



United Overseas Bank Limited

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

GROUP FINANCIAL PERFORMANCE FOR THE FIRST HALF / SECOND QUARTER 2006

1 AUGUST 2006



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Note:

- ◆ The financial statements are presented in Singapore dollars.
- ◆ 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 respective totals due to rounding.


I) Highlights and Performance Indicators

	1st Half 2006	1st Half 2005	1H06 / 1H05 %	2nd Quarter 2006	1st Quarter 2006	2nd Quarter 2005	2Q06 / 2Q05 %
• Summarised Profit and Loss (\$'m)							
Net interest income (NII)	1,324	1,156	+ 14.5	671	653	574	+ 17.0
Non-interest income (Non NII)	660	650	+ 1.5	310	350	334	- 7.1
Total income	1,984	1,807	+ 9.8	981	1,003	908	+ 8.1
Less: Total expenses	815	667	+ 22.2	419	396	347	+ 20.5
Operating profit before amortisation and impairment charges	1,169	1,140	+ 2.6	562	607	560	+ 0.4
Less: Intangible assets	6	58	- 89.1	3	3	56	- 94.6
Less: Other impairment charges	91	81	+ 12.4	35	55	14	+ 144.8
Add: Share of profit of associates	71	46	+ 53.6	41	30	32	+ 25.4
Less: Tax and minority interests	261	233	+ 12.1	122	140	113	+ 7.9
Net profit after tax excluding one-time gain	882	815	+ 8.3	443	439	409	+ 8.3
Add: One-time gain [®]	689	-	NM	689	-	-	NM
Net profit after tax [^]	1,571	815	+ 92.8	1,132	439	409	+ 176.7
• Key Indicators (excluding the one-time gain)							
❖ Income mix							
- NII / Total income (%)	66.7	64.0	+ 2.7 % pt	68.4	65.1	63.2	+ 5.2 % pt
- Non NII / Total income (%)	33.3	36.0	- 2.7 % pt	31.6	34.9	36.8	- 5.2 % pt
	100.0	100.0	-	100.0	100.0	100.0	-
❖ Profit contribution (before tax and intangible assets)							
- Onshore (including ACU) (%)	70.9	76.2	- 5.3 % pt	67.6	74.1	74.2	- 6.6 % pt
- Offshore (%)	29.1	23.8	+ 5.3 % pt	32.4	25.9	25.8	+ 6.6 % pt
	100.0	100.0	-	100.0	100.0	100.0	-
❖ Return on average ordinary shareholders' equity [#]							
- Including intangible assets (%)	11.9	11.9	-	11.8	11.9	12.0	- 0.2 % pt
- Excluding intangible assets (%)	12.0	12.8	- 0.8 % pt	11.8	12.0	13.6	- 1.8 % pt
❖ Basic earnings per ordinary share [#]							
- Including intangible assets (¢)	112.2	106.0	+ 5.8	112.8	111.6	106.4	+ 6.0
- Excluding intangible assets (¢)	113.0	113.6	- 0.5	113.6	112.5	121.0	- 6.1
❖ Return on average total assets [*]							
- Including intangible assets (%)	1.16	1.21	- 0.05 % pt	1.14	1.17	1.21	- 0.07 % pt
- Excluding intangible assets (%)	1.16	1.29	- 0.13 % pt	1.14	1.18	1.38	- 0.24 % pt
❖ Net interest margin [*] (%)	2.01	2.02	- 0.01 % pt	1.97	2.04	1.97	-
❖ Expense / Income ratio (%)	41.1	36.9	+ 4.2 % pt	42.7	39.5	38.3	+ 4.4 % pt
❖ Dividend per ordinary share							
- Interim (¢)	20.0	20.0	-	20.0	-	20.0	-
- Special dividend ^{**} (¢)	20.0	28.5	- 29.8	20.0	-	28.5	- 29.8

[®] One-time gain refers to the special dividend received from Overseas Union Enterprise Limited ("OUE") and gain from divestment of OUE and Hotel Negara Limited ("HNL"), recorded by the Group and its associates in 2Q06.

[^] Net profit after tax refers to profit attributable to equity holders of the Bank.

[#] Calculated based on annualised profit attributable to equity holders of the Bank net of subsidiary preference share dividend incurred for the financial period.

^{*} Computed on an annualised basis.

^{**} Special dividend in first half and second quarter of 2005 refers to the dividend in specie of shares in United Overseas Land Limited.

"NM" denotes not meaningful.



l) Highlights and Performance Indicators

	30-Jun-06	31-Dec-05	Jun-06 / Dec-05 (%)	30-Jun-05	Jun-06 / Jun-05 (%)
• <u>Other Indicators</u>					
❖ Customer loans (net) (\$'m)	70,177	67,142	+ 4.5	64,623	+ 8.6
❖ Customer deposits (\$'m)	89,753	85,503	+ 5.0	80,475	+ 11.5
❖ Loans / Deposits ratio [@] (%)	78.2	78.5	- 0.3 % pt	80.3	- 2.1 % pt
❖ Non-performing loans (NPLs) (\$'m)	3,836	3,931	- 2.4	4,563	- 15.9
❖ Cumulative impairment (\$'m)	2,652	2,714	- 2.3	3,110	- 14.7
❖ NPL ratio [^] (%)	5.3	5.6	- 0.3 % pt	6.7	- 1.4 % pt
❖ Cumulative impairment / NPLs (%)	69.1	69.0	+ 0.1 % pt	68.2	+ 0.9 % pt
❖ Total assets (\$'m)	155,933	145,073	+ 7.5	136,856	+ 13.9
❖ Shareholders' equity * (\$'m)	15,707	14,929	+ 5.2	13,517	+ 16.2
❖ Revaluation surplus [#] (\$'m)	1,265	1,564	- 19.1	1,352	- 6.4
❖ Net asset value (NAV) per share (\$)	10.31	9.71	+ 6.2	8.79	+ 17.3
❖ Revalued NAV per share (\$)	11.14	10.73	+ 3.8	9.67	+ 15.2
❖ Net tangible asset per share (\$)	7.52	6.92	+ 8.7	6.22	+ 20.9
❖ Capital adequacy ratios					
- Tier 1 capital (%)	11.2	11.0	+ 0.2 % pt	10.1	+ 1.1 % pt
- Total capital (%)	16.5	16.1	+ 0.4 % pt	15.0	+ 1.5 % pt

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

[^] NPL ratio represents NPLs (excluding debt securities) as a percentage of gross customer loans.

* Shareholders' equity refers to equity attributable to equity holders of the Bank.

[#] Refers to revaluation surplus on properties and securities not recognised in the financial statements.



II) Review of Financial Performance

The financial statements are presented in Singapore dollars and 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 Monetary Authority of Singapore ("MAS"). The same accounting policies and computation methods have been adopted for the first half of 2006 as those adopted in the audited financial statements for the financial year ended 31 December 2005.

Review of Group Performance

Results

1st Half 2006 versus 1st Half 2005

The Group's net profit after tax ("NPAT") of \$1,571 million recorded in the first half of 2006 ("1H06") was an increase of \$756 million or 92.8% over the \$815 million registered in the first half of 2005 ("1H05"). The increase was largely due to a one-time gain of \$689 million, which comprised special dividend received from Overseas Union Enterprise Limited ("OUE") and gain from divestment of OUE and Hotel Negara Limited ("HNL"), recorded by the Group and its associates in the second quarter of 2006 ("2Q06"). Excluding the one-time gain, Group NPAT would be \$882 million in 1H06, representing an increase of 8.3% over 1H05. The increase was mainly attributed to higher net interest income and lower impairment charges on loans, partially offset by higher operating expenses.

Total income increased \$790 million or 43.8% to \$2,597 million in 1H06 from \$1,807 million in 1H05, primarily due to the special dividend received from OUE of \$284 million and gain from divestment of OUE and HNL of \$329 million. Excluding this one-time income of \$613 million, total income would be \$1,984 million in 1H06, representing an increase of 9.8% over 1H05. The increase was mainly attributed to higher net interest income largely from higher loan volume and interbank money market activities.

