



**United Overseas Bank Limited**

GROUP FINANCIAL PERFORMANCE  
FOR FIRST QUARTER 2003

2 May 2003

**UNITED OVERSEAS BANK LIMITED**  
**GROUP FINANCIAL PERFORMANCE FOR FIRST QUARTER 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.

**UNITED OVERSEAS BANK LIMITED**

**GROUP FINANCIAL PERFORMANCE FOR FIRST QUARTER 2003**

**I) Highlights & Performance Indicators**

|  | <b>1st<br/>Quarter<br/>2003</b> | <b>4th<br/>Quarter<br/>2002</b> | <b>1st<br/>Quarter<br/>2002</b> | <b>1Q 03 /<br/>4Q 02<br/>(%)</b> | <b>1Q 03 /<br/>1Q 02<br/>(%)</b> |
|--|---------------------------------|---------------------------------|---------------------------------|----------------------------------|----------------------------------|
| <b>● Key Indicators</b>                                |                                 |                                 |                                 |                                  |                                  |
| Net Interest Income (NII) (\$'m)                       | <b>535</b>                      | 546                             | 545                             | - 2.0                            | - 1.8                            |
| Non-Interest Income (\$'m)                             | <b>249</b>                      | 295                             | 185                             | - 15.6                           | + 34.8                           |
| Total Income (\$'m)                                    | <b>785</b>                      | 842                             | 730                             | - 6.8                            | + 7.5                            |
| Total Expenses (\$'m)                                  | <b>266</b>                      | 285                             | 277                             | - 6.8                            | - 4.3                            |
| Operating Profit before Goodwill and Provisions (\$'m) | <b>519</b>                      | 557                             | 452                             | - 6.8                            | + 14.7                           |
| ❖ Net Profit After Tax (NPAT) (\$'m)                   | <b>281</b>                      | 240                             | 316                             | + 17.2                           | - 11.2                           |
| NPAT - excluding goodwill (\$'m)                       | <b>332</b>                      | 294                             | 364                             | + 13.0                           | - 8.9                            |
| ❖ Income Mix:-   |                                 |                                 |                                 |                                  |                                  |
| - Net Interest Income/Total Income (%)                 | <b>68.2</b>                     | 64.9                            | 74.7                            | + 3.3 % pt                       | - 6.5 % pt                       |
| - Non-Interest Income/Total Income (%)                 | <b>31.8</b>                     | 35.1                            | 25.3                            | - 3.3 % pt                       | + 6.5 % pt                       |
|  | <b>100.0</b>                    | 100.0                           | 100.0                           | -                                | -                                |
| ❖ Profit (Before Tax & Goodwill) Contribution:-        |                                 |                                 |                                 |                                  |                                  |
| - Onshore (%)  | <b>62.5</b>                     | 70.6                            | 70.5                            | - 8.1 % pt                       | - 8.0 % pt                       |
| - Offshore including ACU (%)                           | <b>37.5</b>                     | 29.4                            | 29.5                            | + 8.1 % pt                       | + 8.0 % pt                       |
|  | <b>100.0</b>                    | 100.0                           | 100.0                           | -                                | -                                |
| ❖ Annualised Return On                                 |                                 |                                 |                                 |                                  |                                  |
| Average Shareholders' Funds (ROE) (%)                  | <b>8.8</b>                      | 7.5                             | 9.8                             | + 1.3 % pt                       | - 1.0 % pt                       |
| Annualised ROE - excluding goodwill (%)                | <b>10.4</b>                     | 9.2                             | 11.3                            | + 1.2 % pt                       | - 0.9 % pt                       |
| ❖ Annualised Earnings Per Share (EPS)                  |                                 |                                 |                                 |                                  |                                  |
| - Basic (¢)  | <b>71.5</b>                     | 61.0                            | 80.5                            | + 17.2                           | - 11.2                           |
| - Excluding goodwill (¢)                               | <b>84.4</b>                     | 74.7                            | 92.7                            | + 13.0                           | - 9.0                            |
| ❖ Annualised Return on Average Assets (ROA) (%)        |                                 |                                 |                                 |                                  |                                  |
| Annualised ROA (%)                                     | <b>1.06</b>                     | 0.90                            | 1.15                            | + 0.16 % pt                      | - 0.09 % pt                      |
| Annualised ROA - excluding goodwill (%)                | <b>1.25</b>                     | 1.10                            | 1.32                            | + 0.15 % pt                      | - 0.07 % pt                      |
| ❖ Annualised NII / Average Interest-bearing Assets (%) | <b>2.33</b>                     | 2.30                            | 2.32                            | + 0.03 % pt                      | + 0.01 % pt                      |
| ❖ Expense / Income ratio (%)                           | <b>33.8</b>                     | 33.8                            | 38.0                            | -                                | - 4.2 % pt                       |

**UNITED OVERSEAS BANK LIMITED**  
**GROUP FINANCIAL PERFORMANCE FOR FIRST QUARTER 2003**

**I) Highlights & Performance Indicators**

|  | 31-Mar-03      | 31-Dec-02 | 31-Mar-02 | Mar-03/Dec-02 (%) | Mar-03/Mar-02 (%) |
|--|----------------|-----------|-----------|-------------------|-------------------|
| • <b><u>Other Indicators</u></b>                     |                |           |           |                   |                   |
| ❖ Customer Loans (net) (\$'m)                        | <b>59,193</b>  | 58,884    | 59,460    | + 0.5             | - 0.4             |
| ❖ Customer Deposits (\$'m)                           | <b>65,830</b>  | 67,919    | 69,835    | - 3.1             | - 5.7             |
| ❖ Loans / Deposits Ratio (%) <sup>®</sup>            | <b>89.9</b>    | 86.7      | 85.1      | + 3.2 % pt        | + 4.8 % pt        |
| ❖ Non-Performing Loans (NPL) (\$'m)                  | <b>5,669</b>   | 5,679     | 6,022     | - 0.2             | - 5.9             |
| ❖ Cumulative Provisions (\$'m)                       | <b>3,531</b>   | 3,504     | 3,385     | + 0.8             | + 4.3             |
| ❖ NPL <sup>^</sup> / Gross Customer Loans (%)        | <b>8.9</b>     | 9.0       | 9.5       | - 0.1 % pt        | - 0.6 % pt        |
| ❖ Cumulative Provisions / NPL (%)                    | <b>62.3</b>    | 61.7      | 56.2      | + 0.6 % pt        | + 6.1 % pt        |
| ❖ Total Assets (\$'m)                                | <b>107,420</b> | 107,469   | 110,328   | -                 | - 2.6             |
| ❖ Shareholders' Funds (\$'m)                         | <b>12,952</b>  | 12,653    | 12,780    | + 2.4             | + 1.3             |
| ❖ Unrealised Surplus from Revaluation (\$'m)*        | <b>1,188</b>   | 1,186     | 1,347     | + 0.2             | - 11.8            |
| ❖ Net Asset Value (NAV) Per Share (\$)               | <b>8.24</b>    | 8.05      | 8.13      | + 2.4             | + 1.4             |
| ❖ Revalued NAV Per Share (\$)                        | <b>9.00</b>    | 8.81      | 8.99      | + 2.2             | + 0.1             |
| ❖ Net Tangible Asset (NTA) Backing<br>Per Share (\$) | <b>5.93</b>    | 5.71      | 5.76      | + 3.9             | + 3.0             |
| ❖ Capital Adequacy Ratio (CAR) - BIS (%)             | <b>15.4</b>    | 15.3      | 17.6      | + 0.1 % pt        | - 2.2 % pt        |
| ❖ Manpower (number)                                  | <b>10,353</b>  | 10,320    | 11,311    | + 33 no.          | - 958 no.         |

<sup>®</sup> Loans refer to net customer loans while Deposits refer to customer deposits

<sup>^</sup> Excluding debt securities

\* Not incorporated into the accounts and exclude the revaluation surplus/deficit from investment in associates

# **UNITED OVERSEAS BANK LIMITED**

## **GROUP FINANCIAL PERFORMANCE FOR FIRST QUARTER 2003**

### **II) Review of Financial Performance**

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

#### **Review of Group Performance**

##### **Profits**

The UOB Group registered a net profit after tax of \$281 million for the first quarter ended 31 March 2003 ("1Q 03").

Group operating profit, before goodwill amortisation and provisions, was \$519 million.

##### **1Q 03 versus 1Q 02**

Compared with the first quarter of 2002 ("1Q 02"), net profit after tax fell by \$35 million or 11.2%. A large part of this decrease was attributable to higher provisions made and a lower share of profit from associates. This was partially offset by higher other operating income.

Operating profit, before goodwill amortisation and provisions, was 14.7% higher than in 1Q 02.

##### **1Q 03 versus 4Q 02**

Compared with the fourth quarter of 2002 ("4Q 02"), net profit after tax grew by \$41 million or 17.2%. The increase primarily reflected lower operating expenses and lower provisions. These were partially offset by lower net interest income as well as lower other operating income arising mainly from the one-time \$65 million gain from the divestment of Haw Par Corporation Limited ("Haw Par") in 4Q 02 and from the lower share of profit from associates in 1Q 03.

Excluding the \$65 million gain from the divestment of Haw Par, the growth in net profit after tax would have been 60.6%. Likewise, operating profit, before goodwill amortisation and provisions, would have grown by 5.5%, instead of registering a decline of 6.8%.

##### **Income**

Group operating income was \$785 million in 1Q 03.

##### **1Q 03 versus 1Q 02**

Operating income grew by 7.5% from \$730 million in 1Q 02. The increase was principally driven by higher other operating income that was a result of higher profit on foreign exchange and higher gains from the sale of government securities, as well as higher fee and commission income derived mainly from the Group's investment-related and loan-related activities. These factors offset the impact of lower net interest income largely due to reduced contributions from inter-bank money market activities as a result of the low and flat interest rate environment.

