IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QIBS UNDER RULE 144A OR (2) NON-U.S. PERSONS OR ADDRESSEES OUTSIDE OF THE U.S.

IMPORTANT: You must read the following before continuing. The following applies to the preliminary Offering Memorandum following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the preliminary Offering Memorandum. In accessing the preliminary Offering Memorandum, you agree to be bound by the terms and conditions herein, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT, BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE PRELIMINARY OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to view the preliminary Offering Memorandum or make an investment decision with respect to the securities, investors must be either (1) Qualified Investment Buyers ("QIBs") (within the meaning of Rule 144A under the Securities Act) or (2) non-U.S. persons (within the meaning of Regulation S under the Securities Act). The preliminary Offering Memorandum is being sent at your request and by accepting the e-mail and accessing the preliminary Offering Memorandum, you shall be deemed to have represented to us that (1) you and any customers you represent are either (a) QIBs or (b) not a U.S. person and that the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the U.S. and (2) that you consent to delivery of such preliminary Offering Memorandum by electronic transmission.

You are reminded that the preliminary Offering Memorandum has been delivered to you on the basis that you are a person into whose possession the preliminary Offering Memorandum may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorized to, deliver the preliminary Offering Memorandum to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer in such jurisdiction.

The preliminary Offering Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither J.P. Morgan (S.E.A.) Limited, Citicorp Investment Bank (Singapore) Limited, Merrill Lynch (Singapore) Pte. Ltd., United Overseas Bank Limited nor any person who controls it nor any director, officer, employee nor agent of it or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the preliminary Offering Memorandum distributed to you in electronic format and the hard copy version available to you on request from J.P. Morgan (S.E.A.) Limited, Citicorp Investment Bank (Singapore) Limited, Merrill Lynch (Singapore) Pte. Ltd. and United Overseas Bank Limited.

The preliminary Offering Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore and the Notes are offered by United Overseas Bank Limited pursuant to exemptions invoked under Sections 274 and 275 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"). Accordingly, the preliminary Offering Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public or any member of the public in Singapore other than (i) to an institutional investor or other investor specified in Section 274 of the SFA, (ii) to a sophisticated investor, and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

The information contained herein is subject to completion or amendment. This Preliminary Offering Memorandum shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there by any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

Preliminary Offering Memorandum dated August 16, 2004

UNITED OVERSEAS BANK LIMITED

(incorporated with limited liability in Singapore)

US$● ●% Subordinated Notes due 2019 Callable with Step-up in 2014

Issue price: ●%

S$● ●% Subordinated Notes due 2019 Callable with Step-up in 2014

Issue price: ●%

United Overseas Bank Limited ("UOB") will pay interest on the US$● ●% Subordinated Notes due 2019 Callable with Step-up in 2014 (the "USD Notes") and the S$● ●% Subordinated Notes due 2019 Callable with Step-up in 2014 (the "SGD Notes" and, together with the USD Notes, the "Notes") on ● and ● of each year, beginning ●, 2005, at the rate of ●% per annum in the case of the USD Notes and at the rate of ●% per annum in the case of the SGD Notes. The Notes will mature on ●, 2019, if not earlier redeemed or purchased and cancelled. If the Notes are not earlier redeemed or purchased and cancelled the interest rate from ●, 2014 will be reset at (i) a floating rate per annum equal to six-month LIBOR (as defined herein) plus ●% in the case of the USD Notes and (ii) a fixed rate per annum equal to the five-year Singapore Dollar Interest Rate Swap (Offered Rate) plus ●% in the case of the SGD Notes. Interest on the Notes will be payable subject to the interest deferral and default and enforcement provisions summarized herein and the Solvency Condition. UOB may redeem the Notes of any Series in whole, but not in part, on ●, 2014 at a redemption price equal to 100.0% of the aggregate principal amount thereof plus accrued and unpaid interest. In addition, UOB may at its option redeem the Notes of any Series in whole, but not in part, upon the occurrence of certain events related to Singapore tax law as described herein. See "Description of the Notes — Optional Redemption" and "— Optional Tax Redemption". Any such redemption of the Notes will be subject to the prior consent of the Monetary Authority of Singapore (the "MAS"), the default and enforcement provisions and the Solvency Condition.

If UOB is unable to make any payments (including payments of principal or interest) on or in respect of the Notes because it is not able to satisfy the Solvency Condition, neither the Trustee nor any holder of Notes will be entitled to take any enforcement action against UOB and the amount of any such payment which would otherwise be payable on or in respect of the Notes will be available to meet the payment obligations of UOB which are senior to the Notes. The Notes will be unsecured and subordinated obligations of UOB and will rank equally with all present and future other Upper Tier II unsecured subordinated indebtedness of UOB. As at June 30, 2004, all outstanding liabilities of UOB other than the UOB S$1,300 million 4.95% Subordinated Notes due 2016 Callable with Step-up in 2011 and the UOB US$1,000 million 4.50% Subordinated Notes due 2013 would have ranked senior to the Notes.

Singapore Exchange Securities Trading Limited (the "SGX-ST") has given its in-principle approval for the listing of the Notes on the Official List of the SGX-ST. Listing of the Notes on the SGX-ST is not to be taken as an indication of the merits of UOB, its subsidiaries, its associated companies or the Notes. The SGX-ST takes no responsibility for the correctness of any statements made or opinions expressed or reports contained herein.

The Notes have been rated "●" by Moody's Investors Service, Inc., "●" by Fitch Ratings and "●" by Standard & Poor's Ratings Services.

Investing in the Notes involves risks that are described in the "Risk Factors" section beginning on page 15 of this Offering Memorandum.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any other jurisdiction. Unless they are registered, the Notes may be offered only in transactions that are exempt from registration under the Securities Act or the securities laws of any other jurisdiction. Accordingly, the USD Notes are being offered only to qualified institutional buyers in the United States pursuant to Rule 144A under the Securities Act ("Rule 144A") and to non-US persons outside the United States in reliance on Regulation S under the Securities Act ("Regulation S"). The SGD Notes are being offered to non-US persons outside the United States in reliance on Regulation S. For further details about eligible offerees and resale restrictions, see "Plan of Distribution" and "Transfer Restrictions".

This Offering Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore and the Notes are offered by UOB pursuant to exemptions invoked under Sections 274 and 275 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"). Accordingly, this Offering Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public or any member of the public in Singapore other than (i) to an institutional investor or other investor specified in Section 274 of the SFA, (ii) to a sophisticated investor, and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

It is expected that delivery of the Notes will be made through the book-entry facilities of The Depository Trust Company ("DTC") (in the case of the USD Notes) and The Central Depository (Pte) Limited ("CDP") (in the case of the SGD Notes), on or about ●, 2004, against payment therefor in immediately available funds.

Global coordinator

JPMorgan

Joint bookrunners for USD Notes

JPMorgan **Merrill Lynch (Singapore) Pte. Ltd.**

Joint bookrunners for SGD Notes

JPMorgan **Citigroup** **UOB**

Joint lead manager for USD Notes

UOB

Co-managers for USD Notes and SGD Notes

Credit Suisse First Boston **Deutsche Bank**

August ●, 2004

UOB accepts responsibility for the information contained in this Offering Memorandum. UOB, having made all reasonable inquiries, confirms that this Offering Memorandum contains all information with respect to UOB and its subsidiaries and the Notes which is material in the context of the issue and offering of the Notes, that the information contained herein is true and accurate in all material respects and is not misleading in any material respect, and that there are no other facts, the omission of which would, in the context of the issue and offering of the Notes, make this Offering Memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the initial purchasers named in "Plan of Distribution" (together the "Initial Purchasers") or any of their affiliates or advisers as to the accuracy or completeness of the information contained in this Offering Memorandum or any other information provided by UOB in connection with the Notes or their distribution.

Investors should rely only on the information contained in this Offering Memorandum. UOB has not, and the Initial Purchasers have not, authorized any other person to provide investors with any information or to make any representations other than those contained in this Offering Memorandum, and, if given or made, such information or representations must not be relied upon as having been authorized. UOB is not, and the Initial Purchasers are not, making an offer to sell these Notes in any jurisdiction where such offer or sale is not permitted. Each investor should assume that the information appearing in this Offering Memorandum is accurate only as of the date on the front cover of this Offering Memorandum or as otherwise stated in the Offering Memorandum. UOB's business, financial condition, results of operations and prospects may have changed since the specified date.

By purchasing the Notes, each investor will be deemed to have made the acknowledgments, representations, warranties and agreements described under the heading "Transfer Restrictions" in this Offering Memorandum. Investors should understand that they may be required to bear the financial risks of their investment for an indefinite period of time.

UOB is not making any representation to any purchaser of the Notes regarding the legality of an investment in the Notes by such purchaser under any legal investment or similar laws or regulations. Investors should not consider any information in this Offering Memorandum to be legal, business or tax advice. Investors should consult their own attorney, business adviser and tax adviser for legal, business and tax advice regarding an investment in the Notes.

This Offering Memorandum is based on information provided by UOB and by other sources that UOB believes are reliable. No assurances can be given that this information is accurate or complete. In making an investment decision, investors must rely on their own examination of UOB and the terms of the offering and the Notes, including the merits and risks involved. This Offering Memorandum may only be used for the purposes for which it has been prepared.

UOB has submitted this Offering Memorandum confidentially to a limited number of investors so that they can consider a purchase of the Notes. UOB has not authorized its use for any other purpose. This Offering Memorandum may not be copied or reproduced in whole or in part. It may be distributed and its contents disclosed only to the prospective investors to whom it is provided. By accepting delivery of this Offering Memorandum, each investor will agree to these restrictions.

Neither the United States Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this Offering Memorandum is truthful or complete. Any representation to the contrary is a criminal offense in the United States.

NOTICE TO NEW HAMPSHIRE RESIDENTS

Neither the fact that a registration statement or an application for a license has been filed under RSA 421-B with the State of New Hampshire nor the fact that a security is effectively registered or a person is licensed in the State of New Hampshire constitutes a finding by the Secretary of State that any document filed under RSA 421-B is true, complete and not misleading. Neither any such fact nor the fact that an exemption or exception is available for a security or a transaction means that the Secretary of State has passed in any way upon the merits or qualifications of, or recommended or given approval to, any person, security or transaction. It is unlawful to make, or cause to be made, to any prospective purchaser, customer, or client any representation inconsistent with the provisions of this paragraph.

AVAILABLE INFORMATION

In order to preserve the exemptions for resales and transfers pursuant to Rule 144A, UOB has agreed to furnish, upon the request of any holder of a Note or of a beneficial interest in a Global Note, such information as is specified in paragraph (d)(4) of Rule 144A under the Securities Act to such holder or beneficial owner or to a prospective purchaser of such Note or interest in a Global Note in order to permit compliance by such holder or beneficial owner with Rule 144A in connection with the resale of such Note by such holder or of such beneficial interest by such beneficial owner, unless, at the time of such request, UOB is subject to the reporting requirements of Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act") or is included in the list of foreign private issuers that claim exemption from the registration requirements of Section 12(g) of the Exchange Act (and therefore is required to furnish the United States Securities and Exchange Commission with certain information pursuant to Rule 12g3-2(b) under the Exchange Act). Copies of UOB's most recent annual report and interim report may be obtained at the offices of UOB. See "General Information".

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

UOB publishes its financial statements in Singapore dollars and in accordance with the Singapore Financial Reporting Standards ("Singapore FRS"). UOB's consolidated financial statements have been prepared in accordance with Singapore FRS for financial periods beginning on and after January 1, 2003 and Singapore Statements of Accounting Standards ("SAS") for preceding financial periods. The financial information presented in this Offering Memorandum is extracted based on the most recently issued financial reporting documents that contain such information. Appropriate adjustments to and reclassifications of the financial information have been made where necessary, except that the effects arising from SAS 10 (2000) "Events After The Balance Sheet Date" and revised SAS 12 (2001) "Income Tax" have not been adjusted retrospectively in the financial information for the financial year 1999. Certain principal differences between such requirements and US GAAP are discussed in "Summary of Principal Differences Between Singapore FRS and US GAAP". All references in this Offering Memorandum to "US dollars" and "US$" are to the lawful currency of the United States and all references to "Singapore dollars" and "S$" are to the lawful currency of the Republic of Singapore. Solely for the convenience of the reader, certain Singapore dollar amounts relating to December 31, 2003 and June 30, 2004, have been translated into US dollars based on the prevailing exchange rate of S$1.6990 to US$1.00 and S$1.7230 to US$1.00, being the noon buying rate on December 31, 2003 and June 30, 2004, respectively, in The City of New York for cable transfers in Singapore dollars as certified for customs purposes by the Federal Reserve Bank of New York (the "Noon Buying Rate"). The Noon Buying Rate as of August 12, 2004 was S$1.7162 to US$1.00. No representation is made that the Singapore dollar amounts stated herein could have been, or could be, converted into US dollars at such rates or at any other rate.

Any discrepancies in the tables included herein between listed amounts and totals thereof are due to rounding.

Unless otherwise stated, UOB Group's non-performing loan data includes data for non-performing debt securities.

References to "UOB" in this Offering Memorandum are to United Overseas Bank Limited. Unless the context otherwise requires, references to "UOB Group" or the "Group" are to UOB and its subsidiaries.

ENFORCEMENT OF CIVIL LIABILITIES

UOB is a company incorporated in Singapore. Substantially all of the assets of UOB are located outside the United States. In addition, the directors and executive officers of UOB named herein and certain of the experts named herein are not residents of the United States, and all or a substantial portion of the assets of such persons may be located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or to enforce against them judgments obtained in United States courts predicated upon the civil liability provisions of the federal securities laws of the United States. UOB has been advised by its Singapore counsel, Clifford Chance Wong, that judgments based upon the civil liability provisions of the federal securities laws of the United States are not enforceable in Singapore courts and there is doubt whether Singapore courts will enter judgments in original actions brought in Singapore courts based only upon the civil liability provisions of the federal securities laws of the United States.

FORWARD-LOOKING STATEMENTS

Certain statements in this Offering Memorandum constitute "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance and financial condition of UOB Group, or industry results, to be materially different from any future results, performance or financial condition, expressed or implied by such forward-looking statements. Such factors include, among other things, the economic and political conditions in Singapore and the Asia-Pacific region, changes in the interest rates or exchange rates, various business and regulatory factors affecting the banking sector in Singapore and the Asia-Pacific region, the lack of an established market for the Notes and other factors referenced in this Offering Memorandum. See "Risk Factors".

TABLE OF CONTENTS

This page is intentionally left blank

SUMMARY

The following summary is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Offering Memorandum.

United Overseas Bank Limited

UOB was founded in 1935. It was renamed the United Overseas Bank in 1965, the year it opened its first overseas branch in Hong Kong. UOB has been listed on the SGX-ST since 1970, and had a market capitalization of S$21,064 million as of June 30, 2004.

UOB Group is a major banking group in Singapore providing its customers with a wide range of financial products and services through its domestic branch network and other delivery channels. UOB Group's business comprises individual financial services, institutional financial services, global treasury, asset management and other activities including property-related business, insurance, management of shareholders' funds and stockbroking activities. UOB Group offers stockbroking services to its customers through its associate, UOB-Kay Hian Holdings Limited ("UOB-Kay Hian"). UOB Group also has interests in travel, leasing, property development and management, hotel operations and general trading. UOB is required to divest itself of certain non-financial assets by July 17, 2006. See "Regulation and Supervision".

UOB Group's first overseas offices were opened in Hong Kong and Malaysia in the 1960s and 1970s. Since then, UOB Group has continued to expand its business overseas, mainly in Southeast Asia and Greater China (i.e. China, Hong Kong and Taiwan). UOB Group's growing international network now includes branches, subsidiaries, agencies and representative offices in Southeast Asia, Greater China, Japan, South Korea, Australia, Western Europe and North America. UOB Group has a large presence in Malaysia. UOB Group's Malaysian operations contributed S$253 million or 14.0% of UOB Group's pretax profit before goodwill amortization in the year ended December 31, 2003 and accounted for 10.5% of UOB Group's assets (excluding goodwill) as at December 31, 2003. In 1999, UOB acquired majority interests in banking subsidiaries in Thailand and the Philippines. In 2002, UOB Group increased its shareholding in UOB Radanasin Bank Public Company Limited ("UOB Radanasin"), its Thai banking subsidiary, to 78.8%. Also, in 2002, UOB Group increased its shareholding in United Overseas Bank Philippines ("UOB Philippines") to close to 100.0% and acquired a further 19.1% of the issued and paid-up capital of PT Bank UOB Indonesia ("UOB Indonesia"), increasing its interest in the bank to 99.0%. In May 2004, UOB acquired the remaining shares in UOB Philippines that it did not own. In June 2004, UOB increased its shareholding in UOB Radanasin to 83.8% and acquired a 23.0% interest in PT Bank Buana Indonesia Tbk ("Bank Buana"). In July 2004, UOB also acquired an 80.8% interest in Bank of Asia Public Company Limited ("BOA") in Thailand. In August 2004, UOB made a mandatory tender offer for the remaining shares in BOA at the same purchase price per share as the shares previously acquired. See "Business — International Operations".

UOB Group derives most of its revenue in Singapore, where it had a network of 62 branches and 344 ATMs as at June 30, 2004. As at June 30, 2004 and December 31, 2003, respectively, UOB Group had S$116,805 million and S$113,446 million in total assets, consisting primarily of S$59,895 million and S$59,297 million in net customer loans and advances, S$19,442 million and S$21,122 million in placements and balances with banks and agents, S$16,292 million and S$13,609 million in investment, government and dealing securities and S$10,527 million and S$8,035 million in cash and balances with central banks. As of June 30, 2004 and December 31, 2003, respectively, UOB Group had S$71,631 million and S$69,863 million in customer deposits, S$21,959 million and S$18,839 million in deposits of other banks and agents and S$13,450 million and S$13,282 million in total share capital and reserves. UOB accounted for approximately 83.5% and 84.2% of UOB Group's total assets as at June 30, 2004 and December 31, 2003, respectively.

In September 2001, UOB acquired Overseas Union Bank Limited ("OUB"), another major Singapore bank. The two banks were legally merged in January 2002. UOB completed the integration of the operations and systems of OUB and its group companies in June 2002. The merger significantly increased UOB's Singapore operations and also expanded its overseas operations, particularly in Malaysia and Hong Kong. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Singapore Acquisition".

In 2002, UOB acquired all the remaining shares in its banking subsidiary, Industrial & Commercial Bank Limited ("ICB"), de-listed ICB from the SGX-ST and merged the company into UOB. In April 2003, Overseas Union Trust Limited ("Overseas Union Trust"), another subsidiary, was merged into UOB by a scheme of arrangement.

UOB has received numerous awards including: Bank of The Year — Singapore (*The Banker* — Awards 2002 and 2003); Best Domestic Commercial Bank — Singapore (*Asiamoney* 2004); Best Local Bank — Singapore (*FinanceAsia* — Country Awards For Achievement 2002 and 2003); Top 10 Singapore Companies (5th Position) (*Far Eastern Economic Review* — Review 200: Asia's Leading Companies Award 2003); Most Progress in Investor Relations (*IR Magazine* Awards 2002 and 2003); and Global Top 10 (4th Position), Five-year (1999 to 2003) Shareholder Performance Index (Mercer Oliver Wyman's "State of the Financial Services Industry Report").

Strategy

UOB Group's vision is to be a premier banking group in the Asia-Pacific region, committed to providing quality products and excellent customer service.

To achieve this goal, UOB Group has set the following objectives: to be a leader in individual and institutional banking services in Singapore; to pursue focused regional expansion particularly in Southeast Asia and Greater China; to create shareholder value; to ultimately increase the relative contribution of overseas operations to 40.0% of UOB Group's net profit; and ultimately to derive 50.0% of operating income from non-interest income activities.

The major components of UOB Group's strategy are as follows:

- Further strengthen UOB Group's position in Singapore.
- Enhance UOB Group's strengths in consumer banking.
- Seek to maintain its leadership in the small and medium enterprise ("SME") market.
- Leverage strong Singapore operations to pursue focused regional expansion.
- Reinforce UOB Group's fee-based activities.
- Further expand information technology capabilities.
- Focus on further enhancing corporate governance and risk management.
- Develop human resources to meet strategic challenges.

Competition

UOB Group faces competition from a number of sources. UOB Group's primary competitors are the other major Singapore banks, foreign banks operating in Singapore, and banks operating in other locations where UOB Group has a significant presence, particularly Southeast Asia and Greater China. The other major Singapore banking groups are DBS Group Holdings Ltd and Oversea-Chinese Banking Corporation Limited. The Singapore local banking industry has consolidated significantly in recent years, with the number of local banking groups decreasing to three.

In addition, UOB Group faces indirect competition for customers from a variety of financial services companies such as finance companies, securities companies, credit unions, savings co-operatives, leasing and factoring companies, and increasingly, Internet-based financial services companies. UOB Group also faces competition in international markets from a variety of banks and financial institutions, many of which have extensive worldwide operations.

SUMMARY OF THE OFFERING

The following is a brief summary of certain terms of the offering. For a more complete description of the terms of the Notes, see "Description of the Notes" in this Offering Memorandum.

Issuer	United Overseas Bank Limited.
Notes Offered	The Notes will be issued in two series (each, a "Series") as set out below: • US$● aggregate principal amount of ●% Subordinated Notes due 2019 Callable with Step-up in 2014 (the "USD Notes"); and • S$● aggregate principal amount of ●% Subordinated Notes due 2019 Callable with Step-up in 2014 (the "SGD Notes"); (the USD Notes and the SGD Notes, together, the "Notes"). Notes of a Series may not be exchanged for Notes of the other Series.
Currency of Payment	Payments of principal and interest (including Arrears of Interest and Additional Interest thereon) will be made in (i) US dollars in the case of the USD Notes and (ii) Singapore dollars in the case of the SGD Notes.
The Offering	The USD Notes are being offered (i) in the United States only to Qualified Institutional Buyers (as defined in Rule 144A under the Securities Act) in reliance on Rule 144A; and (ii) outside the United States to non-US persons in reliance on Regulation S under the Securities Act. The SGD Notes are being offered outside the United States to non-US persons in reliance on Regulation S only. Where offered in Singapore, the Notes are being offered (i) to an institutional investor or other investor specified in Section 274 of the SFA, (ii) to a sophisticated investor, and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.
Further Issues	The Notes of each Series will be limited to the initial aggregate principal amounts set out under "Notes Offered" above. UOB may, however, from time to time, without the consent of the holders of the Notes of any Series, create and issue pursuant to the Indenture (as defined herein) additional Notes ("Additional Notes") maturing on the Maturity Date and having the same terms and conditions under the Indenture as the previously outstanding Notes of any Series in all respects (or in all respects save for the issue date and the amount and the date of the first payment of interest thereon) so that such Additional Notes shall be consolidated and form a single series with the previously outstanding Notes of such Series. Additional Notes, if any, will be issued under a separate offering document or a supplement to this Offering Memorandum.

Issue Price	For the USD Notes and the SGD Notes, ●% and ●%, respectively, of the principal amounts thereof plus, in each case, accrued interest from ●, 2004.
Maturity Date	●, 2019.
Interest	The Notes will bear interest at the rate of ●% per annum in the case of the USD Notes and at the rate of ●% per annum in the case of the SGD Notes from ●, 2004 to but excluding ●, 2014. If the Notes are not earlier redeemed or purchased and cancelled, the interest rate from ●, 2014 will be reset at (i) a floating rate per annum equal to six-month LIBOR (as defined herein) plus ●% in the case of the USD Notes and (ii) a fixed rate per annum equal to the five-year Singapore Dollar Interest Rate Swap (Offered Rate) plus ●% in the case of the SGD Notes. See "Description of the Notes — General". Subject to the interest deferral, default and enforcement provisions described below and the Solvency Condition, interest on the Notes will be payable semi-annually in arrears on ● and ● of each year commencing ●, 2005 and on the Maturity Date or earlier redemption date (each, an "Interest Payment Date"), to the persons in whose names such Notes are registered at the close of business on the fifth Business Day preceding such Interest Payment Date (each, a "Record Date"). Interest on the USD Notes will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest on the SGD Notes will be calculated on the basis of actual days elapsed in a 365-day year. See "Description of the Notes — General".
Interest Deferral	Interest in respect of the Notes of any Series will be payable (subject to the default and enforcement provisions hereof and the Solvency Condition) on each Interest Payment Date that is not an "Optional Interest Payment Date". An "Optional Interest Payment Date" means any Interest Payment Date if either (i) in the financial year of UOB immediately before and excluding such Interest Payment Date no dividend has been declared or paid on any class of UOB's ordinary share capital or preference share capital (including Tier I Capital Securities, if any) or (ii) the Board of Directors of UOB determines in a resolution of the Board to recommend, or the shareholders of UOB in a general meeting determine, that no dividend be paid on any class of UOB's ordinary share capital or preference share capital (including Tier I Capital Securities, if any) on such Interest Payment Date or within the financial year of UOB on which such Interest Payment Date falls. Although UOB shall have no obligation to do so, subject to the default and enforcement provisions hereof and the Solvency Condition, it may pay interest on the Notes on any Optional Interest Payment Date, provided that any failure to make such payment shall not constitute a default by UOB.

Any interest with respect to the Notes that is not paid on an Interest Payment Date, together with any other interest in respect thereof not paid on any other Interest Payment Date and any Additional Amounts, shall, so long as the same remains unpaid, constitute "Arrears of Interest". Arrears of Interest on the Notes of any Series shall bear interest ("Additional Interest") at the rate of interest applicable to the Notes of such Series. Arrears of Interest and Additional Interest with respect to the Notes of any Series may (subject to the default and enforcement provisions hereof and the Solvency Condition), at the option of UOB, be paid with respect to the Notes of such Series in whole or in part at any time upon the expiration of not less than fourteen days' notice. All Arrears of Interest and Additional Interest thereon outstanding in respect of each Series of Notes shall (subject to the default and enforcement provisions hereof and the Solvency Condition) become due and payable in full on the earliest of (i) the date on which (x) the Board of Directors in a resolution of the Board recommends that UOB pay, or the shareholders of UOB in a general meeting determine to pay, any dividend on or make any distribution in respect of any class of share capital or Tier I Capital Securities (as such term is defined under "Description of the Notes — Compulsory and Optional Interest Payment Dates, Arrears of Interest and Additional Interest and Interest Deferral") of UOB or (y) the Board of directors of any Tier I Subsidiary (as such term is defined under "Description of the Notes — Compulsory and Optional Interest Payment Dates, Arrears of Interest and Additional Interest and Interest Deferral") by resolution recommends that such Tier I Subsidiary pay any dividend or make any distribution, or the Board of Directors of UOB in a resolution of the board recommends that UOB make any payment under any guarantee (or UOB makes any such payment), in each case with respect to any Tier I Capital Securities; (ii) the date of any Optional Tax Redemption (as defined herein); (iii) the date of any Optional Redemption (as defined herein); (iv) the commencement of a winding-up proceeding in Singapore of UOB; and (v) the Maturity Date. In addition, if at any time UOB shall make any payment of or in respect of amounts of interest on or in relation to any Other Pari Passu Claims (as such term is defined under "Description of the Notes — Compulsory and Optional Interest Payment Dates, Arrears of Interest and Additional Interest and Interest Deferral"), Arrears of Interest and Additional Interest thereon with respect to each Series of Notes shall (subject to the default and enforcement provisions hereof and the Solvency Condition) become due and payable on a *pro rata* basis with such other payment. See "Description of the Notes — Compulsory and Optional Interest Payment Dates, Arrears of Interest and Additional Interest and Interest Deferral".

Solvency Condition	Except in a winding-up proceeding, payments on the Notes and the redemption or the purchase of any Notes beneficially by or for the account of UOB are conditional upon UOB being solvent at the time of payment by UOB, and no payments, including Additional Amounts, on the Notes shall be payable and no Notes shall be redeemed or purchased beneficially by or for the account of UOB except to the extent that UOB could make the necessary payment and still be solvent immediately thereafter (the "Solvency Condition"). For purposes of the Solvency Condition, UOB shall not be deemed solvent unless (i) it is able to pay its debts as they fall due and (ii) its Assets exceed its Liabilities, other than its Liabilities to persons who are not Senior Creditors (as defined in "Description of the Notes — Solvency Condition") (except in the case of an Optional Tax Redemption, Optional Redemption or purchase by UOB or its subsidiaries, of the Notes, in which case the Liabilities of UOB to persons who are not Senior Creditors shall be included). See "Description of the Notes — Solvency Condition". *If UOB is unable to make any payments (including payments of principal) on or in respect of the Notes because it is not able to satisfy the Solvency Condition, neither the Trustee nor any holder of Notes will be entitled to take any enforcement action against UOB and the amount of any such payment which would otherwise be payable on or in respect of the Notes will be available to meet the payment obligations of UOB which are senior to the Notes.*
Subordination	The Notes will constitute direct, unsecured and subordinated obligations of UOB and will rank *pari passu* without preference, among themselves. Upon the occurrence of any winding-up proceeding, the rights of the holders of the Notes to payment on the Notes will be subordinated to the claims of any Senior Creditors, including secured creditors and UOB's depositors, and will rank senior to all ordinary and preference share capital (including Tier I Capital Securities, if any) of UOB. The Notes will rank *pari passu* with the UOB S$1,300 million 4.95% Subordinated Notes due 2016 Callable with Step-up in 2011, the UOB US$1,000 million 4.50% Subordinated Notes due 2013, and with all present and future subordinated debt issued by UOB that the MAS has, or will have, approved as qualifying for Upper Tier II Capital treatment pursuant to relevant guidelines established by the MAS. See "Description of the Notes — Subordination".

If (i) the holders of the Notes do not receive payment in full of the principal amount of the Notes plus interest (including Arrears of Interest, Additional Interest and Additional Amounts, if any) thereon accrued to but excluding the date of repayment in any winding-up of UOB and (ii) the winding-up order or resolution passed for the winding-up of UOB or the dissolution of UOB is subsequently stayed, discharged, rescinded, avoided, annulled or otherwise rendered inoperative, then to the extent that such holders of the Notes did not receive payment in full of such principal of, and interest (including Arrears of Interest, Additional Interest and Additional Amounts, if any) on the Notes, such unpaid amounts shall remain payable in full; *provided* that payment of such unpaid amounts shall be subject to the default and enforcement provisions, subordination provisions and Solvency Condition hereof.

As at June 30, 2004, all outstanding liabilities of UOB (including deposits, borrowings, call money, guarantees and acceptances, and other liabilities, but excluding provisions) except for the UOB S$1,300 million 4.95% Subordinated Notes due 2016 Callable with Step-up in 2011 and the UOB US$1,000 million 4.50% Subordinated Notes due 2013, would have ranked senior to the Notes. See "Description of the Notes — Subordination".

Optional Redemption .... The Notes of any Series will be redeemable at the option of UOB, in whole, but not in part, on ●, 2014, on not less than 10 days' notice, at a redemption price equal to 100.0% of the aggregate principal amount of the Notes of such Series outstanding and any accrued and unpaid interest (including Arrears of Interest, Additional Interest and Additional Amounts, if any, thereon) up to but excluding the date fixed for redemption. Any such redemption of the Notes is subject to the prior consent of the MAS, the default and enforcement provisions and the Solvency Condition. See "Description of the Notes — Optional Redemption".

Optional Tax Redemption .... In the event of certain changes in the taxation laws of Singapore effective on or after the date of the Indenture, the Notes of any Series will be redeemable at the option of UOB, in whole, on notice, at a redemption price equal to 100.0% of the aggregate principal amount of the Notes of such Series outstanding and any accrued and unpaid interest (including Arrears of Interest, Additional Interest and Additional Amounts, if any) up to but excluding the date fixed for redemption. Any such redemption of the Notes is subject to the prior consent of the MAS, the default and enforcement provisions and the Solvency Condition. See "Description of the Notes — Optional Tax Redemption".

Default and Enforcement	If UOB shall fail to pay principal of, or interest (including Arrears of Interest, Additional Interest and Additional Amounts, if any) on, any Note when due (which default in the case of principal continues for seven Business Days and in the case of interest continues for 14 Business Days), the sole remedy of the Trustee (as defined herein) shall be the right to institute proceedings in Singapore (but not elsewhere) for the winding-up of UOB. No principal of, or interest (including Arrears of Interest, Additional Interest and Additional Amounts, if any) on any Note shall be due except to the extent payment thereon can be made in accordance with the Solvency Condition. Notwithstanding the foregoing paragraph, if as a result of UOB's failure to satisfy the Solvency Condition, it does not pay the principal or any amount of interest (other than interest due on an Optional Interest Payment Date) on any Note on the due date for such payment, and subsequently thereafter UOB obtains evidence of solvency as provided in the Indenture (a "Solvency Report"), then the principal and any accrued and unpaid interest up to but excluding the relevant payment date (including Arrears of Interest, Additional Interest and Additional Amounts, if any) on such Note shall become due and payable seven Business Days after the date on which the Trustee receives such Solvency Report, unless UOB is unable to satisfy the Solvency Condition on such payment date. For the purposes of determining whether UOB is able to make such payment in accordance with the Solvency Condition, the Trustee shall be entitled, from time to time as may reasonably be necessary, to request for, and upon such request UOB shall be obliged to arrange for the provision to the Trustee of, a Solvency Report as provided in the Indenture. If UOB defaults in the performance of any other obligation of the Indenture or the Notes, the Trustee and the holders of the Notes shall be entitled to every right and remedy given thereunder or existing at law or in equity or otherwise, except that (i) the Trustee shall have no right to enforce payment under or accelerate payment of any Note except as described herein and (ii) in the case of a default with respect to the obligation of UOB to maintain its existence and that of certain of its subsidiaries (as more fully described in the Indenture), the sole remedy available upon such a default shall be specific performance of such obligation. If any court awards money damages or other restitution for any default with respect to the performance by UOB of its obligations under the Indenture or the Notes, the payment of such money damages or other restitution shall be subject to the provisions herein relating to default and enforcement, subordination and the Solvency Condition.

Subject to the subordination provisions hereof, upon a court order or an effective resolution for the winding-up of UOB, there shall be payable on the Notes (*pari passu* with all Other Pari Passu Claims), after the payment in full of all claims of all Senior Creditors (including UOB's depositors), but in priority to holders of UOB's ordinary and preference shares (including Tier I Capital Securities, if any), such amount remaining after the payment in full of all claims of all Senior Creditors (including UOB's depositors) up to, but not exceeding, the outstanding principal amount of the Notes together with interest accrued to but excluding the date of repayment and Arrears of Interest, Additional Interest and Additional Amounts, if any. If a winding-up of UOB should occur, the Trustee would be required to pursue its claims on the Notes in proceedings in Singapore. See "Description of the Notes — Default and Enforcement".

Waiver of Set-Off Right; Payment Void .... No holder of the Notes may exercise, claim or plead any right of set-off or counter-claim, deduction, withholding or retention in respect of any amount owed to it by UOB arising under or in connection with the Notes, and no holder of the Notes may set-off, deduct, withhold or retain any amount owing to it by UOB under the Notes against or from any amount owing by such holder of the Notes to UOB. Each holder of the Notes shall be deemed to have waived all such rights of set-off, counter-claim, deduction, withholding or retention to the fullest extent permitted by law. If at any time any holder of the Notes receives payment or benefit of any sum in respect of the Notes as a result of the exercise or carrying into effect of any such set-off, counterclaim, deduction, withholding or retention (whether or not such exercise or carrying into effect is mandatory under applicable law), or if at any time any holder of the Notes receives payment or benefit of any sum in respect of the Notes other than in accordance with the default and enforcement provisions hereof or if the Solvency Condition had not been satisfied at the time of receipt of such payment or benefit by such holder of the Notes, the payment of such sum or receipt of such benefit shall, to the fullest extent permitted by law, be deemed void for all purposes and such holder of the Notes, by acceptance of any Note, shall agree as separate and independent obligations that any such sum or benefit so received shall be paid or returned by such holder of the Notes to UOB upon demand by UOB whether or not such payment or receipt shall have been deemed void hereunder. Any sum so paid or returned shall then be treated for purposes of UOB's obligations as if it had not been paid by UOB, and its original payment or original benefit previously received by the relevant holder of the Notes as a result of any such set-off, counterclaim, deduction, withholding or retention shall be deemed not to have discharged any of the obligations of UOB under the Notes.

Payments/Additional Amounts ...	Payment of principal and interest (including Arrears of Interest and Additional Interest thereon) on the Notes and any additional amounts on the Notes will be made by UOB without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed by Singapore or any political subdivision or any authority thereof or therein having power to tax unless the withholding or deduction of such taxes or duties is required by law. In that event, UOB will pay such additional amounts ("Additional Amounts") as may be necessary in order that the net amounts received by the holder of a Note, after such withholding or deduction, shall equal the amount on such Note that would have been received in respect of such Note in the absence of such withholding or deduction, subject to certain exceptions. See "Description of the Notes — Additional Amounts".
Use of Proceeds	The net proceeds of the sale of the Notes will be used primarily for general corporate purposes.
Book-entry; Form and Denomination	USD Notes sold in reliance on Rule 144A will be represented by one or more global Notes in fully registered form without interest coupons deposited with the Trustee as custodian for DTC and registered in the name of a nominee of DTC. USD Notes sold in offshore transactions in reliance on Regulation S under the Securities Act will be represented by one or more global Notes in fully registered form without interest coupons and will be deposited with the Trustee as custodian for DTC and registered in the name of a nominee of DTC for the accounts of its participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear") and Clearstream Banking SA ("Clearstream"). SGD Notes will be represented by one or more global Notes in fully registered form without interest coupons deposited with CDP and registered in the name of CDP. The Notes will be denominated in the following principal amounts: • US$100,000 and integral multiples of US$1,000 in excess thereof in the case of USD Notes; and • S$250,000 and integral multiples thereof in the case of SGD Notes. So long as the Notes are listed on the Official List of the SGX-ST, the Notes will be traded on the SGX-ST in a minimum board lot size of US$200,000 (in the case of USD Notes) and S$250,000 (in the case of SGD Notes).

Governing Law	The Notes and the Indenture are governed by, and construed in accordance with, the laws of the State of New York, without giving effect to conflicts of law principles thereof, except for the provisions in relation to set-off and payment void, default and enforcement, subordination and the Solvency Condition, which shall be governed by, and construed in accordance with, the laws of Singapore, without giving effect to conflicts of law principles thereof.
Ratings	The Notes have been rated "●" by Moody's Investors Service, Inc., "●" by Fitch Ratings and "●" by Standard & Poor's Rating Services.
Transfer Restrictions	The Notes have not been registered under the Securities Act or any state securities law. Unless they are registered, the Notes may not be offered or sold except pursuant to an exemption from or in a transaction not subject to the registration requirements of the Securities Act and applicable state securities laws. See "Transfer Restrictions." The Notes may not be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public or any member of the public in Singapore other than (i) to an institutional investor or other investor specified in Section 274 of the SFA, (ii) to a sophisticated investor, and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.
Risk Factors	See "Risk Factors" and the other information in this Offering Memorandum for a discussion of factors that should be carefully considered before deciding to invest in the Notes.
Listings	The SGX-ST has given its in-principle approval for the listing of the Notes on the Official List of the SGX-ST.
Trustee	The Bank of New York will act as the trustee ("Trustee") under the Indenture.
ERISA Considerations	The Notes may only be purchased or held by an employee benefit plan subject to the US Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or a plan subject to Section 4975 of the US Internal Revenue Code of 1986, as amended (the "Code"), or any entity whose underlying assets include assets of any such plan by reason of such plan's investment in such entity (each such plan or entity, a "Plan Entity") if the purchase and holding of the Notes by such Plan Entity is exempt from the prohibited transaction provisions of ERISA and the Code pursuant to Prohibited Transaction Class Exemption ("PTCE") 96-23, PTCE 95-60, PTCE 91-38, PTCE 90-1 or PTCE 84-14. Each Plan Entity purchasing the Notes shall be deemed to represent by its purchase thereof that the foregoing is true. See "ERISA Considerations" and "Transfer Restrictions".

SUMMARY FINANCIAL INFORMATION

The following tables present summary selected consolidated financial information for UOB Group for each of the years in the five-year period ended December 31, 2003, which have been extracted from the corresponding financial statements, audited by PricewaterhouseCoopers, Independent Public Accountants, and annual reports of UOB Group, and summary selected consolidated financial information for the UOB Group for the six months ended June 30, 2003 and 2004 which has been extracted from the corresponding unaudited financial statements of the UOB Group. This information should be read in conjunction with UOB Group's audited and unaudited consolidated financial statements and the related notes thereto which are included elsewhere in this Offering Memorandum, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Description of Assets and Liabilities". The financial information of the UOB Group for the six months ended June 30, 2004 are not necessarily indicative of the results of operations for the year ending December 31, 2004, or any other period.

UOB Group's audited consolidated financial statements as at and for each of the years ended December 31, 1999 and 2000, and the corresponding selected consolidated financial information in the following tables, do not include the results of OUB Group as the acquisition of OUB Group occurred in 2001. UOB Group's consolidated financial statements as at and for the year ended December 31, 2001, and the corresponding selected consolidated financial information in the following tables, incorporate OUB Group's balance sheet items as at December 31, 2001 and OUB Group's results for the last three months of 2001.

UOB's consolidated financial statements have been prepared in accordance with Singapore FRS for financial periods beginning on and after January 1, 2003 and Singapore SAS for preceding financial periods. The financial information presented below is extracted from the most recently issued financial reporting documents that contain such information. Appropriate adjustments to and reclassifications of the financial information have been made where necessary, except that the effects arising from SAS 10 (2000) "Events After The Balance Sheet Date" and revised SAS 12 (2001) "Income Tax" have not been adjusted retrospectively in the financial information for the financial year 1999. Certain principal differences between such requirements and US GAAP are discussed in "Summary of Principal Differences Between Singapore FRS and US GAAP".

	Years ended December 31,						Six months ended June 30,		
	1999	2000	2001[17]	2002	2003	2003[18]	2003	2004	2004[18]
	(in millions, except per share data or as otherwise stated)								
Selected Income Statement Data									
Interest income	S$2,459	S$3,053	S$3,413	S$3,711	S$3,294	US$1,939	S$1,662	S$1,679	US$974
Interest expense	(1,326)	(1,855)	(1,984)	(1,583)	(1,224)	(720)	(634)	(623)	(362)
Net interest income	1,133	1,198	1,429	2,128	2,071	1,219	1,028	1,056	613
Non-interest income[1]	655	704	795	906	1,089	641	547	515	299
Income before operating expenses	1,788	1,903	2,224	3,034	3,160	1,860	1,575	1,571	912
Operating expenses	(581)	(751)	(874)	(1,074)	(1,095)	(644)	(537)	(548)	(318)
Operating profit before goodwill amortization and provisions	1,207	1,151	1,350	1,960	2,064	1,215	1,038	1,023	594
Goodwill amortization	—	—	(48)	(196)	(202)	(119)	(102)	(101)	(59)
Provisions[2]	(253)	(91)	(165)	(465)	(362)	(213)	(280)	(76)	(44)
Operating profit after goodwill amortization and provisions	954	1,061	1,138	1,300	1,501	883	656	846	491
Exceptional item[3]	—	—	(12)	(48)	—	—	—	—	—
Share of profit of associates	72	125	72	123	107	63	30	76	44
Profit from ordinary activities before tax	1,026	1,186	1,198	1,375	1,608	946	686	922	535
Tax	(251)	(273)	(269)	(340)	(393)	(231)	(179)	(212)	(123)
Profit after tax	775	913	929	1,035	1,216	716	507	711	413
Minority interests	(15)	—[4]	(4)	(29)	(13)	(8)	(6)	(6)	(3)
Net profit attributable to shareholders	S$760	S$913	S$925	S$1,006	S$1,202	US$707	S$501	S$705	US$409
Earnings per share:									
Basic	S$0.72	S$0.87	S$0.77	S$0.64	S$0.76	US$0.45	S$0.64	S$0.90	US$0.52
Diluted	S$0.72	S$0.87	S$0.77	S$0.64	S$0.76	US$0.45	S$0.64	S$0.90	US$0.52
Weighted average number of ordinary shares for computation of earnings per share: (in thousands)									
Basic	1,049,134	1,052,262	1,195,486	1,571,519	1,571,627	1,571,627	1,571,606	1,571,760	1,571,760
Diluted	1,049,458	1,052,469	1,195,555	1,571,558	1,571,627	1,571,627	1,571,606	1,572,060	1,572,060
Dividend per share	S$0.45	S$0.40	S$0.40	S$0.59	S$0.60	US$0.35	S$0.20	S$0.20	US$0.12

	As at or for the years ended December 31,						As at or for the six months ended June 30,		
	1999	2000	2001[17]	2002	2003	2003[18]	2003	2004	2004[18]
	(in millions, except percentages)								
Selected Balance Sheet Data									
Assets									
Total assets	S$56,774	S$66,356	S$113,888	S$107,430	S$113,446	US$66,772	S$107,839	S$116,805	US$67,792
Total loans[5]	43,644	53,654	85,638	78,310	80,419	47,333	78,736	79,337	46,046
Customer loans and advances[6]	27,259	30,045	60,892	58,884	59,297	34,901	59,760	59,895	34,762
Inter-bank assets[7]	16,385	23,609	24,746	19,426	21,122	12,432	18,976	19,442	11,284
Securities[8]	6,737	6,357	14,641	14,120	13,609	8,010	15,138	16,292	9,456
Liabilities									
Total liabilities	50,146	59,117	100,773	94,668	100,009	58,863	94,841	103,186	59,887
Total deposits[9]	47,207	56,837	92,545	87,221	88,702	52,208	85,569	93,590	54,318
Customer deposits[10]	40,728	43,406	74,452	67,919	69,863	41,120	66,828	71,631	41,573
Inter-bank liabilities[11]	6,479	13,431	18,094	19,302	18,839	11,088	18,741	21,959	12,745
Debts issued	—	—	4,157	2,147	4,196	2,470	4,281	4,372	2,537
Capital and Reserves									
Total shareholders' funds	6,191	7,031	12,717	12,613	13,282	7,818	12,850	13,450	7,806
Financial Ratios									
Return on average assets[12]	1.4%	1.5%	1.2%	0.9%	1.1%	1.1%	0.9%	1.2%	1.2%
Return on average equity[13]	12.6	13.4	10.8	7.9	9.3	9.3	7.8	10.5	10.5
Loans to deposits ratio[14]	66.9	69.2	81.8	86.7	84.9	84.9	89.4	83.6	83.6
Total non-performing loans (excluding debt securities) as a % of gross customer loans and advances	9.8	7.8	9.3	9.0	8.1	8.1	8.4	7.6	7.6
Total cumulative provisions as a % of:									
Total assets	3.1	2.5	2.9	3.3	2.9	2.9	3.2	2.8	2.8
Total non-performing loans[15]	62.6	67.6	55.9	61.7	64.6	64.6	64.8	67.0	67.0
Net interest margin[16]	2.3	2.2	2.1	2.2	2.3	2.3	2.2	2.2	2.2

(1) Dividend income, fee and commission income, rental income and other operating income.
(2) Provisions for possible loan losses and diminution in value of other assets.
(3) Restructuring and integration costs as a result of the acquisition and merger of OUB.
(4) Amount is less than S$0.5 million.
(5) Customer loans and advances plus inter-bank assets.
(6) Trade bills and advances to non-bank customers, net of cumulative provisions.
(7) Placements and balances with banks and agents.
(8) Singapore and other government treasury bills and securities, and dealing and investment securities (excluding investments in associates), net of cumulative provisions.
(9) Customer deposits plus inter-bank liabilities.
(10) Current, fixed, savings accounts and other deposits of non-bank customers.
(11) Deposits and balances of banks and agents.
(12) Net profit attributable to shareholders divided by average total assets. Annualized net profit attributable to shareholders are used for the six month periods ended June 30. Average assets for 1999 and 2000 are based on average of opening and closing balances for the year while, for 2001, 2002, 2003 and 2004, average assets are based on monthly averages.
(13) Net profit attributable to shareholders divided by average total shareholders' funds. Annualized net profit attributable to shareholders are used for the six month periods ended June 30. Average shareholders' funds for 1999 and 2000 are based on average of opening and closing balances for the year while, for 2001, 2002, 2003 and 2004, average shareholders' funds are based on monthly averages.
(14) Customer loans and advances (net of cumulative provisions) divided by customer deposits.
(15) Non-performing loans include both classified customer loans and advances and debt securities, in accordance with MAS guidelines.
(16) Net interest income divided by average interest bearing assets. Annualized net interest income are used for the six month periods ended June 30.
(17) OUB was acquired and became a subsidiary of UOB on September 20, 2001. It was subsequently merged into UOB on January 2, 2002. Accordingly, the balance sheet data of UOB Group as at December 31, 2001 reflected the enlarged UOB Group, and the income statement data for the year ended December 31, 2001 included only the last three months' results of OUB Group.
(18) The Singapore dollar amounts relating to December 31, 2003 have been translated into US dollars based on prevailing exchange rate of S$1.6990 to US$1.00, being the Noon Buying Rate on December 31, 2003. The Singapore dollar amounts relating to June 30, 2004 have been translated into US dollars based on prevailing exchange rate of S$1.7230 to US$1.00, being the Noon Buying Rate on June 30, 2004.

Prospective investors should consider, among other things, the factors set forth below, as well as other considerations with respect to investments in Singapore corporations not normally associated with investments in the securities of issuers in other jurisdictions.

Risks Relating to Investment in a Singapore Bank

Economic downturns may adversely affect UOB Group's operations and asset quality.

As at June 30, 2004 and December 31, 2003, 67.8% and 68.3%, respectively, of UOB Group's assets (excluding goodwill) were in Singapore. For the six-month period ended June 30, 2004 and for the year ended December 31, 2003, 80.5% and 75.6%, respectively, of UOB Group's pretax profit before goodwill amortization were from its operations in Singapore. UOB Group's performance and the quality and growth of its assets are therefore substantially dependent on the Singapore economy. The economic environment in Singapore, which is dependent on trade and investment, may be significantly impacted by a variety of external factors, including economic developments throughout the Asia-Pacific region as well as in the United States and elsewhere. Although the Singapore Government has announced that it expects that the domestic economy will experience growth in 2004, with the Ministry of Trade and Industry forecasting GDP growth to be between 8.0% and 9.0% there can be no assurance that this growth will be sustained.

UOB Group also offers banking and financial services to its customers outside of Singapore in the Asia-Pacific region, including Malaysia, Thailand, Indonesia, the Philippines, Greater China, Japan, Vietnam, South Korea and Australia, and in Europe and North America. Therefore, its business is also directly affected by the economic environment in these countries. Many countries in the Asia-Pacific region experienced severe currency fluctuations, liquidity shortages and higher interest rates during the Asian financial crisis, which began in 1997, and economic growth in Southeast Asia as a whole was adversely affected. More recently, there has been a slowdown in the worldwide economy that started in 2000 and was exacerbated following the terrorist attacks in the United States in September 11, 2001, and related incidents, the recent war in Iraq and the outbreak in 2003 of Severe Acute Respiratory Syndrome ("SARS") in several countries. A downturn in Singapore or the Asia-Pacific region may adversely affect UOB Group's business, financial condition and results of operations and its level of non-performing loans. UOB Group's non-performing loans (excluding debt securities) as a percentage of customer loans and advances were 7.6% as at June 30, 2004 and 8.1%, 9.0% and 9.3% as at December 31, 2003, 2002 and 2001, respectively. UOB Group's non-performing loans (excluding debt securities) in Singapore as a percentage of customer loans and advances in Singapore (in each case, by country of exposure) were 6.9% as at June 30, 2004 and 7.7%, 8.5% and 8.1% as at December 31, 2003, 2002 and 2001, respectively.

Increased competition may result in decreased loan margins and reduced market share.

UOB Group's primary competitors consist of the other major Singapore banks and foreign banks licensed in Singapore and other financial institutions in Southeast Asia, Greater China and other markets in which UOB Group operates. In recent years the Singapore Government has taken steps to liberalize the Singapore banking industry, which has resulted in increased competition among domestic and foreign banks operating in Singapore, which reduced margins for certain banking products. In particular, the MAS, which regulates banks in Singapore, has granted Qualifying Full Bank ("QFB") licenses to six foreign financial institutions since 1999. QFBs are currently permitted to establish operations in up to 15 locations, which will increase to 25 locations with effect from January 1, 2005. These 25 locations can be used for branches or off-site ATMs. QFBs are also permitted to share ATMs among themselves. Foreign banks granted such licenses will face fewer restrictions on their Singapore dollar deposit-taking and lending activities. See "Business — Competition". In addition, in recent years the Government has also allowed more foreign banks to obtain "wholesale banking" licenses to enable them to expand their Singapore dollar wholesale banking business in Singapore and to broaden the scope of Singapore dollar banking activities in which foreign banks may participate. Further, upon implementation of the United States-Singapore Free Trade Agreement ("USSFTA"), which was signed in May 2003, Singapore banks including UOB Group will be subject to additional competition in areas that were traditionally the stronghold of local banks. The USSFTA will eliminate QFB and wholesale bank license quotas for US banks and significantly relax certain other restrictions on foreign banking activities. See "Regulation and Supervision — Proposed Changes in the Banking Regulatory Environment". There can be no assurance that UOB Group will be able to compete successfully with other domestic and foreign financial institutions or that increased competition will not adversely affect UOB Group's business, financial condition and results of operations.

Risks Relating to UOB Group

Expansion into the Southeast Asia and Greater China markets may adversely affect UOB Group's results of operations.

UOB Group continues to target expansion into the Southeast Asia and Greater China markets, and has established an objective to ultimately derive 40.0% of net profits from its non-Singapore operations. In 1999, UOB Group acquired majority interests in two banking subsidiaries, UOB Radanasin in Thailand and UOB Philippines in the Philippines. In 2001, UOB Group acquired OUB. In 2002, UOB Group further increased its stakes in UOB Radanasin, UOB Philippines and UOB Indonesia. In May 2004, UOB acquired the remaining shares in UOB Philippines that it did not own. In June 2004, UOB increased its shareholding in UOB Radanasin to 83.8% and acquired a 23.0% stake in Bank Buana. In July 2004, UOB acquired an 80.8% stake in BOA in Thailand. In August 2004, UOB made a mandatory tender offer for the remaining shares in BOA at the same purchase price per share as the shares previously acquired. As at December 31, 2003 and 2002, UOB Group had 31.7% and 25.6%, respectively, of its total assets (excluding goodwill) outside Singapore, of which 26.1% and 20.1%, respectively, were in other Asia-Pacific countries, including Malaysia, Thailand, Indonesia, the Philippines, Taiwan, Hong Kong, China and Australia. While this regional expansion may be positive for UOB Group's long-term position and may enhance revenue diversification, such expansion also increases the UOB Group's operational risk and its exposure to asset quality issues and the political, legal and economic environment of each country and territory in which it operates, and places additional demands on UOB Group's management and resources. Although UOB Group actively manages risks in its overseas operations in a manner consistent with risk management for its Singapore operations, there can be no assurance that UOB Group's results of operations will not be adversely affected by any economic downturn, political instability or any other political, legal, economic or other developments in or affecting the countries or regions in which it operates, or that its credit and provisioning policies will be adequate in relation to such risks.

Liquidity shortfalls may increase the cost of funds.

Most of UOB Group's funding requirements are met through a combination of funding sources, primarily in the form of deposit-taking activities and inter-bank funding. As at June 30, 2004, UOB Group was a net lender in the Singapore inter-bank market, consistent with its policy of being a net lender in the Singapore inter-bank market. A portion of UOB Group's assets has long-term maturities, creating a potential for funding mismatches. As at December 31, 2003, approximately 61.6% of UOB Group's funding requirements were attributable to non-bank deposits while approximately 16.6% came from inter-bank liabilities. This compares to 63.2% and 18.0% as at December 31, 2002. As at December 31, 2003, a substantial portion of UOB Group's non-bank customer deposits had current maturities of one year or less or were payable on demand. In the past, a substantial portion of such non-bank customer deposits have been rolled over upon maturity and have been, over time, a stable source of funding. No assurance can be given, however, that this trend will continue. If a substantial number of depositors, within or outside Singapore, fail to rollover deposited funds upon maturity or withdraw such funds from UOB Group, UOB Group's liquidity position could be materially adversely affected. In such a situation, UOB Group could be required to seek short-term and long-term funds, which may be more expensive than current funding sources, to finance operations, which may adversely affect UOB Group's business, financial condition and results of operations.

A substantial increase in non-performing loans may impair UOB Group's financial condition.

Non-performing loans of UOB Group were S$4,852 million as at June 30, 2004 and S$5,160 million, S$5,679 million and S$5,968 million as at December 31, 2003, 2002 and 2001, respectively. As a percentage of total assets, UOB Group's non-performing loans were 4.2% as at June 30, 2004 and 4.5%, 5.3% and 5.2% as at December 31, 2003, 2002 and 2001, respectively. UOB Group's non-performing loans (excluding debt securities) as a percentage of customer loans and advances were 7.6% as at June 30, 2004 and 8.1%, 9.0% and 9.3% as at December 31, 2003, 2002 and 2001, respectively. UOB Group's non-performing loans (excluding debt securities) in Singapore as a percentage of customer loans and advances in Singapore (in each case, by country of exposure) were 6.9% as at June 30, 2004 and were 7.7%, 8.5% and 8.1% as at December 31, 2003, 2002 and 2001, respectively. See "Description of Assets and Liabilities — Non-performing Loans and Provisioning". UOB Group's non-performing loan ratio and provisioning increased following the acquisition of OUB Group. UOB Group subsidiaries may have contingent liabilities that may impair UOB Group's financial condition. Although non-performing loans decreased in the first half of 2004, there can be no assurance that this trend will continue. Any worsening of economic conditions in Singapore or the region may lead to an increase in non-performing loans in the future. A substantial increase in non-performing loans may adversely affect UOB Group's business, financial condition and results of operations and its capital adequacy ratio.

A decline in collateral values or inability to realize collateral value may necessitate an increase in UOB Group's provisions.

A substantial portion of UOB Group's loans is secured by property, the values of which, in many cases, have declined due to economic deterioration since late 1997. The value of property in Singapore has declined significantly from 1997 to date, with the price index of private residential properties released by the Urban Redevelopment Authority of Singapore declining from 151.6 as at December 31, 1997 to 112.8 as at December 31, 2003. Due to the downturn in the property markets, a portion of UOB Group's loans may exceed the value of the underlying collateral. Properties securing non-performing loans are revalued at least every six months and specific provisions are adjusted accordingly, and properties securing performing commercial loans are generally revalued annually, but collateral for performing housing loans is generally not revalued. Any further decline in the value of the collateral securing UOB Group's non-performing loans, inability to obtain additional collateral or inability to realize the expected value of collateral may require UOB Group to increase its provisions, which may adversely affect UOB Group's business, financial condition and results of operations.

UOB Group could be subject to volatility in its global treasury operations.

Treasury income is vulnerable to volatility in the market caused by changes in exchange rates, interest rates, equity prices and other factors. Treasury income is hence a less stable source of income than other banking activities. UOB Group's global treasury business segment comprised 17.3%, 19.4% and 20.8% of UOB Group's net profit before tax, minority interests, unallocated corporate expenses and share of profits of associates in the years ended December 31, 2003, 2002 and 2001, respectively. Any decrease in income from treasury activities due to market volatility may adversely affect UOB Group's business, financial condition and results of operations.

UOB Group enters into new product lines in which it may not be successful.

UOB Group intends to continue to explore new products in its various businesses inside and outside Singapore. UOB Group does not typically expect these products to be profitable in the initial years of operation, and there can be no assurance that UOB Group will have accurately estimated the time these products will take to become profitable or the risks and costs associated with these new products. UOB Group's inability to succeed in new product areas, or any losses incurred in relation to new products, may adversely affect UOB Group's business, financial condition and results of operations.

Significant fraud, systems failure or calamities could adversely impact UOB Group's business.

UOB Group seeks to protect its computer systems and network infrastructure from physical break-ins as well as fraud and systems failures. UOB Group employs 24 x 7 external surveillance security systems, including firewalls, tokens and password encryption technologies, designed to minimize the risk of security breaches. Although UOB Group intends to continue to implement security technologies, conduct regular vulnerability assessments and network penetration tests and establish operational procedures to prevent break-ins, damages and failures, there can be no assurance that these security measures will be successful. In addition, although UOB Group's centralized data center and back-up systems are separately located in different areas of Singapore, there can be no assurance that both systems will not be simultaneously damaged or destroyed in the event of a major disaster. A significant failure of security measures or back-up systems may have a material adverse effect on UOB Group's business, financial condition and results of operations.

UOB Group's income and expenses relating to its international operations and its foreign assets and liabilities are exposed to foreign currency fluctuations.

UOB Group's overseas operations are subject to fluctuations in foreign currency exchange rates against the Singapore dollar. In addition, a portion of UOB Group's assets and liabilities in Singapore are denominated in foreign currencies. To the extent that UOB Group's foreign-currency denominated assets and liabilities are not matched in the same currency or appropriately hedged, fluctuations in foreign currency exchange rates against the Singapore dollar may adversely affect UOB Group's business, financial condition and results of operations. In addition, fluctuations in foreign exchange rates will create foreign currency translation gains or losses.

UOB Group is subject to Singapore accounting and corporate disclosure standards, which may result in different or more limited disclosure than in other jurisdictions.

UOB Group is subject to Singapore accounting and corporate disclosure standards and requirements, which differ in certain material respects from those applicable to banks in certain other countries. There may be less publicly available information about companies listed in Singapore, and differences in such information from that which is made available by public companies in other countries, including the United States. In addition, UOB Group's financial statements are prepared in accordance with Singapore FRS, which differ in certain significant respects from US GAAP. The effects of the aforementioned differences between Singapore FRS and US GAAP have not been quantified in this Offering Memorandum. See "Summary of Principal Differences between Singapore FRS and US GAAP".

Risks Relating to the Notes

Limited rights of enforcement and subordination of the Notes could impair an investor's ability to enforce its rights or realize claims on the Notes.

If UOB defaults on the payment of principal or interest on the Notes in circumstances where UOB has satisfied the Solvency Condition, the only action the Trustee may take against UOB is to institute a proceeding in Singapore for the winding-up of UOB. The Trustee will have no right to accelerate payment of the Notes in the case of default in payment or failure to perform a covenant except as discussed in the preceding sentence. If UOB is unable to make any payment on the Notes because it is not able to satisfy the Solvency Condition, neither the Trustee nor the holders of the Notes will be able to take enforcement action against UOB. See "Description of the Notes".

The Notes will be subordinated obligations of UOB. Upon the occurrence of any winding-up proceeding, payments on the Notes will be subordinated in right of payment to the prior payment in full of all deposits and other liabilities of UOB, except those liabilities which rank equally with or junior to the Notes. In a winding-up proceeding, the holders of the Notes may recover less than the holders of deposit liabilities or the holders of other unsubordinated liabilities of UOB. As there is no precedent for a winding up of a major financial institution in Singapore, there is uncertainty as to the manner in which such a proceeding would occur and the results thereof. As at December 31, 2003, all outstanding liabilities of UOB, other than the UOB S$1,300 million 4.95% Subordinated Notes due 2016 Callable with Step-up in 2011 and the UOB US$1,000 million 4.50% Subordinated Notes due 2013, which rank *pari passu* with the Notes, would have ranked senior to the Notes.

Payments of interest and principal on the Notes may be limited in certain circumstances.

UOB may defer payment of interest on the Notes on any Interest Payment Date under certain circumstances. Such deferral will not constitute a default under the terms of the Notes. Additionally, in order for UOB to make any payment on the Notes or make any redemption or repurchase on the Notes, UOB must be solvent at the time. See "Description of the Notes — Compulsory and Optional Interest Payment Dates, Arrears of Interest and Additional Interest and Interest Deferral" and "Description of the Notes — Solvency Condition". There can be no assurance that UOB will not defer the payment of interest or will be solvent when any interest payment is due.

Limited liquidity of the Notes may affect the market price of the Notes.

The Notes are a new issue of securities with no established trading market. Application has been made to the SGX-ST for the listing of the Notes on the Official List of the SGX-ST. The SGX-ST has given its in-principle approval for the listing of the Notes on the Official List of the SGX-ST subject to certain conditions being satisfied. Should such conditions not be satisfied, there can be no assurance that such listing will be obtained. If such listing is not obtained, the liquidity of the Notes may be negatively impacted.

UOB has been advised by the representatives of the Initial Purchasers that they currently intend to make markets for the Notes as permitted by applicable law, but they are not required to do so, and any such market making may be discontinued at any time at their sole discretion. A liquid or active trading market for the Notes may not develop. If an active trading market for the Notes does not develop or, if one does develop, it may not be maintained and the market price of the Notes may be adversely affected. If the Notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, UOB's performance and other factors. See "Plan of Distribution — New Issue of Notes".

A downgrade in ratings may affect the market price of the Notes.

UOB has received a long-term bank deposits rating of "Aa2" from Moody's Investors Service, Inc., a long-term rating of "AA-" from Fitch Ratings and a long-term counterparty credit rating of "A+" from Standard & Poor's Ratings Services. The ratings reflect the ability of UOB to make timely payment of principal and interest on senior unsecured debts. The Notes have been rated "●" by Moody's Investors Service, Inc., "●" by Fitch Ratings and "●" by Standard & Poor's Ratings Services. A rating is not a recommendation to buy, sell or hold any security, does not address the likelihood or timing of repayment of the Notes and may be subject to revision, suspension or withdrawal at any time by the assigning rating organization. There can be no assurance that the ratings assigned to UOB or the Notes will remain in effect for any given period or that the ratings will not be revised by the rating agencies in the future if, in their judgment, circumstances so warrant. A downgrade in ratings may affect the market price of the Notes.

Recent terrorist attacks, the war in Iraq and the outbreak of SARS have led to volatility in international capital markets, which may adversely affect the market price of the Notes.

Terrorist attacks in the United States on September 11, 2001 and subsequent terrorist activity elsewhere and military responses by the United States and others have resulted in substantial and continuing volatility in international capital markets. Any further terrorist activities or military responses could have a material adverse effect on worldwide financial markets and the Singapore economy and regional economies. In addition, another outbreak of SARS in Asia and elsewhere could exacerbate this volatility. Any material change in the financial markets or the Singapore economy or regional economies as a result of these events or developments may adversely affect the market price of the Notes.

USE OF PROCEEDS

The net proceeds of the issue of the Notes (after deduction of fees and expenses) are expected to be approximately US$● million (with respect to the USD Notes) and S$● million (with respect to the SGD Notes) and will be used by UOB primarily for general corporate purposes.

EXCHANGE RATES

Currently, no exchange control restrictions exist in Singapore. The following table sets forth the average, high, low and period-end Noon Buying Rate between Singapore dollars and US dollars (in Singapore dollars per US dollar) for the periods indicated. No representation is made that the Singapore dollar amounts actually represent such US dollar amounts or could have been or could be converted into US dollars at the rate indicated, any other rate or at all.

	Singapore Dollar/US Dollar Noon Buying Rate			
	Average[1]	**Noon High**	**Noon Low**	**Period End**
1999	1.69	1.74	1.65	1.67
2000	1.72	1.76	1.65	1.73
2001	1.79	1.85	1.73	1.85
2002	1.79	1.85	1.73	1.74
2003	1.74	1.78	1.70	1.70
January 2004	1.70	1.71	1.69	1.69
February 2004	1.69	1.73	1.67	1.70
March 2004	1.70	1.72	1.68	1.68
April 2004	1.68	1.70	1.67	1.70
May 2004	1.71	1.73	1.69	1.70
June 2004	1.71	1.72	1.70	1.72
July 2004	1.71	1.73	1.70	1.72
August 2004 (through to August 12, 2004)	1.72	1.72	1.71	1.72

(1) The average rate is the average of the daily Noon Buying Rates during the relevant period.

Source: Federal Reserve Bank of New York (Datastream)

CAPITALIZATION AND INDEBTEDNESS

The following table sets forth the capitalization, including loan capital and total shareholders' funds of UOB Group as at June 30, 2004 (based on or derived from the unaudited consolidated financial statements of UOB Group, unless otherwise indicated) and as adjusted to reflect the issuance of the Notes.

The following table should be read in conjunction with the unaudited consolidated financial information included elsewhere in this Offering Memorandum.

	As at June 30, 2004(1)			
	Actual	Actual(2)	As adjusted for the Offering(3)	As adjusted for the Offering(2)(3)
	(in millions)			
Liabilities:				
Customer deposits(4)	S$71,631	US$41,573	S$71,631	US$41,573
Inter-bank liabilities(5)	21,959	12,745	21,959	12,745
Bills and drafts payable	158	92	158	92
Loan capital issued:				
S$1,300 million 4.95% Subordinated Notes due 2016 Callable with Step-up in 2011	1,295	752	1,295	752
US$1,000 million 4.50% Subordinated Notes due 2013	1,715	995	1,715	995
The USD Notes	–	–	●	●
The SGD Notes	–	–	●	●
Other debts issued	1,362	790	1,362	790
Other liabilities(6)	5,066	2,940	5,066	2,940
Total liabilities	103,186	59,887	●	●
Minority interests	169	98	169	98
Shareholders' funds:				
Issued and fully paid share capital(7)	1,572	912	1,572	912
Capital reserves(8)	4,221	2,450	4,221	2,450
Statutory reserves(9)	2,860	1,660	2,860	1,660
Revenue reserves(10)	4,671	2,711	4,671	2,711
Share of reserves of associates	126	73	126	73
Total shareholders' funds	13,450	7,806	13,450	7,806
Total capitalization(11)	16,460	9,553	●	●

(1) Except as otherwise disclosed above or in "Management's Discussion and Analysis of Financial Condition and Results of Operations", there has been no material change in UOB Group's capital or indebtedness since June 30, 2004.

(2) The Singapore dollar amounts relating to June 30, 2004 have been translated into US dollars based on the prevailing exchange rate of S$1.7230 to US$1.00, being the Noon Buying Rate on June 30, 2004.

(3) The costs of the Offering are assumed to be immaterial and have not been taken into account. The figures have not been adjusted for interest expense.

(4) Current, fixed, savings accounts and other deposits of non-bank customers.

(5) Deposits and balances of banks and agents.

(6) Provision for current tax, deferred tax liabilities and other liabilities.

(7) Authorized share capital as at June 30, 2004 consists of 3,000 million ordinary shares of S$1.00 each. Issued and fully paid share capital consists of 1,572 million ordinary shares of S$1.00 each.

(8) Represents mainly share premium of S$795 million, merger reserve of S$3,412 million relating mainly to premium arising from the issue of shares in connection with the acquisition of OUB Group (which was not transferred to the share premium account due to the relief provided for under Section 69B of the Companies Act, Chapter 50 of Singapore) net of the amount transferred to revenue reserves following the receipt of dividends paid out of pre-acquisition reserves of OUB and its subsidiaries and a debit foreign currency translation reserve balance of S$104 million.

(9) The statutory reserves are not distributable unless approved by the relevant authorities.

(10) The revenue reserves are distributable except for UOB Group's share of revenue reserves of associates amounting to S$361 million which is distributable only upon realization by way of dividend or disposal of investments in the associates.

(11) Loan capital issued plus total shareholders' funds.

SELECTED FINANCIAL INFORMATION

The following tables present selected consolidated financial information for UOB Group for each of the years in the five-year period ended December 31, 2003, which have been extracted from the corresponding financial statements, audited by PricewaterhouseCoopers, Independent Public Accountants, and annual reports of UOB Group, and selected consolidated financial information for the UOB Group for the six months ended June 30, 2003 and 2004 which has been extracted from the corresponding unaudited financial statements of the UOB Group. This information should be read in conjunction with UOB Group's audited and unaudited consolidated financial statements and the related notes thereto which are included elsewhere in this Offering Memorandum, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Description of Assets and Liabilities". The financial information of the UOB Group for the six months ended June 30, 2004 are not necessarily indicative of the results of operations for the year ending December 31, 2004, or any other period.

UOB Group's audited consolidated financial statements as at and for each of the years ended December 31, 1999 and 2000, and the corresponding selected consolidated financial information in the following tables, do not include the results of OUB Group as the acquisition of OUB Group occurred in 2001. UOB Group's consolidated financial statements as at and for the year ended December 31, 2001, and the corresponding selected consolidated financial information in the following tables, incorporate OUB Group's balance sheet items as at December 31, 2001 and OUB Group's results for the last three months of 2001.

UOB's consolidated financial statements have been prepared in accordance with Singapore FRS for financial periods beginning on and after January 1, 2003 and Singapore SAS for preceding financial periods. The financial information presented below is extracted from the most recently issued financial reporting documents that contain such information. Appropriate adjustments to and reclassifications of the financial information have been made where necessary, except that the effects arising from SAS 10 (2000) "Events After The Balance Sheet Date" and revised SAS 12 (2001) "Income Tax" have not been adjusted retrospectively in the financial information for the financial year 1999. Certain principal differences between such requirements and US GAAP are discussed in "Summary of Principal Differences Between Singapore FRS and US GAAP".

	Years ended December 31,						Six months ended June 30,		
	1999	2000	2001[17]	2002	2003	2003[18]	2003	2004	2004[18]
	(in millions, except per share data or as otherwise stated)								
Selected Income Statement Data									
Interest income	S$2,459	S$3,053	S$3,413	S$3,711	S$3,294	US$1,939	S$1,662	S$1,679	US$974
Interest expense	(1,326)	(1,855)	(1,984)	(1,583)	(1,224)	(720)	(634)	(623)	(362)
Net interest income	1,133	1,198	1,429	2,128	2,071	1,219	1,028	1,056	613
Non-interest income[1]	655	704	795	906	1,089	641	547	515	299
Income before operating expenses	1,788	1,903	2,224	3,034	3,160	1,860	1,575	1,571	912
Operating expenses	(581)	(751)	(874)	(1,074)	(1,095)	(644)	(537)	(548)	(318)
Operating profit before goodwill amortization and provisions	1,207	1,151	1,350	1,960	2,064	1,215	1,038	1,023	594
Goodwill amortization	—	—	(48)	(196)	(202)	(119)	(102)	(101)	(59)
Provisions[2]	(253)	(91)	(165)	(465)	(362)	(213)	(280)	(76)	(44)
Operating profit after goodwill amortization and provisions	954	1,061	1,138	1,300	1,501	883	656	846	491
Exceptional item[3]	—	—	(12)	(48)	—	—	—	—	—
Share of profit of associates	72	125	72	123	107	63	30	76	44
Profit from ordinary activities before tax	1,026	1,186	1,198	1,375	1,608	946	686	922	535
Tax	(251)	(273)	(269)	(340)	(393)	(231)	(179)	(212)	(123)
Profit after tax	775	913	929	1,035	1,216	716	507	711	413
Minority interests	(15)	—[4]	(4)	(29)	(13)	(8)	(6)	(6)	(3)
Net profit attributable to shareholders	S$760	S$913	S$925	S$1,006	S$1,202	US$707	S$501	S$705	US$409
Earnings per share:									
Basic	S$0.72	S$0.87	S$0.77	S$0.64	S$0.76	US$0.45	S$0.64	S$0.90	US$0.52
Diluted	S$0.72	S$0.87	S$0.77	S$0.64	S$0.76	US$0.45	S$0.64	S$0.90	US$0.52
Weighted average number of ordinary shares for computation of earnings per share: (in thousands)									
Basic	1,049,134	1,052,262	1,195,486	1,571,519	1,571,627	1,571,627	1,571,606	1,571,760	1,571,760
Diluted	1,049,458	1,052,469	1,195,555	1,571,558	1,571,627	1,571,627	1,571,606	1,572,060	1,572,060
Dividend per share	S$0.45	S$0.40	S$0.40	S$0.59	S$0.60	US$0.35	S$0.20	S$0.20	US$0.12

	As at or for the years ended December 31,						As at or for the six months ended June 30,		
	1999	2000	2001(17)	2002	2003	2003(18)	2003	2004	2004(18)
				(in millions, except percentages)					
Selected Balance Sheet Data									
Assets									
Total assets	S$56,774	S$66,356	S$113,888	S$107,430	S$113,446	US$66,772	S$107,839	S$116,805	US$67,792
Total loans(5)	43,644	53,654	85,638	78,310	80,419	47,333	78,736	79,337	46,046
Customer loans and advances(6)	27,259	30,045	60,892	58,884	59,297	34,901	59,760	59,895	34,762
Inter-bank assets(7)	16,385	23,609	24,746	19,426	21,122	12,432	18,976	19,442	11,284
Securities(8)	6,737	6,357	14,641	14,120	13,609	8,010	15,138	16,292	9,456
Liabilities									
Total liabilities	50,146	59,117	100,773	94,668	100,009	58,863	94,841	103,186	59,887
Total deposits(9)	47,207	56,837	92,545	87,221	88,702	52,208	85,569	93,590	54,318
Customer deposits(10)	40,728	43,406	74,452	67,919	69,863	41,120	66,828	71,631	41,573
Inter-bank liabilities(11)	6,479	13,431	18,094	19,302	18,839	11,088	18,741	21,959	12,745
Debts issued	—	—	4,157	2,147	4,196	2,470	4,281	4,372	2,537
Capital and Reserves									
Total shareholders' funds	6,191	7,031	12,717	12,613	13,282	7,818	12,850	13,450	7,806
Financial Ratios									
Return on average assets(12)	1.4%	1.5%	1.2%	0.9%	1.1%	1.1%	0.9%	1.2%	1.2%
Return on average equity(13)	12.6	13.4	10.8	7.9	9.3	9.3	7.8	10.5	10.5
Loans to deposits ratio(14)	66.9	69.2	81.8	86.7	84.9	84.9	89.4	83.6	83.6
Total non-performing loans (excluding debt securities) as a % of gross customer loans and advances	9.8	7.8	9.3	9.0	8.1	8.1	8.4	7.6	7.6
Total cumulative provisions as a % of:									
Total assets	3.1	2.5	2.9	3.3	2.9	2.9	3.2	2.8	2.8
Total non-performing loans(15)	62.6	67.6	55.9	61.7	64.6	64.6	64.8	67.0	67.0
Net interest margin(16)	2.3	2.2	2.1	2.2	2.3	2.3	2.2	2.2	2.2

(1) Dividend income, fee and commission income, rental income and other operating income.
(2) Provisions for possible loan losses and diminution in value of other assets.
(3) Restructuring and integration costs as a result of the acquisition and merger of OUB.
(4) Amount is less than S$0.5 million.
(5) Customer loans and advances plus inter-bank assets.
(6) Trade bills and advances to non-bank customers, net of cumulative provisions.
(7) Placements and balances with banks and agents.
(8) Singapore and other government treasury bills and securities, and dealing and investment securities (excluding investments in associates), net of cumulative provisions.
(9) Customer deposits plus inter-bank liabilities.
(10) Current, fixed, savings accounts and other deposits of non-bank customers.
(11) Deposits and balances of banks and agents.
(12) Net profit attributable to shareholders divided by average total assets. Annualized net profit attributable to shareholders are used for the six month periods ended June 30. Average assets for 1999 and 2000 are based on average of opening and closing balances for the year while, for 2001, 2002, 2003 and 2004, average assets are based on monthly averages.
(13) Net profit attributable to shareholders divided by average total shareholders' funds. Annualized net profit attributable to shareholders are used for the six month periods ended June 30. Average shareholders' funds for 1999 and 2000 are based on average of opening and closing balances for the year while, for 2001, 2002, 2003 and 2004, average shareholders' funds are based on monthly averages.
(14) Customer loans and advances (net of cumulative provisions) divided by customer deposits.
(15) Non-performing loans include both classified customer loans and advances and debt securities, in accordance with MAS guidelines.
(16) Net interest income divided by average interest bearing assets. Annualized net interest income are used for the six month periods ended June 30.
(17) OUB was acquired and became a subsidiary of UOB on September 20, 2001. It was subsequently merged into UOB on January 2, 2002. Accordingly, the balance sheet data of UOB Group as at December 31, 2001 reflected the enlarged UOB Group, and the income statement data for the year ended December 31, 2001 included only the last three months' results of OUB Group.
(18) The Singapore dollar amounts relating to December 31, 2003 have been translated into US dollars based on prevailing exchange rate of S$1.6990 to US$1.00, being the Noon Buying Rate on December 31, 2003. The Singapore dollar amounts relating to June 30, 2004 have been translated into US dollars based on prevailing exchange rate of S$1.7230 to US$1.00, being the Noon Buying Rate on June 30, 2004.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion is based upon, and should be read in conjunction with, the audited and unaudited consolidated financial statements of UOB Group, including the notes thereto, included elsewhere in this Offering Memorandum. Such financial statements have been prepared in accordance with Singapore FRS, which differ in certain material respects from US GAAP. See "Summary of Principal Differences Between Singapore FRS and US GAAP".

Except as otherwise noted, financial and statistical information presented in this Offering Memorandum is presented for UOB Group on a consolidated basis. As at June 30, 2004 and December 31, 2003, UOB's assets accounted for approximately 83.5% and 84.2%, respectively, of UOB Group's total assets.

Overview

UOB Group is a major banking group in Singapore providing its customers with a wide range of financial products and services through its domestic branch network and other delivery channels. UOB Group's business comprises individual financial services, institutional financial services, global treasury, asset management and other activities including property-related business, insurance, management of shareholders' funds and stockbroking activities. UOB Group offers stockbroking services to its customers through its associate, UOB-Kay Hian. UOB Group also has interests in travel, leasing, property development and management, hotel operations and general trading. UOB is required to divest itself of certain of its non-financial assets by July 17, 2006. See "Regulation and Supervision — The Banking Regulatory Environment".

UOB Group's businesses are organized into five segments based on the types of products and services that it provides worldwide. These segments are individual financial services, institutional financial services, global treasury, asset management and "Other". The individual financial services segment encompasses personal financial services and high net worth client services. Institutional financial services encompass commercial credit, corporate banking, corporate finance and capital markets activities. Global treasury provides treasury services including foreign exchange, money market, fixed income, derivatives, leveraged trading and futures broking activities. The asset management segment encompasses asset management, venture capital management and proprietary investment activities. UOB Group's "Other" segment includes property-related business, insurance, management of shareholders' funds and stockbroking activities, but excludes such activities carried out by associates including United Overseas Land Limited ("United Overseas Land") and by Overseas Union Enterprise Limited ("Overseas Union Enterprise") and Hotel Negara Limited ("Hotel Negara"). In UOB Group's financial statements, contributions from overseas operations are included in the results for the respective business segments.

Individual financial services, institutional financial services, global treasury, asset management and "Other" contributed 23.8%, 38.6%, 17.3%, 8.4% and 11.9%, respectively, of net profit before tax, minority interests, unallocated corporate expenses and share of profit of associates in 2003. For the first half of 2004, individual financial services, institutional financial services, global treasury, asset management and "Other" contributed 28.5%, 38.7%, 9.9%, 7.7% and 15.2%, respectively, of net profit before tax, minority interests, unallocated corporate expenses and share of profit of associates.

Singapore Operations

UOB Group derives the majority of its profit from its domestic operations where it had a delivery network of 62 branches and 344 ATMs as at June 30, 2004. In Singapore, UOB serves a wide array of individuals, SME and corporate banking customers. UOB Group's historical strength is providing banking services to consumers and SMEs. As at June 30, 2004 and December 31, 2003, 67.8% and 68.3%, respectively, of UOB Group's total assets (excluding goodwill) and 80.5% and 75.6%, respectively, of UOB Group's pretax profit before goodwill amortization were derived from its Singapore operations.

In late 2001, UOB acquired another major Singapore bank, OUB, pursuant to a S$9,053 million public takeover offer and compulsory acquisition. OUB was subsequently merged into UOB on

January 2, 2002. Integration of the operations and systems of UOB and OUB was completed in June 2002. See "— Singapore Acquisition". The merger significantly increased UOB's Singapore operations and also expanded its overseas operations, particularly in Malaysia and Hong Kong. In June 2002, UOB's Singapore banking subsidiary, ICB was delisted from the SGX-ST following UOB's acquisition of all the shares of the subsidiary. In August 2002, ICB was merged into UOB. In December 2002, UOB's scheme of arrangement to re-organize the share capital of its finance company, Overseas Union Trust, was effected and the company became a wholly-owned subsidiary of UOB. Overseas Union Trust's shares were delisted from SGX-ST in December 2002. In April 2003, Overseas Union Trust was legally merged into UOB. UOB intends to continue to rationalize its subsidiaries, where appropriate.

Regional Expansion

UOB Group's first overseas offices opened in Hong Kong and Malaysia in the 1960s and 1970s. Since then, UOB Group has continued to expand its business overseas, including Southeast Asia and Greater China, and has established an objective to ultimately derive 40.0% of net profits from its non-Singapore operations. UOB Group has a large presence in Malaysia. In 1999, UOB Group acquired majority interests in two banking subsidiaries, UOB Radanasin in Thailand and UOB Philippines. In July 2002, UOB Group increased its shareholding in UOB Radanasin from 75.0% to 78.8%. UOB Group also increased its stake in UOB Philippines to close to 100.0% during 2002. In September 2002, UOB Group increased its stake in UOB Indonesia to 99.0%. In May 2004, UOB acquired the remaining shares in UOB Philippines that it did not own. In June 2004, UOB increased its shareholding in UOB Radanasin to 83.8%. In the same month, UOB acquired a 23.0% interest in Bank Buana for approximately S$196 million. In July 2004, UOB acquired an 80.8% stake in BOA in Thailand for approximately S$935 million. In August 2004, UOB made a mandatory tender offer for the remaining shares in BOA at the same purchase price per share as the shares previously acquired. In furtherance of its strategy of strengthening its presence in Southeast Asia, UOB Group is considering opportunities to increase its investments in Indonesia. While this regional expansion may be positive for UOB Group's long-term competitiveness and may enhance revenue diversification, such expansion also increases UOB Group's operational risk and its exposure to asset quality issues and the political, legal and economic environment of each country and territory in which it operates, and places additional demands on UOB Group's management and resources. See "Risk Factors — Expansion into the Southeast Asia and Greater China markets may adversely affect UOB Group's results of operations".

As at December 31, 2003, UOB Group had 31.7% of its total assets (excluding goodwill) outside Singapore, while 26.1% were in other Asia-Pacific countries including Malaysia, Thailand, Indonesia, the Philippines, Taiwan, Hong Kong, China and Australia. Of these countries, Malaysia accounted for 10.5% of UOB Group's total assets (excluding goodwill).

Economic Conditions

67.8% and 68.3% of UOB Group's assets (excluding goodwill) were in Singapore as at June 30, 2004 and December 31, 2003, respectively. 80.5% and 75.6% of UOB Group's pretax profit before goodwill amortization for the period ended June 30, 2004 and the year ended December 31, 2003 respectively, were from its operations in Singapore. UOB Group's financial performance therefore remains dependent on the general economic and political developments in Singapore and, to a lesser extent, in other Asian countries and the United States.

The Singapore economy experienced an economic downturn between 2001 and 2003. The Singapore Government has announced that it expects that the domestic economy will experience growth in 2004, with the Ministry of Trade and Industry in August 2004 forecasting GDP growth to be between 8.0% and 9.0%. See "Risk Factors — Risks Relating to Investment in a Singapore Bank — Economic downturns may adversely affect UOB Group's operations and asset quality".

Singapore Acquisition

On September 20, 2001, UOB acquired 91.0% of the issued share capital of OUB pursuant to a public takeover offer, making the company a subsidiary on that date. UOB subsequently acquired the remaining issued share capital of OUB, resulting in OUB becoming a wholly-owned subsidiary on October 26, 2001.

The acquisition was a combined cash-and-stock-for-stock transaction and was accounted for as an acquisition under the then Singapore Statements of Accounting Standards ("SAS") 22 Business Combinations. UOB paid S$4.02 in cash and issued 0.52 new fully paid-up UOB shares of S$1 each for each outstanding share of OUB, resulting in issuance of a total of 518,280,794 new UOB ordinary shares and cash payment of S$4,077 million. The total consideration paid by UOB, after considering expenses directly attributable to the acquisition, was S$9,053 million.

The fair values of identifiable net assets of OUB Group at the date of acquisition was S$5,228 million and goodwill on acquisition was S$3,824 million.

OUB was subsequently merged into UOB on January 2, 2002. UOB Group's financial statements for the year ended December 31, 2002, reflected the enlarged operations for the full year, while UOB Group's financial statements for the year ended December 31, 2001, included only results of OUB Group for the last three months of the period. UOB Group's financial information should therefore be viewed within this context.

Divestiture of UOB's Non-Financial Assets

In accordance with the Banking Act, Chapter 19 of Singapore (the "Banking Act"), UOB is required to divest its non-financial assets by July 17, 2004 such that its interests in these non-financial assets fall within the limits set by the Banking Act. The MAS has granted approval for UOB to extend the divestment deadline to July 17, 2006 for its non-financial assets, including property or investments forming part of its non-financial assets.

Under the Banking Act, unless specifically approved by the MAS, UOB may not hold a major stake in any company, including a company (a "non-financial asset") which carries on a business which is not banking business, not a business regulated by the MAS, not a business incidental to banking business or other MAS-regulated business, or not a class of business otherwise prescribed or approved by the MAS for the purpose of such restriction. See "Regulation and Supervision — The Banking Regulatory Environment — Other Key Prudential Provisions". UOB Group's non-financial assets include shares in United Overseas Land ("UOL"), Overseas Union Enterprise and Hotel Negara, all of which are publicly listed in Singapore. UOB is currently considering methods of divesting its interests in these companies. Depending on the method of such divestitures, the divestitures could have a substantial impact on UOB Group's results of operations and financial condition. UOB believes that the impact on UOB Group's total capital adequacy ratio as calculated under the MAS Notice 637, which is effective from June 30, 2004, would however, be neutral or positive.

In December 2002, UOB distributed in specie 64,251,957 ordinary shares of Haw Par Corporation held by UOB, representing approximately 31.1% of the issued share capital of the company, to UOB shareholders. For every 1,000 UOB shares, the UOB shareholder received approximately 40.9 Haw Par Corporation shares. The divestment was part of UOB Group's efforts to comply with the MAS requirement for financial institutions to reduce their shareholding in non-financial companies to not more than 10.0% of the companies' issued share capital by July 2004.

