



United Overseas Bank Limited

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

GROUP FINANCIAL PERFORMANCE FOR THE THREE MONTHS / FIRST QUARTER 2004

4 MAY 2004

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

I) Highlights and Performance Indicators

	1st Quarter 2004	1st Quarter 2003	1Q04 / 1Q03 (%)	4th Quarter 2003	1Q04 / 4Q03 (%)
• Key Indicators					
Net interest income (NII) (\$'m)	523	518	+ 1.1	540	- 3.0
Non-interest income (Non NII) (\$'m)	293	268	+ 9.1	291	+ 0.5
Total income (\$'m)	816	786	+ 3.9	831	- 1.8
Total expenses (\$'m)	268	266	+ 0.9	290	- 7.5
Operating profit before goodwill amortisation and provisions (\$'m)	548	520	+ 5.4	542	+ 1.3
❖ Net profit after tax					
- Including goodwill amortisation (\$'m)	357	263	+ 35.9	366	- 2.3
- Excluding goodwill amortisation (\$'m)	407	314	+ 29.9	415	- 1.9
❖ Income mix:					
- NII / Total income (%)	64.1	65.8	- 1.7 % pt	64.9	- 0.8 % pt
- Non NII / Total income (%)	35.9	34.2	+ 1.7 % pt	35.1	+ 0.8 % pt
	100.0	100.0	-	100.0	-
❖ Profit (before tax and goodwill amortisation) contribution:					
- Onshore (including ACU) (%)	79.3	79.4	- 0.1 % pt	71.7	+ 7.6 % pt
- Offshore (%)	20.7	20.6	+ 0.1 % pt	28.3	- 7.6 % pt
	100.0	100.0	-	100.0	-
❖ Annualised return on average shareholders' funds					
- Including goodwill amortisation (%)	10.6	8.2	+ 2.4 % pt	11.2	- 0.6 % pt
- Excluding goodwill amortisation (%)	12.1	9.8	+ 2.3 % pt	12.7	- 0.6 % pt
❖ Annualised basic earnings per share					
- Including goodwill amortisation (¢)	90.9	66.9	+ 35.9	93.1	- 2.4
- Excluding goodwill amortisation (¢)	103.7	79.8	+ 29.9	105.7	- 1.9
❖ Annualised return on average assets					
- Including goodwill amortisation (%)	1.23	0.98	+ 0.25 % pt	1.32	- 0.09 % pt
- Excluding goodwill amortisation (%)	1.41	1.17	+ 0.24 % pt	1.50	- 0.09 % pt
❖ Annualised NII / Average interest bearing assets (%)	2.16	2.25	- 0.09 % pt	2.29	- 0.13 % pt
❖ Expense / Income ratio (%)	32.8	33.8	- 1.0 % pt	34.8	- 2.0 % pt

I) Highlights and Performance Indicators

	31-Mar-04	31-Dec-03	Mar-04 / Dec-03 (%)	31-Mar-03	Mar-04 / Mar-03 (%)
• <u>Other Indicators</u>					
❖ Customer loans (net) (\$'m)	59,214	59,297	- 0.1	59,193	-
❖ Customer deposits (\$'m)	70,630	69,863	+ 1.1	65,830	+ 7.3
❖ Loans / Deposits ratio [®] (%)	83.8	84.9	- 1.1 % pt	89.9	- 6.1 % pt
❖ Non-performing loans (NPLs) (\$'m)	4,962	5,160	- 3.8	5,669	- 12.5
❖ Cumulative provisions (\$'m)	3,307	3,332	- 0.8	3,531	- 6.3
❖ NPLs [^] / Gross customer loans (%)	7.8	8.1	- 0.3 % pt	8.9	- 1.1 % pt
❖ Cumulative provisions / NPLs (%)	66.6	64.6	+ 2.0 % pt	62.3	+ 4.3 % pt
❖ Total assets (\$'m)	117,523	113,446	+ 3.6	107,363	+ 9.5
❖ Shareholders' funds (\$'m)	13,620	13,282	+ 2.5	12,894	+ 5.6
❖ Unrealised revaluation surplus * (\$'m)	1,496	1,464	+ 2.2	1,188	+ 25.9
❖ Net asset value (NAV) per share (\$)	8.67	8.45	+ 2.6	8.20	+ 5.7
❖ Revalued NAV per share (\$)	9.62	9.38	+ 2.6	8.96	+ 7.4
❖ Net tangible asset backing per share (\$)	6.48	6.23	+ 4.0	5.89	+ 10.0
❖ Capital adequacy ratios (CAR) (BIS)					
- Tier 1 capital (%)	13.1	12.8	+ 0.3 % pt	12.4	+ 0.7 % pt
- Total capital (%)	18.4	18.2	+ 0.2 % pt	15.4	+ 3.0 % pt
❖ Manpower (number)	10,594	10,547	+ 47 no.	10,353	+ 241 no.

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

[^] Excluding debt securities.

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



II) Review of Financial Performance

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

Review of Group Performance

Results

1Q04 versus 1Q03

The Group recorded a net profit after tax ("NPAT") of \$357 million in the first quarter of 2004 ("1Q04"), an increase of 35.9% over the \$263 million registered in the first quarter of 2003 ("1Q03"). The increase in NPAT was mainly due to higher non-interest income, lower provision charges and higher share of profit of associates.

The Group's operating profit before goodwill amortisation and provisions increased 5.4% to \$548 million in 1Q04 compared to \$520 million in 1Q03. The increase was mainly due to a growth of 3.9% in total income to \$816 million from \$786 million in 1Q03. The growth was primarily driven by higher fee and commission income derived largely from investment-related and fund management activities, and higher net profit from disposal of investment securities and associates. These were partially offset by lower net profit from dealing securities, government securities and derivatives.