The Group's total operating expenses increased 22.2% to \$815 million in 1H06 from \$667 million in 1H05, partly due to the consolidation of PT Bank Buana Indonesia Tbk. ("Bank Buana")'s operating expenses. Staff costs increased 29.6% to \$409 million largely on increased headcount, and other operating expenses increased 15.6% to \$406 million mainly on professional fees and commission and brokerage expenses. Expense-to-income ratio of the Group increased to 41.1% (excluding the one-time income) in 1H06 from 36.9% in 1H05.

Other impairment charges increased \$10 million or 12.4% to \$91 million in 1H06 from \$81 million in 1H05. The increase was largely attributed to write-back of collective impairment charges in 1H05, partially offset by lower impairment charges on loans in 1H06.

Share of pre-tax profit of associates increased to \$191 million in 1H06 from \$46 million in 1H05. The increase was due mainly to the Group's share of exceptional gain of \$120 million, arising from special dividend received from OUE and gain from divestment of OUE and HNL, as recorded by its associates, Overseas Union Insurance Limited ("OUI") and Overseas Union Facilities (Pte.) Limited ("OUF"). Excluding the exceptional gain, share of pre-tax profit of associates would be \$71 million, up 53.6% from 1H05.



II) Review of Financial Performance

2nd Quarter 2006 versus 2nd Quarter 2005

The Group's NPAT increased \$723 million or 176.7% to \$1,132 million in 2Q06 from \$409 million in the second quarter of 2005 ("2Q05"). The increase was largely due to the one-time gain of \$689 million recorded in 2Q06. Excluding the one-time gain, the Group's NPAT would be \$443 million in 2Q06, an increase of 8.3% over 2Q05. This increase was contributed mainly by higher net interest income and lower impairment charges on loans, partially offset by higher total operating expenses.

Excluding the one-time income of \$613 million, total income increased 8.1% to \$981 million in 2Q06 from \$908 million in 2Q05. The increase was mainly due to higher net interest income largely contributed by increased loan volume and interbank money market activities.

The Group's total operating expenses increased 20.5% to \$419 million in 2Q06 from \$347 million in 2Q05, partly due to the consolidation of Bank Buana's operating expenses. Staff costs increased 29.9% to \$211 million due largely to higher headcount, and other operating expenses increased 12.2% to \$207 million due mainly to higher professional fees and commission and brokerage expenses. Expense-to-income ratio was 42.7% (excluding the one-time income) in 2Q06 compared to 38.3% in 2Q05.

Other impairment charges increased \$21 million to \$35 million in 2Q06 from \$14 million in 2Q05. The increase was mainly due to write-back of collective impairment charges in 2Q05, partially offset by lower impairment charges on loans in 2Q06.

Share of pre-tax profit of associates increased \$128 million to \$160 million in 2Q06 from \$32 million in 2Q05. Excluding the share of the exceptional gain of \$120 million recorded by OUI and OUF, profit contributions from the associates would be \$41 million in 2Q06, representing an increase of 25.4% over 2Q05.

2nd Quarter 2006 versus 1st Quarter 2006

The Group's NPAT of \$1,132 million recorded in 2Q06 was 157.5% higher than the \$439 million registered in the first quarter of 2006 ("1Q06"). The increase was attributed mainly to the one-time gain of \$689 million recorded in 2Q06. Excluding the one-time gain, Group NPAT of \$443 million in 2Q06 was 0.8% higher than that in 1Q06.

Excluding the one-time income of \$613 million, total income decreased 2.2% to \$981 million in 2Q06 from \$1,003 million in 1Q06. The decrease was mainly due to lower net gain from trading securities, government securities and derivatives, partially offset by higher dividend and net interest income.

The Group's total operating expenses increased 5.7% to \$419 million in 2Q06 from \$396 million in 1Q06 mainly on staff costs and professional fees.

Other impairment charges decreased \$20 million to \$35 million in 2Q06 from \$55 million in 1Q06, attributed mainly to lower impairment charges on loans.



II) Review of Financial Performance

Balance Sheet

The Group's net loans and advances to customers grew 4.5% and 8.6% over 31 December 2005 and 30 June 2005 respectively to \$70,177 million as at 30 June 2006. Group non-performing loans ("NPLs") were lower by 2.4% and 15.9% to \$3,836 million as at 30 June 2006 compared to those at 31 December 2005 and 30 June 2005 respectively. Correspondingly, Group NPL ratio improved to 5.3% as at 30 June 2006 from 5.6% as at 31 December 2005 and 6.7% as at 30 June 2005. As at 30 June 2006, Group NPLs were 58.2% (31 December 2005: 56.7% and 30 June 2005: 55.6%) secured by collateral, and unsecured NPLs were 165.5% (31 December 2005: 159.4% and 30 June 2005: 153.4%) covered by total cumulative impairment.

Total assets of the Group increased 7.5% and 13.9% to \$155,933 million as at 30 June 2006 over 31 December 2005 and 30 June 2005 respectively. Shareholders' equity of the Group rose 5.2% and 16.2% to \$15,707 million as at 30 June 2006 compared to that at 31 December 2005 and 30 June 2005 respectively. Correspondingly, the Group's net asset value per share increased to \$10.31 as at 30 June 2006 from \$9.71 as at 31 December 2005 and \$8.79 as at 30 June 2005.

Group capital adequacy ratio ("CAR") of 16.5% as at 30 June 2006 was 6.5% points above the minimum 10% set by MAS.

II) Review of Financial Performance
UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE FIRST HALF ENDED 30 JUNE 2006

	1st Half 2006	1st Half 2005	1H06 / 1H05
	\$ million	\$ million	%
Interest income	3,281	2,266	44.8
Less: Interest expense	1,956	1,109	76.3
Net interest income	1,324	1,156	14.5
Dividend income	311	45	596.4
Fee and commission income	450	372	21.1
Rental income	32	32	(1.3)
Other operating income	479	202	137.9
Total non-interest income	1,273	650	95.7
Income before operating expenses	2,597	1,807	43.8
Less:			
Staff costs	409	316	29.6
Other operating expenses	406	351	15.6
Total operating expenses	815	667	22.2
Operating profit before amortisation and impairment charges	1,782	1,140	56.3
Less: Intangible assets amortised / impaired	6	58	(89.1)
Less: Other impairment charges	91	81	12.4
Operating profit after amortisation and impairment charges	1,685	1,002	68.3
Share of profit of associates	191	46	312.6
Profit before tax	1,876	1,048	79.1
Less: Tax	281	223	26.0
Profit for the financial period	1,595	825	93.4
Attributable to:			
Equity holders of the Bank	1,571	815	92.8
Minority interests	25	10	134.8
	1,595	825	93.4
Annualised earnings per ordinary share (¢)			
Basic	157.2	106.0	48.3
Diluted	157.1	106.0	48.2

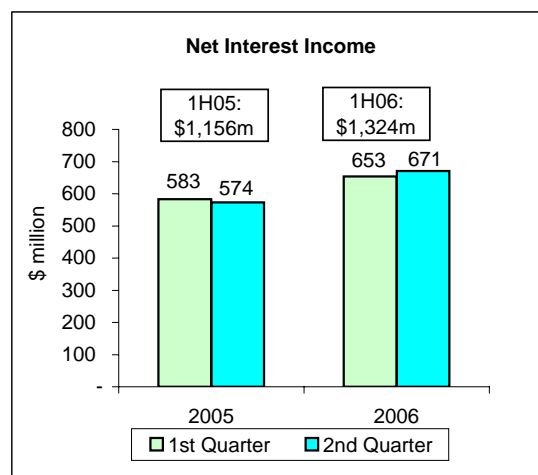
**II) Review of Financial Performance****UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE SECOND QUARTER ENDED 30 JUNE 2006**