On June 3, 2003, Hotel Negara announced the proposed sale of Meritus Negara Singapore, the hotel that constitutes the company's principal non-financial asset, by way of a public tender. Hotel Negara also proposed the voluntary winding up and delisting of Hotel Negara subject to the completion of the sale. On September 5, 2003, Hotel Negara announced that the public tender which closed on July 23, 2003 did not meet the price expectations of the company and that the board had decided not to accept any of them. Thereafter the company had engaged in private treaty discussions with other parties regarding the sale of the property, but no agreement had materialized. The company intends to continue exploring the sale of the property.

On April 26, 2004, UOB announced a renounceable preferential offer of up to approximately 259.7 million shares in UOL ("UOL shares"), representing approximately 36.9% of the issued share capital of the company, to UOB shareholders. The preferential offer was withdrawn on May 5, 2004 as Tazwell Pte. Ltd ("Tazwell"), a subsidiary of Temasek Holdings (Private) Limited made an unconditional offer on May 4, 2004 to acquire all the UOL shares held by UOB or all the UOL shares that were the subject of the preferential offer, and all the UOL warrants held by UOB ("Offer"). The Offer price was S$2.06 for each UOL share and S$0.81 for each UOL warrant. On

May 8, 2004, UOB appointed Credit Suisse First Boston (Singapore) Limited as its financial adviser to advise UOB on the Offer as well as on all other options available to UOB in relation to its shareholdings in UOL. The Offer lapsed on May 11, 2004. Tazwell made an unconditional offer on May 13, 2004 to acquire all the UOL shares and warrants held by UOB at a revised price of S$2.26 for each UOL share and S$1.01 for each UOL warrant ("Revised Offer"). On May 25, 2004, UOL announced that it had formed a board committee to explore options to unlock value for the benefit of its shareholders. The Revised Offer lapsed on May 28, 2004 with UOB deciding that it would continue to consider all options in relation to its shareholding in UOL taking into account the recommendation of the UOL board committee. On July 9, 2004, UOL announced that it would divest its stake in UOB, at a price in excess of $13.56 per share and distribute the entire net gain to its shareholders. UOL has subsequently clarified certain issues relating to the divestment of its stake in UOB.

Critical Accounting Estimates

The preparation of the financial statements of UOB Group in conformity with Singapore FRS requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and the disclosed amounts of contingent assets and liabilities. Judgment of management is required in making the appropriate accounting estimates and assumptions.

Policies and procedures have been established to monitor and control the risk of the significant error in accounting estimates and these include independent review of the valuation methods used and judgment made.

The following is a brief description of UOB Group's accounting valuation policies and estimates that are critical to UOB Group's business operations and the understanding of its financial statements.

Provisioning Policy

UOB Group's provisions for credit losses are intended to cover probable losses through charges against profit. The provisions consist of an element that is specific to the individual loan and also a general element that has not specifically identified to individual loans. UOB Group constantly reviews the quality of its loan portfolio based on its knowledge of its borrowers and, where applicable, of the relevant industry and country of operation.

A specific provision is made when UOB Group believes that the credit worthiness of a borrower has deteriorated to such extent that the recovery of the entire amount is in doubt. The amount of specific provision to be made is based on the difference between the collateral values or expected recovery of an impaired loan and the carrying value of that loan.

A general provision is made to cover possible losses and could be used to cushion any losses known from experience to exist in the loan portfolio. In relation to the loan portfolios of its overseas operations, UOB Group is to make provisions based on local (i.e. country of domicile of the overseas operation) regulatory requirements for local reporting purposes and then, where necessary, to make additional provisions to comply with UOB Group's provisioning policy and the Monetary Authority of Singapore regulations.

Goodwill

Goodwill represents the excess of fair value of the consideration given over the fair value of the identifiable net assets of subsidiaries, associates or businesses acquired.

Goodwill is amortized on a straight line basis, through the income statement, over its useful economic life up to a maximum of 20 years. Goodwill which is assessed as having no continuing economic value is written off to the income statement.

Impairment

Investment in associates, investment in subsidiaries, fixed assets and goodwill are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment losses are taken to the income statement.

Contingent Liabilities Arising from Legal Proceedings

UOB Group is a party to certain legal proceedings which arose from its normal course of business. The estimated amounts relating to major legal cases are reported in the financial statements as contingent liabilities in the notes to the financial statements. Depending on the merit of the claims and the expected ultimate resolution of the cases, provisions are made for potential losses that are likely to crystallize.

Fair Value of Derivative Financial Instruments

UOB Group trades in certain derivative financial instruments where observable market prices may not be available. Where these are accounted for at fair value, UOB Group uses internal valuation models to estimate the fair values. Factors such as model assumptions, market dislocations and unexpected correlation may affect estimates of the fair values.

Results of Operations (Six Months ended June 30, 2003 and 2004)

The financial information of UOB and the consolidated financial information of UOB Group included in this Offering Memorandum for each of the six-month periods ended and as at June 30, 2003 and 2004 are unaudited and are not necessarily indicative of the results of operations for the year ending December 31, 2004, or any other period.

Net profit after tax increased 40.5% to S$705 million in the first half of 2004 compared to S$501 million in the first half of 2003. The increase was mainly due to lower provision charges, higher share of profit of associates, higher fee and commission income, and higher net interest income. These were partially offset by lower other operating income and higher tax expense.

Net interest income increased 2.7% to S$1,056 million in the first half of 2004 compared to S$1,028 million in the first half of 2003, principally due to higher contributions from inter-bank money market activities and debt securities, which were partially offset by lower contributions from customer loans. Net interest margin decreased from 2.23% in the first half of 2003 to 2.15% in the first half of 2004. This was mainly due to the narrowing of spreads on customer loans and advances due to market competition.

Fee and commission income increased 19.9% to S$322 million in the first half of 2004 compared to S$269 million in the first half of 2003, derived largely from investment-related and fund management activities.

Other operating income decreased 40.0% to S$133 million in the first half of 2004 compared to S$221 million in the first half of 2003, principally due to lower net profit from dealing securities, government securities and derivatives, as well as lower net profit from foreign exchange dealings.

Total operating expenses increased 2.1% to S$548 million in the first half of 2004 compared to S$537 million in the first half of 2003. The increase was attributed mainly to higher staff costs, and higher commission and brokerage expenses incurred to support the increased business volume. UOB Group's cost to income ratio increased from 34.1% in the first half of 2003 to 34.9% in the first half of 2004.

UOB Group's provision charges decreased 72.9% to S$76 million in the first half of 2004 from S$280 million in the first half of 2003. The decrease was largely attributable to lower specific provisions for loans and the write-back of general provisions due to improved asset quality and economic conditions in Singapore and the region.

Share of associates' profit (before tax) increased 156.3% to S$76 million in the first half of 2004 compared to S$30 million in the first half of 2003, mainly due to higher contributions from most of UOB Group's major associates.

Results of Operations (Years ended 2001, 2002 and 2003)

OUB was acquired and became a subsidiary of UOB Group on September 20, 2001. OUB was subsequently merged into UOB on January 2, 2002. The results of OUB Group were included in the financial statements of UOB Group from October 1, 2001. OUB Group operations contributed S$198 million to UOB Group's net profit attributable to shareholders for the year ended December 31, 2001, before deducting goodwill amortization of S$48 million. The balance sheet items of

UOB Group as at December 31, 2001 reflected the enlarged UOB Group, while the profit and loss items for the year ended December 31, 2001 included only the last three months' results of OUB Group. The financial data of UOB Group for 2001 should therefore be viewed within this context.

UOB Group's net profit after tax increased 19.5% to S$1,202 million in 2003 from S$1,006 million in 2002. The increase was principally due to higher non-interest income and lower provision charges which were partially offset by lower net interest income. The increase in non-interest income was primarily driven by higher fee and commission income derived largely from investment-related, loan-related and trade-related activities, higher net profit from dealing securities, government securities and derivatives, as well as higher foreign exchange profit. These were partially offset by lower net interest income which was mainly due to lower contributions from inter-bank money market activities, as a result of the low and flat interest rate yield curve, and lower spreads on customer loans and advances. The lower provision charges were largely attributable to the decrease in specific provisions for loans which were in tandem with the decline in non-performing loans, and lower specific provisions for diminution in the value of investment securities.

UOB Group's net profit after tax increased 8.8% to S$1,006 million in 2002 from S$925 million in 2001. The increase was principally due to higher net interest income resulting from the full year impact of a larger loan base from the acquisition of OUB Group (see "— Singapore Acquisition"), an improved average net interest margin, higher fee and commission income, gains on the divestment of Haw Par Corporation, as well as higher profit from associates due to an exceptional gain at UOL on the sale of its Tiong Bahru Plaza retail mall. The increase was partially offset by higher specific provisions necessitated by lower loan collateral value in a weak property market and uncertain economic conditions, higher goodwill amortization charge due to a full year's amortization of goodwill from the acquisition of OUB Group, lower other operating income and higher operating expenses due to expanded operations resulting from the acquisition and consolidation of OUB Group into UOB Group.

Net Interest Income

The following table sets forth the components of the net interest income and other related data of UOB Group for the periods indicated:

	Years ended December 31,		
	2001	2002	2003
	(in millions, except percentages)		
Interest income			
Customer loans and advances	S$2,184	S$2,811	S$2,533
Inter-bank assets	952	546	410
Government securities	195	199	167
Dealing and investment securities	83	156	185
Total interest income	3,413	3,711	3,294
Interest expense			
Customer deposits	1,319	1,066	796
Inter-bank liabilities	612	396	293
Debts issued	53	121	135
Total interest expense	1,984	1,583	1,224
Net interest income	S$1,429	S$2,128	S$2,071
Interest yield(1)	4.9%	3.9%	3.6%
Net interest margin(2)	2.1	2.2	2.3
Average interest bearing assets(3)	S$69,471	S$95,790	S$92,039
Average interest bearing liabilities(4)	66,658	92,122	89,004

(1) Total interest income divided by average interest bearing assets.
(2) Net interest income divided by average interest bearing assets.
(3) See "— Average Balances and Interest Rates" for a breakdown of average interest bearing assets.
(4) See "— Average Balances and Interest Rates" for a breakdown of average interest bearing liabilities.

Net Interest Income. Net interest income declined 2.7% to S$2,071 million in 2003 from S$2,128 million in 2002, principally due to lower contributions from inter-bank money market activities, as a result of the low and flat interest rate yield curve, and lower spreads on customer loans and advances. Net interest income increased 48.9% to S$2,128 million in 2002 from S$1,429 million in 2001, principally due to a larger loan base resulting from the acquisition of OUB Group, and an improved average net interest margin.

Net Interest Margin. Net interest margin increased to 2.3% in 2003 from 2.2% in 2002, primarily due to a sharper decrease in funding costs compared to asset yields, which, in turn, was primarily attributable to a more rapid repricing of deposits compared to loans. Net interest margin increased to 2.2% in 2002 from 2.1% in 2001, as funding costs decreased more rapidly than asset yields.

Interest Income. Interest income decreased 11.2% to S$3,294 million in 2003 from S$3,711 million in 2002, largely due to lower contributions from customer loans and advances and inter-bank lending as a result of the lower average interest rates and balances for customer loans and advances and inter-bank assets. The lower rates reflected the general decline in market interest rates. Interest income increased 8.7% to S$3,711 million in 2002 from S$3,413 million in 2001, primarily due to an enlarged loan base and higher average volume of debt securities resulting from the acquisition of OUB Group.

Interest Expense. Interest expense decreased 22.7% to S$1,224 million in 2003 from S$1,583 million in 2002, primarily due to lower average interest rates on customer deposits and lower average interest rates and volume for inter-bank deposits. The lower rates reflected the general decline in market interest rates. Interest expense decreased 20.2% to S$1,583 million in 2002 from S$1,984 million in 2001, primarily due to lower average interest rates on customer deposits and inter-bank deposits, partially offset by higher average volume from the acquisition of the OUB Group.

Average Balances and Interest Rates

The following table shows the average balances, interest income and expense and average interest rates for the periods indicated:

	2001			2002			2003		
	Average Balance[1]	Interest	Average Rate	Average Balance[1]	Interest	Average Rate	Average Balance[1]	Interest	Average Rate
				(in millions, except percentages)					
Interest bearing assets									
Customer loans and advances	S$38,378	S$2,184	5.7%	S$60,221	S$2,811	4.7%	S$58,865	S$2,533	4.3%
Inter-bank assets	22,831	952	4.2	22,589	546	2.4	20,784	410	2.0
Government securities	6,711	195	2.9	10,049	199	2.0	8,607	167	1.9
Dealing and investment securities	1,551	83	5.3	2,931	156	5.3	3,783	185	4.9
Total interest bearing assets	69,471	3,413	4.9	95,790	3,711	3.9	92,039	3,294	3.6
Non-interest bearing assets									
Cash and balances with central banks	2,268			2,273			3,017		
Investments in associates	1,717			1,631			1,269		
Fixed assets	1,301			1,688			1,779		
Goodwill	791			3,756			3,586		
Other assets[2]	2,415			3,589			4,209		
Total non-interest bearing assets	8,492			12,937			13,860		
Total assets	S$77,963			S$108,727			S$105,899		
Interest bearing liabilities									
Customer deposits	S$49,315	1,319	2.7%	S$68,646	1,066	1.6%	S$68,016	796	1.2%
Inter-bank liabilities	16,120	612	3.8	20,255	396	2.0	17,695	293	1.7
Debts issued	1,223	53	4.4	3,221	121	3.8	3,293	135	4.1
Total interest bearing liabilities	66,658	1,984	3.0	92,122	1,583	1.7	89,004	1,224	1.4
Non-interest bearing liabilities									
Other liabilities[3]	2,772			3,725			4,042		
Total liabilities	S$69,430			S$95,847			S$93,046		
Net interest income		S$1,429			S$2,128			S$2,071	
Net interest margin[4]			2.1%			2.2%			2.3%

(1) Average balances are based on daily averages for Singapore operations and monthly averages for overseas operations.

(2) Includes accrued interest receivable, sundry debtors, deposits/prepayments, and revaluation gains on derivative financial instruments.

(3) Includes interest payable, accrued operating expenses, sundry creditors, revaluation losses on derivative financial instruments, interest/other income received in advance and minority interests.

(4) Net interest income divided by average interest bearing assets.

Volume and Rate Analysis

The following table sets forth the effects of changing rates and volumes on UOB Group's interest income and expense for the periods indicated. Information is provided with respect to (1) effects attributable to changes in volume (changes in volume multiplied by prior rate) and (2) effects attributable to changes in rate (changes in rate multiplied by current volume). Volume and rate variances have been calculated based on movements in average balances over the periods indicated and changes in interest rates on average interest bearing assets and liabilities. Changes attributable to the combined impact of changes in rate and volume have been allocated proportionately to the change due to volume and the change due to rate.

	Increase/(Decrease) for 2002/2001			Increase/(Decrease) for 2003/2002		
	Volume	Rate	Net Change	Volume	Rate	Net Change
			(in millions)			
Interest Income						
Customer loans and advances	S$1,243	S$(616)	S$627	S$(63)	S$(215)	S$(278)
Inter-bank assets	(10)	(396)	(406)	(44)	(92)	(136)
Government securities	97	(93)	4	(28)	(4)	(32)
Dealing and investment securities	73	—	73	45	(16)	29
Total interest income	S$1,403	S$(1,105)	S$298	S$(90)	S$(327)	S$(417)
Interest Expense						
Customer deposits	S$516	S$(769)	S$(253)	S$(10)	S$(261)	S$(271)
Inter-bank liabilities	157	(373)	(216)	(50)	(53)	(103)
Debts issued	87	(19)	68	3	11	14
Total interest expense	S$760	S$(1,161)	S$(401)	S$(57)	S$(303)	S$(360)

Non-interest Income

The following table shows information with respect to UOB Group's non-interest income for the periods indicated:

	Years Ended December 31,		
	2001	2002	2003
		(in millions)	
Non-interest income			
Fee and commission income[1]	S$355	S$501	S$588
Rental income	76	78	73
Dividend income	34	32	42
Other operating income[2]	330	296	387
Total non-interest income	S$795	S$906	S$1,089

(1) Includes fees from credit card operations, fund management, futures broking and stockbroking, investment/trade/loan-related activities and service charges.

(2) Includes net profit from dealing securities, government treasury bills and securities, and derivatives, foreign exchange dealings, disposal of investment securities and associates, disposal of fixed assets, disposal and liquidation of subsidiaries, and other income.

Non-interest income increased by 20.2% to S$1,089 million in 2003 from S$906 million in 2002. The growth was primarily driven by higher net profit from dealing securities, government securities and derivatives, higher foreign exchange profit, as well as higher fee and commission income derived largely from investment-related, loan-related and trade-related activities.

Non-interest income increased by 14.0% to S$906 million in 2002 from S$795 million in 2001. The increase in total non-interest income was primarily attributable to higher fee and commission income principally due to inclusion of a full year impact of OUB Group's operations and increased structured products activities, and higher profit on the sale of investment securities and associates. Higher profit on sale of associates (included in other operating income) were mainly contributed by a gain on the divestment of Haw Par Corporation of S$65 million. The higher non-interest income was, however, partially offset by lower net profit from dealing securities, government securities and derivatives, lower foreign exchange profit, as well as lower profit on the sale of properties.

Non-interest income was 35.7%, 29.9% and 34.5% of total operating income in 2001, 2002 and 2003, respectively.

Operating Expenses

The following table shows information with respect to UOB Group's operating expenses for the periods indicated:

	Years ended December 31,		
	2001	**2002**	**2003**
	(in millions, except percentages)		
Staff costs	S$443	S$536	S$532
Other operating expenses			
Depreciation	96	115	108
Rental of premises and equipment	44	50	39
Maintenance of premises and other assets	35	46	51
Other expenses of premises	32	33	32
Other expenses[1]	225	294	334
Total other operating expenses	431	538	564
Total operating expenses	S$874	S$1,074	S$1,095
Cost to income ratio[2]	39.3%	35.4%	34.7%

(1) Includes commission charges, advertising, telecommunications, printing, transport and other expenses.

(2) Total operating expenses divided by total operating income before operating expenses.

Operating expenses increased 2.0% to S$1,095 million in 2003 from S$1,074 million in 2002. The increase was mainly from higher other operating expenses which increased 4.8% to S$564 million in 2003, mainly due to higher advertising and marketing costs, as well as higher commissions paid. These were partially offset by lower rental expenses and lower depreciation charges on fixed assets. UOB Group's cost to income ratio improved to 34.7% in 2003 from 35.4% in 2002, as a result of the higher growth in total operating income before operating expenses compared to the increase in total operating expenses.

Operating expenses increased 22.9% to S$1,074 million in 2002 from S$874 million in 2001. Both other operating expenses and staff costs increased in 2002 largely due to the expanded operations resulting from the acquisition of OUB Group, and were partially offset by cost savings due to rationalization of operations. Other operating expenses increased 24.7% to S$538 million in 2002, mainly driven by higher depreciation expenses on land and buildings and other fixed assets, higher rental and maintenance costs, higher advertising and promotional expenses, as well as higher commission and brokerage expenses. UOB Group's cost to income ratio improved to 35.4% in 2002 from 39.3% in 2001, in part due to the swift integration of OUB and continued careful management of expenses.

Provisions for Possible Loan Losses and Diminution in Value of Other Assets

The following table shows information with respect to UOB Group's provisions charged (by country of exposure and not country in which the loan is booked) for the periods indicated (negative numbers represent net reversals of provisions):

	Years ended December 31,		
	2001	2002	2003
		(in millions)	
Specific Provisions for Loans			
Singapore and other countries[(1)]	S$202	S$428	S$387
Regional Countries[(2)]	(17)	33	(38)
Greater China[(3)]	(20)	(39)	(3)
Total specific provisions for loans	165	422	345
Specific Provisions for Other Assets[(4)]	70	43	16
General Provisions			
Regional Countries[(2)]	(74)	(2)	1
Other	4	2	(1)
Total general provisions	(70)	—	—
Total provisions	S$165	S$465	S$362

(1) All other countries other than the Regional Countries and Greater China.

(2) Thailand, Malaysia, Indonesia, South Korea and the Philippines.

(3) China, Hong Kong and Taiwan.

(4) Includes provision for diminution in value/impairment of investments, properties and other assets.

Total provisions decreased 22.2% to S$362 million in 2003 from S$465 million in 2002. The decrease was primarily due to lower specific provisions for loans resulting from the decline in non-performing loans, as well as lower specific provisions for diminution in the value of investment securities.

Total provisions increased 181.9% to S$465 million in 2002 from S$165 million in 2001. The increase was primarily due to higher specific provisions on loans due to reduced collateral value as a result of weakness in the property market and uncertain economic conditions.

Exceptional Item

Exceptional item comprised restructuring and integration costs resulting from the acquisition and integration of OUB. As most of the restructuring and integration of OUB was carried out and completed in 2002, costs incurred in 2002 of S$48 million were higher than the S$12 million recorded in 2001.

Share of Profit of Associates

Share of profit before tax of associates decreased 13.1% to S$107 million in 2003 from S$123 million in 2002, mainly reflecting a one-time exceptional gain recorded by United Overseas Land that arose from the sale of the Tiong Bahru Plaza retail mall in the first quarter of 2002. In addition, there was no share of profit from Haw Par Corporation which ceased to be an associate of UOB Group following its divestment in December 2002. These factors were partially offset by higher contributions from other associates.

Share of profit before tax of associates increased 71.6% to S$123 million in 2002 from S$72 million in 2001. Higher contribution from associates was mainly attributed to a one-time exceptional gain recorded by United Overseas Land on the sale of its Tiong Bahru Plaza retail mall.

Tax

Tax expenses were S$269 million, S$340 million and S$393 million in 2001, 2002 and 2003, respectively. This resulted in effective tax rates of 22.5%, 24.7% and 24.4% in 2001, 2002 and 2003, respectively. The Singapore statutory income tax rates were 24.5% for 2001, and 22% for 2002 and 2003. The higher effective tax rate than the Singapore statutory income tax rate of 22% in 2002 and 2003 was mainly due to the tax effects on expenses, largely goodwill amortization that are not deductible for tax purposes.

Net Profit After Tax

As a result of the foregoing, net profit after tax increased 19.5% to S$1,202 million in 2003 from S$1,006 million in 2002.

As a result of the foregoing, net profit after tax increased 8.8% to S$1,006 million in 2002 from S$925 million in 2001.

Financial Condition

Total Assets

UOB Group's total assets as at December 31, 2003 grew to S$113,446 million, representing an increase of 5.6% over S$107,430 million as at December 31, 2002. The increase was primarily due to higher cash and balances with central banks as well as higher inter-bank placements and balances. UOB Group's total assets were S$116,805 million as at June 30, 2004.

UOB Group's total assets as at December 31, 2002 were S$107,430 million, a decrease of 5.7% since December 31, 2001. The decrease was largely due to lower inter-bank balances as UOB Group phased out higher-interest deposit taking activities of the OUB business and a decrease in customer loans and advances due to limited loan demand.

Customer Loans and Advances

Customer loans and advances (net of cumulative provisions) increased 0.7% to S$59,297 million as at December 31, 2003 from S$58,884 million as at December 31, 2002. The increase was primarily due to growth in the housing loans and trade financing portfolios which were partially offset by lower overdraft utilization. Customer loans and advances (net of cumulative provisions) were S$59,895 million as at June 30, 2004.

Customer loans and advances (net of cumulative provisions) decreased 3.3% to S$58,884 million as at December 31, 2002 from S$60,892 million as at December 31, 2001. This resulted mainly from a decrease in demand for term loans and overdraft portfolios due to weaker economic conditions, which was partially offset by an increase in the housing loans portfolio.

Inter-bank Assets

Inter-bank assets increased 8.7% to S$21,122 million as at December 31, 2003 from S$19,426 million as at December 31, 2002. This was principally due to higher excess funds being placed out as a result of higher deposits from non-bank customers. Inter-bank assets were S$19,442 million as at June 30, 2004.

Inter-bank assets decreased 21.5% to S$19,426 million as at December 31, 2002 from S$24,746 million as at December 31, 2001. This was principally the result of lower excess funds due largely to the redemption of the US$1,268 million Subordinated Floating Rate Notes and lower customer deposits.

Total Liabilities

Total liabilities increased 5.6% to S$100,009 million as at December 31, 2003 from S$94,668 million as at December 31, 2002. The increase was mainly due to the issue of US$1,000 million 4.50% Subordinated Notes due 2013 in June 2003, as well as an increase in customer deposits and other liabilities. Total liabilities were S$103,186 million as at June 30, 2004.

Total liabilities decreased 6.1% to S$94,668 million as at December 31, 2002 from S$100,773 million as at December 31, 2001. The decrease was mainly due to decreases in customer deposits and the redemption of the US$1,268 million Subordinated Floating Rate Notes in 2002.

Customer Deposits

Customer deposits increased 2.9% to S$69,863 million as at December 31, 2003 from S$67,919 million as at December 31, 2002, principally due to higher savings and other deposits partially offset by lower fixed deposits. Customer deposits were S$71,631 million as at June 30, 2004.

Customer deposits decreased 8.8% to S$67,919 million as at December 31, 2002 from S$74,452 million as at December 31, 2001, principally due to lower fixed deposits as UOB Group phased out higher cost deposits offered by OUB. The customer loan-to-deposit ratio as at December 31, 2003 was 84.9% compared with 86.7% as at December 31, 2002 and 81.8% as at December 31, 2001. The customer loan-to-deposit ratio as at June 30, 2004 was 83.6%.

Inter-bank Liabilities

Inter-bank liabilities decreased 2.4% to S$18,839 million as at December 31, 2003 from S$19,302 million as at December 31, 2002. As at June 30, 2004, inter-bank liabilities were S$21,959 million.

Inter-bank liabilities increased 6.7% to S$19,302 million as at December 31, 2002 from S$18,094 million as at December 31, 2001. The increase in inter-bank funding was mainly due to the redemption of the US$1,268 million Subordinated Floating Rate Notes in 2002.

Debts Issued

Total debts issued by UOB Group amounted to S$4,196 million as at December 31, 2003 as compared with S$2,147 million as at December 31, 2002. The increase was primarily due to the issue of US$1,000 million 4.50% Subordinated Notes due 2013 and credit linked, interest rate linked and equity linked notes in 2003. As at June 30, 2004, total debts issued by UOB Group amounted to S$4,372 million.

Total debts issued by UOB Group amounted to S$2,147 million as at December 31, 2002 as compared with S$4,157 million as at December 31, 2001. The reduction was mainly due to the redemption of the US$1,268 million Subordinated Floating Rate Notes in 2002.

Liquidity

UOB Group maintains liquidity by holding sufficient quantities of liquid assets with which to meet actual or potential demands for funds from depositors and borrowing customers in accordance with applicable banking law and regulations. UOB Group's policy is to diversify its sources of funds, improve the efficiency of its funds allocation and maintain a prudent position between UOB Group's capital and the risks of its business transactions. See "Description of Assets and Liabilities — Liquidity Risk Management". Banks in Singapore are subject to minimum liquid asset requirements and a 3.0% minimum cash balance requirement set by the MAS. See "Regulation and Supervision". UOB Group has excess liquidity as a result of its strong customer and inter-bank deposit base. As at June 30, 2004, UOB Group was a net lender in the Singapore inter-bank market, consistent with its policy of being a net lender in the Singapore inter-bank market. See "Risk Factors — Risks Relating to UOB Group — Liquidity shortfalls may increase the costs of funds".

Off-balance Sheet Items

UOB Group's off-balance sheet items consist of contingent liabilities, derivative financial instruments and commitments. Contingent liabilities were S$8,729 million as at December 31, 2003, a decrease of 2.1% over that of S$8,919 million as at December 31, 2002. The aggregate contract or underlying principal amount of derivative financial instruments, consisting primarily of forwards, swaps, options and futures, was S$183,840 million as at December 31, 2003, an increase of 40.0% over that of S$131,279 million as at December 31, 2002. The increase was primarily due to increases in interest rate swaps and forwards. Commitments, consisting principally of undrawn credit facilities, were S$37,660 million as at December 31, 2003, an increase of 3.1% over that of S$36,526 million as at December 31, 2002. Contingent liabilities were S$9,087 million as at June 30, 2004. The aggregate contract or underlying principal amount of derivative financial instruments was S$248,076 million as at June 30, 2004. Commitments were S$39,404 million as at June 30, 2004.

Contingent liabilities were S$8,919 million as at December 31, 2002, an increase of 14.5% over that of S$7,788 million as at December 31, 2001. The aggregate contract or underlying principal amount of derivative financial instruments was S$131,279 million as at December 31, 2002, an increase of 59.7% over that of S$82,208 million as at December 31, 2001. The increase was primarily due to increases in foreign exchange swaps and interest rate swaps. Commitments were S$36,526 million as at December 31, 2002, an increase of 5.3% over that of S$34,692 million as at December 31, 2001.

Capital Management

UOB Group's capital management policies are to diversify its sources of capital, to allocate capital efficiently and to maintain a prudent relationship between the capital and the risks of its underlying business, in order to support growth of UOB Group both organically and through acquisitions. UOB Group monitors its capital adequacy position and monitors market conditions to determine desirability and timing of raising additional capital. In determining capital requirements, UOB Group projects business growth, branch network expansion, capital investment plans, earnings and reserve requirements. See "Capital Adequacy Ratios" and "Description of Assets and Liabilities".

To strengthen UOB Group's and UOB's capital structure upon the acquisition of OUB Group, UOB issued the S$1,300 million 4.95% Subordinated Notes due 2016 Callable with Step-up in 2011, and the US$1,268 million Subordinated Floating Rate Notes due 2011 Callable in 2002. In June 2003, UOB issued the US$1,000 million 4.50% Subordinated Notes due 2013. These notes qualify as Upper Tier II regulatory capital. The US$1,268 million Subordinated Floating Rate Notes were fully redeemed on March 26, 2002 and September 19, 2002.

Recent Changes in Accounting Policies

Following the Monetary Authority of Singapore's revision of Notice to Banks MAS 605 on Revaluation of Assets which allows banks to mark to market their portfolios, the UOB Group has changed its accounting policy with effect from January 1, 2003, and comparative figures have been restated to conform to the changed policy as follows:

- All securities held for trading are stated at market value (formerly: lower of cost and market value on an aggregate basis);
- Government bonds, other than those held for trading, are stated at cost (adjusted for amortization of premium/discount) less provision for diminution in value that is other than temporary, on an individual basis (formerly: lower of cost and market value on an aggregate basis).

Pursuant to the Singapore Companies (Amendment) Act 2002, with effect from the financial year commencing on or after January 1, 2003, Singapore-incorporated companies are required to prepare and present their statutory financial statements in accordance with Singapore FRS. Hence, the financial statements of UOB Group, including the comparative figures, have been prepared in accordance with Singapore FRS. Previously, UOB Group prepared its financial statements in accordance with Singapore SAS. The adoption of Singapore FRS does not have a material impact on the accounting policies and figures presented in the financial statements for the financial years ended December 31, 2002 and 2003.

With effect from January 1, 2002, UOB Group has adopted the then revised SAS 12 (2001) Income Taxes, now known as Singapore FRS 12 Income Taxes, and 2001 and 2000 figures have been restated to conform to the changed policy. Under the changed policy, deferred income tax is determined on the basis of tax effect accounting using the liability method. Deferred income tax is provided in full on significant temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred income tax. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax is provided on significant temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future. Prior to January 1, 2002, deferred tax was provided on significant timing differences arising from the different treatments in accounting and taxation of relevant items except where it can be demonstrated with reasonable probability that the tax deferral would continue for the foreseeable future. In accounting for timing differences, deferred tax assets were not accounted for unless there was reasonable expectation of their realization.

In addition, the then Interpretation of Statement of Accounting Standard 5, now known as Interpretation of Singapore FRS 12 ("INT FRS 12"): Consolidation — Special Purpose Entities ("SPE") requires that SPE be consolidated when the substance of the relationship between UOB Group and the SPE indicates that the SPE is controlled by UOB Group. The implementation of INT FRS 12 has resulted in the consolidation of an SPE, Archer 1 Limited, established in the ordinary course of UOB Group's business. The principal activity of Archer 1 Limited is to carry on the business of investment holding, and for that purpose to issue notes and bonds and apply the proceeds from the notes and bonds towards the purchase of debt securities. The accounting policy was adopted on January 1, 2002 to comply with INT FRS 12 and has been accounted for retrospectively. The financial statements of UOB Group have been restated to conform to the new policy. See Note 35 to the UOB Group Financial Statements for 2003.

CAPITAL ADEQUACY RATIOS

Since June 2004, the minimum capital adequacy ratio requirement in Singapore has been 10.0% (previously 12.0%), of which at least 7.0% (previously 8.0%) must be in Tier I Capital and the balance may be in Upper Tier II Capital, such as qualifying preference shares or Upper Tier II capital instruments which contain, among other things, dividend or interest deferral and loss absorption features. See "Regulation and Supervision".

UOB Group's total Capital Adequacy Ratio was calculated under BIS guidelines as at December 31, 2001, 2002 and 2003 and under MAS guidelines as at June 30, 2004 and for the comparative figures shown as at June 30, 2003.

Application has been made to the MAS for approval for the Notes being offered pursuant to this Offering Memorandum to qualify as Upper Tier II Capital securities.

The following table sets forth details of capital resources and capital adequacy ratios of UOB Group as at the dates indicated:

	As at December 31,[1]			As at June 30,[2]	
	2001	2002	2003	2003	2004
	(in millions, except percentages)				
Tier I Capital:					
Share capital	S$1,571	S$1,572	S$1,572	S$1,572	S$1,572
Disclosed reserves/other	11,164	11,106	11,697	11,299	11,903
Goodwill	(3,777)	(3,684)	(3,483)	(3,584)	(3,518)
	8,958	8,994	9,786	9,287	9,957
Tier II Capital:					
Revaluation reserves	671[3]	349[3]	380[3]	—[4]	—[4]
Cumulative general provisions	949	920	952	926	978
Subordinated notes:					
S$1,300 million 4.95% Subordinated Notes due 2016 Callable with Step-up in 2011	1,295	1,295	1,295	1,295	1,295
US$1,268 million Subordinated Floating Rate Notes[5]	2,343	—	—	—	—
US$1,000 million 4.50% Subordinated Notes due 2013	—	—	1,697	1,756	1,715
	5,258	2,563	4,323	3,976	3,988
Deduction against Capital	(161)	(337)	(211)	(2,332)[6]	(3,360)[6]
Total capital	S$14,055	S$11,220	S$13,898	S$10,931	S$10,585
Risk Weighted Assets:					
Risk weighted assets including market risks	S$75,897	S$73,574	S$76,163	S$73,847	S$77,838
Capital Adequacy Ratio:					
Tier I ratio	11.8%	12.2%	12.8%	12.6%	12.8%
Total capital ratio	18.5%	15.3%	18.2%	14.8%	13.6%

(1) Calculated under BIS guidelines.

(2) Calculated under the MAS Notice 637 (Notice on Risk Based Capital Adequacy Requirements for Banks incorporated in Singapore).

(3) After discount of 55.0% in accordance with BIS guidelines.

(4) No revaluation reserves were recognized as the revaluation surpluses of land and building assets and qualifying equity securities were not recorded in the financial statements. This is in accordance with the MAS Notice 637.

(5) Redeemed in 2002.

(6) Under the MAS Notice 637, the deductions against capital include capital investments in companies in which a major stake is held. Included in deductions against capital as at June 30, 2004 is the committed capital for the acquisition of an 80.77% stake in Bank of Asia of S$925 million.

BUSINESS

UOB was founded in 1935 as the United Chinese Bank. It was renamed the United Overseas Bank in 1965, the year it opened its first overseas branch in Hong Kong. UOB has been listed on the SGX-ST since 1970, and had a market capitalization of S$21,064 million as of June 30, 2004.

UOB Group is a major banking group in Singapore providing its customers with a wide range of financial products and services through its domestic branch network and other delivery channels. UOB Group's business comprises individual financial services, institutional financial services, global treasury, asset management and other activities including property-related business, insurance, management of shareholders' funds and stockbroking activities. UOB Group offers stockbroking services to its customers through its associate, UOB-Kay Hian. UOB Group also has interests in travel, leasing, property development and management, hotel operations and general trading. UOB is required to divest itself of certain non-financial assets by July 17, 2006. See "Regulation and Supervision".

UOB Group's first overseas offices were opened in Hong Kong and Malaysia in the 1960s and 1970s. Since then, UOB Group has continued to expand its business overseas, mainly in Southeast Asia and Greater China (i.e. China, Hong Kong and Taiwan). UOB Group's growing international network now includes branches, subsidiaries, agencies and representative offices in Southeast Asia, Greater China, Japan, South Korea, Australia, Western Europe and North America. UOB Group has a large presence in Malaysia. UOB Group's Malaysian operations contributed S$253 million or 14.0% of UOB Group's pretax profit before goodwill amortization in the year ended December 31, 2003 and accounted for 10.5% of UOB Group's assets (excluding goodwill) as at December 31, 2003. In late 1999, UOB acquired majority interests in banking subsidiaries in Thailand and the Philippines. In 2002, UOB Group increased its shareholding in UOB Radanasin, its Thai banking subsidiary, to 78.8%. Also, in 2002, UOB Group increased its shareholding in UOB Philippines to close to 100.0% and acquired a further 19.1% of the issued and paid-up capital of UOB Indonesia, increasing its interest in the bank to 99.0%. In May 2004, UOB acquired the remaining shares in UOB Philippines that it did not own. In June 2004, UOB increased its shareholding in UOB Radanasin to 83.8% and acquired a 23.0% interest in Bank Buana. In July 2004, UOB also acquired an 80.8% stake in BOA in Thailand. In August 2004, UOB made a mandatory tender offer for the remaining shares in BOA at the same purchase price per share as the shares previously acquired. See "— International Operations".

UOB Group derives most of its revenue in Singapore, where it had a network of 62 branches and 344 ATMs as at June 30, 2004. As at June 30, 2004 and December 31, 2003, respectively, UOB Group had S$116,805 million and S$113,446 million in total assets, consisting primarily of S$59,895 million and S$59,297 million in net customer loans and advances, S$19,442 million and S$21,122 million in placements and balances with banks and agents, S$16,292 million and S$13,609 million in investment, government and dealing securities and S$10,527 million and S$8,035 million in cash and balances with central banks. UOB Group had S$71,631 million and S$69,863 million in customer deposits, S$21,959 million and S$18,839 million in deposits of other banks and agents and S$13,450 million and S$13,282 million in total share capital and reserves. UOB accounted for approximately 83.5% and 84.2% of UOB Group's total assets as at June 30, 2004 and December 31, 2003, respectively.

In September 2001, UOB acquired OUB, another major Singapore bank. The two banks were legally merged in January 2002. UOB successfully completed the integration of the operations and systems of OUB and its group companies in June 2002. The merger significantly increased UOB's Singapore operations and also expanded its overseas operations, particularly in Malaysia and Hong Kong. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Singapore Acquisition".

In 2002, UOB acquired all the remaining shares in its banking subsidiary, ICB, de-listed ICB from the SGX-ST and merged the company into UOB. In April 2003, Overseas Union Trust, another subsidiary, was merged into UOB by a scheme of arrangement.

UOB has received numerous awards including Bank of The Year — Singapore (*The Banker* — Awards 2002 and 2003); Best Domestic Commercial Bank — Singapore (*Asiamoney* 2004); Best Local Bank — Singapore (*FinanceAsia* — Country Awards For Achievement 2002 and 2003); Top

10 Singapore Companies (5th Position) (*Far Eastern Economic Review* — Review 200: Asia's Leading Companies Award 2003); Most Progress in Investor Relations (*IR Magazine* Awards 2002 and 2003); and Global Top 10 (4th Position), Five-year (1999 to 2003) Shareholder Performance Index (Mercer Oliver Wyman's "State of the Financial Services Industry Report").

Strategy

UOB Group's vision is to be a premier banking group in the Asia-Pacific region, committed to providing quality products and excellent customer service.

To achieve this goal, UOB Group has set the following objectives: to be a leader in individual and institutional financial services in Singapore; to pursue focused regional expansion particularly in Southeast Asia and Greater China; to create shareholder value; to ultimately increase the relative contribution of overseas operations to 40.0% of UOB Group's net profit; and ultimately to derive 50.0% of operating income from non-interest income activities.

The major components of UOB Group's strategy are as follows:

Further strengthen UOB Group's position in Singapore. UOB Group seeks to further strengthen its market position in Singapore by continuing to provide innovative products and quality services to its individual, SME and corporate customers. This "customer-centric" approach is a key aspect of UOB Group's business philosophy.

Enhance UOB Group's strengths in consumer banking. UOB Group plans to enhance its leadership position in Singapore's credit card market by providing greater incentives to cardholders and merchants. UOB Group also aims to continue to prudently manage its large portfolio of residential mortgages. UOB Group intends to remain competitive by leveraging its strong local franchise and close customer relationships. It is adopting a relationship-based strategy and targeting the "mass affluent" and high net worth consumer segments. In doing so, UOB Group seeks to deepen its relationships with its customers and increase cross-selling opportunities. To further these efforts, UOB Group intends to continue to enhance its extensive data warehouse and use of data-mining tools. UOB Group is also implementing customer relationship management ("CRM") systems to improve services to customers. UOB Group desires to continue enhancing its extensive network of delivery channels to efficiently provide its customers with convenient access to services.

Seek to maintain its leadership in the SME market. UOB Group's strength in the SME market is based on UOB Group's knowledge of the market and strong relationships with its customers (including OUB customers) developed over the years. UOB Group seeks to leverage its large SME customer base and its understanding of their businesses and financing needs to continue to provide relevant products and quality services to meet the needs of SMEs both domestically and throughout the region.

Leverage strong Singapore operations to pursue focused regional expansion. In order to increase the relative contribution of overseas operations to UOB Group's net profit, UOB Group aims to expand in Southeast Asia and Greater China, both through organic growth and through acquisitions when appropriate opportunities arise. UOB Group intends to leverage its expanding regional network to support its client base, in particular its corporate and SME customers, as these customers continue to expand their operations in Southeast Asia and Greater China. UOB Group intends to continue to develop its local banking business in existing countries. UOB Group also intends to continue to transfer technology, product expertise and business practices to its overseas branches and regional banking subsidiaries to enable them to expand further their business.

Reinforce UOB Group's fee-based activities. In the highly competitive treasury and investment banking environments, currently dominated by global financial institutions, UOB Group's strength is in its management expertise and network in Asia. UOB Group aims to continue to expand the range of products and services that it offers to its customers in Singapore and the region, including through joint ventures and strategic alliances with international financial institutions. In asset management, UOB Group plans to build on its strong brand name and track record to develop products and services and to increase the amount of assets under management. Since 2002, UOB Group has made significant progress in the area of structuring, arranging and managing synthetic collateralized debt obligations ("CDOs") and intends to continue to develop its CDO capability. UOB Group also plans to increase its activities in the wealth management, credit card, treasury and trade related areas to generate additional fee-based income.

Further expand information technology capabilities. UOB Group views its use of IT as a key competitive advantage. UOB Group's IT function plays an important role in the evaluation and implementation of UOB Group's business strategies. UOB Group intends to continue using IT to improve operational and cost efficiency for its various back-office and processing functions. In addition, UOB Group is embarking on several IT projects to better serve its customers, including regional hubbing, CRM, cash management and portfolio management projects. UOB Group intends to use information technologies to encourage its customers to migrate towards lower cost self-service banking channels for routine transactions, freeing branch resources to focus on customer service, sales and delivery of financial products. UOB Group intends to continue to exploit both its call center and the Internet as cost effective and efficient delivery channels.

Focus on further enhancing corporate governance and risk management. UOB Group is dedicated to maintaining high standards of corporate governance and sound risk management practices. With globalization and the rapid advancement of technology, financial institutions are faced with a constantly changing environment. UOB Group believes that under these circumstances, prudent management of risk is crucial to ensure its continued financial soundness and to safeguard and protect the interest of its depositors, creditors and shareholders.

Develop human resources to meet strategic challenges. UOB Group believes that it must continue to develop human capital capable of meeting the challenges of an increasingly competitive business environment. Recognizing the importance of human resources, UOB Group is continuing to develop and provide incentives for its talent pool to meet the ever-changing needs of a diverse customer base and to achieve its vision of becoming a premier banking group in the Asia-Pacific region.

Competition

UOB Group faces competition from a number of sources. UOB Group's primary competitors are the other major Singapore banks, foreign banks operating in Singapore, and banks operating in other locations where UOB Group has a significant presence, particularly Southeast Asia and Greater China. The other major Singapore banking groups are DBS Group Holdings Ltd. and Oversea-Chinese Banking Corporation Limited. The Singapore local banking industry has consolidated significantly in recent years, with the number of local banking groups decreasing to three.

In addition, UOB Group faces indirect competition for customers from a variety of financial services companies such as finance companies, securities companies, credit unions, savings co-operatives, leasing and factoring companies, and increasingly, Internet-based financial services companies. UOB Group also faces competition in international markets from a variety of banks and financial institutions, many of which have extensive worldwide operations.

The following table sets forth information with respect to consolidated total assets, customer loans and advances and customer deposits for UOB Group and its major domestic banking competitors in Singapore as at December 31, 2003, 2002 and 2001, based on the companies' published annual reports.

	As at December 31, 2003		
	Total Assets	**Customer Loans and Advances[(1)]**	**Customer Deposits**
		(in millions)	
DBS Group Holdings Ltd.	S$159,595	S$64,335	S$108,041
UOB Group	113,446	59,297	69,863
Oversea-Chinese Banking Corporation Limited	84,497	50,155	53,460

(1) Net of provisions.

	As at December 31, 2002		
	Total Assets	**Customer Loans and Advances[(1)]**	**Customer Deposits**
		(in millions)	
DBS Group Holdings Ltd.	S$149,445	S$60,709	S$101,315
UOB Group	107,430	58,884	67,919
Oversea-Chinese Banking Corporation Limited	84,051	47,367	53,948

(1) Net of provisions.

	As at December 31, 2001		
	Total Assets	**Customer Loans and Advances[(1)]**	**Customer Deposits**
		(in millions)	
DBS Group Holdings Ltd.	S$151,462	S$68,208	S$106,771
UOB Group	113,888	60,892	74,452
Oversea-Chinese Banking Corporation Limited	85,417	49,609	54,675

(1) Net of provisions.

UOB Group may face additional competition in the future due to initiatives by the Singapore Government to liberalize the banking industry. Such liberalization of the Singapore banking industry has resulted in the granting of QFB licenses to six foreign financial institutions (ABN Amro, BNP Paribas, Citibank, HSBC, Maybank and Standard Chartered) and permitting these QFBs to establish operations in up to 25 locations with effect from January 1, 2005. These 25 locations can be used for branches or off-site ATMs. In addition, the Singapore Government has allowed more foreign banks to obtain wholesale banking licenses. Furthermore, under the recently signed United States — Singapore Free Trade Agreement, the Singapore Government has agreed to provide United States financial institutions with greater access to Singapore's banking and financial industry. See "Risk Factors — Risks Relating to Investment in a Singapore Bank — Increased competition may result in decreased loan margins and reduced market share" and "Regulation and Supervision — Proposed Changes in the Banking and Regulatory Environment".

Key Businesses

UOB Group's businesses are organized 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". The individual financial services segment encompasses personal financial services and high net worth client services. Institutional financial services encompass commercial credit, corporate banking, corporate finance and capital markets activities. Global treasury provides treasury services including foreign exchange, money market, fixed income, derivatives, leveraged trading and futures broking activities. The asset management segment encompasses asset management, venture capital management and proprietary investment activities. UOB Group's "Other" segment includes property-related business, insurance, management of shareholders' funds and stockbroking activities (but excludes such activities carried out by associates, including United Overseas Land, and by Overseas Union Enterprise and Hotel Negara). In UOB Group's financial statements, contributions from overseas operations are included in the results for the respective business segments.

UOB Group provides banking services in Singapore through branches of UOB and its banking subsidiary, Far Eastern Bank Limited ("FEB"). International operations are conducted through UOB Group's overseas branches, representative offices, agencies, banking subsidiaries and other subsidiaries. Other financial services such as asset management and stockbroking are conducted mainly through subsidiaries and associates.

The individual financial services segment reported S$1,013 million in income before operating expenses and S$421 million in profit before taxation in 2003. The institutional financial services segment reported S$1,230 million in income before operating expenses and S$682 million in profit before taxation in 2003. The global treasury segment reported S$445 million in income before operating expenses and S$305 million in profit before taxation in 2003. The asset management segment reported S$203 million in income before operating expenses and S$149 million in profit before taxation in 2003. The "Other" segment reported S$269 million in income before operating expenses and S$210 million in profit before taxation in 2003. UOB Group's net profit before taxation figures represent income less operating expenses that are directly attributable, and those that can be allocated on a reasonable basis, to a segment. Inter-segment transactions are charged at internal transfer prices, estimated based on the costs of providing the products and services, and after taking into account competitive market prices that are charged to unaffiliated customers. See Note 42 to the 2003 Financial Statements.

Individual Financial Services

UOB Group offers a comprehensive range of individual financial services including housing loans, automobile loans, overdraft facilities, personal loans, share financing and other consumer lending products, credit cards, debit cards, savings accounts and fixed deposits, checking accounts, mutual funds, fund management accounts and investment-related insurance products as well as treasury products, stockbroking services and venture capital funds. UOB Group offers its customers in Singapore general banking services denominated in Singapore dollars as well as certain banking services denominated in foreign currencies. The product range offered includes proprietary and third party products.

UOB Group is gradually shifting towards a segment marketing approach in which special programs and services are offered to its more affluent customers who meet designated relationship criteria. See "— Segmentation of Customer Base".

Consumer Deposit Services

UOB Group offers a comprehensive range of deposit products including current accounts, savings accounts, fixed deposits and structured deposit products. Consumer deposit products are primarily denominated in Singapore dollars, but certain deposit products are also available in foreign currencies. In Singapore, UOB Group's foreign currency deposit business consists primarily of US dollar fixed deposits.

Consumer Lending

Housing Loans. Housing loans are UOB Group's primary consumer lending product. UOB Group had approximately S$14,789 million in outstanding housing loans as at December 31, 2003, a substantial majority of which comprised loans for Singapore properties. Beginning in 2003, Singapore's Housing Development Board ("HDB") no longer provides market rate loans to buyers of HDB flats in the non-subsidized category, allowing UOB Group and its competitors to offer HDB bank loans for refinancing to current HDB flat owners.

In Singapore, UOB Group offers fixed and floating rate housing loan packages with tenors of up to 35 years. The interest rates for fixed rate housing loan packages are fixed only for the first one to two years. In June 2003, UOB launched FirstZero Home Loan, a groundbreaking home package that gives customers more savings with its 0% interest for the first year which has received good market response. In accordance with MAS directives effective from May 1996, customers may borrow up to 80.0% of the lower of the purchase price or the fair market value of the property. In July 2002, the Singapore Government announced changes to lending rules for residential properties relating to the use of savings in the Central Provident Fund ("CPF") for property purchases. The CPF is a national savings and retirement fund. The banks and financial institutions now hold the first charge in priority to the CPF Board over the CPF funds for payment towards housing loans, where the purchases or options to purchase were entered into on or after September 1, 2002 or where loans are refinanced after this date. For purchases or options to purchase residential property entered into on or after September 1, 2002, borrowers may apply their CPF savings to a down payment of up to 10.0% of the property value as part of the regulatory minimum down payment of 20.0% of the property value.

The Singapore housing loan market is very competitive. UOB Group believes that its wide branch network, strong customer service, competitive pricing and flexible loan packaging will enable it to maintain a significant share of this market. UOB's strategy is to focus on the mass affluent segment and private property home loans. The private property loans accounted for more than 90% of UOB Group's portfolio of housing loans as at December 31, 2003.

Automobile Loans. Despite being a relative late entrant into the consumer car loans business in November 1999, UOB has built a car loan portfolio of approximately S$2 billion as at December 31, 2003 and is currently a significant participant in this industry. UOB believes that it has benefited from its relationship with distributors and from referrals by finance brokers and car dealers.

Personal Loans. Launched in 2000, UOB CashPlus is an unsecured revolving credit line. Under the MAS directive, the qualification criteria is a minimum of S$30,000 per annum income from the customers and the credit limit is up to two times the monthly salary. UOB Group intends to focus on growing the customer base and outstanding loans in this business over time.

Other Consumer Lending. UOB Group offers a variety of other consumer lending products including investment property loans, overdrafts, renovation loans and share financing.

Credit Cards and Debit Cards

Credit Cards. UOB Group is a market leader in the Singapore credit card market and had a card base of more than 900,000 cards as at December 31, 2003. In the past two years, UOB Group's cardholder base has increased significantly following the launch of new credit card products and active marketing. UOB Group offers its customers Visa and Mastercard credit cards in classic, gold and platinum versions targeted at different market segments. In addition, UOB Group offers JCB classic and gold cards. Apart from these generic cards, UOB Group also offers niche versions of its credit cards, such as a Lady's Card targeted at women, an MTV Card targeted at the youth market and a Golf Card targeted at golf enthusiasts. UOB was the first bank in Asia-Pacific to launch the Visa Infinite Card in Singapore. The UOB Visa Infinite Card is a highly exclusive card for high net worth individuals. UOB Group was also the first to launch the Visa Mini Card. At half the size of the conventional credit card, it is the smallest Visa card in the market and more than 80,000 new Visa Mini Cards were issued in the first six months of its launch. UOB Group also offers commercial card products consisting of a corporate card aimed at local affiliates of multinational companies, a business card aimed at SMEs and a purchasing card aimed at businesses generally. Other than the purchasing card, which is a charge card, all of the UOB Group's card products are credit cards allowing revolving balances. UOB Group also offers a number of programs with strategic partners that offer benefits to customers, including UOB's "Rewards Unlimited" program, which offers cardholders bonus points redeemable for an extensive choice of merchandise.

Debit Cards. UOB Group's ATM cards also serve as debit cards within the local Network Electronic Transfer System ("NETS"). Through NETS, holders of a participating bank's ATM card may make cashless electronic payments at participating merchants in Singapore. Recognizing that its customers also desire access to these cashless services both in Singapore and internationally, UOB Group is currently encouraging its customers to hold ATM cards that include VISA Electron or VISA debit features, which will enable them to make real-time cashless payments locally (via NETS or VISA) and overseas (via VISA). UOB Group's debit cards offer similar convenience and rewards to its credit cards. UOB Group markets debit cards to undergraduates and recent graduates who do not yet qualify for credit cards to help establish relationships with potential future credit card customers.

Merchant Acquiring Business. UOB Group believes it has the largest merchant sales draft processing operation (i.e., acquiring business) in Singapore. UOB Group accepts credit card sales drafts presented to it for payment by merchants and in turn presents these for payment to Visa, Mastercard and JCB. Transactions processed through electronic data capture ("EDC") terminals are presented electronically, while for other transactions, UOB Group receives printed sales drafts. UOB Group charges merchants a percentage of the amount of a sales draft as a fee to process and settle the sales draft (and in turn pays the card issuing institution a smaller percentage of the sales draft as an interchange fee).

Investment Products

UOB Group offers a wide range of investment products and services to its individual banking customers through its branch network, and via telemarketing, call centers and its Internet banking facilities. As at June 30, 2004, UOB Group's investment products included 58 funds and sub-funds managed by its wholly-owned subsidiary, UOB Asset Management Ltd, and selected third party funds. UOB Group offers investment-linked insurance products and services from its wholly-owned subsidiary UOB Life Assurance Limited ("UOB Life").

To strengthen its position in the financial planning market, UOB Group launched a wealth management advisory program in May 2003. This program offers flexible financial plans designed to meet the investment goals of UOB Group's customers, enabling customers to personalize their investment portfolio in accordance with their financial needs and risk appetite. Customers may invest using cash, CPF savings and funds available under the supplementary retirement scheme recently introduced by the Singapore Government.

Segmentation of Customer Base

UOB Group believes that many consumers look to their bank to provide products and services other than traditional deposit-taking. In an effort to better understand its individual customers' demands, UOB Group uses its large data warehouse and its data-mining capabilities to categorize its client base into segments: individual customers, mass affluent "1-2-1 Banking" customers, privilege banking customers and private banking customers. It then uses this segmentation approach to target each of these customers for specialized products and services which are best suited to their financial and lifestyle needs.

UOB Group's individual banking activities are carried out through its Personal Financial Services group and High Net Worth Banking group. The Personal Financial Services group delivers a wide array of consumer services including credit and debit cards, loan products such as housing loans and revolving credit lines, deposit products, and investment products including advisory services. The High Net Worth Banking group offers wealth management services and tailored deposit and lending products, in addition to standard consumer banking services, for high net worth individuals.

Personal Financial Services Group

Personal Banking. The majority of UOB Group's customers use its standard personal banking services, primarily deposit, lending, credit card, investment and insurance services.

Beginning in the mid 1990s, UOB Group has been promoting alternative channels to serve its mass customer base at lower cost, including encouraging greater use of its 24-hour call center, Internet banking, ATMs and other self-service machines.

1-2-1 Banking. UOB Group launched its "1-2-1 Banking" program in June 2001 to provide specialized products and services to its "mass affluent" customers who meet the minimum qualification of having either S$100,000 and above in deposits or a housing loan for a private (as opposed to HDB) residential property. 1-2-1 Banking provides personalized banking services including express queues and personal bankers to assist, guide and advise participating customers on their banking, financial and investment needs. Through this program, UOB Group intends to become its 1-2-1 Banking customers' primary bank, thereby increasing its share of those customers' business.

High Net Worth Banking Group

In April 2003, UOB consolidated its Private Banking and Privilege Banking services into a new High Net Worth Banking group to better focus its wealth management efforts and to achieve greater synergies between the businesses. The group seeks to position itself as a trusted adviser and conduit to a broad array of sophisticated investment options. UOB Group aims to be both a custodian of its customers' funds and an enhancer and protector of their wealth. The group also offers trust and related services. UOB Group's strategy is to guide each client into a well-diversified investment portfolio to match his or her overall wealth aspirations and needs. High net worth clients are the principal customers of UOB Group's foreign currency denominated structured deposit products.

Privilege Banking. Privilege banking targets customers with deposits or unit trust investments of S$200,000 to S$1 million. Privilege banking offers customers dedicated relationship managers, located in two Wealth Management Centers, to provide investment assistance and financial planning.

Private Banking. UOB Group's private banking division provides wealth management services from its head office and Hong Kong private banking office to its high net worth customers residing primarily in Singapore, Southeast Asia and Greater China. UOB Group strives to distinguish itself by providing value to its clients through its wealth management service. A dedicated and experienced relationship manager is assigned to each client to understand his or her financial needs and provide customized advice and solutions that match the client's overall wealth aspirations, needs and risk tolerance. UOB Group aims to offer its clients "best of breed" investment products from either within the UOB Group or from third-party product providers. Products currently offered to private banking clients include mutual funds, hedge funds, structured products, portfolio management, estate planning and trust services.

Delivery Channels

UOB Group delivers its financial products and services through a variety of channels. In Singapore, UOB Group's customers are served through branches, ATMs, self-service automated banking centers known as "autolobbies" and via phone banking and Internet banking facilities.

Branch Network. As at June 30, 2004, UOB Group had 62 branches in Singapore (including three FEB branches and two Wealth Management Centers). UOB Group plans to continue investigating potential locations for new branches with a view to increasing banking convenience and consolidating branches in the same area to increase cost efficiency and improve customer service. In recent years, UOB Group has renovated the majority of its bank branches in order to increase emphasis on customer service and sales activities and move many back-office functions to centralized locations.

Automated Teller Machines. As at June 30, 2004, UOB Group operated 344 ATMs in Singapore. UOB Group also participates in a shared ATM network with Oversea-Chinese Banking Corporation Limited. This network allows UOB Group customers to withdraw cash, transfer funds and make account balance inquiries at Oversea-Chinese Banking Corporation Limited ATMs. In addition, UOB Group participates in the VISA Plus international network, allowing its customers to withdraw cash worldwide at ATMs with the Plus logo.

Autolobbies. UOB Group also maintains "autolobbies", self-service automated banking centers, which permit customers to perform a variety of banking transactions. Services available at autolobbies include ATMs, check deposit service, cash deposit machines and passbook update machines.

Telephone Banking. The "UOB Call Center" provides customers with 24-hour access to an array of banking services. Customers may either use the service's automated system for simple transactions and inquiries or speak with a phone banking officer. The UOB Call Center also engages in the cross-selling of certain insurance products, unit trust products, credit cards and unsecured credit facilities.

Internet Services. UOB Group's Internet banking services include funds transfer, statement inquiry, bill payment, unit trust investments, time deposit placements and other features. In 2002, business Internet banking was introduced to cater to the needs of corporate customers.

Institutional Financial Services

UOB Group's institutional banking activities encompass commercial credit, corporate banking, corporate finance and capital markets. The Commercial Credit group serves SME customers both in Singapore and in overseas markets through UOB Group's network of branches and subsidiaries. The Corporate Banking group serves large corporations and government-linked companies and agencies. Both the Commercial Credit and Corporate Banking groups provide customers with, among other things, a broad range of products and services including credit facilities, deposit products, trade financing, custody services and cash management services. The capital markets business offers corporate finance services including arranging initial public offerings and corporate advisory services through a subsidiary, UOB Asia Limited ("UOB Asia").

Institutional Deposit Services

UOB Group offers deposit products, primarily current and fixed deposit accounts, to its corporate banking and commercial credit customers. UOB Group's institutional customers generally tend to place short-term fixed deposits.

Corporate Banking Group

The Corporate Banking group's market segment comprises publicly listed companies, large private companies, multinational companies with operations in Singapore, government-linked companies, statutory boards and other government agencies. It maintains customers across the key industrial sectors, including property, financial services, hotels and hospitality services, electronics, transportation and logistics and telecommunications. The Corporate Banking group retains global relationship management responsibility of its customer base to coordinate each customer's relationship within all areas of UOB Group. Marketing managers are grouped by industrial specialization for greater customer focus and long-term banking relationships, and supported by product specialists well-versed in origination and underwriting of debt market instruments, hybrid loan products and structured trade financing products.

Commercial Credit Group

Through its Commercial Credit group, UOB Group offers SMEs a variety of instruments to meet their financing requirements. Serving the SME sector is one of UOB Group's traditional strengths. UOB Group's SME customers are diversified across a range of industries including manufacturing and supporting industries; wholesale and retail businesses; general commerce; distribution, import and export trade; business and professional services; building, construction and infrastructure development; transport, storage and communications; and investment and holding companies. UOB Group's branch managers and account relationship managers are the primary marketing and distribution channels in this sector.

UOB Group remains a market leader in serving SMEs as a result of its regional reach, broad range of products and services and local knowledge, although it faces strong competition from other banks. UOB Group plans to enhance its SME market leadership by continuing to develop relevant products and services and by deepening its relationships with customers. Many of UOB Group's customers are expanding their operations beyond Singapore, where production costs are relatively high, to areas such as Malaysia, Thailand, Indonesia and China. As a Singapore banking group with a strong regional presence, UOB Group believes that it is well placed to assist its SME customers in their regional expansion programs.

Institutional Electronic Banking Services

In addition to traditional delivery channels, UOB Group offers its institutional customers a suite of electronic banking services. These electronic services include eTreasury services for online foreign exchange trading, an electronic bulk services system for facilitation of inter-bank payments and collections, and business Internet banking for customers to make online enquiries and authorize specific transactions such as funds transfers, payment and collection, letter of credit issuance and other trade financing applications.

Capital Markets and Corporate Finance

UOB Group's international debt capital markets and domestic equity corporate finance activities are carried out primarily through its subsidiary, UOB Asia. UOB Group's debt capital market services include arranging and advising on bond issues, syndicated loan financing, project finance and structured debt and quasi-equity issues. UOB Asia also cooperates with other overseas domestic branches and banking subsidiaries for local currency transactions.

UOB Group's corporate finance activities, conducted in Singapore, consist primarily of managing and underwriting equity offerings and providing advisory services. UOB Asia has managed and underwritten more than 30 initial public offerings which were listed on the SGX-ST over the past three years.

Global Treasury

UOB Group's Global Treasury is well-established in the Singapore market, primarily serving the treasury needs of corporates, SMEs and financial institutions. Global Treasury provides a range of treasury products and services, including foreign exchange, money market, fixed income, derivatives, margin trading, as well as an array of structured products. Global Treasury is also a leading provider of banknote services in the region and offers a wide range of gold products. In the area of futures broking, UOB Group's subsidiary, UOB Bullion & Futures Limited, is among the leading futures broking houses in Singapore.

To meet an increase in consumer demand for yield-enhancement products, Global Treasury has expanded its range of structured products. In 2003, an equity-linked series of structured deposits and several series of index-linked notes for high net worth clients were launched.

On April 19, 2004, Global Treasury closed Asia's first managed multi-sector synthetic CDO transaction with a notional value of US$1 billion. UOB Group currently manages nine CDO transactions, with total assets under management of US$7.3 billion.

UOB Group has developed and implemented policies and processes to identify, mitigate and monitor the various classes of risks associated with treasury operations. The Global Treasury group uses the Wall Street System, a treasury management system which provides straight-through processing of trades from deal capture to settlement. The system enables UOB Group to improve operational efficiency, reduce operational risk and monitor its traders' positions and performance in real time.

Asset Management

The Asset Management segment manufactures and distributes asset management and venture capital products and services through subsidiaries in Singapore, Southeast Asia, Greater China and the United States. The Asset Management segment also manages proprietary investments in equities, equity related products, venture capital and private equity funds on UOB Group's behalf. UOB Group intends to continue expanding its asset management products and services through organic growth as well as strategic alliances and joint ventures, where appropriate.

UOB Asset Management

UOB Asset Management is a leading fund manager in Singapore (Singapore's most awarded fund manager with a total of 70 industry awards since 1996) with total assets under management of S$21.2 billion (including collateralized bond obligations ("CBOs") and CDOs) as at June 30, 2004. In Singapore, it offers 58 funds and sub-funds with S$2.5 billion of assets under management as at June 30, 2004. UOB Asset Management has 9 CDO/CBOs under its management or advice as at the end of June 2004. UOB Asset Management also manages funds for both institutional and individual client accounts. UOB Asset Management specializes in Asian funds, but manages global funds in partnership with leading international fund managers.

Other Activities

UOB Venture Management Private Limited specializes in venture capital and direct equity investment. As at June 30, 2004, it manages and advises six funds totaling S$428 million in committed capital.

To raise the international profile of its asset management and venture capital management capabilities, UOB Group established UOB Global Capital LLC (in New York) and UOB Global Capital SARL (in Paris) in 1998 with the objective of expanding its asset management distribution, sales, fund raising and marketing capabilities internationally.

Other Businesses

UOB Group's income under the "Other" segment in the financial statements of UOB Group was derived primarily from property-related business, insurance, management of shareholders' funds and stockbroking activities of its subsidiaries. Property-related activities of UOB Group's associates including United Overseas Land are reflected in its financial statements under "Share of profits of associates". UOB Group's investments in Overseas Union Enterprise and Hotel Negara, acquired through the acquisition of OUB Group, are not accounted for as associates and are held under "Investment securities". Both of these companies are also engaged in property-related activities.

Property-Related

UOB Group owns a number of commercial properties, primarily in Singapore, as well as in Malaysia, Australia and New York. These properties include its flagship building the UOB Plaza at Raffles Place, BP Tower, Tampines Centre, Far Eastern Bank Building, Springleaf Tower in Singapore, the UOB Sydney building in Australia, the UOB New York building in the United States as well as branch premises throughout Singapore and in the regional countries. These properties comprise over two million square feet of lettable space, of which over 40.0% are occupied by UOB Group as at June 30, 2004. The balance of the space is generally leased to third parties at market rates and at satisfactory occupancy levels.

Singapore banks have recently been required to divest certain non-financial assets by July 17, 2006. See "Regulation and Supervision — The Banking Regulatory Environment". In accordance with these regulations, UOB will be required to divest its interests in certain non-financial assets, including United Overseas Land, a property development and investment company, Overseas Union Enterprise and Hotel Negara, by July 17, 2006. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Divestiture of UOB's Non-Financial Assets".

Insurance

UOB Group offers a comprehensive range of traditional and investment-related life insurance and health insurance products through UOB Life Assurance Limited and general insurance products through publicly-listed United Overseas Insurance Limited, both subsidiaries of UOB. UOB Group intends to leverage its branch network and customer base to expand its bancassurance business (i.e., selling insurance products through bank sales channels). In November 2002, UOB Group formed a joint venture with the DRB-HICOM Group, a Malaysian conglomerate, to develop life and general insurance business in Malaysia, particularly via the bancassurance channel. Other areas of focus include further strengthening the success of its bancassurance business in Singapore and expanding it to other Asian regions where UOB Group has a presence, and the development of competitive products. The general insurance business intends to focus on maintaining profitability in a mature and highly competitive business and continuing to explore regional expansion opportunities.

Stockbroking

UOB Group's stockbroking activities are conducted in Singapore through its associate, UOB-Kay Hian.

International Operations

UOB Group has an extensive international network of branches, subsidiaries, agencies and representative offices. Many of the branches were established to service the overseas activities of UOB Group's customers. These overseas offices leverage UOB Group's customer base to cross-sell products and services, focusing primarily on the Asia-Pacific region.

UOB opened its first overseas office in Hong Kong in 1965. UOB subsequently expanded its commercial banking operations internationally by opening branches and representative offices in other countries, principally in Asia. UOB Group's overseas network spans 17 countries/territories in the Asia-Pacific region, North America and Western Europe as at June 30, 2004 and included 26 overseas branches, agencies, and representative offices and four regional banking subsidiaries (with a total of 147 branches). In addition to lending services, UOB Group's overseas network also offers other banking services such as deposit-taking, lending, fund transfer, remittance and trade-related financing services and credit cards. As at December 31, 2003, UOB Group had approximately 426,000 cardholders overseas, of which approximately 207,000 were in Malaysia.

As at December 31, 2003, assets of overseas branches, subsidiaries, agencies and representative offices accounted for approximately 31.7% of UOB Group's assets (excluding goodwill). UOB Group's overseas operations in the year ended December 31, 2003 contributed 24.4% of UOB Group's profit before taxation. UOB intends to leverage its strong position and customer base in Singapore to expand regionally to achieve its goal of ultimately increasing the relative contribution of overseas operations to 40.0% of UOB Group's net profit.

The locations of UOB Group's overseas banking subsidiaries, merchant banking subsidiaries, branches, agencies and representative offices as at June 30, 2004 are set forth below.

Name/City		Year Opened/ Acquired
Banking Subsidiary		
Indonesia	PT Bank UOB Indonesia	1990
Malaysia	United Overseas Bank (Malaysia) Bhd	1971
Philippines	United Overseas Bank Philippines	1999
Thailand	UOB Radanasin Bank Public Company Limited	1999
Merchant Banking Subsidiary		
Australia	UOB Australia Limited	1986
Hong Kong	UOB Asia (Hong Kong) Limited	1988
Branch		
Australia	Sydney	1993
Brunei	Bandar Seri Begawan	2001
	Kuala Belait	2001
Canada	Vancouver	2002
China	Beijing	2002
	Guangzhou	1989
	Shanghai	1998
	Shenzhen	2001
	Xiamen	1986
Hong Kong	Central	1965
	Main	2001
	Yaumatei	2003
	Mongkok	1971
	Sheung Wan	2002
Japan	Tokyo	1972
Malaysia	Labuan	1995
South Korea	Seoul	1985
Taiwan	Taipei	1995
Thailand	Bangkok	1994
United Kingdom	London	1974
Vietnam	Ho Chi Minh City	1993
Agency		
United States	New York	1976
	Los Angeles	1980
Representative Office		
China	Chengdu	2001
Indonesia	Jakarta	1985
Myanmar	Yangon	1994

Southeast Asia

One of UOB Group's principal strategies is to strengthen its presence and expand its business in the Southeast Asian markets. UOB Group aims to achieve this through organic growth and through acquisitions when appropriate opportunities arise.

Malaysia

Malaysia is UOB Group's second largest market after Singapore. UOB Group's Malaysian operations are covered principally by its wholly-owned subsidiary United Overseas Bank (Malaysia) Bhd ("UOB Malaysia") and by UOB Labuan Branch. In the year ended December 31, 2003, UOB Group's Malaysian operations contributed 14.0% of UOB Group's net profit before tax and goodwill amortization.

UOB Malaysia has built a strong franchise with SME and retail customers. The successful integration of Overseas Union Bank (Malaysia) Berhad into UOB Malaysia in February 2002 has resulted in an enlarged customer base and an expanded branch network, as well as cost savings through streamlined operations. With 37 branches as at June 30, 2004 and an established banking business and customer base, UOB Malaysia is one of the leading foreign banks in Malaysia. UOB Malaysia has gradually been increasing its activities in personal financial services (particularly housing loans and credit cards), SME credit, treasury and investment banking activities.

As at December 31, 2003, UOB Malaysia had total assets of S$11,289 million, net total customer loans and advances of S$6,519 million, and total customer deposits of S$6,051 million. In the year ended December 31, 2003, UOB Malaysia recorded net profit before tax of S$217 million.

Thailand

UOB Group purchased a 75.0% interest in UOB Radanasin from the Financial Institutions Development Fund of Thailand in late 1999. During 2000, UOB Group rationalized the operations of UOB Radanasin, integrating its business with the business of UOB Group and building the UOB Group brand name in Thailand. UOB Group increased its shareholding in UOB Radanasin to 78.8% in July 2002 and then to 83.8% in June 2004.

UOB Radanasin has a network of 35 branches throughout Thailand. Its core activities are personal financial services, trade services, corporate banking, treasury and investment banking services. It is focusing its efforts in the areas of corporate, SME and consumer banking as well as trade services. As at December 31, 2003, UOB Radanasin's loan portfolio had grown by 38.3% to approximately S$1.6 billion from December 31, 2002.

In July 2004, UOB completed its acquisition of an 80.8% interest in BOA in Thailand for approximately S$935 million. Listed on the Stock Exchange of Thailand, BOA is a Thai commercial bank with reported assets of THB171 billion as at December 31, 2003. Through its 133 branches and offices, BOA provides retail and commercial financial services to customers in Thailand. In terms of asset size, BOA was ranked the 9th largest bank in Thailand as at the end of 2003. The acquisition of BOA has increased UOB's banking presence in Thailand by more than three times in terms of total assets and branches.

As required by Thai regulations, UOB made a tender offer for the remaining BOA shares in August 2004 at the same price per share UOB paid for the acquisition of the 80.8% interest. The offer period is expected to end in October 2004. In compliance with the "one presence" policy under the Thai Ministry of Finance's Financial Sector Master Plan, UOB is required to combine BOA, UOB Radanasin and UOB's Bangkok International Banking Facility into one entity. The detailed plan to effect this is currently under study and pending merger, BOA and UOB Radanasin continue to be operated as separate entities.

Indonesia

UOB Group increased its shareholding in its subsidiary UOB Indonesia from 79.9% to 99.0% in 2002. The remaining 1.0% is held by an Indonesian party in accordance with Indonesian regulations limiting foreign ownership of Indonesian banks to 99.0%. UOB Indonesia focuses on deposit taking and lending to export-oriented borrowers in the manufacturing sector. UOB Indonesia opened its eighth office in December 2002. Although its operations are relatively small, UOB Indonesia has been profitable since it was established in 1990.

In June 2004, UOB Group acquired 23.0% interest in Bank Buana for a consideration of approximately S$196 million. Bank Buana was established in 1956 as a Private National Bank. Since July 2000, Bank Buana has been listed on the Jakarta and Surabaya Stock Exchanges. Bank Buana, with a network of 171 offices, also has a strong track record in servicing small and medium enterprises.

Philippines

UOB Group acquired 60.0% of UOB Philippines in 1999 and subsequently purchased substantially all of the remaining shares in 2002. In May 2004, UOB acquired the remaining shares in UOB Philippines that it did not own, and UOB Philippines became a wholly-owned subsidiary of UOB.

UOB Philippines has 67 branches as at June 30, 2004. Due to the difficult and volatile operating environment, UOB Group intends to adopt a cautious approach in conducting business in the Philippines. UOB Group intends to continue to address weaknesses in UOB Philippines' loan porfolio to improve its risk profile and asset quality. UOB Group also intends to continue rationalizing UOB Philippines' operations for the purposes of cost reduction and increasing efficiency.

Greater China

Beyond the key Southeast Asian markets, the Greater China region is of particular importance to UOB Group as it believes the region offers good long-term growth potential. UOB Group already has a considerable banking presence in the region with five branches and a representative office in China, five branches and two subsidiaries (including a non-banking subsidiary) in Hong Kong and one branch and two non-banking subsidiaries in Taiwan.

China

In China, UOB has five branches, in Shanghai, Xiamen, Guangzhou, Shenzhen and Beijing and a representative office in Chengdu. In 2002, UOB Shanghai Branch received a full foreign currency license to offer foreign currency banking services to local individuals and local companies in China. In 2002, UOB Shenzhen Branch was authorized to offer renminbi banking services to foreign individuals, foreign enterprises and foreign joint venture companies. In addition, UOB Shanghai Branch was approved to act as an Authorized Approving Center for capital account transactions in Shanghai.

In 2003, UOB Shanghai Branch became UOB's second branch in China, after UOB Shenzhen Branch, to offer renminbi banking services to foreign individuals, foreign enterprises and foreign joint venture companies. As of July 2004, UOB Shanghai Branch is also able to offer renminbi services to the local Chinese corporates. UOB Shanghai Branch has also received approval in May 2004 to set up a sub-branch in Puxi, Shanghai and this new sub-branch is expected to be operational in late 2004.

UOB Group intends to continue to increase its business activities through its branch network in Greater China and strategic alliances with compatible partners and may also consider suitable acquisitions.

In addition to commercial banking activities, UOB Group is exploring new growth opportunities in China, including in the areas of asset and venture management. In 2002, UOB established an investment company in Beijing with the Oxford Cambridge Investment Group and Shangdong Hi-Tech Investment Company Limited to invest in Chinese companies that have the potential to achieve high growth over the medium to long-term period. UOB Group has also established an offshore fund company, UOB Venture (Shenzhen) Limited, in the Republic of Mauritius to invest in promising high growth technology and technology-related projects in China, following an investment agreement with Shenzhen Venture Capital Co., Ltd (now known as Shenzhen Capital Group Co., Ltd).

Hong Kong

In Hong Kong, UOB Group provides banking services through its five branches, a wholly-owned investment banking subsidiary, UOB Asia (Hong Kong) Limited, and another subsidiary, UOB Insurance (H.K.) Limited. UOB Hong Kong Branch is mainly involved in loan syndication, direct loans to selected corporates and SMEs, deposit taking, trade finance, working capital finance and treasury operations. UOB Hong Kong Branch intends to increase its efforts to meet the financing needs of Hong Kong SMEs investing in China. UOB Group intends to continue to widen its range of credit cards to enhance its business in the highly competitive card market in Hong Kong.

Taiwan

UOB Group's presence in Taiwan consists of a UOB branch, a branch of UOB Bullion & Futures Limited and a local subsidiary to promote the sale of unit trusts. The core business of the UOB branch is in trade financing, corporate loans and treasury activities. UOB Group plans to utilize its branch to play a role in cross referral business and to serve the financing needs of Taiwanese companies that invest and operate outside Taiwan.

Other Asia

Elsewhere in Asia, UOB Group's presence comprises a UOB branch in each of Japan, South Korea and Vietnam, and two branches in Brunei. Besides serving existing UOB Group customers from Singapore and the Southeast Asian region, branches in Japan, South Korea and Vietnam are also involved in loan syndication, direct loans to selected corporates and treasury activities. In Brunei, UOB Group's principal focus is commercial and retail banking activities. In Myanmar, UOB Group has a representative office.

North America, United Kingdom and Australia

UOB Group maintains its operations in the United States, Canada, the United Kingdom and Australia primarily to service its existing customers who invest in and trade with these countries. In addition, UOB Group is diversifying its loan assets through participation in syndicated credit facilities to large corporates, the purchase of short and medium term investment grade financial instruments in the secondary market, and direct loans to selected corporates. UOB Group also provides project financing in Australia.

In 2002, UOB Vancouver Branch was established to assume the business of United Overseas Bank (Canada), a wholly-owned banking subsidiary, following relaxation of Canadian bank regulations. The branch provides a range of banking services including corporate and commercial loans, residential mortgage loans, trade financing, foreign exchange services, deposit-taking and remittances.

Information Technology

UOB Group views information technology as an important component of its corporate strategies. UOB Group believes that continued investment in information technology creates value for its customers and can increase operational efficiency, laying a strong foundation for future expansion in Singapore and overseas. In the year ended December 31, 2003, UOB Group's technology-related expenditure amounted to S$199 million, which was 18.2% of total UOB Group expenses. UOB Group believes that an appropriate balance between strategic infrastructure investment and cost management will enable it to remain competitive.

UOB Group continues to reengineer critical business processes from the sales to the back office with the aim of providing seamless customer service for its bank-wide CRM initiative. UOB Group also developed a Wealth Management System that allows its UOB Personal Bankers to meet customers' needs more effectively. Consequently, all customer interaction activities across the major delivery channels, namely, branches, Call Center and the Internet, and bank office units are now integrated to ensure consistent service. UOB Group also reengineered its credit and loan administration systems and processes with the aim of streamlining and improving overall efficiency and effectiveness.

As part of its plans for regional expansion, UOB Group plans to further centralize, in Singapore, certain IT systems and back-office for certain of its international operations. UOB Group believes this approach will result in better control, cost savings, greater operational efficiency and scalable IT capabilities in its overseas branches.

UOB Group is now working towards Basel II compliance. In implementing Basel II measures, UOB Group is aligning its business policies with its processes. Given the complexity and scale of UOB Group, significant resources have been invested by UOB Group to build models and related IT infrastructure.

To promote a value-based decision making culture within the Bank, it has implemented a Value Based Management System that provides a performance measurement framework. This tool enables the management to focus on activities that could increase customer and product profitability and ultimately shareholders' value.

For its achievement of excellence in strategic enterprise IT deployment, the Bank is conferred a CIO 100 Honouree 2003 of CIO Asia's annual index of Asia's top performing users of IT. In addition, it is amongst the top five enterprises in Asia to receive the CIO Award. UOB is ranked by MIS Asia magazine as the 26th biggest user of technology in Asia.

Human Resources

UOB Group had 10,561 employees as at June 30, 2004. Total number of employees as at December 31, 2003 and December 31, 2002 was 10,547 and 10,320, respectively.

UOB Group's human resource strategies and policies aim to attract and retain executive talent and promote employees from within UOB Group. UOB Group motivates its employees by aligning their interests with the interests of the shareholders through various reward programs including its share-based compensation program for executives. In 2002, UOB Group enhanced its performance measurement and target setting processes.

The UOB 1999 Share Option Scheme covers employees of UOB Group (excluding insurance subsidiaries) in the position of Vice President (or an equivalent position) and above. Under the scheme, participants may exercise their option to subscribe for ordinary shares of UOB. The allotment of options has to be approved by UOB's Remuneration Committee based on recommendations of UOB management. The aggregate number of shares over which the Remuneration Committee may grant options may not exceed the equivalent of 15.0% of UOB's issued share capital at any one time. The number of shares to be granted to employees is based on the employees' position, performance, years of service, potential for future development and on the performance of UOB Group.

Of UOB's eligible employees, approximately two-thirds are unionized. UOB believes its labor relations to be good.

Internal Audit

UOB Group has a well-established internal audit function ("Group Audit"). Group Audit, which reports to the Audit Committee, assists the Board in monitoring and managing business risks and the internal controls of UOB Group. Group Audit operates within a defined framework approved by the Audit Committee and has adopted the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

Group Audit follows formal procedures for reporting audit findings to management and to the Audit Committee. The Audit Committee approves the Group Audit's annual audit plan at the beginning of each year and reviews the results of the audits at Audit Committee meetings. Administratively, the Head of Group Audit reports directly to the Chairman and Chief Executive Officer.

The scope of Group Audit covers the audit of all of UOB Group's operations, including its overseas branches and subsidiaries. Group Audit's responsibilities include but are not limited to the audits of operations, lending practices, financial control, management directives, regulatory compliance, information technologies and risk management processes. Group Audit focuses its efforts on performing audits in accordance with the three-year audit plan prioritized based on a comprehensive audit risk assessment of all auditable areas identified in the UOB Group. The frequency of audits is generally as follows:

- between 12 and 18 months for high risk areas,
- between 18 and 24 months for medium risk areas, and
- between 24 and 36 months for lower risk areas.

Group Audit participates actively in major systems development activities and project committees to advise on risk management and internal control measures. In addition, Group Audit audits the various application systems in production, data centers, network security and the IT department, paying attention to relevant regulations or guidelines on technology risks.

Legal and Regulatory Matters

UOB is not aware of any litigation or arbitration proceedings against UOB Group, including those pending or threatened, which may have a material adverse effect on its financial position. In addition to ordinary course litigation, UOB Group is currently involved in, or has recently resolved, the following matters.

Banco Ambrosiano Veneto. ICB, a former Singapore bank subsidiary of UOB which was merged into UOB on August 28, 2002, was involved in two connected disputes with Banca Intesa S.p.A. which took over all the assets and liabilities of Banco Ambrosiano Veneto S.p.A. ("BAV") pursuant to a merger effective as of January 1, 2001. The first dispute related to BAV's denial of liability under two standby letters of credit issued by BAV to ICB as security for credit facilities to a mutual customer, alleging fraud on the part of its employee and an ICB employee. ICB obtained judgment against BAV in Singapore and recovered approximately US$13 million plus interest under the letters of credit. BAV's appeal to the Singapore Court of Appeal was dismissed with costs in October 2001. BAV has no further avenue of appeal in Singapore.

The second dispute involves proceedings commenced by BAV in Italy against various parties, including ICB, seeking a declaration that the two letters of credit are null and void and the repayment of approximately US$26 million of advances made by BAV on checks drawn on accounts in ICB prior to the checks being cleared. BAV's claim relating to the checks and denial of liability for payment under the letters of credit are based on the alleged complicity of ICB's employee in the alleged fraud. Following the merger of ICB into UOB, UOB has assumed all the assets and liabilities of ICB. UOB is of the view that BAV's claim has no merit and is contesting the jurisdiction of the Italian court to hear BAV's claim.

Wincorp Claims. UOB's subsidiary in the Philippines, UOB Philippines (formerly known as Westmont Bank) is currently facing a number of claims from private complainants who had lent money to certain borrowers through the agency of Westmont Investment Corporation ("Wincorp"), a Philippine investment company alleged to be associated with the former management and owners of UOB Philippines. Some of the loans were allegedly made by the complainants through Wincorp using certain branches of UOB Philippines prior to UOB's acquisition of UOB Philippines. The complainants are currently alleging fraud on the part of Wincorp, UOB Philippines and certain of their officers. A number of these cases have been settled by Wincorp and/or dismissed by the Philippine courts. Since the underlying documentation is with Wincorp, UOB Philippines is unable to determine for certain the maximum amount of potential liability. UOB Group believes that the claims against UOB Philippines are without merit and, accordingly, has not provided for any liability in its accounts. A committee of the lower chamber of the Philippine Congress has taken an interest in the claims and has initiated an enquiry into events involving the activities of Wincorp prior to UOB's entry into UOB Philippines. UOB Group has put to Congress its position that the Congressional inquiry is inappropriate in light of on-going judicial and quasi-judicial proceedings involving the same or related issues. The last Congressional hearing on this matter was in May 2003.

Settlement of Claims by Minority Shareholders of UOB Philippines. The holders of the minority interest in UOB Philippines, holding 258 shares representing less than 0.001% of the present issued share capital of UOB Philippines, had claimed that, in accordance with arrangements entered into with the former minority shareholders who had sold their 33% stake in UOB Philippines to UOB in 2002, they were legally entitled to a larger share of the proceeds paid by UOB Philippines for certain loans. Alternatively, they claimed an equivalent amount in shares in UOB Philippines. On May 25, 2004, the minority shareholders settled their claims with UOB and transferred their 258 shares to UOB. UOB now holds a 100% equity interest in UOB Philippines. On July 5, 2002, the Philippines Central Bank gave UOB in-principle approval to acquire a 100% equity interest in UOB Philippines, subject to satisfaction of certain conditions subsequent. UOB is in the process of seeking final approval from the Philippines Central Bank.

Philippine Congressional Committee. A committee of the lower chamber of the Philippine Congress is investigating allegations that UOB violated the Philippine constitution and other laws relating to the ownership of land when UOB initially invested in UOB Philippines in 1999. Preparatory to UOB's investment into UOB Philippines, the original shareholders effected a quasi-reorganization of the bank and restructured its land holdings and sold such land holdings to companies in which UOB has a minority interest in order to comply with Philippine laws relating to foreign land ownership. The UOB Group has presented to Congress that the allegations are without merit. The last Congressional hearing on this matter was in May 2003.

UOB Indonesia. Two judgments were obtained against OUB in Indonesia in respect of a loan granted to an Indonesian company, secured by a charge over certain fixed deposits in Singapore which the guarantor of the loan granted in favor of OUB. One judgment was for an apology and damages and the other judgment was for the return of about US$12 million, being approximately half of the fixed deposits. Following the merger of OUB into UOB, UOB has assumed all the assets and liabilities of OUB effective as of January 2, 2002. UOB has received legal advice that the judgments obtained in Indonesia are unlikely to be enforceable or recognized in Singapore.

