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To: All Shareholders

The Board of Directors of United Overseas Bank Limited wishes to make the following announcement:

**Financial Results**

The unaudited financial results of the Group for the first half / second quarter of 2010 are enclosed.

**Dividends**

***Ordinary share dividend***

The Directors are pleased to declare an interim one-tier tax-exempt dividend of 20 cents (2Q09: 20 cents) per ordinary share in respect of the financial year ending 31 December 2010 ("2010 Interim Dividend").

The scrip dividend scheme (the "Scheme") will be applied to the 2010 Interim Dividend. A separate announcement is made today of the books closure and relevant dates for participation in the Scheme.

***Preference share dividends***

The Directors are also pleased to declare a dividend of 5.05% per annum on the Bank's S\$1.32 billion Class E non-cumulative non-convertible preference shares for the period from 15 March 2010 up to, but excluding, 15 September 2010. The dividend will be paid on 15 September 2010. The record date for the dividend is 2 September 2010 at 5.00 pm.

No dividend (2Q09: Nil) was paid on the 5,000 non-cumulative non-convertible guaranteed SPV-A preference shares issued by the Bank's wholly-owned subsidiary, UOB Cayman I Limited, during the second quarter of 2010.

**Confirmation by Directors**

The Board of Directors hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the unaudited financial results of the Group for the first half / second quarter of 2010 to be false or misleading.

**BY ORDER OF THE BOARD**

**UNITED OVERSEAS BANK LIMITED**

Mrs Vivien Chan  
Secretary

Dated this 10<sup>th</sup> day of August 2010

The results are also available at [uobgroup.com](http://uobgroup.com)



# **Group Financial Report**

**For the First Half / Second Quarter 2010**

**United Overseas Bank Limited**  
**Incorporated in the Republic of Singapore**  
**Company Registration Number: 193500026Z**

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### **Notes:**

- 1 The financial statements are presented in Singapore dollars.
- 2 Certain comparative figures have been restated to conform with the current period's presentation.
- 3 Certain figures in this report may not add up to the respective totals due to rounding.
- 4 Amounts less than \$500,000 in absolute term are shown as "0".  
"NM" denotes not meaningful.

**Financial Highlights**

|                                       | 1H10  | 1H09  | + / (-)<br>% | 2Q10  | 1Q10  | + / (-)<br>% | 2Q09  | + / (-)<br>% |
|---------------------------------------|-------|-------|--------------|-------|-------|--------------|-------|--------------|
| <b>Profit and loss summary (\$m)</b>  |       |       |              |       |       |              |       |              |
| Net interest income                   | 1,784 | 1,857 | (3.9)        | 884   | 900   | (1.8)        | 908   | (2.6)        |
| Non-interest income                   | 984   | 985   | (0.1)        | 382   | 602   | (36.6)       | 551   | (30.7)       |
| Total income                          | 2,768 | 2,842 | (2.6)        | 1,266 | 1,502 | (15.7)       | 1,458 | (13.2)       |
| Less: Total expenses                  | 1,082 | 1,011 | 7.1          | 540   | 542   | (0.3)        | 520   | 3.8          |
| Operating profit                      | 1,686 | 1,831 | (7.9)        | 725   | 960   | (24.4)       | 938   | (22.6)       |
| Less: Amortisation/impairment charges | 166   | 847   | (80.5)       | 54    | 111   | (51.0)       | 467   | (88.3)       |
| Add: Share of profit of associates    | 73    | 42    | 74.6         | 48    | 25    | 90.4         | 32    | 50.9         |
| Less: Tax and minority interests      | 290   | 146   | 99.3         | 117   | 174   | (32.7)       | 32    | >100.0       |
| Net profit after tax <sup>1</sup>     | 1,302 | 880   | 48.0         | 602   | 700   | (14.1)       | 470   | 27.9         |

**Financial indicators**

|   |      |      |            |      |      |            |      |            |
|---|------|------|------------|------|------|------------|------|------------|
| Non-interest income/Total income (%)                                | 35.5 | 34.7 | 0.8% pt    | 30.2 | 40.1 | (9.9)% pt  | 37.8 | (7.6)% pt  |
| Overseas profit contribution (%)                                    | 31.2 | 38.3 | (7.1)% pt  | 31.5 | 31.0 | 0.5% pt    | 44.0 | (12.5)% pt |
| Earnings per ordinary share (\$) <sup>2, 3</sup>                    |      |      |            |      |      |            |      |            |
| Basic   | 1.60 | 1.10 | 45.5       | 1.52 | 1.63 | (6.7)      | 1.18 | 28.8       |
| Diluted   | 1.59 | 1.09 | 45.9       | 1.51 | 1.62 | (6.8)      | 1.18 | 28.0       |
| Return on average ordinary shareholders' equity (%) <sup>2, 3</sup> | 13.9 | 11.7 | 2.2% pt    | 13.0 | 14.2 | (1.2)% pt  | 12.1 | 0.9% pt    |
| Return on average total assets (%) <sup>3</sup>                     | 1.34 | 0.98 | 0.36% pt   | 1.26 | 1.37 | (0.11)% pt | 1.06 | 0.20% pt   |
| Net interest margin (%) <sup>3</sup>                                | 2.19 | 2.38 | (0.19)% pt | 2.14 | 2.25 | (0.11)% pt | 2.35 | (0.21)% pt |
| Expense/Income ratio (%)  | 39.1 | 35.6 | 3.5% pt    | 42.7 | 36.1 | 6.6% pt    | 35.7 | 7.0% pt    |
| Loan charge off rate (bp) <sup>3</sup>                              |      |      |            |      |      |            |      |            |
| Exclude collective impairment                                       | 4    | 63   | (59)bp     | 3    | 4    | (1)bp      | 60   | (57)bp     |
| Include collective impairment                                       | 21   | 87   | (66)bp     | 18   | 24   | (6)bp      | 90   | (72)bp     |
| Net dividend per ordinary share (¢)                                 |      |      |            |      |      |            |      |            |
| Interim   | 20.0 | 20.0 | -          | 20.0 | -    | NM         | 20.0 | -          |

**Notes:**

1 Refer to profit attributable to equity holders of the Bank.

2 Calculated based on profit attributable to equity holders of the Bank net of preference share dividends.

3 Computed on an annualised basis for quarters.

**Financial Highlights (cont'd)**

|  | <b>Jun-10</b>  | Mar-10  | + / (-)<br>% | Jun-09  | + / (-)<br>% |
|--|----------------|---------|--------------|---------|--------------|
| <b>Financial indicators</b>                                  |                |         |              |         |              |
| Customer loans (net) (\$m)                                   | <b>103,759</b> | 100,577 | 3.2          | 97,781  | 6.1          |
| Customer deposits (\$m)                                      | <b>125,722</b> | 125,570 | 0.1          | 116,989 | 7.5          |
| Loans/Deposits ratio (%) <sup>1</sup>                        | <b>82.5</b>    | 81.5    | 1.0% pt      | 83.6    | (1.1)% pt    |
| NPL ratio (%) <sup>2</sup>                                   | <b>1.9</b>     | 2.0     | (0.1)% pt    | 2.4     | (0.5)% pt    |
| Total assets (\$m)   | <b>191,200</b> | 191,587 | (0.2)        | 177,473 | 7.7          |
| Shareholders' equity (\$m) <sup>3</sup>                      | <b>20,296</b>  | 19,926  | 1.9          | 17,431  | 16.4         |
| Net asset value ("NAV") per ordinary share (\$) <sup>4</sup> | <b>11.85</b>   | 11.80   | 0.4          | 10.14   | 16.9         |
| Revalued NAV per ordinary share (\$) <sup>4</sup>            | <b>13.45</b>   | 13.41   | 0.3          | 11.88   | 13.2         |
| Capital adequacy ratios (%)                                  |                |         |              |         |              |
| Tier 1   | <b>15.1</b>    | 14.9    | 0.2% pt      | 12.6    | 2.5% pt      |
| Total  | <b>20.1</b>    | 20.0    | 0.1% pt      | 17.5    | 2.6% pt      |

**Notes:**

- 1 Refer to net customer loans and customer deposits.
- 2 Refer to non-performing loans (excluding debt securities and contingent assets) as a percentage of gross customer loans.
- 3 Refer to equity attributable to equity holders of the Bank.
- 4 Preference shares are excluded from the computation.

## **Performance Review**

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") with modification to FRS39 Financial Instruments: Recognition and Measurement in respect of loan loss provisioning, as provided in Notice to Banks No. 612 "Credit Files, Grading and Provisioning" issued by the Monetary Authority of Singapore ("MAS").

The new or amended FRS and Interpretations to FRS ("INT FRS") applicable to the Group with effect from 1 January 2010 are listed below. The adoption of these FRS and INT FRS has no significant impact on the financial statements of the Group.

- FRS27 Consolidated and Separate Financial Statements
- FRS103 Business Combinations
- INT FRS117 Distributions of Non-cash Assets to Owners
- Amendments to FRS32 Financial Instruments: Presentation - Classification of Rights Issues
- Amendments to FRS39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items
- Amendments to FRS102 Share-based Payment - Group Cash-settled Share-based Payment Transactions

Other than the above changes, the accounting policies and computation methods adopted in the financial statements for the first half of 2010 are the same as those adopted in the audited financial statements for the financial year ended 31 December 2009.

### **First half 2010 ("1H10") versus first half 2009 ("1H09")**

Group's net profit after tax ("NPAT") for 1H10 grew 48.0% over 1H09 to \$1,302 million. The increase was largely due to lower impairment charges.

Total operating income decreased 2.6% to \$2,768 million, as trading and investment income and net interest income were lower compared to 1H09. Fee and commission income, however, thrived across all business areas with a year-on-year growth of 22.5%.

Total operating expenses increased 7.1% to \$1,082 million in 1H10. The increase was mainly due to higher staff costs and consequently, expense-to-income ratio increased 3.5% points to 39.1%.

Impairment charges were lower at \$160 million in 1H10 due to less collective impairment set aside as the economy recovers, as well as lower individual impairment on loans.

Net customer loans increased 6.1% from a year ago to \$103.8 billion as at 30 June 2010 mainly from loans to the housing and general commerce sectors. NPL ratio improved to 1.9% from the 2.4% recorded a year ago.

