
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.

**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 the location of customers and assets. The figures are stated after elimination of inter-segment transactions.

	1st Half 2004	1st Half 2003	2nd Quarter 2004	1st Quarter 2004	2nd Quarter 2003
<u>Income before Operating Expenses</u>	\$ million	\$ million	\$ million	\$ million	\$ million
Singapore (including Asian Currency Units)	1,176	1,187	559	617	581
Other ASEAN countries	253	246	126	127	129
Other Asia-Pacific countries	87	88	41	46	47
Rest of the world	55	54	29	26	32
Total	1,571	1,575	755	816	789

	1st Half 2004	1st Half 2003	2nd Quarter 2004	1st Quarter 2004	2nd Quarter 2003
<u>Profit before Tax</u>	\$ million	\$ million	\$ million	\$ million	\$ million
Singapore (including Asian Currency Units)	824	596	414	410	267
Other ASEAN countries	99	114	47	52	66
Other Asia-Pacific countries	59	38	22	37	17
Rest of the world	41	40	22	18	24
	1,023	788	505	517	374
Goodwill amortisation	(101)	(102)	(50)	(50)	(51)
Total	922	686	455	467	323

	30-Jun-04	31-Dec-03	30-Jun-03
<u>Total Assets</u>	\$ million	\$ million	\$ million
Singapore (including Asian Currency Units)	76,854	75,087	75,654
Other ASEAN countries	16,419	15,212	14,172
Other Asia-Pacific countries	14,499	13,466	8,862
Rest of the world	5,655	6,215	5,585
	113,427	109,980	104,273
Goodwill	3,378	3,466	3,566
Total	116,805	113,446	107,839



V) Overview of Balance Sheet

Total Assets

Total assets as at 30 June 2004 were \$116,805 million, representing a growth of 3.0% and 8.3% over the \$113,446 million as at 31 December 2003 and the \$107,839 million as at 30 June 2003 respectively. The increase over both periods was mainly contributed by higher cash, balances and placements with central banks, as well as higher investment securities.

Securities *

Total securities as at 30 June 2004 amounted to \$16,292 million, representing an increase of 19.7% and 7.6% over the \$13,609 million as at 31 December 2003 and the \$15,138 million as at 30 June 2003. The growth over 31 December 2003 was mainly from increased holdings in securities issued by banks and governments.

	30-Jun-04	31-Dec-03	30-Jun-03
	\$ million	\$ million	\$ million
Total Securities			
Trading, at fair value	1,313	1,028	991
Non-trading			
At cost adjusted for premium and discount	15,167	12,713	14,282
Provision for diminution in value	(187)	(131)	(134)
	14,980	12,582	14,148
Total securities	16,292	13,609	15,138

	30-Jun-04		31-Dec-03		30-Jun-03	
	Trading	Non-Trading	Trading	Non-Trading	Trading	Non-Trading
<u>Securities Analysed by Issuer Type</u>	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million
Government	738	7,771	503	7,159	576	9,784
Public sector	4	2	11	4	2	4
Bank	54	2,988	64	1,498	38	1,075
Corporate	473	4,195	426	3,799	354	3,318
Other	44	211	24	253	21	101
Total securities	1,313	15,167	1,028	12,713	991	14,282

	30-Jun-04		31-Dec-03		30-Jun-03	
	\$ million	%	\$ million	%	\$ million	%
<u>Securities Analysed by Industry</u>						
Transport, storage and communication	422	2.8	401	3.1	328	2.3
Building and construction	423	2.8	236	1.9	380	2.7
Manufacturing	599	4.0	561	4.4	565	3.9
Financial institutions	4,223	27.8	2,613	20.6	1,981	13.9
General commerce	750	4.9	689	5.4	658	4.6
Government	7,771	51.2	7,159	56.3	9,784	68.5
Other	979	6.5	1,054	8.3	586	4.1
Non-trading securities	15,167	100.0	12,713	100.0	14,282	100.0

* Comprising Singapore and other government treasury bills and securities, dealing and investment securities.