Customer Loans and Advances Portfolio

UOB Group's loans and advances to customers of S$63,095 million as at June 30, 2004, were 0.2% lower than the S$63,207 million as at June 30, 2003. As at December 31, 2003, UOB Group's customer loans and advances were S$62,581 million, compared to S$62,339 million as at December 31, 2002. Of this amount, customer loans and advances through UOB accounted for S$53,179 million or 85.0% of UOB Group's customer loans and advances as at December 31, 2003 and S$52,661 million, or 84.5%, of UOB Group's customer loans and advances as at December 31, 2002. As at December 31, 2003 and 2002, 80.5% and 80.6%, respectively, of UOB Group's customer loans and advances were floating rate and 65.1% and 66.4%, respectively, were denominated in Singapore dollars. As at December 31, 2003 and 2002, UOB Group's net customer loans and advances were S$59,297 million and S$58,884 million, respectively, which accounted for 52.3% and 54.8%, respectively, of total assets as of such dates.

Loan Concentration

UOB Group's policy is to maintain a diversified loan portfolio without significant exposure to any single customer, group of related customers, industry group or country (with the exception of Singapore).

Industry Concentration

UOB Group categorizes its customer loans and advances portfolio in accordance with MAS industry classifications. Industry group concentrations are regularly monitored by the Credit Committee.

The following table sets forth UOB Group's customer loan portfolio by industrial classification as at the dates indicated:

	As at December 31,						As at June 30,			
	2001		2002		2003		2003		2004	
	(in millions, except percentages)									
Housing loans	S$13,298	20.7%	S$13,841	22.2%	S$14,789	23.6%	S$14,287	22.6%	S$15,037	23.8%
Non-bank financial institutions	10,764	16.8	10,809	17.3	10,408	16.6	11,306	17.9	10,375	16.4
Professionals and private individuals	9,500	14.8	9,335	15.0	9,653	15.4	9,557	15.1	8,989	14.3
General commerce[(1)]	6,296	9.8	6,200	10.0	6,143	9.8	9,624	15.2	9,554	15.1
Building and construction	9,722	15.1	9,148	14.7	7,320	11.7	8,148	12.9	7,307	11.6
Manufacturing	5,338	8.3	5,392	8.6	5,846	9.4	5,562	8.8	6,331	10.0
Transportation, storage and communication	2,313	3.6	2,058	3.3	2,104	3.4	2,015	3.2	2,331	3.7
Other[(1)]	6,980	10.9	5,556	8.9	6,318	10.1	2,708	4.3	3,171	5.1
Total	S$64,211	100.0%	S$62,339	100.0%	S$62,581	100.0%	S$63,207	100.0%	S$63,095	100.0%

(1) Loans to hotels and restaurants as at June 30, 2004 and June 30, 2003 were reclassified from "Other" to "General commerce" to be in line with the revised Notice to Banks, MAS 610.

Total consumer loans, which consists of housing loans and loans to professionals and private individuals (including credit card balances outstanding), accounted for 38.1% and 37.7% of the total loan portfolio as at June 30, 2004 and June 30, 2003, respectively.

Housing loans. As at June 30, 2004, UOB Group's housing loans accounted for 23.8% of its total customer loans and advances portfolio as compared to 22.6% as at June 30, 2003. As at December 31, 2003, UOB Group's housing loans accounted for 23.6% of its total customer loans and advances portfolio. This compares with 22.2% and 20.7% as at December 31, 2002 and 2001, respectively. Housing loans are UOB Group's main consumer lending product. These loans are secured by mortgages (some of which are subject in priority to a first charge in favor of the Central Provident Fund Board) on the underlying property with an average new loan size of approximately S$650,000 in 2003. UOB's housing loans are typically made to individuals for the purchase of owner-occupied residential properties.

Non-bank financial institutions. Loans to non-bank financial institutions accounted for 16.4% of total customer loans and advances as at June 30, 2004 compared with 17.9% as at June 30, 2003. Loans to non-bank financial institutions accounted for 16.6% of total customer loans and advances as at December 31, 2003 compared with 17.3% and 16.8% as at December 31, 2002 and 2001, respectively. Major customers include insurance companies and securities companies, leasing and credit companies, and investment companies, some of which are engaged in property-related activities. UOB Group's current lending policy in this sector is to focus on lending to selected companies and government agencies.

Professionals and private individuals. As at June 30, 2004, UOB Group's loans to professionals and private individuals accounted for 14.3% of its total customer loans and advances portfolio, compared with 15.1% as at June 30, 2003. As at December 31, 2003, UOB Group's loans to professionals and private individuals accounted for 15.4% of its total customer loans and advances portfolio, compared with 15.0% and 14.8% as at December 31, 2002 and 2001, respectively. Loans to professionals and private individuals include outstanding credit card balances, standby credit lines, renovation loans and automobile loans.

General commerce. As at June 30, 2004, loans to businesses engaged in general commerce accounted for 15.1% of UOB Group's total customer loans and advances portfolio compared to 15.2% as at June 30, 2003. As at December 31, 2003, loans to businesses engaged in general commerce accounted for 9.8% of UOB Group's total customer loans and advances portfolio. By comparison, in the years ended December 31, 2002 and 2001, loans to general commerce accounted for 10.0% and 9.8%, respectively, of the total customer loans and advances portfolio. Lending to businesses engaged in general commerce includes trade finance and other loans to wholesalers and retailers, importers and exporters, distributors and traders of various general commercial items and, with effect from June 30, 2004, hotels and restaurants.

Building and construction. Loans to the building and construction sector accounted for 11.6% of total customer loans and advances as at June 30, 2004, compared with 12.9% as at June 30, 2003. Loans to the building and construction sector accounted for 11.7% of total customer loans and advances as at December 31, 2003, compared with 14.7% and 15.1% as at December 31, 2002 and 2001, respectively. UOB Group provides funding, mainly on a secured basis, for a variety of projects, such as office buildings and complexes, residential developments, industrial developments and retail developments. UOB Group does not generally lend more than 75.0% of any building or construction project's cost. Within the building and construction sector, UOB Group also sets and monitors limits on the overall mix of projects in order to avoid excess concentration in any one sub-sector.

The Banking Act limits a bank's property sector exposure in Singapore to 35.0% of its total eligible assets (as defined in the Banking Regulations 2001), which includes total non-bank loans, contingent facilities and debt instruments. Housing loans on owner-occupied properties are excluded in determining whether this limit is reached. UOB Group is in compliance with this limit.

Manufacturing. Loans to the manufacturing sector accounted for 10.0% of total customer loans and advances as at June 30, 2004, compared with 8.8% as at June 30, 2003. Loans to the manufacturing sector accounted for 9.4% of total customer loans and advances as at December 31, 2003, compared with 8.6% and 8.3% as at December 31, 2002 and 2001, respectively. UOB Group's manufacturing customers represent a broad range of businesses involved in manufacturing, assembling or processing of furniture and fixtures, plastic products, precious metals, metal products, machinery and equipment, paint, paper and paper products, printing, publishing and allied industries, electronics, transport equipment, downstream petrochemical, engineering, chemical industries and food. UOB Group's manufacturing customers range from small to large corporations, and include many of the major manufacturing companies and groups in Singapore, several large multinational groups and also smaller companies which are suppliers to large global companies.

Transportation, storage and communication. As at June 30, 2004, UOB Group's transportation, storage and communication loans accounted for 3.7% of its total customer loans and advances portfolio compared with 3.2% as at June 30, 2003. As at December 31, 2003, UOB Group's transportation, storage and communication loans accounted for 3.4% of its total customer loans and advances portfolio compared with 3.3% and 3.6% as at December 31, 2002 and 2001, respectively. Lending to this group of customers includes loans to vehicle rental companies, logistics companies and companies involved in providing communication services and equipment.

Other. Loans in the "Other" category accounted for 5.1% of total customer loans and advances as at June 30, 2004 compared with 4.3% as at June 30, 2003. Loans in the "Other" category accounted for 10.1% of total customer loans and advances as at December 31, 2003 compared with 8.9% and 10.9% as at December 31, 2002 and 2001, respectively. Loans classified as "Other" comprise mainly lending to larger professional firms engaged in legal services, medical and healthcare services, engineering and technical services and hotels and restaurants. Hotels and restaurants were reclassified from "Other" to "General commerce" as at June 30, 2004 and June 30, 2003 in line with the revised Notice to Banks, MAS 610.

Borrower Concentration

UOB is subject to the Banking Act, which prohibits the granting of credit facilities to a single person or any group of persons under the control or influence of any one person, where the aggregate amount of such credit facilities is in excess of 25.0% of a bank's capital funds. In addition, aggregate lending to a single person or any group of persons under the control or influence of one person where credit facilities granted exceed 15.0% of the bank's capital funds, may not exceed 50.0% of total credit facilities granted. As at December 31, 2003, the statutory limit on UOB for large single counterparty exposure was S$2,940 million based on 25.0% of UOB's last audited capital funds position as at December 31, 2003. UOB is in compliance with all of these requirements. UOB Group's top 20 obligor group borrowers accounted for 17.0% and 18.6% of the total customer loans and advances as at December 31, 2003 and 2002, respectively.

The Banking Act requires a bank to report to the MAS, on a monthly basis, credit facilities granted to directors and their immediate family members, bank employees where such facilities are in excess of one year's salary, companies related to the bank or its directors, and companies in which any of that bank's directors or employees have an interest as a director, manager, agent or guarantor. As at December 31, 2003, UOB Group had a total of S$2,008 million in outstanding loans to related parties (including associates and excluding staff loans). See "Regulation and Supervision" and "Related Party Transactions".

UOB Group has adopted a policy which requires a director or an employee who has an interest in a loan to a related party to abstain and absent himself from considering the loan. An exception is made when the loan is to be made to UOB Group companies, publicly listed companies and their related companies, and companies formed by professional bodies, trade or clan associations, or societies. The exceptions are made so as not to deprive UOB Group of the advice and guidance of the director or employee who, by virtue of his directorship or other position in such entities, is in a better position to assess their creditworthiness. The Board of Directors is informed immediately of any default in a related party loan.

Regional Exposure

The following tables set forth information with respect to UOB Group's regional exposure as of the dates indicated. Regional exposures are determined based on the location of the credit risk of the customers and counterparties, regardless of where UOB Group books the transaction.

	Loans and Debt Securities[1]							
	Banks	Central Banks & Govt. Securities[2]	Non-Bank	Investments	Assets[3]	Less: Loans to/ Investments in Subsidiaries/ Overseas Branches	Net Exposure	Percentage of UOB Group Total Assets
	(a)	(b)	(c)	(d)	(e)= (a+b+c+d)	(f)	(g)=(e-f)	(h)
				(in millions, except percentages)				
As at June 30, 2004								
Assets in								
Malaysia	S$4,462	S$3,247	S$7,283	S$780	S$15,772	S$2,147	S$13,625	11.7%
Thailand	188	762	1,680	361	2,991	325	2,666	2.3
South Korea	885	876	34	369	2,164	—	2,164	1.8
Philippines	48	238	238	2	526	42	484	0.4
Indonesia	82	196	509	260	1,047	80	967	0.8
Total Regional Countries	5,665	5,319	9,744	1,772	22,500	2,594	19,906	17.0
Greater China	8,350	1,503	2,052	439	12,344	5,228	7,116	6.1
Other OECD[4]	4,391	1,424	4,843	2,167	12,825	1,104	11,721	10.1
Other	104	15	183	—	302	63	239	0.2
Total	S$18,510	S$8,261	S$16,822	S$4,378	S$47,971	S$8,989	S$38,982	33.4%

(1) Loans and securities are gross figures and investments are shown net of provisions. Includes placements with banks.

(2) Includes loans to government which were classified as non-bank loans in the financial statements of UOB Group.

(3) Excludes fixed assets and other assets such as receivables and sundry debts.

(4) The largest exposure among "Other OECD" was S$3,754 million to the United Kingdom.

	Loans and Debt Securities[1]							
	Banks	Central Banks & Govt. Securities[2]	Non-Bank	Investments	Assets[3]	Less: Loans to/ Investments in Subsidiaries/ Overseas Branches	Net Exposure	Percentage of UOB Group Total Assets
	(a)	(b)	(c)	(d)	(e)= (a+b+c+d)	(f)	(g)=(e-f)	(h)
				(in millions, except percentages)				
As at June 30, 2003								
Assets in								
Malaysia	S$3,354	S$2,917	S$6,560	S$540	S$13,371	S$2,007	S$11,364	10.5%
Thailand	154	863	1,435	212	2,664	232	2,432	2.3
South Korea	1,144	610	51	149	1,954	10	1,944	1.8
Philippines	68	239	263	26	596	74	522	0.5
Indonesia	66	147	438	51	702	50	652	0.6
Total Regional Countries	4,786	4,776	8,747	978	19,287	2,373	16,914	15.7
Greater China	4,523	125	2,147	292	7,087	2,584	4,503	4.2
Other OECD[4]	3,613	342	5,086	658	9,699	1,137	8,562	7.9
Other	51	11	154	1	217	7	210	0.2
Total	S$12,973	S$5,254	S$16,134	S$1,929	S$36,290	S$6,101	S$30,189	28.0%

(1) Loans and securities are gross figures and investments are shown net of provisions. Includes placements with banks.

(2) Includes loans to government which were classified as non-bank loans in the financial statements of UOB Group.

(3) Excludes fixed assets and other assets such as receivables and sundry debts.

(4) The largest exposure among "Other OECD" was S$2,519 million to the United States.

	Loans and Debt Securities[1]							
	Banks	Central Banks & Govt. Securities[2]	Non-Bank	Investments	Assets[3]	Less: Loans to/ Investments in Subsidiaries/ Overseas Branches	Net Exposure	Percentage of UOB Group Total Assets
	(a)	(b)	(c)	(d)	(e)= (a+b+c+d)	(f)	(g)=(e-f)	(h)
				(in millions, except percentages)				
As at December 31, 2003								
Assets in								
Malaysia	S$4,307	S$3,353	S$6,624	S$742	S$15,026	S$2,296	S$12,730	11.2%
Thailand	112	523	1,642	244	2,521	156	2,365	2.1
South Korea	825	596	41	209	1,671	—	1,671	1.5
Philippines	53	221	241	12	527	41	486	0.4
Indonesia	48	165	491	79	783	50	733	0.7
Total Regional Countries	5,345	4,858	9,039	1,286	20,528	2,543	17,985	15.9
Greater China	5,943	1,038	1,968	352	9,301	3,340	5,961	5.2
Other OECD[4]	5,355	3,059	5,494	1,129	15,037	2,076	12,961	11.4
Other	53	17	166	1	237	12	225	0.2
Total	S$16,696	S$8,972	S$16,667	S$2,768	S$45,103	S$7,971	S$37,132	32.7%

(1) Loans and securities are gross figures and investments are shown net of provisions. Includes placements with banks.

(2) Includes loans to government which were classified as non-bank loans in the financial statements of UOB Group.

(3) Excludes fixed assets and other assets such as receivables and sundry debts.

(4) The largest exposure among "Other OECD" was S$4,140 million to Japan.

	Loans and Debt Securities[1]							
	Banks	Central Banks & Govt. Securities[2]	Non-Bank	Investments	Assets[3]	Less: Loans to/ Investments in Subsidiaries/ Overseas Branches	Net Exposure	Percentage of UOB Group Total Assets
	(a)	(b)	(c)	(d)	(e)= (a+b+c+d)	(f)	(g)=(e-f)	(h)
				(in millions, except percentages)				
As at December 31, 2002								
Assets in								
Malaysia	S$2,381	S$1,990	S$6,164	S$531	S$11,066	S$1,499	S$9,567	8.9%
Thailand	112	814	1,178	203	2,307	185	2,122	2.0
South Korea	1,354	298	45	98	1,795	12	1,783	1.7
Philippines	44	225	254	9	532	31	501	0.5
Indonesia	106	127	444	67	744	50	694	0.6
Total Regional Countries	3,997	3,454	8,085	908	16,444	1,777	14,667	13.7
Greater China	4,311	233	2,482	648	7,674	2,536	5,138	4.8
Other OECD[4]	4,647	105	4,847	716	10,315	1,860	8,455	7.8
Other	35	11	154	4	204	4	200	0.2
Total	S$12,990	S$3,803	S$15,568	S$2,276	S$34,637	S$6,177	S$28,460	26.5%

(1) Loans and securities are gross figures and investments are shown net of provisions. Includes placements with banks.

(2) Includes loans to government which were classified as non-bank loans in the financial statements of UOB Group.

(3) Excludes fixed assets and other assets such as receivables and sundry debts.

(4) The largest exposure among "Other OECD" was S$2,793 million to the United States.

	Loans and Debt Securities[1]							
	Banks	Central Banks & Govt. Securities[2]	Non-Bank	Investments	Assets[3]	Less: Loans to/ Investments in Subsidiaries/ Overseas Branches	Net Exposure	Percentage of UOB Group Total Assets
	(a)	(b)	(c)	(d)	(e)= (a+b+c+d)	(f)	(g)=(e-f)	(h)
				(in millions, except percentages)				
As at December 31, 2001								
Assets in								
Malaysia	S$2,571	S$2,188	S$6,493	S$740	S$11,992	S$2,017	S$9,975	8.8%
Thailand	567	1,617	1,026	261	3,471	594	2,877	2.5
South Korea	888	82	57	174	1,201	140	1,061	0.9
Philippines	46	277	300	33	656	65	591	0.5
Indonesia	155	118	331	55	659	75	584	0.5
Total Regional Countries	4,227	4,282	8,207	1,263	17,979	2,891	15,088	13.2
Greater China	2,740	135	2,912	590	6,377	1,904	4,473	3.9
Other OECD[4]	6,102	49	4,652	604	11,407	1,307	10,100	8.9
Other	44	12	187	1	244	4	240	0.2
Total	S$13,113	S$4,478	S$15,958	S$2,458	S$36,007	S$6,106	S$29,901	26.2%

(1) Loans and securities are gross figures and investments are shown net of provisions. Includes placements with banks.
(2) Includes loans to government which were classified as non-bank loans in the financial statements of UOB Group.
(3) Excludes fixed assets and other assets such as receivables and sundry debts.
(4) The largest exposure among "Other OECD" was S$2,802 million to the United Kingdom.

Customer Loans and Advances Maturity Profile

Customer loans and advances repayable on demand and loans maturing in less than one year constituted 47.3% of total customer loans and advances as at June 30, 2004 and 48.3% of total customer loans and advances as at December 31, 2003. Loans categorized as having maturities of less than one year, however, include revolving credit and overdraft facilities, which are typically renewed upon maturity and, based on actual repayment patterns, may be viewed as having a longer-term nature. As at June 30, 2004, of customer loans and advances with maturities over one year, 28.4% had maturities of between one and three years, 16.8% had maturities of between three and five years and 54.8% had maturities of over five years. As at December 31, 2003, of customer loans and advances with maturities over one year, 29.9% had maturities of between one and three years, 16.7% had maturities of between three and five years and 53.4% had maturities of over five years.

The following table sets forth an analysis of UOB Group's customer loans and advances by maturity as of the dates indicated:

	Within 1 year[1]	Over 1 year but within 3 years	Over 3 years but within 5 years	Over 5 years	Total
			(in millions)		
As at June 30:					
2004	S$29,838	S$9,457	S$5,585	S$18,215	S$63,095
2003	30,183	10,071	5,950	17,003	63,207
As at December 31:					
2003	30,256	9,668	5,386	17,271	62,581
2002	29,394	10,045	6,627	16,273	62,339
2001	27,723	10,412	7,303	18,773	64,211

(1) Includes loans and advances repayable on demand.

Non-performing Loans and Provisioning

UOB Group classifies its loan portfolio according to the borrower's ability to repay the loan from its normal sources of income. All loans and advances to customers are classified into the categories of "Pass", "Special Mention", "Substandard", "Doubtful" or "Loss", with the latter three being classified as "non-performing" in accordance with MAS requirements. Interest income on all non-performing loans is suspended and ceases to accrue as income. See "— Credit and Country Risk Management".

UOB Group's non-performing loans decreased by 10.0% or S$541 million from S$5,393 million as at June 30, 2003 to S$4,852 million as at June 30, 2004. UOB Group's non-performing loan data includes data for non-performing debt securities, which represented 1.6% of UOB Group's total non-performing loans as at June 30, 2004. Non-performing loans (excluding debt securities) represented 7.6% of UOB Group's customer loans and advances of S$63,095 million as at June 30, 2004.

UOB Group's non-performing loans decreased by 9.1% or S$519 million from S$5,679 million as at December 31, 2002 to S$5,160 million as at December 31, 2003. Non-performing loans decreased 4.8% or S$289 million as at December 31, 2002 from S$5,968 million as at December 31, 2001. UOB Group's non-performing loan data includes data for non-performing debt securities, which represented 1.5% of UOB Group's total non-performing loans as at December 31, 2003. Non-performing loans (excluding debt securities) represented 8.1% of UOB Group's customer loans and advances of S$62,581 million as at December 31, 2003.

By geographical region, Singapore accounted for S$3,215 million or 66.3% of the total non-performing loans as at June 30, 2004. Non-performing loans of Singapore fell by S$469 million or 12.7% compared to the S$3,684 million as at June 30, 2003. Non-performing loans of the Five Regional Countries declined by S$62 million or 4.3% to S$1,369 million as at June 30, 2004 from S$1,431 million as at June 30, 2003. Non-performing loans of Greater China as at June 30, 2004 were S$180 million, a decline of 0.6% over the S$181 million as at June 30, 2003.

As at December 31, 2003, 2002 and 2001, non-performing loans of Singapore accounted for 68.4%, 69.3% and 64.0%, respectively to total non-performing loans. Non-performing loans in Regional Countries as at December 31, 2003, 2002 and 2001 were 26.7%, 25.7% and 26.8% and Greater China accounted for 3.1%, 3.2% and 6.1%, respectively of the Group non-performing loans.

UOB Group's top 20 non-performing loans as at June 30, 2004 and December 31, 2003 amounted to S$863 million and S$908 million, or 17.8% and 17.6% of total non-performing loans, respectively.

Total cumulative specific and general provisions for UOB Group as at June 30, 2004 were S$3,249 million compared to S$3,496 million as at June 30, 2003. Total cumulative general provisions as at June 30, 2004 were S$1,361 million or 41.9% of total cumulative provisions, compared to S$1,427 million or 40.8%, as at June 30, 2003. UOB Group's non-performing loans continued to decrease as a result of proactive credit management.

Total cumulative specific and general provisions for UOB Group as at December 31, 2003 were S$3,332 million compared to S$3,504 million and S$3,334 million as at December 31, 2002 and 2001, respectively. Total cumulative general provisions as at December 31, 2003 were S$1,422 million or 42.7% of total cumulative provisions, compared to S$1,425 million or 40.7%, as at December 31, 2002 and S$1,435 million, or 43.0% as at December 31, 2001. UOB Group's non-performing loans continued to decrease as a result of proactive credit management.

Under UOB Group's loan loss provisioning guidelines, provisions are made for 10.0% to 50.0% of outstanding unsecured loans that are graded "Substandard", 50.0% to 100.0% for those graded "Doubtful" and 100.0% for those graded "Loss". Within these ranges, UOB determines a percentage based on its assessment of the severity of the delinquency and the likelihood of recovery. In accordance with MAS guidelines, the secured portion of a non-performing loan may continue to be classified as Substandard irrespective of the classification of a loan. See "— Credit and Country Risk Management".

The following tables set forth various statistics with respect to UOB Group's non-performing loans and provisions (by country of exposure and not country in which the loan is booked as at the dates indicated).

	As at June 30, 2004			
	Singapore	Regional Countries	Other Countries	Total
	(in millions, except percentages)			
Non-performing loans:				
Substandard(1)	S$2,062	S$776	S$193	S$3,031
Doubtful(1)	212	133	34	379
Loss(1)	941	460	41	1,442
Total	S$3,215	S$1,369	S$268	S$4,852
Non-performing loans as a % of:				
Total gross customer loans in the respective countries and regions	6.9%	13.1%	3.8%	7.6%
UOB Group total assets	2.8	1.2	0.2	4.2
Total cumulative provisions:				
Specific provisions	S$1,180	S$626	S$82	S$1,888
General provisions	737	514	110	1,361
Total	S$1,917	S$1,140	S$192	S$3,249
Total cumulative provisions as a % of:				
UOB Group total assets	1.6%	1.0%	0.2%	2.8%
Non-performing loans in the respective countries and regions	59.6	83.3	71.6	67.0

	As at June 30, 2003			
	Singapore	Regional Countries	Other Countries	Total
	(in millions, except percentages)			
Non-performing loans:				
Substandard(1)	S$2,432	S$764	S$190	S$3,386
Doubtful(1)	263	123	39	425
Loss(1)	989	544	49	1,582
Total	S$3,684	S$1,431	S$278	S$5,393
Non-performing loans as a % of:				
Total gross customer loans in the respective countries and regions	7.8%	15.2%	3.8%	8.4%
UOB Group total assets	3.4	1.3	0.3	5.0
Total cumulative provisions:				
Specific provisions	S$1,258	S$710	S$101	S$2,069
General provisions	818	515	94	1,427
Total	S$2,076	S$1,225	S$195	S$3,496
Total cumulative provisions as a % of:				
UOB Group total assets	1.9%	1.1%	0.2%	3.2%
Non-performing loans in the respective countries and regions	56.4	85.6	70.1	64.8

	As at December 31, 2003			
	Singapore	Regional Countries	Other Countries	Total
	(in millions, except percentages)			
Non-performing loans:				
Substandard(1)	S$2,328	S$814	S$164	S$3,306
Doubtful(1)	257	103	36	396
Loss(1)	945	461	52	1,458
Total	S$3,530	S$1,378	S$252	S$5,160
Non-performing loans as a % of:				
Total gross customer loans in the respective countries and regions	7.7%	14.1%	3.3%	8.1%
UOB Group total assets	3.1	1.2	0.2	4.5
Total cumulative provisions:				
Specific provisions	S$1,200	S$608	S$102	S$1,910
General provisions	807	515	100	1,422
Total	S$2,007	S$1,123	S$202	S$3,332
Total cumulative provisions as a % of:				
UOB Group total assets	1.8%	1.0%	0.2%	2.9%
Non-performing loans in the respective countries and regions	56.9	81.5	80.2	64.6

	As at December 31, 2002			
	Singapore	Regional Countries	Other Countries	Total
	(in millions, except percentages)			
Non-performing loans:				
Substandard(1)	S$2,655	S$775	S$189	S$3,619
Doubtful(1)	272	132	43	447
Loss(1)	1,008	551	54	1,613
Total	S$3,935	S$1,458	S$286	S$5,679
Non-performing loans as a % of:				
Total gross customer loans in the respective countries and regions	8.5%	17.0%	3.4%	9.0%
UOB Group total assets	3.7	1.4	0.3	5.3
Total cumulative provisions:				
Specific provisions	S$1,271	S$700	S$108	S$2,079
General provisions	816	515	94	1,425
Total	S$2,087	S$1,215	S$202	S$3,504
Total cumulative provisions as a % of:				
UOB Group total assets	1.9%	1.1%	0.2%	3.3%
Non-performing loans in the respective countries and regions	53.0	83.3	70.6	61.7

	As at December 31, 2001			
	Singapore	Regional Countries	Other Countries	Total
	(in millions, except percentages)			
Non-performing loans:				
Substandard[1]	S$2,745	S$730	S$376	S$3,851
Doubtful[1]	200	218	79	497
Loss[1]	874	652	94	1,620
Total	S$3,819	S$1,600	S$549	S$5,968
Non-performing loans as a % of:				
Total gross customer loans in the respective countries and regions	8.1%	19.2%	6.1%	9.3%
UOB Group total assets	3.4	1.4	0.5	5.2
Total cumulative provisions:				
Specific provisions	S$1,037	S$691	S$171	S$1,899
General provisions	814	527	94	1,435
Total	S$1,851	S$1,218	S$265	S$3,334
Total cumulative provisions as a % of:				
UOB Group total assets	1.6%	1.1%	0.2%	2.9%
Non-performing loans in the respective countries and regions	48.5	76.1	48.3	55.9

(1) Defined below in "— Risk Management — Credit and Country Risk Management".

Industry Classification of Non-performing Loans

The following tables show the industry sector breakdown of non-performing loans for UOB Group, Singapore, the Regional Countries and Other Countries as of the dates indicated:

	As at June 30, 2004							
	Singapore		Regional Countries		Other Countries		Total	
		% of Total Non-performing Loans		% of Total Non-performing Loans		% of Total Non-performing Loans		% of Total Non-performing Loans
	(in millions, except percentages)							
General commerce[1]	S$542	16.9%	S$215	15.7%	S$20	7.3%	S$777	16.0%
Non-bank financial institutions	458	14.3	217	15.9	114	42.5	789	16.3
Professionals and private individuals	576	17.9	188	13.7	27	10.2	791	16.3
Manufacturing	459	14.3	278	20.3	52	19.4	789	16.3
Housing loans	400	12.4	113	8.3	18	6.6	531	10.9
Building and construction	530	16.5	241	17.6	24	8.9	795	16.4
Transportation, storage and communication ...	59	1.8	18	1.3	12	4.6	89	1.8
Other[1]	133	4.1	78	5.7	1	0.5	212	4.4
Debt securities	58	1.8	21	1.5	—	—	79	1.6
Total	S$3,215	100.0%	S$1,369	100.0%	S$268	100.0%	S$4,852	100.0%

(1) Non-performing loans for hotels and restaurants as at June 30, 2004 and June 30, 2003 were reclassified from "Other" to "General commerce" in line with the revised Notice to Banks, MAS 610.

	As at June 30, 2003							
	Singapore		Regional Countries		Other Countries		Total	
		% of Total Non-performing Loans		*% of Total Non-performing Loans*		*% of Total Non-performing Loans*		*% of Total Non-performing Loans*
	(in millions, except percentages)							
General commerce[1]	S$620	16.8%	S$167	11.6%	S$15	5.2%	S$802	14.9%
Non-bank financial institutions	583	15.8	314	21.9	119	42.9	1,016	18.8
Professionals and private individuals	802	21.8	134	9.4	36	13.0	972	18.0
Manufacturing	446	12.1	386	27.0	43	15.4	875	16.2
Housing loans	505	13.7	90	6.3	17	6.3	612	11.4
Building and construction	527	14.3	223	15.6	29	10.3	779	14.4
Transportation, storage and communication	82	2.2	23	1.6	18	6.5	123	2.3
Other[1]	76	2.1	73	5.1	1	0.4	150	2.8
Debt securities	43	1.2	21	1.5	—	—	64	1.2
Total	S$3,684	100.0%	S$1,431	100.0%	S$278	100.0%	S$5,393	100.0%

(1) Non-performing loans for hotels and restaurants as at June 30, 2004 and June 30, 2003 were reclassified from "Other" to "General commerce" in line with the revised Notice to Banks, MAS 610.

	As at December 31, 2003							
	Singapore		Regional Countries		Other Countries		Total	
		% of Total Non-performing Loans		*% of Total Non-performing Loans*		*% of Total Non-performing Loans*		*% of Total Non-performing Loans*
	(in millions, except percentages)							
General commerce	S$559	15.8%	S$127	9.2%	S$16	6.1%	S$702	13.6%
Non-bank financial institutions	607	17.2	268	19.4	109	43.3	984	19.1
Professionals and private individuals	704	20.0	191	13.9	31	12.3	926	17.9
Manufacturing	408	11.6	297	21.6	40	16.2	745	14.5
Housing loans	511	14.5	101	7.3	20	7.8	632	12.2
Building and construction	500	14.2	234	17.0	22	8.6	756	14.7
Transportation, storage and communication	72	2.0	20	1.5	13	5.2	105	2.0
Other	111	3.1	119	8.6	1	0.5	231	4.5
Debt securities	58	1.6	21	1.5	—	—	79	1.5
Total	S$3,530	100.0%	S$1,378	100.0%	S$252	100.0%	S$5,160	100.0%

	As at December 31, 2002							
	Singapore		Regional Countries		Other Countries		Total	
		% of Total Non-performing Loans		*% of Total Non-performing Loans*		*% of Total Non-performing Loans*		*% of Total Non-performing Loans*
	(in millions, except percentages)							
General commerce	S$634	16.1%	S$120	8.2%	S$15	5.3%	S$769	13.5%
Non-bank financial institutions	573	14.6	347	23.8	109	38.5	1,029	18.1
Professionals and private individuals	834	21.2	145	10.0	35	12.2	1,014	17.9
Manufacturing	474	12.0	342	23.5	58	20.5	874	15.4
Housing loans	576	14.6	67	4.6	25	8.4	668	11.8
Building and construction	600	15.3	219	15.0	24	8.4	843	14.8
Transportation, storage and communication ...	84	2.1	23	1.6	17	5.6	124	2.2
Other	117	3.0	174	11.9	3	1.1	294	5.2
Debt securities	43	1.1	21	1.4	—	—	64	1.1
Total	S$3,935	100.0%	S$1,458	100.0%	S$286	100.0%	S$5,679	100.0%

	As at December 31, 2001							
	Singapore		Regional Countries		Other Countries		Total	
		% of Total Non-performing Loans		*% of Total Non-performing Loans*		*% of Total Non-performing Loans*		*% of Total Non-performing Loans*
	(in millions, except percentages)							
General commerce	S$547	14.3%	S$181	11.3%	S$97	17.7%	S$825	13.8%
Non-bank financial institutions	627	16.4	283	17.7	112	20.5	1,022	17.1
Professionals and private individuals	747	19.6	140	8.7	52	9.4	939	15.7
Manufacturing	470	12.3	332	20.7	93	17.0	895	15.0
Housing loans	480	12.6	52	3.3	24	4.3	556	9.3
Building and construction	773	20.2	323	20.2	67	12.2	1,163	19.5
Transportation, storage and communication ...	54	1.4	33	2.0	12	2.2	99	1.7
Other	119	3.1	234	14.7	92	16.7	445	7.5
Debt securities	2	0.1	22	1.4	—	—	24	0.4
Total	S$3,819	100.0%	S$1,600	100.0%	S$549	100.0%	S$5,968	100.0%

Collateral Value and Non-performing Loans

UOB Group's non-performing loans are generally secured by real property. As at June 30, 2004 and December 31, 2003, the secured non-performing loans of UOB Group by collateral type and country of risk were:

	As at June 30, 2004				
	Properties	**Marketable Securities**	**Cash and Deposits**	**Others**	**Total**
			(in millions)		
Singapore	S$1,646	S$31	S$14	S$57	S$1,748
Regional Countries	549	63	11	53	676
Greater China	83	1	—	—	84
Other	40	—	—	—	40
Total	S$2,318	S$95	S$25	S$110	S$2,548

	As at December 31, 2003				
	Properties	**Marketable Securities**	**Cash and Deposits**	**Others**	**Total**
			(in millions)		
Singapore	S$1,883	S$51	S$16	S$78	S$2,028
Regional Countries	579	69	9	41	698
Greater China	44	1	2	—	47
Other	30	—	—	1	31
Total	S$2,536	S$121	S$27	S$120	S$2,804

Aging of Non-performing Loans

The following table sets forth information with respect to the aging of UOB Group's non-performing loans as of the dates indicated:

	Aging of Non-performing Loans				
		Default			
	Current	**≤90 days**	**91-180 days**	**≥181 days**	**Total**
			(in millions)		
As at December 31:					
2003	S$670	S$378	S$464	S$3,648	S$5,160
2002	774	473	789	3,643	5,679
2001	925	874	547	3,622	5,968

Regional Non-performing Loans

The following table sets forth information with respect to the breakdown (by country of exposure and not country in which the loan is booked) of UOB Group's non-performing loans as of the dates indicated:

	As at December 31,						As at June 30,			
	2001		2002		2003		2003		2004	
	Assets(1)	Non-performing Loans	Assets(1)	Non-performing Loans	Assets(1)	Non-performing Loans	Assets(1)	Non-performing Loans	Assets(1)	Non-performing Loans
					(in millions)					
Regional Countries:										
Malaysia	S$9,975	S$1,028	S$9,567	S$943	S$12,730	S$930	S$11,364	S$933	S$13,625	S$936
Philippines	591	242	501	208	486	184	522	202	484	179
Thailand	2,877	151	2,122	144	2,365	140	2,432	154	2,666	140
Indonesia	584	169	694	156	733	119	652	127	967	112
South Korea	1,061	10	1,783	7	1,671	5	1,944	15	2,164	2
Total of Regional Countries	15,088	1,600	14,667	1,458	17,985	1,378	16,914	1,431	19,906	1,369
Greater China	4,473	362	5,138	182	5,961	161	4,503	181	7,116	180
Other OECD	10,100	89	8,455	33	12,961	26	8,562	33	11,721	31
Other	240	98	200	71	225	65	210	64	239	57
Total	S$29,901	S$2,149	S$28,460	S$1,744	S$37,132	S$1,630	S$30,189	S$1,709	S$38,982	S$1,637

(1) Excludes fixed assets and other assets such as receivables and sundry debts.

Rescheduled and Restructured Loans

An account is described as "rescheduled" where repayment terms have been modified, but the principal terms and conditions of the original contract have not changed significantly. Rescheduling alleviates temporary cash-flow difficulties experienced by a borrower and is expected to be short term and unlikely to recur. The full amount of the debt remains repayable and no loss of principal or interest is expected.

Where an account is "restructured", the original terms and conditions of the facility are modified significantly to assist the borrower to overcome financial difficulties where the longer term prospect of the business or project is still deemed to be viable. Restructuring may involve a change in credit facility type, repayment schedule including moratorium or extension of interest and/or principal payments and reduction of accrued interest including forgiveness of interest and/or reduction in interest rate charged. A restructured account is graded as non-performing, and can only be classified "Pass" when all payments are current for six months and there is no reasonable doubt as to the collectability of principal and interest.

Analysis of Restructured Loans During the Year

	As at December 31,					
	2001		2002		2003	
	Amount outstanding	Specific provisions	Amount outstanding	Specific provisions	Amount outstanding	Specific provisions
	(in millions, except percentages)					
Substandard	S$176	S$8	S$292	S$9	S$196	S$31
Doubtful	115	42	29	13	—	—
Loss	65	57	37	36	35	35
Total restructured loans	S$356	S$107	S$358	S$58	S$231	S$66
Restructured NPLs as a percentage of total NPLs		6.0%		6.3%		4.5%

Changes in Provisions

The following table shows changes in UOB Group's cumulative provisions for the periods indicated:

	Specific	Interest-in-suspense	General	Total
	(in millions)			
2003				
Balance as at January 1	S$1,737	S$670	S$1,425	S$3,832
Foreign exchange differences	(7)	(5)	(3)	(15)
Write off against provisions	(431)	(34)	—	(465)
Charge/(write back) to income statements	284	—	—	284
Interest suspended	—	83	—	83
Transfer to provision for diminution in value of investments and other assets	(6)	(2)	—	(8)
Balance as at December 31	1,577	712	1,422	3,711
2002				
Balance as at January 1	1,614	640	1,435	3,689
Foreign exchange differences	(39)	(14)	(10)	(63)
Write off against provisions	(257)	(123)	—	(380)
Charge/(write back) to income statements	426	—	—	426
Interest suspended	—	169	—	169
Transfer to provision for diminution in value of investments and other assets	(7)	(2)	—	(9)
Balance as at December 31	1,737	670	1,425	3,832
2001				
Balance as at January 1	771	273	768	1,812
Foreign exchange differences	38	16	8	62
Write off against provisions	(384)	(121)	—	(505)
Charge/(write back) to income statements	149	—	(70)	79
Interest suspended	—	115	—	115
Transfer to provision for diminution in value of investments and other assets	(1)	—	—	(1)
Acquisition of subsidiaries	1,041	357	729	2,127
Balance as at December 31	1,614	640	1,435	3,689

Securities Portfolio

UOB Group's total securities portfolio (consisting of Singapore Government treasury bills and securities, other government treasury bills and securities, and dealing and investment securities held for investment and trading purposes) accounted for 13.9% of total assets as at June 30, 2004 compared with 14.0% as at June 30, 2003. Singapore Government treasury bills and securities accounted for 5.8% of total assets as at June 30, 2004 and 7.9% of total assets as at June 30, 2003.

UOB Group's dealing and investment securities accounted for 6.7% and 4.4% of total assets as at June 30, 2004 and June 30, 2003, respectively and mainly consisted of debt securities and equity securities issued by corporates and banks. The increase was mainly due to increased holdings in investment securities issued by banks and corporates. Investment securities comprised mainly debt securities in domestic and overseas companies. UOB is also a market maker for Singapore Government securities and typically holds a portion of its securities for this purpose.

UOB Group's total securities portfolio accounted for 12.0% of total assets as at December 31, 2003. This compared with 13.1% as at December 31, 2002 and 12.9% at December 31, 2001. Singapore Government treasury bills and securities accounted for 5.6% of total assets as at December 31, 2003, 7.6% of total assets as at December 31, 2002 and 7.6% of total assets as at December 31, 2001.

UOB Group's dealing and investment securities accounted for 5.2% of total assets as at December 31, 2003, 4.3% of total assets as at December 31, 2002 and 3.6% of total assets as at December 31, 2001. The increase was mainly due to increased holdings in investment securities issued by banks and corporates.

The following table sets forth book-value data relating to UOB Group's securities portfolio, as of the dates indicated. UOB Group's securities portfolio data do not include investments in associates.

	As at December 31,			As at June 30,	
	2001	2002	2003	2003	2004
			(in millions)		
Singapore Government treasury bills and securities	S$8,712	S$8,218	S$6,311	S$8,476	S$6,787
Other government treasury bills and securities	1,817	1,333	1,352	1,884	1,721
Dealing securities	681	623	525	415	575
Investment securities	3,431	3,945	5,423	4,364	7,210
Total net book values	S$14,641	S$14,120	S$13,609	S$15,138	S$16,292

As at June 30, 2004, the cumulative specific provision for securities was S$187 million as compared with S$134 million as at June 30, 2003.

As at December 31, 2003, the cumulative specific provision for securities was S$131 million as compared with S$111 million as at December 31, 2002 and S$175 million as at December 31, 2001.

Funding Sources

UOB Group seeks to maintain well-diversified sources of funding, as well as sufficient liquidity to meet contractual obligations when due.

The following table sets forth a breakdown of the sources of UOB Group's funding sources as of the dates indicated:

	As at December 31,		
	2001	2002	2003
		(in millions)	
Shareholders' funds	S$12,717	S$12,613	S$13,282
Customer deposits	74,452	67,919	69,863
Inter-bank liabilities	18,094	19,302	18,839
Other liabilities (including minority interests)	8,625	7,596	11,462
Total	S$113,888	S$107,430	S$113,446

Historically, UOB Group has raised a substantial portion of its funding requirements from deposit-taking activities as well as inter-bank funding. As at December 31, 2003, 61.6% of such funding requirements were attributable to corporate and retail customer deposits while 16.6% came from inter-bank liabilities. As at December 31, 2002 and 2001, 63.2% and 65.4%, respectively, of such funding requirements were attributable to customer deposits while 18.0% and 15.9%, respectively, came from inter-bank liabilities. Inter-bank borrowings are mainly used to capitalize on opportunities in the inter-bank money market or to smooth out maturity mismatches.

Customer Deposits

UOB Group offers a wide variety of deposit accounts, including non-interest bearing checking accounts and interest bearing checking, savings and fixed deposit accounts. UOB Group generally sets the rates of interest it pays on deposits according to market conditions. Rates offered vary according to maturity and size of the deposit. Interest is paid on fixed deposits at a fixed rate until such deposits are rolled over, at which time the rate for deposits of the relevant maturity at the time of rollover is applied.

Customer Deposits Maturity Profile

As at December 31, 2003, UOB Group's customer deposits which are repayable on demand were S$24,062 million. The following table sets forth a breakdown of UOB Group's customer deposits by the remaining maturity (not original maturity category) as of the dates indicated:

	Less than 7 Days(1)	1 Week to 1 Month	Over 1 Month to 3 Months	Over 3 Months to 12 Months	Over 12 Months	Total
			(in millions)			
As at December 31:						
2003	S$31,824	S$16,458	S$8,401	S$11,928	S$1,252	S$69,863
2002	24,868	19,825	9,793	12,536	897	67,919
2001	29,809	19,585	11,492	13,029	537	74,452

(1) Includes demand deposits.

Inter-bank Liabilities

UOB Group is a leading participant in domestic and foreign inter-bank markets and maintains money market lines with a large number of domestic and foreign banks. As at December 31, 2003, UOB Group was a net lender in the inter-bank market, with total inter-bank liabilities of S$18,839 million (or 16.6% of total liabilities and shareholders' funds) and inter-bank assets of S$21,122 million (or 18.6% of total assets).

Foreign Source Funding

UOB Group's Singapore operation raises funds both domestically and in offshore markets. UOB Group's branches, agencies and subsidiaries outside Singapore organize independent funding and must comply fully with local regulatory liquidity requirements.

Risk Management

Credit and Country Risk Management

Credit risk is inherent in UOB Group's business. Such risks arise from lending, trading and other activities undertaken by UOB Group. UOB Group intends to continue to strengthen its credit risk management infrastructure in order to manage growth of risk assets in a liberalizing environment. Outlined below is the approach that UOB Group has taken to provide credit risk oversight and control.

Credit Risk Oversight. UOB Group has in place a disciplined process to regularly review and report asset concentrations and portfolio quality so that risks are accurately assessed, properly approved and monitored. These include large credit exposures by obligors, aggregate exposure levels to individual groups and sectors, security types, internal credit ratings, industry exposures, level of non-performing loans, adequacy of provisioning requirements and country risk concentrations.

UOB Group's Credit Committee, under delegated authority from the Board of Directors, deals with all credit matters, including approval of credit applications, formulation of credit policies and the review of existing credit facilities. See "Management — Organization Structure — Credit Committee".

The Credit and Country Risk Management Division supports the Credit Committee in the oversight of credit risk. Its functions include: credit review; bank counterparty risk management; country risk management; credit policies; credit database development; credit training; credit reports; and credit discretionary limit administration. The decisions of the Credit Committee and its credit risk management reports are reviewed by the Executive Committee and the Board.

UOB Group continues to review and upgrade its systems and procedures so as to generate comprehensive information about its loan portfolio for the effective analysis of its credit risks.

Credit Approval Process. The Banking Act provisions, as well as MAS regulations, broadly govern UOB Group's credit extension process. Within UOB Group, credit approval authority is delegated within an established credit discretionary limit structure. Credit discretionary limits are delegated to selected officers of individual business units, depending on their experience and seniority. The highest credit approving authority at the operational level is the Executive Committee.

All officers with the authority to approve credits are guided by credit policies and guidelines to assist them in exercising sound judgment. These credit policies and guidelines cover key risk parameters associated with credit structuring and approval. Risk parameters are defined in accordance with regulatory and internal guidelines and include: maximum credit exposure to a single borrower or a group of borrowers where such borrowers are able to control or influence such credit facilities; maximum advance limits for housing loans; maximum advance limits for car loans; maximum unsecured credit limits to individuals; lending to related parties; minimum qualifying salary for credit card; maximum advance basis by collateral type; collateral deemed acceptable; minimum repayment ability ratio of individual borrower; maximum tenor of facility; and frequency of credit review. In analyzing and justifying the extension of credit, internal due diligence is carried out on the borrower's creditworthiness based on company, industry and market factors.

Credit Risk Identification and Monitoring. UOB Group has in place a rigorous monitoring process that includes monthly reviews of all non-performing and special mention loans. In addition, credit reviews and audits are performed regularly to proactively manage any delinquency, minimize undesirable concentrations, maximize recoveries, and check that credit policies and procedures are complied with. Past dues and where limits have been exceeded are tracked by business lines and product types and significant trends are analyzed and reported monthly to UOB's Credit Committee and Executive Committee. Credit review officers follow up on past due and excess trends and monitor remedial action plans.

UOB Group is continually refining its internal credit risk rating processes and systems to monitor credit risk. UOB Group relies predominantly on analyses and ratings provided by external agencies for rated counterparties and borrowers, such as banks and bond issuers. UOB Group is in the process of introducing statistical modelling techniques and tools for the assignment of credit ratings to corporate and SME borrowers.

In addition, UOB Group has implemented the following credit risk identification and monitoring processes to specific credit risk areas:

Concentration of Stocks and Shares as Collateral. A custody services system is in place to capture the details of stocks and shares accepted as collateral by UOB Group in its Singapore operations. The market value of stocks and shares are marked-to-market daily and online queries and monthly reports are generated. Global exposure concentrations to stocks and shares are analyzed and monitored. Significant trends are reported on a quarterly basis to the Credit Committee. A list of shares accepted as collateral to which UOB Group has high exposure is updated and circulated periodically to heads of lending units to limit further commitment.

Concentration risk analysis in this area includes: trend of loans secured by stocks and shares by country of operations and as a percentage of total loans and advances; trend of exposure by stock exchanges; accounts at high advance margins; and counters accepted as collateral exceeding 5% of the issued capital.

Exposure to Property. Exposures to property related loans are monitored to ensure compliance with the Banking Act. The trend of property related loan exposures is closely monitored by top borrowing groups, business sector and geographically.

Country and Cross-Border Exposures. Country risk arises where there is the risk that UOB Group will not be able to obtain payment from customers as a result of actions taken by foreign governments, even though the creditworthiness of UOB Group customers might not be impaired. In monitoring cross-border exposure, UOB Group excludes local activities that are funded within the country of operation.

UOB Group's country and cross-border exposures are monitored and managed through a system of country and cross-border limits, to avoid concentration of transfer, economic and political risks. Based on its grading, a country limit is set for each country. These limits are regularly reviewed, country exposures are analyzed and significant trends are reported to UOB's Credit Committee at least four times a year.

Industry Exposure. Exposure concentrations and non-performing loans by industry type are analyzed and significant trends reported to the Credit Committee and Executive Committee on a monthly basis, as well as to the Board of Directors quarterly. Monitoring of non-performing loans by industry classification is also undertaken by the Management Committee at its monthly meetings. Concentrations are monitored closely to avoid over-expansion in any particular industry.

Classification of Loans. UOB Group classifies its loans in accordance with guidelines adopted by the MAS as well as internal loan grading policies. Classification guidelines are applied strictly for all local and overseas operations and subsidiaries.

MAS guidelines require banks to classify their loan portfolios in accordance with the borrower's ability to repay the loan from its normal source of income. These classifications, and underlying collateral valuations, are used to determine minimum levels of loan loss reserves which banks are required to maintain. UOB Group classifies its loans in conformity with MAS guidelines.

MAS guidelines require banks to classify their loan portfolios into five categories, two categories for performing loans (Pass and Special Mention) and three categories for classified, or non-performing loans (Substandard, Doubtful and Loss). Minimum reserves are set based on these categories.

"Pass" grade loans are applicable when all payments are current and full repayment of interest and principal from normal sources is not in any doubt. A "Special Mention" grade is appropriate when there is potential weakness in the borrower's creditworthiness, but the extent of any credit deterioration does not warrant a "Substandard" or classified grade.

A loan is graded "Substandard" when there is a weakness in a borrower's creditworthiness that jeopardizes normal repayment; default has occurred or is likely to occur; a credit is greater than 90 days past due; and when restructured (if performing for less than six months). A "Doubtful" grade is attached where there is a severe weakness in a borrower's creditworthiness and full repayment is highly questionable. A "Loss" grade signifies that any recovery would be insignificant and no security is available.

When a loan is graded "Non-Performing", interest income is suspended and ceases to accrue.

UOB Group also adopts split loan classifications as follows:

- *Substandard-Doubtful.* Where loans that are partially secured by tangible collateral and the recovery rate on the unsecured portion is expected to be more than 50.0%. The amount allocated to "Substandard" depends on the security value with the shortfall being classified as "Doubtful".
- *Substandard-Loss.* Where loans that are partially secured by tangible collateral and the recovery rate on the expected shortfall is expected to be less than 50.0%. The amount classified as "Substandard" depends on the security value, with the shortfall being classified as "Loss".

Loan Loss Provisioning and Reserve, Interest Accrual and Write-off Policies. UOB Group's provisions for credit losses are intended to cover probable credit losses through charges against profit. The provisions consist of an element which is specific to the individual loan and also a general element which has not been specifically applied. UOB Group constantly reviews the quality of its loan portfolio based on its knowledge of the borrowers and, where applicable, of the relevant industry and country of operation. A specific provision is made when UOB Group believes that the creditworthiness of a borrower has deteriorated to such an extent that the recovery of the whole outstanding loan is in doubt. A general provision is made to cover possible but not specifically identified losses.

UOB Group's practice is to make provisions for its overseas operations based on local regulatory requirements for local reporting purposes, and then, where necessary, to make additional provisions to comply with UOB Group's provisioning policy and MAS regulations.

Under UOB Group's loan loss provisioning guidelines, provisions are made for 10.0% to 50.0% of outstanding unsecured loans that are graded "Substandard", 50.0% to 100.0% for those graded "Doubtful" and 100.0% for those graded "Loss". Within these ranges, UOB determines a percentage based on its assessment of the severity of the delinquency and the likelihood of recovery.

Classified accounts are closely monitored to ensure continued efforts are made to improve UOB Group's position and reduce its exposure. Where appropriate, such loans are transferred to in-house recovery specialists to maximize recovery prospects. A classified account is written off if it is deemed uncollectable and where there is no realizable tangible collateral securing the account and all feasible avenues of recovery have been exhausted. The approval of the MAS must be sought before accounts which fall within the list of MAS Notice 606, such as director-related loans, can be written off.

Interest Rate Risk Management

Interest rate risk is defined as the potential change in earnings arising from movements in interest rates on the structural non-trading banking book. The interest rate risk in the banking book arises from customers' preferences and from characteristics in the booking of assets and liabilities, thereby causing a mismatch in the interest repricing dates of the assets and liabilities. With changes in interest rates and yield curves over time, the size and nature of such mismatches in the banking book may impact the net interest income of UOB Group. The main objective, therefore, is to manage interest rate risk to achieve stable and sustainable net interest income over the long term.

Interest rate risk will arise when more assets than liabilities or more liabilities than assets are repriced in a given time band. A positive interest rate sensitivity gap exists where more interest sensitive assets than interest sensitive liabilities reprice during a given time period. Conversely, a negative interest rate sensitivity gap exists where more interest sensitive liabilities than interest sensitive assets reprice during a given time period. As at December 31, 2003, UOB Group had an overall positive interest rate sensitivity gap, which represents the net difference in the interest rate sensitive assets and liabilities across the time periods. The actual effect that this gap will have on net interest income will depend on a number of factors, including variations in interest rates within the repricing periods, variations in exchange rates among currencies, and the extent to which repayments may be made earlier or later than the contracted dates.

UOB's Asset Liability Committee ("ALCO"), under delegated authority from the Board of Directors, approves the policies, strategies and limits for managing interest rate risk. This risk is monitored by the asset liability management division through the framework of approved policies and limits and reported regularly to the ALCO. The decisions of the ALCO and its monthly risk management report are reviewed by UOB's Executive Committee.

Interest Rate Mismatch Analysis

	Total	Non-Interest Bearing	Up to 7 Days	Over 7 Days to 1 Month	Over 1 to 3 Months	Over 3 to 12 Months	Over 1 to 3 Years	Over 3 Years	Total Interest Bearing
					(in millions)				
December 31, 2003									
Assets (Inflows):									
Cash and balances with central banks	S$8,035	S$4,785	S$21	S$2,258	S$59	S$912	S$—	S$—	S$3,250
Government treasury bills and securities	7,662	—	30	402	1,944	2,662	1,800	824	7,662
Placement and balances with banks and agents	21,122	63	3,785	4,786	6,542	5,374	572	—	21,059
Trade bills and advances to customers	59,297	—	17,400	11,706	8,993	11,896	7,679	1,623	59,297
Dealing and investment securities	5,098	1,659	30	142	636	239	545	1,847	3,439
Investments in associates	1,397	1,395	—	—	—	2	—	—	2
Goodwill	3,466	3,466	—	—	—	—	—	—	—
Other	6,511	6,511	—	—	—	—	—	—	—
	112,588	17,879	21,266	19,294	18,174	21,085	10,596	4,294	94,709
Assets attributable to SPE	858								
Total assets	113,446								
Liabilities (Outflows):									
Current, fixed, savings accounts and other deposits of non-bank customers	69,912	6,000	25,873	16,458	8,401	11,928	703	549	63,912
Deposits and balances of banks and agents, and bills & drafts payable	19,003	864	3,453	8,142	4,167	2,377	—	—	18,139
Debts issued	3,344	—	—	17	104	178	—	3,045	3,344
Other	6,896	6,896	—	—	—	—	—	—	—
	99,155	13,760	29,326	24,617	12,672	14,483	703	3,594	85,395
Liabilities attributable to SPE	854								
Total liabilities	100,009								
Shareholders' funds and minority interests	13,433	13,433	—	—	—	—	—	—	—
Shareholders' funds attributable to SPE	4								
Total shareholders' funds and minority interests	13,437								
Total liabilities and shareholders' funds	113,446								
Net on-balance sheet position		(9,314)	(8,060)	(5,323)	5,502	6,602	9,893	700	9,314
Net off-balance sheet position		—	(1,746)	1,610	1,916	596	(4,586)	2,210	—
Net interest rate sensitivity gap		(9,314)	(9,806)	(3,713)	7,418	7,198	5,307	2,910	9,314

Liquidity Risk Management

Liquidity risk is defined as the potential loss arising from a bank's inability to meet its own contractual obligations when due. UOB Group maintains sufficient liquidity to fund its day-to-day operations, meet customer deposit withdrawals either on demand or at contractual maturity, meet customers' demand for new loans, participate in new investments when opportunities arise and repay borrowings as they mature. Hence, liquidity is managed to meet known as well as unanticipated cash funding needs.

The MAS has in place guidelines for the management of a bank's liquidity risk, including a minimum liquid assets requirement and a 3.0% minimum cash balance requirement. See "Regulation and Supervision".

UOB Group manages liquidity risk in accordance with a framework of liquidity policies, controls and limits approved by the ALCO. UOB Group's main objectives in liquidity management include honoring all cash outflow commitments (both on and off-balance sheet) on an ongoing daily basis, satisfying statutory liquidity and reserve requirements, and avoiding raising funds at market premiums or through forced sale of assets.

In monitoring its liquidity, UOB Group considers the following factors: cost and distribution of funds, economic and market trends, levels of liquid assets, future earnings capacity, asset quality, concentration risk, customer mix, the nature and mix of its assets and liabilities, including maturity, currency and repricing mismatches, and anticipated funding needs. UOB Group has generally had excess liquidity due to its strong deposit base. Excess funds have generally been placed in the inter-bank market. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Financial Condition — Liquidity".

These policies, controls and limits ensure that UOB Group maintains well diversified sources of funding, as well as sufficient liquidity to meet all its contractual obligations when due. These activities are carried out throughout the year by a combination of cash flow management, maintenance of high quality marketable securities and other short-term investments that can be readily converted to cash, diversification of the funding base, and proactive management of UOB Group's "core deposits". Core deposits are generally stable non-bank deposits, like current accounts, savings accounts and fixed deposits. UOB Group monitors the stability of its core deposits by analyzing their volatility over time.

The distribution of sources and maturity of deposits is managed actively in order to ensure cost effective and continued access of funds and to avoid a concentration of funding needs at any one time or from any one source. Important factors in assuring liquidity are the maintenance of competitive interest rates and the maintenance of customers' confidence. Such confidence is based on UOB Group's good reputation, the strength of its earnings, and its strong financial position and credit rating.

Liquidity contingency funding plans have been drawn up to ensure that alternative funding strategies are in place and can be implemented on a timely basis to minimize the liquidity risks that may arise due to adverse changes in the market place.

The following table shows the maturity mismatch analysis of UOB Group's nearer-term and longer-term time bands relating to the cash inflows and outflows based on contractual classifications arising from business activities and including off-balance sheet transactions. The projected net cash outflow in the "Up to 7 Days" time band comprises mainly customers' current accounts and savings accounts that are repayable on demand.

Maturity Mismatch Analysis

	Assets and liabilities maturing							
	Total	Up to 7 Days	Over 7 Days to 1 Month	Over 1 to 3 Months	Over 3 to 12 Months	Over 1 to 3 Years	Over 3 Years	Non-Specific Maturity
	(in millions)							
December 31, 2003								
Assets (Inflows):								
Cash and balances with central banks	S$8,035	S$4,806	S$2,258	S$59	S$912	S$—	S$—	S$—
Government treasury bills and securities	7,662	30	402	1,944	2,662	1,800	824	—
Placement and balances with banks and agents	21,122	3,848	4,786	6,542	5,374	572	—	—
Trade bills and advances to customers	59,297	14,336	4,440	5,010	4,882	9,161	21,468	—
Dealing and Investment securities	5,098	—	35	21	145	845	2,475	1,577
Investments in associates	1,397	—	—	—	7	—	—	1,390
Goodwill	3,466	—	—	—	—	—	—	3,466
Other	6,511	73	100	159	63	55	59	6,002
	112,588	23,093	12,021	13,735	14,045	12,433	24,826	12,435
Assets attributable to SPE	858							
Total assets	113,446							
Liabilities (Outflows):								
Current, fixed, savings accounts and other deposits of non-bank customers	69,912	31,873	16,458	8,401	11,928	703	549	—
Deposits and balances of banks and agents, and bills & drafts payable ..	19,003	4,317	8,142	4,167	2,377	—	—	—
Debts issued	3,344	—	—	—	—	17	3,327	—
Other	6,896	103	135	49	56	3	2	6,548
	99,155	36,293	24,735	12,617	14,361	723	3,878	6,548
Liabilities attributable to SPE	854							
Total liabilities	100,009							
Shareholders' funds and minority interest	13,433	—	—	—	—	—	—	13,433
Shareholders' funds attributable to SPE	4							
Total shareholders' funds and minority interest	13,437							
Total liabilities and shareholders' funds .	113,446							
Net maturity mismatch		S$(13,200)	S$(12,714)	S$1,118	S$(316)	S$11,710	S$20,948	S$(7,546)

Market Risk Management

Market risk is defined as the potential loss in market value of a given portfolio that can be expected to be incurred arising from changes in market prices, namely, foreign exchange rates, interest rates, equity prices, credit spreads and option volatility relating to all the above rates or prices. UOB Group is exposed to market risk in its trading portfolio because the values of its trading positions are sensitive to changes in market prices and rates.

Market risk is managed using a framework of market risk management policies and risk control procedures, as well as notional, greeks, risk and loss limits. These limits are proposed by every trading desk/division (including UOB Group's overseas operations), reviewed by Risk Management & Compliance Sector — Market Risk Management and approved by the ALCO annually. ALCO also reviews and approves new limits or changes to the existing limits as and when these are proposed. The powers of ALCO are delegated by the Executive Committee of the Board whose powers are, in turn, delegated by the Board of Directors. The monitoring of market risk trading limits and the reporting of any limit excess and ratification are carried out independently by the Middle Office.

There is no single risk statistic that can reflect all aspects of market risk. UOB Group uses a combination of Value-at-Risk ("VaR") and stress testing. The VaR calculations are performed for all material trading portfolios. These calculations use variance-covariance and historical simulation models based on the past 260 days of market data within a 95% confidence level and assuming a one day trading horizon.

UOB Group's daily diversified VaR, as at December 31, 2003, was S$4.0 million and comprised equity/volatility risk (44%), interest rate risk (including credit spread risk, 38%) and foreign exchange risk (18%). The Group's daily diversified VaR for 2003, averaging S$3.1 million, ranged from between a low of S$2.0 million and a high of S$6.8 million.

Stress and scenario tests are also performed on the trading portfolios. Such testing will serve to provide early warning of potential worst case losses so as to facilitate proactive management of these risks in the rapidly changing financial markets. Stress tests are built around changes in market rates and prices that result from pre-specified economic scenarios, including historical market events and hypothetical sensitivity analysis. While VaR estimates UOB Group's exposure to events in normal markets, stress testing discloses the risk under plausible events in abnormal markets. Portfolio stress testing is integral to the market risk management process and, together with VaR, are important components in the package of risk measurement and control tools.

The risks taken by UOB Group are measured against corresponding rewards to ensure that returns commensurate with the risks taken. A risk-reward measure of Earnings-at-Risk ("EaR") is used as a standard measurement of the risks against corresponding rewards across different products and business types. EaR is used as a benchmark in the setting of risk limits against prospective earnings.

Derivative Instruments. Derivative instruments are financial instruments, such as forwards, swaps, futures and options, whose values change in response to the change in one or more of the following: foreign exchange rates, interest rates, security prices and credit indices.

In its normal course of business, UOB Group transacts in these financial instruments for proprietary trading purposes as well as to hedge against interest rate and foreign exchange mismatches which UOB Group may incur and which may adversely affect its assets and liabilities and structural positions. UOB Group also customizes these derivative instruments to meet the specific needs of its customers.

Before the introduction of a new derivative instrument, either for hedging or proprietary trading, a product program must be developed and approved by the appropriate committees. See "— Operational Risk Management". Limits must also be approved by the ALCO, the Credit Committee and/or the Investment Committee. Positions and risks undertaken are subsequently monitored against these approved limits and any excesses are handled according to UOB Group's policies.

Derivative transactions undertaken for trading purposes are marked-to-market and the resulting profits and losses are recognized in UOB Group's income statements. Transactions designated as hedges are accounted for in a manner consistent with the accounting treatment of the hedged items.

Foreign Exchange Risk Management

UOB Group's foreign exchange exposures that are taken by the foreign exchange trading desk are monitored through VaR and stress testing. See "— Market Risk Management". Such exposures comprise both on-balance sheet and off-balance sheet financial instruments.

Other foreign exchange exposures of UOB Group are primarily structural foreign currency translations exposures from its investment in overseas operations and from foreign currency denominated profits during the year. While UOB Group's general policy is to fund these foreign currency exposures in corresponding foreign currencies, the exposures may also be hedged with off-balance sheet instruments, such as foreign exchange forwards and options, as approved by the ALCO.

The following table shows an analysis of UOB Group's balance sheet by currency as at December 31, 2003.

Currency Risk — Net Positions

	Singapore Dollars	US Dollars	MYR Ringgit	Other	Total
			(in millions)		
Assets:					
Cash and balances with central banks	S$1,603	S$34	S$2,309	S$4,089	S$8,035
Government treasury bills and securities	6,311	55	80	1,216	7,662
Placements and balances with banks and agents	4,376	10,279	1,581	4,886	21,122
Trade bills and advances to customers	38,366	7,723	5,857	7,351	59,297
Dealing and investment securities	1,761	2,228	280	829	5,098
Investments in associates	1,316	—	78	3	1,397
Goodwill	3,372	—	—	94	3,466
Other	4,250	1,373	354	534	6,511
	61,355	21,692	10,539	19,002	112,588
Assets attributable to SPE					858
Total assets					113,446
Liabilities:					
Current, fixed, savings accounts and other deposits of non-bank customers	41,350	13,198	6,031	9,333	69,912
Deposits and balances of banks and agents and bills and drafts payable drafts	1,910	10,224	750	6,119	19,003
Debts issued	1,303	2,041	—	—	3,344
Other liabilities	3,765	337	1,885	909	6,896
	48,328	25,800	8,666	16,361	99,155
Liabilities attributable to SPE					854
Total liabilities					100,009
On-balance sheet position	13,027	(4,108)	1,873	2,641	
Off-balance sheet position	(1,365)	4,251	(1,189)	(1,697)	
Net open position	S$11,662	S$143	S$684	S$944	
Net structural position	S$—	S$(8)	S$797	S$474	

Operational Risk Management

Operational risk is defined as the potential loss arising from a breakdown in UOB Group's internal control or corporate governance that results in error, fraud, failure/delay to perform, or compromise of UOB Group's interests by employees. Operational risk also includes the potential loss arising from a major failure of computer systems and from both natural and man-made disasters. Potential loss may be in the form of financial loss or other damages, for example, loss of reputation and public confidence that will impact UOB Group's credibility and ability to transact, maintain liquidity and obtain new business.

Operational risk is managed through a framework of policies, techniques and procedures as approved by the Management Committee under its delegated authority from the Board of Directors. The decisions of the Management Committee and its monthly risk management reports are reviewed by the Executive Committee of the Board.

This framework of techniques and procedures encompasses the building of Operational Risk Profiles ("ORPs"), the conduct of Operational Risk Self Assessment ("ORSA") based on the ORPs, the development of an Operational Risk Action Plan ("ORAP"), the monitoring of Key Operational Risk Indicators ("KORIs"), and the process for monitoring and reporting operating risk issues. The framework also includes a centralized structure for reporting and analysis of operational risk events. These loss events are categorized in accordance with the requirements stipulated in a document entitled "International Convergence of Capital Measurement and Capital Standards — A Revised Framework (June 2004)" published by the Basel Committee on Banking Supervision.

The methodology provides the tool for the profiling of significant operational risks to which business and support units are exposed. These units then define the key management policies/procedures/controls that have been established to address the identified operational risks. The building of the ORPs involves risks identification as well as the identification and classification of management controls.

As part of the continual assessment, ORSA provides the business/support heads with an analytical tool to identify the wider operational risks, assess the adequacy of controls over these risks and identify control deficiencies at an early stage so that timely action can be taken. Where actions need to be taken, these are documented for monitoring and reporting to top management. Complementing the framework are KORIs that are utilized and monitored on an on-going basis. Through regular monitoring and analysis of this data, areas of potential operational control weakness can be identified at an early stage.

Included in the overall framework of operational risk is the disciplined product program process. This process aims to ensure that the risks associated with each new product/service are identified, analyzed and managed before it is approved for launch. For the implementation of all online products and services, extra precautionary measures are taken to address and protect customers' confidentiality and interests. Clear instructions are also posted on UOB Group's website to advise and educate customers on the proper use and safekeeping of their access identification and passwords.

As part of UOB Group's comprehensive operational risk framework, an enhanced UOB Group-wide Business Contingency Plan has been developed. In addition, in line with the increasing need to outsource internal operations in order to achieve cost efficiency, a UOB Group policy has been established to regulate the outsourcing of services to third parties. Risk transfer mechanisms, such as insurance, also form part of this framework. Identified operational risks with relatively high residual risk assessment ratings and new risks that are beyond the control of UOB Group will be scrutinized for insurability. Legal risk is part of operational risk. Legal risk arises from inadequate documentation, legal or regulatory incapacity or insufficient authority of customers and uncertainty in the enforcement of contracts. This is managed through consultation with UOB Group's legal counsel and external counsel to ensure that legal advice is appropriately taken where necessary.

Group Compliance

UOB Group operates in an environment that is subject to a significant number of regulatory and operational compliance requirements. The Group Compliance unit is primarily responsible for ensuring that the appropriate control measures are in place for UOB Group to be reasonably assured that its businesses and operations are conducted in accordance with the relevant laws, regulations, policies and procedures. Where there are no explicit requirements, UOB Group seeks to adopt policies and procedures that are in line with best practices in the industry.

The Group Compliance unit achieves its objectives through a team of dedicated compliance officers in key business lines and support units, including UOB Group's overseas branches and subsidiaries. These compliance officers monitor and enforce adherence with the relevant laws, regulations, policies and procedures in their respective areas, and report to the Head of the Group Compliance unit who provides them with independent support and guidance to perform their tasks.

The Group Compliance unit also spearheads UOB Group's efforts in ensuring that its businesses are not involved with money laundering and terrorist financing activities by issuing guidelines for business units to follow and by conducting reviews of compliance with these guidelines. Training sessions are also held to create and heighten staff awareness on the prevention of money laundering and terrorist financing activities.

Besides ensuring the on-going compliance with local regulations, UOB Group Compliance unit also oversaw the implementation of the requirements of the United States Patriot Act in 2002.

Effective from October 1, 2002, the Financial Advisers Act, Chapter 110 of Singapore (the "Financial Advisers Act") imposes stringent requirements on the provision of investment advice to customers, with particular emphasis on product disclosure and suitability of recommendation. The main intent of the Financial Advisers Act is to boost the professional standards of the financial advisory industry in Singapore and improve investor protection. In this regard, the Group Compliance unit has worked with the relevant business units to develop a framework of guidelines and procedures that comply with the Financial Advisers Act requirements.

MANAGEMENT

Board of Directors

UOB is managed by a Board of Directors, which currently consists of 13 members. The Board is responsible for overseeing and planning the policies and business strategies of UOB and monitors its day-to-day management through its various committees that are delegated certain specific functions (discussed below).

The following table sets forth the members of the Board of Directors of UOB:

Name	Age	Position
Wee Cho Yaw	75	Chairman of the Board and Chief Executive Officer
Wee Ee Cheong	51	Deputy Chairman of the Board and President
Koh Beng Seng	54	Director and Deputy President
Ngiam Tong Dow	67	Director
Ernest Wong Yuen Weng	59	Director
Wong Meng Meng	56	Director
Sim Wong Hoo	48	Director
Philip Yeo Liat Kok	57	Director
Prof. Cham Tao Soon	65	Director
Tan Kok Quan	65	Director
Prof. Lim Pin	68	Director
Mrs. Margaret Lien Wen Hsien	62	Director
Ng Boon Yew	49	Director

Wee Cho Yaw, Chairman of the Board and Chief Executive Officer — Mr. Wee is a career banker with more than 40 years of experience. Mr. Wee joined UOB in 1960 as Managing Director and has been the Chairman and Chief Executive Officer of UOB since 1974 and the Chairman of the Executive Committee since 1976. Mr. Wee is also the Chairman of UOB's Remuneration Committee, a member of its Nominating Committee, and the Chairman of the boards of various UOB subsidiaries, including Far Eastern Bank, United Overseas Insurance, UOB Radanasin, United Overseas Bank Malaysia, UOB Indonesia and BOA. Mr. Wee is the Chairman Emeritus designate of UOB Philippines and also the Chairman of the boards of United International Securities, Haw Par Corporation, United Overseas Land, Hotel Plaza, Overseas Union Enterprise, United Industrial Corporation, and Singapore Land and its subsidiary, Marina Centre Holdings. In addition, he is an Honorary President of the Singapore Chinese Chamber of Commerce & Industry, Pro-Chancellor of Nanyang Technological University and a Member of the Asia-Pacific Advisory Committee, New York Stock Exchange.

Wee Ee Cheong, Deputy Chairman of the Board and President — A professional banker, Mr. Wee joined UOB in 1979. Mr. Wee has been a Director since January 1990 and Deputy Chairman and President of UOB since March 2000. Besides his directorships in UOB Group companies, Mr. Wee sits on the boards of several other organizations, including VISA International (Asia-Pacific Region Association) and the Institute of Banking & Finance. Mr. Wee is also a Council Member of the Association of Banks in Singapore and the Singapore Chinese Chamber of Commerce and Industry, as well as a member of the Advisory Board of the INSEAD East Asia Council. He has previously served as Deputy Chairman of Singapore's Housing & Development Board (1995-2000) and Director of the Port of Singapore Authority (1997-2000). He holds a Bachelor of Science (Business Administration) and Master of Arts (Applied Economics) from The American University.

Koh Beng Seng, Director and Deputy President — Mr. Koh has been a Director and the Deputy President of UOB since June 2000. He is a member of UOB's Executive Committee. He is also a director of various UOB subsidiaries including the Far Eastern Bank. Prior to joining UOB, Mr. Koh spent over 24 years at the Monetary Authority of Singapore where he contributed to the development and supervision of the Singapore financial sector in his capacity as Deputy Managing Director, Banking & Financial Institutions Group. He is a director of ST Engineering. Mr. Koh holds a Bachelor of Commerce (Honors) from the then Nanyang University and a Masters of Business Administration from Columbia University.

Ngiam Tong Dow, Director — Mr. Ngiam has been a Director of UOB since October 2001. He is a member of UOB's Executive Committee. He is the Chairman of HDB Corporation, a wholly-owned subsidiary of the Housing & Development Board. He has a distinguished public service career, having served as Permanent Secretary of the Prime Minister's Office, Ministries of Finance, Trade & Industry, National Development, and Communications. He is a director of Singapore Press Holdings and Yeo Hiap Seng and holds a Bachelor of Arts (Economics, Honors) from the then University of Malaya and a Master of Public Administration from Harvard University.

Ernest Wong Yuen Weng, Director — Mr. Wong has been a Director of UOB since January 1990. Mr. Wong currently chairs UOB's Audit Committee and is also a director of United Overseas Land and Hotel Plaza. He is also a Council Member of Nanyang Technological University and Chairman of its Finance and Endowment Fund Investment Committees. Mr. Wong was the President of UOB from 1990 until September 2000, when he joined MediaCorp as its Group Chief Executive Officer. Prior to joining UOB, Mr. Wong spent about 5 years with the Economic Development Board and the Ministry of Finance. He had previously served as Chairman of the Association of Banks in Singapore, board member of Economic Development Board and Director of Asean Supreme Fund. Mr. Wong graduated from the University of Surrey with a Bachelor of Science (1st Class Honors).

Wong Meng Meng, Director — Mr. Wong has been a Director of UOB since March 2000 and is currently the Chairman of UOB's Nominating Committee. Mr. Wong is also a director of the Far Eastern Bank, a subsidiary of UOB. Mr. Wong is the Senior Partner of Wong Partnership, a Notary Public and Senior Counsel of the Supreme Court of Singapore. In addition, Mr. Wong is a member of the Singapore International Arbitration Centre's Main Panel of Arbitrators, and has acted as the Adviser to the Association of Banks in Singapore from 1985 to 1992. He graduated with a Bachelor of Law (Honors) from the then University of Singapore.

Sim Wong Hoo, Director — Mr. Sim has been a Director of UOB since March 2000. Mr Sim is the Founder, Chairman and Chief Executive Officer of Singapore-based Creative Technology, a leading provider of digital entertainment products and peripherals for personal computers and the Internet. He is a member of UOB's Nominating Committee, director of UOB's subsidiary, Far Eastern Bank, and director of Frontline Technologies Corporation and MediaRing.com. In 1992 and 1998, Mr. Sim was named "Businessman Of the Year" by Business Times and DHL Worldwide Express. Mr. Sim holds a Diploma in Electronics and Electrical Engineering from Ngee Ann Polytechnic in Singapore.

Philip Yeo Liat Kok, Director — Mr. Yeo has been a Director of UOB since May 2000. He is currently a member of UOB's Audit Committee and Remuneration Committee as well as a director of UOB's subsidiary, Far Eastern Bank. With more than 33 years of distinguished career in the government and private sector, Mr. Yeo is recognized for his contributions to Singapore's economic development and his pioneering role in the development of Singapore's information technology industry. Mr. Yeo is currently the Chairman of the Agency for Science, Technology & Research (A*STAR, formerly National Science & Technology Board) and Co-Chairman of the Singapore Economic Development Board. Mr. Yeo is also a Board member of Infosys of India. Mr. Yeo has a Bachelor of Applied Science (Industrial Engineering) from the University of Toronto where he was a Colombo Plan Scholar. He also holds a Master of Science (Systems Engineering) from the then University of Singapore and a Master in Business Administration, from Harvard University, where he was a Fulbright scholar. In 1997, he received an honorary Doctor of Engineering from the University of Toronto.

Prof. Cham Tao Soon, Director — Prof. Cham has been a Director of UOB since January 2001. He is also a member of UOB's Executive, Audit, Nominating and Remuneration Committees and a director of Far Eastern Bank, UOB's subsidiary. Prof. Cham has spent more than 30 years in the academia sector and currently is a Professor at Nanyang Technological University. Prof. Cham is the Chairman of NatSteel and Deputy Chairman of Singapore Press Holdings. He is a director of WBL Corporation, Robinson & Co. and TPA Strategic Holdings. In addition, he serves as a board member of the Land Transport Authority and a member of the Council of Presidential Advisers. Prof. Cham holds a Bachelor of Engineering (Civil, Hons) from the University of Malaya, a Bachelor of Science (Mathematics, Hons) from the University of London and a Doctorate of Philosophy (Fluid Mechanics) from Cambridge University.

Tan Kok Quan, Director — Mr. Tan has been a Director of UOB since October 2001. He is a Senior Partner of Tan Kok Quan Partnership and a Notary Public and Senior Counsel of the Supreme Court of Singapore. Mr. Tan is a member of UOB's Audit Committee. He is also a director of Network Foods International and has served as Deputy Chairman of Public Utilities Board. He holds a Bachelor of Law (Honors) from the then University of Singapore.

Prof. Lim Pin, Director — Prof. Lim has been a Director of UOB since October 2001. He is a member of UOB's Remuneration Committee. He is a University Professor & Professor of Medicine at the National University of Singapore and a Senior Consultant at the National University Hospital. He is also a director of Raffles Medical Group and Chairman of the National Wages Council of Singapore and Bioethics Advisory Committee. Prof. Lim holds a Master of Arts and Doctor of Medicine from the University of Cambridge, and is a Fellow of the Academy of Medicine of Singapore, the Royal College of Physicians (London) and the Royal Australasian College of Physicians.

Mrs. Margaret Lien Wen Hsien, Director — Mrs. Lien has been a Director of UOB since October 2001. She is a director of Overseas Union Enterprise, Lien Ying Chow Private Limited, Wah Hin & Company Limited and a Governor of the Lien Foundation. She holds a Bachelor of Law (Honors) from the London School of Economics and Political Science, University of London.

Ng Boon Yew, Director — Mr. Ng has been a Director of UOB since October 2001. He is a Certified Public Accountant and Member of the Institute of Certified Public Accountants of Singapore. He has more than 25 years of accounting and auditing experience in both the private and public sectors. He is the Group Chief Financial Officer of Singapore Technologies and is a director of Datapulse Technology, Fischer Tech and RSH, and Member of the Securities Industry Council, the Council on Corporate Disclosure and Governance, the Council on Governance of Institutions of a Public Character, and the Board of Trustees of the Cancer Research and Education Fund. Mr. Ng is a Fellow of the Association of Chartered Certified Accountants, Associate Member of the Institute of Chartered Accountants in England and Wales, Chartered Institute of Management Accountants, Institute of Chartered Secretaries and Administrators and Chartered Institute of Taxation.

In the year ended December 31, 2003, the Directors of UOB together received remuneration and fees (including benefits in kind) from UOB and UOB Group companies valued at S$12.2 million.

Committees of the Board

Executive Committee. The Executive Committee was established by the Board to formulate UOB's business strategies and conduct on-going monitoring of UOB Group's performance. The five-member Executive Committee is comprised of three executive directors, Mr. Wee Cho Yaw, Mr. Wee Ee Cheong and Mr. Koh Beng Seng, and two non-executive directors, Mr. Ngiam Tong Dow and Prof. Cham Tao Soon. The Executive Committee meets monthly and has also been delegated authority to exercise certain of the Board's powers.

The Chief Executive Officer is responsible for the day-to-day operation of UOB. The Board has conferred upon the Executive Committee and the Chief Executive Officer certain discretionary limits and authority for credit and loan approvals, treasury and investment activities, capital expenditure, budgeting and human resources management.

Audit Committee. The Audit Committee is comprised of four members, all of whom are independent and non-executive directors. They are Mr. Ernest Wong Yuen Weng, Chairman of the Committee, Mr. Philip Yeo Liat Kok, Prof. Cham Tao Soon and Mr. Tan Kok Quan. The Committee meets at least four times a year. Additional meetings could be called by the Chairman of the Audit Committee to discuss specific audit issues when necessary. The following are some of the functions performed by the Audit Committee:

- reviews with the external auditor, the audit plan, his evaluation of the system of internal controls, his audit report and any matter which the external auditor wishes to discuss;
- reviews with the internal auditor, the scope and results of internal audit procedures;
- reviews with the internal and external auditors, their findings on their evaluation of the system of internal controls;

- reviews the quarterly, half-yearly and annual financial statements prior to submission to the Board;
- reviews any significant findings of internal investigations;
- nominates a person or persons as auditor;
- reviews the assistance given by UOB's officers to the internal and external auditors; and
- reviews interested person transactions.

To effectively discharge its responsibilities, the Committee has full access to and the cooperation of management, including the internal auditor. The Committee also has full discretion to invite any director and executive officer to attend its meetings. The Committee meets separately with the internal auditor and the external auditors, in the absence of management, at least once a year. The Committee has power to conduct or authorize investigation into any matter within its terms of reference.

Nominating Committee. The Nominating Committee was established by the Board to assist the Board in identifying individuals and reviewing nominations for appointment to the Board, the Executive Committee, the Audit Committee, the Remuneration Committee and the key management positions of Chief Executive Officer, President, Deputy President and Chief Financial Officer and any other officer with responsibilities and functions similar to any of these officers. There are five members on the Nominating Committee, four of whom are independent and non-executive directors, namely, Mr. Wong Meng Meng, (the Chairman of the Committee), Mr. Sim Wong Hoo, Prof. Cham Tao Soon and Prof. Lim Pin. The fifth member is Mr. Wee Cho Yaw. Mr. Wee Ee Cheong is an alternate to Mr. Wee Cho Yaw on the Nominating Committee.

Remuneration Committee. The Remuneration Committee comprising four directors was established to assist the Board in recommending directors' remuneration, overseeing executive staff compensation and development in UOB Group. The Committee's functions include formulation of a remuneration policy that would attract, retain and motivate executive talent, deliver improved shareholder value by ensuring that individual performance and reward are reflective of the business objectives of UOB Group, and align the interests of all staff as closely as possible with the interests of shareholders. The Committee administers the UOB 1999 Share Option Scheme.

The members of the Remuneration Committee are Mr. Wee Cho Yaw who chairs the Committee, and three independent directors, Prof. Cham Tao Soon, Mr. Philip Yeo Liat Kok and Prof. Lim Pin.

Senior Management

Name	Age	Position
Wee Cho Yaw	75	Chief Executive Officer and Chairman of the Board
Wee Ee Cheong	51	President and Deputy Chairman of the Board
Koh Beng Seng	54	Deputy President and Director
Francis Lee Chin Yong	50	Senior Executive Vice President, International
Terence Ong Sea Eng	54	Senior Executive Vice President, Global Treasury and Asset Management
Samuel Poon Hon Thang	55	Senior Executive Vice President, Institutional & Individual Financial Services
Joseph Chen Seow Chan	53	Managing Director, Global Treasury (Trading)
Bill Chua Teck Huat	50	Executive Vice President, Operations
Susan Hwee	43	Executive Vice President, Information Technology
Kuek Tong Au	58	Executive Vice President, Corporate Services
Michael Lau Hwai Keong	43	Executive Vice President, International
David Loh Hong Kit	48	Executive Vice President, Risk Management & Compliance
Sim Puay Suang	51	Executive Vice President, Personal Financial Services
Wee Joo Yeow	56	Executive Vice President, Corporate Banking — Singapore
Wong Chong Fatt	49	Executive Vice President, High Networth Banking
Yeo Eng Cheong	56	Executive Vice President, Commercial Credit
Larry Lam Chi Keung	47	Senior Vice President & Head, Group Audit

Wee Cho Yaw, Chief Executive Officer and Chairman of the Board — Mr. Wee is a career banker with more than 40 years of experience. Mr. Wee joined UOB in 1960 as Managing Director and has been the Chairman and Chief Executive Officer of UOB since 1974 and the Chairman of the Executive Committee since 1976. Mr. Wee is also the Chairman of UOB's Remuneration Committee, a member of its Nominating Committee, and the Chairman of the boards of various UOB subsidiaries, including Far Eastern Bank, United Overseas Insurance, UOB Radanasin, United Overseas Bank Malaysia, UOB Indonesia and BOA. Mr. Wee is the Chairman Emeritus designate of UOB Philippines and also the Chairman of the boards of United International Securities, Haw Par Corporation, United Overseas Land, Hotel Plaza, Overseas Union Enterprise, United Industrial Corporation, and Singapore Land and its subsidiary, Marina Centre Holdings. In addition, he is an Honorary President of the Singapore Chinese Chamber of Commerce & Industry, Pro-Chancellor of Nanyang Technological University and a Member of the Asia-Pacific Advisory Committee, New York Stock Exchange.

Wee Ee Cheong, President and Deputy Chairman of the Board — A professional banker, Mr. Wee joined UOB in 1979. Mr. Wee has been a Director since January 1990 and Deputy Chairman and President of UOB since March 2000. Besides his directorships in UOB Group companies, Mr. Wee sits on the boards of several other organizations, including VISA International (Asia-Pacific Region Association) and the Institute of Banking & Finance. Mr. Wee is also a Council Member of the Association of Banks in Singapore and the Singapore Chinese Chamber of Commerce and Industry, as well as a member of the Advisory Board of the INSEAD East Asia Council. He has previously served as Deputy Chairman of Singapore's Housing & Development Board (1995-2000) and Director of the Port of Singapore Authority (1997-2000). He holds a Bachelor of Science (Business Administration) and Master of Arts (Applied Economics) from The American University.

Koh Beng Seng, Deputy President and Director — Mr. Koh has been a Director and the Deputy President of UOB since June 2000. He is a member of UOB's Executive Committee. He is also a director of various UOB subsidiaries including the Far Eastern Bank. Prior to joining UOB, Mr. Koh spent over 24 years at the Monetary Authority of Singapore where he contributed to the development and supervision of the Singapore financial sector in his capacity as Deputy Managing Director, Banking & Financial Institutions Group. He is a director of ST Engineering. Mr. Koh holds a Bachelor of Commerce (Honors) from the then Nanyang University and a Masters of Business Administration from Columbia University.

Francis Lee Chin Yong — Mr. Lee joined UOB in 1980. He was appointed to his current position as Senior Executive Vice President in charge of International in April 2003. Prior to that, Mr. Lee headed United Overseas Bank Malaysia as Chief Executive Officer since September 1998. Mr. Lee has spent 22 years in UOB, holding senior positions in operations and consumer services.

Terence Ong Sea Eng — Mr. Ong is the Senior Executive Vice President of Global Treasury and Asset Management. He has more than 20 years of experience in treasury services and operations. Prior to joining UOB, he was the Deputy General Manager of the then Board of Commissioners of Currency, Singapore. Mr. Ong has been with UOB since 1982. Mr. Ong holds a Bachelor of Accountancy from the then University of Singapore.

Samuel Poon Hon Thang — Mr. Poon joined UOB in 1988 and currently is the Senior Executive Vice President of Institutional and Individual Financial Services. Prior to joining UOB, Mr. Poon worked with Citibank N.A. from 1979 to 1988. Mr. Poon holds a Bachelor of Commerce (Honors) from the then Nanyang University.