##### **1Q 03 versus 4Q 02**

Operating income fell by 6.8% from \$842 million in 4Q 02. The decrease was largely due to the one-time gain of \$65 million from the divestment of Haw Par in 4Q 02. Excluding this gain, operating income would have recorded an increase of \$8 million or 1%.

## **UNITED OVERSEAS BANK LIMITED**

### **GROUP FINANCIAL PERFORMANCE FOR FIRST QUARTER 2003**

#### **II) Review of Financial Performance**

##### **Expenses**

Group total operating expenses were \$266 million in 1Q 03, comprising staff costs of \$132 million and other operating expenses of \$134 million.

##### **1Q 03 versus 1Q 02**

Total operating expenses were 4.3% lower than the \$277 million recorded in 1Q 02.

Staff costs fell, by 14.5%, following the reduction in headcount as a result of streamlining initiatives and the integration of operations; while other operating expenses rose by 8.5% mainly to support increased advertising and promotion activities and IT-related maintenance. These were partially offset by lower depreciation of fixed assets and lower rental expenses. Consequently, the expense-to-income ratio declined by 4.2% points, from 38.0% in 1Q 02 to 33.8% in 1Q 03.

##### **1Q 03 versus 4Q 02**

Compared with 4Q 02, other operating expenses fell by \$14 million or 9.3%. The decrease primarily reflected lower professional fees and lower advertising and promotion expenses incurred in 1Q 03.

##### **Provision Charge**

Group provision charges amounted to \$90 million in 1Q 03.

##### **1Q 03 versus 1Q 02**

Total provision charge increased by \$80 million from \$10 million in 1Q 02. The increase was principally due to higher specific provision for loans that was necessitated by the difficult and uncertain economic conditions, as well as lower collateral value in a lacklustre property market. In addition, provision was also made for investments and restructured debts as against a write-back in 1Q 02.

##### **1Q 03 versus 4Q 02**

Total provision charge decreased by \$82 million from \$172 million in 4Q 02. The main components of the decrease were lower specific provisions made for loans, investment securities and properties. These were partially offset by provision made for restructured debts.

##### **Profits of Associates**

The Group's share of profit from associates (before tax) amounted to \$3 million in 1Q 03.

##### **1Q 03 versus 1Q 02**

Compared with 1Q 02, the share of profit from associates fell by \$44 million or 94.1%. The reduction was mainly attributable to a one-time exceptional gain recorded by United Overseas Land Limited on the sale of its Tiong Bahru Plaza retail mall in 1Q 02.

##### **1Q 03 vs 4Q 02**

Compared with 4Q 02, the share of profit from associates fell by \$12 million or 80.9%, due largely to lower contributions from property associates.

## **UNITED OVERSEAS BANK LIMITED**

### **GROUP FINANCIAL PERFORMANCE FOR FIRST QUARTER 2003**

#### **II) Review of Financial Performance**

##### **Loans and Non-Performing Loans**

Group net loans and advances and Group Non-Performing Loans ("NPLs") stood at \$59,193 million and \$5,669 million respectively as at the end of 1Q 03. Of the total NPLs of \$5,669 million, \$3,044 million or 53.7% were secured by collateral, and \$3,615 million or 63.8% were in the Substandard category.

##### **1Q 03 versus 1Q 02**

Net loans and advances saw a marginal decrease of 0.4%, from \$59,460 million as at the end of 1Q 02.

NPLs fell by \$353 million or 5.9%, from \$6,022 million as at the end of 1Q 02.

Correspondingly, NPLs (excluding debt securities) as a percentage of gross customer loans decreased by 0.6% point to 8.9% as at the end of 1Q 03.

##### **1Q 03 versus 4Q 02**

NPLs fell nominally by 0.2%, from \$5,679 million as at the end of 4Q 02.

NPLs (excluding debt securities) as a percentage of gross customer loans improved from 9.0% as at the end of 4Q 02 to 8.9% as at the end of 1Q 03.

##### **Cumulative Provisions**

Group total cumulative specific and general provisions were \$3,531 million as at the end of 1Q 03.

##### **1Q 03 versus 1Q 02**

Total cumulative specific and general provisions rose by \$146 million, or 4.3%, from \$3,385 million as at the end of 1Q 02. General provision was \$1,427 million, or 40.4%, of total cumulative provisions. The total cumulative provisions provided 62.3% coverage against NPLs. This represented an increase of 6.1% points over the 56.2% as at the end of 1Q 02. For NPLs classified as Doubtful and Loss, the provision coverage stood at 171.9% as at the end of 1Q 03 as compared to 176.9% as at the end of 1Q 02.

##### **1Q 03 versus 4Q 02**

Total cumulative specific and general provisions increased by \$27 million or 0.8%, from \$3,504 million as at the end of 4Q 02. This increase, coupled with the decline in NPLs over the corresponding period, led to a rise in total provision coverage from 61.7% as at the end of 4Q 02 to 62.3% as at the end of 1Q 03.

## **UNITED OVERSEAS BANK LIMITED**

### **GROUP FINANCIAL PERFORMANCE FOR FIRST QUARTER 2003**

#### **II) Review of Financial Performance**

##### **Total Assets and Shareholders' Funds**

The Group's total assets and shareholders' funds stood at \$107,420 million and \$12,952 million respectively as at the end of 1Q 03.

##### **1Q 03 versus 1Q 02**

Total assets declined by \$2,908 million or 2.6%, from \$110,328 million as at the end of 1Q 02. The drop primarily reflected lower inter-bank balances and placements that were partially offset by higher investment securities.

Shareholders' funds grew by \$172 million or 1.3%, from \$12,780 million as at the end of 1Q 02. Retained profits mainly accounted for the increase.

##### **1Q 03 versus 4Q 02**

Total assets decreased marginally by \$49 million from \$107,469 million as at the end of 4Q 02.

Shareholders' funds increased by 2.4%, from \$12,653 million as at the end of 4Q 02. Like in 1Q 02, retained profits mainly accounted for the increase.

##### **Capital Adequacy Ratio**

The Group's Capital Adequacy Ratio ("CAR"), as computed under the Bank for International Settlements ("BIS") guidelines, stood at 15.4% as at the end of 1Q 03. This was almost twice the minimum requirement of 8% set by BIS.

##### **1Q 03 versus 1Q 02**

CAR fell by 2.2% points from 17.6% as at the end of 1Q 02. This resulted primarily from the redemption of the US\$ subordinated floating rate notes in 2002.

##### **1Q 03 versus 4Q 02**

CAR increased marginally by 0.1% point from 15.3% as at the end of 4Q 02.

##### **Conclusion**

Against a background of difficult conditions in many of the world's economies in the first quarter of 2003, the Group's performance reflected the resilience of its businesses and its ability to generate a reasonable return. The outbreak of the Severe Acute Respiratory Syndrome (SARS) has caused great uncertainty, especially in the regional markets. While we cannot fully anticipate the effects that SARS might have on the Group's businesses and financial performance going forward, our capital and liquidity positions remain sound and we are well placed to face these unique challenges.



**UNITED OVERSEAS BANK LIMITED**  
**GROUP FINANCIAL PERFORMANCE FOR FIRST QUARTER 2003**

**II) Review of Financial Performance**

**UNAUDITED RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2003**

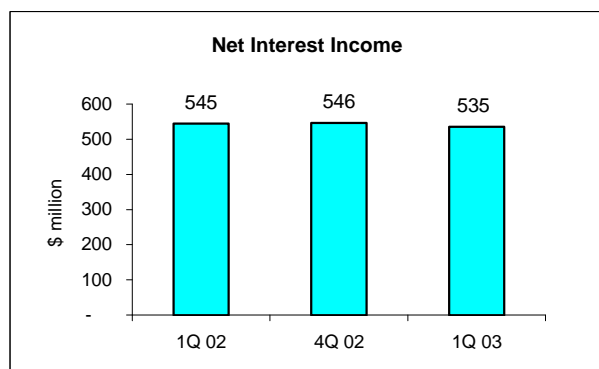
|   | <b>1st<br/>Quarter<br/>2003</b> | <b>4th<br/>Quarter<br/>2002</b> | <b>1st<br/>Quarter<br/>2002</b> | <b>1Q 03 /<br/>4Q 02</b> | <b>1Q 03 /<br/>1Q 02</b> |
|---|---------------------------------|---------------------------------|---------------------------------|--------------------------|--------------------------|
|   | <b>\$ million</b>               | <b>\$ million</b>               | <b>\$ million</b>               | <b>%</b>                 | <b>%</b>                 |
| Interest income   | <b>855</b>                      | 902                             | 1,022                           | (5.2)                    | (16.3)                   |
| Less: Interest expense  | <b>320</b>                      | 355                             | 477                             | (10.0)                   | (33.0)                   |
| Net interest income   | <b>535</b>                      | 546                             | 545                             | (2.0)                    | (1.8)                    |
| Dividend income   | <b>2</b>                        | 8                               | 4                               | (79.3)                   | (61.2)                   |
| Fee and commission income                                       | <b>131</b>                      | 138                             | 124                             | (5.5)                    | 5.9                      |
| Rental income   | <b>20</b>                       | 18                              | 21                              | 9.8                      | (3.6)                    |
| Other operating income  | <b>97</b>                       | 130                             | 36                              | (25.9)                   | 167.3                    |
| Total non-interest income                                       | <b>249</b>                      | 295                             | 185                             | (15.6)                   | 34.8                     |
| Income before operating expenses                                | <b>785</b>                      | 842                             | 730                             | (6.8)                    | 7.5                      |
| Less: Staff expenses  | <b>132</b>                      | 137                             | 154                             | (4.0)                    | (14.5)                   |
| Other operating expenses  | <b>134</b>                      | 148                             | 124                             | (9.3)                    | 8.5                      |
| Total operating expenses  | <b>266</b>                      | 285                             | 277                             | (6.8)                    | (4.3)                    |
| Operating profit before goodwill<br>amortisation and provisions | <b>519</b>                      | 557                             | 452                             | (6.8)                    | 14.7                     |
| Less:   |                                 |                                 |                                 |                          |                          |
| Goodwill amortisation   | <b>51</b>                       | 54                              | 48                              | (5.8)                    | 6.3                      |
| Provisions  | <b>90</b>                       | 172                             | 10                              | (47.6)                   | 782.3                    |
| Operating profit after goodwill<br>amortisation and provisions  | <b>378</b>                      | 331                             | 394                             | 14.3                     | (4.1)                    |
| Exceptional item <sup>#</sup>                                   | <b>-</b>                        | (13)                            | (8)                             | (100.0)                  | (100.0)                  |
| Share of profit of associates                                   | <b>3</b>                        | 15                              | 47                              | (80.9)                   | (94.1)                   |
| Profit from ordinary activities before tax                      | <b>381</b>                      | 332                             | 434                             | 14.7                     | (12.2)                   |
| Less: Tax   | <b>99</b>                       | 90                              | 106                             | 10.2                     | (6.7)                    |
| Profit after tax  | <b>282</b>                      | 242                             | 328                             | 16.3                     | (14.0)                   |
| Less: Minority interests  | <b>1</b>                        | 3                               | 11                              | (65.2)                   | (91.9)                   |
| Net profit attributable to members                              | <b>281</b>                      | 240                             | 316                             | 17.2                     | (11.2)                   |
| Expense / Income ratio (%)                                      | <b>33.8</b>                     | 33.8                            | 38.0                            | -                        | (4.2)% pt                |
| Annualised Earnings Per Share (¢)                               |                                 |                                 |                                 |                          |                          |
| - Basic   | <b>71.5</b>                     | 61.0                            | 80.5                            | 17.2                     | (11.2)                   |
| - Fully diluted   | <b>71.5</b>                     | 61.0                            | 80.5                            | 17.2                     | (11.2)                   |