V) Overview of Balance Sheet

Customer Loans

Net loans and advances to customers of \$59,895 million as at 30 June 2004 were 1.0% higher than the \$59,297 million as at 31 December 2003 and 0.2% higher than the \$59,760 million as at 30 June 2003.

<u>Customer Loans Analysed by Product Group</u>	30-Jun-04		31-Dec-03		30-Jun-03	
	\$ million	%	\$ million	%	\$ million	%
Housing loans	15,037	23.8	14,789	23.6	14,287	22.6
Term loans	35,240	55.8	35,033	56.0	35,910	56.8
Trade financing	3,885	6.2	3,397	5.4	3,193	5.1
Overdrafts	8,933	14.2	9,362	15.0	9,817	15.5
Total gross customer loans	63,095	100.0	62,581	100.0	63,207	100.0
General provisions	(1,361)		(1,422)		(1,427)	
Specific provisions	(1,839)		(1,862)		(2,020)	
Total net customer loans	59,895		59,297		59,760	

<u>Gross Customer Loans Analysed by Industry</u>	30-Jun-04		31-Dec-03		30-Jun-03	
	\$ million	%	\$ million	%	\$ million	%
Transport, storage and communication	2,331	3.7	2,104	3.4	2,015	3.2
Building and construction	7,307	11.6	7,320	11.7	8,148	12.9
Manufacturing	6,331	10.0	5,846	9.4	5,562	8.8
Non-bank financial institutions	10,375	16.4	10,408	16.6	11,306	17.9
General commerce	9,554	15.1	9,273	14.8	9,624	15.2
Professionals and private individuals	8,989	14.3	9,653	15.4	9,557	15.1
Housing loans	15,037	23.8	14,789	23.6	14,287	22.6
Other	3,171	5.1	3,188	5.1	2,708	4.3
Total gross customer loans	63,095	100.0	62,581	100.0	63,207	100.0

<u>Gross Customer Loans Analysed by Currency and Fixed / Variable Rates</u>	30-Jun-04		31-Dec-03		30-Jun-03	
	\$ million	%	\$ million	%	\$ million	%
<u>Fixed Rate</u>						
Singapore dollar	10,159	16.1	8,987	14.4	10,282	16.3
US dollar	1,416	2.2	960	1.5	933	1.5
Malaysian ringgit	215	0.3	204	0.3	183	0.3
Hong Kong dollar	63	0.1	35	0.1	46	0.1
Thai baht	874	1.4	948	1.5	758	1.2
Other	416	0.7	1,066	1.7	1,236	1.9
Total fixed rate gross customer loans	13,143	20.8	12,200	19.5	13,438	21.3
<u>Variable Rate</u>						
Singapore dollar	30,142	47.8	31,777	50.8	30,745	48.6
US dollar	7,335	11.6	6,948	11.1	7,131	11.3
Malaysian ringgit	6,539	10.3	6,110	9.8	6,188	9.8
Hong Kong dollar	925	1.5	966	1.5	1,123	1.8
Thai baht	679	1.1	599	0.9	541	0.8
Other	4,332	6.9	3,981	6.4	4,041	6.4
Total variable rate gross customer loans	49,952	79.2	50,381	80.5	49,769	78.7
Total gross customer loans	63,095	100.0	62,581	100.0	63,207	100.0



V) Overview of Balance Sheet

Customer Loans (cont'd)

<u>Gross Customer Loans Analysed by Remaining Maturity</u>	30-Jun-04		31-Dec-03		30-Jun-03	
	\$ million	%	\$ million	%	\$ million	%
Within 1 year	29,838	47.3	30,256	48.3	30,183	47.8
Over 1 year but within 3 years	9,457	15.0	9,668	15.5	10,071	15.9
Over 3 years but within 5 years	5,585	8.8	5,386	8.6	5,950	9.4
Over 5 years	18,215	28.9	17,271	27.6	17,003	26.9
Total gross customer loans	63,095	100.0	62,581	100.0	63,207	100.0

Deposits

Total deposits as at 30 June 2004 amounted to \$93,590 million, representing an increase of 5.5% and 9.4% over the \$88,702 million as at 31 December 2003 and the \$85,569 million as at 30 June 2003 respectively. The growth over the two periods came from both bankers' deposits and customer deposits.