Joseph Chen Seow Chan — Mr. Chen is the Managing Director of Global Treasury (Trading). A banker with 27 years' experience in the treasury and fixed income business, he has worked with various major foreign banks and the Monetary Authority of Singapore before joining UOB in 1989. Mr. Chen holds a Bachelor of Science (Honors) from the then University of Singapore.

Bill Chua Teck Huat — Mr. Chua is the Executive Vice President of Operations. Mr. Chua, who joined UOB in 2002, has more than 24 years of experience in wholesale and consumer banking. Prior to joining UOB, he worked in OUB, Citibank N.A. and the Ministry of Foreign Affairs. He holds a Bachelor of Arts (Economics) and Bachelor of Engineering (Industrial, Honors) from the University of Newcastle, Australia.

Susan Hwee — Ms. Hwee is the Executive Vice President of Information Technology. Ms. Hwee has more than 20 years of experience in information technology and operations in the banking industry. Ms. Hwee joined UOB in 2001. Prior to joining UOB, she has held appointments in Keppel TatLee Bank, Citibank N.A. and IBM. Ms. Hwee holds a Bachelor of Science from the National University of Singapore.

Kuek Tong Au — Mr. Kuek is the Executive Vice President of Corporate Services which include the functions of corporate affairs, finance, investor relations, tax, property, legal and secretariat. He has more than 30 years of experience in finance and has been with UOB since 1970. Mr. Kuek holds a Bachelor of Accountancy (Honors) from the then University of Singapore.

Michael Lau Hwai Keong — Mr. Lau is the Executive Vice President of International. Mr. Lau, who joined UOB in 2000, is a Chartered Financial Analyst and has 19 years of experience in the financial services industry. Mr. Lau has also held senior appointments at the Central Depository of the Singapore Exchange and the Monetary Authority of Singapore. Mr. Lau holds a Bachelor of Business Administration (Honors) from the National University of Singapore.

David Loh Hong Kit — Mr. Loh is the Executive Vice President of Risk Management & Compliance. Mr. Loh joined UOB in 2000. Mr. Loh is a Chartered Financial Analyst who has more than 20 years' experience in the financial services industry. Prior to joining UOB, Mr. Loh was Senior Vice President at the then Singapore International Monetary Exchange from 1992 to 1999. Mr. Loh holds a Bachelor of Science (Honors) from the University of Birmingham and Masters of Business Administration from the University of New South Wales.

Sim Puay Suang — Ms. Sim is the Executive Vice President of Personal Financial Services. Ms. Sim joined UOB in 1978. She holds a Bachelor of Arts from the University of Singapore. A 26-year career banker at UOB, Ms Sim has extensive experience and expertise in consumer banking. She is responsible for the business development and management of the Bank's personal banking business. Ms. Sim has held positions in various areas of commercial banking, real estate lending, corporate banking and loan syndication before starting the consumer banking business for UOB in 1988.

Wee Joo Yeow — Mr. Wee is the Executive Vice President of Corporate Banking — Singapore. Mr. Wee, who joined UOB in 2002, has 30 years of corporate banking experience. Mr. Wee has held senior appointments in OUB and First National Bank of Chicago prior to joining UOB. He holds a Bachelor of Business Administration (Honors) from the then University of Singapore and Master of Business Administration from New York University.

Wong Chong Fatt — Mr. Wong is the Executive Vice President of High Networth Banking. Mr. Wong, who joined UOB in 2000, has more than 20 years' experience in treasury products and has held senior appointments at ABN AMRO Futures, NatWest Futures and HSBC Futures. Mr. Wong holds a Bachelor of Commerce from the then Nanyang University.

Yeo Eng Cheong — Mr. Yeo is the Executive Vice President of Commercial Credit. Mr. Yeo has more than 30 years of experience in credit and marketing. Prior to joining UOB, he worked with the then Chase Manhattan Bank and Bankers Trust Company. Mr. Yeo has been with UOB since 1986. He holds a Bachelor of Business Administration (Honors) from the then University of Singapore.

Larry Lam Chi Keung — Mr. Lam is the Senior Vice President and Head of Group Audit. He joined UOB in 1998. Mr. Lam holds a Bachelor of Information Systems and Master of Business Administration from California State Polytechnic University. He is a Certified Public Accountant (US) as well as a Certified Information Systems Auditor and has 17 years of internal and external auditing and information technology experience from the United States. Mr. Lam is currently serving as a Governor of the Institute of Internal Auditors, Singapore. He is also one of the 50 voting members of the International Banking Security Association.

Organization Structure

On a day-to-day basis, various committees, comprising senior executive staff responsible for UOB Group's business, meet regularly to evaluate and approve business and operational matters, including risk exposure. The committees formulate policies for UOB Group's businesses, which are then communicated to the various business units. Key policy decisions and proposals regarding risk exposures are subject to review by the Executive Committee and the Board of Directors. The main business units within UOB are International, Institutional & Individual Financial Services, and Global Treasury/Asset Management. The functional units include Operations, Delivery Channels, Information Technology, Corporate Services, Risk Management & Compliance, Human Resources, and Internal Audit.

UOB has established five executive-level committees overseeing UOB Group's activities.

Management Committee

Chaired by the Chairman and Chief Executive Officer and comprising certain senior executives of UOB, the Management Committee meets monthly to review operations and formulate policies relating to the business activities of UOB and any operational risks arising from them. The Management Committee's key objectives are to propose and recommend to the Executive Committee and the Board of Directors strategic directions, goals and priorities of UOB, review business plans and budgets, determine key human resource policies pertaining to selection, utilization, compensation and development of human resources, ensure compliance with relevant rules and regulations and facilitate bank-wide coordination, communication and teamwork.

Asset Liability Committee

The Asset Liability Committee is chaired by the Chairman and Chief Executive Officer and is comprised of other senior executives of UOB, and meets twice a month. The Asset Liability Committee formulates and reviews policies and strategies with respect to UOB's overall balance sheet structure, including off-balance sheet items. The Asset Liability Committee's policy-making responsibilities include setting of board rates pricing strategies for deposits and loans, and establishing funds and money market acquisition practices. Its oversight functions involve monitoring earnings spread, asset and liability distributions and maturities for liquidity purposes, interest rate risk, market risk, and capital resource allocations and monitoring, managing and controlling exposures arising from banking book and trading activities in treasury, capital and investment markets, including off-balance sheet instruments. The Asset Liability Committee is also responsible for setting limits and risk reward parameters for all trading and banking book activities, where applicable within the delegated limits from the Executive Committee and ensuring compliance with delegated authorities.

Credit Committee

The Credit Committee deals with all credit and country/transfer risk matters, including approval of credit applications, formulation of credit policies as well as the review of existing credit facilities. The Credit Committee is chaired by the Chairman and Chief Executive Officer and comprised other senior executives of UOB. During weekly meetings large credits, risk concentrations, country and counterparty limits, non-performing and potential non-performing loans and credit issues are reviewed and analyzed. Credit approval authority is delegated within an established credit discretionary limit structure. Credit discretionary limits are delegated to selected officers of individual business units, depending on their experience and seniority. The highest credit approving authority at the operational level is the Executive Committee.

Investment Committee

Chaired by the Chairman and Chief Executive Officer and comprising other senior executives of UOB, the Investment Committee meets fortnightly to formulate, review and approve policies and strategies regarding the investment and management of UOB Group funds. It also provides oversight of the activities and business strategies of UOB Group's asset management and venture capital subsidiaries.

Computer Committee

The Computer Committee is chaired by the Chairman and Chief Executive Officer and is comprised of other senior executives of UOB and meets monthly. The Computer Committee determines and oversees the prioritization of UOB Group's investments in IT as well as the resources committed to the development of UOB Group's technology strategy and infrastructure, and ensure that these are in line with UOB Group's business strategy.

PRINCIPAL SHAREHOLDERS

As at July 26, 2004, the substantial shareholders interested directly or indirectly in 5.0% or more of the voting shares of UOB, and the number of shares of UOB held by them as recorded in the Register of Substantial Shareholders maintained by UOB pursuant to Section 88 of the Companies Act, Chapter 50 of Singapore were as follows:

Substantial Shareholder	**Shareholdings registered in the name of substantial shareholders**	**Other shareholdings in which substantial shareholders are deemed to have an interest**	**Total Interest**	
	No. of Shares	*No. of Shares*	*No. of Shares*	*Percentage of shares*
Lien Ying Chow (deceased)	316,516	84,388,554(1)	84,705,070	5.39
Lien Ying Chow (Pte) Ltd	—	84,288,771(1)	84,288,771	5.36
Wah Hin & Company Pte Ltd	81,221,771	3,067,000(2)	84,288,771	5.36
Sandstone Capital Pte Ltd	—	84,288,771(3)	84,288,771	5.36
Wee Cho Yaw	16,390,248	208,959,557(4)	225,349,805	14.33
Wee Ee Cheong	2,794,899	146,051,011(4)	148,845,910	9.47
Wee Ee Chao	141,164	115,802,696(4)	115,943,860	7.38
Wee Ee Lim	1,606,834	146,033,758(4)	147,640,592	9.39
Wee Investments Private Ltd	110,909,021	2,071,021	112,980,042	7.19

(1) Lien Ying Chow (deceased on August 6, 2004) and Lien Ying Chow (Pte) Ltd are each deemed to have an interest in the 84,288,771 UOB shares in which Wah Hin & Company Pte Ltd has an interest.

(2) This deemed interest in 3,067,000 UOB shares arises through Sandstone Capital Pte Ltd (as referred to in note 3(a) below).

(3) This deemed interest in 84,288,771 UOB shares comprises (a) deemed interest in 3,067,000 UOB shares registered in the name of Citibank Nominees Singapore Pte Ltd, of which Sandstone Capital Pte Ltd is the beneficiary; and (b) deemed interest in 81,221,771 UOB shares held by Wah Hin & Company Pte Ltd.

(4) Wee Cho Yaw, Wee Ee Cheong, Wee Ee Chao and Wee Ee Lim are each deemed to have an interest in Wee Investments Pte Ltd's total direct and deemed interests of 112,980,042 UOB Shares.

As at July 26, 2004, the Directors (including spouses and minor children) held directly or indirectly an aggregate of 316,602,790 ordinary shares, representing 20.14% of the issued ordinary share capital of UOB.

As at July 26, 2004, Wee Cho Yaw and his wife, children, children-in-law and their respective investment companies held directly or indirectly 239,277,688 ordinary shares, representing 15.22% of the issued ordinary share capital of UOB.

RELATED PARTY TRANSACTIONS

Section 29 of the Banking Act sets limits on lending to related parties, including directors, director-related parties, employees and to any other related parties.

UOB has the following policy with regard to related party loans. Credit relationships with "Related Parties" must be established on a strictly arm's length commercial basis. An approving authority shall abstain and absent himself/herself from the deliberation and approval of credit cases where the borrower is a "Related Party" except that an approving authority may participate in the credit deliberation if the "Related Party" is a:

(a) company in the UOB Group;

(b) publicly listed company or company related to a publicly listed company;

(c) company formed by professional bodies, trade or clan associations, or societies.

The exceptions are made so as not to deprive UOB of the advice and guidance of the director or employee who, by virtue of his or her directorship or other position in such companies, is in a better position to assess the creditworthiness of the companies. The Board of Directors must be informed immediately in the event that any "Related Party" borrower is in default of payment and/or in breach of any material term of the credit facility and such default or breach is not rectified within seven days of notice from UOB Group. Section 29 of the Banking Act also prohibits unsecured credit facilities of more than S$5,000 to certain related parties.

UOB Group has granted credit facilities to the following related parties in the ordinary course of business on arm's length commercial terms. The outstanding amounts of these credit facilities as at December 31, 2003 are as follows:

	Loans and Advances	**Off-Balance Sheet Credit Facilities(1)**	**Estimate of Value of Collaterals**
		(in millions)	
Associates of UOB Group			
Financial activities	S$62	S$14	S$132
Non-financial activities	583	65	1,139
Directors of UOB and director-related parties(2)(3)	722	51	1,741
Corporations where the directors of UOB are also directors(4)	641	20	480

(1) Off-balance sheet credit facilities comprise direct credit substitutes, transaction-related contingencies and trade-related contingencies.

(2) Director-related parties include the family members of the directors of UOB, entities in which the directors of UOB or their family members have substantial shareholdings, and individuals, companies or firms whose credit facilities are guaranteed by the directors of UOB.

(3) This excludes credit facilities already included in the first category.

(4) This excludes credit facilities already included in the first two categories.

UOB is the principal banker of United Overseas Land (associate and shareholder of UOB) and grants credit facilities to United Overseas Land in the ordinary course of business.

REGULATION AND SUPERVISION

Introduction

Singapore banks come within the ambit of the Banking Act, and the MAS, as the administrator of the Banking Act, supervises and regulates the banks and their operations. In addition to provisions in the Banking Act and the subsidiary legislation, banks also have to comply with notices, directives, circulars and guidelines issued by the MAS from time to time.

The Monetary Authority of Singapore

The MAS is banker and financial agent to the Government of Singapore and performs the functions of a central bank. Following its merger with the Board of Commissioners of Currency on October 1, 2002, the MAS has also assumed the functions of currency issuance. MAS' objectives are (a) to conduct monetary policy and issue currency, and to manage the official foreign reserves and the issuance of government securities; (b) to supervise the banking, insurance, securities and futures industries, and develop strategies in partnership with the private sector to promote Singapore as an international financial center; and (c) to build a cohesive and integrated organization of excellence.

The MAS is administered by a Board of Directors. The day-to-day operations and administration of the MAS is the responsibility of its Managing Director.

The operations of the MAS are organized into several groups. The Prudential Supervision Group is responsible for the regulation, supervision and licensing of all banks and financial institutions in Singapore. This group is divided into several departments including:

The Banking Supervision Department and Complex Institutions Supervision Department are responsible for the licensing and supervision of banks, merchant banks and finance companies. The Complex Institutions Supervision Department supervises the local financial groups it is responsible for on a whole of group basis across their banking, insurance and securities activities. The two departments help foster the stability and strength of Singapore's financial system by monitoring the safety and soundness of the banks and other institutions that they supervise, and actively promoting the adoption of international best practices in corporate governance and risk management.

The Insurance Supervision Department administers the Insurance Act, Chapter 142 of Singapore (the "Insurance Act") and has its primary objective the protection of policyholders' interests. The department adopts a risk-focused approach in the prudential and market conduct supervision of insurance companies and carries out its responsibilities by way of both on and off-site supervision, and works with foreign supervisors as part of a holistic supervisory approach. In its standards development role, the department works closely with industry associations to promote the adoption of best practices by the industry.

The Prudential Policy Department is responsible for formulating capital and prudential policies for banks, insurance companies and securities firms to promote a sound yet dynamic financial sector. It works to achieve a more harmonized regulatory framework that will minimize gaps and arbitrage, and facilitate a more integrated risk-based supervisory approach.

The Specialist Risk Supervision Department provides the financial and technology risk expertise necessary for the MAS' supervisory and regulatory functions, and assessment of individual institutions and system-wide risks. The department monitors developments and trends in the sector, and seeks effective and efficient approaches to deal with the risks identified. It also oversees payment infrastructures with the objective of fostering their stability and efficiency.

Aside from the Prudential Supervision Group, the Market Conduct Group is also relevant for the supervision of the banking groups. This group is divided into the Market and Business Conduct Department and the Securities and Futures Supervision Department.

The Market and Business Conduct Department formulates and implements market and business conduct policies in the interests of depositors, investors, and policyholders. It is responsible for formulating the MAS' positions on competition issues, corporate governance standards, and accounting practices, as well as administering the Financial Advisers Act and licensing insurance brokers under the Insurance Act. It is also responsible for financial education.

The Securities and Futures Supervision Department has supervisory responsibility for capital markets and administers the Securities and Futures Act. It regulates the origination and trading of securities and their derivatives products, supervises capital markets intermediaries, regulates prospectuses and collective investment schemes, and oversees takeover issues. It has regulatory oversight of securities and futures exchanges, and clearing houses. It also enforces the civil penalty regime for market misconduct.

The Regulatory Environment

Capital Adequacy Ratios

Until December 1998, Singapore-incorporated banks have been required, pursuant to section 10(2) of the Banking Act, to maintain a capital adequacy ratio of 12.0% Tier I capital. In December 1998, the MAS relaxed this requirement to allow banks to reduce the minimum Tier I capital adequacy ratio requirement from 12.0% to 10.0%, with the balance of up to 2.0% in Upper Tier II capital. In September 2000, the MAS relaxed the requirement further by allowing banks to maintain at least 8.0% in Tier I capital while the balance of up to 4.0% may comprise Upper Tier II capital. On May 28, 2004, the MAS issued MAS Notice 637 (Notice on Risk Based Capital Adequacy Requirements for Banks incorporated in Singapore) which took effect on June 30, 2004. It sets out the minimum capital adequacy ratios for a bank incorporated in Singapore and the methodology a bank incorporated in Singapore shall use for calculating these ratios.

In recognition of the potential non-perfect transferability of capital within a group of related corporations, the MAS will impose capital adequacy ratio requirements on a bank incorporated in Singapore at two levels:

(a) the bank standalone ("Solo") level capital adequacy ratio requirement, which measures the capital adequacy of a bank incorporated in Singapore based on its standalone capital strength and risk profile; and

(b) the consolidated ("Group") level capital adequacy ratio requirement, which measures the capital adequacy of a bank incorporated in Singapore based on its capital strength and risk profile after consolidating the assets and liabilities of its subsidiaries and any other company treated as part of bank's group of companies according to Accounting Standards as defined in section 4(1) of the Companies Act, Chapter 50 of Singapore (collectively called "banking group companies"), taking into account any exclusions of certain banking group companies or adjustments required under MAS Notice 637. In addition to complying with the requirements in the MAS Notice 637, a bank incorporated in Singapore should consider whether it has adequate capital to cover its exposure to all risks.

Every bank incorporated in Singapore shall, at all times, maintain at both the Solo and Group levels, the following ratios:

(a) a Tier I Capital Adequacy Ratio of at least 7.0%; and

(b) a total Capital Adequacy Ratio of at least 10.0%.

In addition to the requirements set out in the MAS Notice 637, the MAS may, pursuant to section 10(3) of the Banking Act, vary the capital adequacy ratio applicable to a bank incorporated in Singapore. The MAS will take into account any relevant risk factor, to ensure that the capital adequacy ratio is commensurate with the overall risk profile of the bank. These risk factors include concentration risk, liquidity risk, profitability, and the effectiveness of the bank in identifying, measuring, monitoring and managing its risks. Banks intending to issue innovative Tier I capital instruments or Upper Tier II capital instruments shall obtain the approval of the MAS for the instruments to qualify as Tier II capital instruments or Upper Tier II capital instruments. There can be no assurance, however, that the MAS will not change its capital adequacy requirements in the future.

On June 26, 2004, the Basel Committee on Banking Supervision released the new capital adequacy framework, the "International Convergence of Capital Measurement and Capital Standards– A Revised Framework", commonly known as Basel II. UOB Group intends to implement the recommendations under this framework in 2007. The Group intends to adopt the Standardised Approach in 2007 but, is concurrently working towards incorporating the credit risk practices proposed under the Advanced Internal Rating Based (IRB) Approach.

UOB Group has established a steering committee, comprising senior management from its business, risk management and information technology areas, to oversee the progress of its efforts to implement Basel II and has engaged consultants to advise on best practices in advanced credit risk management.

Other Key Prudential Provisions

Other applicable key prudential provisions are as follows:

A bank is also required to hold minimum liquid assets as specified in Appendix III of MAS Notice 613. All banks in Singapore that do not qualify for the bank-specific minimum liquid asset requirement must continue to meet a daily minimum liquid asset requirement of 18.0% of the liabilities base over a fortnight beginning on a Thursday and ending on a Wednesday where the liabilities base is computed in accordance with the methodology set out in Appendix II of MAS Notice 613. Banks in Singapore that qualify for a bank-specific minimum liquid asset requirement must abide with the guidelines detailed in paragraph 2 Sections (A) through (D) of the said Appendix III. Under the bank-specific minimum liquid asset requirements applicable to UOB, the MAS allows UOB to maintain minimum liquid assets at the higher of its: (a) bank-specific minimum liquid assets (as set out in a notice from the MAS to UOB); and (b) its cashflow volatility (measured in accordance with MAS Notice 613), subject to a cap of 18.0% of the bank's liabilities base. Bank-specific minimum liquid asset requirements are not released publicly.

A bank is required to maintain an average minimum cash balance with the MAS of not less than 3.0% of its liabilities base.

A bank's credit facilities in the aggregate to any single person or any group of persons under the control or influence of any one person (a "group of related persons") cannot exceed 25.0% of its capital funds. In addition, a bank's total substantial loans cannot exceed 50.0% of its total credit facilities. Substantial loans include loans to a single person or to any group of related persons, which in the aggregate exceeds 15.0% of the bank's capital funds.

A bank is prohibited from carrying on or entering into any partnership, joint venture or other arrangement with any person to carry on any business except: (a) banking business; (b) business which is regulated or authorized by the MAS; (c) business which is incidental to (a) or (b); (d) business or a class of business prescribed by the MAS; or (e) any other business approved by the MAS.

A bank can hold any beneficial interest in the share capital of a company ("equity investment"), whether involved in financial business or not, so long as such equity investment does not exceed 2.0% of the capital funds of the bank. Such a restriction on a bank's equity investment does not apply to any interest held by way of security in the ordinary course of the bank's business or to any shareholding or interest acquired or held by a bank in the course of satisfaction of debts due to the bank, where such interest is disposed of at the earliest suitable opportunity. In addition, any major stake approved by the MAS under section 32 of the Banking Act will not be subject to the restriction on equity investment described above. Banks which have applied to and obtained approval from the MAS for the extension of the grace period to divest their non-financial businesses have been given up to July 17, 2006 to comply with these new restrictions.

A bank cannot hold or acquire a major stake in any company without first obtaining the approval of the MAS. Specific MAS approval would be required for an investment in a non-financial asset which exceeds 2.0% of the bank's capital funds or which constitutes a major stake. A "major stake" means: (a) any beneficial interest exceeding 10.0% of the share capital of a company; (b) control over more than 10.0% of the voting power in a company; or (c) any interest in a company, where directors of the company are accustomed or under an obligation, whether formal or informal, to act in accordance with the bank's directions, instructions or wishes, or where the bank is in a position to determine the policy of the company. On May 5, 2004, the MAS issued the Banking (Amendment) Regulations 2004 amending and supplementing the Banking Regulations 2001 (the "Banking Regulations") to set out the implementation details of the policy to separate financial and non-financial business of a bank, and to unwind cross-shareholdings within the local banking groups. Under the Banking Regulations, in determining whether a bank holds a major stake in a company, (a) any beneficial interest in the share capital of a company held by an affiliated entity of the bank shall be deemed to be a beneficial interest in that share capital held by such bank; (b) any control of voting power in a company held by an affiliated entity of the bank shall be deemed to be a control of such voting power held by such bank; and (c) any interest in a company (where the directors of the company are accustomed or under an obligation, whether formal or informal, to act in accordance with the bank's directions, instructions or wishes, or where the bank is in a position to determine the policy of the company) held by an affiliated entity of the bank shall be deemed to be an interest held by such bank. However, investments by a bank and its affiliated entities that are held through insurance funds and investors' funds are not required to be aggregated with the bank's own stake, provided the rights conferred through these investments are held and exercised for the primary benefit of the policy owners or investors and not to accord influence or control to the bank. Where the affiliated entities (being subsidiaries of the bank) are insurers, the exclusions do not apply to investments held through the general insurance fund, the non-participating fund, and certain portions of the participating fund and investment-linked fund. Banks have been given a period of three years from July 18, 2001 to comply with these restrictions. The MAS had announced on August 22, 2003 that it would extend by two years the grace period for banks to divest their non-financial businesses. Banks which have applied to and obtained the approval of the MAS for the extension have until July 17, 2006 to complete the required divestitures.

In respect of cyclical shareholding arrangements within banking groups, affiliated entities of a bank can hold in aggregate no more than 2.0% voting power over the bank. Exclusions for investments held through insurance and investors' funds set out in the preceding paragraph will apply. To the extent that existing cyclical shareholdings immediately before May 5, 2004 exceed the 2.0% limit, banks and their affiliated entities have until July 17, 2006 to comply with the 2.0% limit provided that they do not do any act that causes an increase in such shareholdings.

No bank in Singapore shall hold or acquire interests in or rights over immovable property, wherever situated, the value of which exceeds in the aggregate 20.0% of the capital funds of the bank or such other percentage as the MAS may prescribe. The MAS has further prescribed that the property sector exposure of a bank in Singapore shall not exceed 35.0% of the total eligible assets of that bank. Under the Banking Act and the Banking Regulations, a bank can invest in properties subject to an aggregate of 20.0% of its capital funds, but it is not allowed to engage in property development or management. However, a bank is permitted to manage those investment properties that are owned by the banking group, properties that have been foreclosed by the banking group in satisfaction of debts owed to it and properties used in the business of the banking group. Banks have been given a period of three years from July 18, 2001 to comply with these new restrictions. The MAS had announced on August 22, 2003 that it would extend by two years the grace period for banks to divest their non-financial businesses. Banks which have applied to and obtained approval from the MAS for the extension have until July 17, 2006 to complete the required divestitures.

Every bank in Singapore shall make provision for bad and doubtful debts and before any profit or loss is declared ensure that that provision is adequate.

In the event of the winding up of a bank, the deposit liabilities of the bank shall, amongst themselves, rank in the following order of priority: (a) firstly, deposit liabilities incurred by the bank with non-bank customers where the deposit liabilities are required by the MAS to be included in the computation of the reserve and liquidity requirements under sections 38, 39 or 77A of the Banking Act, as the case may be; (b) secondly, deposit liabilities incurred by the bank with other banks where the deposit liabilities are required by the MAS to be included in the computation of the reserve and liquidity requirements under sections 38 and 39 of the Banking Act; and (c) thirdly, deposit liabilities incurred by the bank with non-bank customers where the deposit liabilities are not required by the MAS to be included in the computation of the reserve and liquidity requirements under sections 38 and 39 of the Banking Act. As between deposit liabilities of the same class referred to above, such deposit liabilities shall rank equally between themselves.

The deposit liabilities shall have priority over all unsecured liabilities of the bank other than the preferential debts specified in section 328(1) of the Companies Act, Chapter 50 of Singapore.

Other regulations intended to ensure that Singapore banks are managed properly include:

A bank may not grant directly or indirectly unsecured credit facilities to its directors, their immediate family members, firms in which directors have an interest as a partner, manager, agent or guarantor, any company controlled by a director, or any related corporations other than banks, which in the aggregate and outstanding at any one time exceed S$5,000. The aggregate unsecured credit facilities granted to any of the bank's employees and outstanding at any one time cannot exceed one year's emoluments of that employee.

All loans to directors, employees and other parties related to a bank must be reported monthly to the MAS.

No person shall, on or after July 18, 2001, become a substantial shareholder of a designated financial institution (defined as a Singapore-incorporated bank or a financial holding company) without first obtaining the approval of the Minister for Finance.

No person shall, on or after July 18, 2001, alone or together with his associates, become a holder of not less than 12.0% of the shares in the designated financial institution; or be in a position to control voting power of not less than 12.0% in the designated financial institution, without first obtaining the approval of the Minister for Finance. The approval of the Minister for Finance is similarly required at the 20.0% threshold limit of the shares in the designated financial institution.

The approval of the Minister for Finance is also required when a person becomes an indirect controller, i.e. any person, whether acting alone or together with any other person, and whether with or without holding shares or controlling voting power in a designated financial institution: (a) in accordance with whose directions, instructions or wishes the directors of the designated financial institution are accustomed or under an obligation, whether formal or informal, to act; or (b) who is in a position to determine the policy of the designated financial institution; but does not include any person — (i) who is a director or other officer of the designated financial institution whose appointment has been approved by the Authority; or (ii) in accordance with whose directions, instructions or wishes the directors of the designated financial institution are accustomed to act by reason only that they act on advice given by him in his professional capacity.

Every bank incorporated in Singapore which is not a wholly owned subsidiary of a bank shall, have a Nominating Committee. All appointments and reappointments of the Chairman and other members of the Nominating Committee shall be subject to the prior approval of the MAS. The Nominating Committee shall identify candidates and review all nominations, whether by the board of directors, shareholders or otherwise, for appointments of: (a) members of the board of directors, including their reappointment; (b) members of the Executive Committee; (c) members of the Compensation Committee; (d) if the bank is a listed company, members of the Audit Committee; and (e) the Chief Executive Officer, Deputy Chief Executive Officer, President, Deputy President and Chief Financial Officer, including any other officer, by whatever name called, who has responsibilities and functions similar to any of these officers.

Unless otherwise provided in the Banking Act, officials of a bank may not divulge customer information to any other person without the written consent of the customer.

The MAS issues licenses under the Banking Act to banks to transact banking business in Singapore. Such licenses may be revoked if the MAS is satisfied, among other things, that the bank: (a) is carrying on its business in a manner likely to be detrimental to the interests of the depositors of the bank or has insufficient assets to cover its liabilities to its depositors or the public; (b) is contravening the provisions of this Act; or (c) has been convicted of any offence under this Act or any of its directors or officers holding a managerial or executive position has been convicted of any offence under this Act.

Lending of Singapore Dollars to Non-resident Financial Institutions

In line with the MAS' long-standing policy of not encouraging the internationalization of the Singapore dollar, a bank may lend Singapore dollars to non-resident financial institutions for any purpose whether in Singapore or overseas as long as the aggregate Singapore dollar credit facilities do not exceed S$5 million per entity. Singapore dollar credit facilities include loans, contingent credit lines and foreign exchange swaps involving a sale of Singapore dollars to a non-resident financial institution in the first leg of the transaction. Where amounts exceed S$5 million per entity, the following conditions apply: (a) where the Singapore dollar proceeds are to be used outside Singapore, banks shall ensure that the Singapore dollar proceeds are swapped or converted into foreign currency upon draw-down; (b) notwithstanding (a), banks may extend temporary Singapore dollar overdrafts of any amount to vostro accounts of non-resident financial institutions for the purpose of preventing settlement failures. However, banks must take reasonable efforts to ensure that the overdrafts are covered within two business days; and (c) notwithstanding (a) and (b), banks shall not extend Singapore dollar credit facilities to non-resident financial institutions if there is reason to believe that the Singapore dollar proceeds may be used for Singapore dollar currency speculation. Banks may arrange Singapore dollar equity or bond issues for non-resident financial institutions. If the Singapore dollar proceeds are to be used outside Singapore, they shall be swapped or converted into foreign currency before remitting abroad. This does not, however, apply to non-resident non-financial issuers of Singapore dollar bonds or equities as announced by the MAS in a circular to banks on May 28, 2004.

Examinations and Reporting Arrangements for Banks

The MAS conducts on-site examinations of banks. Banks are also subject to annual audit by an external auditor approved by the MAS, who, aside from the balance sheet and profit and loss account must report to the MAS immediately if in the course of the performance of his duties as an auditor of the bank, he is satisfied that: (a) there has been a serious breach or non-observance of the provisions of the Banking Act or that otherwise a criminal offence involving fraud or dishonesty has been committed; (b) losses have been incurred which reduce the capital funds of the bank by 50.0%; (c) serious irregularities have occurred, including irregularities that jeopardize the security of the creditors; or (d) he is unable to confirm that the claims of creditors are still covered by the assets. Banks incorporated in Singapore shall not, except with the prior written approval of the MAS, appoint the same audit firm for more than five consecutive financial years. Where a bank has appointed the same audit firm for more than five consecutive financial years, the bank shall, as soon as practicable, but in any event not later than the end of the financial year of the bank in 2006, appoint another audit firm to carry out the duties required of an auditor in section 58 of the Banking Act.

All banks in Singapore are required to submit periodic statistical returns and financial reports to the MAS, including returns covering minimum cash balances and liquid assets, statements of assets and liabilities and total foreign exchange business transacted.

The MAS may also require ad hoc reports to be submitted. For example, banks have been required to furnish the MAS with regular monthly updates on total classified loans, regional exposure and cumulative provisions in respect of selected regional countries.

Supervision by Other Agencies

Apart from being supervised by the MAS, the stockbroking associate of UOB Group, UOB-Kay Hian, is also supervised by the SGX-ST, which conducts inspections or investigations of brokers as and when it deems necessary. UOB-Kay Hian submits periodic reports to the SGX-ST, which include reviews of its financial performance and compliance with prudential requirements.

Apart from being supervised by the MAS, the futures trading arm of UOB Group, UOB-Bullion and Futures Limited, is supervised by the SGX-DT, which conducts inspections or investigations of brokers as and when it deems necessary. Periodic returns are submitted to the SGX-DT to monitor compliance with prudential requirements.

UOB Group's overseas operations are also supervised by the regulatory agencies in their respective jurisdictions.

Proposed Changes in the Banking Regulatory Environment

On February 24, 2003, the MAS issued a consultation paper on a set of proposed guidelines and regulations to enhance the existing corporate governance framework for locally incorporated banks and direct insurers. The paper consists of two parts: (a) a set of guidelines on the principles of corporate governance and disclosure; and (b) regulations on corporate governance. The proposed regulations on corporate governance define what is meant by an independent director and set out the requirements for the composition of the board of directors and board committees, such as the Nominating Committee, Remuneration Committee and Audit Committee. The proposed regulations also incorporate the separation rules for the board and management as announced by the MAS on June 21, 2000. The consultation paper also proposed changes intended to help ensure appropriate oversight of the decision-making process and the proposed regulations will require the separation of the roles of Chairman and Chief Executive Officer/ Principal Officer and outlined how this rule is to be applied. Affected financial institutions are not required to revoke any appointment of its Chairman or Chief Executive Officer made before these Regulations come into effect or any subsequent reappointment of such Chairman or Chief Executive Officer in the same office.

On May 6, 2003, Singapore and the United States entered into the United States – Singapore Free Trade Agreement ("USSFTA") which came into force on January 1, 2004 after both countries completed their legal and administrative procedures to implement the USSFTA. Pursuant to this Agreement, Singapore will give United States banks better access to Singapore's retail banking sector by, *inter alia*: (a) removing the quota on QFB and wholesale banking licenses for United States banks 1.5 years and three years respectively after the entry into force of the USSFTA; (b) removing restrictions on customer service locations for the United States QFBs two years after the entry into force of the USSFTA; and (c) allowing Singapore-incorporated United States QFBs to negotiate with local banks for access to their ATM networks on commercial terms 2.5 years after the entry into force of the USSFTA.

DESCRIPTION OF THE NOTES

The following is a summary of the terms and conditions of UOB's US$● aggregate principal amount of ●% Subordinated Notes due 2019 Callable with Step-up in 2014 (the "USD Notes") and S$● aggregate principal amount of ●% Subordinated Notes due 2019 Callable with Step-up in 2014 (the "SGD Notes", and together with the USD Notes, the "Notes") to be issued pursuant to an Indenture (the "Indenture") dated on or about ●, 2004, between UOB and The Bank of New York, as trustee (the "Trustee"), a copy of which is available for inspection at the corporate trust office of the Trustee in The City of New York and the offices of The Bank of New York (the "USD Paying Agent") in the City of New York and United Overseas Bank Limited (the "SGD Paying Agent") in Singapore. This summary is subject to all the provisions of the Indenture and the Notes. Unless otherwise noted, the terms and conditions set forth below are applicable to all Notes, whether in definitive or global form. Capitalized terms not defined herein have the meanings assigned to such terms in the Indenture and the Notes.

General

The Notes will be direct, unsecured and subordinated obligations of UOB ranking *pari passu*, without any preference, among themselves. Unless previously redeemed or purchased and cancelled as provided below, the Notes will mature on ●, 2019 (the "Maturity Date") and the principal of the Notes (together with any accrued and unpaid interest) shall (subject to the provisions described below under "— Default and Enforcement", "— Subordination" and "— Solvency Condition") be payable on the Maturity Date.

Subject to the provisions described below under "— Further Issues", the USD Notes will be initially limited to US$● aggregate principal amount and the SGD Notes will be initially limited to S$● aggregate principal amount. The Notes will bear interest at the rate of ●% per annum in the case of the USD Notes and at the rate of ●% per annum in the case of the SGD Notes from ●, 2004 to but excluding ●, 2014 payable, subject to the provisions described below under "— Default and Enforcement", "— Compulsory and Optional Interest Payment Dates, Arrears of Interest and Additional Interest and Interest Deferral" and "— Solvency Condition", semi-annually in arrears on ● and ● of each year commencing ● 2005, and on the Maturity Date or earlier redemption date (each, an "Interest Payment Date"), to the persons in whose names such Notes are registered at the close of business on the fifth Business Day preceding such Interest Payment Date (each, a "Record Date"). If the Notes are not earlier redeemed or purchased and cancelled, interest from ●, 2014 will be reset at (i) a floating rate per annum equal to six-month LIBOR (as defined herein) plus ●%, in the case of the USD Notes and (ii) a fixed rate per annum equal to the five-year Singapore Dollar Interest Rate Swap (Offered Rate) plus ●%, in the case of the SGD Notes. Interest on the Notes will be payable subject to the interest deferral and default and enforcement provisions summarized herein and the Solvency Condition.

"Six month LIBOR" shall mean, with respect to any Interest Period (as defined below) commencing on or after, ● 2014, the rate appearing on Page 3750 of the Dow Jones Market Service (or on any successor or substitute page of such Service, or any successor to or substitute for such Service, providing rate quotations comparable to those currently provided on such page of such Service, as determined by the USD Paying Agent from time to time for purposes of providing quotations of interest rates applicable to US dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then "six-month LIBOR" for such Interest Period shall be the rate (rounded upwards, if necessary, to the next 1/16 of 1%) at which US dollar deposits of US$5.0 million and for a maturity comparable to such Interest Period are offered by the principal London office of the USD Paying Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period.

The "Singapore Dollar Interest Rate Swap (Offered Rate)" shall mean a rate to be determined by the SGD Paying Agent at 11:00 a.m. on the second Business Day preceding ●, 2014 by polling five leading banks acceptable to the Trustee for each such bank's five-year Singapore Dollar Interest Rate Swap (Offered Rate) for value ●, 2014, discarding the highest and lowest rate quotes and averaging the remaining three rate quotes; provided, however, if a pricing standard has been established in the opinion of the Trustee (such opinion to be given on the basis of such pricing standard from J.P. Morgan (S.E.A.) Ltd. or a leading independent financial institution in Singapore for the Singapore Dollar Interest Rate Swap (Offered Rate)), then the SGD Paying Agent shall comply with such standard. If less than five quotes are obtained, the Singapore Dollar Interest Rate Swap (Offered Rate) will be the average of those quotes obtained. If no quotes are available then the SGD Paying Agent shall obtain the most recent quotes available.

The USD Paying Agent and the SGD Paying Agent will be responsible for determining the reset interest rate in accordance with the procedures set forth above on each Series of the Notes, respectively, from and including ●, 2014 if the Notes are not previously redeemed or purchased and cancelled. Absent manifest error, each Paying Agent's determination of the reset interest rate on each respective Series of the Notes from and including ●, 2014 will be final and binding.

"Interest Period" means, with respect to each Series of the Notes, the period from and including an Interest Payment Date (or ●, 2004, in the case of the first Interest Period) to but excluding the next Interest Payment Date with respect to such Series (or the first Interest Payment Date with respect to such Series, in the case of the first Interest Period). Additional Interest (as defined herein) shall be payable on Arrears of Interest (as defined herein) as described below. Interest on the USD Notes will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest on the SGD Notes will be calculated on the basis of actual days elapsed in a 365-day year.

The Notes cannot be redeemed prior to the Maturity Date, except as provided below under "— Optional Redemption" and "— Optional Tax Redemption". The term "Business Day" means (i) in the case of the USD Notes, any day other than a Saturday, Sunday or day on which banks generally are authorized or required by law to be closed in the City of New York, provided that, when used in connection with the determination of "six-month LIBOR" (as defined above), the term "Business Day" shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market and (ii) in the case of the SGD Notes, any day other than a Saturday, Sunday or day on which banks generally are authorized or required by law to be closed in Singapore. In any case where any payment of principal of, or interest (including Arrears of Interest, Additional Interest and Additional Amounts, if any) on the Notes is due on a day which is not a Business Day, then payment of such principal of, and interest (including Arrears of Interest, Additional Interest and Additional Amounts, if any) on the Notes need not be made on such date but may be made on the next succeeding Business Day and no interest shall accrue with respect to such payment for the period from and after such date that is not a Business Day to the next succeeding Business Day.

The Notes are not deposits and are not insured by the United States Federal Deposit Insurance Corporation or any other government agency, including of the United States or Singapore.

Notes of a Series may not be exchanged for Notes of the other Series.

Further Issues

The Notes will be issued in the initial aggregate principal amounts set forth above. UOB may, however, from time to time, without the consent of the holders of the Notes of any Series, create and issue pursuant to the Indenture, additional Notes ("Additional Notes") maturing on the Maturity Date and having the same terms and conditions under the Indenture as the previously outstanding Notes of any Series in all respects (or in all respects except for the issue date and the amount and the date of the first payment of interest thereon) so that such Additional Notes shall be consolidated and form a single series with the previously outstanding Notes of such Series. Additional Notes, if any, will be issued under a separate offering document or a supplement to this Offering Memorandum.

UOB may offer Additional Notes with original issue discount ("OID") for United States federal income tax purposes as part of a further issue. Purchasers of Notes after the date of any further issue may not be able to differentiate between Additional Notes sold as part of the further issue and previously issued Notes. If UOB were to issue Additional Notes with OID, purchasers of Notes after such further issue may be required to accrue OID (or greater amounts of OID than they would otherwise have accrued) with respect to their Notes. This may affect the price of outstanding Notes following a further issue. Purchasers are advised to consult their own tax advisers with respect to the United States federal income tax implications of any future decision by the UOB to undertake a further issue of Additional Notes with OID.

Compulsory and Optional Interest Payment Dates, Arrears of Interest and Additional Interest and Interest Deferral

Interest in respect of the Notes of any Series is (subject to the provisions described below under "— Default and Enforcement" and "— Solvency Condition") payable on the outstanding principal amount of the Notes of such Series on each Compulsory Interest Payment Date (as defined below). UOB shall not have any obligation to make any payment of interest on any Optional Interest Payment Date (as defined below) and any failure to make such payment shall not constitute a default by UOB.

Any interest not paid on an Interest Payment Date, together with any other interest not paid on any other Interest Payment Date, shall, so long as the same remains unpaid, constitute "Arrears of Interest". Arrears of Interest on the Notes of any Series shall bear interest ("Additional Interest") at the rate of interest applicable to the Notes of such Series, provided that Arrears of Interest on the Notes of any Series bearing interest from and including ●, 2014 will bear interest at the rate of interest applicable to the Notes of such Series from and including ●, 2014. Additional Interest on the Notes of any Series accrued up to but excluding any Interest Payment Date shall be added, for the purpose only of calculating the Additional Interest on the Notes of such Series accruing thereafter, to the amount of Arrears of Interest on the Notes of such Series remaining unpaid on such Interest Payment Date.

Arrears of Interest and Additional Interest thereon with respect to the Notes of any Series may (subject to the provisions described below under "— Default and Enforcement" and "— Solvency Condition"), at the option of UOB, be paid with respect to the Notes of such Series in whole or in part at any time upon the expiration of not less than fourteen days' notice to such effect given to the Trustee and the holders of the Notes of such Series. All Arrears of Interest and Additional Interest thereon outstanding in respect of each Series of Notes shall (subject to the provisions described below under "— Default and Enforcement" and "— Solvency Condition") become due and payable in full on the earliest of (i) the date upon which (x) the Board of Directors in a resolution of the Board recommends that UOB pay, or the shareholders of UOB in a general meeting determine to pay, any dividend on or make any distribution in respect of any class of share capital or Tier I Capital Securities (as defined below) of UOB or (y) the board of directors of any Tier I Subsidiary (as defined below) in a resolution of the Board recommends that such Tier I Subsidiary pay any dividend or make any distribution, or the Board of Directors of UOB in a resolution of the Board recommends that UOB make any payment under any guarantee (or UOB makes any such payment), in each case with respect to any Tier I Capital Securities; (ii) the date of any Optional Tax Redemption; (iii) the date of any Optional Redemption (as defined herein); (iv) the commencement of a winding-up proceeding in Singapore of UOB; and (v) the Maturity Date. In addition, if at any time UOB shall make any payment of or in respect of amounts of interest on or in relation to any Other Pari Passu Claims (as defined below), Arrears of Interest and Additional Interest thereon shall (subject to the provisions described below under "— Default and Enforcement" and "— Solvency Condition") become due and payable on a pro rata basis with such other payment. If notice is given by UOB of its intention to pay all or any part of the Arrears of Interest and Additional Interest thereon, UOB shall (subject to the provisions described below under "— Default and Enforcement" and "— Solvency Condition") do so upon the expiration of such notice.

As used herein:

"Optional Interest Payment Date" means any Interest Payment Date, if either (i) in the financial year of UOB immediately before and excluding such Interest Payment Date no dividend has been declared or paid on any class of UOB's ordinary share capital or preference share capital (including Tier I Capital Securities, if any) or (ii) the Board of Directors of UOB determines in a resolution of the Board to recommend, or the shareholders of UOB in a general meeting determine, that no dividend be paid on any class of UOB's ordinary share capital or preference share capital (including Tier I Capital Securities, if any) on such Interest Payment Date or within the financial year of UOB on which such Interest Payment Date falls.

"Compulsory Interest Payment Date" means any Interest Payment Date other than an Optional Interest Payment Date.

"Other Pari Passu Claims" means (i) with respect to any Series of the Notes, the other Series of Notes and (ii) claims of creditors of UOB which are subordinated so as to rank *pari passu* with the claims of the holders of the Notes including, without limitation, any outstanding UOB S$1,300 million 4.95% Subordinated Notes due 2016 Callable with Step-up in 2011 and any outstanding UOB US$1,000 million 4.50% Subordinated Notes due 2013.

"Tier I Capital Securities" means any preference share, preferred security or other similar obligation issued by UOB or any subsidiary of UOB that constitutes Tier I Capital of UOB on an unconsolidated basis as the Monetary Authority of Singapore (the "MAS") will have approved as qualifying for Tier I Capital treatment pursuant to the relevant guidelines established by the MAS. For the avoidance of doubt, Tier I Capital Securities excludes ordinary shares or other similar obligation issued by UOB or any subsidiary of UOB.

"Tier I Subsidiary" means any subsidiary of UOB which issues Tier I Capital Securities.

Solvency Condition

Except in a winding-up proceeding, payments of principal of, and interest (including Arrears of Interest, Additional Interest and Additional Amounts, if any) on the Notes and the redemption or purchase of any Notes beneficially by or for the account of UOB are conditional upon UOB being solvent at the time of payment by UOB and no principal of, or interest (including Arrears of Interest, Additional Interest and Additional Amounts, if any) on the Notes shall be payable and no Notes shall be redeemed or purchased beneficially by or for the account of UOB except to the extent that UOB could make the necessary payment and still be solvent immediately thereafter (the "Solvency Condition"). For purposes of the Solvency Condition, UOB shall not be deemed solvent unless (i) it is able to pay its debts as they fall due and (ii) its Assets (as defined below) exceed its Liabilities (as defined below), other than its Liabilities to persons who are not Senior Creditors (as defined below) (except in the case of an Optional Tax Redemption, Optional Redemption or purchase by UOB or its subsidiaries, of the Notes, in which case the Liabilities (as defined below) of UOB to persons who are not Senior Creditors shall be included).

The following reports as to the solvency of UOB shall, in the absence of manifest error, be treated and accepted by UOB, the Trustee and the holders of the Notes as correct and sufficient evidence of such solvency:

(a) so long as UOB is not in a winding-up proceeding, a report by two Directors of UOB in writing;

(b) if UOB is in a winding-up proceeding, a report by UOB's liquidator in writing; or

(c) in the case of (i) an Optional Tax Redemption, (ii) an Optional Redemption, (iii) a purchase of Notes beneficially by or for the account of UOB, (iv) payments of principal of, and interest (including Arrears of Interest, Additional Interest and Additional Amounts, if any) on the Notes by UOB on the Maturity Date or (v) the Directors of UOB failing to report as described in (a) above, a report by the independent auditors of UOB in writing.

If UOB is unable to make any payment (including payments of principal) on or with respect to the Notes because it is not able to satisfy the Solvency Condition, neither the Trustee nor the holders of the Notes will be able to take enforcement action against UOB and the amount of any such payment which would otherwise be payable on or with respect to the Notes will be available to meet the payment obligations of UOB which are senior to the Notes.

As used herein:

"Senior Creditors" means creditors of UOB (including UOB's depositors) other than those whose claims are expressed to rank *pari passu* with or junior to the claims of the holders of the Notes.

"Assets" means the total amount of the unconsolidated gross tangible assets of UOB, and "Liabilities" means the total amount of the unconsolidated gross liabilities of UOB, in each case as shown on the latest published audited balance sheet of UOB (as adjusted for contingencies and subsequent events as deemed, in good faith, to be necessary by the person(s) preparing a solvency report as described above).

Subordination

The Notes will be direct, unsecured and subordinated obligations of UOB ranking *pari passu*, without any preference, among themselves, and with all present and future subordinated debt issued by UOB that the MAS has, or will have, approved as qualifying for Upper Tier II Capital treatment pursuant to the relevant guidelines established by the MAS, including the UOB S$1,300 million 4.95% Subordinated Notes due 2016 Callable with Step-up in 2011 and the UOB US$1,000 million 4.50% Subordinated Notes due 2013. Upon the occurrence of any winding-up proceeding, the rights of the holders of the Notes to payment of principal of, and interest (including Arrears of Interest, Additional Interest and Additional Amounts, if any) on the Notes will be subordinated to the claims of Senior Creditors and will rank senior to all ordinary share capital and preference share capital (including Tier I Capital Securities, if any), of UOB.

In the event that (i) the holders of the Notes of any Series do not receive payment in full of the principal amount of such Notes, plus interest (including Arrears of Interest, Additional Interest and Additional Amounts, if any) accrued to but excluding the date of repayment in any winding-up of UOB and (ii) the winding-up order or resolution passed for the winding-up of UOB or the dissolution of UOB is subsequently stayed, discharged, rescinded, avoided, annulled or otherwise rendered inoperative, then to the extent that such holders did not receive payment in full of such principal of, and interest (including Arrears of Interest, Additional Interest and Additional Amounts, if any) on such Notes, such unpaid amounts shall remain payable in full; provided that payment of such unpaid amounts shall be subject to the provisions described below under "— Default and Enforcement", the provisions under this "— Subordination" and "— Solvency Condition".

To the extent that holders of the USD Notes are entitled to any recovery in any Singapore proceedings, such holders might not be entitled in such proceedings to a recovery in U.S. dollars and might be entitled only to a recovery in Singapore dollars. See "— Default and Enforcement". UOB has agreed, pursuant to the terms of the Indenture, to indemnify such holders against certain losses incurred as a result of any judgment or order being given or made for any amount due under the Notes and such judgment or order being expressed and paid in a currency other than the currency of payment under the Notes (a "Note Currency"). See "— Indemnification of Judgment Currency". Any amounts due under such indemnification will be similarly subordinated in right of payment in any such proceeding with other amounts due on the Notes and payment thereof shall be subject to the provisions described below under "— Default and Enforcement" and "— Solvency Condition".

As at June 30, 2004, all outstanding liabilities (including deposits, borrowings, call money, guarantees and acceptances, and other liabilities, but excluding provisions) except for the UOB S$1,300 million 4.95% Subordinated Notes due 2016 Callable with Step-up in 2011 and the UOB US$1,000 million 4.50% Subordinated Notes due 2013 would have ranked senior to the Notes. UOB has agreed in the Indenture that, as long as any of the Notes remains outstanding, it will not, without the prior written consent of the MAS, create, issue, assume or otherwise incur any loan, debt, guarantee or other obligation which shall be or shall purport to be subordinated debt of UOB or which shall, at the time it is so created, issued, assumed or otherwise incurred, or at any time thereafter, be considered to be capital of UOB for any regulatory purposes, unless such obligations consist of further issues of new ordinary equity shares in the share capital of UOB or rights or options to subscribe for such new ordinary equity shares, or unless such obligation ranks junior to or *pari passu* with the Notes in the case of any distribution of assets by UOB in any winding-up proceeding of UOB.

Waiver of Set-Off Right; Payment Void

No holder of the Notes may exercise, claim or plead any right of set-off, counter-claim, deduction, withholding or retention in respect of any amount owed to it by UOB arising under or in connection with the Notes, and no holder of the Notes shall set-off, deduct, withhold or retain any amount owing to it by UOB under the Notes against or from any amount owing by such holder of the Notes to UOB. Each holder of the Notes shall be deemed to have waived all such rights of set-off, counter-claim, deduction, withholding or retention to the fullest extent permitted by law. If at any time any holder of the Notes receives payment or benefit of any sum in respect of the Notes as a result of the exercise or carrying into effect of any such set-off, counterclaim, deduction, withholding or retention (whether or not such exercise or carrying into effect is mandatory under applicable law), or if at any time any holder of the Notes receives payment or benefit of any sum in respect of the Notes other than in accordance with the provisions described below under "— Default and Enforcement" or if the Solvency Condition had not been satisfied at the time of receipt of such payment or benefit by such holder of the Notes, the payment of such sum or receipt of such benefit shall, to the fullest extent permitted by law, be deemed void for all purposes and such holder of the Notes, by acceptance of any Note, shall agree as separate and independent obligations that any such sum or benefit so received shall be paid or returned by such holder of the Notes to UOB upon demand by UOB whether or not such payment or receipt shall have been deemed void hereunder. Any sum so paid or returned shall then be treated for purposes of UOB's obligations as if it had not been paid by UOB, and its original payment or the original benefit previously received by the relevant holder of the Notes as a result of any such set-off, counterclaim, deduction, withholding or retention shall be deemed not to have discharged any of the obligations of UOB under the Notes.

Default and Enforcement

If UOB shall fail to pay principal of, or interest (including Arrears of Interest, Additional Interest and Additional Amounts, if any, thereon) on, any Note when due (which default in the case of principal continues for seven Business Days and in the case of interest (including Arrears of Interest, Additional Interest and Additional Amounts, if any) continues for fourteen Business Days), the sole remedy of the Trustee shall be the right to institute proceedings in Singapore (but not elsewhere) for the winding up of UOB. No principal of, or interest (including Arrears of Interest, Additional Interest or Additional Amount, if any) on any Note shall be due except to the extent payment thereon can be made in accordance with the Solvency Condition. The Trustee shall have no right to enforce payment under or accelerate payment of such Note in the case of such default in payment on such Note or a default in the performance of any other covenant of UOB contained in the Indenture or in such Note except as described herein.

Notwithstanding the foregoing paragraph, if as a result of UOB's failure to satisfy the Solvency Condition, it does not pay the principal or any amount of interest (other than interest due on an Optional Interest Payment Date) on any Note on the due date for such payment, and subsequently thereafter UOB obtains evidence of solvency as provided in the Indenture (a "Solvency Report"), then the principal and any accrued and unpaid interest up to but excluding the relevant payment date (including Arrears of Interest, Additional Interest and Additional Amounts, if any) on such Note shall become due and payable seven Business Days after the date on which the Trustee receives such Solvency Report, unless UOB is unable to satisfy the Solvency Condition on such payment date. For the purposes of determining whether UOB is able to make such payment in accordance with the Solvency Condition, the Trustee shall be entitled from time to time, as may reasonably be necessary, to request for, and upon such request UOB shall be obliged to arrange for the provision to the Trustee of, a Solvency Report as provided in the Indenture.

Subject to the provisions described above under "— Subordination", if a court order is made or an effective resolution is passed for the winding-up of UOB, there shall be payable on the Notes (*pari passu* with all Other Pari Passu Claims), after the payment in full of all claims of all Senior Creditors (including UOB's depositors), but in priority to holders of UOB's ordinary shares and preference shares (including Tier I Capital Securities, if any), such amount remaining after the payment in full of all claims of all Senior Creditors (including UOB's depositors) up to, but not exceeding, the outstanding principal amount of the Notes together with interest accrued to but excluding the date of repayment and Arrears of Interest, Additional Interest and Additional Amounts, if any.

If a winding-up of UOB should occur, the Trustee would be required to pursue its claims on the USD Notes in proceedings in Singapore. To the extent that the Trustee is entitled to any recovery with respect to the Notes in any Singapore proceedings, the Trustee might not be entitled in such proceedings to a recovery in US dollars and might be entitled only to a recovery in Singapore dollars.

Subject to the provisions of the Indenture relating to the duties of the Trustee, the Trustee will be under no obligation to any holder of the Notes upon the occurrence of a default under the Notes unless such holder of the Notes has provided the Trustee with an indemnity satisfactory to it. Subject to such provisions relating to the indemnity of the Trustee, the holders of at least 25.0% in aggregate principal amount of the Notes of any one affected Series outstanding shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee with respect to the Notes of such Series, provided that such direction does not conflict with any rule of law or the terms of the Indenture or the Notes of such Series and the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction. No holder of the Notes of any one affected Series of Notes shall have any right to institute any proceeding, judicial or otherwise, with respect to the Indenture or the Notes of such Series or for the appointment of a receiver or trustee, or for any other remedy under the Indenture or the Notes of such Series unless: (i) a holder of the Notes of such Series has previously given written notice to a Responsible Officer of the Trustee of a continuing default in accordance with provisions set forth in the Indenture, (ii) the holders of at least 25.0% in aggregate principal amount of the Notes of such Series outstanding shall have made written request to the Trustee to institute proceedings in respect of such default in the Trustee's own name, (iii) holders of the Notes of such Series have provided the Trustee with an indemnity satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request, (iv) the Trustee for 60 days after its receipt of such notice, request and provision of indemnity shall have failed to institute such proceeding and (v) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the holders of a majority in aggregate principal amount of the Notes of such Series outstanding; provided, that in the event that the holders of Notes of any Series become entitled to institute any proceeding against or in respect of UOB pursuant to the terms hereof, the rights of the holders of such Series in such instance shall be limited to the rights afforded to the Trustee under the Indenture.

The holder or holders of not less than a majority in aggregate principal amount of the Notes of any one affected Series outstanding may waive any default with respect to the Notes of such Series except a continuing default in respect of (i) the payment of principal of, or interest (including Arrears of Interest, Additional Interest or Additional Amounts, if any) on the Notes of such Series or (ii) a covenant or provision of the Indenture which cannot be modified or amended without the consent of each holder of the Notes of such Series affected. Notwithstanding the foregoing, no waiver of any default relating to the provisions of the Indenture or the Notes which relate to the qualification of the Notes as Upper Tier II Capital pursuant to the relevant guidelines established by the MAS (including, without limitation, the interest deferral, set-off, subordination, Solvency Condition, Optional Tax Redemption, Optional Redemption, default and enforcement and modifications provisions) may be made without the prior written consent of the MAS.

If UOB defaults in the performance of any obligation of the Indenture or the Notes of any Series, other than a default described in the first paragraph of this "— Default and Enforcement" heading, the Trustee and holders of the Notes of such Series shall be entitled to every right and remedy given thereunder or existing at law or in equity or otherwise, provided however that (i) the Trustee shall have no right to enforce payment under or accelerate payment of any Note except as described in the second paragraph of this "— Default and Enforcement" heading and (ii) in the case of a default with respect to the obligation of UOB to maintain its existence and that of certain of its subsidiaries (as more fully described in the Indenture), the sole remedy available upon such a default shall be specific performance of such obligation.

If any court awards money damages or other restitution for any default with respect to the performance by UOB of its obligations under the Indenture or the Notes, the payment of such money damages or other restitution shall be subject to the provisions described above under "— Subordination", the provisions described under this "— Default and Enforcement" heading and "— Solvency Condition".

UOB is required to furnish to the Trustee annually a statement as to its compliance with all conditions and covenants under the Indenture.

Additional Amounts

All payments on the Notes will be made by UOB free and clear of, and without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("Taxes") imposed or levied by or on behalf of Singapore or any political subdivision or any authority thereof or therein having power to tax, unless deduction or withholding of such Taxes is required by law. In the event that any such withholding or deduction in respect of any payment on the Notes is required, UOB will pay such additional amounts ("Additional Amounts") as will result in the receipt by the holders of the Notes of the amounts which would otherwise have been receivable in respect of such payment on the Notes in the absence of such withholding or deduction, provided that no such Additional Amounts shall be payable in respect of any Note:

(i) held by or on behalf of a holder of the Notes who is (a) treated as a resident of Singapore or a permanent establishment in Singapore for tax purposes or (b) liable for such Taxes, in respect of such Note by reason of his or its being connected with Singapore other than by reason only of the holding of any Note or the receipt of principal of, or interest (including Arrears of Interest and Additional Interest thereon) on, any Note;

(ii) if such Note is surrendered (where surrender is required) more than 30 days after the relevant date except to the extent that the holder thereof would have been entitled to such Additional Amounts thereon on surrendering the relevant Note for payment on the last day of such 30-day period;

(iii) if such Taxes would not have been required to be deducted or withheld but for the failure to comply by the holder or the beneficial owner of the Note with a request of UOB addressed to the holder or beneficial owner, as the case may be, to make any declaration of non-residence or other similar claim, which is required or imposed by a statute, regulation or administrative practice of Singapore, as the case may be, as a precondition to exemption from all or part of any such Taxes;

(iv) where such withholding or deduction is imposed on a payment to or for an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(v) presented (where presentation is required) for payment by or on behalf of a person who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent.

For purposes hereof "relevant date" with respect to any Series of Notes means whichever is the later of (a) the date on which such payment first becomes due and (b) if the full amount payable has not been received in New York in the case of the USD Notes or in Singapore in the case of the SGD Notes by the Trustee or by the Paying Agent of the relevant Series (if different from the Trustee), on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the holders of the Notes.

All references herein to principal, interest, Arrears of Interest and Additional Interest include any Additional Amounts payable with respect thereto.

Optional Redemption

The Notes of any Series will be redeemable at the option of UOB (an "Optional Redemption"), in whole, but not in part, on ●, 2014, on not less than 10 days' notice, at a redemption price equal to 100.0% of the aggregate principal amount of the Notes of such Series outstanding and any accrued and unpaid interest (including Arrears of Interest, Additional Interest and Additional Amounts, if any, thereon) up to but excluding the date fixed for redemption. Any such redemption of the Notes is subject to the prior consent of the MAS, the default and enforcement provisions and the Solvency Condition.

Optional Tax Redemption

At any time after (a) obtaining the prior approval of the MAS and (b) giving not less than 30 nor more than 60 days' notice to each holder of the Notes (which notice shall be irrevocable) of the relevant Series, UOB may redeem the Notes of such Series (an "Optional Tax Redemption"), in whole but not in part, at their outstanding principal amount, (together with accrued interest (including Arrears of Interest, Additional Interest, and Additional Amounts, if any) to but excluding the date fixed for redemption) on any Interest Payment Date if:

(i) immediately prior to the giving of such notice (A) UOB is or will become obliged to pay Additional Amounts as described in "— Additional Amounts" on the Notes of such Series or (B) payments of interest (including Arrears of Interest and Additional Interest thereon) on the Notes of such Series would be treated as dividends within the meaning of the Income Tax Act, Chapter 134 of Singapore or any other law in respect of or relating to Singapore taxation;

(ii) such obligation described in clause (i) above arises as a result of any change in, or amendment to, the laws or regulations of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment is proposed and becomes effective on or after the date of the Indenture; and

(iii) such obligation described in clause (i) above cannot be avoided by UOB taking reasonable measures available to it (which may include the substitution as the branch of account in respect of the Notes of such Series of another branch of UOB, or the head office of UOB, or the establishment of a new branch to be the branch of account in respect of the Notes of such Series);

provided that, no such notice of redemption shall be given until the last Interest Payment Date immediately prior to the earlier of the date on which (A) UOB would be obliged to pay such Additional Amounts were a payment in respect of the Notes of such Series then due or (B) payments of interest (including Arrears of Interest, Additional Interest and Additional Amounts, if any) on the Notes of such Series would start to be treated, in whole or in part, as dividends within the meaning of the Income Tax Act, Chapter 134 of Singapore or any other law in respect of or relating to Singapore taxation.

Prior to the publication of any notice of redemption pursuant to the preceding paragraph, UOB shall deliver to the Trustee a certificate signed by an authorized officer of UOB stating that the conditions precedent to the right of UOB to so redeem have occurred, and an opinion of independent legal advisers of recognized standing to the effect that either (i) UOB has or will become obliged to pay such Additional Amounts as a result of such change or amendment to the laws or regulations of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment is proposed and becomes effective on or after the date of the Indenture, or (ii) payments of interest (including Arrears of Interest and Additional Interest thereon) on the Notes of the relevant Series would be treated as dividends within the meaning of the Income Tax Act, Chapter 134 of Singapore or any other law in respect of or relating to Singapore taxation as a result of such change or amendment.

Notwithstanding the foregoing, UOB may not redeem the Notes under these provisions unless UOB is able to pay all outstanding amounts of principal of, and interest (including Arrears of Interest, Additional Interest and Additional Amounts, if any) on the Notes in accordance with the Solvency Condition.

Merger, Consolidation and Sale of Assets

UOB may not consolidate with or merge into any other person in a transaction in which UOB is not the surviving entity, or convey, transfer or lease its properties and assets substantially as an entirety to, any person unless:

(i) any person formed by such consolidation or into which UOB is merged or to whom UOB has conveyed, transferred or leased its properties and assets substantially as an entirety is a corporation, partnership, trust or other entity validly existing under the laws of the jurisdiction of its organization and such person expressly assumes by an indenture supplemental to the Indenture all the obligations of UOB under the Indenture and the Notes;

(ii) immediately after giving effect to the transaction no Default shall have occurred and be continuing; and

(iii) any such person not organized and validly existing under the laws of Singapore shall expressly agree in a supplemental indenture that all payments in respect of principal of, and interest (including Arrears of Interest, Additional Interest and Additional Amounts, if any) on the Notes shall be made without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the jurisdiction of organization of such person or any authority thereof or therein having power to tax, unless such taxes, duties, assessments or governmental charges are required by the laws of such jurisdiction or any such authority to be withheld or deducted, in which case such person will pay such additional amounts in respect of such Notes, or in respect of such amounts ("Successor Additional Amounts") as will result (after deduction of such taxes, duties, assessments or governmental charges and any additional taxes, duties, assessments or governmental charges payable in respect thereof) in the payment to the holder of a Note of the amounts which would have been payable pursuant to the Notes had no such withholding or deduction been required, subject to the same exceptions as applicable with respect to the payment by UOB of Additional Amounts in respect of the Notes, and provided that such successor person shall not have the right to redeem the Notes pursuant to the provisions described under "— Optional Tax Redemption" in respect of such Successor Additional Amounts unless (A) the obligation to pay such Successor Additional Amounts arises as a result of any change in, or amendment to, the laws or regulations of such person's jurisdiction of organization or any political subdivision or authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment is proposed and becomes effective after the date such person assumes the obligations of UOB under the Indenture and the Notes, (B) such obligation to pay Successor Additional Amounts cannot be avoided by such person taking reasonable measures available to it (which may include the substitution as the branch of account in respect of the Notes or another branch of such person, or the head office of such person, or the establishment of a new branch to be the branch of account in respect of the Notes, if applicable) and (C) all other requirements contained in the Indenture relating to the redemption of the Notes shall have been satisfied.

Purchase of the Notes

UOB (subject to the Solvency Condition) or any of its subsidiaries may, after obtaining the prior approval of the MAS in writing, at any time purchase Notes beneficially for its own account at any price in negotiated transactions not available generally to holders of the Notes, or otherwise, provided, that any Notes so purchased by UOB beneficially for its own account will be cancelled and may not be re-issued or resold, and provided further, that UOB must give the Trustee notice of any such purchase by UOB or any of its subsidiaries in accordance with the Indenture.

Modifications

Modifications and amendments of the Indenture may be made with the consent of the Noteholder(s) of not less than 66⅔% in aggregate principal amount of the Notes of any one affected Series outstanding under the Indenture, provided that no such modification or amendment may, without the consent of the holder of each such Note affected thereby: (a) change the Maturity Date or the definition of Compulsory Interest Payment Date; (b) reduce the principal amount of such Notes, or the amount of interest (including Arrears of Interest or Additional Interest thereon) payable on such Notes; (c) change the obligation of UOB (or its successor) to pay Additional Amounts on such Notes; (d) change the Note Currency or the Principal Place of Payment (which shall be the City of New York in the case of the USD Notes and Singapore in the case of the SGD Notes) of the principal amount of such Notes or the amount of Interest (including Arrears of Interest, Additional Interest and Additional Amounts, if any) payable on such Notes; (e) impair the right to institute a proceeding for the winding-up of UOB; (f) reduce the percentage in aggregate principal amount of outstanding Notes of such Series necessary to modify or amend the Indenture or waive compliance with certain provisions of the Indenture and any past default or institute proceedings for the winding-up of UOB; (g) modify the provisions of the Indenture with respect to the subordination of such Notes or the terms and conditions of the obligations of UOB in respect of the due and punctual payment of the amounts due and payable on such Notes in a manner adverse to the holders thereof; or (h) modify the foregoing requirements.

Notwithstanding the foregoing, no modification or amendment to the provisions of the Indenture or the Notes may be made without the prior written consent of the MAS.

Subject to the preceding paragraph, the Indenture may be amended by UOB and the Trustee, without the consent of the holder of any Note, for the purpose of curing any ambiguity or to correct or supplement any provision contained therein which may be defective or inconsistent with any other provision contained therein or in any manner which shall not materially adversely affect the interests of any holder of the Notes.

Indemnification of Judgment Currency

The Notes and the Indenture provide that UOB will indemnify each holder of the Notes against any loss incurred by such holder of the Notes as a result of any judgment or order being given or made for any amount due under any Note and such judgment or order being expressed and paid in a currency (the "Judgment Currency") which is other than the Note Currency as a result of any variation as between (i) the rate of exchange at which the Note Currency is converted into the Judgment Currency for the purposes of such judgment or order and (ii) the spot rate of exchange in The City of New York at which the holder of the Notes on the date of payment of such judgment is able to purchase the Note Currency with the amount of the Judgment Currency actually received by such holder of the Notes. Any amounts due under this indemnification will be similarly subordinated in right of payment with other amounts due on the Notes and payment thereof shall be subject to the provisions described above under "— Default and Enforcement". and "— Solvency Condition". The Notes provide that this indemnification will constitute a separate and independent obligation of UOB and will continue in full force and effect notwithstanding any such judgment or order as aforesaid. The term "spot rate of exchange" includes any premiums and costs of exchange payable in connection with the purchase of, or conversion into, the Note Currency.

Note Register

UOB will maintain at the office of the USD Paying Agent in the City of New York, currently located at 101 Barclay Street, Floor 21W, New York, NY 10286, a note register with respect to the USD Notes (the "USD Note Register"). The name and address of the registered holder of each USD Note and the amount of each USD Note will be recorded in the USD Note Register, and UOB and the Trustee may treat the person in whose name the USD Note is registered as the owner of such USD Note for all purposes (subject to the provisions described in the second paragraph under "— General").

UOB will maintain at the office of the SGD Paying Agent in Singapore, currently located at 80 Raffles Place, UOB Plaza, Singapore 048624, a note register with respect to the SGD Notes (the "SGD Note Register"). The name and address of the registered holder of each SGD Note and the amount of each SGD Note will be recorded in the SGD Note Register, and UOB and the Trustee may treat the person in whose name the SGD Note is registered as the owner of such SGD Note for all purposes (subject to the provisions described in the second paragraph under "— General").

Repayment of Monies

Any monies paid by UOB to the Trustee or held by the Trustee or any Paying Agent, as the case may be, for the payment of principal or interest (including Arrears of Interest, Additional Interest or Additional Amounts, if any), in respect of the Notes and not applied and remaining unclaimed after the expiration of two years following the date on which such principal, interest (including Arrears of Interest, Additional Interest or Additional Amounts, if any), become due and payable shall, if requested in writing by UOB, be returned to UOB, and the holders of such Notes shall thereafter look only to UOB for the payment thereof and all liability of the Trustee or any Paying Agent, as the case may be, with respect to such monies shall thereupon cease, without, however, limiting in any way the obligations of UOB, to pay the principal of, and any interest (including Arrears of Interest, Additional Interest and Additional Amounts, if any) on any Note in accordance with the terms of the Indenture and the Notes, subject to the applicable period of limitation under Singapore law. Under Singapore law, failure to bring an action before the Singapore courts for more than six years to recover such monies may operate as a bar to the exercise of such right and failure to exercise such a right for a lesser period may result in such right being waived.

The Trustee

The Bank of New York is Trustee under the Indenture. UOB and certain of its subsidiaries conduct various banking transactions with the Trustee in the ordinary course of their respective businesses.

Successor Trustee

The Indenture provides that the Trustee may resign or may be removed by the holders of the Notes or UOB in certain circumstances. Such resignation or removal shall take effect upon the appointment of and the acceptance of its appointment by a successor trustee. The Indenture provides that any successor trustee shall be a corporation, a bank or trust company organized and doing business under the laws of the United States, any state thereof or the District of Columbia, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least US$50 million, subject to supervision and examination by Federal or State authority, and having an established place of business in the Borough of Manhattan, The City of New York. In the event that a successor trustee is appointed, the notice to holders of Notes shall be given as provided below.

The Indenture further provides that any corporation, bank or trust company resulting from any merger, conversion or consolidation to which the Trustee is a party or to which the Trustee shall sell or transfer all or substantially all of its assets or business shall be the successor trustee, provided that such corporation, bank or trust company shall be otherwise qualified and eligible under the Indenture, without the execution or filing of any paper or any further act on the part of any party to the Indenture.

Notices

Notices to holders of the Notes shall be validly given if (1) mailed to the address of registered holders and (2) published in a leading Singapore daily newspaper (which is expected to be The Business Times) or, if at any time such publication is not possible, in such other English language newspaper or newspapers circulating or published in Singapore as UOB shall determine. Notice shall be given not later than the latest date, and not earlier than the earliest date, prescribed in the Indenture for the giving of such notice. Any such notice shall be deemed to have been given on the first date on which both conditions are met, provided that for the purposes of (2) above, notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made.

Governing Law

The Indenture and the Notes provide that they shall be governed by, and construed in accordance with, the laws of the State of New York without giving effect to conflicts of laws principles thereof, except for the provisions in relation to set-off and payment void, default and enforcement, subordination and the Solvency Condition, which shall be governed by, and construed in accordance with, the laws of Singapore, without giving effect to conflicts of laws principles thereof.

Outstanding Notes Owned by UOB

The Indenture provides that, in determining whether the holders of the requisite principal amount of outstanding Notes have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture, Notes beneficially owned by UOB or any of UOB's affiliates will not be deemed to be outstanding.

Book-Entry; Delivery and Form

The certificates representing the Notes will be issued in fully registered form without interest coupons. USD Notes sold in offshore transactions in reliance on Regulation S under the Securities Act will be represented by one or more global Notes in fully registered form without interest coupons (the "USD Regulation S Global Notes") and will be deposited with the Trustee as custodian for DTC and registered in the name of a nominee of DTC for the accounts of its participants, including Euroclear and Clearstream. Prior to the 40th day after the later of the commencement of the offering of the Notes and the date of the Indenture, any resale or other transfer of such interests to US persons shall not be permitted unless such resale or transfer is made pursuant to Rule 144A or Regulation S and in accordance with the certification requirements described below.

USD Notes sold in reliance on Rule 144A will be represented by one or more global Notes in fully registered form without interest coupons (the "USD Rule 144A Global Notes", and together with the USD Regulation S Global Notes, the "USD Global Notes") and will be deposited with the Trustee as custodian for DTC and registered in the name of a nominee of DTC. The USD Rule 144A Global Notes (and any Notes issued in exchange therefor) will be subject to certain restrictions on transfer set forth therein and will bear the legend regarding such restrictions set forth under "Transfer Restrictions". Prior to the 40th day after the later of the commencement and closing date of the offering of the Notes, a beneficial interest in a USD Regulation S Global Note may be transferred to a person who takes delivery in the form of an interest in a Rule 144A Global Note only upon receipt by the Trustee of a written certification from the transferor to the effect that such transfer is being made to a person whom the transferor reasonably believes is a qualified institutional buyer (as defined in Rule 144A under the Securities Act) (a "QIB") acquiring for its own account or for the account of one or more other QIBs over which account it exercises sole investment discretion, in a transaction meeting the requirements of Rule 144A and to whom notice is given that such resale, pledge or transfer is being made in reliance on Rule 144A. Beneficial interests in a Rule 144A Global Note may be transferred to a person who takes delivery in the form of an interest in a USD Regulation S Global Note whether before, on or after such 40th day, only upon receipt by the Trustee of a written certification from the transferor to the effect that such transfer is being made in accordance with Regulation S. Any beneficial interest in a Rule 144A Global Note that is transferred to a person who takes delivery in the form of an interest in a USD Regulation S Global Note and any beneficial interest in a USD Regulation S Global Note that is transferred to a person who takes delivery in the form of an interest in a USD Rule 144A Global Note, will upon transfer, cease to be an interest in such USD Global Note and become an interest in the other USD Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to beneficial interests in such other Global Note for as long as it remains such an interest.

SGD Notes will be represented by one or more global Notes in fully registered form without interest coupons deposited with CDP and registered in the name of CDP (the "CDP Global Notes", and together with the USD Global Notes, the "Global Notes"). SGD Notes will be sold in reliance on Regulation S only. Prior to the 40th day after the later of the commencement of the offering of the Notes and the date of the Indenture, beneficial interests in a CDP Global Notes may be held only through CDP, and any resale or other transfer of such interests to US persons shall not be permitted during such period unless such resale on transfer is made pursuant to Regulation S.

Except in the limited circumstances described below under "Definitive Notes", owners of beneficial interests in Global Notes will not be entitled to receive physical delivery of Definitive Notes. The Notes are not issuable in bearer form.

Global Notes

Upon the issuance of the USD Regulation S Global Notes, the USD Rule 144A Global Notes and the CDP Global Notes, DTC or CDP, as the case may be, will credit, on their internal system, the respective principal amounts of the individual beneficial interests represented by such Global Notes to the respective accounts of persons who have accounts with them. Such accounts will be designated by the Initial Purchasers. Ownership of beneficial interests in the Global Notes will be shown on, and the transfer of such ownership interests will be effected only through records maintained by DTC and CDP (with respect to interests of participants) and on the records of participants (with respect to interests of persons holding through participants). QIBs may hold their interests in a USD 144A Global Note directly through DTC, if they are participants in such system, or indirectly through organizations which are participants in such system. The laws of some states may require that certain purchasers of securities take physical delivery of such securities in definitive form. Such limits and such laws may impair the ability to own, transfer or pledge beneficial interests in USD Global Notes.

Investors may hold their interest in a USD Regulation S Global Note directly through DTC, or in a CDP Global Note directly through CDP, as the case may be, if they are participants in such systems, or directly through organizations that are participants in such systems, including Euroclear and Clearstream.

Payments of principal, premium, if any, and interest on the Notes as well as transfer of the Notes will be made in accordance with the settlement and clearing procedures of Euroclear, Clearstream, DTC and CDP.

Payments of principal of and interest on USD Notes represented by a USD Global Note registered in the name of DTC or its nominee will be made to DTC or such nominee, as the case may be, as the registered owner of such Global Note. Payments of principal of, and interest on SGD Notes represented by a CDP Global Note registered in the name of CDP will be made to CDP as the registered owner of such Global Note. None of UOB, the Trustee or any other agent of UOB or agent of the Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in such Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

UOB expects that DTC or its nominee, and CDP, upon receipt of any payment of principal or interest in respect of a Global Note, will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in such Global Note as shown on the records of DTC or such nominee or CDP, as the case may be. UOB also expects that payments by participants to owners of beneficial interests in such Global Note held through such participants will be governed by standing customer instructions and customary practices, as is now the case with securities held for the accounts of customers registered in "Street Name", and will be the responsibility of such participants.

DTC and CDP will take any action permitted to be taken by a holder of the Notes (including the presentation of Notes for exchange as described below) only at the direction of one or more participants to whose accounts the DTC or CDP, as the case may be, interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction.

Although UOB understands that DTC and CDP will comply with the foregoing procedures in order to facilitate transfers in interests in the Global Notes among participants of DTC and CDP, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of UOB, the Trustee or any of the Paying Agents will have any responsibility for the performance by DTC or CDP or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Definitive Notes

In certain circumstances specified in the Indenture, including if DTC notifies UOB that it is at any time unwilling or unable to continue as a depositary and a successor depositary is not appointed by UOB within 90 days of such notice or if a default described in the first paragraph of "Description of the Notes — Default and Enforcement" in respect of the USD Notes, has occurred and is continuing, UOB will issue such Notes in definitive registered form in exchange for such Global Note which, in the case of Notes issued in exchange for the USD Rule 144A Global Notes, will bear the legend referred to under the heading "Transfer Restrictions".

The CDP Global Note may be exchanged in whole but not in part for definitive Notes only upon the occurrence of the following events: a default described in the first paragraph of "— Default and Enforcement", in respect of the SGD Notes CDP has closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise), CDP has announced an intention permanently to cease business and no alternative clearing system is available, CDP has notified UOB that it is unable or unwilling to act as depository for the Notes and to continue performing its duties set out in the Master Depository Agreement to be entered into between UOB and CDP in connection with the Notes, a court order is made or an effective resolution is passed for the winding-up of UOB, or UOB has or will become subject to adverse tax consequences which would not be suffered were the Notes in definitive form.

Payments of principal on definitive Notes shall be made only against and (provided that payment is made in full) surrender of definitive Notes at the specified of the Paying Agent for each Series of the Notes.

Settlement in Respect of CDP Global Notes

So long as any SGD Notes are represented by a CDP Global Note registered in the name of CDP, such SGD Notes will trade between persons holding securities accounts with CDP by way of electronic book entries in the records of CDP, as reflected in the securities accounts of such persons. Although CDP encourages settlement on the third business day following the trade of debt securities, market participants may mutually agree on a different settlement period if necessary.

Global Clearance and Settlement

Investors in the Notes may hold USD Notes through DTC and SGD Notes through CDP. Initial settlement and all secondary trades will settle as described below. Although UOB understands that DTC and CDP will comply with the procedures provided below in order to facilitate transfers of Notes among participants of DTC and CDP, they are under no obligation to perform or continue to perform such procedures, and such procedures may be modified or discontinued at any time. Neither UOB nor the Trustee nor the Initial Purchasers will have any responsibility for the performance by DTC or CDP or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations. With respect to clearance and settlement through DTC and CDP, UOB understands as follows:

The Clearing Systems

DTC

DTC is a limited purpose trust company organized under the laws of the State of New York, a "banking organization" within the meaning of New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the Uniform Commercial Code and a "Clearing Agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies and clearing corporations and certain other organizations. Indirect access to the DTC system is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly ("indirect participants").

Euroclear and Clearstream

Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

CDP

In respect of SGD Notes that are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities (the "CDP System"), maintained by CDP. CDP, a wholly owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organization. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

Initial Settlement

The Notes of each Series will be issued initially in the form of one or more Global Notes in book-entry form and will be deposited with a custodian for DTC or with CDP, as the case may be. Investors' interests in Notes held in book-entry form by DTC or CDP, as the case may be, will be represented through financial institutions acting on their behalf as direct and indirect participants in DTC or CDP, as the case may be. Euroclear and Clearstream may hold positions in USD Notes on behalf of their participants through their respective depositories, which in turn will hold such positions in accounts as participants of DTC. Investors electing to hold their Notes through DTC will follow the DTC settlement practices applicable to US corporate debt obligations. Investor securities custodian accounts will therefore be credited with their holdings against payment in same-day funds on the settlement date.

Euroclear and Clearstream may also hold positions in SGD Notes on behalf of their participants through their respective Depositary Agents (as defined below), which in turn will hold such positions in accounts as depositors in CDP. See "— Clearance and Settlement of SGD Notes under the CDP System".

Clearance and Settlement of SGD Notes under the CDP System

In respect of SGD Notes that are accepted for clearance by CDP, such SGD Notes are to be held by CDP in the form of a global note for persons holding the SGD Notes in securities accounts with CDP (the "Depositors"). Delivery and transfer of SGD Notes between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Although CDP encourages settlement on the third business day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the SGD Notes through the CDP System may only be effected through certain corporate depositors ("Depository Agents") approved by CDP under the Companies Act to maintain securities sub-accounts and to hold the SGD Notes in such securities sub-accounts for themselves and their clients. Accordingly, SGD Notes for which trade settlement is to be effected through the CDP System must be held in securities sub-accounts with Depository Agents. Depositors holding SGD Notes in direct securities accounts with CDP, and who wish to trade SGD Notes through the CDP System, must transfer the SGD Notes to be traded from such direct securities accounts to a securities sub-account with a Depositary Agent for trade settlement.

CDP is not involved in money settlement between Depository Agents (or any other person), as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the SGD Notes in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of UOB, the Trustee, the Paying Agents or any other agent or the Initial Purchasers will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

TAXATION

The following summary of certain Singapore, European Union and United States federal income tax consequences of the purchase, ownership and disposition of the Notes is based upon laws, regulations, rulings and decisions now in effect, all of which are subject to change (possibly with retroactive effect). The summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with the consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of the Notes should consult their own tax advisers concerning the application of Singapore, European Union and United States federal income tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of the Notes arising under the laws of any other taxing jurisdiction.

Singapore Taxation

Interest Payments

There shall be exempt from tax, interest derived from (i) any qualifying debt securities issued during the period from February 28, 1998 to December 31, 2008, by any person who is not resident in Singapore and who does not have any permanent establishment in Singapore; and (ii) any qualifying debt securities issued during the period from February 27, 1999 to December 31, 2008, by any person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore where the funds used by that person to acquire the qualifying debt securities are not obtained from such operation in Singapore. Where interest is derived from any qualifying debt securities by any person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the said tax exemption shall not apply if the person acquires those qualifying debt securities using funds from Singapore operations. As used in this paragraph, "funds from Singapore operations", in relation to a person, means the funds and profits of that person's operations through a permanent establishment in Singapore.

As the issue of the USD Notes is lead managed and arranged by J.P. Morgan (S.E.A.) Limited and Merrill Lynch (Singapore) Pte. Ltd., who are each a Financial Sector Incentive (Bond Market) Company (as defined in the Income Tax Act, Chapter 134 of Singapore (the "Income Tax Act")), the USD Notes issued are "qualifying debt securities" for the purposes of the Income Tax Act, unless during their primary launch (i) the USD Notes are issued to less than four persons; and (ii) 50% or more of the USD Notes is beneficially held or funded, directly or indirectly, by related parties of UOB.

As the issue of the SGD Notes is lead managed and arranged by J.P. Morgan (S.E.A.) Limited, Citicorp Investment Bank (Singapore) Limited and UOB, who are each a Financial Sector (Bond Market) Company (as defined in the Income Tax Act), the SGD Notes issued are "qualifying debt securities" for the purposes of the Income Tax Act, unless during their primary launch (i) the SGD Notes are issued to less than four persons; and (ii) 50% or more of the SGD Notes is beneficially held or funded, directly or indirectly, by related parties of UOB.

Notwithstanding the aforesaid, if, at any time during the term of the USD Notes or SGD Notes (as the case may be) (the "Relevant Notes"), 50% or more of the principal amount of the Relevant Notes is held beneficially or funded, directly or indirectly, by any related party or parties of UOB, interest derived from such Relevant Notes held by: (a) any related party of UOB; or (b) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of UOB, shall not be exempt from tax or shall not be eligible for the concessionary rate of tax of 10%, as the case may be. As used in this Taxation section, a "related party" in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that person, directly or indirectly, are under the control of a common person.

It should be noted that any person whose interest derived from the Notes is not exempt from tax is required to include such interest in a return of income made under the Income Tax Act.

Subject to the foregoing, under the relevant rules and regulations currently in force and assuming the fiscal year 2004 budget proposals announced by the Singapore Minister for Finance on

February 27, 2004 are duly enacted, and provided that UOB furnishes to the Comptroller of Income Tax and the MAS a return on debt securities in respect of the Notes within such period as the Comptroller may specify and such other particulars in connection with the Notes as the Comptroller may require:

(a) interest on the Notes will not be subject to withholding of tax;

(b) interest derived by a company or body of persons in Singapore from such Notes is subject to Singapore tax at a concessionary rate of 10%; and

(c) interest on the Notes derived by all individuals (regardless of their tax residence) will be exempt from tax, except where such income is derived through a partnership in Singapore or derived from the carrying on of a trade, business or profession.

Interest shall accrue on the Notes notwithstanding that such interest is not payable because the Solvency Condition (as defined in "Description of the Notes — Solvency Condition") has not been satisfied and/or such interest falls due on an Optional Interest Payment Date (as defined in "Description of the Notes — Compulsory and Optional Interest Payment Dates, Arrears of Interest and Additional Interest and Interest Deferral"). Such interest may for Singapore income tax purposes be treated as having accrued to the Noteholders and taxable in the year of assessment in which each Interest Payment Date falls.

Capital Gains Tax

Currently, any gains in the nature of capital made from the sale of the Notes by a person will not be taxable in Singapore. However, where the gains from the sale arise from the trade or business carried on by that person in Singapore, it may be taxable in Singapore as such gains are considered income in nature.

European Union Taxation

On June 3, 2003, the European Council of Economics and Finance Ministers agreed on proposals under which Member States will be required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State, except that, for a transitional period, Belgium, Luxembourg and Austria will instead be required to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). The proposals are anticipated to take effect beginning January 1, 2005.