	2nd Quarter 2006 \$ million	1st Quarter 2006 \$ million	2Q06 / 1Q06 %	2nd Quarter 2005 \$ million	2Q06 / 2Q05 %
Interest income	1,718	1,563	9.9	1,169	46.9
Less: Interest expense	1,047	910	15.1	596	75.7
Net interest income	671	653	2.7	574	17.0
Dividend income	309	3	NM	42	635.9
Fee and commission income	228	222	2.4	186	22.4
Rental income	16	16	(0.8)	16	(1.8)
Other operating income	371	109	240.6	90	312.7
Total non-interest income	923	350	163.8	334	176.4
Income before operating expenses	1,594	1,003	58.9	908	75.6
Less:					
Staff costs	211	198	6.9	163	29.9
Other operating expenses	207	199	4.5	185	12.2
Total operating expenses	419	396	5.7	347	20.5
Operating profit before amortisation and impairment charges	1,175	607	93.6	560	109.8
Less: Intangible assets amortised / impaired	3	3	(7.9)	56	(94.6)
Less: Other impairment charges	35	55	(35.6)	14	144.8
Operating profit after amortisation and impairment charges	1,137	549	107.2	489	132.3
Share of profit of associates	160	30	426.6	32	395.9
Profit before tax	1,297	579	123.9	522	148.6
Less: Tax	156	125	24.4	106	46.8
Profit for the financial period	1,141	454	151.3	416	174.6
Attributable to:					
Equity holders of the Bank	1,132	439	157.5	409	176.7
Minority interests	10	15	(33.8)	7	46.0
	1,141	454	151.3	416	174.6
Annualised earnings per ordinary share (¢)					
Basic	157.8	111.6	41.4	106.4	48.3
Diluted	157.8	111.6	41.4	106.4	48.3

"NM" denotes not meaningful.

II) Review of Financial Performance

Net Interest Income



Net interest income of the Group increased 14.5% to \$1,324 million in 1H06 as compared to the \$1,156 million in 1H05. The increase was mainly from higher loan volume attributed partly to the consolidation of Bank Buana's loan portfolio, as well as from interbank money market activities. Excluding the one-time income of \$613 million, net interest income accounted for 66.7% (1H05: 64.0%) of total income. Net interest margin was 2.01% in 1H06 versus the 2.02% in 1H05, largely due to lower interest spread from interbank money market activities.

Net interest income rose 17.0% to \$671 million in 2Q06 from \$574 million in 2Q05, mainly from higher loan volume attributed partly to the consolidation of Bank Buana's loan portfolio, as well as from interbank money market activities. Net interest margin of 1.97% in 2Q06 was the same as that in 2Q05.

Average Interest Rates and Margin

	1st Half 2006			1st Half 2005		
	Average Balance	Annualised Interest	Average Rate	Average Balance	Annualised Interest	Average Rate
	\$ million	\$ million	%	\$ million	\$ million	%
Customer loans	67,214	3,818	5.68	63,715	3,009	4.72
Inter-bank balances / balances with central banks	45,079	1,934	4.29	34,234	984	2.87
Securities	20,649	864	4.19	17,768	576	3.24
Total interest bearing assets	132,942	6,616	4.98	115,717	4,569	3.95
Customer deposits	88,885	2,167	2.44	80,702	1,262	1.56
Inter-bank balances / other	40,269	1,778	4.42	33,064	975	2.95
Total interest bearing liabilities	129,154	3,945	3.05	113,766	2,237	1.97
Net interest income		2,671			2,332	
Net interest margin ^			2.01			2.02

^ Net interest margin represents annualised net interest income as a percentage of total interest bearing assets.

II) Review of Financial Performance
Net Interest Income (cont'd)
Average Interest Rates and Margin (cont'd)

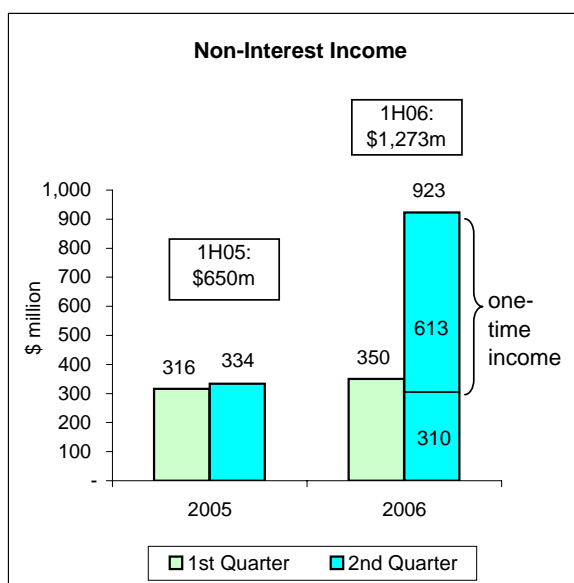
	2nd Quarter 2006			1st Quarter 2006			2nd Quarter 2005		
	Average Balance \$ million	Annualised Interest \$ million	Average Rate %	Average Balance \$ million	Annualised Interest \$ million	Average Rate %	Average Balance \$ million	Annualised Interest \$ million	Average Rate %
Customer loans	67,549	3,920	5.80	67,050	3,714	5.54	63,404	3,080	4.86
Inter-bank balances / balances with central banks	46,562	2,043	4.39	43,893	1,824	4.15	35,018	1,004	2.87
Securities	22,271	928	4.16	19,042	801	4.20	18,444	607	3.29
Total interest bearing assets	136,382	6,890	5.05	129,985	6,338	4.88	116,866	4,691	4.01
Customer deposits	90,213	2,265	2.51	87,992	2,068	2.35	81,501	1,342	1.65
Inter-bank balances / other	42,029	1,934	4.60	38,458	1,621	4.21	33,306	1,048	3.15
Total interest bearing liabilities	132,242	4,199	3.18	126,450	3,689	2.92	114,807	2,390	2.08
Net interest income		2,692			2,650			2,301	
Net interest margin ^			1.97			2.04			1.97

^ Net interest margin represents annualised net interest income as a percentage of total interest bearing assets.



II) Review of Financial Performance

Non-Interest Income



Non-interest income of the Group increased 95.7% to \$1,273 million in 1H06 from \$650 million in 1H05, mainly contributed by the one-time income of \$613 million, comprising special dividend received from OUE of \$284 million and gain on divestment of OUE and HNL of \$329 million. Excluding the one-time income, the growth would be 1.5%, mainly due to higher net gain on trading securities, government securities and derivatives, and higher fee and commission income mainly from investment-related and fund management activities, partially offset by loss on investment securities.

Non-interest income increased 176.4% to \$923 million in 2Q06 from \$334 million in 2Q05, mainly contributed by the one-time income. Excluding the one-time income, non-interest income declined 7.1%, mainly attributed to loss on investment securities. This was partly negated by net gain from trading securities, government securities and derivatives as opposed to loss in 2Q05, as well as higher fee and commission income.

Composition of Non-Interest Income

	1st Half 2006 \$ million	1st Half 2005 \$ million	2nd Quarter 2006 \$ million	1st Quarter 2006 \$ million	2nd Quarter 2005 \$ million
Fee and commission income					
Credit card	62	55	32	30	28
Fund management	91	67	42	49	36
Futures broking	16	10	8	8	5
Investment-related	86	59	46	39	24
Loan-related	70	68	36	34	37
Service charges	33	29	16	17	14
Trade-related	80	69	41	39	35
Other	12	14	6	6	7
	450	372	228	222	186
Dividend and rental income	343	77	325	19	58
Other operating income					
Net gain / (loss) from:					
- Foreign exchange	80	48	38	42	20
- Trading securities, government securities and derivatives	137	12	37	100	(34)
- Investment securities	(145)	67	(67)	(78)	93
- Disposal of assets held for sale	332	15	330	2	15
- Disposal of fixed and other assets	14	6	11	3	2
Other income	61	54	22	39	(5)
	479	202	371	109	90
Total non-interest income	1,273	650	923	350	334
Fee and commission income / Total income (%)	22.7 *	20.6	23.2 *	22.2	20.5
Non-interest income / Total income (%)	33.3 *	36.0	31.6 *	34.9	36.8

* Excluding the one-time income

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

Total operating expenses increased 22.2% to \$815 million in 1H06 from \$667 million in 1H05, partly due to the consolidation of Bank Buana. Staff costs increased 29.6% to \$409 million largely on increased headcount, and other operating expenses increased 15.6% to \$406 million mainly on professional fees and commission and brokerage expenses. Expense-to-income ratio of the Group was 41.1% (excluding the one-time income) in 1H06 compared to the 36.9% in 1H05.