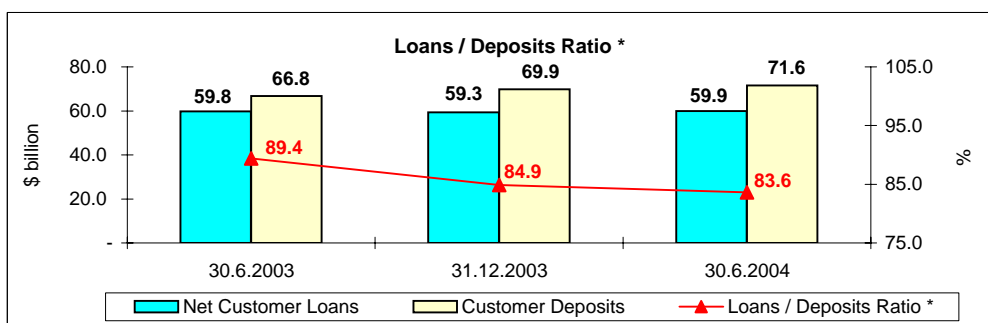
As at 30 June 2004, customer deposits accounted for 76.5% of total deposits.

<u>Deposits Analysed by Product Group</u>	30-Jun-04		31-Dec-03		30-Jun-03	
	\$ million	%	\$ million	%	\$ million	%
Bankers' deposits	21,959	23.5	18,839	21.2	18,741	21.9
Customer deposits						
Fixed deposits	47,793	51.0	45,801	51.7	45,624	53.3
Savings and other deposits	23,838	25.5	24,062	27.1	21,204	24.8
	71,631	76.5	69,863	78.8	66,828	78.1
Total deposits	93,590	100.0	88,702	100.0	85,569	100.0

<u>Deposits Analysed by Remaining Maturity</u>	30-Jun-04		31-Dec-03		30-Jun-03	
	\$ million	%	\$ million	%	\$ million	%
Within 1 year	92,022	98.3	87,450	98.6	84,460	98.7
Over 1 year but within 3 years	779	0.9	703	0.8	729	0.8
Over 3 years but within 5 years	673	0.7	434	0.5	306	0.4
Over 5 years	116	0.1	115	0.1	74	0.1
Total deposits	93,590	100.0	88,702	100.0	85,569	100.0

Loans / Deposits Ratio *

Loans-to-deposits ratio of 83.6% as at 30 June 2004 was 1.3% points and 5.8% points lower than the ratios of 84.9% as at 31 December 2003 and 89.4% as at 30 June 2003 respectively.



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



V) Overview of Balance Sheet

Debts Issued

	30-Jun-04	31-Dec-03	30-Jun-03
	\$ million	\$ million	\$ million
(a) <u>Subordinated Notes</u>			
S\$1.3 billion 4.95% Subordinated Notes due 2016 callable with step-up in 2011 ("S\$ Notes"), at cost	1,300	1,300	1,300
US\$1 billion 4.50% Subordinated Notes due 2013 ("US\$ Notes"), at cost adjusted for discount	1,719	1,700	1,760
	3,019	3,000	3,060
Unamortised expenses incurred in connection with the issue of the subordinated notes	(9)	(9)	(10)
	3,010	2,991	3,050
(b) <u>Asset Backed Commercial Paper ("ABCP"), at cost adjusted for discount</u>			
S\$ ABCP	749	679	754
US\$ ABCP	181	174	216
	929	852	970
(c) Other	433	353	262
Total debts issued	4,372	4,196	4,281

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

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

The S\$ Notes and US\$ Notes are unsecured subordinated obligations of the Bank and have been approved by the Monetary Authority of Singapore as qualifying for Upper Tier II capital. They rank equally with all present and future Upper Tier II unsecured subordinated indebtedness of the Bank and rank senior to all ordinary and preference shares of the Bank. At the balance sheet date, all outstanding liabilities of the Bank rank senior to these Notes.