United States Taxation

The following discussion is a summary of certain United States federal income tax considerations relevant to the purchase, ownership and disposition of the USD Notes by US Holders (defined below). This discussion addresses only US Holders purchasing USD Notes in the original offering at the initial offering price that hold the USD Notes as capital assets and use the United States dollar as their functional currency. It does not address the tax treatment of US Holders subject to special rules, such as financial institutions, dealers or traders in securities or currencies, securities traders that elect mark-to-market tax accounting, insurance companies, tax-exempt entities, investors liable for the alternative minimum tax, regulated investment companies, persons that own (directly, indirectly or by attribution) 10.0% or more by vote or value of UOB's shares or persons holding the USD Notes as part of a hedging, straddle, conversion or other integrated financial transaction. It is not a complete description of all United States tax considerations relating to the USD Notes. This summary assumes that the USD Notes will be treated as debt for United States federal income tax purposes and do not constitute contingent payment debt instruments. ***Each prospective purchaser is urged to consult its own tax adviser about the United States federal, state, and local tax consequences of purchasing, holding and disposing of the USD Notes.***

For purposes of this discussion, a "US Holder" is a beneficial owner of the USD Notes that is, for United States federal income tax purposes: (i) a citizen or individual resident of the United States; (ii) a corporation, or other entity treated as a corporation, created or organized in or under the laws of the United States or any political subdivision thereof or therein; (iii) a trust if a court within the United States is able to exercise primary jurisdiction over the administration of the trust and one or more US persons (as defined under the Internal Revenue Code of 1986, as amended) have the authority to control all substantial decisions of the trust; or (iv) an estate the income of which is subject to United States federal income taxation regardless of its source. If an entity treated as a partnership for United States federal income tax purposes holds the USD Notes, the tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. Partners in a partnership that acquires or holds the USD Notes are urged to consult their own tax advisers.

Interest

The USD Notes are expected to be issued at no more than a de minimis discount and thus should not be considered to have been issued with original issue discount ("OID"), provided that stated interest on the USD Notes is considered to be "unconditionally payable" within the meaning of applicable Treasury regulations. UOB intends to take the position that stated interest on the USD Notes is unconditionally payable, notwithstanding UOB's possible right to defer the payment of stated interest on the USD Notes on any Optional Interest Payment Date. Consistent with this position, except as discussed below, stated interest paid on the USD Notes (including any Additional Amounts and Singapore tax withheld) will be included in the income of a US Holder as ordinary income in accordance with the holder's regular method of tax accounting. Interest income from the USD Notes will be treated as income from sources outside the United States and generally will be considered passive income or, for certain holders, financial services income for purposes of computing a US Holder's foreign tax credit limitation.

If there is more than a remote likelihood that UOB will defer interest payments on the USD Notes, all interest payable on the USD Notes will be treated as OID. A US Holder must include OID in ordinary income on a daily accrual basis using the constant yield to maturity method whether or not it receives a cash payment on any payment date. UOB intends to take the position that the likelihood of interest being deferred is remote for this purpose, although no assurances are being provided in this regard. However, if any interest payment on a USD Note is deferred, thereafter a US Holder must accrue OID (including de minimis OID, if any) on the USD Notes on a daily accrual basis using the constant yield to maturity method and without regard to such holder's regular method of tax accounting.

In addition, because it is significantly more likely than not that the USD Notes will be redeemed on ●, 2014, the yield and maturity of the USD Notes for OID purposes will be based on the assumption that the USD Notes will be redeemed on ●, 2014, and such USD Notes will not be considered to be issued with OID due to the change in interest rates. If the USD Notes are not, in fact, redeemed on ●, 2014, they will be treated as if they were redeemed and reissued for OID purposes as of such date.

Sale or Exchange of USD Notes

A US Holder's initial basis in the USD Notes will equal its cost. If the USD Notes are deemed to have OID, however, a US Holder's basis in the USD Notes will increase by any amounts required to be included as OID and decreased by any payments made on the USD Notes not previously included in such holder's income. A US Holder generally will recognize gain or loss on a sale, exchange, retirement or other disposition of a USD Note in an amount equal to the difference between the amount realized (less any accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income) and the US Holder's adjusted tax basis in the USD Note. The gain or loss will be capital gain or loss and generally will be from sources within the United States. Gain or loss will be long-term capital gain or loss if the USD Note was held for more than one year at the time of disposition. Certain US Holders (including individuals) are eligible for preferential rates of United States federal income tax in respect of long-term capital gain. The deduction of capital losses is subject to limitation.

Information Reporting and Backup Withholding

Payments of interest and proceeds from the sale, exchange, retirement or other disposition of the USD Notes will be reported to the United States Internal Revenue Service unless the holder: (i) is a corporation; (ii) provides a properly executed United States Internal Revenue Service Form W-9 or W-8BEN (or other appropriate form), whichever is relevant; or (iii) otherwise establishes a basis for exemption. Backup withholding tax will apply to amounts subject to reporting if the holder fails to: (i) provide an accurate taxpayer identification number; (ii) certify that the holder is not subject to backup withholding; or (iii) otherwise comply with applicable backup withholding requirements. A holder can claim a credit against its United States federal income tax liability for the amount of any backup withholding tax and a refund of any excess amounts by filing the appropriate claim for a refund with the United States Internal Revenue Service and furnishing any required information.

PLAN OF DISTRIBUTION

Under the terms and subject to the conditions contained in a purchase agreement dated ●, 2004, UOB has agreed to sell to the Initial Purchasers, and the Initial Purchasers have severally agreed to purchase the respective amount of USD Notes and SGD Notes set forth opposite their names below:

	Principal Amount
USD Notes	
J.P. Morgan (S.E.A.) Limited	US$●
Merrill Lynch (Singapore) Pte. Ltd.	●
Credit Suisse First Boston (Europe) Limited	●
Deutsche Bank AG, Singapore Branch	●
Total	US$●

	Principal Amount
SGD Notes	
J.P. Morgan (S.E.A.) Limited	S$●
Citicorp Investment Bank (Singapore) Limited	●
Credit Suisse First Boston (Europe) Limited	●
Deutsche Bank AG, Singapore Branch	●
Total	S$●

Each of the Initial Purchasers has advised that they propose initially to offer the Notes at the issue prices listed on the cover page of this Offering Memorandum.

UOB will act as a joint lead manager for the offering of the USD Notes and UOB will act as a joint bookrunner for the offering of the SGD Notes, but it will not purchase any USD Notes or SGD Notes beneficially for its own account. In such capacity, UOB will act as broker in riskless principal transactions.

The obligations of the Initial Purchasers under the purchase agreement, including their agreement to purchase the Notes from UOB, are several and not joint. The Initial Purchasers have agreed to purchase all the Notes if any of them are purchased. If an Initial Purchaser defaults, the purchase agreement provides that the purchase commitments of the non-defaulting Initial Purchasers may be increased or the purchase agreement may be terminated.

UOB has agreed to indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the Initial Purchasers may be required to make in respect of those liabilities. In addition, UOB has agreed to reimburse the Initial Purchasers for certain of their expenses.

J.P. Morgan (S.E.A.) Limited is acting as the Global Coordinator of this offering.

The Initial Purchasers are offering the Notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the Notes, and other conditions contained in the purchase agreement, such as the receipt by the Initial Purchasers of officer's certificates and legal opinions. The Initial Purchasers reserve the right to withdraw, cancel or modify offers to investors and to reject orders in whole or in part.

Delivery of the USD Notes is expected on or about ●, 2004, which will be more than three business days following the date of pricing of the USD Notes. Under Rule 15c6-1 under the U.S. Securities Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, investors who wish to trade the USD Notes on the date of pricing or the next succeeding business day will be required, because the USD Notes initially will settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Investors who wish to trade the USD Notes on the pricing date or the next succeeding business day should consult their own advisers.

Selling Restrictions

United States

The Initial Purchasers propose to offer the Notes for resale in transactions not requiring registration under the Securities Act or applicable state securities laws, including sales pursuant to Rule 144A and Regulation S. The Notes have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except (i) to QIBs in reliance on Rule 144A (in the case of the USD Notes) and (ii) outside the United States in offshore transactions to non-US persons in reliance on Regulation S under the Securities Act (in the case of the USD Notes and the SGD Notes).

Each Initial Purchaser has severally acknowledged and agreed that, except as permitted by the preceding paragraph, it will not offer or sell Notes: (i) as part of their distribution at any time; and (ii) otherwise until the expiration of 40 days after the later of the date upon which the offering of the Notes commences and the time of delivery of the Notes, within the United States or to, or for the account or benefit of, US persons. Each Initial Purchaser has agreed that, at or prior to confirmation of a sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from or through it during the restricted period a confirmation or notice setting forth the restrictions on offers and sales of Notes within the United States or to, or for the account or benefit of, US persons.

In addition, until the expiration of 40 days after the commencement of this offering, an offer or sale of the Notes within the United States by a dealer (whether or not participating in this offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to an exemption from registration under the Securities Act.

Each purchaser of the Notes will be deemed to have made acknowledgements, representations and agreements as described under "Transfer Restrictions".

United Kingdom

Each Initial Purchaser has represented, warranted and agreed that: (i) it has not offered or sold and, prior to the expiry of a period of six months from the date of issue of the Notes, will not offer or sell any Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended); (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to UOB; and (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

The Netherlands

Each Initial Purchaser has represented, warranted and agreed that the Notes (including rights representing an interest in a Note in global form) may only be offered in The Netherlands, as part of its initial distribution or as part of any re-offering, and that this Offering Memorandum may only be distributed and circulated, and any offer of these Notes shall only be announced in writing (whether electronically or otherwise) in The Netherlands, to individuals or legal entities who or which trade or invest in securities in the conduct of a business or profession ("Professional Investors", which includes banks, securities intermediaries (including dealers and brokers), insurance companies, pension funds, collective investment institutions, central governments, large international and supranational organizations, other institutional investors and other parties, including treasury departments of commercial enterprises, which as an ancillary activity regularly invest in securities) provided that it will be mentioned upon making any such offers and from any and all documents or advertisements in which the forthcoming offering of these Notes is publicly announced in The Netherlands that the offer is exclusively made to such Professional Investors in The Netherlands.

Singapore

This Offering Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore and the Notes are offered pursuant to exemptions invoked under Sections 274 and 275 of the Securities and Futures Act, Chapter 289 of Singapore (the "Securities and Futures Act"). Accordingly, this Offering Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public or any member of the public in Singapore other than (i) to an institutional investor or other investor specified in Section 274 of the Securities and Futures Act; (ii) to a sophisticated investor, and in accordance with the conditions, specified in Section 275 of the Securities and Futures Act; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Hong Kong

Each of the Initial Purchasers has represented and agreed that: (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any of the Notes other than to persons whose ordinary business is to buy or sell shares or debentures (whether as principal or agent) or in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32 of the Laws of Hong Kong); and (ii) it has not issued or had in its possession for the purpose of issue, and will not issue or have in its possession for the purpose of issue, any advertisement, invitation or document, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and any rules made thereunder.

Other

Each Initial Purchaser, severally and not jointly, acknowledges and agrees that no action is being taken or is contemplated by us that would permit a public offering of the Notes or possession or distribution of this Offering Memorandum or any amendment thereof, any supplement thereto or any other offering material relating to the Notes in any jurisdiction where, or in any other circumstance in which, action for those purposes is required.

Other Relationships

Some of the Initial Purchasers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with UOB. They have received customary fees and commissions for these transactions.

LEGAL MATTERS

Certain legal matters in connection with the issue and sale of the Notes offered hereby will be passed upon for UOB by Clifford Chance Wong Pte Ltd with respect to Singapore, New York state and United States federal law. Certain legal matters with respect to the issue and sale of the Notes will be passed upon for the Initial Purchasers by Allen & Gledhill with respect to Singapore law and by Davis Polk & Wardwell with respect to New York state and United States federal law.

INDEPENDENT PUBLIC ACCOUNTANTS

The financial statements of UOB and the consolidated financial statements of UOB Group as at and for the three years ended December 31, 2001, 2002 and 2003 included in this Offering Memorandum have been audited by PricewaterhouseCoopers, Singapore, Independent Public Accountants.

ERISA CONSIDERATIONS

Each fiduciary of a pension, profit-sharing or other employee benefit plan (an "ERISA Plan") subject to the US Employee Retirement Income Security Act of 1974, as amended ("ERISA"), should consider the fiduciary standards of ERISA in the context of such ERISA Plan's particular circumstances before authorizing an investment in the Notes. Accordingly, among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification requirements of ERISA and would be consistent with the documents and instruments governing such ERISA Plan.

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans, as well as individual retirement accounts, Keogh plans and other plans subject to Section 4975 of the Code (together with ERISA Plans, "Plans"), from engaging in certain transactions with persons who are "parties in interest" under ERISA or "disqualified persons" under the Code with respect to such Plans (together, "Parties in Interest"). These prohibited transaction rules also apply to an entity in which one or more Plans have invested, if, due to such investment, the entity is deemed under applicable rules to hold "plan assets" (such Plans, together with such entities, collectively "Plan Entities"). Among other things, these rules prohibit a Plan Entity from engaging in lending transactions with Parties in Interest. Parties in Interest with respect to a Plan Entity include, among others, those who provide services or act as fiduciaries to the Plan Entity, as well as certain affiliates of such service providers or fiduciaries. Accordingly, to the extent that UOB or certain of its affiliates provide fiduciary or other services to a Plan Entity, the purchase of the Notes by or on behalf of the Plan Entity would likely be a prohibited lending transaction under Section 406(a)(1) of ERISA and Section 4975(c)(1) of the Code, unless exemptive relief were available under an applicable administrative exemption.

The US Department of Labor has issued five prohibited transaction class exemptions ("PTCEs") that may provide exemptive relief for direct or indirect prohibited transactions resulting from the purchase and holding of the Notes by or on behalf of a Plan Entity. Those class exemptions are PTCE 96-23 (for certain transactions determined by in-house asset managers), PTCE 95-60 (for certain transactions involving insurance company general accounts), PTCE 91-38 (for certain transactions involving bank collective investment funds), PTCE 90-1 (for certain transactions involving insurance company separate accounts) and PTCE 84-14 (for certain transactions determined by independent qualified professional asset managers). There can be no assurance that any exemption will be available with respect to any particular transaction involving the Notes, or that, if an exemption is available, it will cover all aspects of any particular transaction.

Accordingly, the Notes may not be purchased or held by any Plan Entity, unless the purchase and holding of the Notes is exempt under PTCE 96-23, 95-60, 91-38, 90-1 or 84-14. Any purchaser of the Notes or any interest therein, including in the secondary market, will be deemed to have represented that either: (a) it is not a Plan Entity and is not purchasing the Notes on behalf of or with "plan assets" of any Plan; or (b) it is a Plan Entity and the purchase and holding of the Notes is exempt under PTCE 96-23, 95-60, 91-38, 90-1 or 84-14. Such representations shall be deemed to be made each day from the date on which such purchaser purchases the Notes through and including the date on which such purchaser disposes of the Notes. See "Transfer Restrictions".

Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries or other persons considering purchasing the Notes on behalf of or with "plan assets" of any Plan Entity consult with their counsel regarding the potential consequences under ERISA and the Code and the availability of exemptive relief under PTCE 96-23, 95-60, 91-38, 90-1 or 84-14.

Rules similar to the prohibited transaction rules described above may apply to governmental employee benefit plans, church plans and certain other plans. Any party purchasing the Notes with the assets of such a plan will be deemed to represent by such purchase that its purchase and holding of the Notes is exempt pursuant to an exemption similar to the PTCEs listed above.

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, sale, resale, pledge or other transfer of the Notes.

Each purchaser of the USD Notes will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

1. It is not an "Affiliate" (as defined in Rule 144 under the Securities Act) of UOB or acting on behalf of UOB and (A)(i) is a QIB; (ii) is aware that the sale of the USD Notes to it is being made in reliance on Rule 144A; and (iii) is acquiring such USD Notes for its own account or the account of a QIB, or (B) is outside the United States and is not a US person;

2. It acknowledges that the USD Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any jurisdiction and may not be offered or sold within the United States except as set forth below;

3. It understands and agrees that if in the future it decides to resell, pledge or otherwise transfer any USD Notes or any beneficial interests in any USD Notes other than USD Regulation S Notes, such USD Notes may be resold, pledged or transferred only (A) by an initial investor: (i) to UOB or any subsidiary thereof; (ii) to a person whom the seller reasonably believes is a QIB that purchases for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A; (iii) in an offshore transaction meeting the requirements of Rule 903 or 904 of Regulation S under the Securities Act; or (iv) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available) (resales described in subclauses (i) through (iv) of this clause (A), "Safe Harbor Resales"), or (B) by a subsequent investor, in a Safe Harbor Resale or pursuant to any other available exemption from the registration requirements under the Securities Act (provided that, as a condition to the registration of transfer of any USD Notes otherwise than in a Safe Harbor Resale, UOB or the Trustee may require delivery of any documents or other evidence (including but not limited to an opinion of counsel) that it, in its sole discretion, may deem necessary or appropriate to evidence compliance with such exemption), or (C) pursuant to an effective registration statement under the Securities Act, and in each of such cases, in accordance with any applicable securities laws of any state of the United States and any other jurisdiction;

4. It agrees to, and each subsequent holder is required to, notify any purchaser of the USD Notes from it of the resale restrictions referred to in clause 3 above, if then applicable;

5. It understands and agrees that (A) USD Notes initially offered in the United States to QIBs will be represented by a USD Rule 144A Global Note, (B) that USD Notes offered outside the United States in reliance on Regulation S will be represented by a USD Regulation S Global Note;

6. It understands that any USD Notes sold in reliance on Rule 144A will bear a legend to the following effect unless otherwise agreed to by UOB:

   "THE NOTES IN RESPECT OF WHICH THIS CERTIFICATE IS ISSUED HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES EXCEPT IN A TRANSACTION NOT SUBJECT TO, OR IN ACCORDANCE WITH AN EXEMPTION FROM, THE REGISTRATION REQUIREMENTS THEREOF. THE HOLDER HEREOF, BY PURCHASING THE NOTES IN RESPECT OF WHICH THIS CERTIFICATE IS ISSUED, AGREES, FOR THE BENEFIT OF UNITED OVERSEAS BANK LIMITED (THE "ISSUER"), THAT IT OR THE PERSON WHO HAS THE BENEFICIAL INTEREST IN THIS CERTIFICATE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") AND UNDERSTANDS THAT THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT AND AGREES THAT IF IT, OR SUCH PERSON, SHOULD SELL, PLEDGE OR OTHERWISE TRANSFER SUCH NOTES IT, OR SUCH PERSON, WILL DO SO ONLY (A) TO A PERSON THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS

OWN ACCOUNT (OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER OVER WHICH ACCOUNT IT EXERCISES SOLE INVESTMENT DISCRETION) IN ACCORDANCE WITH RULE 144A, (B) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (D) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. THE HOLDER HEREOF, BY PURCHASING THE NOTES IN RESPECT OF WHICH THIS CERTIFICATE IS ISSUED, REPRESENTS AND AGREES FOR THE BENEFIT OF THE ISSUER THAT IT WILL NOTIFY ANY PURCHASER OF THE NOTES IN RESPECT OF WHICH THIS CERTIFICATE IS ISSUED OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. THE HOLDER MUST, PRIOR TO ANY TRANSFER, FURNISH TO THE TRANSFER AGENT AND THE ISSUER SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS EITHER OF THEM MAY REASONABLY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT SELLERS OF THE NOTES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A."

"THE NOTES MAY NOT BE TRANSFERRED TO, OR ACQUIRED OR HELD BY, OR ACQUIRED WITH THE ASSETS OF, ANY EMPLOYEE BENEFIT PLAN SUBJECT TO TITLE I OF THE US EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), OR ANY INDIVIDUAL RETIREMENT ACCOUNT OR PLAN SUBJECT TO SECTION 4975 OF THE US INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") OR ANY SIMILAR LAW, OR ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE ASSETS OF ANY SUCH PLAN BY REASON OF SUCH PLAN'S INVESTMENT IN SUCH ENTITY (SUCH A PLAN OR PLAN ASSET ENTITY, A "PLAN ENTITY"), UNLESS THE PURCHASE AND HOLDING OF THE NOTES BY OR ON BEHALF OF SUCH PLAN ENTITY IS EXEMPT FROM THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA AND SECTION 4975 OF THE CODE UNDER US DEPARTMENT OF LABOR PROHIBITED TRANSACTION CLASS EXEMPTION ("PTCE") 96-23, PTCE 95-60, PTCE 91-38, PTCE 90-1 OR PTCE 84-14 OR, WITH RESPECT TO A PLAN NOT SUBJECT TO THE PROHIBITED TRANSACTION RULES OF ERISA AND THE CODE, BUT SUBJECT TO SIMILAR LAWS, AN EXEMPTION SIMILAR TO THE FOREGOING PTCES."

7. It understands and agrees that if in the future it decides to resell, pledge or otherwise transfer any USD Notes in reliance on Regulation S or any beneficial interest therein, such Notes may be resold, pledged or transferred only in accordance with the requirements of the legends set forth in clause 8 below;

8. It understands that any USD Notes sold in reliance on Regulation S will bear a legend to the following effect unless otherwise agreed to by UOB:

   "THE NOTES IN RESPECT OF WHICH THIS CERTIFICATE IS ISSUED HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY JURISDICTION AND, ACCORDINGLY, MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED PRIOR TO THE EXPIRATION OF 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE NOTES AND THE CLOSING DATE, AS DEFINED IN THE PURCHASE AGREEMENT DATED ●, 2004 (THE "DISTRIBUTION COMPLIANCE PERIOD"), EXCEPT (A) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT, (B) WITHIN THE UNITED STATES TO A PERSON THAT THE TRANSFEROR, AND ANY PERSON ACTING ON ITS BEHALF, REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (D) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT,

PROVIDED, HOWEVER, THAT IN CONNECTION WITH ANY TRANSFER UNDER (B) ABOVE, THE TRANSFER AGENT SHALL HAVE RECEIVED A WRITTEN CERTIFICATION (IN THE FORM PROVIDED IN THE INDENTURE DATED ●, 2004) (1) FROM THE TRANSFEREE TO THE EFFECT THAT SUCH TRANSFEREE (X) IS A QUALIFIED INSTITUTIONAL BUYER PURCHASING FOR ITS OWN ACCOUNT (OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS OVER WHICH ACCOUNT IT EXERCISES SOLE INVESTMENT DISCRETION) AND (Y) AGREES TO COMPLY WITH THE RESTRICTIONS ON TRANSFER SET FORTH UNDER "TRANSFER RESTRICTIONS" IN THE OFFERING MEMORANDUM DATED ●, 2004 AND (2) FROM THE TRANSFEROR TO THE EFFECT THAT THE TRANSFER WAS MADE IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A."

"UPON THE EXPIRATION OF THE DISTRIBUTION COMPLIANCE PERIOD, THE CERTIFICATIONS REQUIRED BY CLAUSE (1)(X) AND CLAUSE (2) OF THE PRECEDING PARAGRAPH SHALL NO LONGER BE REQUIRED, BUT THE TRANSFEREE SHALL BE REQUIRED TO CERTIFY AS PROVIDED BY CLAUSE (1)(Y) OF SUCH PARAGRAPH. UPON THE EXPIRATION OF THE DISTRIBUTION COMPLIANCE PERIOD, THIS SECURITY SHALL NO LONGER BE SUBJECT TO THE RESTRICTIONS ON TRANSFER PROVIDED IN THIS LEGEND, PROVIDED THAT AT THE TIME OF SUCH EXPIRATION, THE OFFER OR SALE OF THIS SECURITY BY THE HOLDER HEREOF IN THE UNITED STATES WOULD NOT BE RESTRICTED UNDER THE SECURITIES LAWS OF THE UNITED STATES OR ANY STATE OF THE UNITED STATES."

"THE NOTES MAY NOT BE TRANSFERRED TO, OR ACQUIRED OR HELD BY, OR ACQUIRED WITH THE ASSETS OF, ANY EMPLOYEE BENEFIT PLAN SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), OR ANY INDIVIDUAL RETIREMENT ACCOUNT OR PLAN SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") OR ANY SIMILAR LAW, OR ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE ASSETS OF ANY SUCH PLAN BY REASON OF SUCH PLAN'S INVESTMENT IN SUCH ENTITY (SUCH A PLAN OR PLAN ASSET ENTITY, A "PLAN ENTITY"), UNLESS THE PURCHASE AND HOLDING OF THE NOTES BY OR ON BEHALF OF SUCH PLAN ENTITY IS EXEMPT FROM THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA AND SECTION 4975 OF THE CODE UNDER US DEPARTMENT OF LABOR PROHIBITED TRANSACTION CLASS EXEMPTION ("PTCE") 96-23, PTCE 95-60, PTCE 91-38, PTCE 90-1 OR PTCE 84-14 OR, WITH RESPECT TO A PLAN NOT SUBJECT TO THE PROHIBITED TRANSACTION RULES OF ERISA AND THE CODE, BUT SUBJECT TO SIMILAR LAWS, AN EXEMPTION SIMILAR TO THE FOREGOING PTCES."

9. It represents and warrants that: (a) it is not using assets of an employee benefit plan subject to Part 4 of Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") or a plan subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "Code") (or any similar law) to purchase the Notes; or (b) its purchase and holding of the Notes is exempt under Department of Labor Prohibited Transaction Class Exemption 96-23, 95-60, 91-38, 90-1 or 84-14 (or, with respect to a law other than ERISA or the Code, another appropriate exemption), and that such representation shall be deemed to be made each day from the date on which the purchaser purchases the Notes through and including the date on which the purchaser disposes of the Notes;

10. It acknowledges that, prior to any proposed transfer of Notes in certificated form or of beneficial interests in Global Notes (in each case other than pursuant to an effective registration statement), the holder of Notes or the holder of beneficial interests in Global Notes, as the case may be, may be required to provide certifications and other documentation relating to the manner of such transfer and submit such certifications and other documentation as provided in the Indenture; and

11. It acknowledges that UOB, the Initial Purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that, if any of such acknowledgments, representations or agreements deemed to have been made by virtue of its purchase of Notes are no longer accurate, it shall promptly notify the

Issuer, and if it is acquiring any Notes as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

Each purchaser of the SGD Notes will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Regulation S are used herein as defined therein):

1. it is not an "Affiliate" (as defined in Rule 144 under the Securities Act) of UOB or acting on behalf of UOB and is outside the U.S. and is not a US person;
2. it acknowledges that the SGD Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any jurisdiction and may not be offered or sold within the US except as set forth below;
3. it understands and agrees that if in the future it decides to resell, pledge or otherwise transfer any SGD Notes or any beneficial interest in any SGD Notes, such SGD Notes may be resold, pledged or transferred only in accordance with the requirements of the legends set forth in paragraph (4) below;
4. it understands that the SGD Notes will bear a legend to the following effect unless otherwise agreed to by UOB:

   "THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY JURISDICTION AND, ACCORDINGLY, MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED PRIOR TO THE EXPIRATION OF 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE SECURITIES AND THE CLOSING DATE, AS DEFINED IN THE PURCHASE AGREEMENT DATED ●, 2004 (THE "DISTRIBUTION COMPLIANCE PERIOD"), EXCEPT IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT.

   UPON THE EXPIRATION OF THE DISTRIBUTION COMPLIANCE PERIOD, THE NOTES SHALL NO LONGER BE SUBJECT TO THE RESTRICTIONS ON TRANSFER PROVIDED IN THIS LEGEND, PROVIDED THAT AT THE TIME OF SUCH EXPIRATION, THE OFFER OR SALE OF THE NOTES BY THE HOLDER HEREOF IN THE UNITED STATES WOULD NOT BE RESTRICTED UNDER THE SECURITIES LAWS OF THE UNITED STATES OR ANY STATE OF THE UNITED STATES."
5. it acknowledges that UOB and the Initial Purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representation and agreements and agrees that, if any of such acknowledgements, representations or warranties deemed to have been made by virtue of its purchase of SGD Notes are no longer accurate, it shall promptly notify UOB, and if it is acquiring any SGD Notes as a fiduciary or agent for one of more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

GENERAL INFORMATION

1. The creation and issue of the Notes has been authorized by resolutions of the Board of Directors of UOB dated July 30, 2004 and ●, 2004.
2. Save as disclosed in this Offering Memorandum, there are no, nor have there been any, litigation or arbitration proceedings, including those which are pending or threatened, of which UOB is aware, which may have, or have had during the 12 months prior to the date of this Offering Memorandum, a material adverse effect on the financial position of UOB Group.
3. Save as disclosed in this Offering Memorandum, there has been no significant change in the financial or trading position of UOB Group since December 31, 2003 and, since December 31, 2003, save as disclosed in this Offering Memorandum, there has been no material adverse change in the financial position or prospects of UOB Group.
4. Copies of the following documents, all of which are published in English, may be inspected during normal business hours at the offices of UOB at 80 Raffles Place, UOB Plaza, Singapore 048624:
   (a) Memorandum and Articles of Association of UOB; and
   (b) the Indenture.
5. The USD Notes have been accepted for clearance through DTC. The Common Code of the USD Notes sold pursuant to Regulation S under the Securities Act is ●, the ISIN is ● and the CUSIP number is ●. The Common Code of the USD Notes to be sold pursuant to Rule 144A under the Securities Act is ●, the ISIN is ● and the CUSIP number is ●. The SGD Notes have been accepted for clearance through CDP. The Common Code of the SGD Notes sold pursuant to Regulation S under the Securities Act is ● and the ISIN is ●.
6. UOB Group publishes annual reports containing the audited financial statements of UOB and UOB Group not later than 120 days after the end of its financial year. The financial statements include the audited income statements, balance sheets, statements of changes in equity and notes to the financial statements of UOB and UOB Group and the consolidated cash flow statement of UOB Group. UOB Group publishes interim reports containing the unaudited consolidated results of UOB Group on a quarterly basis within 60 days of the quarter end. Prior to January 1, 2003 UOB published interim reports for the first six months of each financial year not later than three months after the end of that six-month period. UOB Group typically does not publish audited interim financial statements.
7. The only subsidiary undertaking in UOB Group which has a direct or indirect participating interest, which represents at least 10.0% of the consolidated net profit or loss of the UOB Group, is UOB's wholly-owned subsidiary, UOB Malaysia, a banking and financial institution, whose registered office is located at Level 11, Menara UOB, Jalan Raja Laut, 50350 Kuala Lumpur, Malaysia. As at December 31, 2003, UOB Malaysia had issued capital of Malaysian Ringgit ("RM") 470 million (comprising 470 million fully paid ordinary shares of RM1 each) and reserves of RM1,600 million.
8. The Directors of UOB can be reached at the principal address of UOB located at 80 Raffles Place, UOB Plaza, Singapore 048624.
9. The names and addresses of the paying agents are set out below:

   For the USD Notes:

   The Bank of New York, 101 Barclay Street, Floor 21W, New York, NY 10286, United States of America.

   For the SGD Notes:

   United Overseas Bank Limited, 80 Raffles Place, UOB Plaza, Singapore 048624.
10. UOB is incorporated as a limited liability company under the Companies Act, Chapter 50 of Singapore. Its corporate registration number is 193500026Z. The principal objects for which UOB is established include: to carry on the business of banking and to transact and do all matters and things incidental thereto, to advance and lend money, to invest its funds, and to discount, buy, sell or otherwise deal in currencies, bullion, futures, commodities, securities and any instrument establishing rights and obligations in relation to an underlying financial instrument, currency, product, index or any right or option in respect thereof. These objects can be found in clause III (1), (2), (3) and (4) of the Memorandum of Association of UOB.

SUMMARY OF PRINCIPAL DIFFERENCES BETWEEN SINGAPORE FRS AND US GAAP

The audited financial information included in this Offering Memorandum is prepared and presented in accordance with Singapore FRS, which differs in certain significant respects from US GAAP. The matters described below summarize certain differences between Singapore FRS and US GAAP that may be material. The summary below is the responsibility of UOB. A complete reconciliation of the consolidated financial statements between Singapore FRS and US GAAP has not been prepared and such reconciling differences have also not been quantified. Further, no assurance is provided that the following summary of principal differences between Singapore FRS and US GAAP is complete. Regulatory bodies that promulgate Singapore FRS and US GAAP have significant projects ongoing that could affect future comparisons such as this one. No attempt has been made to identify all future differences between Singapore FRS and US GAAP that may affect the financial statements as a result of transactions, events and prescribed changes in accounting standards that may occur in the future.

In making an investment decision, investors must rely upon their own examination of UOB, the terms of the offering and the financial information. Potential investors should consult their own professional advisers for an understanding of the differences between Singapore FRS and US GAAP, and how those differences might affect the financial information herein.

Singapore FRS	US GAAP
Acceptances	**Acceptances**
Acceptances are not recorded within the balance sheet.	Under US GAAP, acceptances and the related customer liabilities are recorded at fair value on inception within the balance sheet.
Definition of subsidiaries	**Definition of subsidiaries**
Under Singapore FRS, power to control is considered when determining whether a parent/subsidiary relationship exists. Control is the parent's ability to govern the financial and operating policies of a subsidiary to obtain benefits. Companies acquired or disposed of are included in or excluded from consolidation from the date control passes. Presently exercisable potential voting rights are also considered in determining whether to consolidate an entity.	Under US GAAP, a dual consolidation decision model is required since the issuance of FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46") in January 2003, as amended by FIN 46-R in December 2003. All consolidation decisions should be evaluated under the variable interest and traditional consolidation models. Variable interest entities (VIEs) in which a parent does not have a controlling voting interest but the parent absorbs the majority of the VIE's expected losses or returns also must be consolidated. Since the introduction of FIN 46, more entities are subject to consolidation then under pre-existing consolidation guidance.
Subsidiaries excluded from consolidation	**Subsidiaries excluded from consolidation**
Under Singapore FRS, subsidiaries are excluded from consolidation if the parent acquires the subsidiary with a view to its subsequent disposal in the near future or that the subsidiary operates under severe long-term restrictions which significantly impair its ability to transfer funds to the parent.	Under US GAAP, subsidiaries are excluded from consolidation when control does not rest with the majority owner, and when the primary beneficiary tests under FIN 46-R is not applicable. There is no exclusion based on temporary control.

Singapore FRS	US GAAP

Consolidation of Special Purpose Entities

Under Singapore FRS, Interpretation of Financial Reporting Standards ("INT FRS"): Consolidation — Special Purpose Entities ("SPE") requires that SPEs be consolidated when the substance of the relationship between the enterprise and the SPE indicates that the SPE is controlled by the enterprise, or where the enterprise derives the majority of the benefits or risks from the activities of the SPE.

Consolidation of Special Purpose Entities

The consolidation of SPEs requires the determination of the primary beneficiary of that entity. An enterprise consolidates an entity if that enterprise has a variable interest in the entity that will absorb a majority of the entity's expected losses, receive a majority of the entity's expected residual returns, or both.

Specific criteria exist for the transfer of financial assets to an SPE that is not consolidated. The SPE must be a qualifying SPE (as defined) and the assets must be financial assets (as defined). The assets must not arise from a structured transaction.

Debt and Equity Securities

UOB adopts the following polices:

- Trading debt and equity securities are reported at fair values, with unrealized gains and losses included in the income statement.
- Singapore Government and other government treasury bills, other than those held for trading, are stated at the lower of cost and market value, determined on an aggregate basis.
- Singapore Government and other government securities (other than those held for trading), and investment debt securities and equity shares held as long-term investments are stated at cost and provisions are made for diminution in value that is other than temporary, determined on an individual basis.
- Investment securities held by the consolidated SPE are reported at fair value with changes in fair value included in the income statement.

Debt and Equity Securities

Investments in equity securities that have a readily determinable fair value (excluding investments for which the equity or consolidation methods of accounting apply) and all investments in debt securities are generally classified into one of three categories and generally accounted for as follows:

- Debt securities that the reporting entity has a positive intent and the ability to hold to maturity are classified as "held-to-maturity securities" and reported at amortized cost (unless a decline in value below cost is other than temporary);
- Debt and equity securities that are bought and held for the purpose of selling them in the near term are classified as "trading securities" and reported at fair value, with unrealized gains and losses included in the income statement; and
- Debt and equity securities not classified as either held-to-maturity securities or trading securities are classified as "available-for-sale securities" and reported at fair value, with unrealized gains and losses excluded from the income statement and reported in the statement of other comprehensive income.

Singapore FRS	US GAAP

US GAAP requires an entity to consider impairment when there is an indicator of impairment, such as: the deterioration in the creditworthiness of a counterparty; an actual breach of contract; a high probability of bankruptcy; or the disappearance of an active market for an asset.

US GAAP requires the write-down of financial assets to be taken to the income statement when an entity considers a decline in fair value to be "other than temporary". Indicators of impairment are: the financial health of the counterparty; whether the investor has the ability and intention to hold the security for a sufficient period to permit recovery in value, the duration and extent that the market value has been below cost and the prospects of a forecasted market price recovery.

US GAAP prohibits the reversal of an impairment charge on available-for-sale securities.

Deferred Tax (Singapore FRS)

Under Singapore FRS, deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilized. Deferred tax is calculated using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred Tax (US GAAP)

Under US GAAP, deferred tax assets are recognized in full but are then reduced by a valuation allowance if it is more likely than not that some portion or all, of the deferred tax asset will not be realized. The use of substantively enacted rates is not permitted. The tax rate and tax laws must have been enacted.

Depreciation (Singapore FRS)

Under Singapore FRS, depreciation need not be provided on investment properties that are accounted for as long term investments, whether these are stated at cost or valuation.

UOB's policy is to state freehold land and leasehold land exceeding 99 years tenure at cost. Other leasehold land is depreciated on a straight-line basis over the period of the lease. Buildings are depreciated on a straight-line basis over 50 years or over the period of the respective leases, whichever is shorter.

Singapore FRS allows the revaluation of properties, plant and equipment including investment properties. Surpluses arising from such revaluations are taken to revaluation reserves, and deficits are taken to the income statement if they exceed the balance in the revaluation reserve account. Depreciation of revalued properties, plant and equipment is calculated on the revalued amount.

UOB does not adopt the practice of revaluing its properties, plant and equipment.

Depreciation (US GAAP)

Depreciation on investment properties is required under US GAAP. Under US GAAP, leasehold land can only be treated as a fixed asset if the lease meets the conditions of capital lease. Leases not meeting the criteria for capital lease treatment which have been fully paid would be recorded as prepayments and amortized over the remaining lease term.

Revaluation is prohibited.

Singapore FRS

Derivatives and Other Financial Instruments – Measurement of Derivative Instruments and Hedging Activities

Trading derivatives are measured at fair value while derivatives used for hedging purposes are either carried at amortized costs or at fair value depending on the accounting treatment of the underlying hedged item. The change in fair value is taken to income statement for trading derivatives. FRS 39, which will be effective from January 1, 2005 establishes recognition and measurement requirements for financial instruments and for hedging activities.

US GAAP

Derivatives and Other Financial Instruments – Measurement of Derivative Instruments and Hedging Activities

All derivatives are recognized on the balance sheet as either financial assets or liabilities. They are initially measured at cost defined as the fair value on the acquisition date, and include directly related transaction costs, but not internal allocations of cost. US GAAP require subsequent measurement of all derivatives at their fair value, regardless of any hedge relationship that might exist. Changes in a derivative's value are recognized in the income statement as they arise, unless they satisfy the criteria for hedge accounting.

Hedge accounting is permitted provided that an entity meets stringent qualifying criteria in relation to documentation and hedge effectiveness. US GAAP require documentation of the entity's risk management objectives and how the effectiveness of the hedge will be assessed. Hedge instruments must be highly effective in offsetting the exposure of the hedged item to changes in the fair value or cash flows, and the effectiveness of the hedge must be measured reliably on a continuing basis. US GAAP requires 80% to 125% for both prospective and retrospective tests.

To qualify as a hedged item, forecasted transactions only need to be probable. US GAAP recognizes three types of hedge relationships. For a derivative instrument designated as a fair value hedge, gains and losses on fair value hedges, for both the hedging instrument and the item being hedged, are recognized in the income statement. For a derivative designated as a cash flow hedge, the "basis adjustment" approach is not permitted. Instead, all gains and losses are subsequently released to the income statement concurrent with the deferred recognition of the hedged item. For a derivative instrument designated as a hedge of net investment in foreign operations, gains/losses are deferred in equity, to the extent that the hedge is effective, together with exchange differences arising on the entity's investment in the foreign operation. These gains/losses are transferred to the income statement on disposal of the foreign operation. Hedge ineffectiveness is recognized in the income statement in all cases.

Singapore FRS	US GAAP
	An embedded derivative is a derivative instrument that is embedded in another contract – host contract. An embedded derivative is split from the host contract and accounted for separately if: • its economics are not 'closely related' to those of the host contract; • a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and • the entire contract is not carried at fair value through profit or loss. Embedded derivatives that are separated from the host contract are accounted for at fair value with changes in fair value taken through the income statement. The host contract shall be accounted for based on generally accepted accounting principles applicable to instruments of that type that do not contain embedded derivative instruments. If an entity cannot reliably identify and measure the embedded derivative instrument that in accordance with the above requirements to separate the embedded derivative instrument from the host contract, the entire contract shall be measured at fair value with gain or loss recognized in the income statement, but it may be designated as a hedging instrument. On April 30, 2003, the Financial Accounting Standards Board (FASB) issued FASB Statement No. 149 (FAS 149), Amendment of Statement 133 on Derivative Instruments and Hedging Activities. Generally, FAS 149 improves financial reporting by requiring that contracts with comparable characteristics be accounted for similarly and clarifying when a derivative contains a financing component that warrants special reporting in the statement of cash flows. FAS 149 is effective for contracts entered into or modified after June 30, 2003 (with certain exceptions) and for hedging relationships designated after June 30. The guidance is to be applied prospectively.

Singapore FRS	US GAAP
Derivatives and Other Financial Instruments – Disclosure Under Singapore FRS, reporting entities are required to disclose certain information on financial instruments, including its financial risk management objectives and policies, terms and conditions, accounting policies, interest-rate risk, credit risk and fair value information.	**Derivatives and Other Financial Instruments – Disclosure** The extensive disclosure requirements in US GAAP apply to all entities except that fair value disclosures are not required for certain small non-public entities. The disclosures include general information about the entity's use of financial instruments, fair value information, details of hedging activities and liquidity information. However, there are numerous differences in the detailed requirements (such as those for disclosures of interest-rate risk, credit risk and market risk), as well as industry-specific disclosures.
Disclosure for Related Party Transactions and Balances There is no specific requirement in Singapore FRS to disclose the name of the related party (other than the ultimate parent entity). There is a requirement to disclose the amounts involved in a transaction or an appropriate proportion of the transactions, as well as the balances for each major category of related parties. However, these disclosures would appear to be needed in order to present meaningfully the "elements" of the transaction, which is a disclosure requirement. Exemptions from disclosures about related party transactions in the financial statements of subsidiaries are limited: the subsidiary must be wholly owned and the parent must be incorporated in the same country and provide consolidated financial statements.	**Disclosure for Related Party Transactions and Balances** The nature and extent of any transactions with all related parties and the nature of the relationship must be disclosed, together with the amounts involved. All material related party transactions (other than compensation arrangements, expense allowances and similar items) must be disclosed in the separate financial statements of wholly-owned subsidiaries, unless these are presented in the same financial report that includes the parent's consolidated financial statements (including those subsidiaries).
Employee Stock Compensation Benefits There are no current requirements in Singapore FRS for recognizing and measuring employee stock compensation, although specific disclosure rules apply. The relevant Singapore FRS (FRS 102) is effective for financial periods beginning on and after January 1, 2005.	**Employee Stock Compensation Benefits** US GAAP requires that the "cost" of providing shares or rights to shares to an employee under share schemes is recognized in the income statement over the relevant service period. Entities have a choice of accounting methods for determining the costs of benefits arising from employee share compensation plans. They may either follow an intrinsic value method or a fair value method.

Under the intrinsic value method, the compensation cost is the difference between the market price of the share at the measurement date and the price to be contributed by the employee (exercise price). Usually the measurement date is the date of grant.

The fair value method is based on the fair value of the option at the date of grant. This is estimated using an option-pricing model. If an entity chooses to follow the intrinsic value method, it must make, with comparable prominence and clarity, pro-forma disclosures of net income and earnings per share as if the fair value method had been applied.

Equity Accounting

Under Singapore FRS, the share of results of an associated company, accounted for under the equity method, are presented as two separate amounts (i) the associated company's income before income tax and (ii) the associated company's income tax provision.

Equity Accounting

Under US GAAP, the share of results of an associated company, accounted for under the equity method, are presented as a single amount based on the investor's equity shares of the investee's net income, i.e. on a post-tax basis.

Finance Leases

The definition of a "finance lease" under Singapore FRS is based on the substance of the leasing transaction, i.e. whether it transfers substantially all the risks and rewards incident to the ownership of the asset.

An entity holding a long term leasehold interest in land, is deemed to have received all the risks and rewards incident to ownership and classified as finance lease. The leased asset is generally accounted for as a fixed asset and is stated at cost less accumulated depreciation and accumulated impairment losses.

Finance Leases

US GAAP is more prescriptive in nature. It has extensive form-driven requirements and specific quantitative guidance on the indicators of finance lease.

Interests in land held under a long-term lease that is not a capital lease are treated as an operating lease. Any premium paid for leasehold land represents pre-paid lease payments that are amortized over the lease term in accordance with the pattern of benefits provided.

Goodwill

Under Singapore FRS, up to and including the 2000 financial year, goodwill arising on consolidation in relation to the acquisition of subsidiaries and associated companies may be immediately adjusted against reserves in the year of acquisition.

With effect from the 2001 financial year, such goodwill is required to be capitalized and amortized to income statement over the period during which future economic benefits are expected to flow to the acquirer, subject to a rebuttable presumption that the useful life of goodwill will not exceed 20 years. Assessment of whether there is any indication of impairment is made at each balance sheet date. If such indications exist, an analysis is performed to assess whether the carrying amount is fully recoverable. A write-down to the income statement is made if the carrying amount exceeds the recoverable amount.

Under Singapore FRS, negative goodwill relating to expected future losses or expenses identified in the acquirer's plan for the acquisition and can be measured reliably, but do not represent identifiable liabilities at acquisition date, must be recognized in the income statement when those future losses/ expenses are recognized.

Otherwise negative goodwill not exceeding the fair value of acquired identifiable non-monetary assets must be recognized in the income statement on a systematic basis over the weighted average useful lives of the acquired identifiable, depreciable and amortizable assets. Where negative goodwill exceeds the fair value of acquired identifiable non-monetary assets, it must be immediately recognized in the income statement.

The relevant Singapore FRS (FRS 103) is effective for financial statements beginning on and after July 1, 2004.

Goodwill

Goodwill should not be amortized but must be reviewed for impairment at least annually at the reporting unit level. A reporting unit can be an operating segment as defined in guidance on the disclosure of segments, if it meets the definition of a reporting unit, or one level below an operating segment.

Goodwill is reviewed for impairment, at the reporting unit level, at least annually or whenever events or changes in circumstances indicate that the recoverability of the carrying amount must be assessed. A two-step impairment test is required:

- the fair value and the carrying amount of the reporting unit including goodwill should be compared. If the fair value of the reporting unit is less than the book value, goodwill would be considered to be impaired; then
- the goodwill impairment should be measured as the excess of the carrying amount of goodwill over its implied fair value. The implied fair value of goodwill should be determined in the same manner as goodwill is determined in a business combination. The impairment charge should be included in operating income.

Any excess of fair value over the purchase price must be allocated on a pro-rata basis to all assets other than: current assets; financial assets (other than equity method investments); assets to be sold; prepaid pension assets and deferred taxes. Any negative goodwill remaining is recognized as an extraordinary gain. If the business combination includes contingent consideration, the lesser of the maximum contingent consideration or the negative goodwill remaining is recorded as if it was a liability.

Singapore FRS	US GAAP
Loan Origination Fees and Related Costs UOB's policy on loan origination fees is to defer and amortize these over the life of the loan. Expenses incurred in originating the loans are taken to the income statement when incurred.	**Loan Origination Fees and Related Costs** Under US GAAP, SFAS No. 91, "Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases" requires loan origination fees to be recognized over the life of the related loan as an adjustment of yield. All loan commitment fees should be deferred except for certain retrospectively determined fees. Those deferred commitment fees meeting certain specified criteria should be amortized evenly over the loan commitment period; other commitment fees to be deferred should be amortized as an adjustment of yield over the related loan's life or, if the commitment expires unexercised, recognized in income upon expiration of the commitment. Loan fees paid, certain direct loan origination costs, and purchase premiums and discounts on loans should be recognized as an adjustment of yield by the interest method based on the contractual terms of the loan.
Loan Charge-off There are no specific guidelines under Singapore FRS as to the timing of charge-offs.	**Loan Charge-off** Under US GAAP, charge-offs related to unsecured commercial loans are made when an amount due is deemed uncollectible. This determination does not require the nature of the ultimate resolution to have been established.
Provision for Credit Losses – Specific Currently, in general, adequate specific provision has to be made to cover the estimated loss as soon as the recovery of a lending is identified as doubtful. Adjustments to these provisions are made through the income statement. Known bad debts are written off. The relevant Singapore FRS (FRS 39) is effective for financial statements beginning on and after January 1, 2005.	**Provision for Credit Losses – Specific** Under US GAAP, provisions are made against specific loans and advances for impaired loans in accordance with SFAS No. 114, "Accounting by Creditors for Impairment of a Loan," as amended, Staff Accounting Bulletin No. 102, "Selected Loan Loss Allowance Methodology and Documentation Issues" and other relevant authoritative guidance as influenced by the United States Securities and Exchange Commission and relevant banking regulatory bodies. A loan is impaired when it is probable that the creditor will be unable to collect all amounts in accordance with the contractual terms of the loan agreement.

Singapore FRS	US GAAP
	In applying US GAAP, impairment is measured based on the difference between the loan's carrying value (including previously recognized specific reserves) and (a) the present value of expected future cash flows discounted at the loan's effective interest rate; (b) the fair value of the loan's collateral if the loan is collateral dependent or the loan's observable market value.

Provision for Credit Losses – General (Singapore FRS)

Currently, general provisions are raised to cover losses which are judged to be present in the loan portfolio, but have not been specifically identified as such.

Adjustments to these provisions are made through the income statement.

The relevant Singapore FRS (FRS 39) is effective for financial statements beginning on and after January 1, 2005.

Provision for Credit Losses – General (US GAAP)

Smaller balance homogeneous consumer loans that are collectively evaluated for impairment, are outside the scope of FAS No. 114, as are debt securities and leases. General loan loss provisions, including provisions for smaller balance homogeneous loans, are made in accordance with SFAS No. 5, "Accounting for Contingencies," Staff Accounting Bulletin No. 102, "Selected Loan Loss Allowance Methodology and Documentation Issues," and other relevant authoritative guidance as influenced by the United States Securities and Exchange Commission and relevant banking regulatory bodies.

Under FAS No. 5, a general allowance should be calculated against the remainder of the portfolio to reflect losses which are not reported at the balance sheet date but which are inherent in the portfolio. In applying US GAAP, this portion of the reserve is established to cover probable credit losses inherent in the related portion of the loan portfolio based on statistical analysis, such as migration analysis, and evaluation of factors affecting the overall credit quality of the portfolio. Factors considered may include, among others, historical delinquency and credit loss experience, current ageing of the portfolio, current trends and conditions, and consideration of economic, geographic, product, and other environmental factors. Differences in the amount of general loan loss provisions under Singapore FRS and US GAAP may exist due to the application and methods used in estimating loan loss under the respective generally accepted accounting principles.

Singapore FRS

Restructuring Costs

Previously, provisions for restructuring costs are charged to the income statement when management determines that the restructuring will occur.

With effect from 2001 financial year, with the adoption of a new accounting standard, provisions are recognized when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

US GAAP

Restructuring Costs

Under US GAAP, management would not be allowed to update or withdraw from the plan. US GAAP prohibits the recognition of a liability based solely on an entity's commitment to a plan. Initial liabilities for restructurings, which meet the definition of a liability, are measured at fair value and must be evaluated in each reporting period, with subsequent changes in fair value measured using an interest allocation approach.

Singapore FRS

Securitization of Financial Assets

Currently, a less formal and prescriptive "risks and rewards" approach to the recognition and derecognition of financial assets is adopted. An asset is derecognized from the balance sheet only where the transaction results in a substantial transfer to others of all significant rights or other access to benefits relating to the asset, and all significant exposure to the risks inherent in those benefits. Otherwise, the transfer will be accounted for as a collateralized borrowing.

The relevant Singapore FRS (FRS 39) is effective for financial statements beginning on and after January 1, 2005.

US GAAP

Securitization of Financial Assets

Under US GAAP, transfer of financial assets should be accounted for under SFAS No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," as later superseded by SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" using the financial-components approach which focuses on control. This is a more prescriptive approach and places greater emphasis on the legal form of the transaction as compared to Singapore FRS. Transfer of financial assets should be accounted as a sales transaction and the asset is derecognized only if an entity has surrendered control over all or a portion of a financial asset sold. Otherwise the transfer is accounted for as a borrowing secured by the assets. Meeting all three of the following criteria evidences surrender of control:

- the assets are isolated from the transferor (the seller), i.e., they are beyond the reach of the transferor, even in bankruptcy, receivership etc.;
- the transferee (the buyer) has the right, free of any conditions that constrain it from taking advantage of the right, to pledge or exchange the assets; and

the transferor does not maintain effective control over the transferred assets through either (i) an agreement that both entitles and obligates the transferor to repurchase or redeem the transferred assets or (ii) the ability to unilaterally cause the transferee to return the transferred asset.

Other Accounting and Reporting Issues

Singapore FRS

Comprehensive Income

Under Singapore FRS, there is a requirement to provide a statement showing all changes in equity, highlighting those gains and losses taken directly to equity which will include the revaluation of certain assets and currency translation differences.

US GAAP

Comprehensive Income

One of three possible formats may be used:

- a single primary statement of income and comprehensive income containing both net income and other comprehensive income; or
- a two-statement approach; or
- a separate category highlighted within the primary statement of changes in equity.

In addition, requires the cumulative amounts for each item of comprehensive income.

The total of gains and losses recognized in the period comprises net income and the following gains and losses recognized directly in equity:

- fair value gains (losses) on land and buildings, available-for-sale investments and certain financial instruments;
- foreign exchange translation differences;
- the cumulative effect of changes in accounting policy; and changes in fair values on certain financial instruments if designated as cash flow hedges, net of tax, and cash flow hedges reclassified to income and/or the relevant hedged asset/liability.

Revaluations of land and buildings are prohibited under US GAAP and thus would be excluded.

Singapore FRS

Statement of Cash Flows

Under Singapore FRS, loans made by financial institutions and deposits of customers are classified as operating activities.

US GAAP

Statement of Cash Flows

Under US GAAP, loans made by financial institutions are classified as investing activities and deposits of customers are classified as financing activities.

Recent Accounting Pronouncements and Provisions

There have been recent accounting pronouncements and revisions to the existing Singapore FRS which are effective for financial statements with periods beginning on or after July 1, 2004 and January 1, 2005. These are summarized as follows:

Effective for financial statements on or after July 1, 2004

FRS 103 *Business Combinations* ("FRS 103"), FRS 36 *Impairment of Assets* ("FRS 36") and FRS 38 *Intangible Assets* ("FRS 38")

Under FRS 103, all business combinations within its scope are required to be accounted for using the purchase method and pooling-of-interest method is prohibited. An acquirer is required to be recognized at the acquisition date, the acquiree's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria under FRS 103 regardless of whether they have been previously recognized in the acquiree's books. Intangible assets and contingent liabilities of the acquiree could be recognized when its fair value could be measured reliably. Future costs for terminating or reducing the activities of the acquiree subsequent to the acquisition are no longer allowed to be recognized if they are not existing obligation of the acquiree at acquisition date. Goodwill on acquisition is no longer required to be amortized but is required to be tested for impairment annually, or more frequently if events or changes in circumstances indicate that goodwill may be impaired. In the year of acquisition, goodwill is also required to be tested for impairment. Impairment loss on goodwill is not allowed to be reversed. When the net fair values of identifiable assets, liabilities and contingent liabilities exceeds the purchase consideration, the acquirer is required to reassess the identification and measurement of these assets and liabilities and purchase consideration. Any excess remaining after the reassessment is required to be recognized by the acquirer immediately in the income statement.

Under revised FRS 38, the assumption that the useful life of an intangible asset is always finite and the rebuttable presumption that the useful life cannot exceed 20 years have been removed. Intangible assets with indefinite useful lives should not be amortized but are required to be tested for impairment annually, or more frequently if events of changes in circumstances indicate that the assets may be impaired.

FRS 103, revised FRS 36 and 38 have also introduced more extensive disclosures on the carrying amounts of goodwill and intangible assets.

Effective for financial statements on or after January 1, 2005

FRS 102 *Share-based Payment* ("FRS 102")

The objective of FRS 102 is to ensure that an entity recognizes all share-based payment transactions (including employee stock options) in its financial statements, measured at fair value, so as to provide high quality, transparent and comparable information to users of financial statements. For listed companies, FRS 102 is effective for financial statements covering periods beginning on or after January 1, 2005. Additionally, FRS 102 will apply to (a) share-based payment transactions that were granted on or after November 22, 2002 and had not yet vested by January 1, 2005; and (b) share-based payment transactions made before November 22, 2002, which were subsequently modified.

FRS 104 *Insurance Contracts* ("FRS 104")

The objective of this FRS is to provide guidance on accounting and disclosure for insurance contracts.

FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* ("FRS 105")

The objective of FRS 105 is to specify the accounting for assets held for sale, and the presentation and disclosure of discontinued operations. Arising from this, FRS 35 *Discontinuing Operations* is withdrawn.

FRS 1 *Presentation of Financial Statements* ("FRS 1")

The standard has been revised:

(a) to provide a framework within which an entity assesses how to present fairly the effects of transactions and other events, and assesses whether the result of complying with a requirement in a Standard or an Interpretation would be so misleading that it would not give a fair presentation;

(b) to base the criteria for classifying liabilities as current or non-current solely on the conditions existing at the balance sheet date;

(c) to prohibit the presentation of items of income and expense as "extraordinary items";

(d) to specify disclosures about the judgments management has made in the process of applying the entity's accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognized in the financial statements; and

(e) to specify disclosures about key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

FRS 2 *Inventories* ("FRS 2")

This standard has been revised to mainly reduce alternatives for the measurement of inventories.

FRS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* ("FRS 8")

This standard replaces FRS 8 *Net Profit or Loss for the Period. Fundamental Errors and Changes in Accounting Policies* (issued in 2003). The Standard also replaces INT FRS 2 *Consistency — Capitalization of Borrowing Costs* and INT FRS 18 *Consistency — Alternative Methods*. For FRS 8, the main objectives of the revisions were:

(a) to remove the allowed alternative to retrospective application of voluntary changes in accounting policies and retrospective restatement to correct prior period errors;

(b) to eliminate the concept of a fundamental error;

(c) to articulate the hierarchy of guidance to which management refers, whose applicability it considers when selecting accounting policies in the absence of Standards and Interpretations that specifically apply;

(d) to define material omissions or misstatements, and describe how to apply the concept of materiality when applying accounting policies and correcting errors; and

(e) to incorporate the consensus in INT FRS 2 *Consistency — Capitalization of Borrowing Costs* and in INT FRS 18 *Consistency — Alternative Methods*.

FRS 10 *Events after the Balance Sheet Date* ("FRS 10")

This standard has been revised mainly to clarify the accounting for dividends declared after the balance sheet date.

FRS 16 *Property, Plant and Equipment* ("FRS 16")

This standard replaces FRS 16 *Property, Plant and Equipment* (issued in 2003). The Standard also replaces the INT FRS 6 *Costs of Modifying Existing Software*, INT FRS 14 *Property, Plant and Equipment — Compensation for the Impairment or Loss of Items* and INT FRS 23 *Property, Plant and Equipment — Major Inspection or Overhaul Costs*. For FRS 16, the main objective of the revision was to provide additional guidance and clarification on selected matters.

FRS 17 *Leases* ("FRS 17")

This standard has been revised to mainly clarify the classification of a lease of land and buildings and to eliminate accounting alternatives for initial direct costs in the financial statements of lessors.

FRS 21 *The Effects of Changes in Foreign Exchange Rates* ("FRS 21")

This standard has been revised to mainly provide additional guidance on the translation method and on determining the functional and presentation currencies.

FRS 24 *Related Party Disclosures* ("FRS 24")

This standard has been revised to mainly provide additional guidance and clarity in the scope of the Standard, the definitions and the disclosures for related parties.

FRS 27 *Consolidated and Separate Financial Statements* ("FRS 27")

This standard replaces FRS 27 (issued in 2003) *Consolidated Financial Statements and Accounting for Investments in Subsidiaries*. The Standard also replaces INT FRS 33 *Consolidation* *and Equity Method — Potential Voting Rights and Allocation of Ownership Interests*. The main objective of the revision was to reduce alternatives in accounting for subsidiaries in consolidated financial statements and in accounting for investments in the separate financial statements of a parent, venturer or investor.

FRS 28 *Investments in Associates* ("FRS 28")

This standard replaces FRS 28 *Accounting for Investments in Associates* (issued in 2003). The Standard also replaces INT FRS 3 *Elimination of Unrealised Profits and Losses on Transactions with Associates*, INT FRS 20 *Equity Accounting Method — Recognition of Losses* and INT FRS 33 *Consolidation and Equity Method — Potential Voting Rights and Allocation of Ownership Interests*. The main objective of the revision was to reduce alternatives in the application of the equity method and in accounting for investments in associates in separate financial statements.

FRS 31 *Interest in Joint ventures* ("FRS 31")

This standard has been revised to mainly make the amendments necessary to take account of the extensive changes being mode to FRS 27 *Consolidated Financial Statements and Accounting for Investments in Subsidiaries* and FRS 28 *Accounting for Investments in Associates* as part of the Improvements Project.

FRS 33 *Earnings per Share* ("FRS 33")

This standard replaces FRS 33 *Earnings Per Share* (issued in 2003). The Standard also replaces INT FRS 24 *Earnings Per Share — Financial Instruments and Other Contracts that May Be Settled in Shares*. The main objective of the revision was to provide additional guidance and illustrative examples on selected complex matters, such as the effects of contingently issuable shares; potential ordinary shares of subsidiaries, joint ventures or associates; participating equity instruments; written put options; purchased put and call options; and mandatory convertible instruments.

FRS 32 *Financial Instruments: Disclosure and Presentation* ("FRS 32") and FRS 39 *Financial Instruments: Recognition and Measurement* ("FRS 39")

In April 2004, the Council Corporate Disclosure and Governance ("CCDG") revised FRS 32 and FRS 39 which are effective for financial periods beginning on or after January 1, 2005. These standards establish the classification, recognition and derecognition, measurement (initial and subsequent) and disclosure principles of financial assets, financial liabilities and derivatives. An entity is required to classify all its financial assets and liabilities in accordance with the categories set out in FRS 39. The subsequent measurement of these financial assets and liabilities and the treatment of the changes in values would depend on the categorization. Some categories of financial assets and liabilities would be required to be measured at fair value with changes in the fair value included in the income statement or shareholders' equity as appropriate. Some financial assets and liabilities could be stated at amortized cost and for financial assets, less an allowance for impairment. General provisions are not permitted as allowance for impairment. Instead, impairment is required to be measured using the discounted cash flow methodology. Derivatives are required to be measured at fair value with changes in fair value included in the income statement. FRS 39 also requires embedded derivatives to be separated from their host contracts and recorded at fair value on the balance sheet if certain specified criteria are met.

If certain specified strict criteria is met, including designation, documentation and the achievement of effectiveness tests, a derivative may be accounted for as one of the three types of hedges: fair value, cash flow and net investment in a foreign operation.

- For a derivative designated as hedging the exposure to changes in the fair value of a recognized asset or liability or a firm commitment, the gain or loss is recognized in the income statement in the period of change together with the associated loss or gain on the hedged item attributable to the risk being hedged.
- For a derivative designated as hedging the exposure to variable cash flows of a recognized asset or liability, or for a forecasted transaction, the derivatives gain or loss associated with the effective portion of the hedge is initially reported as a component of equity and subsequently reclassified into the income statement when the forecasted transactions affects the income statement. The ineffective portion is reported in the income statement immediately.

- For hedge of a net investment in a foreign operation, the change in fair value of the derivative associated with the effective portion of the hedge is included as a component of equity. The ineffective portion is reported in the income statement immediately.

In July 2004, the CCDG has also adopted revisions relating to "Macro Hedging" for a portfolio hedge of interest rate risk. The revisions will apply to all companies for annual periods beginning on or after January 1, 2005.

INDEX TO FINANCIAL STATEMENTS

BASIS OF PRESENTATION

The following financial statements of UOB and consolidated financial statements of UOB Group for the years ended December 31, 2003 and 2002 (with the financial statements for the year ended December 31, 2001 as comparatives) have been audited by PricewaterhouseCoopers, Independent Public Accountants, whose audit reports were dated February 20, 2004 and February 28, 2003, respectively. There were new issues of and revisions to Singapore Financial Reporting Standards and Singapore Statements of Accounting Standards ("New Issues and Revisions") and changes in UOB Group's accounting policies during the period covered.

Accordingly, certain adjustments and reclassifications have been made in relation to the financial statements for the year ended December 31, 2002 (the "2002 financial statements") which have been presented as comparatives in the financial statements for the year ended December 31, 2003 (the "2003 financial statements") included in this Offering Memorandum as a result of certain New Issues and Revisions and changes in accounting policies in 2003. The 2003 financial statements contain explanations of the significant adjustments to and reclassifications of the reported amounts in the 2002 financial statements included as comparatives and should be read in conjunction with the audited 2002 financial statements which are also included in this Offering Memorandum.

Audited Consolidated Financial Statements of UOB Group and Financial Statements of UOB for the Year Ended December 31, 2003

STATEMENT BY DIRECTORS

In the opinion of the directors, the financial statements of the Bank and the Group as set out on pages 4 to 88 are drawn up so as to give a true and fair view of the state of affairs of the Bank and of the Group at 31 December 2003, the results of the business and changes in equity of the Bank and the Group, and the cash flows of the Group for the financial year then ended, and at the date of this statement, there are reasonable grounds to believe that the Bank will be able to pay its debts as and when they fall due.

On behalf of the directors

WEE CHO YAW	WEE EE CHEONG
Chairman	Deputy Chairman

20 February 2004

AUDITORS' REPORT TO THE MEMBERS OF UNITED OVERSEAS BANK LIMITED

We have audited the financial statements of United Overseas Bank Limited and the consolidated financial statements of the Group for the financial year ended 31 December 2003 set out on pages 4 to 88. These financial statements are the responsibility of the Bank's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

(a) the accompanying financial statements of the Bank and consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Companies Act, Cap. 50 ("the Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Bank and of the Group as at 31 December 2003, the results and changes in equity of the Bank and the Group, and the cash flows of the Group for the financial year ended on that date, and

(b) the accounting and other records (excluding registers) required by the Act to be kept by the Bank and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and auditors' report of the subsidiaries of which we have not acted as auditors, being financial statements included in the consolidated financial statements. The names of these subsidiaries are stated in Note 45 to the financial statements.

AUDITORS' REPORT TO THE MEMBERS OF UNITED OVERSEAS BANK LIMITED
(continued)

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Bank are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification which is material in relation to the consolidated financial statements, and in respect of subsidiaries incorporated in Singapore did not include any comment made under section 207(3) of the Act.

PricewaterhouseCoopers
Certified Public Accountants

Singapore, 20 February 2004

UNITED OVERSEAS BANK LIMITED
AND ITS SUBSIDIARIES

INCOME STATEMENTS

For the financial year ended 31 December 2003

		The Group		The Bank	
	Note	**2003**	2002	**2003**	2002
		$'000	$'000	**$'000**	$'000
Interest income	3	**3,294,101**	3,711,303	**2,590,650**	2,911,372
Less: Interest expense	4	**1,223,563**	1,583,358	**922,800**	1,233,023
Net interest income		**2,070,538**	2,127,945	**1,667,850**	1,678,349
Dividend income	5	**42,004**	31,881	**284,607**	256,386
Fee and commission income	6	**587,866**	500,545	**372,387**	293,684
Rental income		**72,618**	78,426	**42,485**	45,667
Other operating income	7	**386,577**	295,502	**342,162**	262,283
Income before operating expenses		**3,159,603**	3,034,299	**2,709,491**	2,536,369
Less:					
Staff costs	8	**531,780**	536,354	**343,644**	336,174
Other operating expenses	9	**563,621**	537,623	**444,323**	418,399
		1,095,401	1,073,977	**787,967**	754,573
Operating profit before goodwill amortisation and provisions		**2,064,202**	1,960,322	**1,921,524**	1,781,796
Less: Goodwill written off and amortised	11	**201,620**	195,554	**190,275**	191,223
Less: Provisions	12	**361,503**	464,519	**326,914**	517,812
Operating profit after goodwill amortisation and provisions		**1,501,079**	1,300,249	**1,404,335**	1,072,761
Exceptional items	13	**-**	(48,065)	**12,421**	727,559
Share of profit of associates		**107,249**	123,403	**-**	-
Profit from ordinary activities before tax		**1,608,328**	1,375,587	**1,416,756**	1,800,320
Less: Tax	14	**392,751**	340,271	**346,195**	417,978
Profit after tax		**1,215,577**	1,035,316	**1,070,561**	1,382,342
Less: Minority interests		**13,491**	29,381	**-**	-
Net profit for the financial year attributable to members		**1,202,086**	1,005,935	**1,070,561**	1,382,342
Earnings per share:	15				
Basic		**76 cents**	64 cents		
Diluted		**76 cents**	64 cents		

The accompanying notes form an integral part of these financial statements.
Auditors' Report – Pages 2 and 3.

UNITED OVERSEAS BANK LIMITED
AND ITS SUBSIDIARIES

BALANCE SHEETS
As at 31 December 2003

	Note	The Group 2003 $'000	The Group 2002 $'000	The Bank 2003 $'000	The Bank 2002 $'000
Share capital and reserves					
Share capital	16	**1,571,664**	1,571,603	**1,571,664**	1,571,603
Capital reserves	17	**4,242,284**	4,256,919	**4,180,133**	4,197,657
Statutory reserves	18	**2,859,850**	2,757,518	**2,493,172**	2,395,293
Revenue reserves	19	**4,464,952**	3,892,971	**3,514,142**	3,079,030
Share of reserves of associates	20	**143,285**	133,594	**-**	-
		13,282,035	12,612,605	**11,759,111**	11,243,583
Minority interests		**155,103**	149,655	**-**	-
Liabilities					
Current, fixed, savings accounts and other deposits of non-bank customers		**69,862,961**	67,918,581	**60,301,300**	57,931,265
Deposits and balances of banks and agents		**18,839,362**	19,302,058	**17,731,499**	17,966,942
Deposits from subsidiaries		**-**	-	**1,334,435**	1,421,386
	21	**88,702,323**	87,220,639	**79,367,234**	77,319,593
Bills and drafts payable		**163,780**	163,865	**88,060**	107,986
Provision for current tax		**490,872**	446,723	**441,958**	371,736
Other liabilities	22	**6,441,438**	4,662,937	**3,746,985**	2,842,129
Deferred tax liabilities	14	**14,579**	26,900	**3,607**	6,422
Debts issued	23	**4,196,269**	2,146,810	**3,343,862**	1,294,399
		100,009,261	94,667,874	**86,991,706**	81,942,265
		113,446,399	107,430,134	**98,750,817**	93,185,848
Off-balance sheet items					
Contingent liabilities	37	**8,728,749**	8,918,971	**7,390,726**	7,802,255
Derivative financial instruments	38	**183,839,995**	131,279,403	**180,696,126**	129,039,215
Commitments	39	**37,659,547**	36,526,489	**31,058,409**	30,392,941

	Note	The Group 2003 $'000	The Group 2002 $'000	The Bank 2003 $'000	The Bank 2002 $'000
Assets					
Cash and balances with central banks		**8,034,677**	4,213,458	**5,449,325**	2,402,190
Singapore Government treasury bills and securities	24	**6,310,846**	8,218,372	**6,232,660**	7,959,795
Other government treasury bills and securities	25	**1,351,624**	1,332,976	**706,589**	419,031
Dealing securities	26	**524,506**	623,411	**176,864**	435,045
Placements and balances with banks and agents	27	**21,122,137**	19,426,221	**19,380,481**	18,419,738
Trade bills	28	**1,312,603**	1,051,030	**159,863**	139,405
Advances to customers	28	**57,983,953**	57,832,977	**50,350,598**	49,816,830
Placements with and advances to subsidiaries		**-**	-	**1,989,874**	1,018,173
Other assets	29	**4,715,737**	4,012,147	**3,657,413**	3,064,785
		101,356,083	96,710,592	**88,103,667**	83,674,992
Investment securities	30	**5,422,510**	3,945,383	**4,061,903**	2,687,019
Investments in associates	31	**1,396,784**	1,274,245	**775,380**	706,868
Investments in subsidiaries	32	**-**	-	**1,285,403**	1,409,829
Fixed assets	34	**1,768,393**	1,794,349	**1,147,140**	1,118,922
Deferred tax assets	14	**36,470**	39,519	**5,546**	2,790
Goodwill	11	**3,466,159**	3,666,046	**3,371,778**	3,585,428
		113,446,399	107,430,134	**98,750,817**	93,185,848

The accompanying notes form an integral part of these financial statements.
Auditors' Report – Pages 2 and 3.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2003

		Group - 2003					
	Note	Share Capital $'000	Capital Reserves $'000	Statutory Reserves $'000	Revenue Reserves $'000	Share of Reserves of Associates $'000	Total $'000
Balance at 1 January 2003							
As previously reported		1,571,603	4,256,919	2,757,518	3,933,004	133,594	12,652,638
Prior year adjustments resulting from change in accounting policy	2(f), 19(a)	-	-	-	(40,033)	-	(40,033)
As restated		1,571,603	4,256,919	2,757,518	3,892,971	133,594	12,612,605
Net profit for the financial year attributable to members		-	-	-	1,202,086	-	1,202,086
Differences arising from currency translation of financial statements of foreign branches, subsidiaries and associates	17(a)	-	10,481	-	-	-	10,481
Group's share of reserves of associates	20	-	-	-	-	9,691	9,691
Other adjustments	17(a), 19(a)	-	(1,805)	529	(632)	-	(1,908)
Total recognised gains for the financial year		-	8,676	529	1,201,454	9,691	1,220,350
Transfer from/(to) revenue reserves	17(a), 18, 19(a)	-	(23,969)	101,803	(77,834)	-	-
Dividends	19(a)	-	-	-	(551,639)	-	(551,639)
Issue of shares to option holders who exercised their rights	16(a), 17(a)	61	658	-	-	-	719
Balance at 31 December 2003		1,571,664	4,242,284	2,859,850	4,464,952	143,285	13,282,035

The accompanying notes form an integral part of these financial statements.
Auditors' Report – Pages 2 and 3.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2003

		Group - 2002					
	Note	Share Capital $'000	Capital Reserves $'000	Statutory Reserves $'000	Revenue Reserves $'000	Share of Reserves of Associates $'000	Total $'000
Balance at 1 January 2002							
As previously reported		1,571,109	5,258,762	2,150,271	3,199,343	537,354	12,716,839
Prior year adjustments resulting from change in accounting policy	19(a)	-	-	-	18,232	-	18,232
As restated		1,571,109	5,258,762	2,150,271	3,217,575	537,354	12,735,071
Net profit for the financial year attributable to members		-	-	-	1,005,935	-	1,005,935
Differences arising from currency translation of financial statements of foreign branches, subsidiaries and associates	17(a)	-	(14,514)	-	-	-	(14,514)
Group's share of reserves of associates	20	-	-	-	-	(393,977)	(393,977)
Other adjustments	17(a), 19(a)	-	-	(2,968)	(2,129)	-	(5,097)
Total recognised gains/(losses) for the financial year		-	(14,514)	(2,968)	1,003,806	(393,977)	592,347
Transfer from/(to) revenue reserves	17(a), 18, 19(a)	-	(994,922)	610,215	384,707	-	-
Transfer from share of reserves of associates	17(a), 19(a), 20	-	2,552	-	7,231	(9,783)	-
Dividends	19(a)	-	-	-	(720,348)	-	(720,348)
Issue of shares to option holders who exercised their rights	16(a), 17(a)	494	5,041	-	-	-	5,535
Balance at 31 December 2002		1,571,603	4,256,919	2,757,518	3,892,971	133,594	12,612,605

The movements of the respective reserve accounts are presented in Notes 16 to 20.

UNITED OVERSEAS BANK LIMITED
AND ITS SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2003

	Note	Share Capital $'000	Capital Reserves $'000	Statutory Reserve $'000	Revenue Reserves $'000	Total $'000
		Bank - 2003				
Balance at 1 January 2003						
As previously reported		**1,571,603**	**4,197,657**	**2,395,293**	**3,119,545**	**11,284,098**
Prior year adjustments resulting from change in accounting policy	2(f), 19(b)	**-**	**-**	**-**	**(40,515)**	**(40,515)**
As restated		**1,571,603**	**4,197,657**	**2,395,293**	**3,079,030**	**11,243,583**
Net profit for the financial year attributable to members		**-**	**-**	**-**	**1,070,561**	**1,070,561**
Differences arising from currency translation	17(b)	**-**	**(4,113)**	**-**	**-**	**(4,113)**
Total recognised gains/(losses) for the financial year		**-**	**(4,113)**	**-**	**1,070,561**	**1,066,448**
Transfer from/(to) revenue reserves	17(b),18 19(b)	**-**	**(14,069)**	**97,879**	**(83,810)**	**-**
Dividends	19(b)	**-**	**-**	**-**	**(551,639)**	**(551,639)**
Issue of shares to option holders who exercised their rights	16(a), 17(b)	**61**	**658**	**-**	**-**	**719**
Balance at 31 December 2003		**1,571,664**	**4,180,133**	**2,493,172**	**3,514,142**	**11,759,111**

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2003

	Note	Bank - 2002				
		Share Capital $'000	Capital Reserves $'000	Statutory Reserve $'000	Revenue Reserves $'000	Total $'000
Balance at 1 January 2002						
As previously reported		1,571,109	5,208,326	1,654,100	2,148,951	10,582,486
Prior year adjustments resulting from change in accounting policy	19(b)	-	-	-	9,169	9,169
As restated		1,571,109	5,208,326	1,654,100	2,158,120	10,591,655
Net profit for the financial year attributable to members		-	-	-	1,382,342	1,382,342
Differences arising from currency translation	17(b)	-	(15,601)	-	-	(15,601)
Total recognised gains/(losses) for the financial year		-	(15,601)	-	1,382,342	1,366,741
Transfer from/(to) revenue reserves	17(b),18 19(b)	-	(1,000,109)	741,193	258,916	-
Dividends	19(b)	-	-	-	(720,348)	(720,348)
Issue of shares to option holders who exercised their rights	16(a), 17(b)	494	5,041	-	-	5,535
Balance at 31 December 2002		**1,571,603**	**4,197,657**	**2,395,293**	**3,079,030**	**11,243,583**

The movements of the respective reserve accounts are presented in Notes 16 to 19.

The accompanying notes form an integral part of these financial statements.
Auditors' Report – Pages 2 and 3.

CONSOLIDATED CASH FLOW STATEMENT
For the financial year ended 31 December 2003

	2003	2002
	$'000	$'000
Cash flows from operating activities		
Profit before tax	**1,608,328**	1,375,587
Adjustments for:		
Depreciation of fixed assets	**107,755**	114,536
Goodwill written off and amortised	**201,620**	195,554
Share of profit of associates	**(107,249)**	(123,403)
Operating profit before changes in operating assets and liabilities	**1,810,454**	1,562,274
Changes in operating assets and liabilities:		
Deposits	**1,481,684**	(5,324,852)
Bills and drafts payable	**(85)**	38,688
Other liabilities	**1,778,501**	1,216,704
Dealing securities	**98,905**	58,193
Placements and balances with banks and agents	**(1,695,916)**	5,319,369
Trade bills and advances to customers	**(412,549)**	2,008,087
Other government treasury bills and securities not qualifying as cash and cash equivalents	**337,955**	406,917
Other assets	**(703,590)**	(1,043,677)
Cash generated from operations	**2,695,359**	4,241,703
Income taxes paid	**(335,092)**	(371,089)
Net cash provided by operating activities	**2,360,267**	3,870,614
Cash flows from investing activities		
Increase in investment securities and investments in associates	**(1,540,708)**	(339,781)
Net dividends received from associates	**31,559**	52,210
Net increase in fixed assets	**(81,799)**	(184,031)
Change in/acquisition of minority interests of subsidiaries	**(3,752)**	(353,136)
Net cashflow on acquisition of subsidiaries	**-**	(1,204)
Net cashflow from disposal of subsidiaries	**-**	2
Net cash used in investing activities	**(1,594,700)**	(825,940)
Cash flows from financing activities		
Proceeds from issue of shares	**719**	5,535
Net increase/(decrease) in debts issued	**2,049,459**	(2,010,343)
Dividends paid by the Bank	**(551,639)**	(720,348)
Dividends paid by subsidiaries to minority shareholders	**(4,291)**	(10,382)
Net cash provided by/(used in) financing activities	**1,494,248**	(2,735,538)
Currency translation adjustment	**10,481**	(14,514)
Net increase in cash and cash equivalents	**2,270,296**	294,622
Cash and cash equivalents at beginning of the financial year	**13,041,471**	12,746,849
Cash and cash equivalents at end of the financial year (Note 40)	**15,311,767**	13,041,471

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 General

The Bank is incorporated and domiciled in Singapore and is listed on the Singapore Exchange. The address of its registered office is as follows:

80 Raffles Place
UOB Plaza
Singapore 048624

The Bank is principally engaged in the business of banking in all its aspects, including the operation of an Asian Currency Unit under the terms and conditions specified by the Monetary Authority of Singapore. The principal activities of its subsidiaries are set out in Note 45 to the financial statements.

2 Significant accounting policies

(a) Effect of changes in Singapore Companies Legislation

Pursuant to the Singapore Companies (Amendment) Act 2002, with effect from the financial year commencing on or after 1 January 2003, Singapore-incorporated companies are required to prepare and present their statutory financial statements in accordance with Singapore Financial Reporting Standards ("FRS"). Hence, these financial statements, including the comparative figures, have been prepared in accordance with FRS.

Previously, the Group and the Bank prepared their financial statements in accordance with Singapore Statements of Accounting Standard. The adoption of FRS does not have a material impact on the accounting policies and figures presented in the financial statements for the financial years ended 31 December 2002 and 2003.

(b) Basis of accounting

These financial statements are presented in Singapore dollars.

The financial statements are prepared in accordance with the historical cost convention, modified by the revaluation of dealing securities, certain Singapore Government treasury bills and securities, other government treasury bills and securities and derivative financial instruments to fair value at the balance sheet date and the inclusion of certain freehold and leasehold land and buildings at valuation.

2 Significant accounting policies (continued)

(b) Basis of accounting (continued)

The preparation of financial statements in conformity with FRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the financial year. Although these estimates are based on management's best knowledge and efforts, actual results may ultimately differ from these estimates.

(c) Basis of consolidation

(i) The consolidated financial statements include the financial statements of the Bank and all its subsidiaries made up to the end of the financial year. The results of subsidiaries acquired or disposed of during the financial year are included in or excluded from the consolidated income statement from the respective dates of their acquisition or disposal. Inter-company balances and transactions and resulting unrealised profits and losses are eliminated in full on consolidation.

(ii) Interpretation of Financial Reporting Standard ("INT FRS") 12: Consolidation - Special Purpose Entities ("SPE") requires that SPE be consolidated when the substance of the relationship between the Group and the SPE indicates that the SPE is controlled by the Group. The adoption of INT FRS 12 has resulted in the consolidation of an SPE established in the ordinary course of the Group's business. Details of the SPE are set out in Note 35.

(d) Associates

The Group treats as associates those companies in which the Group has a long-term equity interest of 20 to 50 percent and over whose financial and operating policy decisions it has significant influence except when the investment is acquired and held exclusively with a view to its subsequent disposal in the near future, in which case it is accounted for either as dealing securities or investment securities as appropriate.

Associates are accounted for under the equity method whereby the Group's share of profits less losses of associates is included in the consolidated income statement and the Group's share of post-acquisition reserves, net of dividends received, are adjusted against the cost of investments to arrive at the carrying amount in the consolidated balance sheet.

2 Significant accounting policies (continued)

(e) Trade bills and advances to customers

Trade bills and advances to customers are stated at cost less provisions for possible losses. These provisions comprise specific provisions made for any debts considered to be doubtful of collection and a general provision maintained to cover losses which, although not specifically identified, are inherent in any portfolio of loans and advances. Known bad debts are written off.

(f) Investments

(i) Following the revision of Notice to Banks, MAS 605 - Revaluation of Assets, issued by the Monetary Authority of Singapore, which allows banks to mark to market their trading portfolios, the Group and the Bank have changed their accounting policy as follows:

- Singapore Government and other government treasury bills and securities held for trading are initially recognised in the balance sheets at amounts paid and subsequently remeasured to fair value. The resultant profits and losses are taken up in the income statements.

- Singapore Government and other government treasury bills, other than those held for trading, are stated at the lower of cost and market value, determined on an aggregate basis.

- Singapore Government and other government securities, other than those held for trading, are stated at cost (adjusted for amortisation of premium/discount) and provisions are made for diminution in value that is other than temporary, determined on an individual basis.

- Dealing securities are initially recognised in the balance sheets at amounts paid and subsequently remeasured to fair value. The resultant profits and losses are taken up in the income statements.

2. Significant accounting policies (continued)

(f) Investments (continued)

Prior to 1 January 2003:

- Singapore Government treasury bills and securities, other than those held as long-term investments, were stated at the lower of cost (without adjustment for amortisation of premium/discount) and market value determined on an aggregate basis. Long-term Singapore Government securities were stated at cost and provisions were made for diminution in value that is other than temporary, determined on an individual basis.

- Other government treasury bills and securities were stated at the lower of cost and market value determined on an aggregate basis.

- Dealing securities were stated at the lower of cost and market value determined on an aggregate basis.

The new accounting policy has been applied retrospectively, with the financial statements, including prior-year comparatives being presented as if the new accounting policy had always been in use. The comparatives have been restated to conform to the changed policy as follows:

	2002	
	The Group $'000	**The Bank $'000**
Balance Sheet		
Decrease in Singapore Government treasury bills and securities	(42,617)	(43,038)
Increase in other government treasury bills and securities	28	-
Increase in dealing securities	3,302	3,234
Increase in provision for current tax	(726)	(711)
Increase in minority interests	(20)	-
Decrease in retained profits	(40,033)	(40,515)
Income Statement		
Decrease in net profit for the financial year attributable to members	(58,265)	(49,684)
Decrease in earnings per share: Basic/Diluted	(4 cents)	

2. Significant accounting policies (continued)

(f) Investments (continued)

The effects of the change in accounting policy for investments on the financial statements for the financial year ended 31 December 2003 are as follows:

	2003	
	The Group $'000	**The Bank $'000**
Balance Sheet		
Decrease in Singapore Government treasury bills and securities	(14,057)	(13,188)
Decrease in other government treasury bills and securities	(54)	-
Increase in dealing securities	12,784	3,743
Increase in provision for current tax	(2,761)	(823)
Increase in minority interests	(2,756)	-
Decrease in retained profits	(6,844)	(10,268)
Income Statement		
Increase in net profit for the financial year attributable to members	33,189	30,247
Increase in earnings per share: Basic/Diluted	2 cents	

(ii) Investment securities are stated at cost (adjusted for amortisation of premium/discount) and provisions are made for diminution in value that is other than temporary, determined on an individual basis.

Investment securities held by the consolidated SPE are initially recognised in the balance sheets at amounts paid and subsequently remeasured to fair value. Fair value for publicly quoted investments is based on quoted market prices at the balance sheet date. Fair value for unquoted investments is based on other valuation techniques, such as discounting estimated cash flows at an appropriate rate.

(iii) Investments in associates and subsidiaries are stated at cost and provisions are made for impairment, determined on an individual basis.

2 Significant accounting policies (continued)

(g) Cash and cash equivalents

Cash equivalents are highly liquid assets that are readily convertible to cash.

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise the balance sheet amounts of cash and balances with central banks and government treasury bills and securities, less non-cash equivalents included in those amounts.

(h) Revenue recognition

(i) Interest income is recognised on an accrual basis.

(ii) Dividend income from investments other than investments in subsidiaries is taken up gross in the income statements of the accounting period in which the dividend is received.

(iii) Dividend income from subsidiaries is taken up gross in the income statements of the accounting period in which the dividend is declared.

(iv) Profits and losses on disposal of investments are taken up in the income statements.

(v) Fee and commission income and rental income are recognised on an accrual basis. Where a fee is charged in lieu of interest, such fee is amortised over the same period as the related interest income is recognised. Rental income represents income from the tenanted areas of the buildings owned by the Group and/or the Bank.

(i) Fixed assets and depreciation

Fixed assets are stated at cost, or valuation for certain land and buildings, less accumulated depreciation. Fixed assets, other than land and buildings, are depreciated on a straight-line basis over 5 or 10 years. Computer software is included in fixed assets and similarly amortised. Freehold land and leasehold land exceeding 99 years tenure are not depreciated. Other leasehold land is depreciated on a straight-line basis over the period of the lease. Buildings are depreciated on a straight-line basis over 50 years or over the period of the respective leases, whichever is shorter.

2 Significant accounting policies (continued)

(j) Tax

Deferred income tax is determined on the basis of tax effect accounting using the liability method. Deferred income tax is provided in full on significant temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on significant temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

(k) Foreign currencies

The measurement currency of the Group and the Bank is the Singapore dollar and all currencies other than the measurement currency are foreign currencies.

Foreign currency monetary assets and liabilities are translated to Singapore dollars at the rates of exchange ruling at the balance sheet date. Foreign currency transactions during the year are converted to Singapore dollars at the rates of exchange ruling on the transaction dates. All exchange differences are taken up in the income statements.

For the purpose of the consolidation of foreign subsidiaries and branches and the equity accounting for associates, the balance sheets and results reported in their measurement currencies are translated into Singapore dollars at the exchange rates prevailing at the balance sheet date. All exchange adjustments arising on the translation into Singapore dollars are taken directly to the foreign currency translation reserve.