Customer deposits increased 7.5% year-on-year, led by savings deposits and current accounts. Liquidity position remained strong with loans-to-deposits ratio at 82.5%.

Shareholders' equity grew 16.4% over a year ago to \$20.3 billion as at 30 June 2010 largely attributed to higher retained earnings as well as improved valuation of the investment portfolio.

Group Tier 1 and total capital adequacy ratios were higher at 15.1% and 20.1% as at 30 June 2010 respectively over a year ago. The increase was primarily contributed by lower risk-weighted assets and higher retained earnings.

## **Performance Review (cont'd)**

### **Second quarter 2010 ("2Q10") versus first quarter 2010 ("1Q10")**

Group registered a NPAT of \$602 million in 2Q10, 2.7% lower than 1Q10, excluding last quarter's gain from sale of UOB Life Assurance Limited ("UOB Life"). The decline against 1Q10 was mainly due to lower non-interest income and net interest income, partly offset by lower impairment charges.

Net interest income decreased 1.8% to \$884 million as net interest margin dropped 11 basis points to 2.14% on the back of a competitive low interest rate environment. Non-interest income decreased 36.6% to \$382 million, attributed mainly to lower trading and investment income and the gain from sale of UOB Life in 1Q10. Fee and commission income stayed at last quarter level, contributed by strong loan-related fee income.

While total operating expenses was maintained at \$540 million in 2Q10, expense-to-income ratio increased 6.6% points to 42.7% due to a smaller income base.

Impairment charges decreased 52.3% to \$52 million in 2Q10. The decrease was largely due to writeback of provision for investment securities in 2Q10 as opposed to last quarter's impairment charge, as well as lower collective impairment.

Net customer loans increased 3.2% from last quarter to \$103.8 billion as at 30 June 2010 mainly from loans to the housing and general commerce sectors. NPL ratio improved to 1.9%.

Customer deposits was unchanged at \$125.7 billion while loan-to-deposits increased 1.0% point to 82.5% on loan growth.

Shareholders' equity increased 1.9% over 31 March 2010 to \$20.3 billion as at 30 June 2010. The increase was mainly due to the issuance of new ordinary shares pursuant to the scrip dividend scheme.

Group Tier 1 and total capital adequacy ratios were higher at 15.1% and 20.1% as at 30 June 2010 respectively largely due to higher eligible capital as well as lower risk-weighted assets.

### **Second quarter 2010 ("2Q10") versus second quarter 2009 ("2Q09")**

Group NPAT grew 27.9% over the same period last year to \$602 million in 2Q10. The growth was contributed mainly by lower impairment charges.

Total operating income decreased 13.2% to \$1,266 million. Net interest income declined 2.6% to \$884 million mainly from lower interest margin in 2Q10. Non-interest income decreased 30.7% from 2Q09 largely from lower trading and investment income. Fee and commission income, however, grew 26.8% across all business activities to \$285 million in 2Q10 as economic conditions improved.

Total operating expenses increased 3.8% from 2Q09 mainly on higher staff costs. Expense-to-income ratio increased 7.0% points to 42.7%.

Impairment charges decreased 88.9% from 2Q09, mainly due to lower collective impairment and lower individual impairment on loans.

## Net Interest Income

### Net interest margin

|   | 1H10               |              |                 | 1H09               |              |                 |
|---|--------------------|--------------|-----------------|--------------------|--------------|-----------------|
|   | Average<br>balance | Interest     | Average<br>rate | Average<br>balance | Interest     | Average<br>rate |
|   | \$m                | \$m          | %               | \$m                | \$m          | %               |
| <b>Interest bearing assets</b>          |                    |              |                 |                    |              |                 |
| Customer loans                          | 98,937             | 1,874        | 3.82            | 99,829             | 2,040        | 4.12            |
| Interbank balances                      | 30,932             | 195          | 1.27            | 26,963             | 238          | 1.78            |
| Securities                              | 34,222             | 385          | 2.27            | 30,390             | 432          | 2.87            |
| <b>Total</b>                            | <b>164,091</b>     | <b>2,455</b> | <b>3.02</b>     | <b>157,182</b>     | <b>2,710</b> | <b>3.48</b>     |
| <b>Interest bearing liabilities</b>     |                    |              |                 |                    |              |                 |
| Customer deposits                       | 126,565            | 508          | 0.81            | 121,163            | 640          | 1.06            |
| Interbank balances/other                | 32,940             | 163          | 1.00            | 31,789             | 214          | 1.36            |
| <b>Total</b>                            | <b>159,506</b>     | <b>671</b>   | <b>0.85</b>     | <b>152,952</b>     | <b>853</b>   | <b>1.13</b>     |
| <b>Net interest margin <sup>1</sup></b> |                    |              | <b>2.19</b>     |                    |              | <b>2.38</b>     |

|   | 2Q10               |              |                 | 1Q10               |              |                 | 2Q09               |              |                 |
|---|--------------------|--------------|-----------------|--------------------|--------------|-----------------|--------------------|--------------|-----------------|
|   | Average<br>balance | Interest     | Average<br>rate | Average<br>balance | Interest     | Average<br>rate | Average<br>balance | Interest     | Average<br>rate |
|   | \$m                | \$m          | %               | \$m                | \$m          | %               | \$m                | \$m          | %               |
| <b>Interest bearing assets</b>          |                    |              |                 |                    |              |                 |                    |              |                 |
| Customer loans                          | 99,706             | 946          | 3.81            | 98,159             | 928          | 3.84            | 98,885             | 984          | 3.99            |
| Interbank balances                      | 32,502             | 98           | 1.21            | 29,346             | 97           | 1.34            | 25,354             | 93           | 1.47            |
| Securities                              | 33,381             | 187          | 2.24            | 35,072             | 198          | 2.29            | 30,438             | 204          | 2.68            |
| <b>Total</b>                            | <b>165,589</b>     | <b>1,231</b> | <b>2.98</b>     | <b>162,577</b>     | <b>1,224</b> | <b>3.05</b>     | <b>154,677</b>     | <b>1,281</b> | <b>3.32</b>     |
| <b>Interest bearing liabilities</b>     |                    |              |                 |                    |              |                 |                    |              |                 |
| Customer deposits                       | 127,867            | 260          | 0.82            | 125,249            | 248          | 0.80            | 120,744            | 285          | 0.95            |
| Interbank balances/other                | 32,809             | 87           | 1.06            | 33,073             | 76           | 0.93            | 29,399             | 88           | 1.21            |
| <b>Total</b>                            | <b>160,676</b>     | <b>347</b>   | <b>0.87</b>     | <b>158,322</b>     | <b>324</b>   | <b>0.83</b>     | <b>150,143</b>     | <b>373</b>   | <b>1.00</b>     |
| <b>Net interest margin <sup>1</sup></b> |                    |              | <b>2.14</b>     |                    |              | <b>2.25</b>     |                    |              | <b>2.35</b>     |

**Note:**

<sup>1</sup> Net interest margin represents net interest income (annualised for quarters) as a percentage of total interest bearing assets.



**Net Interest Income (cont'd)**
**Volume and rate analysis**

|                            | 1H10 vs 1H09  |              |              | 2Q10 vs 1Q10  |             |             | 2Q10 vs 2Q09  |              |             |
|----------------------------|---------------|--------------|--------------|---------------|-------------|-------------|---------------|--------------|-------------|
|                            | Volume change | Rate change  | Net change   | Volume change | Rate change | Net change  | Volume change | Rate change  | Net change  |
|                            | \$m           | \$m          | \$m          | \$m           | \$m         | \$m         | \$m           | \$m          | \$m         |
| <b>Interest income</b>     |               |              |              |               |             |             |               |              |             |
| Customer loans             | (18)          | (147)        | (166)        | 15            | (7)         | 7           | 8             | (46)         | (38)        |
| Interbank balances         | 35            | (78)         | (43)         | 10            | (10)        | 0           | 26            | (21)         | 5           |
| Securities                 | 54            | (101)        | (47)         | (10)          | (4)         | (14)        | 20            | (37)         | (17)        |
| <b>Total</b>               | <b>71</b>     | <b>(327)</b> | <b>(255)</b> | <b>16</b>     | <b>(22)</b> | <b>(6)</b>  | <b>54</b>     | <b>(104)</b> | <b>(50)</b> |
| <b>Interest expense</b>    |               |              |              |               |             |             |               |              |             |
| Customer deposits          | 29            | (160)        | (132)        | 5             | 4           | 10          | 17            | (42)         | (25)        |
| Interbank balances/other   | 2             | (53)         | (51)         | (0)           | 10          | 10          | 5             | (7)          | (1)         |
| <b>Total</b>               | <b>31</b>     | <b>(213)</b> | <b>(183)</b> | <b>5</b>      | <b>15</b>   | <b>20</b>   | <b>22</b>     | <b>(48)</b>  | <b>(26)</b> |
| Change in number of days   | -             | -            | -            | -             | -           | 10          | -             | -            | -           |
| <b>Net interest income</b> | <b>41</b>     | <b>(113)</b> | <b>(73)</b>  | <b>10</b>     | <b>(36)</b> | <b>(16)</b> | <b>32</b>     | <b>(56)</b>  | <b>(24)</b> |

**1H10 vs 1H09**

Net interest income decreased 3.9% to \$1,784 million largely due to lower interest margin. Net interest margin decreased 19 basis points to 2.19% for 1H10 as the drop in asset yields outpaced the reduced borrowing costs.

**2Q10 vs 1Q10**

Net interest income decreased 1.8% to \$884 million. The decrease was largely attributed to compressed interest margin. Net interest margin decreased 11 basis points to 2.14% for the quarter.

**2Q10 vs 2Q09**

Net interest income declined 2.6% to \$884 million mainly due to lower interest margin. Net interest margin was 21 basis points lower than that of 2Q09.