(b) The ABCP were issued in relation to a \$1 billion ABCP programme carried out by Archer 1 Limited, a special purpose entity ("SPE"). The ABCP 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.

Interest rates of the S\$ ABCP and US\$ ABCP as at 30 June 2004 range from 1.0% to 1.45% (31 December 2003: 1.1% to 1.25%) per annum and 1.25% to 1.45% (31 December 2003: 1.2% to 1.25%) per annum respectively.

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

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

(c) Other debts issued comprise equity linked notes, interest rate linked notes and credit linked notes issued by the Bank.

**V) Overview of Balance Sheet****Shareholders' Funds**

Shareholders' funds as at 30 June 2004 were \$13,450 million, representing an increase of 1.3% and 4.7% over the \$13,282 million as at 31 December 2003 and the \$12,850 million as at 30 June 2003 respectively. The increase over both periods was mainly from retained profits.

Unrealised revaluation surplus on properties and investment securities amounted to \$1,483 million as at 30 June 2004. The revaluation surplus was not incorporated into the financial statements.

	<u>30-Jun-04</u> \$ million	<u>31-Dec-03</u> \$ million	<u>30-Jun-03</u> \$ million
Shareholders' funds	13,450	13,282	12,850
Add: Revaluation surplus *	1,483	1,464	1,386
Shareholders' funds including revaluation surplus	<u>14,933</u>	<u>14,746</u>	<u>14,236</u>
Net asset value (NAV) per share (\$)	8.56	8.45	8.18
Revaluation surplus per share (\$)	0.94	0.93	0.88
Revalued NAV per share (\$)	<u>9.50</u>	<u>9.38</u>	<u>9.06</u>

* Refers to revaluation surplus on properties and investment securities which was not incorporated into the financial statements.

VI) Capital Adequacy Ratio

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

The Group's total Capital Adequacy Ratio ("CAR") is computed under the revised capital framework for Singapore-incorporated banks issued by the Monetary Authority of Singapore ("MAS"), which is effective from 30 June 2004. The comparative figures as at 31 December 2003 and 30 June 2003 have been adjusted to conform with the revised framework accordingly.

As at 30 June 2004, the Group's total CAR was 13.6%, which was 3.6% points higher than the minimum total CAR of 10% set by MAS. Compared to the total CAR of 15.2% as at 31 December 2003 and 14.8% as at 30 June 2003, it had decreased 1.6% points and 1.2% points respectively. The decrease was mainly attributable to the committed capital for the acquisition of 80.77% stake in Bank of Asia Public Company Limited, the acquisition of 23% stake in PT Bank Buana Indonesia Tbk, and higher risk-weighted assets.

	<u>30-Jun-04</u> \$ million	<u>31-Dec-03</u> \$ million	<u>30-Jun-03 *</u> \$ million
Capital			
<u>Tier 1 Capital</u>			
Share capital	1,572	1,572	1,572
Disclosed reserves / other	11,903	11,726	11,299
Deduction of goodwill	<u>(3,518)</u>	<u>(3,483)</u>	<u>(3,584)</u>
	<u>9,957</u>	<u>9,815</u>	<u>9,287</u>
<u>Upper Tier 2 Capital</u>			
Cumulative general provisions	978	934	926
Subordinated notes	<u>3,010</u>	<u>2,991</u>	<u>3,050</u>
	<u>3,988</u>	<u>3,925</u>	<u>3,976</u>
Deductions from Tier 1 and Upper Tier 2 Capital	<u>(3,360)</u>	<u>(2,410)</u>	<u>(2,332)</u>
Total capital	<u>10,585</u>	<u>11,330</u>	<u>10,931</u>
Risk-weighted assets (including market risk)	<u>77,838</u>	<u>74,353</u>	<u>73,847</u>
Capital adequacy ratios			
Tier 1	12.8%	13.2%	12.6%
Total capital	13.6%	15.2%	14.8%

* Including the US\$1 billion 4.50% Subordinated Notes due 2013 issued on 30 June 2003.