2 Significant accounting policies (continued)

(l) Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheets at amounts paid or received, as appropriate.

Derivative financial instruments undertaken for trading purposes are subsequently remeasured to fair value and the resultant profits and losses are taken up in the income statements.

Derivative financial instruments entered into for hedging purposes are accounted for in a manner consistent with the accounting treatment of the hedged items.

(m) Goodwill

Goodwill represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets of subsidiaries, associates or businesses acquired.

Goodwill arising on acquisition of subsidiaries occurring on or after 1 January 2001 is reported in the balance sheet as an intangible asset. Goodwill on acquisition of associates occurring on or after 1 January 2001 is included in investments in associates.

Goodwill is amortised on a straight-line basis, through the income statement, over its useful economic life up to a maximum of 20 years. Goodwill which is assessed as having no continuing economic value is written off to the income statement.

Negative goodwill represents the excess of the fair value of the identifiable net assets of subsidiaries, associates or businesses acquired over the fair value of the consideration given.

Negative goodwill is amortised on a straight-line basis, through the income statement over the remaining weighted average useful life of the identifiable depreciable/amortisable assets acquired, with the exception of the amount of negative goodwill exceeding the fair values of acquired identifiable non-monetary assets, which is recognised as income immediately.

The gain or loss on disposal of an entity includes the unamortised balance of goodwill relating to the entity disposed of or, for pre 1 January 2001 acquisitions, the goodwill adjusted directly against shareholders' equity.

2 Significant accounting policies (continued)

(n) Impairment

Investments in associates, investments in subsidiaries, fixed assets and goodwill are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's net selling price and/or value in use.

(o) Provisions

Provisions are recognised when the Group or the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provisions for possible loan losses, diminution in value, and impairment of other classes of assets, despite the use of the term "provisions", are not provisions as defined above. Instead, they represent adjustments to the carrying values of assets.

(p) Employee benefits

Equity compensation benefits

Employees of the Group and the Bank with the corporate grade of Vice President (or an equivalent rank) and above as well as selected employees below Vice President (or an equivalent rank) qualify for the UOB Executives' Share Option Scheme and the UOB 1999 Share Option Scheme (hereinafter called "the Schemes"), subject to certain conditions.

Pursuant to the Schemes, options have been granted to enable the holders to acquire shares in the Bank at the respective exercise price.

The Group and the Bank do not recognise share options issued under the Schemes as a charge to the income statements.

Post employment benefits

The Group contributes to legally required social security schemes (including Central Provident Fund) which are defined contribution schemes.

These expenses are charged to the income statements as and when they arise and are included as part of staff costs.

2 Significant accounting policies (continued)

(q) Dividends

Dividends on ordinary shares are recorded in the Group's financial statements in the period in which they are declared.

(r) Repurchase and reverse repurchase agreements

Repurchase agreements are treated as collaterised borrowings and the amounts borrowed are shown as liabilities, included in deposits and balances of banks and agents (Note 21). The securities sold under repurchase agreements are treated as pledged assets and remain on the balance sheets as assets, included in Singapore Government treasury bills and securities (Note 24) and other government treasury bills and securities (Note 25).

Reverse repurchase agreements are treated as collaterised lending and the amounts lent are shown as assets, included in placements and balances with banks and agents (Note 27).

The difference between the amount received and the amount paid under repurchase agreements and reverse repurchase agreements is amortised as interest expense and interest income respectively.

(s) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in the current presentation. The comparatives have been restated to take into account the change in accounting policy for investments [Note 2(f)].

3 Interest income

	The Group		The Bank	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Government treasury bills and securities	**166,504**	198,790	**134,306**	151,881
Trade bills and advances to customers	**2,532,943**	2,810,875	**2,004,787**	2,164,769
Placements and balances with banks and agents	**409,735**	545,722	**324,825**	481,673
Dealing and investment securities	**184,919**	155,916	**126,732**	113,049
	3,294,101	3,711,303	**2,590,650**	2,911,372
Received/receivable from:				
Subsidiaries	**-**	-	**20,224**	28,724
Associates	**13,898**	11,718	**13,830**	11,678
Third parties	**3,280,203**	3,699,585	**2,556,596**	2,870,970
	3,294,101	3,711,303	**2,590,650**	2,911,372

4 Interest expense

	The Group		The Bank	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Non-bank deposits	**796,069**	1,066,224	**548,012**	752,219
Deposits and balances of banks and agents	**292,681**	396,122	**255,158**	372,792
Debts issued	**134,813**	121,012	**119,630**	108,012
	1,223,563	1,583,358	**922,800**	1,233,023
Paid/payable to:				
Subsidiaries	**-**	-	**21,871**	30,073
Associates	**2,420**	1,005	**1,936**	817
Third parties	**1,221,143**	1,582,353	**898,993**	1,202,133
	1,223,563	1,583,358	**922,800**	1,233,023

5 Dividend income

	The Group		The Bank	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Dividend income from:				
Investments in subsidiaries				
Quoted	**-**	-	**5,195**	8,257
Unquoted	**-**	-	**222,452**	168,189
Investments in associates				
Quoted	**-**	-	**31,442**	37,265
Unquoted	**-**	-	**4,100**	20,628
Other investments				
Quoted	**25,813**	19,336	**16,152**	10,857
Unquoted	**16,191**	12,545	**5,266**	11,190
	42,004	31,881	**284,607**	256,386

6 Fee and commission income

	The Group		The Bank	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Credit card	**93,734**	95,948	**71,142**	74,352
Fund management	**77,885**	74,476	**4,954**	5,723
Futures broking and stockbroking	**35,367**	48,802	**-**	-
Investment-related	**97,519**	29,035	**67,936**	27,729
Loan-related	**96,567**	86,187	**82,178**	61,042
Service charges	**49,490**	44,193	**43,111**	36,393
Trade-related	**111,322**	100,910	**83,209**	71,801
Other	**25,982**	20,994	**19,857**	16,644
	587,866	500,545	**372,387**	293,684

7 Other operating income

	The Group		The Bank	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Net profit on dealing securities, government treasury bills and securities, and derivatives	**142,478**	53,774	**144,042**	19,916
Net profit on foreign exchange dealings	**111,205**	82,250	**79,455**	67,009
Net profit on disposal of investment securities and associates	**53,923**	78,342	**36,748**	106,867
Net profit on disposal of fixed assets	**18,564**	11,512	**11,872**	10,145
Net profit on disposal and liquidation of subsidiaries	**408**	2	**14,225**	1,236
Other income	**59,999**	69,622	**55,820**	57,110
	386,577	295,502	**342,162**	262,283

8 Staff costs

(a)

	The Group		The Bank	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Wages and salaries	**449,822**	449,935	**283,551**	280,996
Employer's contribution to defined contribution plans, including Central Provident Fund	**49,422**	52,174	**30,994**	32,455
Other staff-related costs	**32,536**	34,245	**29,099**	22,723
	531,780	536,354	**343,644**	336,174

(b)

	The Group		The Bank	
	2003	2002	**2003**	2002
Number of employees at the balance sheet date	**10,547**	10,320	**5,233**	4,974

(c) Equity compensation benefits

Options to subscribe for ordinary shares of $1 each in the Bank are granted pursuant to the UOB Executives' Share Option Scheme and the UOB 1999 Share Option Scheme (hereinafter called "the Schemes") to employees of the UOB Group with the corporate grade of Vice President (or an equivalent rank) and above as well as selected employees below the corporate grade of Vice President (or an equivalent rank), subject to certain conditions.

8 Staff costs (continued)

(c) Equity compensation benefits (continued)

Movements in the number of shares under option held by employees of the Group are as follows:

	2003 '000	2002 '000
Outstanding at 1 January	**2,400**	3,077
Issued	**2,200**	-
Exercised	**(61)**	(494)
Lapsed	**(72)**	(183)
Outstanding at 31 December	**4,467**	2,400

Details of the unissued ordinary shares of $1 each of the Bank under option at the end of the financial year are set out below:

Year in which options were granted under the Schemes	Price per share payable in full upon application $	Date of expiration of option	Number of shares 2003 '000	Number of shares 2002 '000
1998	3.14	14 June 2003	**-**	10
1999	14.70	27 December 2004	**1,185**	1,211
2000	12.90	11 December 2005	**1,121**	1,179
2003	11.67	6 June 2008	**2,161**	-
			4,467	2,400

Details of share options exercised during the year to subscribe for ordinary shares of $1 each in the Bank are as follows:

Year in which options were granted under the Schemes	Exercise price $	Number of shares issued 2003 '000	Number of shares issued 2002 '000	Consideration received in cash 2003 $'000	Consideration received in cash 2002 $'000
1997	8.25	**-**	109	**-**	899
1998	3.14	**7**	39	**22**	122
1999	14.70	**-**	28	**-**	412
2000	12.90	**54**	318	**697**	4,102
		61	494	**719**	5,535

9 Other operating expenses

Included in other operating expenses are:

	The Group		The Bank	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Depreciation of fixed assets	**107,755**	114,536	**78,077**	80,608
Rental of premises and equipment	**39,388**	50,059	**46,893**	55,785
Maintenance of premises and other assets	**51,142**	46,472	**38,094**	33,263
Other expenses of premises	**31,613**	32,506	**19,075**	18,755
Auditors' remuneration				
Payable to PricewaterhouseCoopers Singapore				
Current year	**1,649**	1,764	**1,060**	886
Prior year under/(over) provision	**166**	(244)	**241**	(5)
	1,815	1,520	**1,301**	881
Payable to PricewaterhouseCoopers firms outside Singapore	**1,121**	984	**669**	368
Payable to non-PricewaterhouseCoopers firms	**117**	-	**-**	-
Other fees*				
Payable to PricewaterhouseCoopers Singapore	**912**	554	**727**	158
Payable to PricewaterhouseCoopers firms outside Singapore	**210**	243	**99**	184

* Include fees in respect of audit-related work required by laws and regulations.

10 Directors' fees and other remuneration

(a) Fees and other remuneration paid/payable to the directors of the Bank and its subsidiaries included in total expenses are as follows:

	The Group		The Bank	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Directors of the Bank				
Fees	**871**	1,147	**619**	659
Remuneration	**11,156**	11,534	**11,156**	11,534
Professional fees paid/payable to firms of which certain directors of the Bank are members	**200**	201	**38**	17
	12,227	12,882	**11,813**	12,210
Directors of subsidiaries				
Fees	**689**	648	**10**	10
Remuneration	**8,982**	7,167	**-**	-
Professional fees paid/payable to firms of which certain directors of subsidiaries are members	**-**	88	**-**	5
Less:				
Amount capitalised in fixed assets	**-**	83	**-**	-
Amount charged to the income statements	**-**	5	**-**	5
	9,671	7,820	**10**	15

10 Directors' fees and other remuneration (continued)

(b) The number of directors of the Bank whose total directors' fees and other remuneration from the Group fall into the following bands is as follows:

	2003	2002
$6,750,000 to $6,999,999	**1**	-
$6,500,000 to $6,749,999	**-**	1
$2,000,000 to $2,249,999	**1**	1
$1,750,000 to $1,999,999	**-**	1
$1,250,000 to $1,499,999	**1**	1
$750,000 to $999,999	**1**	-
Below $250,000	**10**	12
	14	16

11 Goodwill

	The Group		**The Bank**	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Balance at 1 January	**3,666,046**	3,776,651	**3,585,428**	-
Transfer to the Bank on the merger of OUT (2002: OUB) into the Bank				
At cost	**-**	-	**(25,533)**	3,824,457
Accumulated amortisation	**-**	-	**425**	(47,806)
	-	-	**(25,108)**	3,776,651
Net deferred tax liability on fair values of assets and liabilities of OUT acquired in 2002 and adjusted in 2003	**1,733**	-	**1,733**	-
Goodwill arising on acquisition of additional shares in subsidiaries	**-**	110,482	**-**	-
Goodwill written off to income statement upon liquidation of subsidiary				
At cost	**(1,288)**	-	**-**	-
Accumulated amortisation	**96**	-	**-**	-
	(1,192)	-	**-**	-
Negative goodwill arising on acquisition of additional shares in a subsidiary	**-**	(25,533)	**-**	-
Amortisation during the financial year	**(200,428)**	(195,554)	**(190,275)**	(191,223)
Balance at 31 December	**3,466,159**	3,666,046	**3,371,778**	3,585,428
Goodwill, at cost	**3,909,851**	3,909,406	**3,800,657**	3,824,457
Accumulated amortisation	**(443,692)**	(243,360)	**(428,879)**	(239,029)
	3,466,159	3,666,046	**3,371,778**	3,585,428

11 **Goodwill** (continued)

Following the Bank's acquisition of the remaining equity interest in its subsidiary, Overseas Union Trust Limited ("OUT"), in December 2002, an adjustment of $1,733,000 was made to the goodwill account after the finalisation of the deferred tax computation on the fair value of the acquired assets and liabilities in 2003. The adjustment has no significant impact on the financial statements of the Group and the Bank.

12 Provisions

Provisions charged/(credited) to the income statements during the financial year are as follows:

	The Group		The Bank	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Specific provisions for and net write-offs of trade bills and advances to customers	**345,402**	421,753	**270,839**	308,408
General provisions, comprising provisions for possible loan losses, contingencies and other banking risks	**-**	-	**2,442**	16,126
Provisions for diminution in value/impairment of investments, fixed assets and other assets	**16,110**	33,966	**53,633**	193,278
(Write-back of provisions)/provisions for life funds	**(9)**	8,800	**-**	-
	361,503	464,519	**326,914**	517,812

13 Exceptional items

	The Group		The Bank	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Gross dividend from Industrial & Commercial Bank Limited ("ICB") arising from its merger with the Bank, net of dividend paid out of pre-acquisition reserves which was credited to the Bank's cost of investment in ICB	**-**	-	**-**	674,895
Deficit arising from the merger of ICB	**-**	-	**-**	(57,422)
Surplus arising from the merger of OUB	**-**	-	**-**	145,482
Restructuring costs as a result of the acquisition of OUB	**-**	(48,065)	**-**	(35,396)
Surplus arising from the merger of OUT	**-**	-	**12,421**	-
	-	(48,065)	**12,421**	727,559

14 Tax

(a) The tax charge to the income statements comprises the following:

	The Group		The Bank	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
On the profit of the financial year				
Current tax	**386,686**	318,417	**358,996**	280,536
Tax on exceptional item	**-**	-	**-**	148,477
Deferred tax	**(6,585)**	(8,135)	**(3,913)**	(5,404)
	380,101	310,282	**355,083**	423,609
Share of tax of associates	**26,423**	25,479	**-**	-
	406,524	335,761	**355,083**	423,609
(Over)/underprovision of tax in respect of prior financial years				
Current tax	**(8,879)**	4,680	**(5,230)**	(5,209)
Deferred tax	**(4,894)**	(170)	**(3,658)**	(422)
	392,751	340,271	**346,195**	417,978

The tax charge on the results of the Group and the Bank for the financial year differs from the theoretical amount that would arise by applying the Singapore statutory income tax rate to profit before tax due to the following:

	The Group		The Bank	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Profit before tax	**1,608,328**	1,375,587	**1,416,756**	1,800,320
Tax calculated at a tax rate of 22% (2002: 22%)	**353,832**	302,629	**311,686**	396,070
Effects on:				
Singapore statutory stepped income exemption	**(278)**	(360)	**(12)**	(12)
Offshore income from the Asian Currency Unit and other income taxed at concessionary rates	**(40,199)**	(39,851)	**(36,552)**	(36,269)
Other tax rebates	**(2,509)**	(1,144)	**-**	(662)
Different tax rates in other countries	**23,819**	31,868	**64,155**	13,277
Losses of overseas branches, subsidiaries and associates not offset against taxable income of other entities	**9,872**	18,287	**-**	-
Income not subject to tax	**(1,906)**	(44,319)	**(39,372)**	(56,048)
Expenses not deductible for tax purposes	**65,393**	68,977	**55,774**	107,253
Realisation of deferred tax benefit in respect of tax losses not previously recognised	**(1,500)**	(326)	**(596)**	-
Tax expense on profit of the financial year	**406,524**	335,761	**355,083**	423,609

14 Tax (continued)

(b) Deferred tax asset is recognised for tax losses carried forward to the extent that the realisation of the related tax benefits through future taxable profits is probable. The Group has not recognised the deferred tax asset in respect of tax losses of $222,752,000 (2002: $135,518,000) which can be carried forward to offset against future taxable income subject to meeting certain statutory requirements of the relevant tax authorities. These tax losses have no expiry date except for the amount of $188,124,000 (2002: $110,707,000) which will expire between the year 2004 and 2023 (2002: 2003 and 2007).

The movements in the deferred tax assets and liabilities of the Group and the Bank (prior to the offsetting of balances within the same tax jurisdiction) during the financial year are as follows:

Deferred tax liabilities

	2003				2002			
	Accelerated tax depreciation $'000	**Fair value of depreciable properties acquired in business combination $'000**	**Other $'000**	**Total $'000**	Accelerated tax depreciation $'000	Fair value of depreciable properties acquired in business combination $'000	Other $'000	Total $'000
The Group								
At 1 January	**51,310**	**49,526**	**9,073**	**109,909**	52,621	53,087	10,512	116,220
Currency translation differences	**(124)**	**-**	**(40)**	**(164)**	80	-	44	124
Adjustment to goodwill (Note 11)	**-**	**7,922**	**-**	**7,922**	-	-	-	-
Liquidation of a subsidiary	**(8)**	**-**	**-**	**(8)**	-	-	-	-
Charged/(credited) to income statement	**7,819**	**(5,267)**	**(2,061)**	**491**	(1,391)	(3,561)	(1,483)	(6,435)
At 31 December	**58,997**	**52,181**	**6,972**	**118,150**	51,310	49,526	9,073	109,909
The Bank								
At 1 January	**39,658**	**49,526**	**2,209**	**91,393**	32,704	-	1,027	33,731
Currency translation differences	**(17)**	**-**	**(57)**	**(74)**	(21)	-	44	23
Adjustment to goodwill (Note 11)	**-**	**7,922**	**-**	**7,922**	-	-	-	-
Transfer from subsidiaries upon merger	**319**	**-**	**-**	**319**	9,813	53,087	-	62,900
Charged/ (credited) to income statement	**8,566**	**(5,267)**	**1,280**	**4,579**	(2,838)	(3,561)	1,138	(5,261)
At 31 December	**48,526**	**52,181**	**3,432**	**104,139**	39,658	49,526	2,209	91,393

14 Tax (continued)

(b) Deferred tax assets

	2003 Non-tax deductible general provisions $'000	2003 Other $'000	2003 Total $'000	2002 Non-tax deductible general provisions $'000	2002 Other $'000	2002 Total $'000
The Group						
At 1 January	**110,548**	**11,980**	**122,528**	116,220	5,679	121,899
Currency translation differences	**(651)**	**5**	**(646)**	(1,101)	(140)	(1,241)
Adjustment to goodwill (Note 11)	**6,189**	**-**	**6,189**	-	-	-
(Charged)/credited to income statement	**7,766**	**4,204**	**11,970**	(4,571)	6,441	1,870
At 31 December	**123,852**	**16,189**	**140,041**	110,548	11,980	122,528
The Bank						
At 1 January	**78,626**	**9,135**	**87,761**	42,710	4,180	46,890
Currency translation differences	**-**	**(22)**	**(22)**	-	30	30
Adjustment to goodwill (Note 11)	**6,189**	**-**	**6,189**	-	-	-
Transfer from subsidiaries upon merger	**-**	**-**	**-**	40,276	-	40,276
(Charged)/credited to income statement	**7,766**	**4,384**	**12,150**	(4,360)	4,925	565
At 31 December	**92,581**	**13,497**	**106,078**	78,626	9,135	87,761

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority. Deferred tax assets and liabilities after netting are shown in the balance sheets as follows:

	The Group 2003 $'000	The Group 2002 $'000	The Bank 2003 $'000	The Bank 2002 $'000
Deferred tax liabilities				
Before netting	**118,150**	109,909	**104,139**	91,393
Amount netted against deferred tax assets	**(103,571)**	(83,009)	**(100,532)**	(84,971)
After netting	**14,579**	26,900	**3,607**	6,422
Deferred tax assets				
Before netting	**(140,041)**	(122,528)	**(106,078)**	(87,761)
Amount netted against deferred tax liabilities	**103,571**	83,009	**100,532**	84,971
After netting	**(36,470)**	(39,519)	**(5,546)**	(2,790)

15 Earnings per share

The calculation of basic and diluted earnings per share ("EPS") is determined based on the profit attributable to members divided by the weighted average number of ordinary shares in issue:

	The Group	
	2003	2002
	$'000	$'000
Net profit for the financial year attributable to members	**1,202,086**	1,005,935
	Number	Number
	'000	'000
Weighted average number of ordinary shares in issue for computation of basic EPS	**1,571,627**	1,571,519
Adjustment for assumed exercise of share options	**-**	39
Weighted average number of ordinary shares for computation of diluted EPS	**1,571,627**	1,571,558

16 Share capital

(a)

	The Group and The Bank			
	2003		2002	
	Number of shares '000	**$'000**	Number of shares '000	$'000
Ordinary shares of $1 each				
Authorised	**3,000,000**	**3,000,000**	3,000,000	3,000,000
Issued and fully paid:				
Balance at 1 January	**1,571,603**	**1,571,603**	1,571,109	1,571,109
Shares issued upon exercise of options	**61**	**61**	494	494
Balance at 31 December	**1,571,664**	**1,571,664**	1,571,603	1,571,603

(b) During the financial year, the Bank issued 61,000 (2002: 494,000) ordinary shares of $1 each to option holders who exercised their rights. All newly issued shares rank *pari passu* in all respects with the previously issued shares.

(c) Details of the unissued ordinary shares of $1 each of the Bank under option at the end of the financial year are set out in Note 8(c).

17 Capital reserves

(a) The Group

	2003					2002				
	Share premium $'000	**Merger reserve $'000**	**Foreign currency translation reserves $'000**	**Other $'000**	**Total $'000**	Share premium $'000	Merger reserve $'000	Foreign currency translation reserves $'000	Other $'000	Total $'000
Balance at 1 January	**791,233**	**3,431,570**	**(95,389)**	**129,505**	**4,256,919**	786,192	4,431,679	(80,875)	121,766	5,258,762
Currency translation differences	**-**	**-**	**10,481**	**-**	**10,481**	-	-	(14,514)	-	(14,514)
Share premium arising from the issue of shares to option holders who exercised their rights	**658**	**-**	**-**	**-**	**658**	5,041	-	-	-	5,041
Transfer (to)/from retained profits [Note 19(a)]	**-**	**(14,069)**	**-**	**(9,900)**	**(23,969)**	-	(1,000,109)	-	5,187	(994,922)
Transfer from share of reserves of associates (Note 20)	**-**	**-**	**-**	**-**	**-**	-	-	-	2,552	2,552
Other adjustments	**-**	**-**	**-**	**(1,805)**	**(1,805)**	-	-	-	-	-
Balance at 31 December	**791,891**	**3,417,501**	**(84,908)**	**117,800**	**4,242,284**	791,233	3,431,570	(95,389)	129,505	4,256,919

(b) The Bank

	2003				2002			
	Share premium $'000	**Merger reserve $'000**	**Foreign currency translation reserve $'000**	**Total $'000**	Share premium $'000	Merger reserve $'000	Foreign currency translation reserve $'000	Total $'000
Balance at 1 January	**791,233**	**3,431,570**	**(25,146)**	**4,197,657**	786,192	4,431,679	(9,545)	5,208,326
Currency translation differences	**-**	**-**	**(4,113)**	**(4,113)**	-	-	(15,601)	(15,601)
Share premium arising from the issue of shares to option holders who exercised their rights	**658**	**-**	**-**	**658**	5,041	-	-	5,041
Transfer to retained profits [Note 19(b)]	**-**	**(14,069)**	**-**	**(14,069)**	-	(1,000,109)	-	(1,000,109)
Balance at 31 December	**791,891**	**3,417,501**	**(29,259)**	**4,180,133**	791,233	3,431,570	(25,146)	4,197,657

17 Capital reserves (continued)

(c) The share premium account may only be utilised for specific purposes provided for by the Singapore Companies Act ("the Act").

The merger reserve of the Group and the Bank represent the premium arising from the issue of shares in connection with the acquisition of OUB which was not transferred to the share premium account due to the relief provided for under Section 69B of the Act. The balances at balance sheet dates were net of the amount transferred to retained profits following the receipt of dividends paid out of OUB Group's pre-acquisition profits.

The foreign currency translation reserves of the Group and the Bank relate to currency translation differences arising from the use of year-end exchange rates versus historical rates in translating the net assets of overseas branches, subsidiaries and associates.

The other reserves of the Group include $57,796,000 relating to bonus shares which were issued by a subsidiary as fully paid shares through capitalisation of the subsidiary's revenue reserves.

18 Statutory reserves

	The Group		**The Bank**	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Balance at 1 January	**2,757,518**	2,150,271	**2,395,293**	1,654,100
Transfer from revenue reserves (Note 19)	**101,803**	610,215	**97,879**	741,193
Other adjustments	**529**	(2,968)	**-**	-
Balance at 31 December	**2,859,850**	2,757,518	**2,493,172**	2,395,293

The statutory reserves of the Group and the Bank are maintained in accordance with the provisions of applicable laws and regulations. These reserves are non-distributable unless approved by the relevant authorities.

19 Revenue reserves

(a) The Group

	2003			2002		
	General reserves $'000	**Retained profits $'000**	**Total $'000**	General reserves $'000	Retained profits $'000	Total $'000
Balance at 1 January						
As previously reported	**957,973**	**2,975,031**	**3,933,004**	1,148,706	2,050,637	3,199,343
Prior year adjustments resulting from change in accounting policy	**-**	**(40,033)**	**(40,033)**	-	18,232	18,232
As restated	**957,973**	**2,934,998**	**3,892,971**	1,148,706	2,068,869	3,217,575
Net profit for the financial year attributable to members	**-**	**1,202,086**	**1,202,086**	-	1,005,935	1,005,935
Transfer to general reserves	**349,746**	**(349,746)**	**-**	331,000	(331,000)	-
Transfer to statutory reserves (Note 18)	**(43,879)**	**(57,924)**	**(101,803)**	(519,604)	(90,611)	(610,215)
Transfer from/(to) other reserves [Note 17(a)]	**-**	**9,900**	**9,900**	-	(5,187)	(5,187)
Transfer from merger reserve [Note 17(a)]	**-**	**14,069**	**14,069**	-	1,000,109	1,000,109
Transfer from share of reserves of associates (Note 20)	**-**	**-**	**-**	-	7,231	7,231
Other adjustments	**(628)**	**(4)**	**(632)**	(2,129)	-	(2,129)
Dividends:						
Final dividend in respect of financial year ended 31 December 2002 (2002: 31 December 2001) of 25 cents (2002: 25 cents) per share paid, net of tax at 22% (2002: 22%)	**-**	**(306,463)**	**(306,463)**	-	(306,454)	(306,454)
Interim dividend in respect of financial year ended 31 December 2003 (2002: 31 December 2002) of 20 cents (2002: 15 cents) per share paid, net of tax at 22% (2002: 22%)	**-**	**(245,176)**	**(245,176)**	-	(183,874)	(183,874)
Interim dividend in respect of financial year ended 31 December 2002 of 18.76 cents per share paid in specie, net of tax at 22%	**-**	**-**	**-**	-	(230,020)	(230,020)
	-	**(551,639)**	**(551,639)**	-	(720,348)	(720,348)
Balance at 31 December	**1,263,212**	**3,201,740**	**4,464,952**	957,973	2,934,998	3,892,971

19 Revenue reserves (continued)

(b) The Bank

	2003			2002		
	General reserve $'000	**Retained profits $'000**	**Total $'000**	General reserve $'000	Retained profits $'000	Total $'000
Balance at 1 January						
As previously reported	**488,128**	**2,631,417**	**3,119,545**	829,321	1,319,630	2,148,951
Prior year adjustments resulting from change in accounting policy	**-**	**(40,515)**	**(40,515)**	-	9,169	9,169
As restated	**488,128**	**2,590,902**	**3,079,030**	829,321	1,328,799	2,158,120
Net profit for the financial year attributable to members	**-**	**1,070,561**	**1,070,561**	-	1,382,342	1,382,342
Transfer to general reserve	**346,000**	**(346,000)**	**-**	328,000	(328,000)	-
Transfer to statutory reserve (Note 18)	**(43,879)**	**(54,000)**	**(97,879)**	(669,193)	(72,000)	(741,193)
Transfer from merger reserve [Note 17(b)]	**-**	**14,069**	**14,069**	-	1,000,109	1,000,109
Dividends:						
Final dividend in respect of financial year ended 31 December 2002 (2002: 31 December 2001) of 25 cents (2002: 25 cents) per share paid, net of tax at 22% (2002: 22%)	**-**	**(306,463)**	**(306,463)**	-	(306,454)	(306,454)
Interim dividend in respect of financial year ended 31 December 2003 (2002: 31 December 2002) of 20 cents (2002: 15 cents) per share paid, net of tax at 22% (2002: 22%)	**-**	**(245,176)**	**(245,176)**	-	(183,874)	(183,874)
Interim dividend in respect of financial year ended 31 December 2002 of 18.76 cents per share paid in specie, net of tax at 22%	**-**	**-**	**-**	-	(230,020)	(230,020)
	-	**(551,639)**	**(551,639)**	-	(720,348)	(720,348)
Balance at 31 December	**790,249**	**2,723,893**	**3,514,142**	488,128	2,590,902	3,079,030

(c) In each financial year, a certain amount of retained profits is transferred to general reserves of the Group and the Bank. These general reserves have not been earmarked for any particular purpose.

(d) The revenue reserves of the Group and the Bank are distributable except for the amount of $343,705,000 (2002: $294,438,000) being the Group's share of revenue reserves of associates which is distributable only upon realisation by way of dividend or disposal of investments in the associates.

20 Share of reserves of associates

	The Group	
	2003	2002
	$'000	$'000
Balance at 1 January	**133,594**	537,354
Movements in other reserves of associates	**9,691**	(374,356)
Realisation of reserves in income statements on divestment of an associate	**-**	(19,621)
Transfers on divestment of an associate:		
To retained profits	**-**	(7,231)
To other capital reserves	**-**	(2,552)
Balance at 31 December	**143,285**	133,594

The balance comprises the Group's share of associates' post-acquisition revenue reserves at the beginning of 1 January 1998, and other reserves, adjusted for goodwill arising from acquisition of associates prior to 1 January 2001. These reserves are non-distributable reserves until they are realised by way of dividend from or divestment of the associates. In the year of realisation, revaluation reserves previously brought into the Group without going through the consolidated income statement are recognised in the consolidated income statement. In all other cases, they are transferred to other reserves as appropriate.

The Group's share of the associates' results from 1 January 1998 is included in revenue reserves of the Group.

21 Deposits of and amounts owing to non-bank customers, banks and agents, and subsidiaries

(a)

	The Group		The Bank	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Analysed by remaining maturity:				
Within 1 year	**87,450,283**	86,323,497	**78,303,812**	76,563,434
Over 1 year but within 3 years	**702,924**	742,978	**590,401**	602,494
Over 3 years but within 5 years	**433,679**	80,368	**393,074**	79,869
Over 5 years	**115,437**	73,796	**79,947**	73,796
	88,702,323	87,220,639	**79,367,234**	77,319,593

21 Deposits of and amounts owing to non-bank customers, banks and agents, and subsidiaries (continued)

(b) Included in deposits of non-bank customers are:

	The Group		The Bank	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Fixed rate deposits	**45,801,200**	47,286,535	**38,664,804**	39,292,729
Current, savings and other deposits	**24,061,761**	20,632,046	**21,636,496**	18,638,536
	69,862,961	67,918,581	**60,301,300**	57,931,265

(c) Included in deposits and balances of banks and agents are:

	The Group		The Bank	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Obligations on securities sold under repurchase agreements ("REPOs")	**151,180**	302,306	**151,180**	294,257

The related securities sold under REPOs are shown in Notes 24 and 25 to the financial statements.

22 Other liabilities

	The Group		The Bank	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Accrued interest payable	**349,785**	310,120	**285,777**	249,884
Trading derivative financial instruments at fair value (Note 38)	**2,599,658**	1,773,594	**2,563,077**	1,747,998
Other liabilities	**3,491,995**	2,579,223	**898,131**	844,247
	6,441,438	4,662,937	**3,746,985**	2,842,129

23 Debts issued

		The Group		The Bank	
		2003	2002	**2003**	2002
		$'000	$'000	**$'000**	$'000
(a)	Subordinated notes				
	S$ 4.95% Subordinated Notes due 2016 callable with step-up in 2011 ("S$ Notes"), at cost	**1,300,000**	1,300,000	**1,300,000**	1,300,000
	US$ 4.50% Subordinated Notes due 2013 ("US$ Notes"), at cost adjusted for discount	**1,700,154**	-	**1,700,154**	-
		3,000,154	1,300,000	**3,000,154**	1,300,000
	Unamortised expenses incurred in connection with the issue of the subordinated notes	**(9,345)**	(5,601)	**(9,345)**	(5,601)
		2,990,809	1,294,399	**2,990,809**	1,294,399
(b)	Asset Backed Commercial Paper ("ABCP")				
	At cost adjusted for discount:				
	S$ ABCP	**678,500**	641,500	**-**	-
	US$ ABCP	**173,907**	210,911	**-**	-
		852,407	852,411	**-**	-
(c)	Other				
	Credit linked notes, at cost	**34,016**	-	**34,016**	-
	Interest rate linked notes, at cost	**65,830**	-	**65,830**	-
	Equity linked notes, at cost adjusted for discount	**253,207**	-	**253,207**	-
		353,053	-	**353,053**	-
		4,196,269	2,146,810	**3,343,862**	1,294,399

(a) The S$ Notes were issued 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.

23 Debts issued (continued)

(a) (continued)

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

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

The S$ Notes and US$ Notes are unsecured subordinated obligations of the Bank and have been approved by the MAS 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 SPE (Note 35). The ABCP have maturity of less than 1 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 range from 1.10% to 1.25% (2002: 1.50% to 1.90%) per annum and 1.20% to 1.25% (2002: 2.10% to 2.45%) 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) The credit linked notes, with embedded credit default swaps, were issued at par between 5 February 2003 and 18 February 2003 and mature between 8 June 2005 and 15 February 2008. The notes will be redeemed at face value on their respective maturity dates provided there is no occurrence of a credit event. If there is an occurrence of a credit event, the underlying assets or the market values of the underlying assets in cash term, depending on the terms and conditions of the contracts, would be delivered to the holders of the notes.

23 Debts issued (continued)

(c) (continued)

The interest rate linked notes, with embedded interest rate derivatives, were issued at par between 19 September 2003 and 6 November 2003 and mature between 19 September 2013 and 6 November 2015. The periodic payouts and redemptions are linked to the interest rate indices.

The equity linked notes, with embedded equity derivatives, were issued at discount between 14 March 2003 and 12 November 2003 and mature between 12 November 2008 and 19 May 2011. The periodic payments and payouts at maturity are linked to the closing value of certain underlying equities listed on various stock exchanges or the closing value of certain underlying stock exchange indices or equity indices.

24 Singapore Government treasury bills and securities

(a)

	The Group		The Bank	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Held for trading, at fair value	**388,543**	172,812	**375,069**	158,485
Not held for trading, at cost adjusted for premium and discount	**5,922,450**	8,045,560	**5,857,734**	7,801,310
Provision for diminution in value (Note 33)	**(147)**	-	**(143)**	-
	5,922,303	8,045,560	**5,857,591**	7,801,310
	6,310,846	8,218,372	**6,232,660**	7,959,795
Market value at 31 December: Not held for trading	**5,947,716**	8,151,189	**5,870,779**	7,903,616

(b) Included in Singapore Government treasury bills and securities are:

	The Group		The Bank	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Securities sold under repurchase agreements	**151,180**	294,257	**151,180**	294,257

25 Other government treasury bills and securities

(a)

	The Group		The Bank	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Held for trading, at fair value	**114,597**	7,903	**-**	-
Not held for trading, at cost adjusted for premium and discount	**1,237,030**	1,325,077	**706,592**	419,035
Provision for diminution in value (Note 33)	**(3)**	(4)	**(3)**	(4)
	1,237,027	1,325,073	**706,589**	419,031
	1,351,624	1,332,976	**706,589**	419,031
Market value at 31 December: Not held for trading	**1,240,151**	1,338,815	**713,002**	431,117

(b) Included in other government treasury bills and securities are:

	The Group		The Bank	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Securities sold under repurchase agreements	**-**	8,049	**-**	-

(c) Included in the Group's other government treasury bills and securities is an amount of $385,380,000 (2002: $723,335,000) relating to promissory notes which are guaranteed by a foreign government authority. The Group is not permitted to sell, transfer, pledge, or create any lien or encumbrance over any of these promissory notes without the prior consent of that authority.

26 Dealing securities

	The Group		The Bank	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
At fair value:				
Quoted equity shares	**158,878**	78,438	**101,935**	55,122
Quoted debt securities	**61,845**	79,396	**32,325**	56,049
Unquoted marketable unit trusts	**19,046**	14,585	**-**	-
Unquoted debt securities	**284,737**	450,992	**42,604**	323,874
	524,506	623,411	**176,864**	435,045

27 Placements and balances with banks and agents

(a)

	The Group 2003 $'000	The Group 2002 $'000	The Bank 2003 $'000	The Bank 2002 $'000
Analysed by maturity period:				
Within 1 year	**20,550,410**	19,197,092	**18,810,364**	18,190,609
Over 1 year but within 3 years	**571,727**	226,213	**570,117**	226,213
Over 3 years but within 5 years	**-**	-	**-**	-
Over 5 years	**-**	2,916	**-**	2,916
	21,122,137	19,426,221	**19,380,481**	18,419,738

(b) Included in placements and balances with banks and agents are:

	The Group 2003 $'000	The Group 2002 $'000	The Bank 2003 $'000	The Bank 2002 $'000
Negotiable certificates of deposit, floating rate certificates of deposit and other similar instruments	**2,425,003**	1,956,618	**1,157,840**	1,516,029
Government securities bought under reverse repurchase agreements	**1,470,946**	383,393	**1,275,494**	383,393
	3,895,949	2,340,011	**2,433,334**	1,899,422

28 Trade bills and advances to customers

(a)

	The Group 2003 $'000	The Group 2002 $'000	The Bank 2003 $'000	The Bank 2002 $'000
Gross trade bills	**1,323,477**	1,061,210	**159,863**	139,405
Specific provisions	**(10,874)**	(10,180)	**-**	-
	1,312,603	1,051,030	**159,863**	139,405
Gross advances to customers	**61,257,548**	61,277,545	**53,019,100**	52,521,429
Specific provisions	**(1,566,053)**	(1,726,403)	**(1,221,267)**	(1,326,679)
Interest-in-suspense	**(285,123)**	(293,152)	**(170,871)**	(146,615)
General provisions	**(1,422,419)**	(1,425,013)	**(1,276,364)**	(1,231,305)
	57,983,953	57,832,977	**50,350,598**	49,816,830
Total gross trade bills and advances to customers	**62,581,025**	62,338,755	**53,178,963**	52,660,834

28 Trade bills and advances to customers (continued)

(b) Total gross trade bills and advances to customers analysed by maturity period:

	The Group		The Bank	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Within 1 year	**30,255,728**	29,393,922	**25,508,168**	23,986,707
Over 1 year but within 3 years	**9,668,217**	10,045,408	**8,853,289**	9,471,390
Over 3 years but within 5 years	**5,385,747**	6,626,850	**4,841,847**	6,030,506
Over 5 years	**17,271,333**	16,272,575	**13,975,659**	13,172,231
	62,581,025	62,338,755	**53,178,963**	52,660,834

(c) Total gross trade bills and advances to customers analysed by industry group:

	The Group		The Bank	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Transport, storage and communication	**2,103,559**	2,057,485	**1,928,170**	1,878,186
Building and construction	**7,319,732**	9,147,960	**6,361,641**	7,918,866
Manufacturing	**5,846,022**	5,391,630	**3,920,081**	3,515,973
Non-bank financial institutions	**10,408,312**	10,809,361	**9,999,362**	10,010,178
General commerce	**6,142,565**	6,200,322	**4,928,889**	4,958,561
Professionals and private individuals (excluding housing loans)	**9,653,344**	9,335,235	**8,335,653**	7,698,203
Housing loans	**14,789,494**	13,841,234	**12,319,357**	11,846,719
Other	**6,317,997**	5,555,528	**5,385,810**	4,834,148
	62,581,025	62,338,755	**53,178,963**	52,660,834

(d) At the balance sheet date, the gross amount of trade bills, advances and credit facilities granted to customers that are regarded as non-performing are as follows:

	The Group		The Bank	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Substandard	**3,290,275**	3,618,373	**2,570,668**	2,669,371
Doubtful	**354,861**	406,598	**321,611**	370,081
Loss	**1,435,980**	1,590,410	**1,065,349**	1,116,729
	5,081,116	5,615,381	**3,957,628**	4,156,181

Non-performing loans are those classified as Substandard, Doubtful and Loss in accordance with Notice to Banks, MAS 612. Specific provisions are made for any debts considered to be doubtful of collection.

28 Trade bills and advances to customers (continued)

(e) The movements in provisions are as follows:

	2003				2002			
	Specific provisions $'000	**Interest-in-suspense $'000**	**General provisions $'000**	**Total $'000**	Specific provisions $'000	Interest-in-suspense $'000	General provisions $'000	Total $'000
The Group								
Balance at 1 January	**1,736,583**	**670,500**	**1,425,013**	**3,832,096**	1,613,974	640,219	1,434,502	3,688,695
Currency translation differences	**(6,832)**	**(5,032)**	**(2,594)**	**(14,458)**	(39,807)	(13,871)	(9,489)	(63,167)
Write-off against provisions	**(431,181)**	**(34,541)**	**-**	**(465,722)**	(256,675)	(123,041)	-	(379,716)
Charge to income statements	**284,437**	**-**	**-**	**284,437**	426,196	-	-	426,196
Interest suspended	**-**	**82,757**	**-**	**82,757**	-	169,223	-	169,223
Transfer to provision for diminution in value/impairment of investments and other assets [Note 33(a)]	**(6,080)**	**(1,796)**	**-**	**(7,876)**	(7,105)	(2,030)	-	(9,135)
Balance at 31 December	**1,576,927**	**711,888**	**1,422,419**	**3,711,234**	1,736,583	670,500	1,425,013	3,832,096
The Bank								
Balance at 1 January	**1,326,679**	**507,569**	**1,231,305**	**3,065,553**	342,551	158,427	538,133	1,039,111
Currency translation differences	**(1,355)**	**(2,667)**	**(51)**	**(4,073)**	(16,704)	(7,988)	(912)	(25,604)
Write-off against provisions	**(379,184)**	**(22,437)**	**-**	**(401,621)**	(222,841)	(102,680)	-	(325,521)
Charge to income statements	**216,524**	**-**	**2,442**	**218,966**	312,804	-	16,126	328,930
Interest suspended	**-**	**40,156**	**-**	**40,156**	-	101,962	-	101,962
Transfer from subsidiaries upon merger	**58,603**	**53,955**	**42,668**	**155,226**	910,869	357,848	677,958	1,946,675
Balance at 31 December	**1,221,267**	**576,576**	**1,276,364**	**3,074,207**	1,326,679	507,569	1,231,305	3,065,553

General provisions comprise provisions for possible loan losses, contingencies and other banking risks.

The above interest-in-suspense include amounts relating to interest receivable as shown in Note 29.

28 Trade bills and advances to customers (continued)

(f) The Group has granted credit facilities to related parties in the ordinary course of business at arm's length commercial terms. The outstanding credit facilities to related parties as at the balance sheet date are as follows:

	The Group					
	2003			2002		
	Trade bills and advances $'000	**Off-balance sheet credit facilities $'000**	**Estimated values of collateral $'000**	Trade bills and advances $'000	Off-balance sheet credit facilities $'000	Estimated values of collateral $'000
Associates of the Group						
Financial activities	**61,937**	**13,725**	**132,391**	51,787	15,114	143,980
Non-financial activities	**582,861**	**64,982**	**1,138,560**	566,635	89,865	1,127,484
Directors of the Bank and director-related parties^	**722,345**	**51,417**	**1,741,068**	792,384	154,990	2,359,216
Corporations where directors of the Bank are also directors*	**640,788**	**20,371**	**479,609**	666,872	16,270	747,123

^ Excluding credit facilities already included in the first category.
* Excluding credit facilities already included in the first two categories.

Off-balance sheet credit facilities comprise direct credit substitutes, transaction-related contingencies and trade-related contingencies.

Director-related parties include the family members of the directors of the Bank, entities in which the directors of the Bank or their family members have substantial shareholdings, and individuals, companies or firms whose credit facilities are guaranteed by the directors of the Bank.

29 Other assets

	The Group		The Bank	
	2003 $'000	2002 $'000	**2003 $'000**	2002 $'000
Interest receivable	**935,811**	846,965	**790,068**	724,265
Interest-in-suspense [Note 28(e)]	**(426,765)**	(377,348)	**(405,705)**	(360,954)
	509,046	469,617	**384,363**	363,311
Trading derivative financial instruments at fair value (Note 38)	**2,580,988**	1,675,701	**2,572,878**	1,653,254
Other assets	**1,649,393**	1,943,485	**710,801**	1,112,890
Provisions for diminution in value of other assets (Note 33)	**(23,690)**	(76,656)	**(10,629)**	(64,670)
	4,206,691	3,542,530	**3,273,050**	2,701,474
	4,715,737	4,012,147	**3,657,413**	3,064,785

30 Investment securities

(a)

	The Group 2003 $'000	The Group 2002 $'000	The Bank 2003 $'000	The Bank 2002 $'000
Quoted securities				
Equity shares, at cost	**844,999**	816,856	**582,704**	550,487
Debt securities, at cost adjusted for premium and discount	**1,822,353**	1,207,253	**1,776,621**	1,144,993
	2,667,352	2,024,109	**2,359,325**	1,695,480
Provisions for diminution in value (Note 33)	**(40,691)**	(21,814)	**(18,069)**	(9,405)
	2,626,661	2,002,295	**2,341,256**	1,686,075
Quoted securities, at fair value				
Equity shares	**22,927**	9,360	**-**	-
Debt securities	**855,388**	784,218	**-**	-
	878,315	793,578	**-**	-
Unquoted securities				
Equity shares, at cost	**604,646**	453,476	**467,812**	318,622
Debt securities, at cost adjusted for premium and discount	**1,372,386**	692,719	**1,325,077**	741,291
	1,977,032	1,146,195	**1,792,889**	1,059,913
Provisions for diminution in value (Note 33)	**(90,283)**	(89,490)	**(72,242)**	(58,969)
	1,886,749	1,056,705	**1,720,647**	1,000,944
Unquoted debt securities, at fair value	**30,785**	92,805	**-**	-
Total investment securities	**5,422,510**	3,945,383	**4,061,903**	2,687,019
Market value at 31 December				
Quoted equity shares	**964,318**	759,726	**666,701**	511,001
Quoted debt securities	**2,760,393**	1,974,425	**1,860,469**	1,149,559
	3,724,711	2,734,151	**2,527,170**	1,660,560

Quoted securities at fair value amounting to $878,315,000 (2002: $793,578,000) are subject to a first floating charge as security for the liabilities under the ABCP programme [Note 23(b)].

30 Investment securities (continued)

(a) (continued)

Included in the cost of investment securities are:

	The Group		The Bank	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Equity interests in companies in which the Group has significant influence	**708,352**	703,498	**513,420**	506,138

These equity interests relate to companies in which the Group, through its acquisition of the OUB Group, presently has equity interests of 20 to 50 percent and over whose financial and operating decisions it has significant influence. These investments have not been accounted for as associates of the Group as they were acquired and held exclusively with a view to their subsequent disposal in the near future.

(b) Gross investment securities analysed by industry group:

	The Group		The Bank	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Transport, storage and communication	**400,904**	559,442	**286,803**	429,220
Building and construction	**235,811**	320,686	**69,889**	277,277
Manufacturing	**560,861**	606,085	**436,829**	514,375
Financial institutions	**2,613,212**	1,320,915	**1,825,040**	620,482
General commerce	**149,788**	72,018	**136,881**	66,741
Other	**1,592,908**	1,177,541	**1,396,772**	847,298
	5,553,484	4,056,687	**4,152,214**	2,755,393

31 Investments in associates

	The Group		The Bank	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Quoted securities, at cost				
Equity shares	**650,905**	555,065	**614,440**	518,718
Debt securities	**2,068**	2,068	**-**	-
Warrants	**4,847**	23,757	**4,847**	23,757
Unquoted securities, at cost				
Equity shares	**324,809**	335,329	**166,309**	167,757
Debt securities	**-**	2,014	**-**	-
	982,629	918,233	**785,596**	710,232
Provisions for impairment [Note 33(b)]	**-**	-	**(10,216)**	(3,364)
Group's share of post-acquisition reserves of associates, net of dividends received	**414,155**	356,012	**-**	-
	1,396,784	1,274,245	**775,380**	706,868
Market value at 31 December:				
Quoted equity shares	**993,344**	701,321	**720,727**	507,617
Quoted debt securities	**2,495**	2,476	**-**	-
Quoted warrants	**9,926**	36,017	**9,926**	36,017
	1,005,765	739,814	**730,653**	543,634

The major associates of the Group as at the balance sheet date are set out in Note 46 to the financial statements. The carrying amount of the Group's investments in associates includes unamortised goodwill amounting to $16,721,000 (2002: $17,581,000).

32 Investments in subsidiaries

(a)

	The Bank	
	2003	2002
	$'000	$'000
Quoted equity shares, at cost	**25,961**	18,393
Unquoted equity shares, at cost	**1,626,105**	1,733,754
Provisions for impairment [Note 33(b)]	**(366,663)**	(342,318)
	1,259,442	1,391,436
Total investments in subsidiaries	**1,285,403**	1,409,829
Market value of quoted equity shares at 31 December	**89,604**	70,967

The subsidiaries of the Group as at the balance sheet date are set out in Note 45 to the financial statements.

32 Investments in subsidiaries (continued)

(b) On 28 April 2003, OUT, a wholly-owned subsidiary, was merged into the Bank by way of a scheme of arrangement and amalgamation pursuant to Sections 210 and 212 of the Singapore Companies Act, Cap. 50. As a result of the merger, the assets, rights, properties, business, debts, liabilities and obligations of OUT were transferred to and vested in the Bank.

The fair values of identifiable assets and liabilities as at 28 April 2003 transferred to the Bank were $1,505 million and $1,359 million respectively.

Arising from the merger, the unamortised negative goodwill of the Group in respect of OUT as at 28 April 2003 amounting to $25,108,000 was transferred to the Bank at net book value (Note 11).

The merger has no financial effect on the consolidated income statement.

(c) During the financial year, certain subsidiaries of the Group were liquidated or placed into members' voluntary liquidation.

The liquidations had no material effect on the Group's consolidated financial statements and the Bank's balance sheet for the current financial year.

(d) In financial year 2002, the Group increased its interest in a subsidiary, United Overseas Bank Philippines, from 60% to 100%. In-principal approval had been given by the authorities in the Philippines for the acquisition, subject to subsequent fulfillment of certain conditions.

33 Movements in the provisions for diminution in value/impairment of investments and other assets

(a) The Group

	Singapore Government treasury bills and securities $'000	Other government treasury bills and securities $'000	Dealing securities $'000	Other assets $'000	Investment securities $'000	Fixed assets $'000	Total $'000
2003							
At 1 January							
As previously reported	444	4	29,661	76,656	111,304	54,511	272,580
Prior year adjustments resulting from change in accounting policy	(444)	-	(29,661)	-	-	-	(30,105)
As restated	-	4	-	76,656	111,304	54,511	242,475
Currency translation differences	-	1	-	470	300	1,952	2,723
Write-off against provisions	-	-	-	(49,030)	(4,952)	-	(53,982)
(Write-back)/charge to income statement (Note 12)	147	(2)	-	(4,406)	16,446	3,925	16,110
Transfer from specific provision and interest-in-suspense for trade bills and advances to customers [Note 28(e)]	-	-	-	-	7,876	-	7,876
At 31 December	147	3	-	23,690	130,974	60,388	215,202
2002							
At 1 January							
As previously reported	31,062	510	59,611	100,188	84,094	37,325	312,790
Prior year adjustments resulting from change in accounting policy	(31,046)	(506)	(59,611)	-	-	-	(91,163)
As restated	16	4	-	100,188	84,094	37,325	221,627
Currency translation differences	-	-	-	(478)	(2,502)	(3)	(2,983)
Write-off against provisions	-	-	-	(325)	(18,945)	-	(19,270)
(Write-back)/charge to income statement (Note 12)	(16)	-	-	(22,729)	39,522	17,189	33,966
Transfer from specific provisions and interest-in-suspense for trade bills and advances to customers [Note 28(e)]	-	-	-	-	9,135	-	9,135
At 31 December	-	4	-	76,656	111,304	54,511	242,475

33 Movements in the provisions for diminution in value/impairment of investments and other assets (continued)

(b) The Bank

	Singapore Government treasury bills and securities $'000	Other government treasury bills and securities $'000	Dealing securities $'000	Other assets $'000	Investment securities $'000	Investments in associates $'000	Investments in subsidiaries $'000	Fixed assets $'000	Total $'000
2003									
At 1 January									
As previously Reported	-	4	22,628	64,670	68,374	3,364	342,318	16,897	518,255
Prior year adjustment resulting from change in accounting policy	-	-	(22,628)	-	-	-	-	-	(22,628)
As restated	-	4	-	64,670	68,374	3,364	342,318	16,897	495,627
Currency translation differences	-	1	-	124	629	-	(39)	15	730
Write-off against provisions	-	-	-	(51,627)	-	-	-	-	(51,627)
Charge/(write-back) to income statement	143	(2)	-	(2,538)	21,308	6,852	24,384	2,436	52,583
At 31 December	143	3	-	10,629	90,311	10,216	366,663	19,348	497,313
2002									
At 1 January									
As previously reported	22,476	3	6,875	83,625	9,491	2,960	185,736	2,417	313,583
Prior year adjustment resulting from change in accounting policy	(22,476)	-	(6,875)	-	-	-	-	-	(29,351)
As restated	-	3	-	83,625	9,491	2,960	185,736	2,417	284,232
Currency translation differences	-	-	-	(310)	(1,115)	-	(325)	(72)	(1,822)
Charge/(write-back) to income statement	-	1	-	(19,645)	43,561	(170)	156,907	12,624	193,278
Transfer from subsidiaries upon merger	-	-	-	1,000	16,437	574	-	1,928	19,939
At 31 December	-	4	-	64,670	68,374	3,364	342,318	16,897	495,627

34 Fixed assets

(a) The Group

	2003			2002		
	Land and buildings	**Office equipment, computers, fixtures and other assets**	**Total**	Land and buildings	Office equipment, computers, fixtures and other assets	Total
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Balance at 1 January						
Cost/valuation	**1,795,322**	**841,312**	**2,636,634**	1,656,256	960,289	2,616,545
Accumulated depreciation	**(196,281)**	**(591,493)**	**(787,774)**	(161,082)	(693,623)	(854,705)
Provisions for impairment	**(54,511)**	**-**	**(54,511)**	(37,325)	-	(37,325)
Net book value	**1,544,530**	**249,819**	**1,794,349**	1,457,849	266,666	1,724,515
Movements during the financial year						
Currency translation differences	**5,742**	**752**	**6,494**	(7,889)	(4,033)	(11,922)
Additions	**2,501**	**134,308**	**136,809**	177,351	96,679	274,030
Disposals	**(48,069)**	**(9,510)**	**(57,579)**	(40,538)	(20,011)	(60,549)
Depreciation charge	**(26,677)**	**(81,078)**	**(107,755)**	(25,054)	(89,482)	(114,536)
Provisions for impairment	**(3,925)**	**-**	**(3,925)**	(17,189)	-	(17,189)
Net book value at 31 December	**1,474,102**	**294,291**	**1,768,393**	1,544,530	249,819	1,794,349
Balance at 31 December						
Cost/valuation	**1,753,898**	**924,383**	**2,678,281**	1,795,322	841,312	2,636,634
Accumulated depreciation	**(219,408)**	**(630,092)**	**(849,500)**	(196,281)	(591,493)	(787,774)
Provisions for impairment [Note 33(a)]	**(60,388)**	**-**	**(60,388)**	(54,511)	-	(54,511)
Net book value	**1,474,102**	**294,291**	**1,768,393**	1,544,530	249,819	1,794,349

34 Fixed assets (continued)

(b) The Bank

	2003			2002		
	Land and buildings	**Office equipment, computers, fixtures and other assets**	**Total**	Land and buildings	Office equipment, computers, fixtures and other assets	Total
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Balance at 1 January						
Cost/valuation	**1,052,901**	**592,261**	**1,645,162**	572,865	412,647	985,512
Accumulated depreciation	**(100,080)**	**(409,263)**	**(509,343)**	(84,422)	(288,541)	(372,963)
Provisions for impairment	**(16,897)**	**-**	**(16,897)**	(2,417)	-	(2,417)
Net book value	**935,924**	**182,998**	**1,118,922**	486,026	124,106	610,132
Movements during the financial year						
Currency translation differences	**6,397**	**403**	**6,800**	721	(128)	593
Additions	**3,431**	**112,565**	**115,996**	159,229	81,197	240,426
Transfer from subsidiaries upon merger	**36,010**	**1,320**	**37,330**	327,052	62,558	389,610
Disposals	**(42,634)**	**(8,761)**	**(51,395)**	(10,775)	(17,832)	(28,607)
Depreciation charge	**(15,752)**	**(62,325)**	**(78,077)**	(13,705)	(66,903)	(80,608)
Provisions for impairment	**(2,436)**	**-**	**(2,436)**	(12,624)	-	(12,624)
Net book value at 31 December	**920,940**	**226,200**	**1,147,140**	935,924	182,998	1,118,922
Balance at 31 December						
Cost/valuation	**1,055,953**	**677,363**	**1,733,316**	1,052,901	592,261	1,645,162
Accumulated depreciation	**(115,665)**	**(451,163)**	**(566,828)**	(100,080)	(409,263)	(509,343)
Provisions for impairment [Note 33(b)]	**(19,348)**	**-**	**(19,348)**	(16,897)	-	(16,897)
Net book value	**920,940**	**226,200**	**1,147,140**	935,924	182,998	1,118,922

34 Fixed assets (continued)

(c) Based on Directors' valuation, the estimated market values of the land and buildings of the Group and the Bank as at 31 December 2003 were $2,656 million and $1,608 million respectively (2002: $2,747 million and $1,629 million respectively). The excess of the estimated market values over the net book values of the land and buildings is not recognised in the financial statements.

(d) Included in the land and buildings of the Group and the Bank are leasehold properties with net book values as at 31 December 2003 amounting to $1,112 million and $785 million respectively (2002: $1,131 million and $770 million respectively). The rest of the properties are freehold.

(e) Certain freehold and leasehold land and buildings of the Group and the Bank are included on the basis of valuations made by independent valuers with subsequent additions at cost. The dates of these valuations are as follows:

(i)	The leasehold land at Bonham Street on which UOB Plaza 2 is sited	April 1970
(ii)	Certain freehold and leasehold land and buildings of Chung Khiaw Realty, Limited	December 1969
(iii)	Certain freehold land and buildings of United Overseas Bank (Malaysia) Bhd	November 1965

(f) Provisions for impairment are in respect of certain properties in Singapore, Malaysia, Hong Kong S.A.R., China, Thailand, the Philippines and United Kingdom which are written down to their estimated market values as determined by the Bank's internal professionally qualified valuers.

35 Consolidation of Special Purpose Entity

A Special Purpose Entity ("SPE"), Archer 1 Limited ("Archer"), which is incorporated in Singapore, has been consolidated in the Group's financial statements in accordance with Interpretation of Financial Reporting Standard 12: Consolidation – Special Purpose Entities, as the Bank has the majority residual benefits of Archer.

The principal activity of Archer is to carry on the business of investment holding, and for that purpose to issue notes and bonds and apply the proceeds from the notes and bonds towards the purchase of debt securities.

36 Dividends

The directors have proposed a final dividend in respect of the financial year ended 31 December 2003 of 40 cents per share net of tax at 22%, amounting to a total of $490,359,000. These financial statements do not reflect this proposed dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the year ending 31 December 2004. The proposed final dividend in respect of the financial year ended 31 December 2002 was 25 cents per share net of tax at 22%, amounting to a total of $306,463,000 based on the number of shares in issue on 31 December 2002.

37 Contingent liabilities

	The Group		The Bank	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Direct credit substitutes	**2,779,159**	3,244,290	**2,597,514**	3,340,645
Transaction-related contingencies	**3,965,083**	3,632,120	**3,170,169**	2,911,975
Trade-related contingencies	**1,800,080**	1,806,060	**1,460,115**	1,378,571
Other contingent liabilities	**184,427**	236,501	**162,928**	171,064
	8,728,749	8,918,971	**7,390,726**	7,802,255

In the normal course of business, the Group and the Bank conduct businesses involving acceptances, guarantees, performance bonds and indemnities. The majority of these facilities is reimbursable by corresponding obligations of customers. No assets of the Group and the Bank have been pledged as security for these contingent liabilities.

The Group is a party to various legal proceedings which arose from its normal course of business. Included in other contingent liabilities are estimated amounts relating to major legal cases of $158 million (2002: $166 million). The Bank is of the view that these claims have no merit and the ultimate resolution of which is not expected to have significant effect on the financial position or results of the Group. Accordingly, the Group and the Bank have not provided for any liability in the financial statements.

38 Derivative financial instruments

(a) The Group

2003

	Trading derivatives			Non-trading derivatives		
	Contract or underlying principal amount $'000	Fair values Assets $'000	Fair values Liabilities $'000	Contract or underlying principal amount $'000	Fair values Assets $'000	Fair values Liabilities $'000
Foreign exchange contracts						
Forwards	**9,967,975**	**253,519**	**118,029**	**57,886**	**191**	**126**
Swaps	**80,471,027**	**1,783,700**	**1,817,974**	**3,764,205**	**36,074**	**82,828**
Options purchased	**5,965,359**	**73,207**	**-**	**245,871**	**2,291**	**-**
Options written	**5,021,386**	**-**	**73,020**	**10,613**	**-**	**80**
Interest rate contracts						
Forwards	**11,582,832**	**3,906**	**5,565**	**-**	**-**	**-**
Swaps	**57,901,585**	**453,164**	**538,916**	**3,703,398**	**69,105**	**200,884**
Futures	**2,103,314**	**1,355**	**2,343**	**-**	**-**	**-**
Options purchased	**121,882**	**730**	**-**	**205,290**	**3,969**	**-**
Options written	**41,670**	**-**	**17**	**205,290**	**-**	**3,969**
Equity-related contracts						
Swaps	**-**	**-**	**-**	**46,401**	**1,988**	**1,988**
Futures	**79,644**	**-**	**3,921**	**-**	**-**	**-**
Options purchased	**611,290**	**11,407**	**-**	**315,519**	**33,250**	**-**
Options written	**739,021**	**-**	**39,873**	**314,626**	**-**	**33,248**
Credit-related contracts						
Swaps	**-**	**-**	**-**	**363,911**	**4,020**	**3,172**
	174,606,985	**2,580,988**	**2,599,658**	**9,233,010**	**150,888**	**326,295**
		(Note 29)	(Note 22)			

2002

	Trading derivatives			Non-trading derivatives		
	Contract or underlying principal amount $'000	Fair values Assets $'000	Fair values Liabilities $'000	Contract or underlying principal amount $'000	Fair values Assets $'000	Fair values Liabilities $'000
Foreign exchange contracts						
Forwards	6,463,503	105,348	53,300	51,815	73	125
Swaps	71,606,877	963,335	993,300	5,646,068	24,334	59,609
Options purchased	6,753,860	65,013	-	121,409	176	-
Options written	8,075,346	-	66,780	2,984	-	58
Interest rate contracts						
Forwards	2,715,000	1,132	2,097	43,502	17	7
Swaps	25,136,154	536,937	648,304	1,749,125	52,682	59,268
Futures	1,800,952	1,137	3,147	-	-	-
Options purchased	79,107	1,581	-	187,688	477	-
Options written	-	-	-	186,795	-	477
Equity-related contracts						
Swaps	-	-	-	48,935	1,942	1,942
Futures	11,221	36	41	-	-	-
Options purchased	94,585	1,081	-	-	-	-
Options written	158,343	-	6,625	-	-	-
Credit-related contracts						
Swaps	17,359	101	-	328,775	1,036	7,589
	122,912,307	1,675,701	1,773,594	8,367,096	80,737	129,075
		(Note 29)	(Note 22)			

38 Derivative financial instruments (continued)

(b) The Bank

2003

	Trading derivatives			Non-trading derivatives		
	Contract or underlying principal amount $'000	**Fair values Assets $'000**	**Fair values Liabilities $'000**	**Contract or underlying principal amount $'000**	**Fair values Assets $'000**	**Fair values Liabilities $'000**
Foreign exchange contracts						
Forwards	**9,508,285**	**251,073**	**116,571**	**28,755**	**58**	**48**
Swaps	**80,948,933**	**1,784,724**	**1,815,464**	**3,753,165**	**35,950**	**82,828**
Options purchased	**5,965,359**	**73,207**	**-**	**235,258**	**2,211**	**-**
Options written	**5,021,386**	**-**	**73,020**	**-**	**-**	**-**
Interest rate contracts						
Forwards	**11,582,832**	**3,906**	**5,565**	**-**	**-**	**-**
Swaps	**56,429,768**	**447,029**	**506,820**	**3,661,416**	**84,993**	**196,542**
Futures	**483,302**	**802**	**1,826**	**-**	**-**	**-**
Options purchased	**121,882**	**730**	**-**	**205,290**	**3,969**	**-**
Options written	**41,670**	**-**	**17**	**205,290**	**-**	**3,969**
Equity-related contracts						
Swaps	**-**	**-**	**-**	**46,401**	**1,988**	**1,988**
Futures	**79,644**	**-**	**3,921**	**-**	**-**	**-**
Options purchased	**611,290**	**11,407**	**-**	**314,626**	**33,248**	**-**
Options written	**739,021**	**-**	**39,873**	**314,626**	**-**	**33,248**
Credit-related contracts						
Swaps	**-**	**-**	**-**	**397,927**	**4,020**	**3,898**
	171,533,372	**2,572,878**	**2,563,077**	**9,162,754**	**166,437**	**322,521**
		(Note 29)	(Note 22)			

2002

	Trading derivatives			Non-trading derivative		
	Contract or underlying principal amount $'000	Fair values Assets $'000	Fair values Liabilities $'000	Contract or underlying principal amount $'000	Fair values Assets $'000	Fair values Liabilities $'000
Foreign exchange contracts						
Forwards	6,277,348	104,859	52,317	50,782	55	120
Swaps	71,625,820	965,688	997,173	5,646,068	24,334	59,609
Options purchased	6,753,860	65,013	-	121,409	176	-
Options written	8,075,346	-	66,780	2,984	-	58
Interest rate contracts						
Forwards	2,723,680	1,132	2,097	-	-	-
Swaps	24,512,301	512,979	619,932	1,815,417	52,260	57,037
Futures	304,926	770	3,033	-	-	-
Options purchased	80,000	1,581	-	186,795	477	-
Options written	-	-	-	186,795	-	477
Equity-related contracts						
Swaps	-	-	-	48,935	1,942	1,942
Futures	11,221	36	41	-	-	-
Options purchased	93,692	1,080	-	-	-	-
Options written	158,343	-	6,625	-	-	-
Credit-related contracts						
Swaps	34,718	116	-	328,775	1,036	7,589
	120,651,255	1,653,254	1,747,998	8,387,960	80,280	126,832
		(Note 29)	(Note 22)			

38 Derivative financial instruments (continued)

(c) Derivative financial instruments are instruments whose values change in response to the change in prices/rates, such as foreign exchange rate, interest rate, security price and credit price, of the "underlying". They include forwards, swaps, futures and options.

In its normal course of business, the Group and the Bank transact in customised derivatives to meet the specific needs of their customers. The Group and the Bank also transact in these derivatives for proprietary trading purposes as well as to manage the assets/liabilities and structural positions. The risks associated with the use of derivatives, as well as management's policies for controlling these risks are set out in Note 43.

The tables above analyse the contract or underlying principal amounts (notional amounts) and the fair values of the Group's and the Bank's derivative financial instruments at the balance sheet date. A positive valuation represents a financial asset and a negative valuation represents a financial liability. The notional amounts of these instruments indicate the volume of transactions outstanding at the balance sheet date. They do not necessarily indicate the amounts of future cash flows or the fair value of the derivatives and, therefore, do not represent total amounts at risk.

39 Commitments

(a)

	The Group		The Bank	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Capital commitments contracted but not provided for on purchase of fixed assets	**26,265**	15,442	**22,908**	11,183
Undrawn credit facilities	**36,217,586**	35,947,655	**30,017,072**	29,912,571
Operating lease commitments	**62,200**	64,107	**46,061**	43,338
Other	**1,353,496**	499,285	**972,368**	425,849
	37,659,547	36,526,489	**31,058,409**	30,392,941

39 Commitments (continued)

(b) Operating lease commitments

(i) The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	The Group		The Bank	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Not later than 1 year	**27,104**	30,220	**21,779**	24,340
Later than 1 year but not later than 5 years	**28,940**	27,681	**21,078**	16,246
Later than 5 years	**6,156**	6,206	**3,204**	2,752
	62,200	64,107	**46,061**	43,338

(ii) The future aggregate minimum lease payments receivable under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

	The Group		The Bank	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Not later than 1 year	**49,005**	48,068	**26,994**	25,404
Later than 1 year but not later than 5 years	**58,748**	61,358	**28,708**	28,962
Later than 5 years	**6,511**	3,934	**-**	-
	114,264	113,360	**55,702**	54,366

40 Cash and cash equivalents

	The Group	
	2003	2002
	$'000	$'000
Cash and balances with central banks	**8,034,677**	4,213,458
Singapore Government treasury bills and securities	**6,310,846**	8,218,372
Other government treasury bills and securities, less non-cash equivalents of $385,380,000 (2002: $723,335,000)	**966,244**	609,641
	15,311,767	13,041,471

41 Related party transactions

All related party transactions entered into by the Group are made in the ordinary course of its business and are at arm's length commercial terms. There are no significant transactions with related parties during the financial year.

In addition to other related party information shown elsewhere in the financial statements, the following related party information, which may be of interest, are as follows:

(a) Rental income/expense

The Group has lease contracts with associates of the Group and director-related parties. The rental income and expenses of these contracts for the financial year constitute 1.0% and 1.2% (2002: 1.1% and 2.1%) of the total non-interest income and total other operating expenses of the Group respectively.

(b) Deposits of non-bank customers

The Group has accepted deposits from the associates of the Group, directors and director-related parties in its ordinary course of banking business. The deposits from related parties constitute to less than 1% of the current, fixed, savings accounts and other deposits of non-bank customers as at 31 December 2003 and 2002.

Director-related parties refer to:

- immediate family members of the Bank's directors.
- companies that are majority-owned by the Bank's directors or their family members.
- companies or firms in which the Bank's directors or their family members control or exercise significant influence over the Board of directors.
- individuals, companies or firms whose credit facilities are guaranteed by the Bank's directors.

42 Segment information

(a) Primary reporting format - business segments

	The Group 2003					
	Individual Financial Services $' million	Institutional Financial Services $' million	Global Treasury $' million	Asset Management $' million	Other $' million	Total $' million
Income before operating expenses	1,013	1,230	445	203	269	3,160
Less: Segment operating expenses	437	347	140	56	51	1,031
Less: Provisions	155	201	*	(2)	8	362
Segment profit before tax[1]	421	682	305	149	210	1,767
Unallocated corporate expenses						(64)
						1,703
Goodwill written off and amortised						(202)
Operating profit after provisions and goodwill written off and amortised						1,501
Share of profit of associates						107
Profit before tax						1,608
Tax and minority interests						(406)
Net profit for the financial year attributable to members						1,202
Other information						
Segment assets[2]	23,633	38,075	43,021	1,337	2,416	108,482
Investments in associates						1,397
Goodwill						3,466
Unallocated assets						101
Total assets						113,446
Gross trade bills and advances to customers	24,443	38,138	-	-	-	62,581
Non-performing loans ("NPLs")#	1,557	3,524	-	-	-	5,081
Specific provisions and interest-in-suspense for NPLs#	458	1,404	-	-	-	1,862
Investments not held for trading (gross)^						
- Government and debt securities	-	1,319	9,320	502	99	11,240
- Equity shares	-	25	24	592	832	1,473
Segment liabilities[2]	44,343	28,255	26,719	44	34	99,395
Unallocated liabilities						614
Total liabilities						100,009
Capital expenditure	36	40	7	1	53	137
Depreciation of fixed assets	22	23	6	1	56	108

** Amount is less than $500,000.*
 # Excluding debt securities.
^ Excluding investments in associates.

42 Segment information (continued)

(a) Primary reporting format - business segments (continued)

	The Group 2002					
	Individual Financial Services $' million	Institutional Financial Services $' million	Global Treasury $' million	Asset Management $' million	Other $' million	Total $' million
Income before operating expenses	980	1,225	467	75	287	3,034
Less: Segment operating expenses	449	325	154	56	35	1,019
Less: Provisions	151	291	13	9	1	465
Segment profit before tax[1]	380	609	300	10	251	1,550
Unallocated corporate expenses						(54)
						1,496
Goodwill written off and amortised						(196)
Operating profit after provisions and goodwill written off and amortised						1,300
Exceptional item						(48)
Share of profit of associates						123
Profit before tax						1,375
Tax and minority interests						(369)
Net profit for the financial year attributable to members						1,006
Other information						
Segment assets[2]	22,634	38,008	36,836	3,184	1,730	102,392
Investments in associates						1,274
Goodwill						3,666
Unallocated assets						98
Total assets						107,430
Gross trade bills and advances to customers	23,177	39,162	-	-	-	62,339
Non-performing loans ("NPLs")#	1,682	3,933	-	-	-	5,615
Specific provisions and interest-in-suspense for NPLs#	471	1,559	-	-	-	2,030
Investments not held for trading (gross)^						
- Government and debt securities	-	1,292	9,881	959	16	12,148
- Equity shares	-	20	11	413	836	1,280
Segment liabilities[2]	40,175	29,795	24,043	22	87	94,122
Unallocated liabilities						546
Total liabilities						94,668
Capital expenditure	26	30	9	1	208	274
Depreciation of fixed assets	19	20	5	1	70	115

 # Excluding debt securities.
^ Excluding investments in associates.

42 Segment information (continued)

(a) Primary reporting format - business segments (continued)

Note:

1. Segment profit before tax represents income less operating expenses that are directly attributable, and those that can be allocated on a reasonable basis, to a segment. Inter-segment transactions are charged at internal transfer prices, estimated based on the costs in providing the products and services, and after taking into account competitive market prices that are charged to unaffiliated customers.

2. Segment assets and liabilities comprise operating assets and liabilities that are directly attributable, and those that can be allocated on a reasonable basis, to a segment.

Business segment information is stated after elimination of inter-segment transactions.

Prior year comparatives have been restated to reflect changes in organisation structure and refinement in cost allocation methodologies.

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

Individual Financial Services

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

Institutional Financial Services

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

42 Segment information (continued)

(a) Primary reporting format - business segments (continued)

Global Treasury

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

Asset Management

The Asset Management segment comprises asset management, venture capital management and proprietary investment activities.

Other

Other segment includes property-related activities, insurance businesses and the management of shareholders' funds.

(b) Secondary reporting format - geographical segments

The Group's activities can be analysed into the following geographical areas:

	The Group					
	Income before operating expenses		Profit before tax		Total assets	
	2003 $' million	2002 $' million	**2003 $' million**	2002 $' million	**2003 $' million**	2002 $' million
Singapore (including Asian Currency Unit)	**2,353**	2,302	**1,367**	1,225	**75,087**	77,246
Malaysia	**358**	339	**253**	212	**11,521**	9,256
Other ASEAN countries	**149**	125	**10**	(25)	**3,691**	3,221
	507	464	**263**	187	**15,212**	12,477
Other Asia-Pacific countries	**194**	189	**104**	112	**13,466**	8,365
Rest of the world	**106**	79	**76**	47	**6,215**	5,676
	3,160	3,034	**1,810**	1,571	**109,980**	103,764
Goodwill	**-**	-	**(202)**	(196)	**3,466**	3,666
	3,160	3,034	**1,608**	1,375	**113,446**	107,430

42 Segment information (continued)

(b) **Secondary reporting format - geographical segments** (continued)

With the exception of Singapore and Malaysia, no individual country contributed 10% or more of the Group's total income before operating expenses, total profit before tax or total assets.

The 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.

Geographical segment information is stated after elimination of inter-segment transactions.

43 Financial risk management

The Group's activities are principally related to transacting in and the use of financial instruments, including derivatives. These activities expose the Group to a variety of financial risks, mainly credit risk, foreign exchange risk, interest rate risk and liquidity risk.

Managing financial risks is an integral part of the Group's business. It is carried out centrally by the various specialist committees of the UOB Group under policies approved by the Board of Directors of the Bank. These policies not only include the parameters for the risks that the Group may undertake for the various financial instruments, but also directions on the types of business that the Group may engage in, guidelines for accepting customers for all types of financial instruments and the terms under which customer business is conducted.

The various specialist committees of the UOB Group have established processes to identify, measure, monitor and ultimately, mitigate these financial risks. Additionally, the Board of Directors of the Bank and the UOB Group's Risk Management & Compliance Sector provide an independent oversight to ensure that those risk management policies are complied with through a variety of established controls and reporting processes.

43 Financial risk management (continued)

The main financial risks that the Group is exposed to and how it manages these risks are set out below.

(a) **Credit risk**

Credit risk is the potential loss arising from any failure by the Group's customers or counter-parties to fulfill their obligations as and when these obligations fall due. These obligations may arise from lending, trade finance, investments, receivables under derivative contracts and other credit-related activities undertaken by the Group.

The Credit Committee is responsible for the management of credit risk of the Group. Apart from direct credit management, such as approval of significant loans, it is also responsible for providing directions and timely guidance on lending to different geographical sectors, industries and products.

In general, the Group monitors the levels of credit risk it undertakes through regular reviews by management, with independent oversight of its credit concentration and portfolio quality by the Credit Committee.

In respect of its lending-related activities, management regularly reviews the amount of risk accepted in relation to one borrower or groups of borrowers, geographical and industry segments, types of acceptable security, level of non-performing loans and adequacy of provisioning requirements.

In respect of other credit risk activities such as money market transactions and derivative financial instruments, the Group has counter-party risk policies that set out approved counter-parties with whom the Group may transact and their respective transaction limits.

Exposure to credit risk is also managed in part by obtaining collateral or right to call for collateral when certain exposure thresholds are exceeded, the right to terminate transactions upon the occurrence of unfavourable events, the right to reset the terms of transactions after specified time periods or upon the occurrence of unfavourable events, and entering into netting agreements with counter-parties that permit the Group to offset receivables and payables with such counter-parties.

Given the amounts, types and nature of its existing products and businesses, the Group assesses that industry concentration risk arises primarily from the Group's advances to customers and trade bills. Note 28(c) analyses the Group's total gross trade bills and advances to customers by industry classification as at the balance sheet date.

43 Financial risk management (continued)

(a) **Credit risk** (continued)

(i) The following table analyses the Group's financial assets and credit-related contingent assets (that is, contingent liabilities of customers and other counter-parties to the Group) by geographical concentration as at the balance sheet date:

	The Group				
	Trade bills and advances to customers (gross) $' million	**Placements and balances with banks and agents $' million**	**Other financial assets $' million**	**Credit-related contingent assets $' million**	**Total $' million**
2003					
Five Regional Countries*	**9,608**	**3,263**	**5,778**	**1,577**	**20,226**
Greater China	**1,968**	**2,690**	**1,395**	**481**	**6,534**
Singapore	**45,338**	**1,881**	**16,400**	**5,541**	**69,160**
Other**	**5,667**	**13,288**	**4,184**	**945**	**24,084**
	62,581	**21,122**	**27,757**	**8,544**	**120,004**
2002					
Five Regional Countries*	8,453	2,671	5,339	1,691	18,154
Greater China	2,482	1,871	748	504	5,605
Singapore	46,403	2,579	16,797	5,641	71,420
Other**	5,001	12,305	736	846	18,888
	62,339	19,426	23,620	8,682	114,067

*The Five Regional Countries refer to Malaysia, Indonesia, the Philippines, Thailand and South Korea.
**Other comprises mainly other OECD countries.

43 Financial risk management (continued)

(a) **Credit risk** (continued)

(ii) Total gross trade bills and advances to customers as at the balance sheet dates analysed by currency and interest rate sensitivity:

	The Group					
	2003			2002		
	Fixed $' million	**Variable $' million**	**Total $' million**	Fixed $' million	Variable $' million	Total $' million
Singapore dollar	**8,987**	**31,777**	**40,764**	9,570	31,799	41,369
US dollar	**960**	**6,948**	**7,908**	712	7,426	8,138
Malaysian ringgit	**204**	**6,110**	**6,314**	166	5,762	5,928
Hong Kong dollar	**35**	**966**	**1,001**	40	1,426	1,466
Thai baht	**948**	**599**	**1,547**	534	501	1,035
Other	**1,066**	**3,981**	**5,047**	1,059	3,344	4,403
	12,200	**50,381**	**62,581**	12,081	50,258	62,339

Fixed rate loans that have effectively been converted to variable rate loans through interest rate swaps are classified as variable.

(iii) Total non-performing loans, debt securities and their related specific provisions analysed by geographical sector:

	The Group			
	2003		2002	
	Non-performing loans and debt securities $' million	**Specific provisions $' million**	Non-performing loans and debt securities $' million	Specific provisions $' million
Singapore	**3,530**	**1,200**	3,935	1,271
Five Regional Countries				
Malaysia	**930**	**383**	943	428
Indonesia	**119**	**78**	156	111
Philippines	**184**	**76**	208	72
Thailand	**140**	**69**	144	87
South Korea	**5**	**2**	7	2
	1,378	**608**	1,458	700
Greater China	**161**	**61**	182	69
Other	**91**	**41**	104	39
	5,160	**1,910**	5,679	2,079

43 **Financial risk management** (continued)

(a) **Credit risk** (continued)

(iv) Total non-performing loans, debt securities and their related specific provisions analysed by industry group:

	The Group			
	2003		2002	
	Non-performing loans and debt securities $' million	**Specific provisions $' million**	Non-performing loans and debt securities $' million	Specific provisions $' million
Transport, storage and communication	**105**	**44**	124	35
Building and construction	**756**	**275**	843	369
Manufacturing	**765**	**372**	895	419
Non-bank financial institutions	**1,040**	**345**	1,070	335
General commerce	**703**	**300**	769	309
Professionals and private individuals	**926**	**360**	1,014	329
Housing loans	**632**	**98**	668	143
Other	**233**	**116**	296	140
	5,160	**1,910**	5,679	2,079

(v) Total collaterised non-performing loans and debt securities analysed by collateral type:

	The Group				
	Properties $' million	**Marketable securities $' million**	**Cash and deposits $' million**	**Other $' million**	**Total $' million**
2003					
Singapore	**1,883**	**51**	**16**	**78**	**2,028**
Five Regional Countries	**579**	**69**	**9**	**41**	**698**
Greater China	**44**	**1**	**2**	**-**	**47**
Other	**30**	**-**	**-**	**1**	**31**
	2,536	**121**	**27**	**120**	**2,804**
2002					
Singapore	2,067	86	36	135	2,324
Five Regional Countries	569	102	2	43	716
Greater China	61	2	-	-	63
Other	43	-	-	-	43
	2,740	190	38	178	3,146

43 Financial risk management (continued)

(a) Credit risk (continued)

(vi) Loans that were restructured and classified during the year were as follows:

	The Group	
	2003	2002
	$' million	$' million
Substandard	**196**	292
Doubtful	**-**	29
Loss	**35**	37
	231	358

(vii) Total non-performing loans and debt securities analysed by number of days overdue:

	The Group	
	2003	2002
	$' million	$' million
Not overdue	**670**	774
Not more than 90 days	**378**	473
Between 91 and 180 days	**464**	789
More than 181 days	**3,648**	3,643
	5,160	5,679

(b) Foreign exchange risk

Foreign exchange risk is the risk to earnings and value of foreign currency assets, liabilities and derivative financial instruments caused by fluctuations in foreign exchange rates.

The Group's foreign exchange exposures arise from its proprietary business and customer facilitation businesses. It also has a certain amount of structural foreign currency exposures as represented by the net asset values of its overseas branches, investments in overseas subsidiaries, and long-term investments in overseas properties. The Group utilises mainly foreign currency forwards and swaps to hedge its foreign exchange exposures.

43 **Financial risk management** (continued)

(b) **Foreign exchange risk** (continued)

Foreign exchange risk is managed through risk limits and policies as approved by the Asset Liability Committee. These limits and policies, such as on the level of exposure by currency and in total for both overnight and intra-day positions, are independently monitored on a daily basis by Business Area Control Unit.

The following table sets out the Group's assets, liabilities and derivative financial instruments by currency as at the balance sheet date. The off-balance sheet gap represents the net contract/underlying principal amounts of derivatives, which are principally used to reduce the Group's exposure to currency movements.

	The Group 2003							
	Singapore dollar $' million	US dollar $' million	Malaysian ringgit $' million	Hong Kong dollar $' million	Australian dollar $' million	Thai baht $' million	Other $' million	Total $' million
Assets								
Cash and balances with central banks	1,603	34	2,309	25	7	43	4,014	8,035
Government treasury bills and securities	6,311	55	80	46	29	442	699	7,662
Placements and balances with banks and agents	4,376	10,279	1,581	488	1,030	2	3,366	21,122
Trade bills and advances to customers	38,366	7,723	5,857	922	1,831	1,514	3,084	59,297
Investment and dealing securities	1,761	2,228	280	78	27	93	631	5,098
Investments in associates	1,316	-	78	-	-	-	3	1,397
Goodwill	3,372	-	-	-	-	8	86	3,466
Other	4,250	1,373	354	173	(267)	294	334	6,511
	61,355	21,692	10,539	1,732	2,657	2,396	12,217	112,588
Assets attributable to SPE								858
Total assets								113,446
Liabilities								
Current, fixed, savings accounts and other deposits of non-bank customers	41,350	13,198	6,031	509	2,041	1,975	4,808	69,912
Deposits and balances of banks and agents, and bills and drafts payable	1,910	10,224	750	905	380	190	4,644	19,003
Debts issued	1,303	2,041	-	-	-	-	-	3,344
Other liabilities	3,765	337	1,885	248	51	52	558	6,896
	48,328	25,800	8,666	1,662	2,472	2,217	10,010	99,155
Liabilities attributable to SPE								854
Total liabilities								100,009
On-balance sheet open position	13,027	(4,108)	1,873	70	185	179	2,207	
Off-balance sheet open position	(1,365)	4,251	(1,189)	(297)	(77)	(436)	(887)	
Net open position	11,662	143	684	(227)	108	(257)	1,320	
Net structural position included in above	-	(8)	797	7	63	9	395	

43 **Financial risk management** (continued)

(b) **Foreign exchange risk** (continued)

	The Group 2002							
	Singapore dollar $' million	US dollar $' million	Malaysian ringgit $' million	Hong Kong dollar $' million	Australian dollar $' million	Thai baht $' million	Other $' million	Total $' million
Assets								
Cash and balances with central banks	2,178	27	1,530	3	8	29	438	4,213
Government treasury bills and securities	8,218	51	74	49	39	747	373	9,551
Placements and balances with banks and agents	2,976	10,866	630	708	957	21	3,198	19,356
Trade bills and advances to customers	38,809	7,928	5,467	1,387	1,722	1,001	2,570	58,884
Investment and dealing securities	1,722	1,502	156	62	19	31	260	3,752
Investments in associates	1,198	-	74	-	-	-	2	1,274
Goodwill	3,556	-	-	-	-	9	101	3,666
Other	3,674	1,045	448	58	113	105	391	5,834
	62,331	21,419	8,379	2,267	2,858	1,943	7,333	106,530
Assets attributable to SPE								900
Total assets								107,430
Liabilities								
Current, fixed, savings accounts and other deposits of non-bank customers	41,028	13,930	5,431	761	1,921	1,551	3,297	67,919
Deposits and balances of banks and agents, and bills and drafts payable	3,507	11,237	788	997	617	289	2,031	19,466
Debts issued	1,294	-	-	-	-	-	-	1,294
Other liabilities	3,328	437	1,020	83	25	38	161	5,092
	49,157	25,604	7,239	1,841	2,563	1,878	5,489	93,771
Liabilities attributable to SPE								897
Total liabilities								94,668
On-balance sheet open position	13,174	(4,185)	1,140	426	295	65	1,844	
Off-balance sheet open position	(3,187)	4,777	366	(406)	(213)	(137)	(1,200)	
Net open position	9,987	592	1,506	20	82	(72)	644	
Net structural position included in above	-	44	770	(1)	112	7	339	

43 Financial risk management (continued)

(b) **Foreign exchange risk** (continued)

Other foreign exchange exposures of the Group are structural foreign currency exposures. These comprise the net assets of the Group's overseas branches, investments in overseas subsidiaries, and long-term investments in overseas properties.

Where possible, the Group mitigates the effect of structural currency exposures by funding all the Group's investments in overseas branches with borrowings in the same currencies as the functional currencies of the respective overseas branches. On a selective basis, the Group's investments in overseas subsidiaries and long-term investments in overseas properties are also funded in the same functional currencies. The Group also hedges some of the structural foreign currency exposures using foreign exchange derivatives.