**Non-Interest Income**

|   | <b>1H10</b> | 1H09 | +/(-)  | <b>2Q10</b> | 1Q10 | +/(-)    | 2Q09 | +/(-)    |
|---|-------------|------|--------|-------------|------|----------|------|----------|
|   | <b>\$m</b>  | \$m  | %      | <b>\$m</b>  | \$m  | %        | \$m  | %        |
| <b>Fee and commission income</b>                                |             |      |        |             |      |          |      |          |
| Credit card   | <b>94</b>   | 74   | 27.2   | <b>49</b>   | 45   | 9.1      | 39   | 24.9     |
| Fund management   | <b>63</b>   | 54   | 17.9   | <b>29</b>   | 34   | (16.6)   | 28   | 3.3      |
| Investment-related  | <b>79</b>   | 57   | 39.2   | <b>41</b>   | 38   | 8.3      | 30   | 35.8     |
| Loan-related  | <b>151</b>  | 126  | 19.6   | <b>74</b>   | 77   | (4.9)    | 50   | 47.6     |
| Service charges   | <b>44</b>   | 42   | 4.0    | <b>22</b>   | 23   | (4.9)    | 20   | 5.4      |
| Trade-related   | <b>104</b>  | 86   | 20.0   | <b>53</b>   | 50   | 6.0      | 43   | 24.3     |
| Other   | <b>35</b>   | 26   | 34.6   | <b>18</b>   | 17   | 9.9      | 15   | 24.1     |
|   | <b>570</b>  | 465  | 22.5   | <b>285</b>  | 284  | 0.4      | 225  | 26.8     |
| <b>Dividend income</b>  | <b>28</b>   | 27   | 2.8    | <b>25</b>   | 3    | >100.0   | 23   | 7.0      |
| <b>Rental income</b>  | <b>60</b>   | 71   | (15.2) | <b>30</b>   | 30   | 2.3      | 36   | (16.6)   |
| <b>Other operating income</b>                                   |             |      |        |             |      |          |      |          |
| Net gain/(loss) from:   |             |      |        |             |      |          |      |          |
| Trading activities  | <b>38</b>   | 67   | (42.9) | <b>7</b>    | 31   | (77.2)   | 34   | (79.0)   |
| Non-trading activities  |             |      |        |             |      |          |      |          |
| Financial instruments measured at fair value to profit and loss | <b>38</b>   | 170  | (77.5) | <b>(18)</b> | 56   | (>100.0) | 141  | (>100.0) |
| Available-for-sale assets and other                             | <b>122</b>  | 132  | (7.5)  | <b>22</b>   | 100  | (77.5)   | 63   | (64.3)   |
|   | <b>198</b>  | 368  | (46.2) | <b>12</b>   | 187  | (93.7)   | 237  | (95.1)   |
| Other income  | <b>128</b>  | 54   | >100.0 | <b>30</b>   | 99   | (69.8)   | 29   | 1.7      |
|   | <b>327</b>  | 422  | (22.7) | <b>42</b>   | 285  | (85.4)   | 266  | (84.4)   |
| <b>Total</b>  | <b>984</b>  | 985  | (0.1)  | <b>382</b>  | 602  | (36.6)   | 551  | (30.7)   |

**1H10 vs 1H09**

Non-interest income was maintained at \$984 million. Fee and commission income registered broad based growth of 22.5% to \$570 million whilst trading and investment income was lower. Other income was higher due to the gain from sale of UOB Life.

**2Q10 vs 1Q10**

Non-interest income decreased 36.6% to \$382 million, attributed mainly to lower trading and investment income and the gain from sale of UOB Life in 1Q10. Fee and commission was maintained at last quarter level, contributed by strong loan-related fee income.

**2Q10 vs 2Q09**

Non-interest income decreased 30.7% from 2Q09 largely from lower trading and investment income. Fee and commission income, however, grew 26.8% across all business activities to \$285 million in 2Q10 as economic conditions improved.

## Operating Expenses

|                                  | <b>1H10</b>   | 1H09   | + / (-) | <b>2Q10</b>   | 1Q10   | + / (-) | 2Q09   | + / (-) |
|----------------------------------|---------------|--------|---------|---------------|--------|---------|--------|---------|
|                                  | <b>\$m</b>    | \$m    | %       | <b>\$m</b>    | \$m    | %       | \$m    | %       |
| <b>Staff costs</b>               | <b>604</b>    | 536    | 12.7    | <b>302</b>    | 301    | 0.4     | 276    | 9.4     |
| <b>Other operating expenses</b>  |               |        |         |               |        |         |        |         |
| Revenue-related                  | <b>226</b>    | 234    | (3.7)   | <b>114</b>    | 112    | 2.0     | 124    | (7.9)   |
| Occupancy-related                | <b>107</b>    | 102    | 4.1     | <b>54</b>     | 53     | 3.0     | 50     | 7.8     |
| IT-related                       | <b>91</b>     | 76     | 19.4    | <b>40</b>     | 51     | (21.9)  | 36     | 9.5     |
| Other                            | <b>56</b>     | 63     | (11.2)  | <b>30</b>     | 26     | 16.9    | 34     | (11.0)  |
|                                  | <b>479</b>    | 475    | 0.6     | <b>238</b>    | 241    | (1.2)   | 244    | (2.5)   |
| <b>Total</b>                     | <b>1,082</b>  | 1,011  | 7.1     | <b>540</b>    | 542    | (0.3)   | 520    | 3.8     |
| Of which, depreciation of assets | <b>68</b>     | 67     | 2.6     | <b>34</b>     | 34     | 0.2     | 33     | 3.1     |
| Manpower (number)                | <b>20,551</b> | 21,576 | (1,025) | <b>20,551</b> | 20,660 | (109)   | 21,576 | (1,025) |

### 1H10 vs 1H09

Total operating expenses increased 7.1% to \$1,082 million in 1H10. The increase was mainly due to higher staff costs.

### 2Q10 vs 1Q10

Total operating expenses was maintained at \$540 million in 2Q10.

### 2Q10 vs 2Q09

Total operating expenses increased 3.8% from 2Q09 mainly on higher staff costs.

## Impairment Charges

|  | <b>1H10</b> | 1H09 | + / (-)  | <b>2Q10</b> | 1Q10 | + / (-)  | 2Q09 | + / (-)  |
|--|-------------|------|----------|-------------|------|----------|------|----------|
|  | <b>\$m</b>  | \$m  | %        | <b>\$m</b>  | \$m  | %        | \$m  | %        |
| Individual impairment on loans <sup>1</sup>          |             |      |          |             |      |          |      |          |
| Singapore  | <b>(27)</b> | 150  | (>100.0) | <b>(16)</b> | (11) | (41.8)   | 88   | (>100.0) |
| Malaysia   | <b>4</b>    | 48   | (91.8)   | <b>(10)</b> | 14   | (>100.0) | 26   | (>100.0) |
| Thailand   | <b>17</b>   | 24   | (31.6)   | <b>4</b>    | 13   | (72.4)   | 3    | 12.8     |
| Indonesia  | <b>9</b>    | 9    | (2.4)    | <b>6</b>    | 4    | 54.8     | 4    | 45.9     |
| Greater China <sup>2</sup>                           | <b>1</b>    | 5    | (73.1)   | <b>2</b>    | (1)  | >100.0   | 3    | (22.6)   |
| Other  | <b>14</b>   | 83   | (82.9)   | <b>23</b>   | (9)  | >100.0   | 27   | (14.0)   |
|  | <b>18</b>   | 320  | (94.4)   | <b>8</b>    | 10   | (12.1)   | 151  | (94.4)   |
| Individual impairment on securities and other assets | <b>8</b>    | 27   | (70.0)   | <b>(14)</b> | 22   | (>100.0) | (7)  | (90.9)   |
| Collective impairment                                | <b>134</b>  | 495  | (73.0)   | <b>57</b>   | 77   | (25.4)   | 321  | (82.2)   |
| Total  | <b>160</b>  | 842  | (81.0)   | <b>52</b>   | 108  | (52.3)   | 465  | (88.9)   |

### 1H10 vs 1H09

Impairment charges were lower at \$160 million in 1H10 due to less collective impairment set aside as the economy recovers, as well as lower individual impairment on loans.

### 2Q10 vs 1Q10

Impairment charges decreased 52.3% to \$52 million in 2Q10. The decrease was largely due to writeback of provision for investment securities in 2Q10 as opposed to last quarter's impairment charge, as well as lower collective impairment.

### 2Q10 vs 2Q09

Impairment charges decreased 88.9% from 2Q09, mainly due to lower collective impairment and lower individual impairment on loans.

### Notes:

1 Based on the location where the non-performing loans are booked.

2 Comprise China, Hong Kong S.A.R. and Taiwan.

## Customer Loans

|                                       | Jun-10         | Mar-10  | Dec-09  | Jun-09  |
|---------------------------------------|----------------|---------|---------|---------|
|                                       | \$m            | \$m     | \$m     | \$m     |
| Gross customer loans                  | <b>106,339</b> | 103,145 | 101,744 | 100,257 |
| Less: Individual impairment           | <b>909</b>     | 935     | 973     | 957     |
| Collective impairment                 | <b>1,671</b>   | 1,633   | 1,570   | 1,519   |
| Net customer loans                    | <b>103,759</b> | 100,577 | 99,201  | 97,781  |
| <b>By industry</b>                    |                |         |         |         |
| Transport, storage and communication  | <b>6,017</b>   | 6,311   | 6,301   | 6,286   |
| Building and construction             | <b>11,862</b>  | 11,777  | 11,718  | 12,375  |
| Manufacturing                         | <b>8,425</b>   | 8,693   | 8,794   | 9,101   |
| Financial institutions                | <b>14,574</b>  | 14,854  | 14,741  | 15,540  |
| General commerce                      | <b>14,096</b>  | 12,650  | 12,770  | 12,508  |
| Professionals and private individuals | <b>13,922</b>  | 13,496  | 13,346  | 13,045  |
| Housing loans                         | <b>30,488</b>  | 28,623  | 27,444  | 25,290  |
| Other                                 | <b>6,955</b>   | 6,740   | 6,630   | 6,113   |
| Total (gross)                         | <b>106,339</b> | 103,145 | 101,744 | 100,257 |
| <b>By currency</b>                    |                |         |         |         |
| Singapore dollar                      | <b>60,943</b>  | 59,592  | 59,978  | 57,335  |
| US dollar                             | <b>13,946</b>  | 13,093  | 12,813  | 13,906  |
| Malaysian ringgit                     | <b>12,902</b>  | 12,392  | 11,414  | 11,057  |
| Thai baht                             | <b>6,188</b>   | 6,246   | 5,944   | 5,926   |
| Indonesian rupiah                     | <b>3,167</b>   | 2,976   | 2,890   | 2,594   |
| Other                                 | <b>9,193</b>   | 8,845   | 8,705   | 9,439   |
| Total (gross)                         | <b>106,339</b> | 103,145 | 101,744 | 100,257 |
| <b>By maturity</b>                    |                |         |         |         |
| Within 1 year                         | <b>40,524</b>  | 39,130  | 37,772  | 36,141  |
| Over 1 year but within 3 years        | <b>20,019</b>  | 20,335  | 21,087  | 21,798  |
| Over 3 years but within 5 years       | <b>11,347</b>  | 11,004  | 10,615  | 11,418  |
| Over 5 years                          | <b>34,449</b>  | 32,676  | 32,270  | 30,901  |
| Total (gross)                         | <b>106,339</b> | 103,145 | 101,744 | 100,257 |
| <b>By geography <sup>1</sup></b>      |                |         |         |         |
| Singapore                             | <b>69,170</b>  | 67,161  | 67,350  | 65,239  |
| Malaysia                              | <b>13,716</b>  | 13,170  | 12,120  | 11,636  |
| Thailand                              | <b>6,352</b>   | 6,398   | 6,077   | 6,030   |
| Indonesia                             | <b>3,842</b>   | 3,594   | 3,499   | 3,240   |
| Greater China                         | <b>4,795</b>   | 4,143   | 4,011   | 4,059   |
| Other                                 | <b>8,464</b>   | 8,679   | 8,688   | 10,054  |
| Total (gross)                         | <b>106,339</b> | 103,145 | 101,744 | 100,257 |