<sup>#</sup>This comprised restructuring and integration costs as a result of the acquisition and merger of Overseas Union Bank Limited.

**UNITED OVERSEAS BANK LIMITED**  
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**II) Review of Financial Performance**

**Net Interest Income**



Net interest income of the Group declined 1.8%, from \$545 million in 1Q 02 to \$535 million in 1Q 03. Net interest income continued to be the major contributor of total income, accounting for about 68.2% (1Q 02: 74.7%) of total income. The lower net interest income was largely due to reduced contributions from inter-bank money market activities as a result of the low and flat interest rate environment.

Compared to 4Q 02, the decrease in net interest income was 2.0%, due mainly to lower contributions from inter-bank money market activities and debt securities.

Average interest margin was 2.33% for 1Q 03, a marginal increase of 1 basis point from 2.32% in 1Q 02. Compared to 4Q 02, it increased by 3 basis points from 2.30%, primarily due to the lower cost of funds.

**Average Interest Margin**

|   | <b>1st Quarter<br/>2003</b> | 4th Quarter<br>2002 | 1st Quarter<br>2002 |
|---|-----------------------------|---------------------|---------------------|
|   | <b>\$ million</b>           | \$ million          | \$ million          |
| Annualised Interest Income                              | <b>3,468</b>                | 3,578               | 4,145               |
| Annualised Interest Expense                             | <b>1,297</b>                | 1,410               | 1,935               |
| Annualised Net Interest Income                          | <b><u>2,171</u></b>         | <u>2,168</u>        | <u>2,210</u>        |
| Average balance of Interest bearing assets <sup>#</sup> | <b>93,176</b>               | 94,277              | 95,255              |
| Average Interest Margin* (%)                            | <b><u>2.33</u></b>          | <u>2.30</u>         | <u>2.32</u>         |

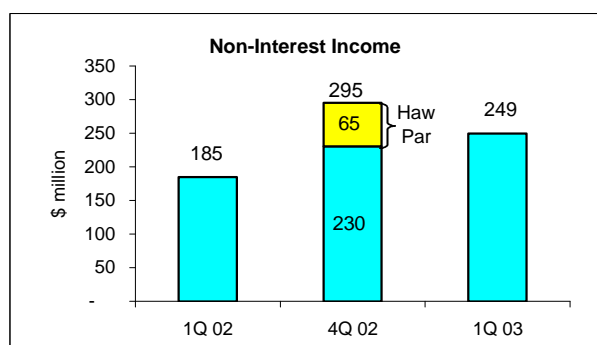
<sup>#</sup> Computed based on monthly average

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

**UNITED OVERSEAS BANK LIMITED**  
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**II) Review of Financial Performance**

**Non-Interest Income**



The Group's non-interest income for 1Q 03 accounted for 31.8% of total income (1Q 02: 25.3%). Total non-interest income rose by \$64 million or 34.8% from \$185 million in 1Q 02 to \$249 million in 1Q 03. The increase in total non-interest income was primarily attributable to higher fee and commission income mainly from investment-related and loan-related activities, higher profits from foreign exchange dealings, as well as higher profits from disposal of government securities in 1Q 03.

Compared to 4Q 02, the decrease in non-interest income of 15.6% was mainly due to the one-time gain on divestment of Haw Par of \$65 million in 4Q 02, lower fee and commission income from credit card operations and loan-related activities in 1Q 03. Excluding the gain on divestment of Haw Par, non-interest income would have improved by 8.1% over 4Q 02.

**Composition of Non-Interest Income**

|  | <b>1st Quarter<br/>2003</b> | <b>4th Quarter<br/>2002</b> | <b>1st Quarter<br/>2002</b> | <b>1Q 03 /<br/>4Q 02</b> | <b>1Q 03 /<br/>1Q 02</b> |
|--|-----------------------------|-----------------------------|-----------------------------|--------------------------|--------------------------|
|  | \$ million                  | \$ million                  | \$ million                  | %                        | %                        |
| <b>Fee and commission income</b>   |                             |                             |                             |                          |                          |
| Credit card  | 20                          | 27                          | 21                          | (23.8)                   | (4.2)                    |
| Fund management  | 16                          | 18                          | 17                          | (10.2)                   | (4.7)                    |
| Futures broking & stockbroking   | 8                           | 7                           | 19                          | 4.5                      | (58.1)                   |
| Investment-related   | 17                          | 13                          | 5                           | 26.8                     | 210.8                    |
| Loan-related   | 27                          | 30                          | 20                          | (10.4)                   | 33.8                     |
| Service charges  | 12                          | 13                          | 9                           | (6.3)                    | 40.4                     |
| Trade-related  | 27                          | 26                          | 25                          | 4.0                      | 8.5                      |
| Others   | 4                           | 4                           | 8                           | (9.3)                    | (50.6)                   |
|  | <b>131</b>                  | <b>138</b>                  | <b>124</b>                  | <b>(5.5)</b>             | <b>5.9</b>               |
| <b>Dividend and rental income</b>  | <b>22</b>                   | <b>26</b>                   | <b>25</b>                   | <b>(17.3)</b>            | <b>(13.3)</b>            |
| <b>Other operating income</b>  |                             |                             |                             |                          |                          |
| Net profit/ (loss) from:   |                             |                             |                             |                          |                          |
| - dealing securities, government treasury bills & securities and derivatives | 35                          | 30                          | 4                           | 15.4                     | 777.4                    |
| - foreign exchange dealings  | 42                          | 17                          | 20                          | 145.6                    | 106.2                    |
| - disposal of investment securities/ associates                              | 5                           | 64                          | 6                           | (92.9)                   | (29.7)                   |
| - disposal of subsidiaries   | (0)^                        | (1)                         | 0 *                         | 96.4                     | NM                       |
| - disposal of properties and other fixed assets                              | 6                           | 5                           | 1                           | 25.1                     | 915.7                    |
| - others   | 9                           | 15                          | 5                           | (39.9)                   | 95.5                     |
|  | <b>97</b>                   | <b>130</b>                  | <b>36</b>                   | <b>(25.9)</b>            | <b>167.3</b>             |
| <b>Total non-interest income</b>   | <b>249</b>                  | <b>295</b>                  | <b>185</b>                  | <b>(15.6)</b>            | <b>34.8</b>              |

^ Less than (\$500,000)

\* Less than \$500,000

NM denotes not meaningful

**UNITED OVERSEAS BANK LIMITED**  
**GROUP FINANCIAL PERFORMANCE FOR FIRST QUARTER 2003**

**II) Review of Financial Performance**

**Operating Expenses**

Total operating expenses for 1Q 03 decreased by \$11 million or 4.3% over 1Q 02. The decrease was contributed mainly by lower staff costs, following the reduction in headcount as a result of streamlining initiatives and integration of operations. This was partially offset by higher other operating expenses in 1Q 03. Expense to income ratio declined from 38.0% in 1Q 02 to 33.8% in 1Q 03, reflecting the continued careful management of expenses by the Group, coupled with the increase in operating income.