The Group's total operating expenses, comprising staff and other operating expenses, increased 0.9% to \$268 million in 1Q04 compared to \$266 million in 1Q03. Staff expenses decreased 1.3% to \$130 million, while other operating expenses increased 3.0% to \$138 million. The increase in other operating expenses was mainly due to higher commission and brokerage expenses incurred to support the increased business volume. As a result of the higher growth in total income compared to the growth in total operating expenses, the expense-to-income ratio of the Group improved to 32.8% in 1Q04 from 33.8% in 1Q03.

The Group's provision charges decreased 44.8% to \$60 million in 1Q04 compared to \$109 million in 1Q03. The decrease was largely attributable to lower specific provisions for loans which is in tandem with the decline in non-performing loans ("NPLs").

Share of profit of associates (before tax) increased to \$29 million in 1Q04 from \$3 million in 1Q03, mainly due to higher contributions from most of the Group's major associates.

1Q04 versus 4Q03

The Group's NPAT of \$357 million in 1Q04 was 2.3% lower than the \$366 million recorded in the fourth quarter of 2003 ("4Q03"). The decrease was mainly due to lower net interest income, higher provision charges and lower share of profit of associates. These were partially offset by lower total operating expenses and lower tax.

The Group's total income decreased 1.8% to \$816 million in 1Q04 from \$831 million in 4Q03, mainly due to lower net interest income from customer loans as a result of the narrower loan spread.

The decrease in both staff and other operating expenses resulted in the reduction of 7.5% in total operating expenses to \$268 million in 1Q04 from \$290 million in 4Q03. Staff costs decreased 8.6% to \$130 million in 1Q04 from \$142 million in 4Q03, while other operating expenses declined 6.5% to \$138 million in 1Q04 from \$148 million in 4Q03. The decrease in other operating expenses was due mainly to lower advertising and marketing costs and lower professional fees. Expense-to-income ratio improved by 2.0% points to 32.8% in 1Q04 from 34.8% in 4Q03.

The Group's provision charges rose \$19 million or 46.0% to \$60 million in 1Q04 from \$41 million in 4Q03. The increase in provision charges was mainly attributable to higher specific provisions for investment securities which were partially offset by lower specific provisions for loans.



II) Review of Financial Performance

Balance Sheet

The Group's net loans and advances to customers of \$59,214 million as at 31 March 2004 were 0.1% lower than the \$59,297 million as at 31 December 2003. The Group's NPLs declined 3.8% and 12.5% to \$4,962 million as at 31 March 2004 from \$5,160 million as at 31 December 2003 and \$5,669 million as at 31 March 2003 respectively. Consequently, Group NPLs (excluding debt securities) as a percentage of gross customer loans decreased to 7.8% as at 31 March 2004 from 8.1% as at 31 December 2003 and 8.9% as at 31 March 2003. Of the total Group NPLs as at 31 March 2004, \$2,664 million or 53.7% were secured by collateral, and \$3,114 million or 62.8% were in the Substandard category.

Total cumulative specific and general provisions of the Group were \$3,307 million as at 31 March 2004 compared to \$3,332 million as at 31 December 2003 and \$3,531 million as at 31 March 2003. General provisions as at 31 March 2004 were \$1,421 million or 43.0% of total cumulative provisions. The total cumulative provisions as at 31 March 2004 provided coverage of 66.6% against Group NPLs, compared to 64.6% as at 31 December 2003 and 62.3% as at 31 March 2003. As at 31 March 2004, unsecured NPLs were 143.9% covered by total cumulative provisions, compared to 141.4% as at 31 December 2003 and 134.5% as at 31 March 2003.

The Group's total assets as at 31 March 2004 were \$117,523 million, representing a growth of 3.6% and 9.5% over the \$113,446 million as at 31 December 2003 and the \$107,363 million as at 31 March 2003 respectively. Shareholders' funds of the Group as at 31 March 2004 were \$13,620 million, representing an increase of 2.5% and 5.6% over the \$13,282 million as at 31 December 2003 and the \$12,894 million as at 31 March 2003 respectively. This resulted in the increase in net asset value per share to \$8.67 as at 31 March 2004 from \$8.45 as at 31 December 2003 and \$8.20 as at 31 March 2003.

As at 31 March 2004, the Group's Capital Adequacy Ratio ("CAR") of 18.4%, as computed under the Bank for International Settlements ("BIS") guidelines, was more than twice the minimum requirement of 8% set by BIS. Compared to the CAR of 18.2% as at 31 December 2003 and 15.4% as at 31 March 2003, it has increased 0.2% point and 3.0% points respectively. The increase of CAR over 31 March 2003 was mainly attributable to the issue of US\$1 billion 4.50% Subordinated Notes in June 2003.

II) Review of Financial Performance

UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE THREE MONTHS / FIRST QUARTER ENDED 31 MARCH 2004