Net customer loans increased 3.2% from last quarter and 6.1% from a year ago to \$103.8 billion as at 30 June 2010 mainly from loans to the housing and general commerce sectors. By geography, Singapore was the largest contributor to loan growth for the quarter while both Singapore and Malaysia contributed to the improvement year-on-year.

### Note:

<sup>1</sup> Based on the location where the loans are booked.

## Non-Performing Assets

|                               | Jun-10 | Mar-10 | Dec-09 | Jun-09 |
|-------------------------------|--------|--------|--------|--------|
|                               | \$m    | \$m    | \$m    | \$m    |
| Loans ("NPL")                 | 2,075  | 2,153  | 2,260  | 2,476  |
| Debt securities               | 418    | 470    | 462    | 279    |
| Non-Performing Assets ("NPA") | 2,493  | 2,623  | 2,722  | 2,755  |

### By grading

|             |       |       |       |       |
|-------------|-------|-------|-------|-------|
| Substandard | 1,434 | 1,555 | 1,623 | 1,675 |
| Doubtful    | 429   | 399   | 519   | 435   |
| Loss        | 630   | 669   | 580   | 645   |
| Total       | 2,493 | 2,623 | 2,722 | 2,755 |

### By security coverage

|           |       |       |       |       |
|-----------|-------|-------|-------|-------|
| Secured   | 1,097 | 1,117 | 1,180 | 1,242 |
| Unsecured | 1,396 | 1,506 | 1,542 | 1,513 |
| Total     | 2,493 | 2,623 | 2,722 | 2,755 |

### By ageing

|                     |       |       |       |       |
|---------------------|-------|-------|-------|-------|
| Current             | 404   | 419   | 351   | 460   |
| Within 90 days      | 228   | 491   | 489   | 561   |
| Over 90 to 180 days | 244   | 191   | 333   | 450   |
| Over 180 days       | 1,617 | 1,522 | 1,549 | 1,284 |
| Total               | 2,493 | 2,623 | 2,722 | 2,755 |

### Cumulative impairment

|                         |        |        |        |        |
|-------------------------|--------|--------|--------|--------|
| Individual              | 1,123  | 1,178  | 1,200  | 1,165  |
| Collective              | 1,802  | 1,744  | 1,657  | 1,648  |
| Total                   | 2,925  | 2,922  | 2,857  | 2,813  |
| As a % of NPA           | 117.3% | 111.4% | 105.0% | 102.1% |
| As a % of unsecured NPA | 209.5% | 194.0% | 185.3% | 185.9% |

|                                       | NPL   | NPL   | NPL   | NPL   | NPL   | NPL   | NPL   |
|---------------------------------------|-------|-------|-------|-------|-------|-------|-------|
|                                       | ratio | ratio | ratio | ratio | ratio | ratio | ratio |
|                                       | \$m   | %     | \$m   | %     | \$m   | %     | \$m   |
| <b>NPL by industry</b>                |       |       |       |       |       |       |       |
| Transport, storage and communication  | 79    | 1.3   | 79    | 1.3   | 78    | 1.2   | 44    |
| Building and construction             | 166   | 1.2   | 168   | 1.2   | 208   | 1.6   | 209   |
| Manufacturing                         | 611   | 7.2   | 644   | 7.3   | 678   | 7.6   | 745   |
| Financial institutions                | 186   | 1.3   | 208   | 1.4   | 206   | 1.4   | 349   |
| General commerce                      | 363   | 2.5   | 369   | 2.8   | 385   | 2.9   | 396   |
| Professionals and private individuals | 207   | 1.5   | 215   | 1.6   | 228   | 1.7   | 292   |
| Housing loans                         | 288   | 0.9   | 277   | 1.0   | 310   | 1.1   | 318   |
| Other                                 | 175   | 2.3   | 193   | 2.7   | 167   | 2.3   | 123   |
| Total                                 | 2,075 | 1.9   | 2,153 | 2.0   | 2,260 | 2.2   | 2,476 |

### Note:

1 Debt securities and contingent assets are excluded from the computation.

**Non-Performing Assets (cont'd)**

|                                     | NPL<br>\$m   | NPL<br>ratio <sup>1</sup><br>% | Total cumulative impairment |                                 |
|-------------------------------------|--------------|--------------------------------|-----------------------------|---------------------------------|
|                                     |              |                                | as a % of<br>NPL<br>%       | as a % of<br>unsecured NPL<br>% |
| <b>NPL by geography<sup>2</sup></b> |              |                                |                             |                                 |
| Singapore                           |              |                                |                             |                                 |
| <b>Jun 10</b>                       | <b>804</b>   | <b>1.2</b>                     | <b>215.2</b>                | <b>345.3</b>                    |
| Mar 10                              | 831          | 1.2                            | 208.5                       | 341.1                           |
| Dec 09                              | 923          | 1.4                            | 185.5                       | 299.8                           |
| Jun 09                              | 931          | 1.4                            | 167.7                       | 321.2                           |
| Malaysia                            |              |                                |                             |                                 |
| <b>Jun 10</b>                       | <b>418</b>   | <b>3.0</b>                     | <b>78.9</b>                 | <b>237.4</b>                    |
| Mar 10                              | 442          | 3.3                            | 71.9                        | 230.4                           |
| Dec 09                              | 435          | 3.5                            | 68.3                        | 225.0                           |
| Jun 09                              | 495          | 4.2                            | 59.0                        | 151.3                           |
| Thailand                            |              |                                |                             |                                 |
| <b>Jun 10</b>                       | <b>413</b>   | <b>5.9</b>                     | <b>70.7</b>                 | <b>123.7</b>                    |
| Mar 10                              | 419          | 5.9                            | 70.4                        | 119.9                           |
| Dec 09                              | 409          | 6.1                            | 69.9                        | 120.7                           |
| Jun 09                              | 431          | 6.5                            | 65.9                        | 103.6                           |
| Indonesia                           |              |                                |                             |                                 |
| <b>Jun 10</b>                       | <b>99</b>    | <b>2.6</b>                     | <b>66.7</b>                 | <b>314.3</b>                    |
| Mar 10                              | 106          | 2.9                            | 66.0                        | 250.0                           |
| Dec 09                              | 106          | 3.0                            | 63.2                        | 304.5                           |
| Jun 09                              | 95           | 2.9                            | 66.3                        | 262.5                           |
| Greater China                       |              |                                |                             |                                 |
| <b>Jun 10</b>                       | <b>83</b>    | <b>1.7</b>                     | <b>84.3</b>                 | <b>233.3</b>                    |
| Mar 10                              | 85           | 2.1                            | 81.2                        | 222.6                           |
| Dec 09                              | 105          | 2.6                            | 83.8                        | 220.0                           |
| Jun 09                              | 109          | 2.7                            | 77.1                        | 155.6                           |
| Other                               |              |                                |                             |                                 |
| <b>Jun 10</b>                       | <b>258</b>   | <b>3.0</b>                     | <b>35.7</b>                 | <b>76.7</b>                     |
| Mar 10                              | 270          | 3.1                            | 30.7                        | 67.5                            |
| Dec 09                              | 282          | 3.2                            | 33.0                        | 78.2                            |
| Jun 09                              | 415          | 4.0                            | 46.3                        | 78.7                            |
| Group NPL                           |              |                                |                             |                                 |
| <b>Jun 10</b>                       | <b>2,075</b> | <b>1.9</b>                     | <b>124.3</b>                | <b>246.4</b>                    |
| Mar 10                              | 2,153        | 2.0                            | 119.3                       | 239.1                           |
| Dec 09                              | 2,260        | 2.2                            | 112.5                       | 226.9                           |
| Jun 09                              | 2,476        | 2.4                            | 100.0                       | 194.2                           |

Group NPL declined 3.6% from last quarter and 16.2% from a year ago to \$2,075 million as at 30 June 2010. NPL ratio improved against both comparative periods to 1.9%.

**Notes:**

- Debt securities and contingent assets are excluded from the computations.
- Based on the location where the non-performing loans are booked.

## Customer Deposits

|                                 | <b>Jun-10</b>  | Mar-10  | Dec-09  | Jun-09  |
|---------------------------------|----------------|---------|---------|---------|
|                                 | <b>\$m</b>     | \$m     | \$m     | \$m     |
| <b>By product group</b>         |                |         |         |         |
| Fixed deposits                  | <b>67,289</b>  | 65,332  | 64,343  | 67,427  |
| Savings deposits                | <b>31,548</b>  | 31,232  | 30,121  | 27,415  |
| Current accounts                | <b>24,655</b>  | 24,911  | 25,200  | 20,910  |
| Other                           | <b>2,231</b>   | 4,095   | 1,838   | 1,236   |
| <b>Total</b>                    | <b>125,722</b> | 125,570 | 121,502 | 116,989 |
| <b>By maturity</b>              |                |         |         |         |
| Within 1 year                   | <b>122,412</b> | 121,993 | 117,602 | 112,795 |
| Over 1 year but within 3 years  | <b>2,045</b>   | 2,411   | 2,795   | 2,863   |
| Over 3 years but within 5 years | <b>871</b>     | 771     | 738     | 918     |
| Over 5 years                    | <b>393</b>     | 394     | 367     | 414     |
| <b>Total</b>                    | <b>125,722</b> | 125,570 | 121,502 | 116,989 |
| Loans/Deposits ratio (%)        | <b>82.5</b>    | 81.5    | 81.6    | 83.6    |

Customer deposits was unchanged at \$125.7 billion compared to last quarter. Year-on-year, customer deposits increased 7.5%, led by savings deposits and current accounts.