Compared to 4Q 02, total operating expenses decreased by \$19 million or 6.8%, while expense to income ratio remained unchanged at 33.8%.

|   | <b>1st Quarter<br/>2003</b> | <b>4th Quarter<br/>2002</b> | <b>1st Quarter<br/>2002</b> | <b>1Q 03 /<br/>4Q 02</b> | <b>1Q 03 /<br/>1Q 02</b> |
|---|-----------------------------|-----------------------------|-----------------------------|--------------------------|--------------------------|
|   | <b>\$ million</b>           | <b>\$ million</b>           | <b>\$ million</b>           | <b>%</b>                 | <b>%</b>                 |
| Staff expenses                              | 132                         | 137                         | 154                         | (4.0)                    | (14.5)                   |
| Other operating expenses                    | 134                         | 148                         | 124                         | (9.3)                    | 8.5                      |
| <b>Total operating expenses<sup>@</sup></b> | <b>266</b>                  | <b>285</b>                  | <b>277</b>                  | <b>(6.8)</b>             | <b>(4.3)</b>             |

<sup>@</sup> Total operating expenses included:

|   |       |       |       |         |         |
|---|-------|-------|-------|---------|---------|
| IT-related expenses                                     | 51    | 51    | 50    | (0.6)   | 1.5     |
| IT-related expenses as %<br>of total operating expenses | 19.2% | 18.0% | 18.1% | 1.2% pt | 1.1% pt |

**Other Operating Expenses**

|  | <b>1st Quarter<br/>2003</b> | <b>4th Quarter<br/>2002</b> | <b>1st Quarter<br/>2002</b> | <b>1Q 03 /<br/>4Q 02</b> | <b>1Q 03 /<br/>1Q 02</b> |
|--|-----------------------------|-----------------------------|-----------------------------|--------------------------|--------------------------|
|  | <b>\$ million</b>           | <b>\$ million</b>           | <b>\$ million</b>           | <b>%</b>                 | <b>%</b>                 |
| Depreciation   |                             |                             |                             |                          |                          |
| - Land and buildings   | 7                           | 6                           | 6                           | 8.8                      | 4.8                      |
| - Office equipment, computer,<br>fixtures and other fixed assets | 19                          | 20                          | 27                          | (6.1)                    | (29.3)                   |
|  | 26                          | 26                          | 33                          | (2.6)                    | (22.8)                   |
| Rental of premises and equipment                                 | 11                          | 12                          | 15                          | (6.6)                    | (28.9)                   |
| Maintenance of premises and other<br>fixed assets                | 14                          | 14                          | 9                           | 3.4                      | 63.5                     |
| Other expenses   | 83                          | 96                          | 66                          | (13.3)                   | 25.7                     |
| <b>Total other operating expenses</b>                            | <b>134</b>                  | <b>148</b>                  | <b>124</b>                  | <b>(9.3)</b>             | <b>8.5</b>               |

Other operating expenses were up by \$10 million from \$124 million in 1Q 02 to \$134 million in 1Q 03, mainly to support advertising and promotion activities and IT-related maintenance. These were partially offset by lower depreciation of other fixed assets, as well as lower rental expenses in 1Q 03.

Compared to 4Q 02, other operating expenses reduced by \$14 million or 9.3%. The decrease primarily reflected lower professional fees and lower advertising and promotional expenses incurred in 1Q 03.

**UNITED OVERSEAS BANK LIMITED**  
**GROUP FINANCIAL PERFORMANCE FOR FIRST QUARTER 2003**

**II) Review of Financial Performance**

**Provisions Charged to Income Statement**

The total provision charge at \$90 million in 1Q 03 was \$80 million higher than in 1Q 02. The increase was mainly attributed to higher specific provisions made on loans necessitated by the difficult and uncertain economic conditions, as well as lower collateral value in a lacklustre property market. In addition, provision was also made for investments and restructured debts as against a write-back in the same period last year.

However, total provision charge have dropped from \$172 million in 4Q 02 to \$90 million in 1Q 03. The lower provision charge was mainly due to lower specific provisions made for loans, investment securities and properties. These were partially offset by provisions made for restructured debts.

|   | <b>1st Quarter<br/><u>2003</u><br/>\$ million</b> | 4th Quarter<br><u>2002</u><br>\$ million | 1st Quarter<br><u>2002</u><br>\$ million | 1Q 03 /<br><u>4Q 02</u><br>% | 1Q 03 /<br><u>1Q 02</u><br>% |
|---|---|--|--|------------------------------|------------------------------|
| Specific provision for loans                                  | <b>82</b>   | 130                                      | 34                                       | (36.5)                       | 145.4                        |
| General provision for loans                                   | -   | (7)                                      | 20                                       | NM                           | (100.0)                      |
| Specific provision for diminution<br>in value of other assets | <b>8</b>  | 49                                       | (44)                                     | (84.2)                       | NM                           |
| <b>Total provisions</b>                                       | <b><u>90</u></b>                                  | <u>172</u>                               | <u>10</u>                                | <u>(47.6)</u>                | <u>782.3</u>                 |

NM denotes not meaningful

## UNITED OVERSEAS BANK LIMITED

### GROUP FINANCIAL PERFORMANCE FOR FIRST QUARTER 2003

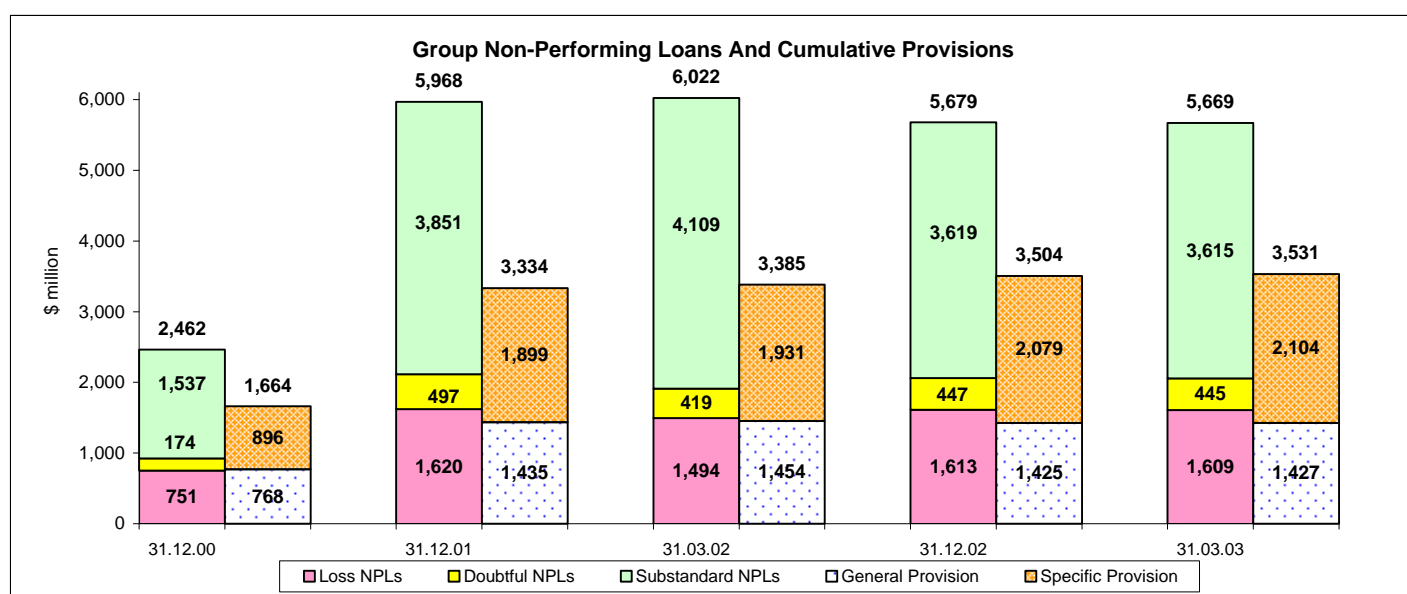
#### III) Non-Performing Loans And Cumulative Provisions

##### Group NPLs And Cumulative Provisions

NPLs fell by \$353 million or 5.9% from \$6,022 million as at 31 March 2002 to \$5,669 million as at 31 March 2003. Correspondingly, the ratio of NPLs (excluding debt securities) to total gross customer loans improved by 0.6% point to 8.9%. Of the total NPLs, \$3,044 million or 53.7% were secured by collateral, and \$3,615 million or 63.8% were in the Substandard category. Cumulative provisions as at 31 March 2003 built up to \$3,531 million, an increase of \$146 million or 4.3% as compared to \$3,385 million as at 31 March 2002. The cumulative provisions provided a coverage of 62.3% of the total NPLs and 134.5% of the unsecured NPLs.

NPLs edged down by \$10 million or 0.2% from \$5,679 million as at 31 December 2002, despite uncertain economic environment. The ratio of NPLs (excluding debt securities) to total gross customer loans declined by 0.1% point from 9.0% as at 31 December 2002 to 8.9% as at 31 March 2003. Cumulative provision coverage against unsecured NPLs decreased by 3.8% points from 138.3% as at 31 December 2002 to 134.5% as at 31 March 2003.

Group NPLs by loan classification and cumulative specific and general provisions were as follows:



**31-Mar-03** 31-Dec-02 31-Mar-02 31-Dec-01 31-Dec-00

##### Group NPLs

|                   | \$ million   |       |       |       |       |
|-------------------|--------------|-------|-------|-------|-------|
| Substandard       | <b>3,615</b> | 3,619 | 4,109 | 3,851 | 1,537 |
| Doubtful          | <b>445</b>   | 447   | 419   | 497   | 174   |
| Loss              | <b>1,609</b> | 1,613 | 1,494 | 1,620 | 751   |
| <b>Total NPLs</b> | <b>5,669</b> | 5,679 | 6,022 | 5,968 | 2,462 |

##### Group Cumulative Provisions

|                                    | \$ million   |       |       |       |       |
|------------------------------------|--------------|-------|-------|-------|-------|
| Specific Provision                 | <b>2,104</b> | 2,079 | 1,931 | 1,899 | 896   |
| General Provision                  | <b>1,427</b> | 1,425 | 1,454 | 1,435 | 768   |
| <b>Total Cumulative Provisions</b> | <b>3,531</b> | 3,504 | 3,385 | 3,334 | 1,664 |

##### Ratios (%)

|  |              |       |       |       |       |
|--|--------------|-------|-------|-------|-------|
| NPLs*/Gross Customer Loans   | <b>8.9</b>   | 9.0   | 9.5   | 9.3   | 7.8   |
| Cumulative Provisions/ NPLs  | <b>62.3</b>  | 61.7  | 56.2  | 55.9  | 67.6  |
| Cumulative Provisions/Doubtful & Loss NPLs                           | <b>171.9</b> | 170.1 | 176.9 | 157.5 | 179.9 |
| Cumulative Provisions/Unsecured NPLs                                 | <b>134.5</b> | 138.3 | 131.8 | 136.6 | 136.6 |
| Cumulative Provisions*/Gross Customer Loans                          | <b>5.6</b>   | 5.5   | 5.4   | 5.2   | 5.2   |
| General Provision*/Gross Customer Loans (net of Specific Provision*) | <b>2.4</b>   | 2.4   | 2.4   | 2.3   | 2.5   |
| NPLs/Total Assets  | <b>5.3</b>   | 5.3   | 5.5   | 5.2   | 3.7   |

\* Excluding debt securities

## UNITED OVERSEAS BANK LIMITED

### GROUP FINANCIAL PERFORMANCE FOR FIRST QUARTER 2003

#### III) Non-Performing Loans And Cumulative Provisions

##### Group NPLs By Region

By geographical region, Singapore accounted for \$3,883 million or 68.5% of the total NPLs as at 31 March 2003. NPLs of Singapore fell by \$12 million or 0.3% as compared to 31 March 2002 and \$52 million or 1.3% as compared to 31 December 2002.