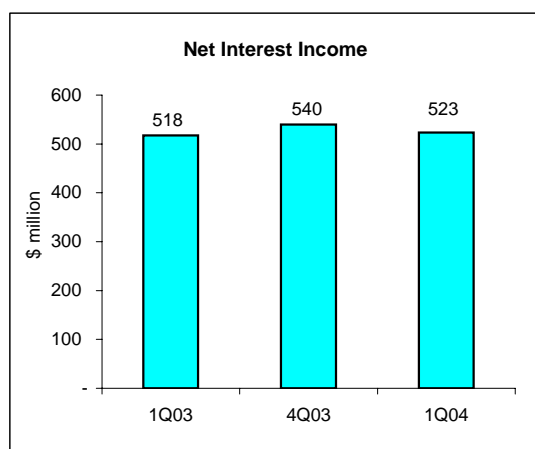
	1st Quarter 2004	1st Quarter 2003	1Q04 / 1Q03	4th Quarter 2003	1Q04 / 4Q03
	\$ million	\$ million	%	\$ million	%
Interest income	829	837	(1.0)	836	(0.8)
Less: Interest expense	306	320	(4.3)	297	3.2
Net interest income	523	518	1.1	540	(3.0)
Dividend income	6	2	284.2	12	(46.7)
Fee and commission income	170	131	29.8	171	(0.8)
Rental income	16	20	(21.2)	17	(5.3)
Other operating income	101	116	(12.9)	91	10.4
Total non-interest income	293	268	9.1	291	0.5
Income before operating expenses	816	786	3.9	831	(1.8)
Less: Staff costs	130	132	(1.3)	142	(8.6)
Other operating expenses	138	134	3.0	148	(6.5)
Total operating expenses	268	266	0.9	290	(7.5)
Operating profit before goodwill amortisation and provisions	548	520	5.4	542	1.3
Less: Goodwill amortisation	50	51	(1.2)	50	1.4
Less: Specific provisions / (write-back of provisions):					
- Loans	42	82	(49.5)	53	(22.0)
- Other	19	27	(30.1)	(12)	NM
	60	109	(44.8)	41	46.0
Operating profit after goodwill amortisation and provisions	438	360	21.5	451	(2.9)
Share of profit of associates	29	3	953.7	45	(35.1)
Profit from ordinary activities before tax	467	363	28.7	496	(5.8)
Less: Tax	108	99	8.5	126	(14.6)
Profit after tax	359	264	36.3	370	(2.8)
Less: Minority interests	2	1	142.6	4	(45.5)
Net profit attributable to members	357	263	35.9	366	(2.3)
Expense / Income ratio (%)	32.8	33.8	(1.0)% pt	34.8	(2.0)% pt
Annualised earnings per share (¢)					
- Basic	90.9	66.9	35.9	93.1	(2.4)
- Fully diluted	90.9	66.9	35.9	93.1	(2.4)

NM denotes "Not Meaningful".



II) Review of Financial Performance

Net Interest Income



Net interest income of the Group increased 1.1% to \$523 million in 1Q04 compared to \$518 million in 1Q03. The increase was mainly due to higher contributions from inter-bank money market activities and debt securities, which were partially offset by lower contribution from customer loans. Net interest income continued to be the major contributor of total income, accounting for 64.1% (1Q03: 65.8%) of total income.

Net interest income declined 3.0% to \$523 million in 1Q04 from \$540 million in 4Q03 largely due to lower contribution from customer loans, which was partially offset by higher net interest income from inter-bank money market activities and debt securities.

Average interest margin of 2.16% in 1Q04 was 9 basis points lower than the 2.25% in 1Q03 and 13 basis points lower than the 2.29% in 4Q03. The decrease in average interest margin was mainly due to the narrower spread on customer loans.

Average Interest Margin

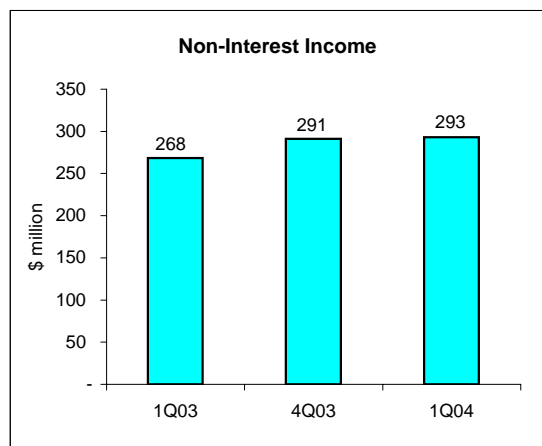
	1st Quarter 2004	1st Quarter 2003	1Q04 / 1Q03	4th Quarter 2003	1Q04 / 4Q03
	\$ million	\$ million	%	\$ million	%
Annualised interest income	3,336	3,396	(1.8)	3,318	0.5
Less: Annualised interest expense	1,231	1,297	(5.1)	1,176	4.6
Annualised net interest income	2,105	2,099	0.3	2,142	(1.7)
Average balance of interest bearing assets	97,528	93,146	4.7	93,563	4.2
Average interest margin * (%)	2.16	2.25	(0.09)% pt	2.29	(0.13)% pt

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



II) Review of Financial Performance

Non-Interest Income



Non-interest income of the Group grew 9.1% to \$293 million in 1Q04 compared to \$268 million in 1Q03. The growth was primarily driven by higher fee and commission income derived largely from investment-related and fund management activities, and higher net profit from disposal of investment securities and associates. These were partially offset by lower net profit from dealing securities, government securities and derivatives. The Group's non-interest income for 1Q04 accounted for 35.9% (1Q03: 34.2%) of total income.

Non-interest income increased 0.5% to \$293 million in 1Q04 from \$291 million in 4Q03 due mainly to higher foreign exchange profits and higher net profit from disposal of investment securities and associates. These were partially offset by lower net profit from dealing securities, government securities and derivatives, and lower dividend and rental income.

Composition of Non-Interest Income

	1st Quarter 2004	1st Quarter 2003	1Q04 / 1Q03	4th Quarter 2003	1Q04 / 4Q03
	\$ million	\$ million	%	\$ million	%
Fee and commission income					
Credit card	23	20	12.1	30	(23.2)
Fund management	29	16	77.3	25	16.2
Futures broking	9	8	16.5	8	9.3
Investment-related	35	17	109.6	47	(25.7)
Loan-related	28	27	2.1	14	97.4
Service charges	12	12	(2.5)	13	(8.1)
Trade-related	31	27	14.7	30	2.8
Other	4	4	3.2	5	(15.5)
	170	131	29.8	171	(0.8)
Dividend and rental income	22	22	2.0	29	(22.5)
Other operating income					
Net profit from:					
- Dealing securities, government treasury bills and securities, and derivatives	1	54	(97.5)	21	(93.6)
- Foreign exchange dealings	47	42	11.4	25	89.5
- Disposal of investment securities and associates	29	5	527.0	18	59.6
- Disposal of fixed assets	9	6	51.8	9	(1.5)
- Other	15	9	62.3	19	(20.4)
	101	116	(12.9)	91	10.4
Total non-interest income	293	268	9.1	291	0.5

**II) Review of Financial Performance****Operating Expenses**

Total operating expenses increased 0.9% to \$268 million in 1Q04 compared to \$266 million in 1Q03. The increase was from higher other operating expenses which were partially offset by lower staff costs. The expense-to-income ratio of the Group improved to 32.8% in 1Q04 from 33.8% in 1Q03.