## Debts Issued

|                                 | <b>Jun-10</b> | Mar-10 | Dec-09 | Jun-09 |
|---------------------------------|---------------|--------|--------|--------|
|                                 | <b>\$m</b>    | \$m    | \$m    | \$m    |
| <b>Subordinated debts</b>       |               |        |        |        |
| Due after one year (unsecured)  | <b>5,660</b>  | 5,588  | 5,354  | 5,455  |
| <b>Other debts issued</b>       |               |        |        |        |
| Due within one year (unsecured) | <b>423</b>    | 427    | 576    | 485    |
| Due after one year (unsecured)  | <b>218</b>    | 107    | 114    | 161    |
|                                 | <b>641</b>    | 534    | 690    | 647    |
| <b>Total</b>                    | <b>6,301</b>  | 6,122  | 6,044  | 6,102  |



## Shareholders' Equity

|  | <b>Jun-10</b> | Mar-10 | Dec-09 | Jun-09 |
|--|---------------|--------|--------|--------|
|  | <b>\$m</b>    | \$m    | \$m    | \$m    |
| Shareholders' equity                               | <b>20,296</b> | 19,926 | 18,986 | 17,431 |
| Add: Revaluation surplus                           | <b>2,457</b>  | 2,416  | 2,394  | 2,627  |
| Shareholders' equity including revaluation surplus | <b>22,753</b> | 22,342 | 21,380 | 20,058 |

Shareholders' equity increased 1.9% over 31 March 2010 to \$20.3 billion as at 30 June 2010. The increase was mainly due to the issuance of new ordinary shares pursuant to the scrip dividend scheme.

Compared to a year ago, shareholders' equity grew 16.4% largely attributed to higher retained earnings as well as improved valuation of the investment portfolio.

As at 30 June 2010, revaluation surplus of \$2.5 billion on the Group's properties was not recognised in the financial statements.

## Changes in Issued Shares of the Bank

|   | <b>Number of shares</b> |           |                  |           |
|---|-------------------------|-----------|------------------|-----------|
|   | <b>1H10</b>             | 1H09      | <b>2Q10</b>      | 2Q09      |
|   | <b>'000</b>             | '000      | <b>'000</b>      | '000      |
| <b>Ordinary shares</b>  |                         |           |                  |           |
| Balance at beginning of period  | <b>1,524,194</b>        | 1,523,931 | <b>1,524,194</b> | 1,523,931 |
| Shares issued under scrip dividend scheme   | <b>24,352</b>           | -         | <b>24,352</b>    | -         |
| Balance at end of period  | <b>1,548,546</b>        | 1,523,931 | <b>1,548,546</b> | 1,523,931 |
| <b>Treasury shares</b>  |                         |           |                  |           |
| Balance at beginning/end of period  | <b>(18,175)</b>         | (18,320)  | <b>(18,175)</b>  | (18,320)  |
| Ordinary shares net of treasury shares  | <b>1,530,371</b>        | 1,505,611 | <b>1,530,371</b> | 1,505,611 |
| <b>Preference shares</b>  |                         |           |                  |           |
| Class E non-cumulative non-convertible preference shares at beginning/end of period | <b>13,200</b>           | 13,200    | <b>13,200</b>    | 13,200    |

As at 30 June 2010, there were no outstanding and exercisable options (30 June 2009: 267,000) that would render new shares to be issued.

## **Performance by Operating Segment**

The Group's businesses are organised into the following four segments based on the types of products and services that it provides:

### **Group Retail ("GR")**

GR segment covers Consumer, Privilege and Business Banking. Consumer Banking serves the individual customers, while Business Banking serves small enterprises with a wide range of products and services, including deposits, loans, investments, credit and debit cards and insurance products. Privilege Banking provides an extended range of financial services, including wealth management, offshore and restricted products such as structured notes, funds of hedge funds, and high networth insurance plans to the wealthy and affluent customers.

Segment profit increased 18.4% to \$496 million in 1H10. The increase was mainly due to higher fee and commission income from investment products, credit cards and loan-related activities, and lower impairment charges. These were partly negated by higher operating expenses.

### **Group Institutional Financial Services ("GIFS")**

GIFS segment encompasses Commercial Banking, Corporate Banking, Corporate Finance, Debt Capital Markets and Private Banking. Commercial Banking serves the medium and large enterprises, while Corporate Banking serves large local corporations, government-linked companies and agencies. Both Commercial Banking and Corporate Banking provide customers with a broad range of products and services that include current accounts, deposits, lending, asset finance, ship finance, trade finance, structured finance, cash management and cross-border payments. Corporate Finance provides services that include lead managing and underwriting equity offerings and corporate advisory services. Debt Capital Markets specialises in solution-based structures to meet clients' financing requirements in structuring, underwriting and arranging syndicated loans for general corporate needs, leveraged buy-outs, project and structured finance, and underwriting and lead managing bond issues. Private Banking caters to the high net worth individuals and accredited investors, offering financial and portfolio planning, including investment management, asset management and estate planning.

Segment profit increased 62.3% to \$688 million in 1H10. The increase was largely due to lower impairment charges.

### **Global Markets and Investment Management ("GMIM")**

GMIM segment provides a comprehensive range of treasury products and services, including foreign exchange, money market, fixed income, derivatives, margin trading, futures broking, gold products, as well as an array of structured products. It is a dominant player in Singapore dollar treasury instruments as well as a provider of banknote services in the region. It also engages in asset management, proprietary investment activities and management of excess liquidity and capital funds.

Segment profit decreased 58.0% to \$315 million in 1H10. The decrease was mainly attributed to lower income from money market, trading and investment activities.

### **Other**

Other segment includes property-related activities, insurance businesses and income and expenses not attributable to other operating segments.

The segment recorded a profit of \$93 million in 1H10 compared to a loss of \$568 million in 1H09. This was mainly contributed by the gain on sale of UOB Life, higher realised gain on investment securities and lower collective impairment.

**Performance by Operating Segment**<sup>1</sup> (cont'd)

|                                   | GR            | GIFS          | GMIM          | Other        | Elimination    | Total          |
|-----------------------------------|---------------|---------------|---------------|--------------|----------------|----------------|
|                                   | \$m           | \$m           | \$m           | \$m          | \$m            | \$m            |
| <b>1H10</b>                       |               |               |               |              |                |                |
| Operating income                  | 1,071         | 932           | 460           | 362          | (57)           | 2,768          |
| Operating expenses                | (544)         | (228)         | (181)         | (186)        | 57             | (1,082)        |
| Impairment charges                | (29)          | (12)          | 35            | (154)        | -              | (160)          |
| Amortisation of intangible assets | (2)           | (4)           | -             | -            | -              | (6)            |
| Share of profit of associates     | -             | -             | 1             | 72           | -              | 73             |
| <b>Profit before tax</b>          | <b>496</b>    | <b>688</b>    | <b>315</b>    | <b>93</b>    | <b>-</b>       | <b>1,592</b>   |
| <b>Segment assets</b>             | <b>47,425</b> | <b>59,484</b> | <b>76,090</b> | <b>4,924</b> | <b>(2,141)</b> | <b>185,782</b> |
| Intangible assets                 | 1,180         | 2,301         | 669           | 80           | -              | 4,230          |
| Investment in associates          | -             | -             | 28            | 1,160        | -              | 1,188          |
| <b>Total assets</b>               | <b>48,605</b> | <b>61,785</b> | <b>76,787</b> | <b>6,164</b> | <b>(2,141)</b> | <b>191,200</b> |
| <b>Segment liabilities</b>        | <b>63,887</b> | <b>57,591</b> | <b>42,656</b> | <b>8,740</b> | <b>(2,141)</b> | <b>170,733</b> |
| <b>Other information</b>          |               |               |               |              |                |                |
| Inter-segment operating income    | 62            | (37)          | (115)         | 147          | (57)           | -              |
| Gross customer loans              | 47,171        | 58,574        | 516           | 78           | -              | 106,339        |
| Non-performing assets             | 607           | 1,560         | 201           | 125          | -              | 2,493          |
| Capital expenditure               | 7             | -             | 1             | 30           | -              | 38             |
| Depreciation of assets            | 8             | 3             | 1             | 56           | -              | 68             |
| <b>1H09</b>                       |               |               |               |              |                |                |
| Operating income                  | 944           | 920           | 908           | 129          | (59)           | 2,842          |
| Operating expenses                | (446)         | (224)         | (149)         | (251)        | 59             | (1,011)        |
| Impairment charges                | (77)          | (269)         | (13)          | (483)        | -              | (842)          |
| Amortisation of intangible assets | (2)           | (3)           | -             | -            | -              | (5)            |
| Share of profit of associates     | -             | -             | 4             | 38           | -              | 42             |
| <b>Profit before tax</b>          | <b>419</b>    | <b>424</b>    | <b>750</b>    | <b>(568)</b> | <b>-</b>       | <b>1,025</b>   |
| <b>Segment assets</b>             | <b>39,806</b> | <b>61,594</b> | <b>69,466</b> | <b>5,576</b> | <b>(4,313)</b> | <b>172,129</b> |
| Intangible assets                 | 1,182         | 2,296         | 667           | 80           | -              | 4,225          |
| Investment in associates          | -             | -             | 33            | 1,086        | -              | 1,119          |
| <b>Total assets</b>               | <b>40,988</b> | <b>63,890</b> | <b>70,166</b> | <b>6,742</b> | <b>(4,313)</b> | <b>177,473</b> |
| <b>Segment liabilities</b>        | <b>58,583</b> | <b>58,402</b> | <b>37,922</b> | <b>9,288</b> | <b>(4,313)</b> | <b>159,882</b> |
| <b>Other information</b>          |               |               |               |              |                |                |
| Inter-segment operating income    | 144           | (198)         | 3             | 110          | (59)           | -              |
| Gross customer loans              | 39,466        | 60,630        | 87            | 74           | -              | 100,257        |
| Non-performing assets             | 680           | 1,796         | 105           | 174          | -              | 2,755          |
| Capital expenditure               | 8             | 2             | 1             | 42           | -              | 53             |
| Depreciation of assets            | 8             | 2             | 1             | 56           | -              | 67             |

**Notes:**

- 1 Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.
- 2 Certain prior period comparatives have been restated to reflect the re-alignment of the organisation to be more segment focused.