VII) Exposure by Country of Operations

The Group's total direct net exposure to the countries outside Singapore where it has a presence amounted to \$39.0 billion or 33.4% of Group total assets as at 30 June 2004. Exposure (excluding contingent liabilities) reported is categorised into loans and advances to non-bank customers, balances due from governments, balances due from banks, and investments.

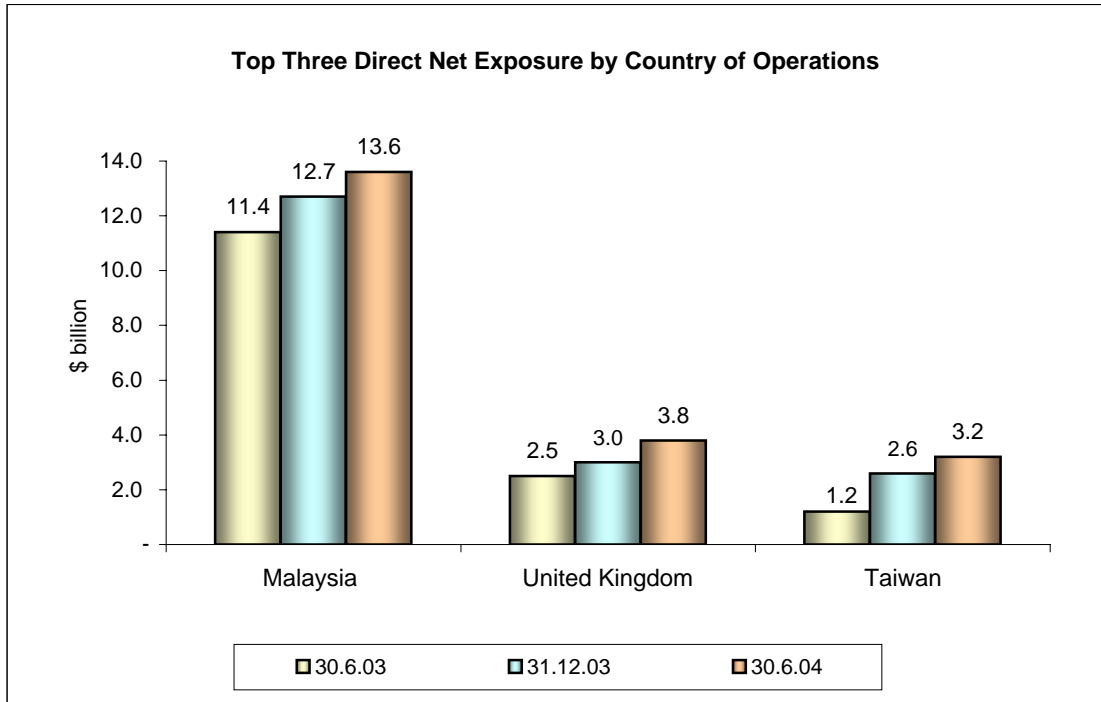
Exposure to the Five Regional Countries, Greater China and Other Countries outside Singapore