The decrease in both staff and other operating expenses resulted in the reduction of 7.5% in total operating expenses to \$268 million in 1Q04 from \$290 million in 4Q03. Expense-to-income ratio improved by 2.0% points to 32.8% in 1Q04 from 34.8% in 4Q03.

	1st Quarter 2004	1st Quarter 2003	1Q04 / 1Q03	4th Quarter 2003	1Q04 / 4Q03
	\$ million	\$ million	%	\$ million	%
Staff costs	130	132	(1.3)	142	(8.6)
Other operating expenses	138	134	3.0	148	(6.5)
Total operating expenses [@]	268	266	0.9	290	(7.5)

[@] Total operating expenses included:

IT-related expenses	42	51	(17.9)	50	(16.8)
IT-related expenses / Total operating expenses (%)	15.6	19.2	(3.6)% pt	17.4	(1.8)% pt

Other Operating Expenses

	1st Quarter 2004	1st Quarter 2003	1Q04 / 1Q03	4th Quarter 2003	1Q04 / 4Q03
	\$ million	\$ million	%	\$ million	%
Depreciation					
- Land and buildings	7	7	(1.5)	7	0.4
- Office equipment, computers, fixtures and other fixed assets	22	19	13.9	21	1.3
	28	26	9.9	28	1.1
Rental of premises and equipment	9	11	(18.1)	9	1.1
Maintenance of premises and other assets	11	14	(22.4)	10	12.8
Other expenses	90	83	7.9	101	(11.1)
Total other operating expenses	138	134	3.0	148	(6.5)

Other operating expenses increased 3.0% to \$138 million in 1Q04 compared to \$134 million in 1Q03. The increase was mainly due to higher commission and brokerage expenses incurred to support the increased business volume.

Other operating expenses reduced 6.5% to \$138 million in 1Q04 from \$148 million in 4Q03 mainly due to lower advertising and marketing costs and lower professional fees.



II) Review of Financial Performance

Provisions Charged to Income Statement

Total provision charges of \$60 million in 1Q04 were 44.8% lower than the \$109 million in 1Q03. The decrease was largely attributable to lower specific provisions for loans which is in tandem with the decline in NPLs.

Total provision charges rose 46.0% to \$60 million in 1Q04 from \$41 million in 4Q03 mainly due to higher specific provisions for investment securities which were partially offset by lower specific provisions for loans.

	1st Quarter 2004	1st Quarter 2003	1Q04 / 1Q03	4th Quarter 2003	1Q04 / 4Q03
	\$ million	\$ million	%	\$ million	%
Specific provisions for loans	42	82	(49.5)	53	(22.0)
Specific provisions / (write-back of provisions) for diminution in value or impairment of investments, fixed assets and other assets	19	27	(30.1)	(12)	NM
Total provisions	60	109	(44.8)	41	46.0

NM denotes "Not Meaningful".