In 2Q06, total operating expenses increased 20.5% to \$419 million from \$347 million in 2Q05, partly due to the consolidation of Bank Buana. The increase was attributed to higher staff costs on increased headcount, and other operating expenses due mainly to higher professional fees and commission and brokerage expenses. Expense-to-income ratio was 42.7% (excluding the one-time income) in 2Q06 compared to the 38.3% in 2Q05.

	1st Half 2006	1st Half 2005	2nd Quarter 2006	1st Quarter 2006	2nd Quarter 2005
	\$ million	\$ million	\$ million	\$ million	\$ million
Staff costs	409	316	211	198	163
Other operating expenses					
Depreciation of fixed assets	70	70	34	36	35
Rental of premises and equipment	23	23	12	11	12
Maintenance of premises and other assets	36	31	19	16	18
Other expenses	277	226	142	135	121
	406	351	207	199	185
Total operating expenses	815	667	419	396	347
Expense / Income ratio (%)	41.1 *	36.9	42.7 *	39.5	38.3
Manpower (number)	19,150	13,328	19,150	18,624	13,328
Total operating expenses included:					
IT-related expenses	115	108	59	56	56
IT-related expenses / Total operating expenses (%)	14.1	16.2	14.1	14.2	16.1

* Excluding the one-time income

**II) Review of Financial Performance****Other Impairment Charges**

Other impairment charges increased \$10 million or 12.4% to \$91 million in 1H06 from \$81 million in 1H05. The increase was largely attributed to write-back of collective impairment charges in 1H05, partially offset by lower impairment charges on loans in 1H06.

In 2Q06, other impairment charges increased \$21 million to \$35 million from \$14 million in 2Q05. The increase was mainly due to write-back of collective impairment charges in 2Q05, partially offset by lower impairment charges on loans in 2Q06.

	1st Half 2006	1st Half 2005	2nd Quarter 2006	1st Quarter 2006	2nd Quarter 2005
	\$ million	\$ million	\$ million	\$ million	\$ million
Individual impairment on loans					
Singapore	81	91	33	48	54
Regional countries [^]	(10)	45	(7)	(2)	18
Greater China ^{^^}	9	(9)	1	8	(2)
Other	5	3	0 [*]	5	0 [*]
	86	130	27	59	70
Other individual impairment / provisions	5	7	8	(4)	1
Collective impairment	-	(56)	-	-	(56)
Total other impairment charges	91	81	35	55	14

[^] Regional countries comprise Malaysia, Indonesia, the Philippines and Thailand.

^{^^} Greater China comprises China, Hong Kong S.A.R. and Taiwan.

^{*} Less than \$500,000.

**II) Review of Financial Performance****Customer Loans**

Net loans and advances to customers increased 4.5% to \$70,177 million as at 30 June 2006 from \$67,142 million as at 31 December 2005, largely contributed by higher term loans and housing loans. Compared with the \$64,623 million as at 30 June 2005, the growth of 8.6% was mainly due to higher term loans and housing loans, as well as the consolidation of Bank Buana's loan portfolio.

<u>Customer Loans Analysed by Product Group</u>	30-Jun-06		31-Dec-05		30-Jun-05	
	\$ million	%	\$ million	%	\$ million	%
Housing loans	17,554	24.1	16,632	23.8	15,822	23.4
Term loans	41,257	56.7	39,658	56.8	38,768	57.2
Trade financing	5,321	7.3	4,808	6.9	4,806	7.1
Overdrafts	8,695	11.9	8,747	12.5	8,301	12.3
Total gross customer loans	72,827	100.0	69,846	100.0	67,697	100.0
Individual impairment	(1,381)		(1,433)		(1,758)	
Collective impairment	(1,269)		(1,270)		(1,316)	
Total net customer loans	70,177		67,142		64,623	

<u>Gross Customer Loans Analysed by Industry</u>	30-Jun-06		31-Dec-05		30-Jun-05	
	\$ million	%	\$ million	%	\$ million	%
Transport, storage and communication	2,820	3.9	2,447	3.5	2,320	3.4
Building and construction	8,088	11.1	8,010	11.5	7,824	11.6
Manufacturing	8,140	11.2	7,870	11.3	7,584	11.2
Non-bank financial institutions	10,615	14.6	10,061	14.4	9,612	14.2
General commerce	11,655	16.0	11,483	16.4	10,865	16.0
Professionals and private individuals	9,752	13.4	10,209	14.6	10,332	15.3
Housing loans	17,554	24.1	16,632	23.8	15,822	23.4
Other	4,203	5.7	3,133	4.5	3,337	4.9
Total gross customer loans	72,827	100.0	69,846	100.0	67,697	100.0

<u>Gross Customer Loans Analysed by Currency and Fixed / Variable Rates</u>	30-Jun-06		31-Dec-05		30-Jun-05	
	\$ million	%	\$ million	%	\$ million	%
<u>Fixed Rate</u>						
Singapore dollar	7,389	10.2	6,236	8.9	6,580	9.7
US dollar	1,901	2.6	1,849	2.7	1,896	2.8
Malaysian ringgit	309	0.4	255	0.4	299	0.4
Hong Kong dollar	35	0.1	21	-	38	0.1
Thai baht	2,357	3.2	2,541	3.6	3,042	4.5
Other	1,463	2.0	761	1.1	635	0.9
Total fixed rate gross customer loans	13,454	18.5	11,664	16.7	12,490	18.4
<u>Variable Rate</u>						
Singapore dollar	32,558	44.7	33,442	47.9	32,731	48.4
US dollar	9,550	13.1	7,955	11.4	7,947	11.8
Malaysian ringgit	7,261	10.0	6,789	9.7	6,433	9.5
Hong Kong dollar	902	1.2	977	1.4	884	1.3
Thai baht	4,104	5.6	3,685	5.3	3,471	5.1
Other	4,998	6.9	5,334	7.6	3,741	5.5
Total variable rate gross customer loans	59,373	81.5	58,182	83.3	55,207	81.6
Total gross customer loans	72,827	100.0	69,846	100.0	67,697	100.0

**II) Review of Financial Performance****Customer Loans (cont'd)**

<u>Gross Customer Loans Analysed by Remaining Maturity</u>	<u>30-Jun-06</u>		<u>31-Dec-05</u>		<u>30-Jun-05</u>	
	<u>\$ million</u>	<u>%</u>	<u>\$ million</u>	<u>%</u>	<u>\$ million</u>	<u>%</u>
Within 1 year	34,259	47.0	34,235	49.0	33,340	49.2
Over 1 year but within 3 years	8,626	11.8	8,572	12.3	9,040	13.4
Over 3 years but within 5 years	7,752	10.7	6,788	9.7	5,803	8.6
Over 5 years	22,190	30.5	20,250	29.0	19,514	28.8
Total gross customer loans	72,827	100.0	69,846	100.0	67,697	100.0

Deposits

Total deposits of \$124,644 million as at 30 June 2006 increased 8.4% and 14.5% over 31 December 2005 and 30 June 2005 respectively. The increase was contributed mainly by higher banker deposits and fixed deposits.

As at 30 June 2006, customer deposits accounted for 72.0% of total deposits and the loans-to-deposits ratio was 78.2%.