The structural currency exposures of the Group as at the balance sheet dates are as follows:

	The Group 2003			
Currency of structural exposures	**Structural currency exposures in overseas operations $' million**	**Hedges by funding in respective currencies $' million**	**Other currency hedges $' million**	**Net structural currency exposures $' million**
Australian dollar	**207**	**-**	**144**	**63**
Hong Kong dollar	**151**	**16**	**128**	**7**
Indonesian rupiah	**113**	**-**	**-**	**113**
Malaysian ringgit	**797**	**-**	**-**	**797**
Philippine peso	**98**	**-**	**-**	**98**
Thai baht	**133**	**-**	**124**	**9**
US dollar	**424**	**207**	**225**	**(8)**
Other	**305**	**44**	**77**	**184**
Total	**2,228**	**267**	**698**	**1,263**

43 **Financial risk management** (continued)

(b) **Foreign exchange risk** (continued)

	The Group 2002			
Currency of structural exposures	Structural currency exposures in overseas operations $' million	Hedges by funding in respective currencies $' million	Other currency hedges $' million	Net structural currency exposures $' million
Australian dollar	242	37	93	112
Hong Kong dollar	301	17	285	(1)
Indonesian rupiah	99	-	-	99
Malaysian ringgit	770	-	-	770
Philippine peso	78	-	-	78
Thai baht	120	-	113	7
US dollar	387	209	134	44
Other	228	9	57	162
Total	2,225	272	682	1,271

(c) **Interest rate risk**

Interest rate risk is the risk to earnings and value of financial instruments caused by fluctuations in interest rates.

Sensitivity to interest rates arises from the differences in the maturities and repricing dates of assets, liabilities and off-balance sheet items. These mismatches are actively monitored and managed as part of the overall interest rate risk management process which is conducted in accordance with the Group's policies.

43 **Financial risk management** (continued)

(c) **Interest rate risk** (continued)

The table below shows the interest rate sensitivity gap, by time band, in which interest rates of instruments are next repriced on a contractual basis or, if earlier, the dates on which the instruments mature.

The Group
2003

	Total $' million	Non-interest bearing $' million	Up to 7 days $' million	Over 7 days to 1 month $' million	Over 1 to 3 months $' million	Over 3 to 12 months $' million	Over 1 to 3 years $' million	Over 3 years $' million	Total interest bearing $' million	Effective interest rate %
Assets										
Cash and balances with central banks	8,035	4,785	21	2,258	59	912	-	-	3,250	2.22
Government treasury bills and securities	7,662	-	30	402	1,944	2,662	1,800	824	7,662	2.69
Placements and balances with banks and agents	21,122	63	3,785	4,786	6,542	5,374	572	-	21,059	1.23
Trade bills and advances to customers	59,297	-	17,400	11,706	8,993	11,896	7,679	1,623	59,297	4.08
Dealing and investment securities	5,098	1,659	30	142	636	239	545	1,847	3,439	4.76
Investments in associates	1,397	1,395	-	-	-	2	-	-	2	1.50
Goodwill	3,466	3,466	-	-	-	-	-	-	-	-
Other	6,511	6,511	-	-	-	-	-	-	-	-
	112,588	17,879	21,266	19,294	18,174	21,085	10,596	4,294	94,709	-
Assets attributable to SPE	858									
Total assets	113,446									
Liabilities										
Current, fixed, savings accounts and other deposits of non-bank customers	69,912	6,000	25,873	16,458	8,401	11,928	703	549	63,912	1.04
Deposits and balances of banks and agents, and bills and drafts payable	19,003	864	3,453	8,142	4,167	2,377	-	-	18,139	1.05
Debts issued	3,344	-	-	17	104	178	-	3,045	3,344	4.85
Other	6,896	6,896	-	-	-	-	-	-	-	-
	99,155	13,760	29,326	24,617	12,672	14,483	703	3,594	85,395	-
Liabilities attributable to SPE	854									
Total liabilities	100,009									
Shareholders' funds and minority interests	13,433	13,433	-	-	-	-	-	-	-	-
Shareholders' funds attributable to SPE	4									
Total shareholders' funds and minority interests	13,437									
	113,446									
Net on-balance sheet position		(9,314)	(8,060)	(5,323)	5,502	6,602	9,893	700	9,314	-
Net off-balance sheet position		-	(1,746)	1,610	1,916	596	(4,586)	2,210	-	-
Net interest rate sensitivity gap		(9,314)	(9,806)	(3,713)	7,418	7,198	5,307	2,910	9,314	-

43 Financial risk management (continued)

(c) Interest rate risk (continued)

	The Group 2002									
	Total $' million	Non-interest bearing $' million	Up to 7 days $' million	Over 7 days to 1 month $' million	Over 1 to 3 months $' million	Over 3 to 12 months $' million	Over 1 to 3 years $' million	Over 3 years $' million	Total interest bearing $' million	Effective interest rate %
Assets										
Cash and balances with central banks	4,213	2,719	-	1,167	220	107	-	-	1,494	2.84
Government treasury bills and securities	9,551	-	213	1,040	2,079	2,327	2,862	1,030	9,551	2.36
Placements and balances with banks and agents	19,356	47	2,043	7,654	4,832	4,551	226	3	19,309	1.76
Trade bills and advances to customers	58,884	-	19,085	9,855	7,644	14,924	4,854	2,522	58,884	4.63
Dealing and investment securities	3,752	1,436	131	137	663	221	125	1,039	2,316	4.99
Investments in associates	1,274	1,270	-	-	-	2	2	-	4	2.31
Goodwill	3,666	3,666	-	-	-	-	-	-	-	-
Other	5,834	5,834	-	-	-	-	-	-	-	-
	106,530	14,972	21,472	19,853	15,438	22,132	8,069	4,594	91,558	-
Assets attributable to SPE	900									
Total assets	107,430									
Liabilities										
Current, fixed, savings accounts and other deposits of non-bank customers	67,919	5,342	19,526	19,825	9,793	12,536	743	154	62,577	1.43
Deposits and balances of banks and agents, and bills and drafts payable	19,466	722	2,567	7,750	5,290	3,137	-	-	18,744	1.67
Debts issued	1,294	-	-	-	-	-	-	1,294	1,294	4.95
Other	5,092	5,092	-	-	-	-	-	-	-	-
	93,771	11,156	22,093	27,575	15,083	15,673	743	1,448	82,615	-
Liabilities attributable to SPE	897									
Total liabilities	94,668									
Shareholders' funds and minority interests	12,759	12,759	-	-	-	-	-	-	-	-
Shareholders' funds attributable to SPE	3									
Total shareholders' funds and minority interests	12,762									
	107,430									
Net on-balance sheet position		(8,943)	(621)	(7,722)	355	6,459	7,326	3,146	8,943	-
Net off-balance sheet position		-	371	(134)	188	398	(1,557)	734	-	-
Net interest rate sensitivity gap		(8,943)	(250)	(7,856)	543	6,857	5,769	3,880	8,943	-

Actual repricing dates may differ from contractual dates because contractual terms may not reflect the actual behavioural patterns of assets and liabilities which are subject to prepayments. Therefore, the Group manages its interest rate risk by applying dynamic simulation modelling techniques on the above information, which is based on contractual terms.

43 Financial risk management (continued)

(d) **Liquidity risk**

Liquidity risk is the risk that the Group is unable to meet its cash flow obligations as and when they fall due, such as upon the maturity of deposits and loan draw-downs.

It is not unusual for a bank to have mismatches in the contractual maturity profile of its assets and liabilities. The Group manages liquidity risk in accordance with a framework of liquidity policies, controls and limits that is approved by the Asset Liability Committee, with the main objectives of honouring all cash outflow commitments on an on-going basis, satisfying statutory liquidity and reserve requirements, and avoiding raising funds at market premiums or through forced sale of assets.

These controls and policies include the setting of limits on the minimum proportion of maturing funds available to meet withdrawals of funds and on the minimum level of inter-bank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

Additionally, the Group is required by law in the various locations that it operates from, including Singapore, to maintain a certain percentage of its liability base in the form of cash and other liquid assets as a buffer against unforeseen liquidity requirements.

43 **Financial risk management** (continued)

(d) **Liquidity risk** (continued)

The following table shows the maturity analysis of the Group's assets and liabilities based on contractual terms.

	The Group 2003							
	Total $' million	**Up to 7 days $' million**	**Over 7 days to 1 month $' million**	**Over 1 to 3 months $' million**	**Over 3 to 12 months $' million**	**Over 1 to 3 years $' million**	**Over 3 years $' million**	**Non-specific maturity $' million**
Assets								
Cash and balances with central banks	8,035	4,806	2,258	59	912	-	-	-
Government treasury bills and securities	7,662	30	402	1,944	2,662	1,800	824	-
Placements and balances with banks and agents	21,122	3,848	4,786	6,542	5,374	572	-	-
Trade bills and advances to customers	59,297	14,336	4,440	5,010	4,882	9,161	21,468	-
Dealing and investment securities	5,098	-	35	21	145	845	2,475	1,577
Investments in associates	1,397	-	-	-	7	-	-	1,390
Goodwill	3,466	-	-	-	-	-	-	3,466
Other	6,511	73	100	159	63	55	59	6,002
	112,588	23,093	12,021	13,735	14,045	12,433	24,826	12,435
Assets attributable to SPE	858							
Total assets	113,446							
Liabilities								
Current, fixed, savings accounts and other deposits of non-bank customers	69,912	31,873	16,458	8,401	11,928	703	549	-
Deposits and balances of banks and agents, and bills and drafts payable	19,003	4,317	8,142	4,167	2,377	-	-	-
Debts issued	3,344	-	-	-	-	17	3,327	-
Other	6,896	103	135	49	56	3	2	6,548
	99,155	36,293	24,735	12,617	14,361	723	3,878	6,548
Liabilities attributable to SPE	854							
Total liabilities	100,009							
Shareholders' funds and minority interests	13,433	-	-	-	-	-	-	13,433
Shareholders' funds attributable to SPE	4							
Total shareholders' funds and minority interests	13,437							
	113,446							
Net maturity mismatch		(13,200)	(12,714)	1,118	(316)	11,710	20,948	(7,546)

43 **Financial risk management** (continued)

(d) **Liquidity risk** (continued)

	The Group 2002							
	Total $' million	Up to 7 days $' million	Over 7 days to 1 month $' million	Over 1 to 3 months $' million	Over 3 to 12 months $' million	Over 1 to 3 years $' million	Over 3 years $' million	Non-specific maturity $' million
Assets								
Cash and balances with central banks	4,213	2,719	1,167	220	107	-	-	-
Government treasury bills and securities	9,551	213	1,040	2,078	1,965	3,223	1,032	-
Placements and balances with banks and agents	19,356	2,158	7,655	4,763	4,551	226	3	-
Trade bills and advances to customers	58,884	12,337	3,911	4,218	6,226	9,816	22,376	-
Dealing and investment securities	3,752	31	53	118	538	463	1,198	1,351
Investments in associates	1,274	-	-	-	2	26	-	1,246
Goodwill	3,666	-	-	-	-	-	-	3,666
Other	5,834	137	119	46	79	51	38	5,364
	106,530	17,595	13,945	11,443	13,468	13,805	24,647	11,627
Assets attributable to SPE	900							
Total assets	107,430							
Liabilities								
Current, fixed, savings accounts and other deposits of non-bank customers	67,919	24,868	19,825	9,793	12,536	743	154	-
Deposits and balances of banks and agents, and bills and drafts payable	19,466	3,289	7,750	5,290	3,137	-	-	-
Debts issued	1,294	-	-	-	-	-	1,294	-
Other	5,092	270	15	11	14	-	-	4,782
	93,771	28,427	27,590	15,094	15,687	743	1,448	4,782
Liabilities attributable to SPE	897							
Total liabilities	94,668							
Shareholders' funds and minority interests	12,759	-	-	-	-	-	-	12,759
Shareholders' funds attributable to SPE	3							
Total shareholders' funds and minority interests	12,762							
	107,430							
Net maturity mismatch		(10,832)	(13,645)	(3,651)	(2,219)	13,062	23,199	(5,914)

The contractual maturity profile often does not reflect the actual behavioural patterns. In particular, the Group has a significant amount of "core" deposits of non-bank customers which are contractually at call and thus, included in the "Up to 7 days" time band, but history shows that such deposits provide a stable source of long term funding for the Group.

In addition to the above, the Group is also subject to liquidity requirements to support calls under outstanding contingent liabilities and undrawn credit facility commitments as disclosed in Notes 37 and 39. The total outstanding contractual amounts do not represent future cash requirements since the Group expects many of these contingent liabilities and commitments (such as direct credit substitutes and undrawn credit facilities) to expire without being called or drawn upon, and many of the commitments to pay third parties (such as letters of credit) are reimbursed immediately by customers.

44 Fair values of financial instruments

Financial instruments comprise financial assets, financial liabilities and also derivative financial instruments. The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale. The information presented herein represents best estimates of fair values of financial instruments at the balance sheet date.

The on-balance sheet financial assets and financial liabilities of the Group and the Bank whose fair values are required to be disclosed in accordance with Singapore Financial Reporting Standard 32 ("FRS 32") comprise all its assets and liabilities with the exception of deferred tax assets, investments in subsidiaries, investments in associates, fixed assets, goodwill and provision for current and deferred tax.

Where available, quoted and observable market prices are used as the measurement of fair values, such as for government treasury bills and securities, quoted securities, debts issued and most of the derivative financial instruments.

The estimated fair values of those on-balance sheet financial assets and financial liabilities based on quoted and observable market prices as at the balance sheet date are as follows:

	The Group		The Bank	
	Carrying amount $'000	Estimated fair value $'000	Carrying amount $'000	Estimated fair value $'000
2003				
Singapore Government treasury bills and securities	**6,310,846**	**6,336,259**	**6,232,660**	**6,245,848**
Other government treasury bills and securities	**1,351,624**	**1,354,748**	**706,589**	**713,002**
Investment securities*	**5,422,510**	**5,704,569**	**4,061,903**	**4,308,147**
Debts issued*	**4,196,269**	**4,214,182**	**3,343,862**	**3,361,775**
2002				
Singapore Government treasury bills and securities	8,218,372	8,324,001	7,959,795	8,062,101
Other government treasury bills and securities	1,332,976	1,346,718	419,031	431,117
Investment securities*	3,945,383	3,929,455	2,687,019	2,690,153
Debts issued	2,146,810	2,272,921	1,294,399	1,420,510

* Where quoted and observable market prices are not available, fair values are arrived at using internal pricing models.

The fair values of derivative financial instruments are shown in Note 38.

44 Fair values of financial instruments (continued)

Where quoted and observable market prices are not available, fair values are estimated based on a range of methodologies and assumptions, the principal ones are as follows:

- The fair values of cash and balances with central banks, and placements and balances with banks, agents and related companies are considered to approximate their carrying values because most of these are of negligible credit risk and are either short-term in nature or repriced frequently.

- The Group and the Bank consider the carrying amount of advances to customers as a reasonable approximation of their fair values. Presently, market and observable prices do not exist as there is currently no ready market wherein exchanges between willing parties occur. In estimating the fair value, loans are categorised into homogeneous groups by product type, risk characteristic, maturity and pricing profile, and non-performing accounts. In evaluating the reasonableness of fair value, the Group and the Bank perform analysis on each of the homogeneous groups, taking into account various hypothetical credit spread and market interest rate scenarios, future expected loss experience and estimated forced sale values of collateral. General provisions are also deducted in arriving at the fair value as a discount for credit risk inherent in the large portfolio of advances to customers.

- The Group and the Bank consider the carrying amounts of all its deposits, such as non-bank customers' deposits and deposits and balances of banks, agents and related companies, as reasonable approximation of their respective fair values given that these are mostly either repayable on demand or in the shorter term, and the interest rates are repriced at short intervals.

- For derivative financial instruments and investment securities where quoted and observable market prices are not available, fair values are arrived at using internal pricing models.

The fair values of contingent liabilities and undrawn credit facilities are not readily ascertainable. These financial instruments are presently not sold or traded. They generate fees that are in line with market prices for similar arrangements. The estimated fair value may be represented by the present value of the fees expected to be received, less associated costs of obligations or services to be rendered. The Group and the Bank assess that their respective fair values are unlikely to be significant.

44 Fair values of financial instruments (continued)

As assumptions were made regarding risk characteristics of the various financial instruments, discount rates, future expected loss experience and other factors, changes in the uncertainties and assumptions could materially affect these estimates and the resulting fair value estimates.

In addition, the fair value information for non-financial assets and liabilities is excluded as they do not fall within the scope of FRS 32 which requires fair value information to be disclosed. These include fixed assets, long-term relationships with customers, franchise and other intangibles, which are integral to the full assessment of the Group's and the Bank's financial positions and the values of their net assets.

45 Subsidiaries

The subsidiaries of the Group as at the balance sheet date are as follows:

	Country of incorporation	Business carried in	Percentage of paid-up capital held by: The Bank 2003 %	The Bank 2002 %	Subsidiaries 2003 %	Subsidiaries 2002 %	Carrying amount of Bank's investment 2003 $'000	2002 $'000
Commercial Banking								
Far Eastern Bank Limited	Singapore	Singapore	**77**	77	**-**	-	**38,050**	37,912
[1]PT Bank UOB Indonesia	Indonesia	Indonesia	**99**	99	**-**	-	**48,462**	48,462
[1]United Overseas Bank (Malaysia) Bhd	Malaysia	Malaysia	**45**	45	**55**	55	**123,731**	123,731
[1]United Overseas Bank Philippines	Philippines	Philippines	**100**	100	**-**	-	**#**	#
[3]UOB Radanasin Bank Public Company Limited	Thailand	Thailand	**79**	79	**-**	-	**136,182**	124,087
Industrial & Commercial Bank Limited	Singapore	Inactive	**100**	100	**-**	-	**-**	-
[1]Overseas Union Bank (Malaysia) Berhad	Malaysia	Inactive	**-**	-	**100**	100	**-**	-
Overseas Union Bank Limited	Singapore	Inactive	**100**	100	**-**	-	**-**	-
[4]United Overseas Bank (Canada) *(liquidated during the year)*	Canada	Inactive	**-**	100	**-**	-	**-**	-
Merchant Banking								
[1]UOB Asia (Hong Kong) Limited	Hong Kong S.A.R.	Hong Kong S.A.R.	**50**	50	**50**	50	**11,687**	11,687
UOB Asia Limited	Singapore	Singapore	**100**	100	**-**	-	**9,747**	9,747
[1]UOB Australia Limited	Australia	Australia	**100**	100	**-**	-	**10,865**	10,865
[4]OUB Australia Ltd *(liquidated during the year)*	Australia	Inactive	**-**	100	**-**	-	**-**	-
Leasing								
[1]OUB Credit Bhd	Malaysia	Malaysia	**-**	-	**100**	100	**-**	-
[4]OUL Sdn Bhd *(under voluntary liquidation)*	Malaysia	Inactive	**100**	100	**-**	-	**-**	-
Insurance								
[1]PT UOB Life-Sun Assurance	Indonesia	Indonesia	**-**	-	**80**	80	**-**	-
United Overseas Insurance Limited	Singapore	Singapore	**58**	51	**-**	-	**15,268**	7,700
[1]UOB Insurance (H.K.) Limited	Hong Kong S.A.R.	Hong Kong S.A.R.	**-**	-	**100**	100	**-**	-
UOB Life Assurance Limited	Singapore	Singapore	**88**	88	**12**	12	**31,885**	31,509
Investment								
[1]Chung Khiaw Bank (Malaysia) Bhd	Malaysia	Malaysia	**100**	100	**-**	-	**152,403**	152,403
OUB.com Pte Ltd	Singapore	Singapore	**100**	100	**-**	-	**18,774**	17,267
[1]Overseas Union Holdings (Aust) Pty Limited	Australia	Australia	**-**	-	**100**	100	**-**	-

45 **Subsidiaries** (continued)

	Country of incorporation	Business carried in	Percentage of paid-up capital held by				Carrying amount of Bank's investment	
			The Bank		Subsidiaries			
			2003	2002	**2003**	2002	**2003**	2002
			%	%	**%**	%	**$'000**	$'000
Investment (continued)								
Overseas Union Holdings Private Limited	Singapore	Singapore	**100**	100	**-**	-	**196,323**	181,882
Overseas Union Securities Limited	Singapore	Singapore	**16**	16	**36**	36	**10,693**	10,693
Overseas Union Securities Trading Pte Ltd	Singapore	Singapore	**-**	-	**100**	100	**-**	-
United Investments Limited	Singapore	Singapore	**100**	100	**-**	-	**26,100**	26,100
UOB Capital Investments Pte Ltd	Singapore	Singapore	**100**	100	**-**	-	**80,987**	50,000
UOB Capital Management Pte Ltd	Singapore	Singapore	**100**	100	**-**	-	**30,550**	29,700
UOB Equity Holdings (Pte) Ltd	Singapore	Singapore	**100**	100	**-**	-	**9,600**	9,600
(1)UOB Finance (H.K.) Limited	Hong Kong S.A.R.	Hong Kong S.A.R.	**100**	100	**-**	-	**21,908**	19,760
(2)UOB Holdings (USA) Inc.	United States of America	United States of America	**100**	100	**-**	-	**21,183**	17,956
(1)UOB Realty (H.K.) Limited	Hong Kong S.A.R.	Hong Kong S.A.R.	**-**	-	**100**	100	**-**	-
UOB Venture Bio Investments Ltd	Singapore	Singapore	**-**	-	**100**	-	-	-
(3)UOB Venture Management (Shanghai) Co., Ltd	People's Republic of China	People's Republic of China	**-**	-	**100**	100	-	-
(3)UOB Venture (Shenzhen) Limited	Mauritius	Mauritius	**-**	-	**100**	-	-	-
(4)asia-reach.com Pte Ltd *(liquidated during the year)*	Singapore	Inactive	**-**	100	**-**	-	-	-
CKB (2000) Limited	Singapore	Inactive	**100**	100	**-**	-	-	-
(4)ICB Finance Limited *(liquidated during the year)*	Hong Kong S.A.R.	Inactive	**-**	100	**-**	-	**-**	-
(4)OUB Investments Pte Ltd *(under voluntary liquidation)*	Singapore	Inactive	**100**	100	**-**	-	**-**	-
Overseas Union Trust Limited	Singapore	Inactive	**100**	100	**-**	-	**10**	158,468
(4)Securities Investments Pte Ltd *(under voluntary liquidation)*	Singapore	Inactive	**100**	100	**-**	-	**-**	-
(1)United Overseas Finance (Malaysia) Bhd.	Malaysia	Inactive	**-**	-	**100**	100	**-**	-
UOB International Investment Private Limited *(formerly known as ICB Pte. Ltd.)*	Singapore	Inactive	**100**	100	**-**	-	*****	*
UOF (2000) Limited	Singapore	Inactive	**100**	100	**-**	-	**10**	10
Trustee/Investment Management								
United Overseas Bank Trustee Limited *(formerly known as Overseas Union Bank Trustees Ltd)*	Singapore	Singapore	**20**	20	**80**	80	**1,437**	1,437
UOBT (2003) Limited *(formerly known as United Overseas Bank Trustee Limited)*	Singapore	Singapore	**20**	20	**80**	80	**100**	100
UOB Asset Management Ltd	Singapore	Singapore	**100**	100	**-**	-	**2,000**	2,000

45 Subsidiaries (continued)

	Country of incorporation	Business carried in	Percentage of paid-up capital held by The Bank 2003 %	The Bank 2002 %	Subsidiaries 2003 %	Subsidiaries 2002 %	Carrying amount of Bank's investment 2003 $'000	2002 $'000
Trustee/Investment management (continued)								
UOB Bioventures Management Pte Ltd	Singapore	Singapore	**-**	-	**100**	100	**-**	-
[2]UOB Capital Partners LLC	United States of America	United States of America	**-**	-	**70**	-	**-**	-
[2]UOBGC General Partners Limited	United Kingdom	United Kingdom	**-**	-	**100**	-	**-**	-
[2]UOB Global Capital (Dublin) Ltd	Ireland	Ireland	**-**	-	**100**	100	**-**	-
[2]UOB Global Capital LLC	United States of America	United States of America	**-**	-	**70**	70	**-**	-
UOB Global Capital Private Limited	Singapore	Singapore	**70**	70	**-**	-	**107**	67
[2]UOB Global Equity Sales LLC	United States of America	United States of America	**-**	-	**100**	-	**-**	-
[2]UOB Global Capital SARL	France	France	**-**	-	**100**	100	**-**	-
UOB Hermes Asia Management Pte Limited	Singapore	Singapore	**-**	-	**60**	60	**-**	-
[1]UOB Investment Advisor (Taiwan) Ltd	Taiwan	Taiwan	**-**	-	**100**	100	**-**	-
UOB Venture Management Private Limited	Singapore	Singapore	**100**	100	**-**	-	**250**	250
[1]UOB-OSK Asset Management Sdn. Bhd.	Malaysia	Malaysia	**-**	-	**70**	70	**-**	-
[4]OUB Asset Management Ltd *(under voluntary liquidation)*	Singapore	Inactive	**100**	100	**-**	-	**-**	13,455
[4]OUB Optimix Funds Management Limited *(under voluntary liquidation)*	Singapore	Inactive	**-**	-	**100**	100	**-**	-
[4]OUB-TA Asset Management Sdn Bhd *(under voluntary liquidation)*	Malaysia	Inactive	**-**	-	**51**	51	**-**	-
Nominee Services								
[1]Chung Khiaw Nominees (H.K.) Limited	Hong Kong S.A.R.	Hong Kong S.A.R.	**100**	100	**-**	-	**2**	2
Far Eastern Bank Nominees (Private) Limited	Singapore	Singapore	**-**	-	**100**	100	**-**	-
Mandarin Nominees Pte Ltd	Singapore	Singapore	**-**	-	**100**	100	**-**	-
[1]OUB Nominees (Asing) Sdn Bhd	Malaysia	Malaysia	**-**	-	**100**	100	**-**	-
[1]OUB Nominees (Tempatan) Sdn Bhd	Malaysia	Malaysia	**-**	-	**100**	100	**-**	-
Overseas Union Bank Nominees (Private) Limited	Singapore	Singapore	**100**	100	**-**	-	**192**	192
[1]Overseas Union Nominees (H.K.) Limited	Hong Kong S.A.R.	Hong Kong S.A.R.	**100**	100	**-**	-	**4**	4
Overseas Union Trust (Nominees) Pte Ltd	Singapore	Singapore	**100**	-	**-**	100	**10**	-
Tye Hua Nominees Private Limited	Singapore	Singapore	**100**	100	**-**	-	**10**	10
United Merchant Bank Nominees (Pte) Ltd	Singapore	Singapore	**-**	-	**100**	100	**-**	-
[1]United Overseas Bank Nominees (H.K.) Limited	Hong Kong S.A.R.	Hong Kong S.A.R.	**100**	100	**-**	-	**4**	4
United Overseas Bank Nominees (Private) Limited	Singapore	Singapore	**100**	100	**-**	-	**10**	10
[1]United Overseas Nominees (Asing) Sdn Bhd	Malaysia	Malaysia	**-**	-	**100**	100	**-**	-

45 Subsidiaries (continued)

	Country of incorporation	Business carried in	Percentage of paid-up capital held by				Carrying amount of Bank's investment	
			The Bank		Subsidiaries			
			2003	2002	**2003**	2002	**2003**	2002
			%	%	**%**	%	**$'000**	$'000
Nominees services (continued)								
[1]United Overseas Nominees (Tempatan) Sdn Bhd	Malaysia	Malaysia	**-**	-	**100**	100	**-**	-
[1]UOB Nominees (Australia) Limited	Australia	Australia	**-**	-	**100**	100	**-**	-
[1]UOB Nominees (UK) Limited	United Kingdom	United Kingdom	**100**	100	**-**	-	**2**	2
[1]UOBM Nominees (Asing) Sdn Bhd	Malaysia	Malaysia	**-**	-	**100**	100	**-**	-
[1]UOBM Nominees (Tempatan) Sdn Bhd	Malaysia	Malaysia	**-**	-	**100**	100	**-**	-
Chung Khiaw Nominees (Private) Limited	Singapore	Inactive	**100**	100	**-**	-	**10**	10
[4]Grand Orient Nominees Pte Ltd *(under voluntary liquidation)*	Singapore	Inactive	**-**	-	**100**	100	**-**	-
ICB Nominees (Private) Limited	Singapore	Inactive	**100**	100	**-**	-	**10**	10
Lee Wah Nominees (S) Pte Ltd	Singapore	Inactive	**100**	100	**-**	-	*****	*
[1]Singapore UMB (Hong Kong) Limited	Hong Kong S.A.R.	Inactive	**-**	-	**100**	100	**-**	-
UOF Nominees (Private) Limited	Singapore	Inactive	**100**	100	**-**	-	*****	*
Stockbroking								
Grand Orient Securities Pte Ltd	Singapore	Singapore	**-**	-	**100**	100	**-**	-
OUB Securities Pte Ltd	Singapore	Singapore	**100**	100	**-**	-	**29,456**	41,156
[4]OUB Securities (H.K.) Limited *(under voluntary liquidation)*	Hong Kong S.A.R.	Inactive	**100**	100	**-**	-	**-**	11,303
Gold/Futures Dealing								
UOB Bullion and Futures Limited	Singapore	Singapore	**100**	100	**-**	-	**9,000**	9,000
[4]OUB Bullion & Futures Ltd *(under voluntary liquidation)*	Singapore	Inactive	**100**	100	**-**	-	**-**	-
Computer Services								
Unicom Databank Private Limited	Singapore	Singapore	**100**	100	**-**	-	*****	*
[1]UOB InfoTech Sdn Bhd	Malaysia	Inactive	**-**	-	**100**	100	**-**	-
Management Services								
[4]Overseas Union Management Services Pte Ltd *(under voluntary liquidation)*	Singapore	Inactive	**100**	100	**-**	-	**-**	228
[4]A.I.M. Services Pte Ltd *(under voluntary liquidation)*	Singapore	Inactive	**100**	100	**-**	-	**-**	25
[4]ICB Management Pte. Ltd. *(under voluntary liquidation)*	Singapore	Inactive	**100**	100	**-**	-	**-**	25
[4]Overseas Union Management Services Sdn Bhd *(under voluntary liquidation)*	Malaysia	Inactive	**100**	100	**-**	-	**-**	-
[4]UOB Management Services Pte Ltd *(liquidated during the year)*	Singapore	Inactive	**-**	100	**-**	-	**-**	-

45 Subsidiaries (continued)

	Country of incorporation	Business carried in	Percentage of paid-up capital held by The Bank 2003 %	The Bank 2002 %	Subsidiaries 2003 %	Subsidiaries 2002 %	Carrying amount of Bank's investment 2003 $'000	2002 $'000
General Services								
United General Services (Pte) Ltd	Singapore	Singapore	**100**	100	**-**	-	*****	*
Consultancy and Research Services								
(3)UOB Investment Consultancy (Beijing) Limited	People's Republic of China	People's Republic of China	**-**	-	**60**	100	**-**	-
(2)UOB Venture Management (USA) Inc.	United States of America	United States of America	**-**	-	**100**	100	**-**	-
(4)OUB Research Sdn Bhd *(under voluntary liquidation)*	Malaysia	Inactive	**-**	-	**-**	-	**-**	-
Property								
Chung Khiaw Realty, Limited	Singapore	Singapore/ Malaysia	**99**	99	**-**	-	**60,448**	60,448
Industrial & Commercial Property (S) Pte Ltd	Singapore	Singapore	**100**	100	**-**	-	**32,000**	32,000
(2)UOB Realty (USA) Inc.	United States of America	United States of America	**100**	100	**-**	-	**274**	287
(2)UOB Realty (USA) Ltd Partnership	United States of America	United States of America	**99**	99	**1**	1	**16,322**	17,185
UOB Warehouse Private Limited	Singapore	Singapore	**100**	100	**-**	-	**88,000**	88,000
FEB Realty Company Pte. Ltd.	Singapore	Inactive	**-**	-	**100**	100	**-**	-
(4)ICB Enterprises (Private) Limited *(liquidated during the year)*	Singapore	Inactive	**-**	100	**-**	-	**-**	-
(4)Overseas Union Holding Sdn Bhd *(under voluntary liquidation)*	Malaysia	Inactive	**-**	-	**100**	100	**-**	-
Property Management								
OUB Towers Pte Ltd	Singapore	Singapore	**100**	100	**-**	-	**33,071**	32,554
Overseas Union Developments (Private) Limited	Singapore	Singapore	**100**	100	**-**	-	**14,279**	16,539
(4)Overseas Union Developments Sdn Bhd *(under voluntary liquidation)*	Malaysia	Inactive	**-**	-	**100**	100	**-**	-
(4)Overseas Union Project Management Pte Ltd *(liquidated during the year)*	Singapore	Inactive	**-**	-	**-**	100	**-**	-
(4)Overseas Union Realty Services Pte Ltd *(under voluntary liquidation)*	Singapore	Inactive	**-**	-	**100**	100	**-**	-
(4)UOB Property Management Pte Ltd *(liquidated during the year)*	Singapore	Inactive	**-**	100	**-**	-	**-**	-

45 Subsidiaries (continued)

	Country of incorporation	Business carried in	Percentage of paid-up capital held by				Carrying amount of Bank's investment	
			The Bank		Subsidiaries			
			2003	2002	**2003**	2002	**2003**	2002
			%	%	**%**	%	**$'000**	$'000
Travel								
UOB Travel Planners Pte Ltd	Singapore	Singapore	**100**	100	**-**	-	**3,987**	3,987
(4)UOB Travel (General Sales Agent) Pte Ltd *(under voluntary liquidation)*	Singapore	Inactive	**55**	55	**-**	-	**-**	-
							1,285,403	1,409,829

Investment cost is fully provided for.
* Investment cost is less than $1,000.

Note:

(1) Audited by PricewaterhouseCoopers firms outside Singapore.

(2) Not required to be audited in country of incorporation.

(3) Not audited by PricewaterhouseCoopers, Singapore or PricewaterhouseCoopers firms outside Singapore.

(4) Not required to be audited as subsidiary has been put into liquidation.

46 Major associates

	Principal activities	Country of incorporation/ business	Effective interest held by the Group 2003 %	2002 %
Associates (quoted)				
United International Securities Limited	Investment	Singapore	**42**	42
United Overseas Land Limited	Property/hotel	Singapore	**49***	45
UOB–Kay Hian Holdings Limited	Stockbroking	Singapore	**40**	40
Associates (unquoted)				
Ace Net Financial Services Pte Ltd	Automated teller machine services	Singapore	**50**	50
Affin–UOB Holdings Sdn Bhd	Stockbroking	Malaysia	**45**	45
Asfinco Singapore Limited	Investment holding	Singapore	**40**	40
Asia Fund Services Pte Ltd	Registrar services	Singapore	**50**	-
Clearing and Payment Services Pte Ltd	Continuous linked settlement	Singapore	**33**	33
Network for Electronic Transfers (Singapore) Pte Ltd	Electronic funds transfer	Singapore	**33**	33
Novena Square Development Ltd	Property	Singapore	**20**	20
Novena Square Investment Ltd	Investment	Singapore	**20**	20
Orix Leasing Singapore Limited	Leasing/rental	Singapore	**20**	20
OSK-UOB Unit Trust Management Berhad	Investment management	Malaysia	**30**	30
Overseas Union Insurance, Limited	General insurance	Singapore	**50**	50
PT Bali Walden UOB Venture Capital *(under voluntary liquidation)*	Venture capital investment	Indonesia	**20**	20
Singapore Consortium Investment Management Ltd	Unit trust fund management	Singapore	**33**	33
SZVC-UOB Venture Management Co., Ltd	Investment	People's Republic of China	**50**	50
Uni.Asia Capital Sdn Bhd *(formerly known as Tower-Ed Sdn Bhd)*	General and life insurance	Malaysia	**49**	49
UOB Venture Investments Limited *(under voluntary liquidation)*	Venture capital investment	Singapore	**21**	21
Vertex Asia Limited	Venture capital investment	Singapore	**21**	21
Walden Asia II Limited	Venture capital investment	Cayman Islands/ People's Republic of China	**25**	25

* Increase in percentage holdings was due to warrants exercised. The increase is deemed temporary and expected to revert to 45% when all warrant holders convert their warrants into shares.

47 Authorisation of financial statements

On 20 February 2004, the Board of Directors of United Overseas Bank Limited authorised these financial statements for issue.

Audited Consolidated Financial Statements of UOB Group and Financial Statements of UOB for the Year Ended December 31, 2002

STATEMENT BY DIRECTORS

In the opinion of the directors, the financial statements set out on pages 4 to 87 are drawn up so as to give a true and fair view of the state of affairs of the Bank and of the Group at 31 December 2002, the results of the business and changes in equity of the Bank and of the Group and the cash flows of the Group for the financial year then ended, and at the date of this statement, there are reasonable grounds to believe that the Bank will be able to pay its debts as and when they fall due.

On behalf of the directors

WEE CHO YAW	WEE EE CHEONG
Chairman	Deputy Chairman

28 February 2003

AUDITORS' REPORT TO THE MEMBERS OF UNITED OVERSEAS BANK LIMITED

We have audited the financial statements of United Overseas Bank Limited and the consolidated financial statements of the Group for the financial year ended 31 December 2002 set out on pages 4 to 87. These financial statements are the responsibility of the Bank's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform our audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

(a) the accompanying financial statements of the Bank and consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Singapore Companies Act ("Act") and Singapore Statements of Accounting Standard and so as to give a true and fair view of:

  (i) the state of affairs of the Bank and of the Group at 31 December 2002, and the profit and changes in equity of the Bank and of the Group, and the cash flows of the Group for the financial year ended on that date; and

  (ii) the other matters required by Section 201 of the Act to be dealt with in the financial statements of the Bank and the consolidated financial statements of the Group; and

(b) the accounting and other records, and the registers required by the Act to be kept by the Bank and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and auditors' reports of all subsidiaries of which we have not acted as auditors, being financial statements included in the consolidated financial statements. The names of these subsidiaries are stated in Note 46 to the financial statements.

AUDITORS' REPORT TO THE MEMBERS OF UNITED OVERSEAS BANK LIMITED
(continued)

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Bank are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification which is material in relation to the consolidated financial statements, and in respect of subsidiaries incorporated in Singapore did not include any comment made under Section 207(3) of the Act.

PricewaterhouseCoopers
Certified Public Accountants

Singapore, 28 February 2003

UNITED OVERSEAS BANK LIMITED
AND ITS SUBSIDIARIES

INCOME STATEMENTS
For the financial year ended 31 December 2002

	Note	The Group 2002 $'000	The Group 2001 $'000	The Bank 2002 $'000	The Bank 2001 $'000
Interest income	3	**3,752,479**	3,413,284	**2,952,152**	2,315,784
Less: Interest expense	4	**1,583,358**	1,984,133	**1,233,023**	1,472,743
Net interest income		**2,169,121**	1,429,151	**1,719,129**	843,041
Dividend income	5	**31,881**	33,701	**256,386**	231,157
Fee and commission income	6	**500,545**	355,201	**293,684**	164,003
Rental income	7	**78,426**	75,947	**45,667**	42,036
Other operating income	8	**299,272**	330,091	**263,891**	245,296
Income before operating expenses		**3,079,245**	2,224,091	**2,578,757**	1,525,533
Less:					
Staff costs	9	**536,354**	442,657	**336,174**	215,706
Other operating expenses	10	**537,623**	431,186	**418,399**	259,072
		1,073,977	873,843	**754,573**	474,778
Operating profit before goodwill amortisation and provisions		**2,005,268**	1,350,248	**1,824,184**	1,050,755
Less: Goodwill amortisation	35	**195,554**	47,806	**191,223**	-
Less: Provisions	12	**451,482**	164,795	**511,227**	111,675
Operating profit after goodwill amortisation and provisions		**1,358,232**	1,137,647	**1,121,734**	939,080
Exceptional items	13	**(48,065)**	(11,997)	**727,559**	(11,045)
Share of profit of associates		**123,403**	71,912	**-**	-
Profit from ordinary activities before tax		**1,433,570**	1,197,562	**1,849,293**	928,035
Less: Tax	14	**339,726**	268,988	**417,267**	181,396
Profit after tax		**1,093,844**	928,574	**1,432,026**	746,639
Minority interests		**(29,644)**	(3,995)	**-**	-
Net profit for the financial year attributable to members		**1,064,200**	924,579	**1,432,026**	746,639
Earnings per share:	15				
Basic		**68 cents**	77 cents		
Diluted		**68 cents**	77 cents		

The accompanying notes form an integral part of these financial statements.
Auditors' Report – Pages 2 and 3.

BALANCE SHEETS
As at 31 December 2002

	Note	The Group 2002 $'000	The Group 2001 $'000	The Bank 2002 $'000	The Bank 2001 $'000
Share Capital And Reserves					
Share capital	16	**1,571,603**	1,571,109	**1,571,603**	1,571,109
Share premium	17	**791,233**	786,192	**791,233**	786,192
Non-distributable reserves	18	**6,223,204**	6,622,841	**5,801,717**	6,076,234
Revenue reserves	19	**3,933,004**	3,199,343	**3,119,545**	2,148,951
Share of reserves of associates	20	**133,594**	537,354	**-**	-
		12,652,638	12,716,839	**11,284,098**	10,582,486
Minority Interests		**149,635**	398,560	**-**	-
Liabilities					
Current, fixed, savings accounts and other deposits of non-bank customers		**67,918,581**	74,451,684	**57,931,265**	36,484,724
Deposits and balances of banks and agents		**19,302,058**	18,093,807	**17,966,942**	11,429,360
Deposits from subsidiaries		**-**	-	**1,421,386**	1,133,793
	21	**87,220,639**	92,545,491	**77,319,593**	49,047,877
Bills and drafts payable		**163,865**	125,177	**107,986**	32,221
Provision for current tax		**445,997**	475,435	**371,025**	310,255
Other liabilities	22	**4,662,937**	3,445,900	**2,842,129**	1,380,453
Deferred tax liabilities	14	**26,900**	23,539	**6,422**	874
Debts issued	23	**2,146,810**	4,157,153	**1,294,399**	3,639,095
		94,667,148	100,772,695	**81,941,554**	54,410,775
		107,469,421	113,888,094	**93,225,652**	64,993,261
Off-Balance Sheet Items					
Contingent liabilities	38	**8,918,971**	7,788,183	**7,802,255**	3,535,260
Derivative financial instruments	39	**131,279,403**	82,208,382	**129,039,215**	70,380,618
Commitments	40	**36,526,489**	34,692,168	**30,392,941**	15,389,598

	Note	The Group 2002 $'000	The Group 2001 $'000	The Bank 2002 $'000	The Bank 2001 $'000
Assets					
Cash and balances with central banks		**4,213,458**	3,329,827	**2,402,190**	926,101
Singapore Government treasury bills and securities	24	**8,260,989**	8,711,833	**8,002,833**	4,272,411
Other government treasury bills and securities	25	**1,332,948**	1,817,360	**419,031**	244,261
Dealing securities	26	**620,109**	680,989	**431,811**	358,104
Placements and balances with banks and agents	27	**19,426,221**	24,745,590	**18,419,738**	19,396,877
Trade bills	28	**1,051,030**	1,204,164	**139,405**	62,280
Advances to customers	28	**57,832,977**	59,687,930	**49,816,830**	23,433,561
Placements with and advances to subsidiaries		**-**	-	**1,018,173**	2,038,867
Other assets	29	**4,012,147**	2,967,633	**3,064,785**	1,648,779
		96,749,879	103,145,326	**83,714,796**	52,381,241
Investment securities	30	**3,945,383**	3,431,062	**2,687,019**	989,656
Investments in associates	31	**1,274,245**	1,781,322	**706,868**	737,601
Investments in subsidiaries	32	**-**	-	**1,409,829**	10,260,598
Fixed assets	34	**1,794,349**	1,724,515	**1,118,922**	610,132
Deferred tax assets	14	**39,519**	29,218	**2,790**	14,033
Goodwill	35	**3,666,046**	3,776,651	**3,585,428**	-
		107,469,421	113,888,094	**93,225,652**	64,993,261

The accompanying notes form an integral part of these financial statements.
Auditors' Report – Pages 2 and 3.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2002

The Group

	Note	Share Capital $'000	Share Premium $'000	Non-distributable Reserves $'000	Revenue Reserves $'000	Share of Reserves of Associates $'000	Total $'000
		2002					
Balance at 1 January 2002							
As previously reported		1,571,109	786,192	6,622,841	3,136,210	537,354	12,653,706
Prior year adjustments resulting from adoption of revised SAS 12	19	-	-	-	63,133	-	63,133
As restated		1,571,109	786,192	6,622,841	3,199,343	537,354	12,716,839
Net profit for the financial year attributable to members		-	-	-	1,064,200	-	1,064,200
Differences arising from currency translation of financial statements of foreign branches and subsidiaries	18	-	-	(14,514)	-	-	(14,514)
Group's share of reserves of associates	20	-	-	-	-	(393,977)	(393,977)
Other adjustments	18,19	-	-	(2,968)	(2,129)	-	(5,097)
Total recognised gains/ (losses) for the financial year		-	-	(17,482)	1,062,071	(393,977)	650,612
Net transfer to revenue reserves	18,19	-	-	(384,707)	384,707	-	-
Transfer from share of reserves of associates	18,19,20	-	-	2,552	7,231	(9,783)	-
Dividends	19	-	-	-	(720,348)	-	(720,348)
Issue of shares to option holders who exercised their rights	16,17	494	5,041	-	-	-	5,535
Balance at 31 December 2002		1,571,603	791,233	6,223,204	3,933,004	133,594	12,652,638

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2002

The Group

	Note	2001 Share Capital $'000	Share Premium $'000	Non-distributable Reserves $'000	Revenue Reserves $'000	Share of Reserves of Associates $'000	Total $'000
Balance at 1 January 2001							
As previously reported		1,052,451	783,488	1,820,477	2,792,288	519,469	6,968,173
Prior year adjustments resulting from adoption of revised SAS 12	19	-	-	-	63,133	-	63,133
As restated		1,052,451	783,488	1,820,477	2,855,421	519,469	7,031,306
Net profit for the financial year attributable to members		-	-	-	924,579	-	924,579
Differences arising from currency translation of financial statements of foreign branches and subsidiaries	18	-	-	92,741	-	-	92,741
Group's share of reserves of associates	20	-	-	-	-	17,885	17,885
Total recognised gains /(losses) for the financial year		-	-	92,741	924,579	17,885	1,035,205
Net transfer from revenue reserves	18,19	-	-	220,148	(220,148)	-	-
Transfer from revenue reserves due to bonus shares issued by subsidiary	18,19	-	-	57,796	(57,796)	-	-
Goodwill, previously eliminated against reserves on acquisition, reinstated on disposal of subsidiary	19	-	-	-	15,231	-	15,231
Dividends	19	-	-	-	(317,944)	-	(317,944)
Issue of shares to option holders who exercised their rights	16,17	377	2,704	-	-	-	3,081
Issue of shares as part consideration for the acquisition of Overseas Union Bank Limited ("OUB")	16,18	518,281	-	4,431,679	-	-	4,949,960
Balance at 31 December 2001		1,571,109	786,192	6,622,841	3,199,343	537,354	12,716,839

Analyses of the movements in each component within 'Share Capital', 'Share Premium', 'Non-distributable Reserves', 'Revenue Reserves' and 'Share of Reserves of Associates' are presented in Notes 16, 17, 18, 19 and 20 respectively.

The accompanying notes form an integral part of these financial statements.
Auditors' Report – Pages 2 and 3.

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2002

The Bank

	Note	Share Capital $'000	Share Premium $'000	Non-distributable Reserves $'000	Revenue Reserves $'000	Total $'000
		2002				
Balance at 1 January 2002						
As previously reported		1,571,109	786,192	6,076,234	2,106,241	10,539,776
Prior year adjustments resulting from adoption of revised SAS 12	19	-	-	-	42,710	42,710
As restated		1,571,109	786,192	6,076,234	2,148,951	10,582,486
Net profit for the financial year attributable to members		-	-	-	1,432,026	1,432,026
Differences arising from currency translation of financial statements of foreign branches	18	-	-	(15,601)	-	(15,601)
Total recognised gains /(losses) for the financial year		-	-	(15,601)	1,432,026	1,416,425
Transfer to statutory reserves	18,19	-	-	741,193	(741,193)	-
Transfer from capital reserves	18,19	-	-	(1,000,109)	1,000,109	-
Dividends	19	-	-	-	(720,348)	(720,348)
Issue of shares to option holders who exercised their rights	16,17	494	5,041	-	-	5,535
Balance at 31 December 2002		1,571,603	791,233	5,801,717	3,119,545	11,284,098

STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2002

The Bank

	Note	2001 Share Capital $'000	Share Premium $'000	Non-distributable Reserves $'000	Revenue Reserves $'000	Total $'000
Balance at 1 January 2001						
As previously reported		1,052,451	783,488	1,460,184	1,864,546	5,160,669
Prior year adjustments resulting from adoption of revised SAS 12	19	-	-	-	42,710	42,710
As restated		1,052,451	783,488	1,460,184	1,907,256	5,203,379
Net profit for the financial year attributable to members		-	-	-	746,639	746,639
Differences arising from currency translation of financial statements of foreign branches	18	-	-	(2,629)	-	(2,629)
Total recognised gains /(losses) for the financial year		-	-	(2,629)	746,639	744,010
Transfer to statutory reserves	18,19	-	-	187,000	(187,000)	-
Dividends	19	-	-	-	(317,944)	(317,944)
Issue of shares to option holders who exercised their rights	16,17	377	2,704	-	-	3,081
Issue of shares as part consideration for the acquisition of OUB	16,18	518,281	-	4,431,679	-	4,949,960
Balance at 31 December 2001		1,571,109	786,192	6,076,234	2,148,951	10,582,486

Analyses of the movements in each component within 'Share Capital' , 'Share Premium' , 'Non-distributable Reserves' and 'Revenue Reserves' are presented in Notes 16,17,18 and 19 respectively.

The accompanying notes form an integral part of these financial statements.
Auditors' Report – Pages 2 and 3.

UNITED OVERSEAS BANK LIMITED
AND ITS SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT
For the financial year ended 31 December 2002

	2002 $'000	2001 $'000
Cash flows from operating activities		
Profit before tax	**1,433,570**	1,197,562
Adjustments for:		
Depreciation of fixed assets	**114,536**	96,119
Goodwill amortisation	**195,554**	47,806
Share of profit of associates	**(123,403)**	(71,912)
Operating profit before changes in operating assets and liabilities	**1,620,257**	1,269,575
Changes in operating assets and liabilities:		
Deposits	**(5,324,852)**	(1,165,418)
Bills and drafts payable	**38,688**	(48,023)
Other liabilities	**1,216,704**	(567,466)
Dealing securities	**60,880**	179,039
Placements and balances with banks and agents	**5,319,369**	(1,136,568)
Trade bills and advances to customers	**2,008,087**	(824,386)
Other government treasury bills and securities not qualifying as cash and cash equivalents	**406,917**	310,371
Other assets	**(1,043,677)**	124,578
Cash generated from/(used in) operations	**4,302,373**	(1,858,298)
Income taxes paid	**(371,089)**	(322,008)
Net cash from/(used in) operating activities	**3,931,284**	(2,180,306)
Cash flows from investing activities		
Increase in investment securities and investments in associates	**(339,781)**	(1,172,959)
Net dividends received from associates	**52,210**	39,246
Net (increase)/decrease in fixed assets	**(184,031)**	21,593
Acquisition of/change in minority interests of subsidiaries	**(353,136)**	42,649
Net cashflow on acquisition	**(1,204)**	6,405,853
Net cashflow from disposal of subsidiaries	**2**	28,933
Net cash (used in)/from investing activities	**(825,940)**	5,365,315
Cash flows from financing activities		
Proceeds from issue of shares	**5,535**	3,081
Net (decrease)/increase in debts issued	**(2,010,343)**	4,157,153
Dividends paid by the Bank	**(720,348)**	(317,944)
Dividends paid by subsidiaries to minority shareholders	**(10,382)**	(6,811)
Net cash (used in)/from financing activities	**(2,735,538)**	3,835,479
Currency translation adjustment	**(14,514)**	92,741
Net increase in cash and cash equivalents	**355,292**	7,113,229
Cash and cash equivalents at beginning of the financial year	**12,728,768**	5,615,539
Cash and cash equivalents at end of the financial year (Note 41)	**13,084,060**	12,728,768

The accompanying notes form an integral part of these financial statements.
Auditors' Report – Pages 2 and 3.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 General

The Bank is incorporated and domiciled in Singapore and is listed on the Singapore Exchange. The address of its registered office is as follows:

80 Raffles Place
UOB Plaza
Singapore 048624

The Bank is principally engaged in the business of banking in all its aspects, including the operation of an Asian Currency Unit under the terms and conditions specified by the Monetary Authority of Singapore. The principal activities of its subsidiaries are set out in Note 46 to the financial statements.

2 Significant accounting policies

(a) Basis of accounting

The financial statements are prepared in accordance with and comply with Singapore Statements of Accounting Standard ("SAS"). The financial statements are prepared in accordance with the historical cost convention, modified by the revaluation of certain derivative financial instruments to market value at the balance sheet date and the inclusion of certain freehold and leasehold land and buildings at valuation.

The financial statements of the Bank and the consolidated financial statements of the Group are expressed in Singapore dollars.

(b) Basis of consolidation

(i) The consolidated financial statements include the financial statements of the Bank and all its subsidiaries made up to the end of the financial year. The results of subsidiaries acquired or disposed of during the financial year are included in or excluded from the consolidated income statement from the respective dates of their acquisition or disposal. Inter-company balances and transactions and resulting unrealised profits and losses are eliminated in full on consolidation.

(ii) Interpretation of Statement of Accounting Standard ("INT") 5: Consolidation -- Special Purpose Entities ("SPE") requires that SPEs be consolidated when the substance of the relationship between the Group and the SPE indicates that the SPE is controlled by the Group. The implementation of INT 5 has resulted in the consolidation of an SPE established in the ordinary course of the Group's business. Details of the SPE are set out in Note 36.

2 Significant accounting policies (continued)

(b) Basis of consolidation (continued)

(ii) (continued)

The accounting policy was adopted on 1 January 2002 to comply with INT 5 and has been accounted for retrospectively. The comparatives of the Group have been restated to conform to the new policy.

The adjustments made to the comparative figures are to increase the assets and liabilities and to decrease the derivative financial instruments by the amounts shown below:

	The Group Increase/(decrease) $'000
Balance Sheet	
Assets	
Placements and balances with banks and agents	58,250
Investment securities	473,937
Other assets	16,359
	548,546
Liabilities	
Debts issued	518,058
Other liabilities	30,488
	548,546
Off-balance sheet items	
Derivative financial instruments (contract or underlying principal amount)	(552,836)

The adoption of the accounting policy has no effect on the results of the Group for the financial year ended 31 December 2001.

(c) Associates

The Group treats as associates those companies in which the Group has a long-term equity interest of 20 to 50 percent and over whose financial and operating policy decisions it has significant influence except when the investment is acquired and held exclusively with a view to its subsequent disposal in the near future, in which case it is accounted for either as dealing securities or investment securities as appropriate.

Associates are accounted for under the equity method whereby the Group's share of profits less losses of associates is included in the consolidated income statement and the Group's share of post-acquisition reserves, net of dividends received, are adjusted against the cost of investments to arrive at the carrying amount in the consolidated balance sheet.

2 Significant accounting policies (continued)

(d) Trade bills and advances to customers

Trade bills and advances to customers are stated at cost less provisions for possible losses. These provisions comprise specific provisions made for any debts considered to be doubtful of collection and a general provision maintained to cover losses which, although not specifically identified, are inherent in any portfolio of loans and advances. Known bad debts are written off.

(e) Investments

(i) Singapore Government treasury bills and securities, other than those that are held as long-term investments, are stated at the lower of cost and market value determined on an aggregate basis. Long-term Singapore Government securities are stated at cost and provisions are made for diminution in value that is other than temporary, determined on an individual counter basis.

(ii) Other government treasury bills and securities are stated at the lower of cost and market value determined on an aggregate basis.

(iii) Dealing securities are stated at the lower of cost and market value determined on an aggregate basis.

(iv) Investment securities, other than those held by the consolidated special purpose entity ("SPE"), and investments in subsidiaries and associates are stated at cost and provisions are made for diminution in value that is other than temporary, determined on an individual counter basis.

Investment securities held by the consolidated SPE are stated at fair value. Fair value for publicly quoted investments is based on quoted market prices at the balance sheet date. Fair value for unquoted investments is based on other techniques, such as estimated cash flows.

(f) Cash and cash equivalents

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise the balance sheet amounts of cash and balances with central banks and government treasury bills and securities, less non-cash equivalents included in those amounts.

2 Significant accounting policies (continued)

(g) Revenue recognition

(i) Interest income is accrued on a day-to-day basis.

(ii) Dividend income from investments other than investments in subsidiaries is taken up gross in the income statements of the accounting period in which the dividend is received.

(iii) Dividend income from subsidiaries is taken up gross in the income statements of the accounting period in which the dividend is declared.

(iv) Profits and losses on disposal of investments are taken up in the income statements.

(v) Fee and commission income and rental income are recognised on an accrual basis.

(h) Fixed assets and depreciation

Fixed assets are stated at cost, or valuation for certain land and buildings, less accumulated depreciation. Fixed assets, other than land and buildings, are depreciated on a straight-line basis over 5 or 10 years. Freehold land and leasehold land exceeding 99 years tenure are not depreciated. Other leasehold land is depreciated on a straight-line basis over the period of the lease. Buildings are depreciated on a straight-line basis over 50 years or over the period of the respective leases, whichever is shorter.

(i) Tax

Deferred income tax is determined on the basis of tax effect accounting using the liability method. Deferred income tax is provided in full on significant temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on significant temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

2 Significant accounting policies (continued)

(i) Tax (continued)

Prior to 1 January 2002, deferred tax was provided on significant timing differences arising from the different treatments in accounting and taxation of relevant items except where it can be demonstrated with reasonable probability that the tax deferral would continue for the foreseeable future. In accounting for timing differences, deferred tax assets were not accounted for unless there was reasonable expectation of their realisation.

The new accounting policy has been adopted to comply with the revised Statement of Accounting Standard ("SAS") 12 (2001) Income Taxes and has been applied retrospectively. The comparatives have been restated to conform to the changed policy.

The adjustments made to the comparative figures are as follows:

	The Group $'000	The Bank $'000
Increase in deferred tax assets	29,218	14,033
Decrease in deferred tax liabilities	33,915	28,677
Increase in retained profits	63,133	42,710

(j) Foreign currencies

Foreign currency assets and liabilities are translated to Singapore dollars at the rates of exchange ruling at the balance sheet date. Foreign currency transactions during the year are converted to Singapore dollars at the rates of exchange ruling on the transaction dates. All exchange differences are taken up in the income statements.

For the purpose of the consolidation of foreign subsidiaries and branches and the equity accounting for associates, the balance sheets and results are translated into Singapore dollars at the exchange rates prevailing at the balance sheet date. All exchange adjustments arising on translation into Singapore dollars are taken directly to the foreign currency translation reserve.

2 **Significant accounting policies** (continued)

(k) Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheets at amounts paid or received, as appropriate.

Those undertaken for trading purposes are subsequently remeasured to fair value and the resultant profits and losses are taken up in the income statements.

Those entered into for hedging purposes are subsequently accounted for in a manner consistent with the accounting treatment of the hedged items.

(l) Goodwill

Goodwill represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets of subsidiaries, associates or businesses acquired.

Goodwill arising on acquisition of subsidiaries occurring on or after 1 January 2001 is reported in the balance sheet as an intangible asset. Goodwill on acquisition of associates occurring on or after 1 January 2001 is included in investments in associates.

Goodwill is amortised on a straight-line basis, through the income statement, over its useful economic life up to a maximum of 20 years. Goodwill which is assessed as having no continuing economic value is written off to the income statement.

Negative goodwill represents the excess of the fair value of the identifiable net assets of subsidiaries or businesses acquired over the fair value of the consideration given. Negative goodwill is amortised on a straight-line basis, through the income statement over the remaining weighted average useful life of the identifiable depreciable/amortisable assets acquired, with the exception of the amount of negative goodwill exceeding the fair values of acquired identifiable non-monetary assets which is recognised as income immediately.

(m) Provisions

Provisions are recognised when the Group or the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

2 Significant accounting policies (continued)

(n) Employee benefits

Equity compensation benefits

Employees of the Group and the Bank with the corporate grade of Vice President (or equivalent position) and above as well as selected employees below Vice President qualify for the UOB Executives' Share Option Scheme and the UOB 1999 Share Option Scheme, subject to certain restrictions.

Pursuant to these Schemes, options have been awarded to enable the holders to acquire shares in the Bank at the exercise price.

The Group and the Bank do not recognise share options issued under these schemes as a charge to the income statements.

Post employment benefits

The Group contributes to legally required social security schemes and these schemes are considered defined contribution schemes.

These expenses are charged to the income statements as and when they arise and are included as part of staff costs.

(o) Dividends

Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(p) Repurchase and reverse repurchase agreements

Repurchase agreements are treated as collaterised borrowings and the amounts borrowed are shown as liabilities, included in deposits and balances of banks and agents (Note 21). The securities sold under repurchase agreements are treated as pledged assets and remain on the balance sheets as assets, included in Singapore Government treasury bills and securities (Note 24) and Other government treasury bills and securities (Note 25).

Reverse repurchase agreements are treated as collaterised lending and the amounts lent are shown as assets, included in placements and balances with banks and agents (Note 27).

The difference between the amount received and the amount paid under repurchase agreements and reverse repurchase agreements is amortised as interest expense and interest income respectively.

2 Significant accounting policies (continued)

(q) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in the current presentation. Where applicable, the comparatives have been adjusted or extended to take into account the requirements of the revised SAS 12 and INT 5 which the Group and the Bank adopted in 2002.

3 Interest income

	The Group		The Bank	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Government treasury bills and securities	**239,966**	194,894	**192,661**	104,213
Trade bills and advances to customers	**2,810,875**	2,183,795	**2,164,769**	1,296,157
Placements and balances with banks and agents	**545,722**	951,806	**481,673**	869,439
Dealing and investment securities	**155,916**	82,789	**113,049**	45,975
	3,752,479	3,413,284	**2,952,152**	2,315,784
Received/receivable from:				
Subsidiaries	**-**	-	**28,724**	45,141
Associates	**11,718**	21,129	**11,678**	20,811
Third parties	**3,740,761**	3,392,155	**2,911,750**	2,249,832
	3,752,479	3,413,284	**2,952,152**	2,315,784

4 Interest expense

	The Group		The Bank	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Non-bank deposits	**1,066,224**	1,318,879	**752,219**	874,637
Deposits and balances of banks and agents	**396,122**	611,922	**372,792**	547,774
Debts issued	**121,012**	53,332	**108,012**	50,332
	1,583,358	1,984,133	**1,233,023**	1,472,743
Paid/payable to:				
Subsidiaries	**-**	-	**30,073**	64,553
Associates	**1,005**	1,605	**817**	1,245
Third parties	**1,582,353**	1,982,528	**1,202,133**	1,406,945
	1,583,358	1,984,133	**1,233,023**	1,472,743

5 Dividend income

	The Group		The Bank	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Dividend income from:				
Investments in subsidiaries				
Quoted	**-**	-	**8,257**	33,593
Unquoted	**-**	-	**168,189**	151,989
Investments in associates				
Quoted	**-**	-	**37,265**	38,434
Unquoted	**-**	-	**20,628**	1,606
Other investments				
Quoted	**19,336**	28,910	**10,857**	3,458
Unquoted	**12,545**	4,791	**11,190**	2,077
	31,881	33,701	**256,386**	231,157

6 Fee and commission income

	The Group		The Bank	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Credit card	**95,948**	63,708	**74,352**	45,085
Fund management	**74,476**	52,879	**5,723**	-
Futures broking and stockbroking	**48,802**	32,839	**-**	-
Investment-related	**29,035**	13,851	**27,729**	9,696
Loan-related	**86,187**	60,937	**61,042**	33,132
Service charges	**44,193**	35,243	**36,393**	24,936
Trade-related	**100,910**	80,272	**71,801**	45,604
Others	**20,994**	15,472	**16,644**	5,550
	500,545	355,201	**293,684**	164,003

7 Rental income

Rental income represents income from the tenanted areas of the buildings owned by the Bank and its subsidiaries.

8 Other operating income

	The Group		The Bank	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Net profit on dealing securities, government treasury bills and securities, and derivatives	**57,544**	79,956	**21,524**	52,178
Net profit on foreign exchange dealings	**82,250**	137,095	**67,009**	106,990
Net profit on disposal of investment securities and associates	**78,342**	16,098	**106,867**	8,935
Net profit on disposal of fixed assets	**11,512**	39,992	**10,145**	33,461
Net profit/(loss) on disposal and liquidation of subsidiaries	**2**	(6,546)	**1,236**	(11,712)
Other income	**69,622**	63,496	**57,110**	55,444
	299,272	330,091	**263,891**	245,296

Net profit on disposal of investment securities and associates includes mainly the profit arising from the divestment of an associate, Haw Par Corporation Limited, through distribution in specie of shares to shareholders.

9 Staff costs

(a)

	The Group		The Bank	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Wages and salaries	**449,935**	370,115	**280,996**	178,355
Employer's contributions to Central Provident Fund	**52,174**	41,199	**32,455**	21,574
Other staff-related costs	**34,245**	31,343	**22,723**	15,777
	536,354	442,657	**336,174**	215,706

(b)

	The Group		The Bank	
	2002	2001	**2002**	2001
Number of employees at the balance sheet date	**10,320**	12,142	**4,974**	3,125

9 Staff costs (continued)

(c) Equity compensation benefits

Options to subscribe for ordinary shares of $1 each in the Bank are granted pursuant to the UOB Executives' Share Option Scheme and the UOB 1999 Share Option Scheme to employees of the UOB Group with the corporate grade of Vice President (or an equivalent position) and above as well as selected employees below Vice President, subject to certain restrictions.

Movements in the number of shares under option held by employees of the Group are as follows:

	2002	2001
	'000	'000
Outstanding at 1 January	**3,077**	3,807
Exercised	**(494)**	(377)
Lapsed	**(183)**	(353)
Outstanding at 31 December	**2,400**	3,077

Details of the unissued ordinary shares of $1 each of the Bank under option at the end of the financial year are set out below:

Year in which options were granted under the Schemes	**Price per share payable in full upon application**	**Date of expiration of option**	**Number of shares**	
			2002	2001
			'000	'000
1997	8.25	5 February 2002	**-**	115
1998	3.14	14 June 2003	**10**	50
1999	14.70	27 December 2004	**1,211**	1,384
2000	12.90	11 December 2005	**1,179**	1,528
			2,400	3,077

9 Staff costs (continued)

(c) Equity compensation benefits (continued)

Details of share options exercised during the year to subscribe for ordinary shares of $1 each in the Bank are as follows:

Year in which options were granted under the Schemes	Exercise price	Number of shares issued		Consideration received in cash	
		2002	2001	**2002**	2001
		'000	'000	**$'000**	$'000
1996	9.17	**-**	212	**-**	1,944
1997	8.25	**109**	121	**899**	998
1998	3.14	**39**	44	**122**	139
1999	14.70	**28**	-	**412**	-
2000	12.90	**318**	-	**4,102**	-
		494	377	**5,535**	3,081

10 Other operating expenses

	The Group		The Bank	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Depreciation of fixed assets	**114,536**	96,119	**80,608**	47,053
Rental of premises and equipment	**50,059**	43,607	**55,785**	35,115
Maintenance of premises and other assets	**46,472**	34,884	**33,263**	17,235
Other expenses of premises	**32,506**	31,607	**18,755**	14,441
Fees paid/payable to PricewaterhouseCoopers Singapore:				
Audit fees				
- Current year	**1,614**	2,226	**836**	668
- Prior year (over)/ underprovision	**(244)**	255	**(5)**	193
	1,370	2,481	**831**	861
Other fees*	**704**	773	**208**	660
Less: Amount capitalised in cost of acquisition of OUB	**-**	500	**-**	500
Amount charged to the results for the financial year	**704**	273	**208**	160
Audit fees paid/payable to other auditors including other member firms of the worldwide PricewaterhouseCoopers organisation	**900**	1,245	**312**	210
Other expenses	**291,076**	220,970	**228,637**	143,997
	537,623	431,186	**418,399**	259,072

* Include fees in respect of audit-related work required by laws and regulations.

11 Directors' fees and other remuneration

(a) Included in total expenses are fees and other remuneration paid/payable to the directors of the Bank and its subsidiaries as follows:

	The Group		The Bank	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Directors of the Bank:				
Fees	**1,147**	887	**659**	410
Remuneration	**11,534**	10,699	**11,534**	8,789
Professional fees paid/payable to firms of which certain directors of the Bank are members	**201**	1,476	**17**	1,294
Less:				
Amount capitalised in cost of acquisition of OUB	**-**	1,237	**-**	1,237
Amount charged to the results for the financial year	**201**	239	**17**	57
	12,882	11,825	**12,210**	9,256
Directors of subsidiaries:				
Fees	**648**	634	**10**	21
Remuneration	**5,879**	8,082	**-**	-
Professional fees paid/payable to firms of which certain directors of subsidiaries are members	**88**	424	**5**	3
Less:				
Amount capitalised in fixed assets	**83**	419	-	-
Amount charged to the results for the financial year	**5**	5	**5**	3
	6,532	8,721	**15**	24

(b) The number of directors of the Bank whose total directors' fees and other remuneration from the Group falls into the following bands is as follows:

	2002	2001
$500,000 and above	**4**	4
$250,000 to $499,999	**-**	-
Below $250,000	**12**	12
	16	16

12 Provisions

Provisions charged/(credited) to the income statements during the financial year are as follows:

	The Group		The Bank	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Specific provisions for and net write offs of trade bills and advances to customers	**421,753**	165,411	**308,408**	113,295
General provisions, comprising provisions for possible loan losses, contingencies and other banking risks	**-**	(70,173)	**16,126**	(59,763)
Provisions/(write back of provisions) for diminution in value of:				
Investments in subsidiaries	**-**	-	**156,907**	(13,035)
Other investments, fixed assets and other assets	**20,929**	62,757	**29,786**	31,178
Provision for life funds	**8,800**	6,800	**-**	40,000
	451,482	164,795	**511,227**	111,675

13 Exceptional items

	The Group		The Bank	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Gross dividend from Industrial & Commercial Bank Limited ("ICB") arising from its merger with the Bank, net of dividend paid out of pre-acquisition reserves which was credited to the Bank's cost of investment in ICB [Note 32(c)]	**-**	-	**674,895**	-
Deficit arising from the merger of ICB [Note 32(c)]	**-**	-	**(57,422)**	-
Surplus arising from the merger of OUB [Note 32(b)]	**-**	-	**145,482**	-
Restructuring costs as a result of the acquisition of OUB	**(48,065)**	(11,997)	**(35,396)**	(11,045)
	(48,065)	(11,997)	**727,559**	(11,045)

14 Tax

(a) The tax charge to the income statements comprises the following:

	The Group		The Bank	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
On the profit of the financial year:				
Current tax	**317,872**	251,651	**279,825**	190,653
Tax on exceptional item [Note 32(c)]	**-**	-	**148,477**	-
Deferred tax	**(8,135)**	2,042	**(5,404)**	52
	309,737	253,693	**422,898**	190,705
Share of tax of associates	**25,479**	25,725	**-**	-
	335,216	279,418	**422,898**	190,705
Under/(over)provision of tax in respect of prior financial years				
Current tax	**4,680**	(10,430)	**(5,209)**	(9,309)
Deferred tax	**(170)**	-	**(422)**	-
	339,726	268,988	**417,267**	181,396

14 **Tax** (continued)

(a) (continued)

The tax charge on the results of the Group and the Bank for the financial year differs from the theoretical amount that would arise by applying the Singapore statutory income tax rate to profit before tax due to the following:

	The Group		The Bank	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Profit before tax	**1,433,570**	1,197,562	**1,849,293**	928,035
Tax calculated at a tax rate of 22% (2001: 24.5%)	**315,385**	293,403	**406,844**	227,369
Singapore statutory stepped income exemption	**(360)**	(338)	**(12)**	(13)
Offshore income from the Asian Currency Unit and other income taxed at concessionary rates	**(39,851)**	(34,509)	**(36,269)**	(28,107)
One-off corporate tax rebate of 5% on Singapore income tax payable for year of assessment 2002	**-**	(8,191)	**-**	(6,734)
Other tax rebates	**(1,144)**	(604)	**(662)**	(240)
Effect of different tax rates in other countries	**31,868**	23,238	**13,277**	17,192
Losses of subsidiaries and associates not offset against taxable income of other entities	**18,287**	25,866	**-**	-
Income not subject to tax	**(50,860)**	(21,959)	**(62,589)**	(20,006)
Expenses not deductible for tax purposes	**62,217**	3,761	**102,309**	1,343
Realisation of deferred tax benefit in respect of tax losses not previously recognised	**(326)**	(1,249)	**-**	(99)
Tax expense on profit of the financial year	**335,216**	279,418	**422,898**	190,705

In 2002, the Singapore Government enacted a change in the income tax rate from 24.5% to 22%.

14 Tax (continued)

(b) Deferred tax asset is recognised for tax losses carried forward to the extent that the realisation of the related tax benefits through future taxable profits is probable. The Group has not recognised the deferred tax asset in respect of tax losses of $135,518,000 (2001: $99,829,000) which can be carried forward to offset against future taxable income subject to meeting certain statutory requirements of the relevant tax authorities. These tax losses have no expiry date except for the amount of $110,707,000 (2001: $78,841,000) which will expire between the year 2003 and 2007 (2001: 2002 and 2006).

As at 31 December 2002, the Group has unremitted earnings of overseas branches and subsidiaries amounting to $1,371,262,000 (2001: $1,562,223,000). Deferred tax liability has not been established for withholding and other taxes that would be payable on these unremitted earnings as such amounts are permanently reinvested or remain invested offshore.

The movements in the deferred tax assets and liabilities of the Group and the Bank (prior to the offsetting of balances within the same tax jurisdiction) during the financial year are as follows:

Deferred tax liabilities

	2002				2001			
	Accelerated tax depreciation $'000	**Fair value of depreciable properties acquired in business combination $'000**	**Others $'000**	**Total $'000**	Accelerated tax depreciation $'000	Fair value of depreciable properties acquired in business combination $'000	Others $'000	Total $'000
The Group								
At 1 January								
As previously reported	**52,621**	**-**	**10,512**	**63,133**	44,785	-	4,283	49,068
Prior year adjustment resulting from adoption of revised SAS 12	**-**	**53,087**	**-**	**53,087**	-	-	-	-
As restated	**52,621**	**53,087**	**10,512**	**116,220**	44,785	-	4,283	49,068
Currency translation differences	**80**	**-**	**44**	**124**	210	-	35	245
Acquisition of subsidiaries	**-**	**-**	**-**	**-**	9,450	53,087	3,814	66,351
Charged/(credited) to income statement	**(1,391)**	**(3,561)**	**(1,483)**	**(6,435)**	(1,824)	-	2,380	556
At 31 December	**51,310**	**49,526**	**9,073**	**109,909**	52,621	53,087	10,512	116,220

14 **Tax** (continued)

(b) Deferred tax liabilities (continued)

	2002				2001		
	Accelerated tax depreciation $'000	**Fair value of depreciable properties acquired in business combination $'000**	**Others $'000**	**Total $'000**	Accelerated tax depreciation $'000	Others $'000	Total $'000
The Bank							
At 1 January	**32,704**	**-**	**1,027**	**33,731**	33,303	2,394	35,697
Currency translation differences	**(21)**	**-**	**44**	**23**	13	33	46
Transfer from subsidiaries upon merger	**9,813**	**53,087**	**-**	**62,900**	-	-	-
Charged/(credited) to income statement	**(2,838)**	**(3,561)**	**1,138**	**(5,261)**	(612)	(1,400)	(2,012)
At 31 December	**39,658**	**49,526**	**2,209**	**91,393**	32,704	1,027	33,731

Deferred tax assets

	2002			2001		
	Non-tax deductible general provisions $'000	**Others $'000**	**Total $'000**	Non-tax deductible general provisions $'000	Others $'000	Total $'000
The Group						
At 1 January						
As previously reported	**-**	**5,679**	**5,679**	-	4,106	4,106
Prior year adjustment resulting from adoption of revised SAS 12	**116,220**	**-**	**116,220**	63,133	-	63,133
As restated	**116,220**	**5,679**	**121,899**	63,133	4,106	67,239
Currency translation differences	**(1,101)**	**(140)**	**(1,241)**	(673)	(3)	(676)
Acquisition of subsidiaries	-	-	-	53,760	3,062	56,822
(Charged)/credited to income statement	**(4,571)**	**6,441**	**1,870**	-	(1,486)	(1,486)
At 31 December	**110,548**	**11,980**	**122,528**	116,220	5,679	121,899
The Bank						
At 1 January						
As previously reported	**-**	**4,180**	**4,180**	-	6,282	6,282
Prior year adjustment resulting from adoption of revised SAS 12	**42,710**	**-**	**42,710**	42,710	-	42,710
As restated	**42,710**	**4,180**	**46,890**	42,710	6,282	48,992
Currency translation differences	**-**	**30**	**30**	-	(38)	(38)
Transfer from subsidiaries upon merger	**40,276**	**-**	**40,276**	-	-	-
(Charged)/credited to income statement	**(4,360)**	**4,925**	**565**	-	(2,064)	(2,064)
At 31 December	**78,626**	**9,135**	**87,761**	42,710	4,180	46,890

14 Tax (continued)

(b) (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority. The net amounts, determined after appropriate offsetting, are shown in the balance sheets as follows:

	The Group		The Bank	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Deferred tax assets	**(39,519)**	(29,218)	**(2,790)**	(14,033)
Deferred tax liabilities	**26,900**	23,539	**6,422**	874
	(12,619)	(5,679)	**3,632**	(13,159)

15 Earnings per share

The calculation of basic and diluted earnings per share ("EPS") is determined based on the following profit attributable to members divided by the weighted average number of ordinary shares in issue:

	The Group	
	2002	2001
	$'000	$'000
Profit for the financial year attributable to members for computation of basic and diluted EPS	**1,064,200**	924,579
	Number	Number
	'000	'000
Weighted average number of ordinary shares in issue for computation of basic EPS	**1,571,519**	1,195,486
Adjustment for assumed exercise of share options	**39**	69
Weighted average number of ordinary shares for computation of diluted EPS	**1,571,558**	1,195,555

16 Share capital

(a)

	The Group and The Bank			
	2002		2001	
	Number of shares '000	**$'000**	Number of shares '000	$'000
Ordinary shares of $1 each				
Authorised	**3,000,000**	**3,000,000**	3,000,000	3,000,000
Issued and fully paid:				
Balance at 1 January	**1,571,109**	**1,571,109**	1,052,451	1,052,451
Shares issued upon exercise of options	**494**	**494**	377	377
Shares issued as part consideration for the acquisition of OUB	**-**	**-**	518,281	518,281
Balance at 31 December	**1,571,603**	**1,571,603**	1,571,109	1,571,109

(b) During the financial year, the Bank issued 494,000 (2001: 377,000) ordinary shares of $1 each to option holders who exercised their rights. All newly issued shares rank *pari passu* in all respects with the previously issued shares.

(c) Details of the unissued ordinary shares of $1 each of the Bank under option at the end of the financial year are set out in Note 9(c).

17 Share premium

	The Group and The Bank	
	2002	2001
	$'000	$'000
Balance at 1 January	**786,192**	783,488
Share premium arising from the issue of shares to option holders who exercised their rights	**5,041**	2,704
Balance at 31 December	**791,233**	786,192

The share premium account may only be utilised for specific purposes provided for by the Singapore Companies Act.

18 Non-distributable reserves

(a) The Group

	2002					2001				
	Statutory reserves $'000	Capital reserves $'000	Foreign currency translation reserves $'000	Others $'000	Total $'000	Statutory reserves $'000	Capital reserves $'000	Foreign currency translation reserves $'000	Others $'000	Total $'000
Balance at 1 January	**2,150,271**	**4,489,475**	**(80,875)**	**63,970**	**6,622,841**	1,931,204	-	(173,616)	62,889	1,820,477
Currency translation differences	**-**	**-**	**(14,514)**	**-**	**(14,514)**	-	-	92,741	-	92,741
Transfer from/(to) revenue reserves (Note 19)	**610,215**	**(1,000,109)**	**-**	**5,187**	**(384,707)**	219,067	-	-	1,081	220,148
Transfer from reserves due to bonus shares issued by subsidiary (Note 19)	**-**	**-**	**-**	**-**	**-**	-	57,796	-	-	57,796
Transfer from share of reserves of associates (Note 20)	**-**	**-**	**-**	**2,552**	**2,552**	-	-	-	-	-
Premium arising from shares issued as part consideration for the acquisition of OUB	**-**	**-**	**-**	**-**	**-**	-	4,431,679	-	-	4,431,679
Other adjustments	**(2,968)**	**-**	**-**	**-**	**(2,968)**	-	-	-	-	-
Balance at 31 December	**2,757,518**	**3,489,366**	**(95,389)**	**71,709**	**6,223,204**	2,150,271	4,489,475	(80,875)	63,970	6,622,841

(b) The Bank

	2002				2001			
	Statutory reserve $'000	Capital reserve $'000	Foreign currency translation reserve $'000	Total $'000	Statutory reserve $'000	Capital reserve $'000	Foreign currency translation reserve $'000	Total $'000
Balance at 1 January	**1,654,100**	**4,431,679**	**(9,545)**	**6,076,234**	1,467,100	-	(6,916)	1,460,184
Currency translation differences	**-**	**-**	**(15,601)**	**(15,601)**	-	-	(2,629)	(2,629)
Transfer from/(to) revenue reserves (Note 19)	**741,193**	**(1,000,109)**	**-**	**(258,916)**	187,000	-	-	187,000
Premium arising from shares issued as part consideration for the acquisition of OUB	**-**	**-**	**-**	**-**	-	4,431,679	-	4,431,679
Balance at 31 December	**2,395,293**	**3,431,570**	**(25,146)**	**5,801,717**	1,654,100	4,431,679	(9,545)	6,076,234

18 Non-distributable reserves (continued)

(c) The statutory reserves of the Group and the Bank are maintained in accordance with the provisions of applicable laws and regulations. These reserves are non-distributable unless approved by the relevant authorities.

The capital reserve of the Bank represents the premium arising from the issue of shares in connection with the acquisition of OUB which was not transferred to the share premium account due to the relief provided for under Section 69B of the Singapore Companies Act. The balance at 31 December 2002 is net of the amount transferred to revenue reserves, following the receipt of dividends paid out of OUB Group's pre-acquisition profits.

The capital reserves of the Group comprise the capital reserve of the Bank and $57,796,000 relating to bonus shares which were issued by a subsidiary as fully paid shares through capitalisation of the subsidiary's revenue reserves.

The foreign currency translation reserves of the Group and the Bank relate to currency translation differences arising from the use of year-end exchange rates versus historical rates in translating the net assets of overseas branches, subsidiaries and associates.

19 Revenue reserves

(a) The Group

	2002			2001		
	General reserves $'000	**Retained profits $'000**	**Total $'000**	General reserves $'000	Retained profits $'000	Total $'000
Balance at 1 January						
As previously reported	**1,148,706**	**1,987,504**	**3,136,210**	916,528	1,875,760	2,792,288
Prior year adjustments resulting from adoption of revised SAS 12	**-**	**63,133**	**63,133**	-	63,133	63,133
As restated	**1,148,706**	**2,050,637**	**3,199,343**	916,528	1,938,893	2,855,421
Net profit for the financial year attributable to members	**-**	**1,064,200**	**1,064,200**	-	924,579	924,579
Transfer to general reserves	**331,000**	**(331,000)**	**-**	234,140	(234,140)	-
Transfer to statutory reserves (Note 18)	**(519,604)**	**(90,611)**	**(610,215)**	-	(219,067)	(219,067)
Transfer to other reserves (Note 18)	**-**	**(5,187)**	**(5,187)**	-	(1,081)	(1,081)
Transfer from capital reserves (Note 18)	**-**	**1,000,109**	**1,000,109**	-	-	-
Transfer from share of reserves of associates (Note 20)	**-**	**7,231**	**7,231**	-	-	-
Goodwill recovered on disposal of subsidiary	**-**	**-**	**-**	15,231	-	15,231
Transfer to capital reserves due to bonus shares issued by subsidiary (Note 18)	**-**	**-**	**-**	(17,193)	(40,603)	(57,796)
Other adjustments	**(2,129)**	**-**	**(2,129)**	-	-	-
Dividends:						
Final dividend in respect of financial year ended 31 December 2001 (2001: 31 December 2000) of 25 cents (2001: 25 cents) per share paid, net of tax at 22% (2001: 24.5%)	**-**	**(306,454)**	**(306,454)**	-	(198,713)	(198,713)
Interim dividend in respect of financial year ended 31 December 2002 (2001: 31 December 2001) of 15 cents (2001: 15 cents) per share paid, net of tax at 22% (2001: 24.5%)	**-**	**(183,874)**	**(183,874)**	-	(119,231)	(119,231)
Interim dividend in respect of financial year ended 31 December 2002 of 18.76 cents per share paid in specie, net of tax at 22% [Note 19(c)]	**-**	**(230,020)**	**(230,020)**	-	-	-
	-	**(720,348)**	**(720,348)**	-	(317,944)	(317,944)
Balance at 31 December	**957,973**	**2,975,031**	**3,933,004**	1,148,706	2,050,637	3,199,343

19 **Revenue reserves** (continued)

(b) The Bank

	2002			2001		
	General reserve $'000	**Retained profits $'000**	**Total $'000**	General reserve $'000	Retained profits $'000	Total $'000
Balance at 1 January						
As previously reported	**829,321**	**1,276,920**	**2,106,241**	616,321	1,248,225	1,864,546
Prior year adjustments resulting from adoption of revised SAS 12	**-**	**42,710**	**42,710**	-	42,710	42,710
As restated	**829,321**	**1,319,630**	**2,148,951**	616,321	1,290,935	1,907,256
Net profit for the financial year attributable to members	**-**	**1,432,026**	**1,432,026**	-	746,639	746,639
Transfer to general reserve	**328,000**	**(328,000)**	**-**	213,000	(213,000)	-
Transfer to statutory reserve (Note 18)	**(669,193)**	**(72,000)**	**(741,193)**	-	(187,000)	(187,000)
Transfer from capital reserve (Note 18)	**-**	**1,000,109**	**1,000,109**	-	-	-
Dividends:						
Final dividend in respect of financial year ended 31 December 2001 (2001: 31 December 2000) of 25 cents (2001: 25 cents) per share paid, net of tax at 22% (2001: 24.5%)	**-**	**(306,454)**	**(306,454)**	-	(198,713)	(198,713)
Interim dividend in respect of financial year ended 31 December 2002 (2001: 31 December 2001) of 15 cents (2001: 15 cents) per share paid, net of tax at 22% (2001: 24.5%)	**-**	**(183,874)**	**(183,874)**	-	(119,231)	(119,231)
Interim dividend in respect of financial year ended 31 December 2002 of 18.76 cents per share paid in specie, net of tax at 22% [Note 19(c)]	**-**	**(230,020)**	**(230,020)**	-	-	-
	-	**(720,348)**	**(720,348)**	-	(317,944)	(317,944)
Balance at 31 December	**488,128**	**2,631,417**	**3,119,545**	829,321	1,319,630	2,148,951

(c) The interim dividend paid in specie was effected as follows:

(i) for every 1,000 shares held by shareholders, each shareholder received 40.88 ordinary shares of $1 each in the share capital of Haw Par Corporation Limited ("Haw Par Shares"), fractions of a Haw Par Share disregarded, except that the Haw Par Shares which would otherwise be distributed to Haw Par Corporation Limited pursuant to the distribution (in its capacity as shareholder of the Bank) and the Haw Par Shares which would otherwise be distributed to Overseas Shareholders pursuant to the distribution were dealt with in the manner described in the circular to shareholders of the Bank dated 11 November 2002; and

19 Revenue reserves (continued)

(c) (continued)

(ii) the resultant fractional Haw Par Shares were aggregated and would be sold for the benefit of the Bank.

The dividend was accounted for at the market value of the Haw Par Shares distributed on the books closure date.

(d) In each financial year, the Group and the Bank transfer a certain amount of retained profits to general reserves. These general reserves have not been earmarked for any particular purpose.

(e) The revenue reserves of the Group and the Bank are distributable except for the amount of $294,438,000 (2001: $248,724,000) being the Group's share of revenue reserves of associates which is distributable only upon realisation by way of dividend or disposal of investments in the associates.

20 Share of reserves of associates

	The Group	
	2002	2001
	$'000	$'000
Balance at 1 January	**537,354**	519,469
Movements in other reserves of associates	**(374,356)**	17,885
Realisation of reserves in income statements on divestment of an associate	**(19,621)**	-
Transfers on divestment of an associate:		
To retained profits	**(7,231)**	-
To other non-distributable reserves	**(2,552)**	-
Balance at 31 December	**133,594**	537,354

The balance comprises the Group's share of associates' post-acquisition revenue reserves at 1 January 1998, and other reserves, adjusted for goodwill arising from acquisition of associates prior to 1 January 2001. These reserves are non-distributable reserves until they are realised by way of dividend from or divestment of the associates. In the year of realisation, revaluation reserves previously brought into the Group without going through the consolidated income statement are recognised in the consolidated income statement. In all other cases, they are transferred to other distributable or non-distributable reserves as appropriate.

The Group's share of the associates' results after 1 January 1998 is included in revenue reserves of the Group.