**Performance by Geographical Segment**<sup>1</sup>

|                               | 1H10         | 1H09         | 2Q10         | 1Q10         | 2Q09         |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|
|                               | \$m          | \$m          | \$m          | \$m          | \$m          |
| <b>Total operating income</b> |              |              |              |              |              |
| Singapore                     | 1,753        | 1,879        | 774          | 979          | 979          |
| Malaysia                      | 348          | 296          | 172          | 176          | 142          |
| Thailand                      | 204          | 210          | 96           | 109          | 100          |
| Indonesia                     | 192          | 181          | 95           | 97           | 92           |
| Greater China                 | 96           | 107          | 49           | 47           | 62           |
| Other                         | 174          | 170          | 80           | 94           | 83           |
| <b>Total</b>                  | <b>2,768</b> | <b>2,842</b> | <b>1,266</b> | <b>1,502</b> | <b>1,458</b> |
| <b>Profit before tax</b>      |              |              |              |              |              |
| Singapore                     | 1,099        | 636          | 494          | 605          | 283          |
| Malaysia                      | 214          | 151          | 116          | 98           | 68           |
| Thailand                      | 48           | 47           | 22           | 26           | 26           |
| Indonesia                     | 80           | 84           | 34           | 45           | 43           |
| Greater China                 | 43           | 51           | 20           | 23           | 34           |
| Other                         | 114          | 61           | 35           | 79           | 51           |
|                               | 1,598        | 1,030        | 721          | 877          | 505          |
| Intangible assets amortised   | (6)          | (5)          | (3)          | (3)          | (3)          |
| <b>Total</b>                  | <b>1,592</b> | <b>1,025</b> | <b>719</b>   | <b>874</b>   | <b>502</b>   |

Pre-tax profit for Singapore grew 72.9% to \$1,099 million in 1H10, largely on reduced impairment charges. Overseas pre-tax profit growth was largely contributed by Malaysia. Pre-tax profit for Malaysia rose 41.8% to \$214 million in 1H10 due to stronger operating performance as well as lower impairment charges.

|                     | Jun-10         | Mar-10         | Dec-09         | Jun-09         |
|---------------------|----------------|----------------|----------------|----------------|
|                     | \$m            | \$m            | \$m            | \$m            |
| <b>Total assets</b> |                |                |                |                |
| Singapore           | 129,582        | 128,890        | 121,190        | 117,332        |
| Malaysia            | 18,383         | 18,897         | 17,776         | 17,148         |
| Thailand            | 9,429          | 9,725          | 9,509          | 8,564          |
| Indonesia           | 5,068          | 4,945          | 4,920          | 4,590          |
| Greater China       | 8,720          | 7,405          | 7,132          | 7,337          |
| Other               | 15,787         | 17,493         | 20,822         | 18,278         |
|                     | 186,970        | 187,354        | 181,349        | 173,248        |
| Intangible assets   | 4,230          | 4,233          | 4,229          | 4,225          |
| <b>Total</b>        | <b>191,200</b> | <b>191,587</b> | <b>185,578</b> | <b>177,473</b> |

**Note:**

1 Based on the location where the transactions and assets are booked which approximates that based on the location of the customers and assets. Information is stated after elimination of inter-segment transactions.

**Capital Adequacy Ratios**

|  | <b>Jun-10</b>  | Mar-10  | Dec-09  | Jun-09  |
|--|----------------|---------|---------|---------|
|  | <b>\$m</b>     | \$m     | \$m     | \$m     |
| <b>Tier 1 capital</b>                  |                |         |         |         |
| Share capital                          | <b>2,319</b>   | 1,902   | 1,902   | 1,896   |
| Preference shares                      | <b>2,149</b>   | 2,149   | 2,149   | 2,149   |
| Disclosed reserves/other               | <b>15,656</b>  | 15,859  | 15,189  | 14,276  |
| Deductions from Tier 1 capital         | <b>(4,800)</b> | (4,819) | (5,113) | (5,098) |
| <b>Eligible Tier 1 capital</b>         | <b>15,324</b>  | 15,091  | 14,127  | 13,223  |
| <b>Tier 2 capital</b>                  |                |         |         |         |
| Cumulative collective impairment/other | <b>873</b>     | 863     | 912     | 863     |
| Subordinated notes                     | <b>4,549</b>   | 4,785   | 4,767   | 4,822   |
| Deductions from Tier 2 capital         | <b>(451)</b>   | (468)   | (623)   | (613)   |
| <b>Eligible total capital</b>          | <b>20,295</b>  | 20,271  | 19,183  | 18,295  |
| <b>Risk-weighted assets</b>            | <b>101,174</b> | 101,414 | 100,908 | 104,821 |
| <b>Capital adequacy ratios ("CAR")</b> |                |         |         |         |
| Tier 1                                 | <b>15.1%</b>   | 14.9%   | 14.0%   | 12.6%   |
| Total                                  | <b>20.1%</b>   | 20.0%   | 19.0%   | 17.5%   |

As at 30 June 2010, Group Tier 1 and total CAR of 15.1% and 20.1% were well above the minimum 6% and 10% required by MAS respectively.

The increase in CAR over 31 March 2010 was primarily contributed by higher eligible capital mainly due to the issuance of new ordinary shares pursuant to the scrip dividend scheme, as well as lower risk-weighted assets.

The higher CAR over 30 June 2009 were largely due to lower risk-weighted assets and higher retained earnings.

**Consolidated Profit and Loss Account (Unaudited)**

|  | <b>1H10</b>  | 1H09  | + / (-) | <b>2Q10</b>  | 1Q10  | + / (-) | 2Q09  | + / (-) |
|--|--------------|-------|---------|--------------|-------|---------|-------|---------|
|  | <b>\$m</b>   | \$m   | %       | <b>\$m</b>   | \$m   | %       | \$m   | %       |
| Interest income                        | <b>2,455</b> | 2,710 | (9.4)   | <b>1,231</b> | 1,224 | 0.6     | 1,281 | (3.9)   |
| Less: Interest expense                 | <b>671</b>   | 853   | (21.4)  | <b>347</b>   | 324   | 7.3     | 373   | (7.0)   |
| <b>Net interest income</b>             | <b>1,784</b> | 1,857 | (3.9)   | <b>884</b>   | 900   | (1.8)   | 908   | (2.6)   |
| Dividend income                        | <b>28</b>    | 27    | 2.8     | <b>25</b>    | 3     | >100.0  | 23    | 7.0     |
| Fee and commission income              | <b>570</b>   | 465   | 22.5    | <b>285</b>   | 284   | 0.4     | 225   | 26.8    |
| Rental income                          | <b>60</b>    | 71    | (15.2)  | <b>30</b>    | 30    | 2.3     | 36    | (16.6)  |
| Other operating income                 | <b>327</b>   | 422   | (22.7)  | <b>42</b>    | 285   | (85.4)  | 266   | (84.4)  |
| <b>Non-interest income</b>             | <b>984</b>   | 985   | (0.1)   | <b>382</b>   | 602   | (36.6)  | 551   | (30.7)  |
| <b>Total operating income</b>          | <b>2,768</b> | 2,842 | (2.6)   | <b>1,266</b> | 1,502 | (15.7)  | 1,458 | (13.2)  |
| Less: Staff costs                      | <b>604</b>   | 536   | 12.7    | <b>302</b>   | 301   | 0.4     | 276   | 9.4     |
| Other operating expenses               | <b>479</b>   | 475   | 0.6     | <b>238</b>   | 241   | (1.2)   | 244   | (2.5)   |
| <b>Total operating expenses</b>        | <b>1,082</b> | 1,011 | 7.1     | <b>540</b>   | 542   | (0.3)   | 520   | 3.8     |
| <b>Operating profit before charges</b> | <b>1,686</b> | 1,831 | (7.9)   | <b>725</b>   | 960   | (24.4)  | 938   | (22.6)  |
| Less: Amortisation/impairment charges  |              |       |         |              |       |         |       |         |
| Intangible assets                      | <b>6</b>     | 5     | 12.4    | <b>3</b>     | 3     | 0.8     | 3     | 8.8     |
| Loans and other assets                 | <b>160</b>   | 842   | (81.0)  | <b>52</b>    | 108   | (52.3)  | 465   | (88.9)  |
| <b>Operating profit after charges</b>  | <b>1,520</b> | 984   | 54.5    | <b>671</b>   | 849   | (21.0)  | 471   | 42.6    |
| Share of profit of associates          | <b>73</b>    | 42    | 74.6    | <b>48</b>    | 25    | 90.4    | 32    | 50.9    |
| <b>Profit before tax</b>               | <b>1,592</b> | 1,025 | 55.3    | <b>719</b>   | 874   | (17.8)  | 502   | 43.1    |
| Less: Tax                              | <b>280</b>   | 135   | >100.0  | <b>113</b>   | 167   | (32.2)  | 23    | >100.0  |
| <b>Profit for the financial period</b> | <b>1,313</b> | 890   | 47.5    | <b>606</b>   | 707   | (14.4)  | 479   | 26.5    |
| Attributable to:                       |              |       |         |              |       |         |       |         |
| <b>Equity holders of the Bank</b>      | <b>1,302</b> | 880   | 48.0    | <b>602</b>   | 700   | (14.1)  | 470   | 27.9    |
| Minority interests                     | <b>11</b>    | 11    | 0.4     | <b>4</b>     | 7     | (44.0)  | 8     | (53.3)  |
|  | <b>1,313</b> | 890   | 47.5    | <b>606</b>   | 707   | (14.4)  | 479   | 26.5    |