NPLs of the Five Regional Countries declined by \$121 million or 7.4% to \$1,510 million from \$1,631 million as at 31 March 2002. It has increased by \$52 million or 3.6% from \$1,458 million as at 31 December 2002.

NPLs of Greater China as at 31 March 2003 reduced significantly by \$159 million or 47.9% from \$332 million as at 31 March 2002 to \$173 million. It has also reduced by \$9 million or 4.9% as compared to \$182 million as at 31 December 2002.

|                         | \$ million   |           |           |
|-------------------------|--------------|-----------|-----------|
|                         | 31-Mar-03    | 31-Dec-02 | 31-Mar-02 |
| Singapore               | <b>3,883</b> | 3,935     | 3,895     |
| Malaysia                | <b>984</b>   | 943       | 1,059     |
| Indonesia               | <b>149</b>   | 156       | 171       |
| Philippines             | <b>209</b>   | 208       | 243       |
| Thailand                | <b>147</b>   | 144       | 149       |
| South Korea             | <b>21</b>    | 7         | 9         |
| Five Regional Countries | <b>1,510</b> | 1,458     | 1,631     |
| Greater China           | <b>173</b>   | 182       | 332       |
| Others                  | <b>103</b>   | 104       | 164       |
| Total NPLs              | <b>5,669</b> | 5,679     | 6,022     |

##### Group NPLs By Industry

|                                       | 31-Mar-03  |                | 31-Dec-02  |                | 31-Mar-02  |                |
|---------------------------------------|------------|----------------|------------|----------------|------------|----------------|
|                                       | Amount     | As % of Gross  | Amount     | As % of Gross  | Amount     | As % of Gross  |
|                                       | \$ million | Customer Loans | \$ million | Customer Loans | \$ million | Customer Loans |
| Transport, storage and communication  | 119        | 5.6            | 124        | 6.0            | 106        | 5.3            |
| Building and construction             | 848        | 9.6            | 843        | 9.2            | 1,076      | 10.8           |
| Manufacturing                         | 878        | 15.6           | 874        | 16.2           | 910        | 15.7           |
| Non-bank financial institutions       | 1,078      | 10.1           | 1,029      | 9.5            | 1,106      | 10.4           |
| General commerce                      | 804        | 13.1           | 769        | 12.4           | 832        | 14.2           |
| Professionals and private individuals | 1,002      | 10.6           | 1,014      | 10.9           | 981        | 10.1           |
| Housing loans                         | 657        | 4.7            | 668        | 4.8            | 563        | 4.2            |
| Others                                | 219        | 3.7            | 294        | 5.3            | 424        | 7.8            |
| Sub-total                             | 5,605      | 8.9            | 5,615      | 9.0            | 5,998      | 9.5            |
| Debt securities                       | 64         |                | 64         |                | 24         |                |
| Total NPLs                            | 5,669      |                | 5,679      |                | 6,022      |                |

##### Group Secured/Unsecured NPLs

|            | 31-Mar-03  |            | 31-Dec-02  |            | 31-Mar-02  |            |
|------------|------------|------------|------------|------------|------------|------------|
|            | Amount     | As % of    | Amount     | As % of    | Amount     | As % of    |
|            | \$ million | Total NPLs | \$ million | Total NPLs | \$ million | Total NPLs |
| Secured    | 3,044      | 53.7       | 3,146      | 55.4       | 3,454      | 57.4       |
| Unsecured  | 2,625      | 46.3       | 2,533      | 44.6       | 2,568      | 42.6       |
| Total NPLs | 5,669      | 100.0      | 5,679      | 100.0      | 6,022      | 100.0      |

## UNITED OVERSEAS BANK LIMITED

### GROUP FINANCIAL PERFORMANCE FOR FIRST QUARTER 2003

#### IV) Segmental Analysis

##### Geographical Segments

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

#### 1st Quarter 2003

|   | Income before<br>operating expenses |              | Profit before tax |              | Total assets   |              |
|---|-------------------------------------|--------------|-------------------|--------------|----------------|--------------|
|   | \$ million                          | %            | \$ million        | %            | \$ million     | %            |
| Singapore (including Asian<br>Currency Units) | 604                                 | 77.0         | 347               | 80.3         | 76,628         | 73.8         |
| Other ASEAN countries                         | 117                                 | 14.9         | 48                | 11.2         | 13,744         | 13.2         |
| Other Asia Pacific countries                  | 41                                  | 5.2          | 21                | 4.8          | 8,579          | 8.3          |
| Rest of the world                             | 23                                  | 2.9          | 16                | 3.7          | 4,853          | 4.7          |
|   | <b>785</b>                          | <b>100.0</b> | <b>432</b>        | <b>100.0</b> | <b>103,804</b> | <b>100.0</b> |
| Goodwill                                      | -                                   |              | (51)              |              | 3,616          |              |
| <b>Total</b>                                  | <b>785</b>                          |              | <b>381</b>        |              | <b>107,420</b> |              |

#### 4th Quarter 2002

|   | Income before<br>operating expenses |              | Profit before tax |              | Total assets   |              |
|---|-------------------------------------|--------------|-------------------|--------------|----------------|--------------|
|   | \$ million                          | %            | \$ million        | %            | \$ million     | %            |
| Singapore (including Asian<br>Currency Units) | 653                                 | 77.5         | 321               | 83.0         | 77,286         | 74.4         |
| Other ASEAN countries                         | 126                                 | 15.0         | 30                | 7.8          | 12,477         | 12.0         |
| Other Asia Pacific countries                  | 43                                  | 5.1          | 22                | 5.7          | 8,365          | 8.1          |
| Rest of the world                             | 20                                  | 2.4          | 14                | 3.5          | 5,675          | 5.5          |
|   | <b>842</b>                          | <b>100.0</b> | <b>386</b>        | <b>100.0</b> | <b>103,803</b> | <b>100.0</b> |
| Goodwill                                      | -                                   |              | (54)              |              | 3,666          |              |
| <b>Total</b>                                  | <b>842</b>                          |              | <b>332</b>        |              | <b>107,469</b> |              |

#### 1st Quarter 2002

|   | Income before<br>operating expenses |              | Profit before tax |              | Total assets   |              |
|---|-------------------------------------|--------------|-------------------|--------------|----------------|--------------|
|   | \$ million                          | %            | \$ million        | %            | \$ million     | %            |
| Singapore (including Asian<br>Currency Units) | 551                                 | 75.4         | 412               | 85.4         | 81,444         | 76.4         |
| Other ASEAN countries                         | 111                                 | 15.2         | 34                | 7.1          | 13,369         | 12.6         |
| Other Asia Pacific countries                  | 49                                  | 6.7          | 25                | 5.2          | 7,705          | 7.2          |
| Rest of the world                             | 19                                  | 2.7          | 11                | 2.3          | 4,081          | 3.8          |
|   | <b>730</b>                          | <b>100.0</b> | <b>482</b>        | <b>100.0</b> | <b>106,599</b> | <b>100.0</b> |
| Goodwill                                      | -                                   |              | (48)              |              | 3,729          |              |
| <b>Total</b>                                  | <b>730</b>                          |              | <b>434</b>        |              | <b>110,328</b> |              |



## UNITED OVERSEAS BANK LIMITED

### GROUP FINANCIAL PERFORMANCE FOR FIRST QUARTER 2003

#### V) Overview Of Balance Sheet

##### Total Assets

The Group's total assets decreased by \$2,908 million or 2.6% from \$110,328 million as at 31 March 2002 to \$107,420 million, mainly due to lower inter-bank balances and placements, partially offset by higher investment securities. Compared to total assets of \$107,469 million as at 31 December 2002, it has declined slightly by \$49 million.

##### Customer Loans

The Group's net loans and advances to customers of \$59,193 million as at 31 March 2003 were 0.4% lower than \$59,460 million as at 31 March 2002. The decrease was mainly from term loans and overdrafts portfolios, partially offset by the increase in housing loans portfolio. Compared to net customer loans of \$58,884 million as at 31 December 2002, there was an increase of 0.5%. The increase came from all categories of loans except overdrafts portfolio.