<u>Deposits Analysed by Product Group</u>	<u>30-Jun-06</u>		<u>31-Dec-05</u>		<u>30-Jun-05</u>	
	<u>\$ million</u>	<u>%</u>	<u>\$ million</u>	<u>%</u>	<u>\$ million</u>	<u>%</u>
Banker deposits	34,891	28.0	29,456	25.6	28,415	26.1
Customer deposits						
Fixed rate deposits	59,758	47.9	54,947	47.8	52,341	48.1
Current, savings and other deposits	29,995	24.1	30,556	26.6	28,134	25.8
	89,753	72.0	85,503	74.4	80,475	73.9
Total deposits	124,644	100.0	114,958	100.0	108,890	100.0
Loans / Deposits ratio * (%)		78.2		78.5		80.3

<u>Deposits Analysed by Remaining Maturity</u>	<u>30-Jun-06</u>		<u>31-Dec-05</u>		<u>30-Jun-05</u>	
	<u>\$ million</u>	<u>%</u>	<u>\$ million</u>	<u>%</u>	<u>\$ million</u>	<u>%</u>
Within 1 year	121,294	97.3	111,985	97.4	106,432	97.7
Over 1 year but within 3 years	1,319	1.1	1,117	1.0	1,250	1.2
Over 3 years but within 5 years	1,103	0.9	816	0.7	886	0.8
Over 5 years	928	0.7	1,041	0.9	321	0.3
Total deposits	124,644	100.0	114,958	100.0	108,890	100.0

* "Loans" refers to net customer loans while "Deposits" refers to customer deposits.

**II) Review of Financial Performance****Shareholders' Equity**

Shareholders' equity as at 30 June 2006 was \$15,707 million, representing an increase of 5.2% over the \$14,929 million as at 31 December 2005. The increase was mainly contributed by profit for the financial period. Compared with the \$13,517 million as at 30 June 2005, the increase was 16.2% largely due to higher retained profit and the issuance of US\$500 million subsidiary preference shares in December 2005.

As at 30 June 2006, revaluation surplus of \$1,265 million on properties and securities of the Group was not recognised in the financial statements.

	30-Jun-06	31-Dec-05	30-Jun-05
	\$ million	\$ million	\$ million
Shareholders' equity	15,707	14,929	13,517
Add: Revaluation surplus	1,265	1,564	1,352
Shareholders' equity including revaluation surplus	16,972	16,493	14,869
Net asset value (NAV) per share (\$)	10.31	9.71	8.79
Revaluation surplus per share (\$)	0.83	1.02	0.88
Revalued NAV per share (\$)	11.14	10.73	9.67

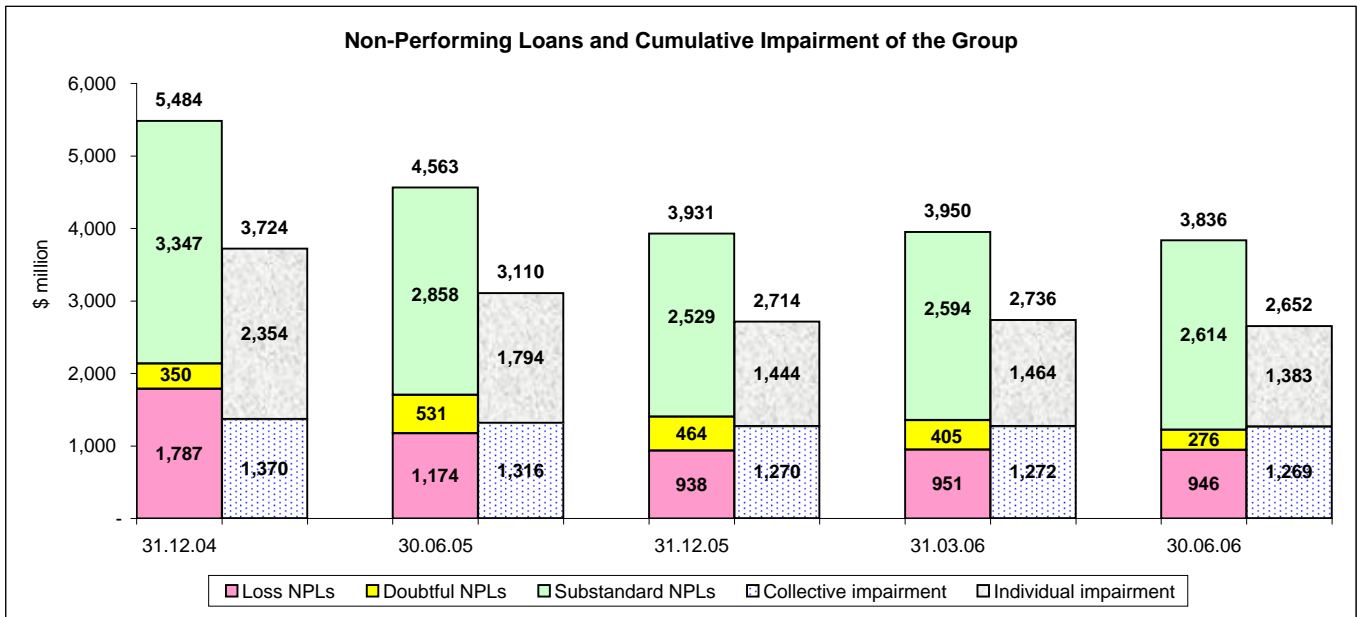


III) Non-Performing Loans (NPLs) and Cumulative Impairment

NPLs and Cumulative Impairment of the Group

The Group's NPLs reduced to \$3,836 million as at 30 June 2006 from \$3,931 million as at 31 December 2005 and \$4,563 million as at 30 June 2005. NPL ratio was 5.3% as at 30 June 2006, an improvement of 0.3% point from 31 December 2005 and 1.4% points from 30 June 2005. Of the total NPLs as at 30 June 2006, \$2,614 million or 68.1% were in the Substandard category and \$2,234 million or 58.2% were secured by collateral.

Total cumulative impairment of \$2,652 million as at 30 June 2006 declined 2.3% and 14.7% compared to the \$2,714 million as at 31 December 2005 and the \$3,110 million as at 30 June 2005 respectively. The decrease was mainly due to lower individual impairment which was in line with the lower NPLs. As at 30 June 2006, total cumulative impairment provided coverage of 69.1% against total NPLs and 165.5% against unsecured NPLs.



	30-Jun-06	31-Mar-06	31-Dec-05	30-Jun-05	31-Dec-04
NPLs					
	\$ million				
Substandard	2,614	2,594	2,529	2,858	3,347
Doubtful	276	405	464	531	350
Loss	946	951	938	1,174	1,787
Total NPLs	3,836	3,950	3,931	4,563	5,484
Cumulative Impairment					
	\$ million				
Individual impairment	1,383	1,464	1,444	1,794	2,354
Collective impairment	1,269	1,272	1,270	1,316	1,370
Total cumulative impairment	2,652	2,736	2,714	3,110	3,724
Ratios					
	%				
NPL ratio*	5.3	5.6	5.6	6.7	8.0
NPLs / Total assets	2.5	2.6	2.7	3.3	4.1
Cumulative impairment / NPLs	69.1	69.3	69.0	68.2	67.9
Cumulative impairment / Doubtful & Loss NPLs	217.0	201.8	193.6	182.4	174.3
Cumulative impairment / Unsecured NPLs	165.5	157.3	159.4	153.4	138.6
Cumulative impairment ^ / Gross customer loans	3.6	3.9	3.9	4.5	5.4
Collective impairment / Gross customer loans (net of individual impairment ^)	1.8	1.9	1.9	2.0	2.1

* NPL ratio represents NPLs (excluding debt securities) as a percentage of gross customer loans.

^ Excluding debt securities.



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

NPLs by Region

As at 30 June 2006, NPLs of Singapore and the Regional Countries accounted for 46.2% and 50.1% of the total NPLs respectively.

Singapore NPLs decreased 9.3% and 27.9% to \$1,774 million as at 30 June 2006 over 31 December 2005 and 30 June 2005 respectively. Regional NPLs as at 30 June 2006 was \$1,921 million, representing an increase of 4.5% over 31 December 2005, but a decrease of 1.2% over 30 June 2005.