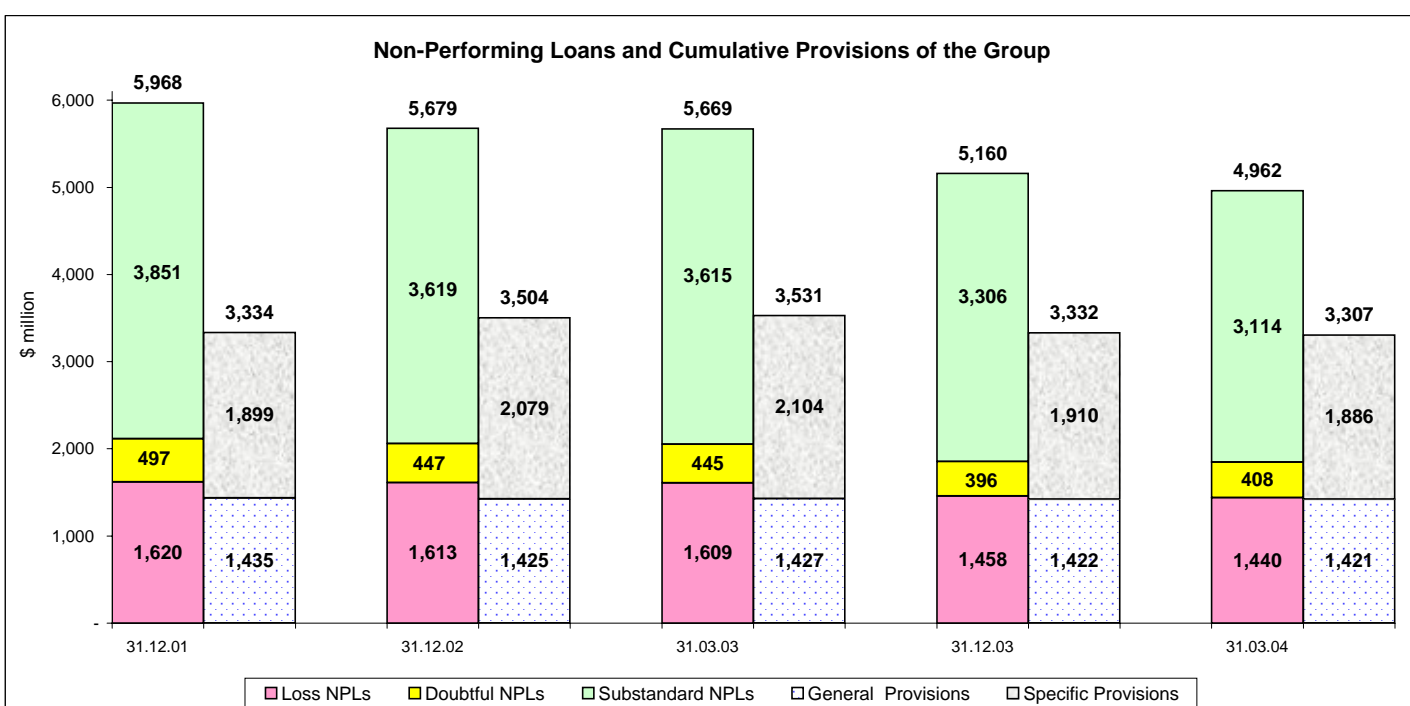


III) Non-Performing Loans (NPLs) and Cumulative Provisions

NPLs and Cumulative Provisions of the Group

NPLs edged down 3.8% and 12.5% to \$4,962 million as at 31 March 2004 from \$5,160 million as at 31 December 2003 and \$5,669 million as at 31 March 2003 respectively. Consequently, the ratio of NPLs (excluding debt securities) to total gross customer loans improved to 7.8% as at 31 March 2004 from 8.1% as at 31 December 2003, and 8.9% as at 31 March 2003. Of the total NPLs, \$3,114 million or 62.8% were in the Substandard category, and \$2,664 million or 53.7% were secured by collateral.

Total cumulative provisions of \$3,307 million as at 31 March 2004 declined by 0.8% and 6.3% compared to \$3,332 million as at 31 December 2003 and \$3,531 million as at 31 March 2003 respectively. The decrease was mainly due to lower specific provisions which were in line with the lower NPLs. Total cumulative provisions provided coverage of 66.6% against the total NPLs, compared to 64.6% as at 31 December 2003 and 62.3% as at 31 March 2003. Unsecured NPLs as at 31 March 2004 were 143.9% covered by total cumulative provisions, compared to 141.4% as at 31 December 2003 and 134.5% as at 31 March 2003.



31-Mar-04 31-Dec-03 31-Mar-03 31-Dec-02 31-Dec-01

NPLs

	31-Mar-04	31-Dec-03	31-Mar-03	31-Dec-02	31-Dec-01
Substandard	3,114	3,306	3,615	3,619	3,851
Doubtful	408	396	445	447	497
Loss	1,440	1,458	1,609	1,613	1,620
Total NPLs	4,962	5,160	5,669	5,679	5,968

Cumulative Provisions

	31-Mar-04	31-Dec-03	31-Mar-03	31-Dec-02	31-Dec-01
Specific provisions	1,886	1,910	2,104	2,079	1,899
General provisions	1,421	1,422	1,427	1,425	1,435
Total cumulative provisions	3,307	3,332	3,531	3,504	3,334

Ratios

	31-Mar-04	31-Dec-03	31-Mar-03	31-Dec-02	31-Dec-01
NPLs*/Gross customer loans	7.8	8.1	8.9	9.0	9.3
NPLs/Total assets	4.2	4.5	5.3	5.3	5.2
Cumulative provisions/NPLs	66.6	64.6	62.3	61.7	55.9
Cumulative provisions/Doubtful & Loss NPLs	179.0	179.7	171.9	170.1	157.5
Cumulative provisions/Unsecured NPLs	143.9	141.4	134.5	138.3	136.6
Cumulative provisions*/Gross customer loans	5.2	5.2	5.6	5.5	5.2
General provisions/Gross customer loans (net of specific provisions*)	2.3	2.3	2.4	2.4	2.3

* Excluding debt securities.

**III) Non-Performing Loans (NPLs) and Cumulative Provisions****NPLs by Region**

By geographical region, Singapore accounted for \$3,358 million or 67.7% of the total NPLs as at 31 March 2004. NPLs of Singapore fell by \$172 million or 4.9% compared to the \$3,530 million as at 31 December 2003, and \$525 million or 13.5% compared to the \$3,883 million as at 31 March 2003.

NPLs of the Five Regional Countries declined by \$8 million or 0.6% to \$1,370 million as at 31 March 2004 from \$1,378 million as at 31 December 2003, and was managed down by \$140 million or 9.3% from \$1,510 million as at 31 March 2003.

NPLs of Greater China as at 31 March 2004 were \$148 million, representing a decline of 8.1% over the \$161 million as at 31 December 2003 and 14.5% over the \$173 million as at 31 March 2003.

	31-Mar-04		31-Dec-03		31-Mar-03	
	\$ million	%	\$ million	%	\$ million	%
Singapore	3,358	67.7	3,530	68.4	3,883	68.4
Five Regional Countries						
Malaysia	937	18.9	930	18.0	984	17.4
Indonesia	116	2.3	119	2.3	149	2.6
Philippines	177	3.6	184	3.6	209	3.7
Thailand	137	2.7	140	2.7	147	2.6
South Korea	3	0.1	5	0.1	21	0.4
	1,370	27.6	1,378	26.7	1,510	26.7
Greater China	148	3.0	161	3.1	173	3.1
Other	86	1.7	91	1.8	103	1.8
Total NPLs	4,962	100.0	5,160	100.0	5,669	100.0

NPLs by Industry

The decline in NPLs as at 31 March 2004 over the following two periods were mainly from the professionals and private individuals and non-bank financial institutions sectors.