**Consolidated Statement of Comprehensive Income (Unaudited)**

|   | <b>1H10</b>  | 1H09  | + / (-)  | <b>2Q10</b> | 1Q10 | + / (-)  | 2Q09  | + / (-)  |
|---|--------------|-------|----------|-------------|------|----------|-------|----------|
|   | <b>\$m</b>   | \$m   | %        | <b>\$m</b>  | \$m  | %        | \$m   | %        |
| <b>Profit for the financial period</b>                      | <b>1,313</b> | 890   | 47.5     | <b>606</b>  | 707  | (14.4)   | 479   | 26.5     |
| Currency translation adjustments                            | <b>151</b>   | 120   | 25.9     | <b>(1)</b>  | 152  | (>100.0) | (12)  | 92.3     |
| Change in available-for-sale reserve                        |              |       |          |             |      |          |       |          |
| Change in fair value  | <b>65</b>    | 1,318 | (95.1)   | <b>(74)</b> | 139  | (>100.0) | 1,292 | (>100.0) |
| Transfer to profit and loss account on disposal/impairment  | <b>39</b>    | 333   | (88.3)   | <b>28</b>   | 11   | >100.0   | 109   | (74.7)   |
| Tax on net movement   | <b>(16)</b>  | (186) | 91.3     | <b>8</b>    | (24) | >100.0   | (153) | >100.0   |
| Change in share of other comprehensive income of associates | <b>(9)</b>   | 44    | (>100.0) | <b>(6)</b>  | (4)  | (39.1)   | 77    | (>100.0) |
| <b>Other comprehensive income for the financial period</b>  | <b>229</b>   | 1,630 | (85.9)   | <b>(45)</b> | 275  | (>100.0) | 1,313 | (>100.0) |
| <b>Total comprehensive income for the financial period</b>  | <b>1,542</b> | 2,521 | (38.8)   | <b>560</b>  | 982  | (42.9)   | 1,792 | (68.7)   |
| Attributable to:  |              |       |          |             |      |          |       |          |
| <b>Equity holders of the Bank</b>                           | <b>1,532</b> | 2,505 | (38.8)   | <b>558</b>  | 974  | (42.7)   | 1,779 | (68.6)   |
| Minority interests  | <b>10</b>    | 16    | (39.3)   | <b>2</b>    | 8    | (73.9)   | 13    | (84.9)   |
|   | <b>1,542</b> | 2,521 | (38.8)   | <b>560</b>  | 982  | (42.9)   | 1,792 | (68.7)   |

**Consolidated Balance Sheet (Unaudited)**

|  | Jun-10         | Mar-10         | Dec-09 <sup>1</sup> | Jun-09         |
|--|----------------|----------------|---------------------|----------------|
|  | \$m            | \$m            | \$m                 | \$m            |
| <b>Equity</b>                                      |                |                |                     |                |
| Share capital                                      | 4,468          | 4,051          | 4,051               | 4,045          |
| Retained earnings                                  | 6,971          | 6,981          | 6,324               | 5,980          |
| Other reserves                                     | 8,857          | 8,894          | 8,611               | 7,407          |
| Equity attributable to equity holders of the Bank  | 20,296         | 19,926         | 18,986              | 17,431         |
| Minority interests                                 | 171            | 173            | 169                 | 159            |
| <b>Total</b>                                       | <b>20,467</b>  | <b>20,099</b>  | <b>19,155</b>       | <b>17,590</b>  |
| <b>Liabilities</b>                                 |                |                |                     |                |
| Deposits and balances of banks                     | 27,483         | 28,910         | 27,751              | 25,217         |
| Deposits and balances of non-bank customers        | 125,722        | 125,570        | 121,502             | 116,989        |
| Bills and drafts payable                           | 1,226          | 1,282          | 1,438               | 1,126          |
| Other liabilities                                  | 10,002         | 9,605          | 9,688               | 10,448         |
| Debts issued                                       | 6,301          | 6,122          | 6,044               | 6,102          |
| <b>Total</b>                                       | <b>170,733</b> | <b>171,488</b> | <b>166,423</b>      | <b>159,882</b> |
| <b>Total equity and liabilities</b>                | <b>191,200</b> | <b>191,587</b> | <b>185,578</b>      | <b>177,473</b> |
| <b>Assets</b>                                      |                |                |                     |                |
| Cash, balances and placements with central banks   | 21,222         | 21,221         | 18,865              | 16,279         |
| Singapore Government treasury bills and securities | 11,603         | 14,850         | 12,787              | 13,441         |
| Other government treasury bills and securities     | 6,899          | 9,625          | 7,704               | 3,341          |
| Trading securities                                 | 90             | 127            | 118                 | 121            |
| Placements and balances with banks                 | 15,948         | 13,131         | 14,116              | 12,823         |
| Loans to non-bank customers                        | 103,759        | 100,577        | 99,201              | 97,781         |
| Investment securities                              | 15,342         | 15,801         | 16,177              | 16,395         |
| Other assets                                       | 8,755          | 8,625          | 8,994               | 9,757          |
| Investment in associates                           | 1,188          | 1,233          | 1,212               | 1,119          |
| Investment properties                              | 1,130          | 1,131          | 1,134               | 1,119          |
| Fixed assets                                       | 1,035          | 1,033          | 1,040               | 1,071          |
| Intangible assets                                  | 4,230          | 4,233          | 4,229               | 4,225          |
| <b>Total</b>                                       | <b>191,200</b> | <b>191,587</b> | <b>185,578</b>      | <b>177,473</b> |
| <b>Off-balance sheet items</b>                     |                |                |                     |                |
| Contingent liabilities                             | 13,581         | 13,463         | 12,388              | 12,251         |
| Financial derivatives                              | 284,864        | 283,348        | 269,080             | 344,186        |
| Commitments  | 53,952         | 50,073         | 47,278              | 52,811         |
| <b>Net asset value per ordinary share (\$)</b>     | <b>11.85</b>   | <b>11.80</b>   | <b>11.17</b>        | <b>10.14</b>   |

**Note:**

1 Audited.



**Consolidated Statement of Changes in Equity (Unaudited)**

|   | Attributable to equity holders of the Bank |                   |                | Total  | Minority interests | Total equity |
|---|--|-------------------|----------------|--------|--------------------|--------------|
|   | Share capital                              | Retained earnings | Other reserves |        |                    |              |
|   | \$m  | \$m               | \$m            |        |                    |              |
| Balance at 1 January 2010                           | 4,051                                      | 6,324             | 8,611          | 18,986 | 169                | 19,155       |
| Profit for the financial period                     | -  | 1,302             | -              | 1,302  | 11                 | 1,313        |
| Other comprehensive income for the financial period | -  | -                 | 230            | 230    | (1)                | 229          |
| Total comprehensive income for the financial period | -  | 1,302             | 230            | 1,532  | 10                 | 1,542        |
| Transfers   | -  | 1                 | (1)            | -      | -                  | -            |
| Change in minority interests                        | -  | -                 | 0              | 0      | (2)                | (2)          |
| Dividends - cash                                    | -  | (239)             | -              | (239)  | (5)                | (244)        |
| Dividends - scrip                                   | 417  | (417)             | -              | -      | -                  | -            |
| Share-based compensation                            | -  | -                 | 16             | 16     | -                  | 16           |
| Balance at 30 June 2010                             | 4,468                                      | 6,971             | 8,857          | 20,296 | 171                | 20,467       |
| Balance at 1 January 2009                           | 4,045                                      | 5,724             | 5,804          | 15,573 | 146                | 15,719       |
| Profit for the financial period                     | -  | 880               | -              | 880    | 11                 | 890          |
| Other comprehensive income for the financial period | -  | -                 | 1,625          | 1,625  | 5                  | 1,630        |
| Total comprehensive income for the financial period | -  | 880               | 1,625          | 2,505  | 16                 | 2,521        |
| Transfers   | -  | 33                | (33)           | -      | -                  | -            |
| Change in minority interests                        | -  | -                 | -              | -      | 0                  | 0            |
| Dividends - cash                                    | -  | (657)             | -              | (657)  | (3)                | (660)        |
| Share-based compensation                            | -  | -                 | 11             | 11     | -                  | 11           |
| Balance at 30 June 2009                             | 4,045                                      | 5,980             | 7,407          | 17,431 | 159                | 17,590       |

**Consolidated Statement of Changes in Equity (Unaudited)**

|   | Attributable to equity holders of the Bank |                   |                | Minority interests | Total equity |
|---|--|-------------------|----------------|--------------------|--------------|
|   | Share capital                              | Retained earnings | Other reserves |                    |              |
|   | \$m  | \$m               | \$m            |                    |              |
| Balance at 1 April 2010                             | 4,051                                      | 6,981             | 8,894          | 173                | 20,099       |
| Profit for the financial period                     | -  | 602               | -              | 4                  | 606          |
| Other comprehensive income for the financial period | -  | -                 | (43)           | (2)                | (45)         |
| Total comprehensive income for the financial period | -  | 602               | (43)           | 2                  | 560          |
| Transfers   | -  | 1                 | (1)            | -                  | -            |
| Dividends - cash                                    | -  | (195)             | -              | (4)                | (199)        |
| Dividends - scrip                                   | 417  | (417)             | -              | -                  | -            |
| Share-based compensation                            | -  | -                 | 8              | -                  | 8            |
| Balance at 30 June 2010                             | 4,468                                      | 6,971             | 8,857          | 171                | 20,467       |
| Balance at 1 April 2009                             | 4,045                                      | 6,087             | 6,129          | 148                | 16,408       |
| Profit for the financial period                     | -  | 470               | -              | 8                  | 479          |
| Other comprehensive income for the financial period | -  | -                 | 1,308          | 5                  | 1,313        |
| Total comprehensive income for the financial period | -  | 470               | 1,308          | 13                 | 1,792        |
| Transfers   | -  | 36                | (36)           | -                  | -            |
| Dividends - cash                                    | -  | (613)             | -              | (2)                | (615)        |
| Share-based compensation                            | -  | -                 | 5              | -                  | 5            |
| Balance at 30 June 2009                             | 4,045                                      | 5,980             | 7,407          | 159                | 17,590       |