	30-Jun-06		31-Dec-05		30-Jun-05	
	\$ million	%	\$ million	%	\$ million	%
Singapore	1,774	46.2	1,955	49.7	2,460	53.9
Regional Countries						
Malaysia	620	16.2	651	16.6	679	14.9
Indonesia	144	3.7	101	2.6	57	1.2
Philippines	179	4.7	180	4.6	164	3.6
Thailand	978	25.5	906	23.0	1,045	22.9
	1,921	50.1	1,838	46.8	1,945	42.6
Greater China	62	1.6	64	1.6	78	1.7
Other	79	2.1	74	1.9	80	1.8
Total NPLs	3,836	100.0	3,931	100.0	4,563	100.0

NPLs by Industry

The top three NPLs by industrial classification were manufacturing, general commerce and building and construction industries. NPL ratios have shown improvements across most industries since 30 June 2005.

	30-Jun-06		31-Dec-05		30-Jun-05	
	NPL	NPL Ratio	NPL	NPL Ratio	NPL	NPL Ratio
	\$ million	%	\$ million	%	\$ million	%
Transport, storage and communication	87	3.1	79	3.2	88	3.8
Building and construction	559	6.9	566	7.1	722	9.2
Manufacturing	934	11.5	834	10.6	942	12.4
Non-bank financial institutions	504	4.7	528	5.2	579	6.0
General commerce	781	6.7	769	6.7	823	7.6
Professionals and private individuals	498	5.1	578	5.7	719	7.0
Housing loans	353	2.0	390	2.3	445	2.8
Other	117	2.8	150	4.8	193	5.8
Sub-total	3,833	5.3	3,894	5.6	4,511	6.7
Debt securities	3		37		52	
Total NPLs	3,836		3,931		4,563	



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

Individual Impairment by Region

As at 30 June 2006, individual impairment for Singapore and Regional Countries accounted for 38.5% and 59.4% of the Group's total individual impairment respectively.

	30-Jun-06		31-Dec-05		30-Jun-05	
	\$ million	%	\$ million	%	\$ million	%
Singapore	533	38.5	609	42.2	890	49.6
Regional Countries						
Malaysia	180	13.0	207	14.3	178	9.9
Indonesia	62	4.5	55	3.8	49	2.7
Philippines	94	6.8	70	4.9	78	4.4
Thailand	486	35.1	481	33.3	554	30.9
	822	59.4	813	56.3	859	47.9
Greater China	12	0.9	10	0.7	30	1.7
Other	16	1.2	12	0.8	15	0.8
Total individual impairment	1,383	100.0	1,444	100.0	1,794	100.0

Individual Impairment by Industry

Individual impairment as at 30 June 2006 was mainly for manufacturing and general commerce sectors which accounted for 29.5% and 24.1% of the total individual impairment for loans respectively.

	30-Jun-06		31-Dec-05		30-Jun-05	
	\$ million	%	\$ million	%	\$ million	%
Transport, storage and communication	39	2.8	31	2.2	39	2.2
Building and construction	176	12.8	182	12.7	250	14.2
Manufacturing	408	29.5	410	28.6	483	27.5
Non-bank financial institutions	145	10.5	151	10.5	155	8.8
General commerce	333	24.1	332	23.2	368	20.9
Professionals and private individuals	177	12.8	214	14.9	268	15.3
Housing loans	41	3.0	49	3.4	68	3.9
Other	62	4.5	64	4.5	127	7.2
Sub-total	1,381	100.0	1,433	100.0	1,758	100.0
Debt securities	2		11		36	
Total individual impairment	1,383		1,444		1,794	

Ageing of NPLs

The following table analyses NPLs by period in arrears. When payment of interest or principal of an account is overdue, all outstanding balances of that account are deemed non-current and aged accordingly.

Ageing (Days)	30-Jun-06		31-Dec-05		30-Jun-05	
	\$ million	%	\$ million	%	\$ million	%
Current	279	7.3	286	7.3	504	11.0
≤ 90	364	9.5	380	9.6	411	9.0
91 to 180	562	14.6	459	11.7	422	9.3
≥ 181	2,631	68.6	2,806	71.4	3,226	70.7
Total NPLs	3,836	100.0	3,931	100.0	4,563	100.0

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

Secured / Unsecured NPLs

As at 30 June 2006, 58.2% of the Group's total NPLs was secured by collateral, compared to the 56.7% as at 31 December 2005 and 55.6% as at 30 June 2005.

	30-Jun-06		31-Dec-05		30-Jun-05	
	\$ million	%	\$ million	%	\$ million	%
Secured	2,234	58.2	2,228	56.7	2,535	55.6
Unsecured	1,602	41.8	1,703	43.3	2,028	44.4
Total NPLs	3,836	100.0	3,931	100.0	4,563	100.0

Secured NPLs by Region

As at 30 June 2006, secured NPLs for Singapore and Regional Countries accounted for 58.1% and 58.0% of the respective regions' NPLs.

	30-Jun-06		31-Dec-05		30-Jun-05	
	Secured NPLs	Secured NPLs/ NPLs	Secured NPLs	Secured NPLs/ NPLs	Secured NPLs	Secured NPLs/ NPLs
	\$ million	%	\$ million	%	\$ million	%
Singapore	1,031	58.1	1,180	60.4	1,391	56.5
Regional Countries	1,114	58.0	944	51.4	1,034	53.2
Greater China	36	58.1	42	65.6	46	59.0
Other	53	67.1	62	83.8	64	80.0
Total secured NPLs	2,234	58.2	2,228	56.7	2,535	55.6



IV) Segmental Analysis

Business Segments

The Group's businesses are organised into five segments based on the types of products and services that it provides. These segments are Individual Financial Services, Institutional Financial Services, Global Treasury, Asset Management and Other.

Individual Financial Services

Individual Financial Services segment covers Personal Financial Services and Private Banking. Personal Financial Services serves individual customers, including the wealthy and affluent privilege banking customers. The principal products and services for personal customers include deposits, loans, investments, and credit and debit cards. Personal Financial Services also sells and distributes a range of life assurance products. For the more affluent customers, Privilege Banking provides an extensive range of financial services, including wealth management and trust services. Private Banking provides an elevated level of personal services and consultation to the sophisticated investors and high networth individuals.

The increase in segment profit by 17.7% to \$299 million was mainly due to higher fees from structured deposits, unit trusts and credit cards, apart from stronger net interest income.

Institutional Financial Services

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

Segment profit showed a growth of 18.6% to \$529 million in 1H06. The increase was largely due to lower loan impairment charges, and stronger income mainly from Thailand and Indonesia.

Global Treasury

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

Global Treasury's profit of \$117 million in 1H06 was 23.5% lower than that in 1H05. This was mainly attributed to lower gains from interest rate management, offset by better contribution from overseas treasury centres, as well as higher fees from structured products and corporate treasury advisory services.

Asset Management

Asset Management segment comprises asset management, venture capital management and proprietary investment activities. Segment profit of \$83 million in 1H06 was 53.7% higher than that in 1H05 largely due to higher fee income on larger assets under management, as well as higher income from securities.

Other

Other segment includes property-related activities, insurance businesses and the management of capital funds. Segment profit of \$696 million in 1H06 was 297.7% higher than that in 1H05, mainly due to higher gain from divestment of non-core assets, partially offset by higher expenses and impairment charges in 1H06, as well as higher dividend income and write-back of collective impairment charges in 1H05.

Note: "Profit" in the above analysis refers to "Segment profit before amortisation / impairment of intangible assets".


IV) Segmental Analysis
Business Segments (cont'd)

						\$ million
30-Jun-06	Individual Financial Services	Institutional Financial Services	Global Treasury	Asset Management	Other	Total
Income before operating expenses	644	794	223	148	788	2,597
Less: Segment operating expenses	301	247	106	53	75	782
Less: Other impairment charges	44	18	-	12	17	91
Segment profit before amortisation / impairment of intangible assets	299	529	117	83	696	1,724
Less: Amortisation of intangible assets	2	4	-	-	-	6
Segment profit before tax	297	525	117	83	696	1,718
Unallocated corporate expenses						(33)
Operating profit after amortisation and impairment charges						1,685
Share of profit of associates						191
Profit before tax						1,876
Tax and minority interests						(305)
Profit attributable to Bank's equity holders						1,571
Segment assets	28,809	47,888	68,588	1,530	7,917	154,732
Investment in associates						1,119
Unallocated assets						82
Total assets						155,933
Segment liabilities	50,835	40,877	41,187	41	6,216	139,156
Unallocated liabilities						714
Total liabilities						139,870
Other information:						
Gross customer loans	27,306	45,521	-	-	-	72,827
NPLs [@]	851	2,982	-	-	-	3,833
Individual impairment [@]	218	1,163	-	-	-	1,381
Capital expenditure	25	26	7	-	5	63
Depreciation of fixed assets	25	22	7	1	15	70

[@] Excluding debt securities.