	31-Mar-04		31-Dec-03		31-Mar-03	
	Amount \$ million	As % of Gross Customer Loans	Amount \$ million	As % of Gross Customer Loans	Amount \$ million	As % of Gross Customer Loans
Transport, storage and communication	103	4.5	105	5.0	119	5.6
Building and construction	776	10.7	756	10.3	849	9.6
Manufacturing	793	13.1	745	12.7	878	15.6
Non-bank financial institutions	818	7.8	984	9.5	1,078	10.1
General commerce *	773	8.3	751	8.1	857	9.5
Professionals and private individuals	847	8.9	926	9.6	1,002	10.6
Housing loans	588	4.0	632	4.3	657	4.7
Other *	185	6.6	182	5.7	165	5.6
Sub-total	4,883	7.8	5,081	8.1	5,605	8.9
Debt securities	79		79		64	
Total NPLs	4,962		5,160		5,669	

* NPLs and gross customer loans from hotels and restaurants were reclassified from "Other" to "General commerce" to be in line with the revised Notice to Banks, MAS 610.

Secured / Unsecured NPLs

As at 31 March 2004, 53.7% of the Group's total NPLs was secured by collateral compared to 54.3% as at 31 December 2003.

	31-Mar-04		31-Dec-03		31-Mar-03	
	\$ million	%	\$ million	%	\$ million	%
Secured	2,664	53.7	2,804	54.3	3,044	53.7
Unsecured	2,298	46.3	2,356	45.7	2,625	46.3
Total NPLs	4,962	100.0	5,160	100.0	5,669	100.0

**IV) Segmental Analysis****Geographical Segments**

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

<u>Income before Operating Expenses</u>	1st Quarter 2004		1st Quarter 2003		4th Quarter 2003	
	\$ million	%	\$ million	%	\$ million	%
Singapore (including Asian Currency Units)	617	75.6	606	77.1	603	72.6
Other ASEAN countries	127	15.6	117	14.9	135	16.2
Other Asia-Pacific countries	46	5.6	41	5.2	64	7.7
Rest of the world	26	3.2	22	2.8	29	3.5
Total	816	100.0	786	100.0	831	100.0

<u>Profit before Tax</u>	1st Quarter 2004		1st Quarter 2003		4th Quarter 2003	
	\$ million	%	\$ million	%	\$ million	%
Singapore (including Asian Currency Units)	410	79.3	329	79.4	391	71.7
Other ASEAN countries	52	10.1	48	11.6	89	16.2
Other Asia-Pacific countries	37	7.2	21	5.1	46	8.4
Rest of the world	18	3.4	16	3.9	20	3.7
	517	100.0	414	100.0	546	100.0
Goodwill amortisation	(50)		(51)		(50)	
Total	467		363		496	

<u>Total Assets</u>	31-Mar-04		31-Dec-03		31-Mar-03	
	\$ million	%	\$ million	%	\$ million	%
Singapore (including Asian Currency Units)	79,406	69.6	75,087	68.3	76,571	73.8
Other ASEAN countries	15,516	13.6	15,212	13.8	13,744	13.2
Other Asia-Pacific countries	13,236	11.6	13,466	12.2	8,579	8.3
Rest of the world	5,949	5.2	6,215	5.7	4,853	4.7
	114,107	100.0	109,980	100.0	103,747	100.0
Goodwill	3,416		3,466		3,616	
Total	117,523		113,446		107,363	

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

Total assets as at 31 March 2004 were \$117,523 million, representing a growth of 3.6% and 9.5% over the \$113,446 million as at 31 December 2003 and the \$107,363 million as at 31 March 2003 respectively. The increase over both periods was mainly contributed by higher cash, balances and placements with central banks, higher placements and balances with banks and agents, as well as higher investment securities.

Customer Loans

Net loans and advances to customers of \$59,214 million as at 31 March 2004 were 0.1% lower than the \$59,297 million as at 31 December 2003 and marginally higher than the \$59,193 million as at 31 March 2003.

<u>Customer Loans Analysed by Product Group</u>	31-Mar-04		31-Dec-03		31-Mar-03	
	\$ million	%	\$ million	%	\$ million	%
Housing loans	14,864	23.8	14,789	23.6	13,991	22.3
Term loans	34,929	55.9	35,033	56.0	35,598	56.8
Trade financing	3,640	5.8	3,397	5.4	3,069	4.9
Overdrafts	9,040	14.5	9,362	15.0	10,017	16.0
Total gross customer loans	62,473	100.0	62,581	100.0	62,675	100.0
General provisions	(1,421)		(1,422)		(1,427)	
Specific provisions	(1,838)		(1,862)		(2,055)	
Total net customer loans	59,214		59,297		59,193	

<u>Gross Customer Loans Analysed by Industry</u>	31-Mar-04		31-Dec-03		31-Mar-03	
	\$ million	%	\$ million	%	\$ million	%
Transport, storage and communication	2,274	3.6	2,104	3.4	2,125	3.4
Building and construction	7,279	11.7	7,320	11.7	8,807	14.0
Manufacturing	6,056	9.7	5,846	9.4	5,620	9.0
Non-bank financial institutions	10,476	16.8	10,408	16.6	10,692	17.1
General commerce *	9,261	14.8	9,273	14.8	9,022	14.4
Professionals and private individuals	9,464	15.1	9,653	15.4	9,452	15.1
Housing loans	14,864	23.8	14,789	23.6	13,991	22.3
Other *	2,799	4.5	3,188	5.1	2,966	4.7
Total gross customer loans	62,473	100.0	62,581	100.0	62,675	100.0

* Gross customer loans from hotels and restaurants were reclassified from "Other" to "General commerce" to be in line with the revised Notice to Banks, MAS 610.

Deposits

Total deposits as at 31 March 2004 amounted to \$92,698 million, representing an increase of 4.5% and 6.1% over the \$88,702 million as at 31 December 2003 and the \$87,398 million as at 31 March 2003 respectively. The growth over the two periods came from both bankers' deposits and customer deposits.

As at 31 March 2004, customer deposits accounted for 76.2% of total deposits.