\$ million

	Loans to Non-Bank	Balances due from		Investments	Total	Less: Loans to / Investments in Subsidiaries & Branches	Net Exposure		Contingent Liabilities
		Government	Bank				Total	% of Group Total Assets	
Malaysia									
30-Jun-04	7,283	3,247	4,462	780	15,772	2,147	13,625	11.7	1,141
31-Dec-03	6,624	3,353	4,307	742	15,026	2,296	12,730	11.2	1,067
30-Jun-03	6,560	2,917	3,354	540	13,371	2,007	11,364	10.5	1,027
Indonesia									
30-Jun-04	509	196	82	260	1,047	80	967	0.8	141
31-Dec-03	491	165	48	79	783	50	733	0.7	132
30-Jun-03	438	147	66	51	702	50	652	0.6	73
Philippines									
30-Jun-04	238	238	48	2	526	42	484	0.4	57
31-Dec-03	241	221	53	12	527	41	486	0.4	60
30-Jun-03	263	239	68	26	596	74	522	0.5	60
Thailand									
30-Jun-04	1,680	762	188	361	2,991	325	2,666	2.3	330
31-Dec-03	1,642	523	112	244	2,521	156	2,365	2.1	332
30-Jun-03	1,435	863	154	212	2,664	232	2,432	2.3	303
South Korea									
30-Jun-04	34	876	885	369	2,164	-	2,164	1.8	395
31-Dec-03	41	596	825	209	1,671	-	1,671	1.5	173
30-Jun-03	51	610	1,144	149	1,954	10	1,944	1.8	94
Total Regional Countries									
30-Jun-04	9,744	5,319	5,665	1,772	22,500	2,594	19,906	17.0	2,064
31-Dec-03	9,039	4,858	5,345	1,286	20,528	2,543	17,985	15.9	1,764
30-Jun-03	8,747	4,776	4,786	978	19,287	2,373	16,914	15.7	1,557
Greater China									
30-Jun-04	2,052	1,503	8,350	439	12,344	5,228	7,116	6.1	707
31-Dec-03	1,968	1,038	5,943	352	9,301	3,340	5,961	5.2	639
30-Jun-03	2,147	125	4,523	292	7,087	2,584	4,503	4.2	498
Other OECD									
30-Jun-04	4,843	1,424	4,391	2,167	12,825	1,104	11,721	10.1	894
31-Dec-03	5,494	3,059	5,355	1,129	15,037	2,076	12,961	11.4	911
30-Jun-03	5,086	342	3,613	658	9,699	1,137	8,562	7.9	1,484
Other									
30-Jun-04	183	15	104	-	302	63	239	0.2	38
31-Dec-03	166	17	53	1	237	12	225	0.2	65
30-Jun-03	154	11	51	1	217	7	210	0.2	39
Grand Total									
30-Jun-04	16,822	8,261	18,510	4,378	47,971	8,989	38,982	33.4	3,703
31-Dec-03	16,667	8,972	16,696	2,768	45,103	7,971	37,132	32.7	3,379
30-Jun-03	16,134	5,254	12,973	1,929	36,290	6,101	30,189	28.0	3,578

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 \$13.6 billion or 11.7% of Group total assets, followed by United Kingdom at \$3.8 billion and Taiwan at \$3.2 billion.