##### Customer Loans By Type

|   | <u>31-Mar-03</u>     | <u>31-Dec-02</u>     | <u>31-Mar-02</u>     |
|---|----------------------|----------------------|----------------------|
|   | \$ million           | \$ million           | \$ million           |
| Housing loans                               | 13,991               | 13,841               | 13,357               |
| Term loans                                  | 35,598               | 35,253               | 35,904               |
| Trade financing                             | 3,069                | 2,915                | 2,716                |
| Overdrafts                                  | 10,017               | 10,330               | 10,851               |
| Total gross customer loans                  | <u>62,675</u>        | <u>62,339</u>        | <u>62,828</u>        |
| Less: General provision                     | (1,427)              | (1,425)              | (1,454)              |
| Specific provision and Interest-in-suspense | (2,055)              | (2,030)              | (1,914)              |
| Total net customer loans                    | <u><u>59,193</u></u> | <u><u>58,884</u></u> | <u><u>59,460</u></u> |

##### Gross Customer Loans By Industry

|                                       | <u>31-Mar-03</u>     |                     | <u>31-Dec-02</u>     |                     | <u>31-Mar-02</u>     |                     |
|---------------------------------------|----------------------|---------------------|----------------------|---------------------|----------------------|---------------------|
|                                       | \$ million           | %                   | \$ million           | %                   | \$ million           | %                   |
| Transport, storage and communication  | 2,125                | 3.4                 | 2,058                | 3.3                 | 2,009                | 3.2                 |
| Building and construction             | 8,807                | 14.0                | 9,148                | 14.7                | 10,007               | 15.9                |
| Manufacturing                         | 5,620                | 9.0                 | 5,392                | 8.6                 | 5,803                | 9.2                 |
| Non-bank financial institutions       | 10,692               | 17.0                | 10,809               | 17.3                | 10,681               | 17.0                |
| General commerce                      | 6,116                | 9.8                 | 6,200                | 10.0                | 5,842                | 9.3                 |
| Professionals and private individuals | 9,452                | 15.1                | 9,335                | 15.0                | 9,701                | 15.5                |
| Housing loans                         | 13,991               | 22.3                | 13,841               | 22.2                | 13,357               | 21.3                |
| Others                                | 5,872                | 9.4                 | 5,556                | 8.9                 | 5,428                | 8.6                 |
| Total gross customer loans            | <u><u>62,675</u></u> | <u><u>100.0</u></u> | <u><u>62,339</u></u> | <u><u>100.0</u></u> | <u><u>62,828</u></u> | <u><u>100.0</u></u> |

##### Deposits

The Group's total deposits fell by 3.0%, from \$90,069 million as at 31 March 2002 to \$87,398 million as at 31 March 2003, due mainly to lower customer fixed deposits. Compared to total deposits of \$87,221 million as at 31 December 2002, it has increased by 0.2%, primarily due to higher bankers' deposits, partially offset by lower customer deposits. As at 31 March 2003, customer deposits accounted for 75.3% of total deposits.

##### Deposits By Type

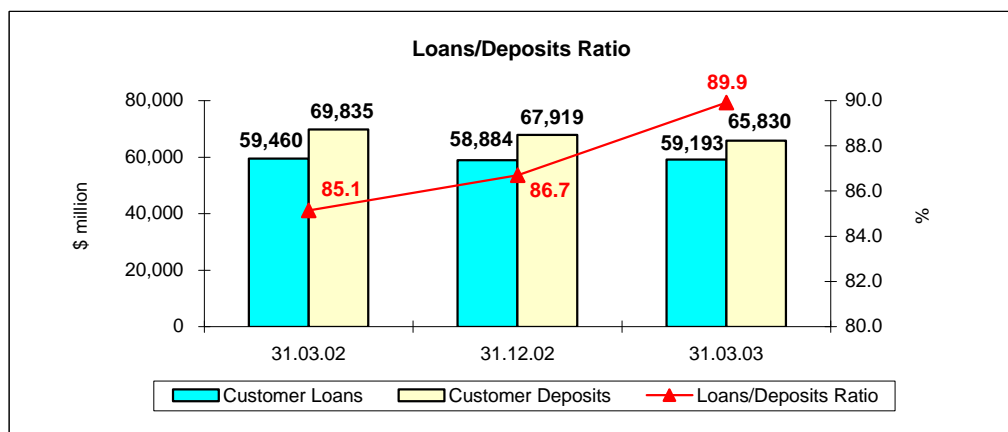
|                            | <u>31-Mar-03</u>     |                     | <u>31-Dec-02</u>     |                     | <u>31-Mar-02</u>     |                     |
|----------------------------|----------------------|---------------------|----------------------|---------------------|----------------------|---------------------|
|                            | \$ million           | %                   | \$ million           | %                   | \$ million           | %                   |
| Bankers' deposits          | 21,567               | 24.7                | 19,302               | 22.1                | 20,235               | 22.5                |
| Customer deposits          |                      |                     |                      |                     |                      |                     |
| Fixed deposits             | 44,685               | 51.1                | 47,287               | 54.2                | 49,164               | 54.6                |
| Savings and other deposits | 21,145               | 24.2                | 20,632               | 23.7                | 20,671               | 22.9                |
|                            | <u>65,830</u>        | <u>75.3</u>         | <u>67,919</u>        | <u>77.9</u>         | <u>69,835</u>        | <u>77.5</u>         |
| Total deposits             | <u><u>87,398</u></u> | <u><u>100.0</u></u> | <u><u>87,221</u></u> | <u><u>100.0</u></u> | <u><u>90,069</u></u> | <u><u>100.0</u></u> |

**UNITED OVERSEAS BANK LIMITED**  
**GROUP FINANCIAL PERFORMANCE FOR FIRST QUARTER 2003**

**V) Overview Of Balance Sheet**

**Loans/Deposits Ratio**

Customer loans-to-deposits ratio stood at 89.9% as at 31 March 2003, representing a 4.8% points increase over 85.1% as at 31 March 2002, and a 3.2% points increase over 86.7% as at 31 December 2002.



**Shareholders' Funds**

Group shareholders' funds of \$12,952 million as at 31 March 2003 was higher as compared to \$12,780 million as at 31 March 2002 and \$12,653 million as at 31 December 2002, largely contributed by retained profits.

Unrealised revaluation surplus on properties and long-term investments\*\* amounted to \$1,188 million as at 31 March 2003. The revaluation surplus was not incorporated into the Group's accounts.

|   | <b><u>31-Mar-03</u></b> | <b><u>31-Dec-02</u></b> | <b><u>31-Mar-02</u></b> |
|---|-------------------------|-------------------------|-------------------------|
|   | <b>\$ million</b>       | <b>\$ million</b>       | <b>\$ million</b>       |
| Shareholders' Funds per book  | <b>12,952</b>           | 12,653                  | 12,780                  |
| Add: Surplus on Revaluation of properties and long term investments** | <b>1,188</b>            | 1,186                   | 1,347                   |
| Shareholders' Funds including Revaluation Surplus                     | <b>14,140</b>           | 13,839                  | 14,127                  |
| <b><u>Per Share (in \$)</u></b>                                       |                         |                         |                         |
| NAV per book  | <b>8.24</b>             | 8.05                    | 8.13                    |
| Revaluation Surplus   | <b>0.76</b>             | 0.76                    | 0.86                    |
| Revalued NAV  | <b>9.00</b>             | 8.81                    | 8.99                    |

\*\* Excluding the revaluation surplus/deficit from investments in associates

**UNITED OVERSEAS BANK LIMITED**  
**GROUP FINANCIAL PERFORMANCE FOR FIRST QUARTER 2003**

**VI) Capital Adequacy Ratio - BIS**

CAR of the Group was computed in accordance with the guidelines issued by the Basle Committee on Banking Supervision. The Group's capital management policy is to maintain a strong capital position to support its growth, both organically and through acquisitions. As at 31 March 2003, the Group maintained a strong Total Capital ratio of 15.4%, which is almost twice the minimum requirement of 8% set by BIS.

The Total Capital ratio fell from 17.6% as at 31 March 2002 to 15.4% as at 31 March 2003, resulting mainly from the redemption of the US\$ subordinated floating rate notes in 2002. Compared to the Total Capital ratio of 15.3% as at 31 December 2002, it has increased by 0.1% point, mainly due to profit recorded in the current quarter, partly offset by increase in risk-weighted assets.

|   | <u>31-Mar-03</u><br>\$ million | <u>31-Dec-02</u><br>\$ million | <u>31-Mar-02</u><br>\$ million |
|---|--------------------------------|--------------------------------|--------------------------------|
| <b>Capital</b>  |                                |                                |                                |
| Tier 1 - Core Capital   |                                |                                |                                |
| Share capital   | 1,572                          | 1,572                          | 1,571                          |
| Disclosed reserves  | 11,219                         | 10,956                         | 11,018                         |
| Minority interests  | 145                            | 150                            | 363                            |
| Less: Goodwill  | <u>(3,634)</u>                 | <u>(3,684)</u>                 | <u>(3,729)</u>                 |
|   | <u>9,302</u>                   | <u>8,994</u>                   | <u>9,223</u>                   |
| Tier 2 - Supplementary Capital                                    |                                |                                |                                |
| Revaluation reserves on investments and properties <sup>(1)</sup> | 345                            | 349                            | 558                            |
| General loan loss provision <sup>(2)</sup>                        | 940                            | 920                            | 949                            |
| Subordinated notes  | <u>1,294</u>                   | <u>1,294</u>                   | <u>2,798</u>                   |
|   | <u>2,579</u>                   | <u>2,563</u>                   | <u>4,305</u>                   |
| Less: Deductions against Capital <sup>(3)</sup>                   | <u>(323)</u>                   | <u>(337)</u>                   | <u>(173)</u>                   |
| <b>Total Capital</b>  | <u>11,558</u>                  | <u>11,220</u>                  | <u>13,355</u>                  |
| <b>Risk-Weighted Assets</b> (including market risk)               | <u>75,165</u>                  | <u>73,574</u>                  | <u>75,911</u>                  |
| <b>Capital Adequacy Ratios</b>                                    |                                |                                |                                |
| Tier 1  | 12.4%                          | 12.2%                          | 12.1%                          |
| Total Capital   | 15.4%                          | 15.3%                          | 17.6%                          |

<sup>(1)</sup> After discount of 55% in accordance with BIS guidelines

<sup>(2)</sup> Excluding specific and earmarked provisions

<sup>(3)</sup> Including capital deductions for certain investments

**UNITED OVERSEAS BANK LIMITED**

**GROUP FINANCIAL PERFORMANCE FOR FIRST QUARTER 2003**

**VII) Country of Operation Exposure**

The Group's total direct net exposure to the countries outside Singapore in which it has a presence amounted to \$31.2 billion as at 31 March 2003, or 29.1% of Group total assets. Exposure (excluding contingent) reported is segregated by loans and advances to customers, balances due from banks incorporated in the country, investments and balances due from the government.