**Consolidated Cash Flow Statement (Unaudited)**

|   | 1H10    | 1H09    | 2Q10    | 2Q09    |
|---|---------|---------|---------|---------|
|   | \$m     | \$m     | \$m     | \$m     |
| <b>Cash flows from operating activities</b>                     |         |         |         |         |
| Operating profit before amortisation and impairment charges     | 1,686   | 1,831   | 725     | 938     |
| Adjustments for:  |         |         |         |         |
| Depreciation of assets  | 68      | 67      | 34      | 33      |
| Net (gain)/loss on disposal of assets                           | (121)   | (44)    | 13      | (21)    |
| Share-based compensation  | 16      | 11      | 8       | 5       |
| Operating profit before working capital changes                 | 1,649   | 1,864   | 780     | 955     |
| Increase/(decrease) in working capital                          |         |         |         |         |
| Deposits  | 3,951   | (4,417) | (1,275) | (771)   |
| Bills and drafts payable  | (212)   | (422)   | (57)    | 300     |
| Other liabilities   | 295     | (2,336) | 480     | (1,262) |
| Trading securities  | 28      | 19      | 37      | 14      |
| Placements and balances with banks                              | (1,833) | 2,372   | (2,817) | (549)   |
| Loans to non-bank customers                                     | (4,666) | 1,617   | (3,228) | 1,652   |
| Other assets  | (63)    | 3,093   | (100)   | 1,980   |
| Cash (used in)/generated from operations                        | (850)   | 1,790   | (6,179) | 2,319   |
| Income tax paid   | (282)   | (241)   | (233)   | (213)   |
| Net cash (used in)/provided by operating activities             | (1,132) | 1,549   | (6,412) | 2,106   |
| <b>Cash flows from investing activities</b>                     |         |         |         |         |
| Net cash flow on disposal/(acquisition) of:                     |         |         |         |         |
| Investment securities and associates                            | 890     | 701     | 401     | 648     |
| Properties and other fixed assets                               | (54)    | (161)   | (31)    | (117)   |
| Proceeds from disposal of subsidiaries                          | 426     | -       | -       | -       |
| Change in minority interests                                    | (2)     | 0       | -       | -       |
| Dividends received from associates                              | 82      | 49      | 82      | 45      |
| Net cash provided by investing activities                       | 1,342   | 589     | 452     | 576     |
| <b>Cash flows from financing activities</b>                     |         |         |         |         |
| Net increase/(decrease) in debts issued                         | 257     | (144)   | 179     | (427)   |
| Dividends paid on ordinary shares                               | (185)   | (602)   | (185)   | (602)   |
| Dividends paid on preference shares                             | (53)    | (55)    | -       | -       |
| Dividends paid to minority interests                            | (5)     | (3)     | (4)     | (2)     |
| Net cash provided by/(used in) financing activities             | 13      | (805)   | (10)    | (1,031) |
| Currency translation adjustments                                | 146     | 127     | (1)     | (5)     |
| <b>Net increase/(decrease) in cash and cash equivalents</b>     | 368     | 1,461   | (5,972) | 1,646   |
| Cash and cash equivalents at beginning of the financial period  | 39,356  | 31,600  | 45,696  | 31,415  |
| <b>Cash and cash equivalents at end of the financial period</b> | 39,724  | 33,061  | 39,724  | 33,061  |
| Represented by:   |         |         |         |         |
| Cash, balances and placements with central banks                | 21,222  | 16,279  | 21,222  | 16,279  |
| Singapore Government treasury bills and securities              | 11,603  | 13,441  | 11,603  | 13,441  |
| Other government treasury bills and securities                  | 6,899   | 3,341   | 6,899   | 3,341   |
| <b>Cash and cash equivalents at end of the financial period</b> | 39,724  | 33,061  | 39,724  | 33,061  |

**Balance Sheet of the Bank (Unaudited)**

|  | Jun-10         | Mar-10         | Dec-09 <sup>1</sup> | Jun-09         |
|--|----------------|----------------|---------------------|----------------|
|  | \$m            | \$m            | \$m                 | \$m            |
| <b>Equity</b>                                      |                |                |                     |                |
| Share capital                                      | 3,636          | 3,220          | 3,220               | 3,213          |
| Retained earnings                                  | 5,909          | 5,932          | 5,337               | 5,161          |
| Other reserves                                     | 8,268          | 8,299          | 8,136               | 7,046          |
| <b>Total</b>                                       | <b>17,813</b>  | <b>17,450</b>  | <b>16,693</b>       | <b>15,421</b>  |
| <b>Liabilities</b>                                 |                |                |                     |                |
| Deposits and balances of banks                     | 26,265         | 27,706         | 26,482              | 24,100         |
| Deposits and balances of non-bank customers        | 99,867         | 99,691         | 95,930              | 93,154         |
| Deposits and balances of subsidiaries              | 2,233          | 2,587          | 2,513               | 3,973          |
| Bills and drafts payable                           | 380            | 275            | 166                 | 185            |
| Other liabilities                                  | 7,985          | 7,416          | 7,937               | 7,638          |
| Debts issued                                       | 6,476          | 6,315          | 6,324               | 6,430          |
| <b>Total</b>                                       | <b>143,206</b> | <b>143,991</b> | <b>139,352</b>      | <b>135,479</b> |
| <b>Total equity and liabilities</b>                | <b>161,020</b> | <b>161,441</b> | <b>156,046</b>      | <b>150,900</b> |
| <b>Assets</b>                                      |                |                |                     |                |
| Cash, balances and placements with central banks   | 17,898         | 14,736         | 12,935              | 11,009         |
| Singapore Government treasury bills and securities | 11,477         | 14,797         | 12,724              | 13,391         |
| Other government treasury bills and securities     | 3,809          | 7,480          | 4,694               | 1,792          |
| Trading securities                                 | 90             | 127            | 114                 | 118            |
| Placements and balances with banks                 | 13,466         | 11,523         | 12,821              | 10,789         |
| Loans to non-bank customers                        | 79,049         | 76,622         | 76,600              | 75,627         |
| Placements with and advances to subsidiaries       | 3,186          | 3,700          | 2,578               | 3,394          |
| Investment securities                              | 14,055         | 14,749         | 15,169              | 15,438         |
| Other assets                                       | 7,499          | 7,208          | 7,384               | 8,220          |
| Investment in associates                           | 371            | 371            | 371                 | 371            |
| Investment in subsidiaries                         | 4,764          | 4,764          | 5,278               | 5,346          |
| Investment properties                              | 1,400          | 1,403          | 1,424               | 1,260          |
| Fixed assets                                       | 773            | 779            | 771                 | 962            |
| Intangible assets                                  | 3,182          | 3,182          | 3,182               | 3,182          |
| <b>Total</b>                                       | <b>161,020</b> | <b>161,441</b> | <b>156,046</b>      | <b>150,900</b> |
| <b>Off-balance sheet items</b>                     |                |                |                     |                |
| Contingent liabilities                             | 11,142         | 10,899         | 9,936               | 10,110         |
| Financial derivatives                              | 256,401        | 259,309        | 246,936             | 325,351        |
| Commitments  | 40,690         | 38,051         | 35,897              | 38,284         |
| <b>Net asset value per ordinary share (\$)</b>     | <b>10.77</b>   | <b>10.71</b>   | <b>10.20</b>        | <b>9.35</b>    |

**Note:**

1 Audited.

**Statement of Changes in Equity of the Bank (Unaudited)**

|  | Share capital | Retained earnings | Other reserves | Total equity  |
|--|---------------|-------------------|----------------|---------------|
|  | \$m           | \$m               | \$m            | \$m           |
| Balance at 1 January 2010                              | 3,220         | 5,337             | 8,136          | 16,693        |
| Profit for the financial period                        | -             | 1,207             | -              | 1,207         |
| Other comprehensive income<br>for the financial period | -             | -                 | 115            | 115           |
| Total comprehensive income<br>for the financial period | -             | 1,207             | 115            | 1,322         |
| Dividends - cash                                       | -             | (218)             | -              | (218)         |
| Dividends - scrip                                      | 417           | (417)             | -              | -             |
| Share-based compensation                               | -             | -                 | 16             | 16            |
| Balance at 30 June 2010                                | <b>3,636</b>  | <b>5,909</b>      | <b>8,268</b>   | <b>17,813</b> |
| Balance at 1 January 2009                              | 3,213         | 5,031             | 5,632          | 13,876        |
| Profit for the financial period                        | -             | 765               | -              | 765           |
| Other comprehensive income<br>for the financial period | -             | -                 | 1,403          | 1,403         |
| Total comprehensive income<br>for the financial period | -             | 765               | 1,403          | 2,169         |
| Dividends - cash                                       | -             | (635)             | -              | (635)         |
| Share-based compensation                               | -             | -                 | 11             | 11            |
| Balance at 30 June 2009                                | 3,213         | 5,161             | 7,046          | 15,421        |

**Statement of Changes in Equity of the Bank (Unaudited)**

|  | Share capital<br>\$m | Retained earnings<br>\$m | Other reserves<br>\$m | Total equity<br>\$m |
|--|----------------------|--------------------------|-----------------------|---------------------|
| Balance at 1 April 2010                                | 3,220                | 5,932                    | 8,299                 | 17,450              |
| Profit for the financial period                        | -                    | 580                      | -                     | 580                 |
| Other comprehensive income<br>for the financial period | -                    | -                        | (39)                  | (39)                |
| Total comprehensive income<br>for the financial period | -                    | 580                      | (39)                  | 541                 |
| Dividends - cash                                       | -                    | (185)                    | -                     | (185)               |
| Dividends - scrip                                      | 417                  | (417)                    | -                     | -                   |
| Share-based compensation                               | -                    | -                        | 8                     | 8                   |
| Balance at 30 June 2010                                | <b>3,636</b>         | <b>5,909</b>             | <b>8,268</b>          | <b>17,813</b>       |
| Balance at 1 April 2009                                | 3,213                | 5,323                    | 5,812                 | 14,348              |
| Profit for the financial period                        | -                    | 440                      | -                     | 440                 |
| Other comprehensive income<br>for the financial period | -                    | -                        | 1,229                 | 1,229               |
| Total comprehensive income<br>for the financial period | -                    | 440                      | 1,229                 | 1,669               |
| Dividends - cash                                       | -                    | (602)                    | -                     | (602)               |
| Share-based compensation                               | -                    | -                        | 5                     | 5                   |
| Balance at 30 June 2009                                | 3,213                | 5,161                    | 7,046                 | 15,421              |