UNAUDITED CONSOLIDATED BALANCE SHEET

	30-Jun-04 \$ million	31-Mar-04 \$ million	31-Dec-03 \$ million	30-Jun-03 \$ million
<u>Share Capital and Reserves</u>				
Share capital	1,572	1,572	1,572	1,572
Capital reserves	4,221	4,225	4,242	4,281
Statutory reserves	2,860	2,860	2,860	2,801
Revenue reserves	4,671	4,822	4,465	4,059
Share of reserves of associates	126	142	143	137
Total shareholders' funds	13,450	13,620	13,282	12,850
Minority interests	169	157	155	147
<u>Liabilities</u>				
Deposits of non-bank customers	71,631	70,630	69,863	66,828
Deposits and balances of banks and agents	21,959	22,069	18,839	18,741
Total deposits	93,590	92,698	88,702	85,569
Bills and drafts payable	158	293	164	180
Other liabilities	5,066	6,473	6,947	4,812
Debts issued	4,372	4,282	4,196	4,281
Total liabilities	103,186	103,747	100,009	94,841
Total shareholders' funds and liabilities	116,805	117,523	113,446	107,839
<u>Assets</u>				
Cash, balances and placements with central banks	10,527	11,456	9,085	4,210
Singapore Government treasury bills and securities	6,787	6,076	6,311	8,476
Other government treasury bills and securities	1,721	1,690	1,352	1,884
Dealing securities	575	586	525	415
Placements and balances with banks and agents	19,442	20,933	20,072	18,976
Loans and advances including trade bills to non-bank customers	59,895	59,214	59,297	59,760
Other assets	3,923	4,703	4,752	3,153
Investment securities	7,210	6,288	5,423	4,364
Investments in associates	1,600	1,400	1,397	1,251
Fixed assets	1,747	1,761	1,768	1,785
Goodwill	3,378	3,416	3,466	3,566
Total assets	116,805	117,523	113,446	107,839
<u>Off-Balance Sheet Items</u>				
Contingent liabilities	9,087	8,567	8,729	9,115
Derivative financial instruments	248,076	206,758	183,840	165,273
Commitments	39,404	38,091	37,660	36,973

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital	Capital Reserves	Statutory Reserves	Revenue Reserves	Share of Reserves of Associates	Total
	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million
Balance at 1 January 2004	1,572	4,242	2,860	4,465	143	13,282
Net profit attributable to members	-	-	-	705	-	705
Differences arising from currency translation of financial statements of foreign branches, subsidiaries and associates	-	(19)	-	-	-	(19)
Group's share of reserves of associates	-	-	-	-	(18)	(18)
Other adjustments	-	-	-	(0)*	0*	-
Total recognised gains / (losses) for the financial period	-	(19)	-	704	(18)	667
Net transfer to revenue reserves	-	(5)	-	5	-	-
Dividends	-	-	-	(503)	-	(503)
Issue of shares to option holders who exercised their rights	0*	3	-	-	-	4
Balance at 30 June 2004	1,572	4,221	2,860	4,671	126	13,450

Balance at 1 January 2003	1,572	4,257	2,758	3,893	134	12,613
Net profit attributable to members	-	-	-	501	-	501
Differences arising from currency translation of financial statements of foreign branches, subsidiaries and associates	-	39	-	-	-	39
Group's share of reserves of associates	-	-	-	-	3	3
Other adjustments	-	-	-	0*	-	0*
Total recognised gains for the financial period	-	39	-	501	3	544
Net transfer from revenue reserves	-	(15)	44	(29)	-	-
Dividends	-	-	-	(306)	-	(306)
Issue of shares to option holders who exercised their rights	0*	0*	-	-	-	0*
Balance at 30 June 2003	1,572	4,281	2,801	4,059	137	12,850

* Less than \$500,000.

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital	Capital Reserves	Statutory Reserves	Revenue Reserves	Share of Reserves of Associates	Total
	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million
Balance at 1 April 2004	1,572	4,225	2,860	4,822	142	13,620
Net profit attributable to members	-	-	-	347	-	347
Differences arising from currency translation of financial statements of foreign branches, subsidiaries and associates	-	(1)	-	-	-	(1)
Group's share of reserves of associates	-	-	-	-	(16)	(16)
Other adjustments	-	-	-	0*	(0)*	-
Total recognised gains / (losses) for the financial period	-	(1)	-	348	(16)	331
Net transfer to revenue reserves	-	(5)	-	5	-	-
Dividends	-	-	-	(503)	-	(503)
Issue of shares to option holders who exercised their rights	0*	3	-	-	-	3
Balance at 30 June 2004	1,572	4,221	2,860	4,671	126	13,450
Balance at 1 April 2003	1,572	4,277	2,758	4,157	131	12,894
Net profit attributable to members	-	-	-	239	-	239
Differences arising from currency translation of financial statements of foreign branches, subsidiaries and associates	-	18	-	-	-	18
Group's share of reserves of associates	-	-	-	-	6	6
Other adjustments	-	-	-	0*	-	0*
Total recognised gains for the financial period	-	18	-	239	6	262
Net transfer from revenue reserves	-	(14)	44	(30)	-	-
Dividends	-	-	-	(306)	-	(306)
Issue of shares to option holders who exercised their rights	0*	0*	-	-	-	0*
Balance at 30 June 2003	1,572	4,281	2,801	4,059	137	12,850

* Less than \$500,000.



UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

	1st Half 2004 \$ million	1st Half 2003 \$ million	2nd Quarter 2004 \$ million	2nd Quarter 2003 \$ million
Cash flows from operating activities				
Profit before tax	922	686	455	323
Adjustments for:				
Depreciation of fixed assets	57	53	29	27
Goodwill amortisation	101	102	50	51
Share of profit of associates	(76)	(30)	(47)	(27)
Operating profit before changes in operating assets and liabilities	<u>1,004</u>	<u>811</u>	<u>488</u>	<u>374</u>
Changes in operating assets and liabilities:				
Deposits	4,888	(1,652)	892	(1,829)
Bills and drafts payable	(6)	16	(135)	28
Other liabilities	(1,880)	(328)	(1,337)	499
Dealing securities	(50)	209	11	37
Placements and balances with banks and agents	630	450	1,491	628
Loans and advances including trade bills to non-bank customers	(599)	(876)	(681)	(566)
Other government treasury bills and securities not qualifying as cash and cash equivalents	9	(28)	6	(12)
Other assets	817	903	769	(176)
Cash generated from / (used in) operations	<u>4,812</u>	<u>(496)</u>	<u>1,503</u>	<u>(1,019)</u>
Income taxes paid	(195)	(174)	(165)	(149)
Net cash provided by / (used in) operating activities	<u>4,617</u>	<u>(670)</u>	<u>1,338</u>	<u>(1,168)</u>
Cash flows from investing activities				
(Increase) / decrease in investment securities and investments in associates	(1,991)	(399)	(1,144)	94
Net dividends received from associates	41	30	41	30
Net increase in fixed assets	(36)	(43)	(15)	(45)
Change in / acquisition of minority interests of subsidiaries	11	(5)	12	(5)
Net cash flow on acquisition of subsidiaries	-	-	-	5
Net cash (used in) / provided by investing activities	<u>(1,975)</u>	<u>(418)</u>	<u>(1,106)</u>	<u>79</u>
Cash flows from financing activities				
Proceeds from issue of shares	4	0*	3	0*
Net increase in debts issued	176	2,135	90	1,898
Dividends paid by the Bank	(503)	(306)	(503)	(306)
Dividends paid by subsidiaries to minority shareholders	(3)	(3)	(3)	(3)
Net cash (used in) / provided by financing activities	<u>(326)</u>	<u>1,825</u>	<u>(413)</u>	<u>1,588</u>
Currency translation adjustment	(19)	39	(1)	18
Net increase / (decrease) in cash and cash equivalents	<u>2,296</u>	<u>776</u>	<u>(181)</u>	<u>517</u>
Cash and cash equivalents at beginning of the financial period	16,362	13,041	18,839	13,301
Cash and cash equivalents at end of the financial period (Note A)	<u>18,658</u>	<u>13,818</u>	<u>18,658</u>	<u>13,818</u>
Note A:				
Cash, balances and placements with central banks	10,527	4,210	10,527	4,210
Singapore Government treasury bills and securities	6,787	8,476	6,787	8,476
Other government treasury bills and securities, less non-cash equivalents of \$377 million (30 June 2003: \$752 million)	1,344	1,132	1,344	1,132
Cash and cash equivalents at end of the financial period	<u>18,658</u>	<u>13,818</u>	<u>18,658</u>	<u>13,818</u>

* Less than \$500,000.