**Exposure to the Five Regional Countries, Greater China and Others**

\$ million

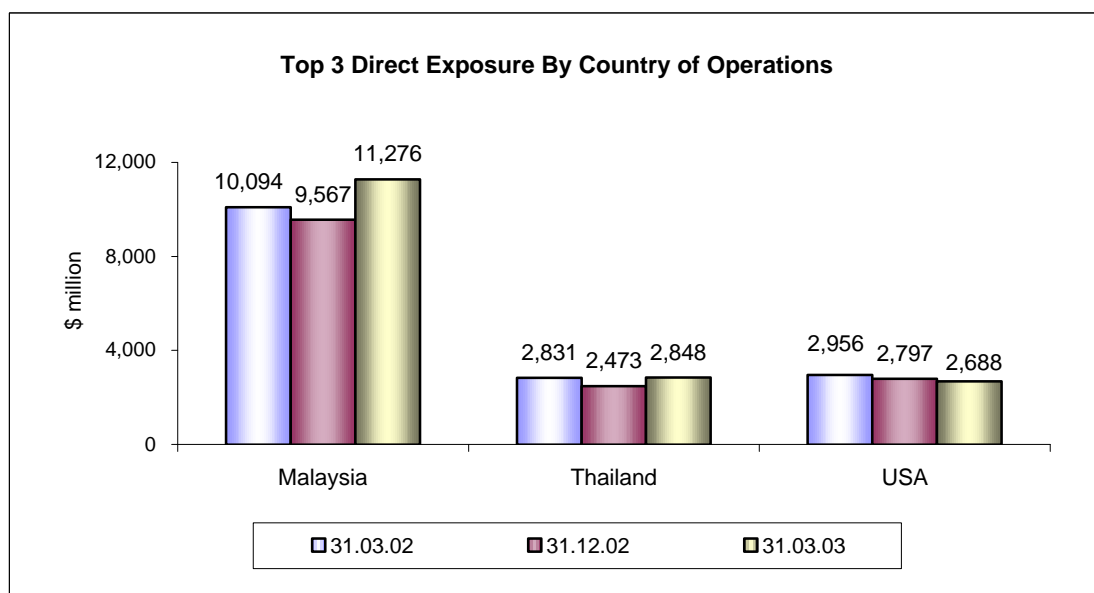
|                                     | Loans and debt securities |              |               | Investments  | Total         | less: Loans/<br>Investments<br>in<br>Subsidiaries<br>& Branches | Net Exposure  |                            | Contingent<br>Liabilities |
|-------------------------------------|---------------------------|--------------|---------------|--------------|---------------|---|---------------|----------------------------|---------------------------|
|                                     | Non<br>Bank               | Government   | Bank          |              |               |   | Total         | % of Group<br>Total Assets |                           |
| <b>Malaysia</b>                     |                           |              |               |              |               |   |               |                            |                           |
| <b>31-Mar-03</b>                    | <b>6,415</b>              | <b>3,137</b> | <b>2,971</b>  | <b>638</b>   | <b>13,161</b> | <b>1,885</b>  | <b>11,276</b> | <b>10.5</b>                | <b>986</b>                |
| 31-Dec-02                           | 6,164                     | 1,990        | 2,381         | 530          | 11,065        | 1,498   | 9,567         | 8.9                        | 1,032                     |
| 31-Mar-02                           | 6,350                     | 2,451        | 2,525         | 728          | 12,054        | 1,960   | 10,094        | 9.2                        | 1,062                     |
| <b>Indonesia</b>                    |                           |              |               |              |               |   |               |                            |                           |
| <b>31-Mar-03</b>                    | <b>460</b>                | <b>137</b>   | <b>117</b>    | <b>77</b>    | <b>791</b>    | <b>50</b>   | <b>741</b>    | <b>0.7</b>                 | <b>77</b>                 |
| 31-Dec-02                           | 444                       | 127          | 106           | 74           | 751           | 50  | 701           | 0.6                        | 67                        |
| 31-Mar-02                           | 322                       | 132          | 115           | 42           | 611           | 33  | 578           | 0.5                        | 33                        |
| <b>Philippines</b>                  |                           |              |               |              |               |   |               |                            |                           |
| <b>31-Mar-03</b>                    | <b>260</b>                | <b>223</b>   | <b>47</b>     | <b>13</b>    | <b>543</b>    | <b>42</b>   | <b>501</b>    | <b>0.5</b>                 | <b>61</b>                 |
| 31-Dec-02                           | 254                       | 225          | 44            | 10           | 533           | 31  | 502           | 0.5                        | 56                        |
| 31-Mar-02                           | 293                       | 264          | 29            | 48           | 634           | 39  | 595           | 0.5                        | 42                        |
| <b>Thailand</b>                     |                           |              |               |              |               |   |               |                            |                           |
| <b>31-Mar-03</b>                    | <b>1,437</b>              | <b>1,273</b> | <b>141</b>    | <b>192</b>   | <b>3,043</b>  | <b>195</b>  | <b>2,848</b>  | <b>2.6</b>                 | <b>219</b>                |
| 31-Dec-02                           | 1,178                     | 1,177        | 112           | 200          | 2,667         | 194   | 2,473         | 2.3                        | 285                       |
| 31-Mar-02                           | 1,265                     | 1,393        | 367           | 180          | 3,205         | 374   | 2,831         | 2.6                        | 214                       |
| <b>South Korea</b>                  |                           |              |               |              |               |   |               |                            |                           |
| <b>31-Mar-03</b>                    | <b>57</b>                 | <b>1,100</b> | <b>1,405</b>  | <b>135</b>   | <b>2,697</b>  | <b>19</b>   | <b>2,678</b>  | <b>2.5</b>                 | <b>203</b>                |
| 31-Dec-02                           | 45                        | 591          | 1,354         | 95           | 2,085         | 12  | 2,073         | 1.9                        | 253                       |
| 31-Mar-02                           | 56                        | 175          | 1,069         | 235          | 1,535         | 385   | 1,150         | 1.0                        | 111                       |
| <b>Total Regional<br/>Countries</b> |                           |              |               |              |               |   |               |                            |                           |
| <b>31-Mar-03</b>                    | <b>8,629</b>              | <b>5,870</b> | <b>4,681</b>  | <b>1,055</b> | <b>20,235</b> | <b>2,191</b>  | <b>18,044</b> | <b>16.8</b>                | <b>1,546</b>              |
| 31-Dec-02                           | 8,085                     | 4,110        | 3,997         | 909          | 17,101        | 1,785   | 15,316        | 14.2                       | 1,693                     |
| 31-Mar-02                           | 8,286                     | 4,415        | 4,105         | 1,233        | 18,039        | 2,791   | 15,248        | 13.8                       | 1,462                     |
| <b>Greater China</b>                |                           |              |               |              |               |   |               |                            |                           |
| <b>31-Mar-03</b>                    | <b>2,295</b>              | <b>157</b>   | <b>4,655</b>  | <b>494</b>   | <b>7,601</b>  | <b>2,415</b>  | <b>5,186</b>  | <b>4.8</b>                 | <b>536</b>                |
| 31-Dec-02                           | 2,482                     | 233          | 4,311         | 632          | 7,658         | 2,536   | 5,122         | 4.8                        | 504                       |
| 31-Mar-02                           | 3,011                     | 89           | 3,410         | 608          | 7,118         | 2,411   | 4,707         | 4.3                        | 331                       |
| <b>Other OECD</b>                   |                           |              |               |              |               |   |               |                            |                           |
| <b>31-Mar-03</b>                    | <b>4,867</b>              | <b>97</b>    | <b>3,422</b>  | <b>671</b>   | <b>9,057</b>  | <b>1,251</b>  | <b>7,806</b>  | <b>7.3</b>                 | <b>1,022</b>              |
| 31-Dec-02                           | 4,847                     | 105          | 4,647         | 687          | 10,286        | 1,862   | 8,424         | 7.8                        | 878                       |
| 31-Mar-02                           | 4,247                     | 58           | 3,737         | 567          | 8,609         | 1,023   | 7,586         | 6.9                        | 269                       |
| <b>Others</b>                       |                           |              |               |              |               |   |               |                            |                           |
| <b>31-Mar-03</b>                    | <b>157</b>                | <b>8</b>     | <b>51</b>     | <b>3</b>     | <b>219</b>    | <b>6</b>  | <b>213</b>    | <b>0.2</b>                 | <b>36</b>                 |
| 31-Dec-02                           | 154                       | 11           | 35            | 4            | 204           | 4   | 200           | 0.2                        | 47                        |
| 31-Mar-02                           | 171                       | 10           | 47            | 5            | 233           | 4   | 229           | 0.2                        | 22                        |
| <b>Grand Total</b>                  |                           |              |               |              |               |   |               |                            |                           |
| <b>31-Mar-03</b>                    | <b>15,948</b>             | <b>6,132</b> | <b>12,809</b> | <b>2,223</b> | <b>37,112</b> | <b>5,863</b>  | <b>31,249</b> | <b>29.1</b>                | <b>3,140</b>              |
| 31-Dec-02                           | 15,568                    | 4,459        | 12,990        | 2,232        | 35,249        | 6,187   | 29,062        | 27.0                       | 3,122                     |
| 31-Mar-02                           | 15,715                    | 4,572        | 11,299        | 2,413        | 33,999        | 6,229   | 27,770        | 25.2                       | 2,084                     |

## **UNITED OVERSEAS BANK LIMITED**

### **GROUP FINANCIAL PERFORMANCE FOR FIRST QUARTER 2003**

#### **VII) Country of Operation Exposure**

At the country level, direct net exposure to Malaysia where the Group has a long-standing presence, remained the largest at \$11.3 billion or 10.5% of Group total assets, followed by direct net exposure to Thailand at \$2.8 billion or 2.6% of Group total assets.