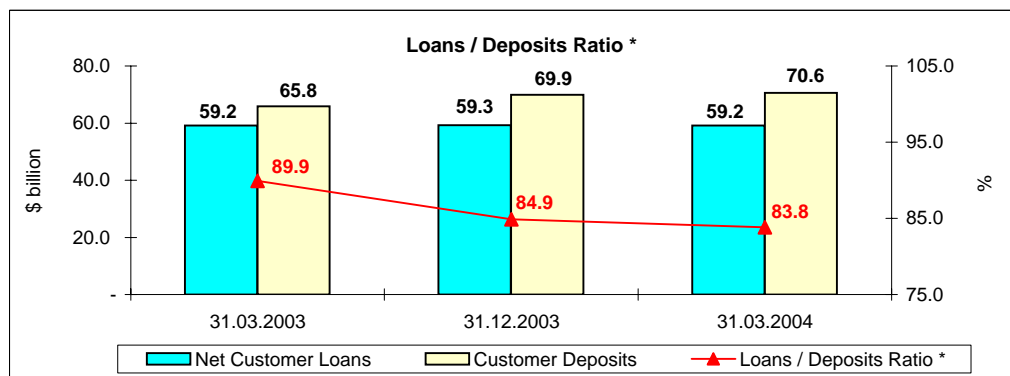
<u>Deposits Analysed by Product Group</u>	31-Mar-04		31-Dec-03		31-Mar-03	
	\$ million	%	\$ million	%	\$ million	%
Bankers' deposits	22,069	23.8	18,839	21.2	21,567	24.7
Customer deposits						
Fixed deposits	46,066	49.7	45,801	51.7	44,685	51.1
Savings and other deposits	24,564	26.5	24,062	27.1	21,145	24.2
	70,630	76.2	69,863	78.8	65,830	75.3
Total deposits	92,698	100.0	88,702	100.0	87,398	100.0



V) Overview of Balance Sheet

Loans / Deposits Ratio *

Loans-to-deposits ratio of 83.8% as at 31 March 2004 was 1.1% points and 6.1% points lower than the ratios of 84.9% as at 31 December 2003 and 89.9% as at 31 March 2003 respectively.



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

Debts Issued

	<u>31-Mar-04</u> \$ million	<u>31-Dec-03</u> \$ million	<u>31-Mar-03</u> \$ million
(a) <u>Subordinated Notes</u>			
S\$1.3 billion 4.95% Subordinated Notes due 2016 callable with step-up in 2011 ("S\$ Notes"), at cost	1,300	1,300	1,300
US\$1 billion 4.50% Subordinated Notes due 2013 ("US\$ Notes"), at cost adjusted for discount	1,675	1,700	-
	2,975	3,000	1,300
Unamortised expenses incurred in connection with the issue of the subordinated notes	(9)	(9)	(5)
	2,966	2,991	1,295
(b) <u>Asset Backed Commercial Paper ("ABCP"), at cost adjusted for discount</u>			
S\$ ABCP	766	679	704
US\$ ABCP	166	174	261
	932	852	965
(c) Other	384	353	125
Total debts issued	4,282	4,196	2,384

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

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



V) Overview of Balance Sheet

Debts Issued (cont'd)

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

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

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

Interest rates of the S\$ ABCP and US\$ ABCP as at 31 March 2004 range from 1% to 1.25% (31 December 2003: 1.1% to 1.25%) per annum and 1.22% to 1.25% (31 December 2003: 1.2% to 1.25%) per annum respectively.

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

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

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

Shareholders' Funds

Shareholders' funds as at 31 March 2004 were \$13,620 million, representing an increase of 2.5% and 5.6% over the \$13,282 million as at 31 December 2003 and the \$12,894 million as at 31 March 2003 respectively. The increase over both periods was mainly due to retained profits.

Unrealised revaluation surplus on properties and investment securities amounted to \$1,496 million as at 31 March 2004. The revaluation surplus was not incorporated into the financial statements.

	<u>31-Mar-04</u> \$ million	31-Dec-03 \$ million	31-Mar-03 \$ million
Shareholders' funds	13,620	13,282	12,894
Add: Revaluation surplus *	1,496	1,464	1,188
Shareholders' funds including revaluation surplus	<u>15,116</u>	<u>14,746</u>	<u>14,082</u>
Net asset value (NAV) per share (\$)	8.67	8.45	8.20
Revaluation surplus per share (\$)	0.95	0.93	0.76
Revalued NAV per share (\$)	<u>9.62</u>	<u>9.38</u>	<u>8.96</u>

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

VI) Capital Adequacy Ratio - BIS Basis

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

As at 31 March 2004, the Group's Capital Adequacy Ratio ("CAR") of 18.4%, as computed under the Bank for International Settlements ("BIS") guidelines, was more than twice the minimum requirement of 8% set by BIS. Compared to the CAR of 18.2% as at 31 December 2003 and 15.4% as at 31 March 2003, it has increased 0.2% point and 3.0% points respectively. The increase of CAR over 31 March 2003 was mainly attributable to the issue of US\$1 billion 4.50% Subordinated Notes in June 2003.

	<u>31-Mar-04</u> \$ million	<u>31-Dec-03</u> \$ million	<u>31-Mar-03</u> \$ million
Capital			
Tier 1 - Core capital			
Share capital	1,572	1,572	1,572
Disclosed reserves	11,877	11,542	11,219
Minority interests	157	155	145
Deduction of Goodwill	<u>(3,432)</u>	<u>(3,483)</u>	<u>(3,634)</u>
	<u>10,174</u>	<u>9,786</u>	<u>9,302</u>
Tier 2 - Supplementary capital			
Revaluation reserves on investments and properties ⁽¹⁾	369	380	345
General provisions ⁽²⁾	972	952	940
Subordinated debts	<u>2,966</u>	<u>2,991</u>	<u>1,295</u>
	<u>4,307</u>	<u>4,323</u>	<u>2,580</u>
Deductions against Capital ⁽³⁾	<u>(207)</u>	<u>(211)</u>	<u>(323)</u>
Total capital	<u><u>14,274</u></u>	<u><u>13,898</u></u>	<u><u>11,559</u></u>
Risk-weighted assets (including market risk)	<u><u>77,765</u></u>	<u><u>76,163</u></u>	<u><u>75,165</u></u>
Capital adequacy ratios			
Tier 1	13.1%	12.8%	12.4%
Total capital	18.4%	18.2%	15.4%

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

⁽²⁾ Excluding specific and earmarked provisions.