IV) Segmental Analysis

Business Segments (cont'd)

						\$ million
<u>30-Jun-05</u>	Individual Financial Services	Institutional Financial Services	Global Treasury	Asset Management	Other	Total
Income before operating expenses	577	734	238	93	165	1,807
Less: Segment operating expenses	271	197	84	38	54	644
Less: Other impairment charges	52	91	1	1	(64)	81
Segment profit before amortisation / impairment of intangible assets	254	446	153	54	175	1,082
Less: Impairment of intangible assets	-	-	-	-	58	58
Segment profit before tax	254	446	153	54	117	1,024
Unallocated corporate expenses						(22)
Operating profit after amortisation and impairment charges						1,002
Share of profit of associates						46
Profit before tax						1,048
Tax and minority interests						(233)
Profit attributable to Bank's equity holders						815
Segment assets	27,313	43,501	56,386	1,270	6,993	135,463
Investment in associates						1,313
Unallocated assets						80
Total assets						136,856
Segment liabilities	47,199	35,222	34,122	52	5,974	122,569
Unallocated liabilities						609
Total liabilities						123,179
Other information:						
Gross customer loans	26,154	41,543	-	-	-	67,697
NPLs [@]	1,164	3,347	-	-	-	4,511
Individual impairment [@]	336	1,422	-	-	-	1,758
Capital expenditure	21	18	5	-	4	48
Depreciation of fixed assets	23	22	7	1	17	70

[@] Excluding debt securities.



IV) Segmental Analysis

Geographical Segments

The following geographical segment information is based on the location where the transactions and assets are booked which approximates that based on the location of the customers and assets. The information is stated after elimination of inter-segment transactions.

Income before Operating Expenses

	1st Half 2006	1st Half 2005	2nd Quarter 2006	1st Quarter 2006	2nd Quarter 2005
	\$ million	\$ million	\$ million	\$ million	\$ million
Singapore (including Asian Currency Unit)	1,848	1,214	1,221	627	593
Other ASEAN countries	552	413	276	276	210
Other Asia-Pacific countries	82	88	41	41	50
Rest of the world	115	92	56	59	55
Total	2,597	1,807	1,594	1,003	908

Profit before Tax

	1st Half 2006	1st Half 2005	2nd Quarter 2006	1st Quarter 2006	2nd Quarter 2005
	\$ million	\$ million	\$ million	\$ million	\$ million
Singapore (including Asian Currency Unit)	1,547	843	1,116	431	429
Other ASEAN countries	230	135	126	104	72
Other Asia-Pacific countries	27	57	21	6	33
Rest of the world	78	71	37	41	44
	1,882	1,106	1,300	582	578
Intangible assets amortised / impaired	(6)	(58)	(3)	(3)	(56)
Total	1,876	1,048	1,297	579	522

Total Assets

	30-Jun-06	31-Dec-05	30-Jun-05
	\$ million	\$ million	\$ million
Singapore (including Asian Currency Unit)	102,733	90,710	86,156
Other ASEAN countries	26,374	25,869	24,010
Other Asia-Pacific countries	14,623	16,255	16,431
Rest of the world	7,920	7,969	6,437
	151,650	140,803	133,034
Intangible assets	4,283	4,270	3,822
Total	155,933	145,073	136,856

**VI) Capital Adequacy Ratios**

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

As at 30 June 2006, the Group's total CAR of 16.5% was 6.5% points above the minimum 10% set by MAS. It was 0.4% point higher than the total CAR of 16.1% as at 31 December 2005 mainly attributed to higher retained profit and divestment of non-core assets, largely offset by higher risk-weighted assets from investment securities, non-bank loans and bank placements.

Compared to the total CAR of 15.0% as at 30 June 2005, it had increased 1.5% points mainly attributed to higher retained profit, issuance of US\$500 million subsidiary preference shares and divestment of non-core assets, partly offset by higher risk-weighted assets from investment securities, non-bank loans and bank placements.

	<u>30-Jun-06</u> \$ million	<u>31-Dec-05</u> \$ million	<u>30-Jun-05</u> \$ million
Capital			
<u>Tier 1 Capital</u>			
Share capital	2,254	2,395	2,392
Subsidiary preference shares	832	832	-
Disclosed reserves / other	12,590	11,536	10,868
Deduction of intangible assets	(4,297)	(4,284)	(3,954)
	<u>11,379</u>	<u>10,479</u>	<u>9,306</u>
<u>Upper Tier 2 Capital</u>			
Cumulative collective impairment / other	1,265	1,171	1,162
Subordinated notes	5,121	5,486	5,717
	<u>6,386</u>	<u>6,657</u>	<u>6,879</u>
Deductions from Tier 1 and Upper Tier 2 Capital	(984)	(1,816)	(2,291)
Total capital	<u>16,781</u>	<u>15,320</u>	<u>13,894</u>
Risk-weighted assets (including market risk)	<u>101,712</u>	<u>95,285</u>	<u>92,519</u>
Capital adequacy ratios			
Tier 1 capital	11.2%	11.0%	10.1%
Total capital	16.5%	16.1%	15.0%



UNAUDITED CONSOLIDATED BALANCE SHEET

	30-Jun-06	31-Mar-06	31-Dec-05	30-Jun-05
	\$ million	\$ million	\$ million	\$ million
Equity				
Share capital ^	2,254	2,400	2,395	2,392
Subsidiary preference shares	832	832	832	-
Capital reserves ^	3,630	3,577	3,503	3,549
Statutory reserves	3,020	3,020	3,020	2,922
Revenue reserves	5,771	5,320	4,963	4,451
Share of reserves of associates	201	304	217	202
Equity attributable to equity holders of the Bank	15,707	15,453	14,929	13,517
Minority interests	356	315	291	161
Total equity	16,063	15,768	15,220	13,678
Liabilities				
Deposits and balances of banks and agents	34,891	35,524	29,456	28,415
Deposits and balances of non-bank customers	89,753	88,138	85,503	80,475
Total deposits and balances	124,644	123,662	114,958	108,890
Bills and drafts payable	401	330	303	486
Other liabilities	8,310	8,063	7,483	6,385
Debts issued	6,515	6,788	7,108	7,417
Total liabilities	139,870	138,844	129,853	123,179
Total equity and liabilities	155,933	154,612	145,073	136,856
Assets				
Cash, balances and placements with central banks	14,642	13,548	11,925	12,417
Singapore Government treasury bills and securities	6,751	6,161	7,456	7,039
Other government treasury bills and securities	2,244	2,033	2,129	2,003
Trading securities	440	580	625	408
Placements and balances with banks and agents	31,922	36,513	31,346	26,965
Loans and advances including trade bills to non-bank customers	70,177	67,445	67,142	64,623
Other assets	7,999	7,475	6,579	5,560
Assets held for sale	11	550	606	819
Investment securities	14,491	13,011	10,122	10,069
Investment in associates	1,119	1,112	1,000	1,313
Fixed assets	1,853	1,887	1,872	1,817
Intangible assets	4,283	4,296	4,270	3,822
Total assets	155,933	154,612	145,073	136,856
Off-Balance Sheet Items				
Contingent liabilities	10,078	9,336	11,475	10,650
Financial derivatives	683,761	678,632	590,802	555,901
Commitments	44,213	44,389	42,545	41,556

^ Following the enactment of the Companies (Amendment) Act 2005 which took effect on 30 January 2006, the share premium reserve and capital redemption reserve have become part of the share capital. Accordingly, comparative figures have been restated to conform to the current period's presentation.



UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity Attributable to Equity Holders of the Bank								
	Share Capital	Subsidiary Preference Shares	Capital Reserves	Statutory Reserves	Revenue Reserves	Share of Reserves of Associates	Total	Minority Interests	Total Equity
	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million
Balance at 1 January 2006	2,395	832	3,503	3,020	4,963	217	14,929	291	15,220
Currency translation adjustments	-	-	(25)	-	-	-	(25)	2	(23)
Available-for-sale reserves	-	-	(22)	-	-	-	(22)	1	(21)
Share of associates' reserves	-	-	-	-	-	(15)	(15)	-	(15)
Total gains / (losses) recognised directly in equity	-	-	(47)	-	-	(15)	(63)	4	(59)
Profit for the financial period	-	-	-	-	1,571	-	1,571	25	1,595
Total gains / (losses) recognised for the financial period	-	-	(47)	-	1,571	(15)	1,508	28	1,536
Transfer from / (to) revenue reserves	-	-	175	-	(175)	-	-	-	-
Change in minority interests	-	-	-	-	-	-	-	51	51
Dividends	-	-	-	-	(516)	-	(516)	(15)	(531)
Share buy-back	(159)	-	-	-	(72)	-	(231)	-	(231)
Issue of shares under share option scheme	18	-	-	-	-	-	18	-	18
Balance at 30 June 2006	2,254	832	3,630	3,020	5,771	201	15,707	356	16,063
Balance at 1 January 2005 As restated [^]	2,376	-	3,582	2,922	4,453	123	13,456	156	13,612
Currency translation adjustments	-	-	7	-	-	-	7	(2)	5
Available-for-sale reserves	-	-	(43)	-	-	-	(43)	0*	(43)
Share of associates' reserves	-	-	-	-	26	79	105	-	105
Other adjustments	-	-	3	-	0*	-	3	(0)*	3
Total gains / (losses) recognised directly in equity	-	-	(33)	-	26	79	72	(2)	70
Profit for the financial period	-	-	-	-	815	-	815	10	825
Total gains / (losses) recognised for the financial period	-	-	(33)	-	840	79	886	9	895
Change in minority interests	-	-	-	-	-	-	-	(0)*	(0)*
Dividends	-	-	-	-	(843)	-	(843)	(4)	(846)
Issue of shares under share option scheme	17	-	-	-	-	-	17	-	17
Balance at 30 June 2005	2,392	-	3,549	2,922	4,451	202	13,517	161	13,678

[^] Following the enactment of the Companies (Amendment) Act 2005 which took effect on 30 January 2006, the share premium reserve and capital redemption reserve have become part of the share capital. Accordingly, comparative figures have been restated to conform to the current period's presentation.

* Less than \$500,000.



UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity Attributable to Equity Holders of the Bank								
	Share Capital	Subsidiary Preference Shares	Capital Reserves	Statutory Reserves	Revenue Reserves	Share of Reserves of Associates	Total	Minority Interests	Total Equity
	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million
Balance at 1 April 2006	2,400	832	3,577	3,020	5,320	304	15,453	315	15,768
Currency translation adjustments	-	-	(66)	-	-	-	(66)	(9)	(76)
Available-for-sale reserves	-	-	(60)	-	-	-	(60)	(1)	(60)
Share of associates' reserves	-	-	-	-	-	(103)	(103)	-	(103)
Total losses recognised directly in equity	-	-	(126)	-	-	(103)	(229)	(10)	(239)
Profit for the financial period	-	-	-	-	1,132	-	1,132	10	1,141
Total gains / (losses) recognised for the financial period	-	-	(126)	-	1,132	(103)	902	(0)*	902
Transfer from / (to) revenue reserves	-	-	179	-	(179)	-	-	-	-
Change in minority interests	-	-	-	-	-	-	-	52	52
Dividends	-	-	-	-	(502)	-	(502)	(11)	(513)
Share buy-back	(159)	-	-	-	-	-	(159)	-	(159)
Issue of shares under share option scheme	13	-	-	-	-	-	13	-	13
Balance at 30 June 2006	2,254	832	3,630	3,020	5,771	201	15,707	356	16,063
Balance at 1 April 2005 As restated ^	2,379	-	3,563	2,922	4,859	213	13,935	168	14,103
Currency translation adjustments	-	-	(7)	-	-	-	(7)	(2)	(8)
Available-for-sale reserves	-	-	(7)	-	-	-	(7)	(0)*	(7)
Share of associates' reserves	-	-	-	-	26	(10)	15	-	15
Other adjustments	-	-	(1)	-	(0)*	-	(1)	(0)*	(1)
Total gains / (losses) recognised directly in equity	-	-	(14)	-	26	(10)	2	(3)	(1)
Profit for the financial period	-	-	-	-	409	-	409	7	416
Total gains / (losses) recognised for the financial period	-	-	(14)	-	435	(10)	411	4	415
Change in minority interests	-	-	-	-	-	-	-	(8)	(8)
Dividends	-	-	-	-	(843)	-	(843)	(3)	(846)
Issue of shares under share option scheme	13	-	-	-	-	-	13	-	13
Balance at 30 June 2005	2,392	-	3,549	2,922	4,451	202	13,517	161	13,678

^ Following the enactment of the Companies (Amendment) Act 2005 which took effect on 30 January 2006, the share premium reserve and capital redemption reserve have become part of the share capital. Accordingly, comparative figures have been restated to conform to the current period's presentation.

* Less than \$500,000.


UNITED OVERSEAS BANK GROUP
UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

	1st Half 2006	1st Half 2005	2nd Quarter 2006	2nd Quarter 2005
	\$ million	\$ million	\$ million	\$ million
Cash flows from operating activities				
Operating profit before amortisation and impairment charges	1,782	1,140	1,175	560
Adjustments for				
Depreciation of fixed assets	70	70	34	35
Net gain on disposal of assets	(374)	(65)	(359)	(77)
Operating profit before working capital changes	1,479	1,145	850	518
Changes in working capital				
Increase in deposits	9,686	1,745	981	2,183
Increase in bills and drafts payable	98	230	71	155
Increase / (decrease) in other liabilities	758	(257)	292	519
Decrease / (increase) in trading securities	185	23	140	(109)
(Increase) / decrease in placements and balances with banks and agents	(577)	(239)	4,591	(668)
Increase in trade bills and advances to non-bank customers	(3,121)	(509)	(2,760)	(531)
Increase in other assets	(1,430)	(735)	(514)	(1,668)
Cash generated from operations	7,077	1,402	3,652	399
Income tax paid	(205)	(194)	(191)	(157)
Net cash provided by operating activities	6,873	1,208	3,460	242
Cash flows from investing activities				
Net cash flow on disposal / (acquisition) of				
Assets held for sale	864	-	864	-
Investment securities and associates	(4,370)	(662)	(1,526)	629
Fixed assets	(37)	(19)	11	(5)
Change in minority interests	55	(0)*	42	(8)
Net dividends received from associates	32	44	29	44
Net cash (used in) / provided by investing activities	(3,455)	(637)	(579)	660
Cash flows from financing activities				
Proceeds from issue of shares	18	17	13	13
Net (decrease) / increase in debts issued	(534)	281	(273)	412
Share buy-back	(231)	-	(159)	-
Dividends paid on ordinary shares	(491)	(843)	(491)	(843)
Dividends paid on subsidiary preference shares	(12)	-	-	-
Dividends paid to minority equity holders	(15)	(4)	(11)	(3)
Net cash used in financing activities	(1,266)	(548)	(921)	(420)
Currency translation adjustments	(25)	7	(66)	(7)
Net increase in cash and cash equivalents for the financial period	2,127	30	1,894	475
Cash and cash equivalents at beginning of the financial period	21,510	21,430	21,742	20,984
Cash and cash equivalents at end of the financial period	23,636	21,459	23,636	21,459
Represented by:				
Cash, balances and placements with central banks	14,642	12,417	14,642	12,417
Singapore Government treasury bills and securities	6,751	7,039	6,751	7,039
Other government treasury bills and securities	2,244	2,003	2,244	2,003
Cash and cash equivalents at end of the financial period	23,636	21,459	23,636	21,459

* Less than \$500,000.