**UOB GROUP****UNAUDITED CONSOLIDATED INCOME STATEMENT**

|   | <b>1st<br/>Quarter<br/>2003</b> | <b>4th<br/>Quarter<br/>2002</b> | <b>1st<br/>Quarter<br/>2002</b> | <b>Full<br/>Year<br/>2002</b> |
|---|---------------------------------|---------------------------------|---------------------------------|-------------------------------|
|   | <b>\$ million</b>               | <b>\$ million</b>               | <b>\$ million</b>               | <b>\$ million</b>             |
| Interest income   | <b>855</b>                      | 902                             | 1,022                           | 3,752                         |
| Less: Interest expense  | <b>320</b>                      | 355                             | 477                             | 1,583                         |
| Net interest income   | <b>535</b>                      | 546                             | 545                             | 2,169                         |
| Dividend income   | <b>2</b>                        | 8                               | 4                               | 32                            |
| Fee and commission income   | <b>131</b>                      | 138                             | 124                             | 501                           |
| Rental income   | <b>20</b>                       | 18                              | 21                              | 78                            |
| Other operating income  | <b>97</b>                       | 130                             | 36                              | 299                           |
| Total non-interest income   | <b>249</b>                      | 295                             | 185                             | 910                           |
| <b>Income before operating expenses</b>                                 | <b>785</b>                      | 842                             | 730                             | 3,079                         |
| Less: Staff expenses  | <b>132</b>                      | 137                             | 154                             | 536                           |
| Other operating expenses  | <b>134</b>                      | 148                             | 124                             | 538                           |
| Total operating expenses  | <b>266</b>                      | 285                             | 277                             | 1,074                         |
| <b>Operating profit before goodwill<br/>amortisation and provisions</b> | <b>519</b>                      | 557                             | 452                             | 2,005                         |
| Less:   |                                 |                                 |                                 |                               |
| Goodwill amortisation   | <b>51</b>                       | 54                              | 48                              | 196                           |
| Provisions  | <b>90</b>                       | 172                             | 10                              | 451                           |
| <b>Operating profit after goodwill<br/>amortisation and provisions</b>  | <b>378</b>                      | 331                             | 394                             | 1,358                         |
| Exceptional item <sup>#</sup>   | <b>-</b>                        | (13)                            | (8)                             | (48)                          |
| Share of profit of associates   | <b>3</b>                        | 15                              | 47                              | 123                           |
| <b>Profit from ordinary activities before tax</b>                       | <b>381</b>                      | 332                             | 434                             | 1,434                         |
| Less: Tax   |                                 |                                 |                                 |                               |
| - The Group   | <b>99</b>                       | 83                              | 103                             | 314                           |
| - Associates  | <b>0 *</b>                      | 8                               | 4                               | 25                            |
| Profit after tax  | <b>282</b>                      | 242                             | 328                             | 1,094                         |
| Less: Minority interests  | <b>1</b>                        | 3                               | 11                              | 30                            |
| <b>Net profit attributable to members</b>                               | <b>281</b>                      | 240                             | 316                             | 1,064                         |

\* Less than \$500,000

<sup>#</sup> This comprised restructuring and integration costs as a result of the acquisition and merger of Overseas Union Bank Limited.

**UOB GROUP**

Appendix 2

**UNAUDITED CONSOLIDATED BALANCE SHEET**

|  | 31-Mar-03      | 31-Dec-02  | 31-Mar-02  |   | 31-Mar-03      | 31-Dec-02  | 31-Mar-02  |
|--|----------------|------------|------------|---|----------------|------------|------------|
|  | \$ million     | \$ million | \$ million |   | \$ million     | \$ million | \$ million |
| <b>SHAREHOLDERS' FUNDS AND TOTAL LIABILITIES</b>     |                |            |            | <b>TOTAL ASSETS</b>   |                |            |            |
| <b><u>Share Capital and Reserves</u></b>             |                |            |            | Cash, balances and placements<br>with central banks             | <b>3,887</b>   | 4,213      | 3,336      |
| Share capital  | 1,572          | 1,572      | 1,571      | Singapore Government treasury bills<br>and securities           | <b>8,574</b>   | 8,261      | 8,206      |
| Share premium  | 791            | 791        | 790        | Other government treasury bills<br>and securities               | <b>1,640</b>   | 1,333      | 1,872      |
| Non-distributable reserves                           | 6,244          | 6,223      | 6,556      | Dealing securities  | <b>448</b>     | 620        | 1,006      |
| Revenue reserves                                     | 4,215          | 3,933      | 3,516      | Balances, placements with, and<br>loans & advances to banks     | <b>19,604</b>  | 19,426     | 23,230     |
| Share of reserves of associates                      | 131            | 134        | 347        | Loans and advances to non-bank<br>customers (incl. trade bills) | <b>59,193</b>  | 58,884     | 59,460     |
| <b>Total Shareholders' Funds</b>                     | <b>12,952</b>  | 12,653     | 12,780     | Other assets  | <b>2,979</b>   | 4,052      | 3,006      |
| <b>Minority Interests</b>                            | <b>145</b>     | 150        | 368        | Investment securities   | <b>4,442</b>   | 3,945      | 3,108      |
| <b>Liabilities</b>                                   |                |            |            | Investment in associates  | <b>1,271</b>   | 1,274      | 1,678      |
| Deposits and other accounts of<br>non-bank customers | <b>65,830</b>  | 67,919     | 69,835     | Fixed assets  | <b>1,767</b>   | 1,794      | 1,698      |
| Deposits and balances<br>of banks                    | <b>21,567</b>  | 19,302     | 20,235     | Goodwill  | <b>3,616</b>   | 3,666      | 3,729      |
| Total deposits                                       | <b>87,398</b>  | 87,221     | 90,069     | <b>Total Assets</b>   | <b>107,420</b> | 107,469    | 110,328    |
| Bills and drafts payable                             | <b>152</b>     | 164        | 117        |   |                |            |            |
| Other liabilities                                    | <b>4,390</b>   | 5,136      | 3,677      |   |                |            |            |
| Debts issued   | <b>2,384</b>   | 2,147      | 3,316      |   |                |            |            |
| <b>Total Liabilities</b>                             | <b>94,323</b>  | 94,667     | 97,180     |   |                |            |            |
| <b>Total Shareholders' Funds<br/>and Liabilities</b> | <b>107,420</b> | 107,469    | 110,328    |   |                |            |            |
| <b>OFF-BALANCE SHEET ITEMS</b>                       |                |            |            |   |                |            |            |
| Contingent liabilities                               | <b>8,746</b>   | 8,919      | 8,604      |   |                |            |            |
| Off-balance sheet<br>financial instruments           | <b>153,046</b> | 131,279    | 96,164     |   |                |            |            |
| Commitments  | <b>38,609</b>  | 36,526     | 36,143     |   |                |            |            |

**UOB GROUP**

Appendix 3

**UNAUDITED CONSOLIDATED CASH FLOW STATEMENT**

|  | <u>1st Quarter 2003</u><br>\$ million | <u>Full Year 2002</u><br>\$ million |
|--|---------------------------------------|-------------------------------------|
| <b>Cash flows from operating activities</b>  |                                       |                                     |
| Profit before tax  | 381                                   | 1,434                               |
| Adjustments for:   |                                       |                                     |
| Depreciation of fixed assets   | 26                                    | 115                                 |
| Goodwill amortisation  | 51                                    | 196                                 |
| Share of profit of associates  | (3)                                   | (123)                               |
| Operating profit before changes in operating assets and liabilities  | 455                                   | 1,620                               |
| Changes in operating assets and liabilities:   |                                       |                                     |
| Deposits   | 177                                   | (5,325)                             |
| Bills and drafts payable   | (12)                                  | 39                                  |
| Other liabilities  | (827)                                 | 1,217                               |
| Dealing securities   | 173                                   | 61                                  |
| Placements and balances with banks and agents  | (178)                                 | 5,319                               |
| Trade bills and advances to customers  | (309)                                 | 2,008                               |
| Other government treasury bills and securities not qualifying as cash and cash equivalents                       | (16)                                  | 407                                 |
| Other assets   | 1,079                                 | (1,044)                             |
| Cash generated from operations   | 541                                   | 4,302                               |
| Income taxes paid  | (24)                                  | (371)                               |
| <b>Net cash from operating activities</b>  | 517                                   | 3,931                               |
| <b>Cash flows from investing activities</b>  |                                       |                                     |
| Increase in investment securities and investments in associates  | (494)                                 | (340)                               |
| Net dividends received from associates   | -                                     | 52                                  |
| Net decrease/ (increase) in fixed assets   | 2                                     | (184)                               |
| Acquisition of/ change in minority interests of subsidiaries   | (1)                                   | (353)                               |
| Net cashflow on acquisition of subsidiaries  | (5)                                   | (1)                                 |
| Net cashflow from disposal of subsidiaries   | -                                     | 0 *                                 |
| <b>Net cash used in investing activities</b>   | (498)                                 | (826)                               |
| <b>Cash flows from financing activities</b>  |                                       |                                     |
| Proceeds from issue of shares  | -                                     | 6                                   |
| Net increase/ (decrease) in debts issued   | 237                                   | (2,010)                             |
| Dividends paid by the Bank   | -                                     | (720)                               |
| Dividends paid by subsidiaries to minority shareholders  | -                                     | (10)                                |
| <b>Net cash from/ (used in) financing activities</b>   | 237                                   | (2,736)                             |
| Currency translation adjustment  | 21                                    | (15)                                |
| <b>Net increase in cash and cash equivalents</b>   | 277                                   | 355                                 |
| Cash and cash equivalents at beginning of the financial period   | 13,084                                | 12,729                              |
| <b>Cash and cash equivalents at end of the financial period (Note A)</b>   | 13,361                                | 13,084                              |
| <b>Note A:</b>   |                                       |                                     |
| Cash and balances with central banks   | 3,887                                 | 4,213                               |
| Singapore Government treasury bills and securities   | 8,574                                 | 8,261                               |
| Other government treasury bills and securities, less non-cash equivalents of \$739 million (2002: \$723 million) | 900                                   | 610                                 |
| <b>Cash and cash equivalents at end of the financial period</b>  | 13,361                                | 13,084                              |

\* Less than \$500,000



**UNAUDITED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

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

\* Less than \$500,000