⁽³⁾ Including capital deductions for certain investments.

UNAUDITED CONSOLIDATED BALANCE SHEET

	31-Mar-04 \$ million	31-Dec-03 \$ million	31-Mar-03 \$ million
<u>Share Capital and Reserves</u>			
Share capital	1,572	1,572	1,572
Capital reserves	4,225	4,242	4,277
Statutory reserves	2,860	2,860	2,758
Revenue reserves	4,822	4,465	4,157
Share of reserves of associates	142	143	131
Total shareholders' funds	13,620	13,282	12,894
Minority interests	157	155	145
<u>Liabilities</u>			
Deposits of non-bank customers	70,630	69,863	65,830
Deposits and balances of banks and agents	22,069	18,839	21,567
Total deposits	92,698	88,702	87,398
Bills and drafts payable	293	164	152
Other liabilities	6,473	6,947	4,391
Debts issued	4,282	4,196	2,384
Total liabilities	103,747	100,009	94,324
Total shareholders' funds and liabilities	117,523	113,446	107,363
<u>Assets</u>			
Cash, balances and placements with central banks	11,456	9,085	3,887
Singapore Government treasury bills and securities	6,076	6,311	8,513
Other government treasury bills and securities	1,690	1,352	1,640
Dealing securities	586	525	451
Placements and balances with banks and agents	20,933	20,072	19,604
Loans and advances including trade bills to non-bank customers	59,214	59,297	59,193
Other assets	4,703	4,752	2,979
Investment securities	6,288	5,423	4,442
Investments in associates	1,400	1,397	1,271
Fixed assets	1,761	1,768	1,767
Goodwill	3,416	3,466	3,616
Total assets	117,523	113,446	107,363
<u>Off-Balance Sheet Items</u>			
Contingent liabilities	8,567	8,729	8,746
Derivative financial instruments	206,758	183,840	153,046
Commitments	38,091	37,660	38,609


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

	Share Capital	Capital Reserves	Statutory Reserves	Revenue Reserves	Share of Reserves of Associates	Total
	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million
Balance at 1 January 2004	1,572	4,242	2,860	4,465	143	13,282
Net profit attributable to members	-	-	-	357	-	357
Differences arising from currency translation of financial statements of foreign branches, subsidiaries and associates	-	(18)	-	-	-	(18)
Group's share of reserves of associates	-	-	-	-	(2)	(2)
Other adjustments	-	-	-	(1)	1	-
Total recognised gains / (losses) for the financial period	-	(18)	-	357	(1)	337
Net transfer from revenue reserves	-	0 [*]	-	(0) [^]	-	-
Issue of shares to option holders who exercised their rights	0 [*]	1	-	-	-	1
Balance at 31 March 2004	1,572	4,225	2,860	4,822	142	13,620
Balance at 1 January 2003	1,572	4,257	2,758	3,893	134	12,613
Net profit attributable to members	-	-	-	263	-	263
Differences arising from currency translation of financial statements of foreign branches, subsidiaries and associates	-	21	-	-	-	21
Group's share of reserves of associates	-	-	-	-	(3)	(3)
Other adjustments	-	-	-	0 [*]	-	0 [*]
Total recognised gains / (losses) for the financial period	-	21	-	263	(3)	282
Net transfer to revenue reserves	-	(1)	-	1	-	-
Balance at 31 March 2003	1,572	4,277	2,758	4,157	131	12,894

* Less than \$500,000.

^ Less than (\$500,000).



UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

	1st Quarter 2004 \$ million	1st Quarter 2003 \$ million
Cash flows from operating activities		
Profit before tax	467	363
Adjustments for:		
Depreciation of fixed assets	28	26
Goodwill amortisation	50	51
Share of profit of associates	(29)	(3)
Operating profit before changes in operating assets and liabilities	516	437
Changes in operating assets and liabilities:		
Deposits	3,996	177
Bills and drafts payable	129	(12)
Other liabilities	(543)	(827)
Dealing securities	(62)	172
Placements and balances with banks and agents	(861)	(178)
Loans and advances including trade bills to non-bank customers	82	(309)
Other government treasury bills and securities not qualifying as cash and cash equivalents	3	(16)
Other assets	48	1,079
Cash generated from operations	3,309	523
Income taxes paid	(31)	(24)
Net cash provided by operating activities	3,278	499
Cash flows from investing activities		
Increase in investment securities and investments in associates	(847)	(494)
Net dividends received from associates	0*	-
Net (increase) / decrease in fixed assets	(21)	2
Change in / acquisition of minority interests of subsidiaries	(1)	(1)
Net cash flow on acquisition of subsidiaries	-	(5)
Net cash used in investing activities	(869)	(498)
Cash flows from financing activities		
Proceeds from issue of shares	1	-
Net increase in debts issued	86	237
Net cash provided by financing activities	87	237
Currency translation adjustment	(18)	21
Net increase in cash and cash equivalents	2,478	259
Cash and cash equivalents at beginning of the financial period	16,362	13,041
Cash and cash equivalents at end of the financial period (Note A)	18,839	13,301
<u>Note A:</u>		
Cash, balances and placements with central banks	11,456	3,887
Singapore Government treasury bills and securities	6,076	8,513
Other government treasury bills and securities, less non-cash equivalents of \$383 million (31 March 2003: \$739 million)	1,308	901
Cash and cash equivalents at end of the financial period	18,839	13,301

* Less than \$500,000.