21 Deposits of and amounts owing to non-bank customers, banks and agents, and subsidiaries

(a)

	The Group		The Bank	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Analysed by remaining maturity:				
Within 1 year	**86,323,497**	92,008,197	**76,563,434**	48,845,945
Over 1 year but within 3 years	**742,978**	375,723	**602,494**	60,454
Over 3 years but within 5 years	**80,368**	20,378	**79,869**	285
Over 5 years	**73,796**	141,193	**73,796**	141,193
	87,220,639	92,545,491	**77,319,593**	49,047,877

(b) Included in deposits of non-bank customers are:

	The Group		The Bank	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Fixed rate deposits	**47,286,535**	54,418,511	**39,292,729**	25,667,261
Savings and others	**20,632,046**	20,033,173	**18,638,536**	10,817,463
	67,918,581	74,451,684	**57,931,265**	36,484,724

(c) Included in deposits and balances of banks and agents are:

	The Group		The Bank	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Obligations on securities sold under repurchase agreements ("REPOs")	**302,306**	818,790	**294,257**	623,801

The related securities sold under REPOs are shown in Notes 24 and 25 to the financial statements.

22 Other liabilities

	The Group		The Bank	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Accrued interest payable	**310,120**	469,809	**249,884**	237,221
Trading derivative financial instruments at fair value (Note 39)	**1,773,594**	798,749	**1,747,998**	759,483
Other liabilities	**2,579,223**	2,177,342	**844,247**	383,749
	4,662,937	3,445,900	**2,842,129**	1,380,453

23 Debts issued

		The Group		The Bank	
		2002	2001	**2002**	2001
		$'000	$'000	**$'000**	$'000
(a)	Subordinated notes				
	S$ 4.95% Subordinated Notes due 2016 Callable with Step-up in 2011 ("S$ Notes")	**1,300,000**	1,300,000	**1,300,000**	1,300,000
	US$ Subordinated Floating Rate Notes due 2011 Callable in 2002 ("US$ Notes")	**-**	2,347,068	**-**	2,347,068
		1,300,000	3,647,068	**1,300,000**	3,647,068
	Unamortised expenses incurred in connection with the issue of the subordinated notes	**(5,601)**	(7,973)	**(5,601)**	(7,973)
		1,294,399	3,639,095	**1,294,399**	3,639,095
(b)	Asset Backed Commercial Paper ("ABCP")				
	S$ ABCP	**641,500**	500,500	**-**	-
	US$ ABCP	**210,911**	17,558	**-**	-
		852,411	518,058	**-**	-
		2,146,810	4,157,153	**1,294,399**	3,639,095

(a) The S$ Notes were issued 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 to 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 Bank has entered into interest rate swaps to manage the interest rate risk arising from the S$ Notes.

The US$ Notes were issued at par on 19 September 2001 and were fully redeemed on 26 March 2002 and 19 September 2002. Interest was payable quarterly at the three-month US$ LIBOR plus 2.28% per annum.

The S$ Notes and US$ Notes are unsecured.

23 Debts issued (continued)

(b) The ABCP were issued in relation to a $1 billion ABCP programme carried out by Archer 1 Limited, a special purpose entity ("SPE") (Note 36). The ABCP have maturity of less than 1 year, and are secured by a first floating charge in favour of the trustees, Bermuda Trust (Singapore) Limited, on all assets of the SPE. These assets have been included in the assets of the Group as shown in Note 36.

Interest rates of the S$ ABCP and US$ ABCP range from 1.5% to 1.9% (2001: 1.6% to 2.7%) per annum and 2.1% to 2.45% (2001: 2.5% to 2.69%) 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.

24 Singapore Government treasury bills and securities

(a)

	The Group		The Bank	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Held as long-term investments, at cost	**568,803**	552,957	**568,803**	552,957
Others, at cost	**7,692,630**	8,189,938	**7,434,030**	3,741,930
Provision for diminution in value (Note 33)	**(444)**	(31,062)	**-**	(22,476)
	7,692,186	8,158,876	**7,434,030**	3,719,454
	8,260,989	8,711,833	**8,002,833**	4,272,411
Market value at 31 December:				
Held as long-term investments	**612,583**	533,450	**612,583**	533,450
Others	**7,711,418**	8,158,876	**7,449,518**	3,719,454
	8,324,001	8,692,326	**8,062,101**	4,252,904

(b) Included in Singapore Government treasury bills and securities are:

	The Group		The Bank	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Securities sold under repurchase agreements	**294,257**	810,410	**294,257**	623,801

25 Other government treasury bills and securities

(a)

	The Group		The Bank	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
At cost	**1,332,952**	1,817,870	**419,035**	244,264
Provision for diminution in value (Note 33)	**(4)**	(510)	**(4)**	(3)
	1,332,948	1,817,360	**419,031**	244,261
Market value at 31 December	**1,346,718**	1,823,652	**431,117**	246,078

(b) Included in other government treasury bills and securities are:

	The Group		The Bank	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Securities sold under repurchase agreements	**8,049**	8,380	**-**	-

(c) Included in the Group's other government treasury bills and securities is an amount of $723,335,000 (2001: $1,130,252,000) relating to promissory notes which are guaranteed by a foreign government authority. The Group is not entitled to sell, transfer, pledge, or create any lien or encumbrance over any of these promissory notes without the prior consent of that authority.

26 Dealing securities

	The Group		The Bank	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
At cost:				
Quoted equity shares	**94,581**	182,407	**68,414**	78,611
Quoted debt securities	**75,383**	356,177	**52,878**	121,572
Unquoted marketable unit trusts	**19,526**	18,802	**-**	-
Unquoted equity shares	**2,031**	2,115	**2,031**	2,115
Unquoted debt securities	**458,249**	181,099	**331,116**	162,681
	649,770	740,600	**454,439**	364,979
Provision for diminution in value (Note 33)	**(29,661)**	(59,611)	**(22,628)**	(6,875)
	620,109	680,989	**431,811**	358,104
Market value at 31 December:				
Quoted equity shares	**78,438**	133,795	**55,122**	70,168
Quoted debt securities	**79,396**	352,055	**56,049**	124,417
Unquoted marketable unit trusts	**14,585**	15,771	**-**	-
	172,419	501,621	**111,171**	194,585

27 Placements and balances with banks and agents

(a)

	The Group		The Bank	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Analysed by maturity period:				
Within 1 year	**19,197,092**	24,588,361	**18,190,609**	19,316,523
Over 1 year but within 3 years	**226,213**	109,621	**226,213**	77,170
Over 3 years but within 5 years	**-**	47,608	**-**	3,184
Over 5 years	**2,916**	-	**2,916**	-
	19,426,221	24,745,590	**18,419,738**	19,396,877

(b) Included in placements and balances with banks and agents are:

	The Group		The Bank	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Negotiable certificates of deposit, floating rate certificates of deposit and other similar instruments	**1,956,618**	1,456,200	**1,516,029**	810,315
Government securities bought under reverse repurchase agreements	**383,393**	189,232	**383,393**	189,232
	2,340,011	1,645,432	**1,899,422**	999,547

28 Trade bills and advances to customers

(a)

	The Group		The Bank	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Gross trade bills	**1,061,210**	1,204,164	**139,405**	62,280
Specific provisions	**(10,180)**	-	**-**	-
	1,051,030	1,204,164	**139,405**	62,280
Gross advances to customers	**61,277,545**	63,006,762	**52,521,429**	24,382,913
Specific provisions	**(1,726,403)**	(1,613,974)	**(1,326,679)**	(342,551)
Interest-in-suspense	**(293,152)**	(270,356)	**(146,615)**	(68,668)
General provisions	**(1,425,013)**	(1,434,502)	**(1,231,305)**	(538,133)
	57,832,977	59,687,930	**49,816,830**	23,433,561
Total gross trade bills and advances to customers	**62,338,755**	64,210,926	**52,660,834**	24,445,193

28 Trade bills and advances to customers (continued)

(b) Total gross trade bills and advances to customers analysed by maturity period:

	The Group		The Bank	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Within 1 year	**29,393,922**	27,723,225	**23,986,707**	11,148,964
Over 1 year but within 3 years	**10,045,408**	10,411,987	**9,471,390**	4,161,913
Over 3 years but within 5 years	**6,626,850**	7,303,078	**6,030,506**	2,946,549
Over 5 years	**16,272,575**	18,772,636	**13,172,231**	6,187,767
	62,338,755	64,210,926	**52,660,834**	24,445,193

(c) Total gross trade bills and advances to customers analysed by industry group:

	The Group		The Bank	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Transport, storage and communication	**2,057,485**	2,313,020	**1,878,186**	862,002
Building and construction	**9,147,960**	9,721,679	**7,918,866**	2,822,036
Manufacturing	**5,391,630**	5,337,661	**3,515,973**	1,055,662
Non-bank financial institutions	**10,809,361**	10,764,600	**10,010,178**	3,743,968
General commerce	**6,200,322**	6,296,428	**4,958,561**	2,413,559
Professionals and private individuals (excluding housing loans)	**9,335,235**	9,500,073	**7,698,203**	3,654,031
Housing loans	**13,841,234**	13,297,609	**11,846,719**	6,894,353
Others	**5,555,528**	6,979,856	**4,834,148**	2,999,582
	62,338,755	64,210,926	**52,660,834**	24,445,193

(d) At the balance sheet date, the gross amount of trade bills, advances and credit facilities granted to customers that are regarded as non-performing are as follows:

	The Group		The Bank	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Substandard	**3,618,373**	3,851,284	**2,669,371**	895,592
Doubtful	**406,598**	474,900	**370,081**	95,855
Loss	**1,590,410**	1,617,850	**1,116,729**	318,658
Total non-performing loans and credit facilities	**5,615,381**	5,944,034	**4,156,181**	1,310,105

Non-performing loans and credit facilities are those classified as Substandard, Doubtful and Loss in accordance with MAS Notice 612. All foreseeable losses relating to these non-performing loans and credit facilities have been provided for in the financial statements.

28 Trade bills and advances to customers (continued)

(e) The movements in provisions are as follows:

	2002				2001			
	Specific provisions $'000	**Interest-in-suspense $'000**	**General provisions $'000**	**Total $'000**	Specific provisions $'000	Interest-in-suspense $'000	General provisions $'000	Total $'000
The Group								
Balance at 1 January	**1,613,974**	**640,219**	**1,434,502**	**3,688,695**	770,534	273,156	768,490	1,812,180
Currency translation differences	**(39,807)**	**(13,871)**	**(9,489)**	**(63,167)**	37,362	16,532	7,530	61,424
Write off against provisions	**(256,675)**	**(123,041)**	**-**	**(379,716)**	(383,665)	(121,665)	-	(505,330)
Charge/(write back) to income statements	**426,196**	**-**	**-**	**426,196**	149,377	-	(70,173)	79,204
Interest suspended	**-**	**169,223**	**-**	**169,223**	-	115,428	-	115,428
Transfer to provision for diminution in value of investments and other assets	**(7,105)**	**(2,030)**	**-**	**(9,135)**	(647)	-	-	(647)
Acquisition of subsidiaries	**-**	**-**	**-**	**-**	1,041,013	356,768	728,655	2,126,436
Balance at 31 December	**1,736,583**	**670,500**	**1,425,013**	**3,832,096**	1,613,974	640,219	1,434,502	3,688,695
The Bank								
Balance at 1 January	**342,551**	**158,427**	**538,133**	**1,039,111**	363,442	149,887	597,881	1,111,210
Currency translation differences	**(16,704)**	**(7,988)**	**(912)**	**(25,604)**	7,953	2,984	15	10,952
Write off against provisions	**(222,841)**	**(102,680)**	**-**	**(325,521)**	(130,946)	(26,642)	-	(157,588)
Charge/(write back) to income statements	**312,804**	**-**	**16,126**	**328,930**	102,102	-	(59,763)	42,339
Interest suspended	**-**	**101,962**	**-**	**101,962**	-	32,198	-	32,198
Transfer from subsidiaries upon merger	**910,869**	**357,848**	**677,958**	**1,946,675**	-	-	-	-
Balance at 31 December	**1,326,679**	**507,569**	**1,231,305**	**3,065,553**	342,551	158,427	538,133	1,039,111

General provisions comprise provisions for possible loan losses, contingencies and other banking risks.

The above interest-in-suspense include amounts relating to interest receivable as shown in Note 29.

29 Other assets

	The Group		The Bank	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Interest receivable	**846,965**	965,132	**724,265**	435,872
Interest-in-suspense (Note 28)	**(377,348)**	(369,863)	**(360,954)**	(89,759)
	469,617	595,269	**363,311**	346,113
Trading derivative financial instruments at fair value (Note 39)	**1,675,701**	843,776	**1,653,254**	796,438
Other assets	**1,943,485**	1,628,776	**1,112,890**	589,853
Provision for diminution in value of other assets (Note 33)	**(76,656)**	(100,188)	**(64,670)**	(83,625)
	3,542,530	2,372,364	**2,701,474**	1,302,666
	4,012,147	2,967,633	**3,064,785**	1,648,779

30 Investment securities

	The Group		The Bank	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Quoted securities, at cost:				
Equity shares	**816,856**	754,684	**550,487**	99,730
Debt securities	**1,207,253**	1,293,670	**1,144,993**	579,979
	2,024,109	2,048,354	**1,695,480**	679,709
Provision for diminution in value (Note 33)	**(21,814)**	(20,254)	**(9,405)**	(193)
	2,002,295	2,028,100	**1,686,075**	679,516
Quoted securities, at fair value:				
Equity shares	**9,360**	9,027	**-**	-
Debt securities	**784,218**	254,372	**-**	-
	793,578	263,399	**-**	-
Unquoted securities, at cost:				
Equity shares	**453,476**	450,358	**318,622**	74,684
Debt securities	**692,719**	512,507	**741,291**	244,754
	1,146,195	962,865	**1,059,913**	319,438
Provision for diminution in value (Note 33)	**(89,490)**	(63,840)	**(58,969)**	(9,298)
	1,056,705	899,025	**1,000,944**	310,140
Unquoted debt securities, at fair value	**92,805**	240,538	**-**	-
Total investment securities	**3,945,383**	3,431,062	**2,687,019**	989,656
Market value at 31 December:				
Quoted equity shares	**759,726**	785,969	**511,001**	79,898
Quoted debt securities	**1,974,425**	1,550,294	**1,149,559**	588,882
	2,734,151	2,336,263	**1,660,560**	668,780

30 **Investment securities** (continued)

Included in the cost of investment securities are:

	The Group		The Bank	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Equity interests in companies in which the Group has significant influence	**703,498**	705,066	**506,138**	-

These equity interests relate to companies in which the Group, through its acquisition of the OUB Group, presently has equity interests of 20 to 50 percent and over whose financial and operating decisions it has significant influence. These investments have not been accounted for as associates of the Group as they were acquired and held exclusively with a view to their subsequent disposal in the near future.

31 **Investments in associates**

	The Group		The Bank	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Quoted securities, at cost:				
Equity shares	**555,065**	736,631	**518,718**	697,130
Debt securities	**2,068**	2,068	**-**	-
Warrants	**23,757**	23,757	**23,757**	23,757
Unquoted securities, at cost:				
Equity shares	**335,329**	287,444	**167,757**	19,674
Debt securities	**2,014**	-	**-**	-
	918,233	1,049,900	**710,232**	740,561
Provision for diminution in value [Note 33(b)]	**-**	-	**(3,364)**	(2,960)
Group's share of post-acquisition reserves of associates, net of dividends received	**356,012**	731,422	**-**	-
	1,274,245	1,781,322	**706,868**	737,601
Market value at 31 December:				
Quoted equity shares	**701,321**	1,095,208	**507,617**	878,338
Quoted debt securities	**2,476**	2,374	**-**	-
Quoted warrants	**36,017**	45,979	**36,017**	45,979
	739,814	1,143,561	**543,634**	924,317

The major associates of the Group as at the balance sheet date are set out in Note 47 to the financial statements. The carrying amount of the Group's investments in associates includes unamortised goodwill amounting to $17,581,000 (2001: Nil). Amortisation has not commenced as the associate was acquired close to 31 December 2002.

32 Investments in subsidiaries

(a)

	The Bank	
	2002	2001
	$'000	$'000
Quoted equity shares, at cost	**18,393**	395,694
Unquoted equity shares, at cost	**1,733,754**	10,050,640
Provision for diminution in value [Note 33(b)]	**(342,318)**	(185,736)
	1,391,436	9,864,904
Total investments in subsidiaries	**1,409,829**	10,260,598
Market value of quoted equity shares at 31 December	**70,967**	745,559

The subsidiaries of the Group as at the balance sheet date are set out in Note 46 to the financial statements.

(b) On 2 January 2002, Overseas Union Bank Limited ("OUB"), a wholly-owned subsidiary, was merged into the Bank under Section 14A of the Banking Act, Cap. 19. As a result of the merger, the businesses, assets, liabilities, interests, rights, privileges, obligations and commitments of OUB were transferred to and vested in the Bank.

The net assets of OUB were partly transferred to the Bank by way of a pre-merger dividend of $692,684,000, representing a gross dividend of $917,462,000 less tax at 24.5% of $224,778,000. The net dividend of $692,684,000 has been credited to the Bank's cost of investment in OUB. Arising from the merger, the unamortised goodwill of the Group in respect of OUB as at 2 January 2002 amounting to $3,776,651,000 was transferred to the Bank at net book value.

The fair values of identifiable assets, liabilities and off-balance sheet items as at 2 January 2002 transferred to the Bank were $36,058 million, $31,367 million and $27,135 million respectively.

The surplus arising from the merger of $145,482,000 represents the excess of the fair values of identifiable net assets of OUB and the unamortised goodwill of the Group in respect of OUB as at 2 January 2002 over the carrying amount of the Bank's investment in OUB. The surplus has been recognised in the Bank's income statement (Note 13) with no financial effect on the consolidated income statement.

32 Investments in subsidiaries (continued)

(c) On 3 June 2002, ICB, a wholly-owned subsidiary, was delisted from the Singapore Exchange after the Bank acquired the minority shareholders' interests of 12.55% in ICB.

On 28 August 2002, ICB was merged into the Bank under Section 14A of the Banking Act, Cap.19. As a result of the merger, the businesses, assets, liabilities, interests, rights, privileges, obligations and commitments of ICB were transferred to and vested in the Bank.

The net assets of ICB were partly transferred to the Bank by way of a pre-merger dividend which was dealt with as follows:

	$'000
Gross pre-merger dividend of $881,855,000 net of tax at 22% amounting to $194,008,000	687,847
Less: Dividend of $206,960,000 net of tax at 22% amounting to $45,531,000, paid out of ICB's pre-acquisition profits, credited to the Bank's cost of investment in ICB	161,429
Gross dividend of $674,895,000 net of tax at 22% amounting to $148,477,000, paid out of ICB's post-acquisition profits, credited to income statement (Notes 13 and 14)	526,418

The deficit arising from the merger of ICB of $57,422,000 represents the shortfall of the carrying amount of the net assets of ICB as at 28 August 2002 below the carrying amount of the Bank's investment in ICB. The deficit has been charged to the Bank's income statement (Note 13) with no financial effect on the consolidated income statement.

The assets, liabilities and off-balance sheet items of ICB as at 28 August 2002 transferred to the Bank were $3,329 million, $3,050 million and $1,651 million respectively.

(d) During the financial year, the Group increased its interest in a subsidiary, United Overseas Bank Philippines, from 60% to 100%. Approval has been given by the authorities in the Philippines for the acquisition subject to the fulfilment of certain conditions.

(e) During the financial year, the Group acquired the following subsidiaries:

	Interest acquired %	Consideration paid $'000
OUB Optimix Funds Management Ltd	50	2,243
UOB Investment Consultancy (Beijing) Limited [formerly known as UOB Centek Technology (Beijing) Investment Consulting Co., Ltd]	50	196

The acquisitions had no material effect on the Group's balance sheet and results for the current financial year.

32 Investments in subsidiaries (continued)

(f) During the financial year, certain subsidiaries of the Group were disposed of, liquidated or placed into members' voluntary liquidation.

The disposal and liquidations had no material effect on the Group's and the Bank's balance sheets and results for the current financial year.

33 Movements in the provisions for diminution in value of investments and other assets

(a) The Group

	Singapore Government treasury bills and securities $'000	Other government treasury bills and securities $'000	Dealing securities $'000	Other assets $'000	Investment securities $'000	Fixed assets $'000	Total $'000
2002							
At 1 January	**31,062**	**510**	**59,611**	**100,188**	**84,094**	**37,325**	**312,790**
Currency translation differences	**-**	**(10)**	**(182)**	**(478)**	**(2,502)**	**(3)**	**(3,175)**
Write-off against provisions	**-**	**(139)**	**(47,690)**	**(325)**	**(18,945)**	**-**	**(67,099)**
(Write-back)/charge to income statement	**(30,618)**	**(357)**	**17,922**	**(22,729)**	**39,522**	**17,189**	**20,929**
Transfer from specific provision and interest-in-suspense for trade bills and advances to customers	**-**	**-**	**-**	**-**	**9,135**	**-**	**9,135**
At 31 December	**444**	**4**	**29,661**	**76,656**	**111,304**	**54,511**	**272,580**

	Singapore Government treasury bills and securities $'000	Other government treasury bills and securities $'000	Dealing securities $'000	Other assets $'000	Investment securities $'000	Fixed assets $'000	Total $'000
2001							
At 1 January	3	879	20,089	57,946	15,655	36,236	130,808
Currency translation differences	-	(6)	596	2,329	746	1,528	5,193
Write-off against provisions	-	-	(4,895)	(154)	(794)	-	(5,843)
Charge/(write-back) to income statement	30,595	(660)	(9,990)	34,820	5,941	2,051	62,757
Transfer from specific provisions for trade bills and advances to customers	-	-	-	-	647	-	647
Acquisition of OUB	19	297	52,780	7,954	62,981	-	124,031
Disposal of subsidiaries	-	-	(51)	(2,707)	-	(2,490)	(5,248)
Transfer from life funds	445	-	-	-	-	-	445
Reclassification	-	-	1,082	-	(1,082)	-	-
At 31 December	31,062	510	59,611	100,188	84,094	37,325	312,790

33 Movements in the provisions for diminution in value of investments and other assets (continued)

(b) The Bank

	Singapore Government treasury bills and securities $'000	Other government treasury bills and securities $'000	Dealing securities $'000	Other assets $'000	Investment securities $'000	Investments in associates $'000	Investments in subsidiaries $'000	Fixed assets $'000	Total $'000
2002									
At 1 January	**22,476**	**3**	**6,875**	**83,625**	**9,491**	**2,960**	**185,736**	**2,417**	**313,583**
Currency translation differences	**-**	**-**	**(138)**	**(310)**	**(1,115)**	**-**	**(325)**	**(72)**	**(1,960)**
Charge/(write-back) to income statement	**(22,476)**	**1**	**15,891**	**(19,645)**	**43,561**	**(170)**	**156,907**	**12,624**	**186,693**
Transfer from subsidiaries upon merger	**-**	**-**	**-**	**1,000**	**16,437**	**574**	**-**	**1,928**	**19,939**
At 31 December	**-**	**4**	**22,628**	**64,670**	**68,374**	**3,364**	**342,318**	**16,897**	**518,255**
2001									
At 1 January	-	565	18,600	49,488	4,291	20,084	207,848	2,557	303,433
Currency translation differences	-	(8)	693	103	292	(22)	1,668	50	2,776
Write-off against provisions	-	-	-	(24)	-	-	(10,745)	-	(10,769)
Charge/(write-back) to income statement	22,476	(554)	(12,418)	34,058	4,908	(17,102)	(13,035)	(190)	18,143
At 31 December	22,476	3	6,875	83,625	9,491	2,960	185,736	2,417	313,583

34 Fixed assets

(a) The Group

	2002			2001		
	Land and buildings	**Office equipment, computers, fixtures and other assets**	**Total**	Land and buildings	Office equipment, computers, fixtures and other assets	Total
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Balances at 1 January:						
Cost/valuation	**1,656,256**	**960,289**	**2,616,545**	1,259,109	599,190	1,858,299
Accumulated depreciation	**(161,082)**	**(693,623)**	**(854,705)**	(169,738)	(401,316)	(571,054)
Provision for diminution in value	**(37,325)**	**-**	**(37,325)**	(36,236)	-	(36,236)
Net book value	**1,457,849**	**266,666**	**1,724,515**	1,053,135	197,874	1,251,009
Movements during the financial year:						
Currency translation differences	**(7,889)**	**(4,033)**	**(11,922)**	5,847	3,139	8,986
Additions	**177,351**	**96,679**	**274,030**	5,352	106,863	112,215
Acquisition of subsidiaries	**-**	**-**	**-**	512,149	79,069	591,218
Disposal of subsidiaries	**-**	**-**	**-**	(48,354)	(15,681)	(64,035)
Disposals	**(40,538)**	**(20,011)**	**(60,549)**	(46,819)	(29,889)	(76,708)
Depreciation charge	**(25,054)**	**(89,482)**	**(114,536)**	(21,410)	(74,709)	(96,119)
Provision for diminution in value	**(17,189)**	**-**	**(17,189)**	(2,051)	-	(2,051)
Net book value at 31 December	**1,544,530**	**249,819**	**1,794,349**	1,457,849	266,666	1,724,515
Balances at 31 December:						
Cost/valuation	**1,795,322**	**841,312**	**2,636,634**	1,656,256	960,289	2,616,545
Accumulated depreciation	**(196,281)**	**(591,493)**	**(787,774)**	(161,082)	(693,623)	(854,705)
Provision for diminution in value	**(54,511)**	**-**	**(54,511)**	(37,325)	-	(37,325)
Net book value	**1,544,530**	**249,819**	**1,794,349**	1,457,849	266,666	1,724,515

34 **Fixed assets** (continued)

(b) **The Bank**

	2002			2001		
	Land and buildings	**Office equipment, computers, fixtures and other assets**	**Total**	Land and buildings	Office equipment, computers, fixtures and other assets	Total
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Balances at 1 January:						
Cost/valuation	**572,865**	**412,647**	**985,512**	615,112	371,908	987,020
Accumulated depreciation	**(84,422)**	**(288,541)**	**(372,963)**	(88,275)	(257,613)	(345,888)
Provision for diminution in value	**(2,417)**	**-**	**(2,417)**	(2,557)	-	(2,557)
Net book value	**486,026**	**124,106**	**610,132**	524,280	114,295	638,575
Movements during the financial year:						
Currency translation differences	**721**	**(128)**	**593**	571	431	1,002
Additions	**159,229**	**81,197**	**240,426**	5,330	48,958	54,288
Merger of subsidiaries	**327,052**	**62,558**	**389,610**	-	6	6
Disposals	**(10,775)**	**(17,832)**	**(28,607)**	(36,412)	(464)	(36,876)
Depreciation charge	**(13,705)**	**(66,903)**	**(80,608)**	(7,933)	(39,120)	(47,053)
Net (charge)/write back of provision for diminution in value	**(12,624)**	**-**	**(12,624)**	190	-	190
Net book value at 31 December	**935,924**	**182,998**	**1,118,922**	486,026	124,106	610,132
Balances at 31 December:						
Cost/valuation	**1,052,901**	**592,261**	**1,645,162**	572,865	412,647	985,512
Accumulated depreciation	**(100,080)**	**(409,263)**	**(509,343)**	(84,422)	(288,541)	(372,963)
Provision for diminution in value	**(16,897)**	**-**	**(16,897)**	(2,417)	-	(2,417)
Net book value	**935,924**	**182,998**	**1,118,922**	486,026	124,106	610,132

34 Fixed assets (continued)

(c) Based on Directors' valuation, the estimated market values of the land and buildings of the Group and the Bank included in fixed assets as at 31 December 2002 were $2,747 million and $1,629 million respectively (2001: $2,766 million and $1,202 million respectively). The excess of the estimated market value over the net book value of the land and buildings is not recognised in the financial statements.

(d) Included in the land and buildings of the Group and the Bank are leasehold properties with net book value at 31 December 2002 amounting to $1,130.6 million and $770.3 million respectively (2001: $1,055 million and $436.1 million respectively). The rest of the properties are freehold.

(e) Certain freehold and leasehold land and buildings of the Group and of the Bank are included on the basis of valuations made by independent valuers with subsequent additions at cost. The dates of these valuations are as follows:

(i)	The leasehold land at Bonham Street on which UOB Plaza 2 is sited	April 1970
(ii)	Certain freehold and leasehold land and buildings of Chung Khiaw Realty, Limited	December 1969
(iii)	Certain freehold land and buildings of United Overseas Bank (Malaysia) Bhd	November 1965

(f) Provisions for diminution in value are in respect of certain properties in Singapore, Malaysia, Hong Kong S.A.R., China, Thailand, the Philippines and United Kingdom which are written down to their estimated market values as determined by the Bank's internal professionally qualified valuers.

35 Goodwill

	The Group		The Bank	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Balance at 1 January	**3,776,651**	-	**-**	-
Goodwill arising on acquisition of OUB	**-**	3,824,457	**-**	-
Transfer to the Bank on the merger of OUB into the Bank				
At cost	**-**	-	**3,824,457**	-
Accumulated amortisation	**-**	-	**(47,806)**	-
	-	-	**3,776,651**	-
Goodwill arising on acquisition of additional shares in subsidiaries	**110,482**	-	**-**	-
Negative goodwill arising on acquisition of additional shares in a subsidiary	**(25,533)**	-	**-**	-
Amortisation during the financial year	**(195,554)**	(47,806)	**(191,223)**	-
Balance at 31 December	**3,666,046**	3,776,651	**3,585,428**	-
Goodwill, at cost	**3,909,406**	3,824,457	**3,824,457**	-
Accumulated amortisation	**(243,360)**	(47,806)	**(239,029)**	-
	3,666,046	3,776,651	**3,585,428**	-

36 Consolidation of Special Purpose Entity

A special purpose entity ("SPE"), Archer 1 Limited ("Archer"), which is incorporated in Singapore, has been consolidated in the Group's financial statements in accordance with Interpretation of Statement of Accounting Standard ("INT") 5: Consolidation – Special Purpose Entities, as the Bank has the majority residual benefits of Archer.

The principal activity of Archer is to carry on the business of investment holding, and for that purpose to issue notes and bonds [Note 23(b)] and apply the proceeds from the notes and bonds towards the purchase of debt securities.

36 Consolidation of Special Purpose Entity (continued)

The effects of the consolidation on the Group's balance sheet as at 31 December 2002 and the income statement for the financial year then ended are as follows:

	The Group Increase/(decrease) $'000
Balance Sheet	
Assets	
Placements and balances with banks and agents	70,277
Investment securities	816,383
Other assets	13,178
	899,838
Liabilities	
Debts issued	852,411
Other liabilities	44,427
	896,838
Off-Balance Sheet Items	
Derivative financial instruments (contract or underlying principal amount)	(1,154,568)
Income Statement	
Profit after tax for the year	3,000

37 Dividends

The directors have proposed a final dividend in respect of the financial year ended 31 December 2002 of 25 cents per share net of tax at 22%, amounting to a total of $306,463,000. These financial statements do not reflect this proposed dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the year ending 31 December 2003. The proposed final dividend in respect of the financial year ended 31 December 2001 was 25 cents per share net of tax at 22%, amounting to a total of $306,366,000 based on the number of shares in issue on 31 December 2001.

38 Contingent liabilities

(a)

	The Group		The Bank	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Direct credit substitutes	**3,244,290**	2,953,396	**3,340,645**	1,882,535
Transaction-related contingencies	**3,632,120**	2,700,046	**2,911,975**	979,080
Trade-related contingencies	**1,806,060**	2,019,823	**1,378,571**	639,083
Other contingent liabilities	**236,501**	114,918	**171,064**	34,562
	8,918,971	7,788,183	**7,802,255**	3,535,260

In the normal course of business, the Group and the Bank conduct businesses involving acceptances, guarantees, performance bonds and indemnities. The majority of these facilities are reimbursable by corresponding obligations of customers. These contingent liabilities are unsecured.

39 Derivative financial instruments

(a) The Group

	2002				
	Contract or underlying principal amount	**Trading derivatives**		**Total derivatives**	
		Fair values		**Fair values**	
		Assets	**Liabilities**	**Assets**	**Liabilities**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Foreign exchange contracts					
Forwards	**6,515,318**	**105,348**	**53,300**	**105,421**	**53,425**
Swaps	**77,252,945**	**963,335**	**993,300**	**987,669**	**1,052,909**
Options purchased	**6,875,269**	**65,013**	**-**	**65,189**	**-**
Options written	**8,078,330**	**-**	**66,780**	**-**	**66,838**
Interest rate contracts					
Forward rate agreements	**2,758,502**	**1,132**	**2,097**	**1,149**	**2,104**
Swaps	**26,885,279**	**536,937**	**648,304**	**589,619**	**707,572**
Futures	**1,800,952**	**1,137**	**3,147**	**1,137**	**3,147**
Options purchased	**266,795**	**1,581**	**-**	**2,058**	**-**
Options written	**186,795**	**-**	**-**	**-**	**477**
Equity related contracts					
Swaps	**48,935**	**-**	**-**	**1,942**	**1,942**
Futures	**11,221**	**36**	**41**	**36**	**41**
Options purchased	**94,585**	**1,081**	**-**	**1,081**	**-**
Options written	**158,343**	**-**	**6,625**	**-**	**6,625**
Credit related contracts					
Credit default swaps	**346,134**	**101**	**-**	**1,137**	**7,589**
	131,279,403	**1,675,701**	**1,773,594**	**1,756,438**	**1,902,669**

39 Derivative financial instruments (continued)

(a) The Group (continued)

	2001				
	Contract or underlying principal amount	Trading derivatives		Total derivatives	
		Fair values		Fair values	
		Assets	Liabilities	Assets	Liabilities
	$'000	$'000	$'000	$'000	$'000
Foreign exchange contracts					
Forwards	5,090,877	54,923	56,176	55,507	56,437
Swaps	52,994,548	595,292	553,101	851,300	716,888
Options purchased	2,039,132	17,380	-	17,380	-
Options written	1,678,972	-	14,291	-	14,291
Interest rate contracts					
Forward rate agreements	28,348	-	-	3	-
Swaps	18,623,942	173,268	162,291	191,901	182,730
Futures	957,496	1,085	1,183	1,085	1,183
Options purchased	94,401	-	-	416	-
Options written	94,401	-	-	-	416
Equity related contracts					
Swaps	49,594	1,050	1,049	1,050	1,049
Futures	16,931	550	-	550	-
Options purchased	33,196	28	-	28	-
Options written	40,703	-	4,809	-	4,809
Credit related contracts					
Credit default swaps	465,841	200	5,849	200	5,849
	82,208,382	843,776	798,749	1,119,420	983,652

(b) The Bank

	2002				
	Contract or underlying principal amount	Trading derivatives		Total derivatives	
		Fair values		Fair values	
		Assets	Liabilities	Assets	Liabilities
	$'000	$'000	$'000	$'000	$'000
Foreign exchange contracts					
Forwards	**6,328,130**	**104,859**	**52,317**	**104,914**	**52,437**
Swaps	**77,271,888**	**965,688**	**997,173**	**990,022**	**1,056,782**
Options purchased	**6,875,269**	**65,013**	**-**	**65,189**	**-**
Options written	**8,078,330**	**-**	**66,780**	**-**	**66,838**
Interest rate contracts					
Forward rate agreements	**2,723,680**	**1,132**	**2,097**	**1,132**	**2,097**
Swaps	**26,327,718**	**512,979**	**619,932**	**565,239**	**676,969**
Futures	**304,926**	**770**	**3,033**	**770**	**3,033**
Options purchased	**266,795**	**1,581**	**-**	**2,058**	**-**
Options written	**186,795**	**-**	**-**	**-**	**477**
Equity related contracts					
Swaps	**48,935**	**-**	**-**	**1,942**	**1,942**
Futures	**11,221**	**36**	**41**	**36**	**41**
Options purchased	**93,692**	**1,080**	**-**	**1,080**	**-**
Options written	**158,343**	**-**	**6,625**	**-**	**6,625**
Credit related contracts					
Credit default swaps	**363,493**	**116**	**-**	**1,152**	**7,589**
	129,039,215	**1,653,254**	**1,747,998**	**1,733,534**	**1,874,830**

39 Derivative financial instruments (continued)

(b) The Bank (continued)

	2001				
	Contract or underlying principal amount	Trading derivatives		Total derivatives	
		Fair values		Fair values	
		Assets	Liabilities	Assets	Liabilities
	$'000	$'000	$'000	$'000	$'000
Foreign exchange contracts					
Forwards	4,885,902	52,958	54,061	52,958	54,061
Swaps	47,859,314	597,318	560,260	719,917	606,100
Options purchased	2,039,728	17,335	-	17,335	-
Options written	1,678,972	-	14,291	-	14,291
Interest rate contracts					
Forward rate agreements	28,348	-	-	3	-
Swaps	13,022,414	127,014	124,702	145,647	145,141
Futures	560,394	1,035	1,143	1,035	1,143
Options purchased	94,401	-	-	416	-
Options written	94,401	-	-	-	416
Equity related contracts					
Futures	16,931	550	-	550	-
Options purchased	33,196	28	-	28	-
Options written	40,703	-	4,809	-	4,809
Credit related contracts					
Credit default swaps	25,914	200	217	200	217
	70,380,618	796,438	759,483	938,089	826,178

(c) Derivative financial instruments are instruments whose values change in response to the change in one or more "underlying", such as foreign exchange rate, interest rate, security price and credit price. They include forwards, swaps, futures and options.

In its normal course of business, the Group and the Bank customise derivatives to meet the specific needs of its customers. The Group and the Bank also transact in these derivatives for proprietary trading purposes as well as to manage its assets/liabilities and structural positions. The risks associated with the use of derivatives, as well as management's policies for controlling these risks are set out in Note 44.

The tables above analyse the contract or underlying principal amounts (notional amounts) and the fair values of the Group's and the Bank's derivative financial instruments at the balance sheet date. A positive valuation represents a financial asset and a negative valuation a financial liability. The notional amounts of these instruments indicate the volume of transactions outstanding at the balance sheet date for both trading and non-trading instruments. They do not necessarily indicate the amounts of future cash flows or the fair value of the derivatives and, therefore, do not represent total amounts at risk.

40 Commitments

	The Group		The Bank	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Capital commitments contracted but not provided for on purchase of fixed assets	**15,442**	27,248	**11,183**	22,467
Undrawn credit facilities	**35,947,655**	34,353,956	**29,912,571**	15,058,810
Others	**563,392**	310,964	**469,187**	308,321
	36,526,489	34,692,168	**30,392,941**	15,389,598

41 Cash and cash equivalents

	The Group	
	2002	2001
	$'000	$'000
Cash and balances with central banks	**4,213,458**	3,329,827
Singapore Government treasury bills and securities	**8,260,989**	8,711,833
Other government treasury bills and securities, less non-cash equivalents of $723,335,000 (2001:$1,130,252,000)	**609,613**	687,108
	13,084,060	12,728,768

42 Segment information

(a) Primary reporting format - business segments

	The Group 2002					
	Individual Banking $'000	Institutional Banking $'000	Global Treasury $'000	Investment Banking $'000	Others $'000	Total $'000
Income before operating expenses	979,637	1,237,471	452,160	97,768	312,209	3,079,245
Less: Operating expenses	414,776	292,025	135,826	58,726	30,128	931,481
Less: Provisions	151,142	303,135	(30,274)	22,292	5,187	451,482
Segment profit before tax[1]	413,719	642,311	346,608	16,750	276,894	1,696,282
Unallocated corporate expenses						(142,496)
						1,553,786
Goodwill amortisation						(195,554)
Operating profit after goodwill amortisation and provisions						1,358,232
Exceptional items						(48,065)
Share of profit of associates						123,403
Profit before tax						1,433,570
Tax and minority interests						(369,370)
Net profit for the financial year attributable to members						1,064,200
Other information:						
Segment assets[2]	21,639,614	39,002,623	37,599,853	2,643,047	1,546,563	102,431,700
Investment in associates						1,274,245
Goodwill						3,666,046
Unallocated assets						97,430
Total assets						107,469,421
Gross customer loans	23,176,469	39,162,286	-	-	-	62,338,755
Non-performing loans ("NPLs")	1,681,801	3,933,580	-	-	-	5,615,381
Specific provision and interest-in-suspense for NPLs (cumulative)	471,145	1,558,590	-	-	-	2,029,735
Dealing securities (Gross)						
- Debt securities*	-	-	250,170	461,388	-	711,558
- Equity shares and unit trusts	-	-	2,761	113,377	-	116,138
Non-dealing securities (Gross)						
- Debt securities*	-	723,335	9,984,029	1,486,090	-	12,193,454
- Equity shares	-	-	9,610	1,270,082	-	1,279,692
Segment liabilities[2]	40,175,325	29,794,953	21,895,606	86,771	22,610	91,975,265
Debts issued						
- Asset backed commercial paper	-	-	852,411	-	-	852,411
- Subordinated notes						1,294,399
Provision for current and deferred tax						472,897
Unallocated liabilities						72,176
Total liabilities						94,667,148
Capital expenditure	26,103	30,684	8,685	619	207,939	274,030
Depreciation of fixed assets	18,275	20,177	4,985	990	70,109	114,536

* *Include government treasury bills and securities*

42 Segment information (continued)

(a) Primary reporting format - business segments (continued)

	The Group 2001					
	Individual Banking $'000	**Institutional Banking $'000**	**Global Treasury $'000**	**Investment Banking $'000**	**Others $'000**	**Total $'000**
Income before operating expenses	716,629	846,299	414,506	85,338	161,319	2,224,091
Less: Operating expenses	313,001	262,084	114,175	49,238	39,441	777,939
Less: Provisions	22,796	108,549	33,829	(1,083)	704	164,795
Segment profit before tax[1]	380,832	475,666	266,502	37,183	121,174	1,281,357
Unallocated corporate expenses						(95,904)
						1,185,453
Goodwill amortisation						(47,806)
Operating profit after goodwill amortisation and provisions						1,137,647
Exceptional items						(11,997)
Share of profit of associates						71,912
Profit before tax						1,197,562
Tax and minority interests						(272,983)
Net profit for the financial year attributable to members						924,579
Other information:						
Segment assets[2]	22,832,255	42,298,876	38,948,249	3,126,387	1,035,266	108,241,033
Investment in associates						1,781,322
Goodwill						3,776,651
Unallocated assets						89,088
Total assets						113,888,094
Gross customer loans	22,797,682	41,413,244	-	-	-	64,210,926
Non-performing loans ("NPLs")	1,494,628	4,449,406	-	-	-	5,944,034
Specific provision and interest-in-suspense for NPLs (cumulative)	376,248	1,508,082	-	-	-	1,884,330
Dealing securities (Gross)						
- Debt securities*	-	-	801,744	123,720	-	925,464
- Equity shares and unit trusts	-	-	5,825	197,499	-	203,324
Non-dealing securities (Gross)						
- Debt securities*	-	1,130,252	10,164,379	1,179,033	-	12,473,664
- Equity shares	-	-	12,132	1,201,937	-	1,214,069
Segment liabilities[2]	39,695,187	37,354,597	18,910,850	68,107	24,833	96,053,574
Debts issued						
- Asset backed commercial paper	-	-	518,058	-	-	518,058
- Subordinated notes						3,639,095
Provision for current and deferred tax						498,974
Unallocated liabilities						62,994
Total liabilities						100,772,695
Capital expenditure	19,776	26,888	5,839	1,714	57,998	112,215
Depreciation of fixed assets	17,102	26,341	3,445	1,176	48,055	96,119

* *Include government treasury bills and securities*

42 Segment information (continued)

(a) **Primary reporting format - business segments** (continued)

Notes:

1 Segment profit before tax represents segment income less operating expenses that are directly attributable, and those that can be allocated on a reasonable basis, to a segment. Inter-segment transactions are charged at internal transfer prices, estimated based on the costs in providing the products and services, and after taking into account competitive market prices that are charged to unaffiliated customers.

2 Segment assets and liabilities comprise operating assets and liabilities that are directly attributable, and those that can be allocated on a reasonable basis, to a segment.

Business segment information is stated after elimination of inter-segment transactions.

The Group's businesses are organised into five segments, based on the types of products and services that it provides worldwide. These segments are Individual Banking, Institutional Banking, Global Treasury, Investment Banking, and Others that include mainly property-related activities.

Individual Banking

The Group's Individual Banking segment encompasses personal financial services and private banking. The personal financial services business delivers a wide array of consumer services that includes the issue of credit and debit cards, loans and mortgages, deposit services and investment advisory services. Private Banking offers wealth management services for high networth individuals.

Institutional Banking

Institutional Banking encompasses commercial credit, corporate banking and capital markets. The commercial credit business serves the small and medium-sized enterprises, while corporate banking serves the large corporations, institutions and governments. Both commercial credit and corporate banking provide customers with a broad range of products and services that include financing options, trade services, custody services and cash management services. The capital markets business offers corporate finance services, including initial public offering and corporate advisory services.

42 Segment information (continued)

(a) **Primary reporting format - business segments** (continued)

Global Treasury

The Group's Global Treasury segment extends a wide range of treasury capabilities in foreign exchange, money market, fixed income, derivatives, leveraged trading and futures broking. It is a dominant player in Singapore dollar treasury instruments and a major primary dealer in Singapore Government securities. Global Treasury also provides banknotes services and a full range of gold products, and continues to lead in the provision of Singapore dollar cheque clearing services to correspondent banks.

Investment Banking

Investment Banking comprises asset management, venture capital management, insurance and proprietary investment activities.

Others

Other operations of the Group include stockbroking and property-related activities.

(b) **Secondary reporting format - geographical segments**

The Group's activities can be analysed into the following geographical areas:

	The Group					
	Income before operating expenses		Profit before tax		Total assets	
	2002 $'000	2001 $'000	**2002 $'000**	2001 $'000	**2002 $'000**	2001 $'000
Singapore (including Asian Currency Units)	**2,330,211**	1,725,398	**1,264,829**	1,100,816	**77,285,422**	83,042,172
Malaysia	**356,599**	247,319	**230,129**	122,452	**9,256,549**	9,588,852
Other ASEAN countries	**125,146**	80,981	**(25,164)**	(39,461)	**3,220,872**	4,008,776
	481,745	328,300	**204,965**	82,991	**12,477,421**	13,597,628
Other Asia Pacific countries	**187,867**	115,996	**111,846**	35,511	**8,365,078**	8,135,632
Rest of the world	**79,422**	54,397	**47,484**	26,050	**5,675,454**	5,336,011
	3,079,245	2,224,091	**1,629,124**	1,245,368	**103,803,375**	110,111,443
Goodwill	**-**	-	**(195,554)**	(47,806)	**3,666,046**	3,776,651
	3,079,245	2,224,091	**1,433,570**	1,197,562	**107,469,421**	113,888,094

42 Segment information (continued)

(b) Secondary reporting format - geographical segments (continued)

With the exception of Singapore and Malaysia, no individual country contributed 10% or more of the Group's total income before operating expenses, total profit before tax or total assets.

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

Geographical segment information is stated after elimination of inter-segment transactions.

43 Non-current assets and liabilities

To comply with the disclosure requirements of the Ninth Schedule of the Singapore Companies Act, set out below are the non-current assets and non-current liabilities of the Group and the Bank. Assets and liabilities other than those disclosed below are current.

	The Group		The Bank	
	2002 `	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Non-current assets				
Singapore Government treasury bills and securities	**568,803**	552,957	**568,803**	552,957
Trade bills and advances to customers (gross)	**32,944,833**	36,487,701	**28,674,127**	13,296,229
Placements and balances with banks and agents	**229,129**	157,229	**229,129**	80,354
Investment securities	**3,945,383**	3,431,062	**2,687,019**	989,656
Investments in associates	**1,274,245**	1,781,322	**706,868**	737,601
Investments in subsidiaries	**-**	-	**1,409,829**	10,260,598
Fixed assets	**1,794,349**	1,724,515	**1,118,922**	610,132
Deferred tax assets	**39,519**	29,218	**2,790**	14,033
Goodwill	**3,666,046**	3,776,651	**3,585,428**	-
	44,462,307	47,940,655	**38,982,915**	26,541,560
Non-current liabilities				
Deposits of and amounts owing to non-bank customers, banks and agents, and subsidiaries	**897,142**	537,294	**756,159**	201,932
Deferred tax liabilities	**26,900**	23,539	**6,422**	874
Debts issued	**1,294,399**	3,639,095	**1,294,399**	3,639,095
	2,218,441	4,199,928	**2,056,980**	3,841,901

44 Financial risk management

The Group's activities are principally related to transacting in and the use of financial instruments, including derivatives. Transactions in, and the use of, financial instruments expose the Group to a variety of financial risks, mainly credit risk, foreign exchange risk, interest rate risk and liquidity risk.

Managing financial risks is an integral part of the Group's business and it is carried out centrally by the various specialist committees of the UOB Group under policies approved by the directors of the Bank. These policies not only include the parameters for the risks that the Group may undertake for the various financial instruments, but also directions on the types of business that the Group may engage in, guidelines for accepting customers for all types of financial instruments and the terms under which customer business is conducted.

The various specialist committees of the UOB Group have established processes to identify, measure, monitor and ultimately, mitigate these financial risks. Additionally, the Board of Directors of the Bank and the UOB Group's Risk Management & Compliance Sector provide an independent oversight to ensure that those risk management policies are complied with through a variety of established controls and reporting processes.

Discussions on the main financial risks that the Group is exposed to and how it manages these risks are set out below.

(a) Credit risk

Credit risk is the potential loss arising from any failure by the Group's customers or counterparties to fulfil their obligations as and when these obligations fall due. These obligations may arise from lending, trade finance, investments, receivables under derivative contracts and other credit-related activities undertaken by the Group.

The Credit Committee is responsible for the management of credit risk of the Group. Apart from direct credit management, such as approval of significant loans, it is also responsible for providing directions and timely guidance on lending to different geographical sectors, industries and products.

In general, the Group monitors the levels of credit risk it undertakes through regular review by management, with independent oversight of its credit concentration and portfolio quality by the Credit Committee.

44 Financial risk management (continued)

(a) **Credit risk** (continued)

In respect of its lending-related activities, management regularly reviews the amount of risk accepted in relation to one borrower or groups of borrowers, geographical and industry segments, types of acceptable security, level of non-performing loans and adequacy of provisioning requirements.

In respect of other credit risk activities such as money market transactions and derivative financial instruments, the Group has counter-party risk policies that set out approved counter-parties with whom the Group may transact and their respective transaction limits.

Exposure to credit risk is also managed in part by obtaining collateral or right to call for collateral when certain exposure thresholds are exceeded, the right to terminate transactions upon the occurrence of unfavourable events, the right to reset the terms of transactions after specified time periods or upon the occurrence of unfavourable events, and entering into netting agreements with counter-parties that permit the Group to offset receivables and payables with such counter-parties.

Given the amounts, types and nature of its existing products and businesses, the Group assesses that industry concentration risk arises primarily from the Group's trade bills and advances to customers. Note 28(c) analyses the Group's total gross trade bills and advances to customers by industry classification as at the balance sheet date.

The following table analyses the Group's financial assets and credit-related contingent liabilities by geographical concentration as at the balance sheet date:

	The Group 2002				
	Trade bills and advances to customers (gross) $'000	**Placements and balances with banks and agents $'000**	**Other financial assets $'000**	**Credit-related contingent liabilities $'000**	**Total $'000**
Five Regional Countries*	**8,453,200**	**2,671,000**	**5,338,661**	**1,691,170**	**18,154,031**
Greater China	**2,481,400**	**1,870,800**	**747,960**	**503,610**	**5,603,770**
Singapore	**46,403,255**	**2,579,000**	**16,836,822**	**5,641,270**	**71,460,347**
Others**	**5,000,900**	**12,305,421**	**735,836**	**846,420**	**18,888,577**
	62,338,755	**19,426,221**	**23,659,279**	**8,682,470**	**114,106,725**

44 Financial risk management (continued)

(a) **Credit risk** (continued)

	The Group 2001				
	Trade bills and advances to customers (gross) $'000	**Placements and balances with banks and agents $'000**	**Other financial assets $'000**	**Credit-related contingent liabilities $'000**	**Total $'000**
Five Regional Countries*	8,562,500	1,988,000	5,432,807	1,334,350	17,317,657
Greater China	2,911,600	911,400	705,078	352,180	4,880,258
Singapore	47,328,426	5,865,750	15,973,179	5,701,345	74,868,700
Others**	5,408,400	15,980,440	608,962	285,390	22,283,192
	64,210,926	24,745,590	22,720,026	7,673,265	119,349,807

* *The Five Regional Countries refer to Malaysia, Indonesia, the Philippines, Thailand and South Korea.*
** *Others comprise mainly other OECD countries.*

In addition to the above, the Group also has potential credit risk exposure to undrawn credit facilities of $35,948 million (2001: $34,354 million). These represent unused portions of the approved credit facilities mainly in the form of loans, guarantees and trade finance products such as letters of credit. However, the likely amount of exposure is less than the total undrawn credit facilities since most of these are contingent upon customers maintaining specific credit standards and are cancellable at the option of the Group subject to notice requirements. From past experience, many of these undrawn credit facilities are expected to expire without being drawn upon.

(b) **Foreign exchange risk**

Foreign exchange risk is the risk to earnings and value of foreign currency assets, liabilities and derivative financial instruments caused by fluctuations in foreign exchange rates.

The Group's foreign exchange exposures arise from its foreign exchange position-taking or proprietary business, customer facilitation business as well as a certain amount of structural foreign currency exposures as represented by the net asset values of its overseas branches and investments in overseas subsidiaries, and long-term investments in overseas properties. The Group utilises mainly foreign currency forwards and swaps to hedge its foreign exchange exposures.

44 Financial risk management (continued)

(b) **Foreign exchange risk** (continued)

Foreign exchange risk is managed through risk limits and policies as approved by the Asset Liability Committee. These limits and policies, such as on the level of exposure by currency and in total for both overnight and intra-day positions, are independently monitored on a daily basis by the UOB Group's Risk Management & Compliance Sector, through Business Area Control.

The following table sets out the Group's assets, liabilities and derivative financial instruments by currency as at the balance sheet date. The off-balance sheet gap represents the net contract/underlying principal amounts of derivatives, which are principally used to reduce the Group's exposure to currency movements.

44 Financial risk management (continued)

(b) Foreign exchange risk (continued)

	The Group 2002							
	Singapore Dollars $'000	US Dollars $'000	Malaysian Ringgit $'000	Hong Kong Dollars $'000	Australian Dollars $'000	Thai Baht $'000	Others $'000	Total $'000
Assets								
Cash and balances with central banks	2,178,006	27,110	1,529,513	2,968	8,104	28,597	439,160	4,213,458
Government treasury bills and securities	8,260,989	50,883	73,757	48,840	39,052	747,157	373,259	9,593,937
Placements and balances with banks and agents	2,976,417	10,865,952	630,182	707,554	956,826	20,618	3,198,395	19,355,944
Trade bills and advances to customers	38,808,810	7,928,389	5,466,862	1,386,682	1,721,819	1,000,815	2,570,630	58,884,007
Investment securities	1,341,025	1,423,365	33,651	51,121	19,374	11,105	249,359	3,129,000
Investments in associates	1,197,741	2	73,987	-	-	-	2,515	1,274,245
Goodwill	3,556,184	-	-	-	-	9,389	100,473	3,666,046
Others	4,050,897	1,123,617	570,363	68,907	113,197	124,682	401,283	6,452,946
	62,370,069	21,419,318	8,378,315	2,266,072	2,858,372	1,942,363	7,335,074	106,569,583
Assets attributable to SPE								899,838
Total Assets								107,469,421
Liabilities								
Current, fixed, savings accounts and other deposits of non-bank customers	41,028,457	13,930,267	5,431,283	760,697	1,920,685	1,551,163	3,296,029	67,918,581
Deposits and balances of banks and agents	3,411,755	11,226,120	741,514	995,957	616,653	281,564	2,028,495	19,302,058
Bills and drafts payable	94,856	11,089	45,860	665	189	7,328	3,878	163,865
Debts issued	1,294,399	-	-	-	-	-	-	1,294,399
Other liabilities	3,327,582	436,923	1,019,908	82,854	25,480	37,793	160,867	5,091,407
	49,157,049	25,604,399	7,238,565	1,840,173	2,563,007	1,877,848	5,489,269	93,770,310
Liabilities attributable to SPE								896,838
Total liabilities								94,667,148
On-balance sheet open position	13,213,020	(4,185,081)	1,139,750	425,899	295,365	64,515	1,845,805	
Off-balance sheet open position	(3,187,522)	4,777,273	365,624	(406,175)	(212,663)	(136,639)	(1,199,898)	
Net open position	10,025,498	592,192	1,505,374	19,724	82,702	(72,124)	645,907	
Net structural position	-	43,564	769,579	(654)	111,302	6,870	338,018	

44 Financial risk management (continued)

(b) Foreign exchange risk (continued)

	The Group 2001							
	Singapore Dollars $'000	US Dollars $'000	Malaysian Ringgit $'000	Hong Kong Dollars $'000	Australian Dollars $'000	Thai Baht $'000	Others $'000	Total $'000
Assets								
Cash and balances with central banks	1,568,092	50,635	1,337,459	29,857	12,616	101,877	229,291	3,329,827
Government treasury bills and securities	8,711,833	73,695	208,435	68,934	32,742	1,155,766	277,788	10,529,193
Placements and balances with banks and agents	4,839,718	15,316,399	431,743	325,309	655,449	20,199	3,098,523	24,687,340
Trade bills and advances to customers	39,247,425	9,274,726	5,778,996	1,686,868	1,381,770	858,587	2,663,722	60,892,094
Investment securities	1,010,408	1,479,640	149,395	8,051	85,587	32,063	191,981	2,957,125
Investments in associates	1,755,025	2	24,964	-	-	-	1,331	1,781,322
Goodwill	3,776,651	-	-	-	-	-	-	3,776,651
Others	2,788,735	1,414,290	374,102	117,529	71,763	122,830	496,747	5,385,996
	63,697,887	27,609,387	8,305,094	2,236,548	2,239,927	2,291,322	6,959,383	113,339,548
Assets attributable to SPE								548,546
Total assets								113,888,094
Liabilities								
Current, fixed, savings accounts and other deposits of non-bank customers	45,258,917	15,552,335	5,618,313	794,490	1,263,153	2,081,411	3,883,065	74,451,684
Deposits and balances of banks and agents	5,105,171	9,483,734	348,986	665,786	509,498	55,075	1,925,557	18,093,807
Bills and drafts payable	68,538	3,343	48,849	557	125	2,578	1,187	125,177
Debts Issued	1,292,027	2,347,068	-	-	-	-	-	3,639,095
Other liabilities	1,618,773	453,183	521,681	70,405	38,297	37,720	1,174,327	3,914,386
	53,343,426	27,839,663	6,537,829	1,531,238	1,811,073	2,176,784	6,984,136	100,224,149
Liabilities attributable to SPE								548,546
Total liabilities								100,772,695
On-balance sheet open position	10,354,461	(230,276)	1,767,265	705,310	428,854	114,538	(24,753)	
Off-balance sheet open position	534,213	853,534	(103,132)	(318,143)	(283,602)	(171,294)	(511,576)	
Net open position	10,888,674	623,258	1,664,133	387,167	145,252	(56,756)	(536,329)	
Net structural position	-	46,634	1,021,315	368,095	112,738	10,178	317,686	

44 Financial risk management (continued)

(b) Foreign exchange risk (continued)

Other foreign exchange exposures of the Group are primarily structural foreign currency exposures. These comprise the net asset values of the Group's overseas branches and investments in overseas subsidiaries, and long-term investments in overseas properties.

Where possible, the Group mitigates the effect of structural currency exposures by funding all the Group's investments in overseas branches with borrowings in the same currencies as the functional currencies of the respective overseas branches. On a selective basis, the Group's investments in overseas subsidiaries and long-term investments in overseas properties are also funded in the same functional currencies. The Group also hedges some of the structural foreign currency exposures using foreign exchange derivatives.

The structural currency exposures of the Group are as follows:

	2002			
Currency of structural exposures	**Structural currency exposures in overseas operations $'000**	**Hedges by funding in respective currencies $'000**	**Other currency hedges $'000**	**Net structural currency exposures $'000**
Australian dollars	**241,901**	**37,280**	**93,319**	**111,302**
Hong Kong dollars	**301,138**	**16,533**	**285,259**	**(654)**
Indonesian rupiah	**98,863**	**-**	**(51)**	**98,914**
Malaysian ringgit	**769,579**	**-**	**-**	**769,579**
Philippine pesos	**77,567**	**-**	**-**	**77,567**
Thai baht	**119,973**	**-**	**113,103**	**6,870**
US dollars	**386,674**	**209,162**	**133,948**	**43,564**
Others	**228,084**	**9,357**	**57,190**	**161,537**
Total	**2,223,779**	**272,332**	**682,768**	**1,268,679**

44 **Financial risk management** (continued)

(b) **Foreign exchange risk** (continued)

	2001			
Currency of structural exposures	**Structural currency exposures in overseas operations $'000**	**Hedges by funding in respective currencies $'000**	**Other currency hedges $'000**	**Net structural currency exposures $'000**
Australian dollars	156,626	36,622	7,266	112,738
Hong Kong dollars	576,597	17,633	190,869	368,095
Indonesian rupiah	51,650	-	(36)	51,686
Malaysian ringgit	1,021,315	-	-	1,021,315
Philippine pesos	71,068	-	-	71,068
Thai baht	81,877	-	71,699	10,178
US dollars	375,830	199,283	129,913	46,634
Others	223,008	12,752	15,324	194,932
Total	2,557,971	266,290	415,035	1,876,646

(c) **Interest rate risk**

Interest rate risk is the risk to earnings and value of financial instruments caused by fluctuations in interest rates.

Sensitivity to interest rates arises from the differences in the maturities and repricing dates of assets, liabilities and off-balance sheet items. These mismatches are actively monitored and managed as part of the overall interest rate risk management process which is conducted in accordance with the Group's policies.

44 **Financial risk management** (continued)

(c) **Interest rate risk** (continued)

The table below shows the interest rate sensitivity gap, by time bands, on which interest rates of instruments are next repriced on a contractual basis or, if earlier, the dates on which the instruments mature.

The Group
2002

	Total $'000	Non-interest bearing $'000	Up to 7 days $'000	Over 7 days to 1 month $'000	Over 1 to 3 months $'000	Over 3 to 12 months $'000	Over 1 to 3 years $'000	Over 3 years $'000	Total interest bearing $'000	Effective interest rate %
Assets										
Cash and balances with central banks	4,213,458	4,213,458	-	-	-	-	-	-	-	-
Government treasury bills and securities	9,593,937	-	214,443	1,045,295	2,087,502	2,337,488	2,875,334	1,033,875	9,593,937	2.36
Placements and balances with banks and agents	19,355,944	46,692	2,042,919	7,654,531	4,832,063	4,550,610	226,213	2,916	19,309,252	1.76
Trade bills and advances to customers	58,884,007	-	19,085,476	9,854,814	7,644,059	14,924,121	4,853,634	2,521,903	58,884,007	4.63
Dealing and investment securities	3,749,109	1,436,944	130,910	137,039	662,312	220,777	125,439	1,035,688	2,312,165	4.99
Investments in associates	1,274,245	1,270,163	-	-	-	2,014	2,068	-	4,082	2.31
Goodwill	3,666,046	3,666,046	-	-	-	-	-	-	-	-
Others	5,832,837	5,832,837	-	-	-	-	-	-	-	-
	106,569,583	16,466,140	21,473,748	18,691,679	15,225,936	22,035,010	8,082,688	4,594,382	90,103,443	-
Assets attributable to SPE	899,838									
Total assets	107,469,421									
Liabilities										
Current, fixed, savings accounts and other deposits of non-bank customers	67,918,581	5,341,916	19,525,284	19,825,301	9,792,529	12,536,409	742,978	154,164	62,576,665	1.43
Deposits and balances of banks and agents, and bills and drafts payable	19,465,923	721,619	2,567,341	7,750,258	5,289,989	3,136,716	-	-	18,744,304	1.67
Debts issued	1,294,399	-	-	-	-	-	-	1,294,399	1,294,399	4.95
Others	5,091,407	5,091,407	-	-	-	-	-	-	-	-
	93,770,310	11,154,942	22,092,625	27,575,559	15,082,518	15,673,125	742,978	1,448,563	82,615,368	-
Liabilities attributable to SPE	896,838									
Total liabilities	94,667,148									
Shareholders' funds and minority interests	12,799,273	12,799,273	-	-	-	-	-	-	-	-
Shareholders' funds attributable to SPE	3,000									
Total shareholders' funds and minority interests	12,802,273									
	107,469,421									
Net on-balance sheet position		(7,488,075)	(618,877)	(8,883,880)	143,418	6,361,885	7,339,710	3,145,819	7,488,075	-
Net off-balance sheet position		-	193,829	(205,618)	(60,918)	491,295	(1,414,935)	996,347	-	-
Net interest rate sensitivity gap		(7,488,075)	(425,048)	(9,089,498)	82,500	6,853,180	5,924,775	4,142,166	7,488,075	-

44 **Financial risk management** (continued)

(c) **Interest rate risk** (continued)

The Group
2001

	Total $'000	Non-interest bearing $'000	Up to 7 days $'000	Over 7 days to 1 month $'000	Over 1 to 3 months $'000	Over 3 to 12 months $'000	Over 1 to 3 years $'000	Over 3 years $'000	Total interest bearing $'000	Effective interest rate %
Assets										
Cash and balances with central banks	3,329,827	3,329,827	-	-	-	-	-	-	-	-
Government treasury bills and securities	10,529,193	-	18,300	1,341,663	2,135,759	2,180,855	2,335,009	2,517,607	10,529,193	3.54
Placements and balances with banks and agents	24,687,340	37,460	5,443,105	7,903,518	3,694,198	7,451,830	109,621	47,608	24,649,880	2.86
Trade bills and advances to customers	60,892,094	-	20,827,428	16,100,213	7,348,703	6,483,402	7,843,418	2,288,930	60,892,094	5.55
Dealing and investment securities	3,638,114	1,554,586	9,040	99,850	180,489	903,939	583,081	307,129	2,083,528	4.44
Investments in associates	1,781,322	1,779,254	-	-	-	-	2,068	-	2,068	1.50
Goodwill	3,776,651	3,776,651	-	-	-	-	-	-	-	-
Others	4,705,007	4,705,007	-	-	-	-	-	-	-	-
	113,339,548	15,182,785	26,297,873	25,445,244	13,359,149	17,020,026	10,873,197	5,161,274	98,156,763	-
Assets attributable to SPE	548,546									
Total assets	113,888,094									
Liabilities										
Current, fixed, savings accounts and other deposits of non-bank customers	74,451,684	6,749,568	23,058,979	19,585,026	11,491,515	13,029,302	375,723	161,571	67,702,116	1.93
Deposits and balances of banks and agents, and bills and drafts payable	18,218,984	125,177	5,810,760	4,374,135	5,163,894	2,745,018	-	-	18,093,807	2.95
Debts issued	3,639,095	-	-	-	2,345,343	-	-	1,293,752	3,639,095	4.46
Others	3,914,386	3,914,386	-	-	-	-	-	-	-	-
	100,224,149	10,789,131	28,869,739	23,959,161	19,000,752	15,774,320	375,723	1,455,323	89,435,018	-
Liabilities attributable to SPE	548,546									
Total liabilities	100,772,695									
Shareholders' funds and minority interests	13,115,399	13,115,399	-	-	-	-	-	-	-	-
	113,888,094									
Net on-balance sheet position		(8,721,745)	(2,571,866)	1,486,083	(5,641,603)	1,245,706	10,497,474	3,705,951	8,721,745	-
Net off-balance sheet position		-	202,472	381,312	351,082	(491,907)	(339,452)	(103,507)	-	-
Net interest rate sensitivity gap		(8,721,745)	(2,369,394)	1,867,395	(5,290,521)	753,799	10,158,022	3,602,444	8,721,745	-

Actual repricing dates may differ from contractual dates because prepayments and contractual terms do not reflect the actual behavioural patterns of assets and liabilities. Therefore, the Group manages its interest rate risk by applying dynamic simulation modelling techniques on the above information, which is based on contractual terms.

44 Financial risk management (continued)

(d) **Liquidity risk**

Liquidity risk is the risk that the Group is unable to meet its cash flow obligations as and when they fall due, such as upon the maturity of deposits and loan draw-downs.

It is not unusual for a bank to have mismatches in the contractual maturity profile of its assets and liabilities. The Group manages liquidity risk in accordance with a framework of liquidity policies, controls and limits that is approved by the Asset Liability Committee, with the main objectives of honouring all cash outflow commitments on an ongoing basis, satisfying statutory liquidity and reserve requirements, and avoiding raising funds at market premiums or through forced sale of assets.

These controls and policies include the setting of limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of interbank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

Additionally, the Group is required by law in the various locations that it operates from, including Singapore, to maintain a certain percentage of its liability base in the form of cash and other liquid assets as a buffer against unforeseen liquidity requirements.

44 **Financial risk management** (continued)

(d) **Liquidity risk** (continued)

The following table shows the maturity analysis of the Group's assets and liabilities based on contractual terms.

	The Group 2002							
	Total $'000	Up to 7 days $'000	Over 7 days to 1 month $'000	Over 1 to 3 months $'000	Over 3 to 12 months $'000	Over 1 to 3 years $'000	Over 3 years $'000	Non-specific maturity $'000
Assets								
Cash and balances with central banks	4,213,458	4,213,458	-	-	-	-	-	-
Government treasury bills and securities	9,593,937	214,443	1,045,187	2,086,935	1,974,078	3,237,786	1,035,508	-
Placements and balances with banks and agents	19,355,944	2,158,301	7,654,531	4,763,373	4,550,610	226,213	2,916	-
Trade bills and advances to customers	58,884,007	12,337,096	3,911,198	4,218,308	6,225,664	9,815,778	22,375,963	-
Dealing and investment securities	3,749,109	31,012	53,142	117,933	536,617	461,936	1,196,897	1,351,572
Investments in associates	1,274,245	-	-	-	2,014	25,825	-	1,246,406
Goodwill	3,666,046	-	-	-	-	-	-	3,666,046
Others	5,832,837	136,620	119,349	45,931	79,379	50,592	37,746	5,363,220
	106,569,583	19,090,930	12,783,407	11,232,480	13,368,362	13,818,130	24,649,030	11,627,244
Assets attributable to SPE	899,838							
Total assets	107,469,421							
Liabilities								
Current, fixed, savings accounts and other deposits of non-bank customers	67,918,581	24,867,200	19,825,301	9,792,529	12,536,409	742,978	154,164	-
Deposits and balances of banks and agents, and bills and drafts payable	19,465,923	3,288,960	7,750,258	5,289,989	3,136,716	-	-	-
Debts issued	1,294,399	-	-	-	-	-	1,294,399	-
Others	5,091,407	269,113	15,158	11,184	14,149	428	88	4,781,287
	93,770,310	28,425,273	27,590,717	15,093,702	15,687,274	743,406	1,448,651	4,781,287
Liabilities attributable to SPE	896,838							
Total liabilities	94,667,148							
Shareholders' funds and minority interests	12,799,273	-	-	-	-	-	-	12,799,273
Shareholders' funds attributable to SPE	3,000							
Total shareholders' funds and minority interests	12,802,273							
	107,469,421							
Net maturity mismatch		(9,334,343)	(14,807,310)	(3,861,222)	(2,318,912)	13,074,724	23,200,379	(5,953,316)

44 Financial risk management (continued)

(d) Liquidity risk (continued)

	The Group 2001							
	Total $'000	Up to 7 days $'000	Over 7 days to 1 month $'000	Over 1 to 3 months $'000	Over 3 to 12 months $'000	Over 1 to 3 years $'000	Over 3 years $'000	Non-specific maturity $'000
Assets								
Cash and balances with central banks	3,329,827	3,329,827	-	-	-	-	-	-
Government treasury bills and securities	10,529,193	18,300	1,341,663	2,135,759	2,180,855	2,335,009	2,517,607	-
Placements and balances with banks and agents	24,687,340	5,480,565	7,903,518	3,694,198	7,451,830	109,621	47,608	-
Trade bills and advances to customers	60,892,094	12,298,234	6,085,570	3,083,811	4,852,874	9,865,132	24,706,473	-
Dealing and investment securities	3,638,114	-	56,905	112,979	206,449	713,338	1,189,764	1,358,679
Investments in associates	1,781,322	-	-	-	-	25,825	-	1,755,497
Goodwill	3,776,651	-	-	-	-	-	-	3,776,651
Others	4,705,007	120,224	59,491	30,147	47,441	96,440	241,526	4,109,738
	113,339,548	21,247,150	15,447,147	9,056,894	14,739,449	13,145,365	28,702,978	11,000,565
Assets attributable to SPE	548,546							
Total assets	113,888,094							
Liabilities								
Current, fixed, savings accounts and other deposits of non-bank customers	74,451,684	29,808,547	19,585,026	11,491,515	13,029,302	375,723	161,571	-
Deposits and balances of banks and agents, and bills and drafts payable	18,218,984	5,906,780	4,390,738	5,176,448	2,745,018	-	-	-
Debts issued	3,639,095	-	-	-	-	-	3,639,095	-
Others	3,914,386	188,457	123,821	72,652	82,374	2,375	130	3,444,577
	100,224,149	35,903,784	24,099,585	16,740,615	15,856,694	378,098	3,800,796	3,444,577
Liabilities attributable to SPE	548,546							
Total liabilities	100,772,695							
Shareholders' funds and minority interests	13,115,399	-	-	-	-	-	-	13,115,399
	113,888,094							
Net maturity mismatch		(14,656,634)	(8,652,438)	(7,683,721)	(1,117,245)	12,767,267	24,902,182	(5,559,411)

The contractual maturity profile often does not reflect the actual behavioural patterns. In particular, the Group has a significant amount of "core" deposits of non-bank customers which are contractually at call and thus, included in the "Up to 7 days" time band, but history shows that such deposits provide a stable source of long term funding for the Group.

In addition to the above, the Group is also subject to liquidity requirements to support calls under outstanding contingent liabilities and undrawn credit facility commitments as disclosed in Notes 38 and 40. The total outstanding contractual amounts do not represent future cash requirements since the Group expects many of these contingent liabilities and commitments (such as direct credit substitutes and undrawn credit facilities) to expire without being called or drawn upon, and many of the commitments to pay third parties (such as letters of credit) are reimbursed immediately by customers.

45 Fair values of financial instruments

Financial instruments comprise financial assets, financial liabilities and also derivative financial instruments. The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale. The information presented herein represents best estimates of fair values of financial instruments at the balance sheet date.

The on-balance sheet financial assets and financial liabilities of the Group and the Bank whose fair values are required to be disclosed in accordance with Singapore Statement of Accounting Standard 32 ("SAS 32") comprise all its assets and liabilities with the exception of deferred tax assets, investments in subsidiaries, investments in associates, fixed assets, goodwill, provision for current tax and deferred tax liabilities. The estimated fair values of those on-balance sheet financial assets and financial liabilities as at the balance sheet date approximate their carrying amounts as shown in the balance sheets, except for the following financial assets and liabilities:

	2002			
	The Group		The Bank	
	Carrying amount $'000	Estimated fair value $'000	Carrying amount $'000	Estimated fair value $'000
Singapore Government treasury bills and securities	**8,260,989**	**8,324,001**	**8,002,833**	**8,062,101**
Other government treasury bills and securities	**1,332,948**	**1,346,718**	**419,031**	**431,117**
Dealing securities	**620,109**	**623,411**	**431,811**	**435,045**
Investment securities	**3,945,383**	**3,929,455**	**2,687,019**	**2,690,153**
Debts issued	**2,146,810**	**2,272,921**	**1,294,399**	**1,420,510**

	2001			
	The Group		The Bank	
	Carrying amount $'000	Estimated fair value $'000	Carrying amount $'000	Estimated fair value $'000
Singapore Government treasury bills and securities	8,711,833	8,692,326	4,272,411	4,252,904
Other government treasury bills and securities	1,817,360	1,823,652	244,261	246,078
Dealing securities	680,989	683,801	358,104	358,104
Investment securities	3,431,062	3,680,783	989,656	987,119
Debts issued	4,157,153	4,153,412	3,639,095	3,635,354

45 Fair values of financial instruments (continued)

The fair values of derivative financial instruments are shown in Note 39.

The fair values of financial instrument contingent liabilities and undrawn credit facilities are not readily ascertainable. These financial instruments are presently not sold or traded. They generate fees that are in line with market prices for similar arrangements. The estimated fair value may be represented by the present value of the fees expected to be received, less associated costs of obligations or services to be rendered. The Group and the Bank assess that their respective fair values are unlikely to be significant.

Where available, quoted and observable market prices are used as the measure of fair values, such as for government treasury bills and securities, quoted securities, debts issued and most of the derivative financial instruments.

Where quoted and observable market prices are not available, fair values are estimated based on a range of methodologies and assumptions, the principal ones being as follows:

- The fair values of cash and balances with central banks, and placements and balances with banks, agents and related companies are considered to approximate their carrying values because most of these are (a) of negligible credit risk and (b) either short-term in nature or repriced frequently.

- The Group and the Bank consider the carrying amount of advances to customers as a reasonable approximation of its fair value. Presently, market and observable prices do not exist as there is currently no ready market wherein exchanges between willing parties occur. In estimating the fair value, loans are categorised into homogeneous groups by product types, risk characteristics, maturity and pricing profiles, and non-performing accounts. In evaluating the reasonableness of fair value, the Group and the Bank performed analysis on each of the homogeneous groups, taking into account various hypothetical credit spread and market interest rate scenarios, future expected loss experience and estimated forced sale values of collateral. General provisions are also deducted in arriving at the fair value as a discount for credit risk inherent in the large portfolio of advances to customers.

- The Group and the Bank consider the carrying amounts of all its deposits, such as deposits of non-bank customers and deposits and balances of banks, agents and related companies, as reasonable approximation of their respective fair values given that these are mostly either repayable on demand or in the shorter term, and the interest rates will be repriced.

- For derivative financial instruments where quoted and observable market prices are not available, fair values are arrived at using internal pricing models.

45 Fair values of financial instruments (continued)

As assumptions were made regarding risk characteristics of the various financial instruments, discount rates, future expected loss experience and other factors, changes in the uncertainties and assumptions could materially affect these estimates and the resulting fair value estimates.

In addition, the fair value information for non-financial assets and liabilities is excluded as they do not fall within the scope of SAS 32 which requires fair value information to be disclosed. These include fixed assets, long-term relationships with customers, franchise and other intangibles, which are integral to the full assessment of the Group's and the Bank's financial positions and the value of their net assets.

46 Subsidiaries

The subsidiaries of the Group as at the balance sheet date are as follows:

	Country of incorporation	Place of business	Percentage of paid-up capital held by: The Bank 2002 %	The Bank 2001 %	Subsidiaries 2002 %	Subsidiaries 2001 %	Carrying amount of Bank's investment 2002 $'000	Carrying amount of Bank's investment 2001 $'000
Commercial banking								
Far Eastern Bank Limited	Singapore	Singapore	**77**	76	**-**	-	**37,912**	37,387
*PT Bank UOB Indonesia	Indonesia	Indonesia	**99**	80	**-**	-	**48,462**	30,562
*United Overseas Bank (Canada)	Canada	Canada	**100**	100	**-**	-	**-**	18,155
*United Overseas Bank (Malaysia) Bhd	Malaysia	Malaysia	**45**	45	**55**	55	**123,731**	123,731
*United Overseas Bank Philippines	Philippines	Philippines	**100**	60	**-**	-	**#**	21,101
*UOB Radanasin Bank Public Company Limited	Thailand	Thailand	**79**	75	**-**	-	**124,087**	83,618
Industrial & Commercial Bank Limited	Singapore	Inactive	**100**	87	**-**	-	**-**	384,286
*Overseas Union Bank (Malaysia) Berhad	Malaysia	Inactive	**-**	-	**100**	100	**-**	-
Overseas Union Bank Limited	Singapore	Inactive	**100**	100	**-**	-	**-**	9,014,903
Merchant banking								
*UOB Asia (Hong Kong) Limited	Hong Kong S.A.R.	Hong Kong S.A.R.	**50**	50	**50**	50	**11,687**	11,687
UOB Asia Limited	Singapore	Singapore	**100**	100	**-**	-	**9,747**	9,747
*UOB Australia Limited	Australia	Australia	**100**	100	**-**	-	**10,865**	10,670
@@OUB Australia Ltd (*under voluntary liquidation*)	Australia	Inactive	**100**	-	**-**	100	**-**	-
Finance								
Overseas Union Trust Limited	Singapore	Singapore	**100**	##	**-**	53	**158,468**	398
@@OUB Finance (H.K.) Limited *(liquidated during the year)*	Hong Kong S.A.R.	Inactive	**-**	-	**-**	100	**-**	-
Leasing								
*OUB Credit Bhd	Malaysia	Malaysia	**-**	-	**100**	100	**-**	-
@@OUL Sdn Bhd *(under voluntary liquidation)*	Malaysia	Inactive	**100**	-	**-**	100	**-**	-
Insurance								
*PT UOB Life-Sun Assurance	Indonesia	Indonesia	**-**	-	**80**	80	**-**	-
United Overseas Insurance Limited	Singapore	Singapore	**51**	51	**-**	-	**7,700**	7,700
*UOB Insurance (H.K.) Limited	Hong Kong S.A.R.	Hong Kong S.A.R.	**-**	-	**100**	100	**-**	-
UOB Life Assurance Limited	Singapore	Singapore	**88**	88	**12**	12	**31,509**	40,116
Investment								
*Chung Khiaw Bank (Malaysia) Bhd	Malaysia	Malaysia	**100**	100	**-**	-	**152,403**	152,403
OUB.com Pte Ltd	Singapore	Singapore	**100**	-	**-**	100	**17,267**	-
*Overseas Union Holdings (Aust) Pty Limited	Australia	Australia	**-**	-	**100**	100	**-**	-
Overseas Union Holdings Private Limited	Singapore	Singapore	**100**	-	**-**	100	**181,882**	-

46 Subsidiaries (continued)

	Country of incorporation	Place of Business	Percentage of Paid-up capital held by				Carrying amount of Bank's investment	
			The Bank		Subsidiaries			
			2002	2001	**2002**	2001	**2002**	2001
			%	%	**%**	%	**$'000**	$'000
Investment (continued)								
Overseas Union Securities Limited	Singapore	Singapore	**16**	6	**36**	46	**10,693**	3,310
Overseas Union Securities Trading Pte Ltd	Singapore	Singapore	**-**	-	**100**	100	**-**	-
United Investments Limited	Singapore	Singapore	**100**	100	**-**	-	**26,100**	26,100
UOB Capital Investments Pte Ltd	Singapore	Singapore	**100**	100	**-**	-	**50,000**	50,000
UOB Capital Management Pte Ltd	Singapore	Singapore	**100**	100	**-**	-	**29,700**	3,100
UOB Equity Holdings (Pte) Ltd	Singapore	Singapore	**100**	100	**-**	-	**9,600**	9,600
*UOB Finance (H.K.) Limited	Hong Kong S.A.R.	Hong Kong S.A.R.	**100**	100	**-**	-	**19,760**	19,557
**UOB Holdings (USA) Inc	United States of America	United States of America	**100**	100	**-**	-	**17,956**	20,114
*UOB Realty (H.K.) Limited	Hong Kong S.A.R.	Hong Kong S.A.R.	**-**	-	**100**	100	**-**	-
**UOB Venture Management (Shanghai) Co., Ltd	People's Republic of China	People's Republic of China	**-**	-	**100**	100	-	-
@@asia-reach.com Pte Ltd *(under voluntary liquidation)*	Singapore	Inactive	**100**	100	**-**	-	**-**	@
CKB (2000) Limited	Singapore	Inactive	**100**	100	**-**	-	-	-
@@ICB Finance Limited *(under voluntary liquidation)*	Hong Kong S.A.R.	Inactive	**100**	-	**-**	100	**-**	-
ICB Pte. Ltd.	Singapore	Inactive	**100**	-	**-**	100	@	-
@@OUB Investments Pte Ltd *(under voluntary liquidation)*	Singapore	Inactive	**100**	-	**-**	100	**-**	-
@@Overseas Union Facilities (H.K.) Ltd *(liquidated during the year)*	Hong Kong S.A.R.	Inactive	**-**	-	**-**	100	**-**	-
@@Overseas Union Garden (Private) Limited *(under voluntary liquidation)*	Singapore	Inactive	**100**	-	**-**	100	**-**	-
@@Securities Investments Pte Ltd *(under voluntary liquidation)*	Singapore	Inactive	**100**	-	**-**	100	**-**	-
*United Overseas Finance (Malaysia) Bhd.	Malaysia	Inactive	**-**	-	**100**	100	**-**	-
UOF (2000) Limited	Singapore	Inactive	**100**	100	**-**	-	**10**	10
Trustee/Investment management								
OUB Asset Management Ltd	Singapore	Singapore	**100**	-	**-**	100	**13,455**	-
###OUB Optimix Funds Management Limited	Singapore	Singapore	**-**	-	**100**	-	**-**	-
Overseas Union Bank Trustees Ltd	Singapore	Singapore	**20**	-	**80**	51	**1,437**	-
United Overseas Bank Trustee Limited	Singapore	Singapore	**20**	20	**80**	80	**100**	100
UOB Asset Management Ltd	Singapore	Singapore	**100**	100	**-**	-	**2,000**	2,000
UOB Bioventures Management Pte Ltd	Singapore	Singapore	**-**	-	**100**	100	**-**	-

46 Subsidiaries (continued)

	Country of incorporation	Place of business	Percentage of paid-up capital held by				Carrying amount of Bank's investment	
			The Bank		Subsidiaries			
			2002	2001	**2002**	2001	**2002**	2001
			%	%	**%**	%	**$'000**	$'000
Trustee/Investment management (continued)								
**UOB Global Capital (Dublin) Ltd	Ireland	Ireland	**-**	-	**100**	100	**-**	-
**UOB Global Capital LLC	United States of America	United States of America	**-**	-	**70**	70	**-**	-
UOB Global Capital Private Limited	Singapore	Singapore	**70**	70	**-**	-	**67**	72
**UOB Global Capital SARL	France	France	**-**	-	**100**	100	**-**	-
UOB Hermes Asia Management Pte Limited	Singapore	Singapore	**-**	-	**60**	60	**-**	-
*UOB Investment Advisor (Taiwan) Ltd	Taiwan	Taiwan	**-**	-	**100**	100	**-**	-
UOB Venture Management Private Limited	Singapore	Singapore	**100**	100	**-**	-	**250**	250
*UOB-OSK Asset Management Sdn. Bhd.	Malaysia	Malaysia	**-**	-	**70**	70	**-**	-
@@OUB (Australia) Securities Pty Ltd *(liquidated during the year)*	Australia	Inactive	**-**	-	**-**	100	**-**	-
@@OUB-TA Asset Management Sdn Bhd *(under voluntary liquidation)*	Malaysia	Inactive	**-**	-	**51**	51	**-**	-
Nominee services								
*Chung Khiaw Nominees (H.K.) Limited	Hong Kong S.A.R.	Hong Kong S.A.R.	**100**	100	**-**	-	**2**	2
Far Eastern Bank Nominees (Private) Limited	Singapore	Singapore	**-**	-	**100**	100	**-**	-
Mandarin Nominees Pte Ltd	Singapore	Singapore	**-**	-	**100**	100	**-**	-
*OUB Nominees (Asing) Sdn Bhd	Malaysia	Malaysia	**-**	-	**100**	100	**-**	-
*OUB Nominees (Tempatan) Sdn Bhd	Malaysia	Malaysia	**-**	-	**100**	100	**-**	-
Overseas Union Bank Nominees (Private) Limited	Singapore	Singapore	**100**	-	**-**	100	**192**	-
*Overseas Union Nominees (H.K.) Limited *[formerly known as Overseas Union Bank Nominees (H.K.) Limited]*	Hong Kong S.A.R.	Hong Kong S.A.R.	**100**	-	**-**	100	**4**	-
Overseas Union Trust (Nominees) Pte Ltd	Singapore	Singapore	**-**	-	**100**	100	**-**	-
Tye Hua Nominees Private Limited	Singapore	Singapore	**100**	100	**-**	-	**10**	10
United Merchant Bank Nominees (Pte) Ltd	Singapore	Singapore	**-**	-	**100**	100	**-**	-
*United Overseas Bank Nominees (H.K.) Limited	Hong Kong S.A.R.	Hong Kong S.A.R.	**100**	100	**-**	-	**4**	4
United Overseas Bank Nominees (Private) Limited	Singapore	Singapore	**100**	100	**-**	-	**10**	10
*United Overseas Nominees (Asing) Sdn Bhd	Malaysia	Malaysia	**-**	-	**100**	100	**-**	-
*United Overseas Nominees (Tempatan) Sdn Bhd	Malaysia	Malaysia	**-**	-	**100**	100	**-**	-
*UOB Nominees (Australia) Limited	Australia	Australia	**-**	-	**100**	100	**-**	-

46 Subsidiaries (continued)

	Country of incorporation	Place of business	Percentage of paid-up capital held by The Bank 2002 %	The Bank 2001 %	Subsidiaries 2002 %	Subsidiaries 2001 %	Carrying amount of Bank's investment 2002 $'000	2001 $'000
Nominee services (continued)								
**UOB Nominees (UK) Limited	United Kingdom	United Kingdom	**100**	100	**-**	-	**2**	2
*UOBM Nominees (Asing) Sdn Bhd	Malaysia	Malaysia	**-**	-	**100**	100	**-**	-
*UOBM Nominees (Tempatan) Sdn Bhd	Malaysia	Malaysia	**-**	-	**100**	100	**-**	-
Chung Khiaw Nominees (Private) Limited	Singapore	Inactive	**100**	100	**-**	-	**10**	10
@@Grand Orient Nominees Pte Ltd *(under voluntary liquidation)*	Singapore	Inactive	**-**	-	**100**	100	**-**	-
ICB Nominees (Private) Limited	Singapore	Inactive	**100**	-	**-**	100	**10**	-
Lee Wah Nominees (S) Pte Ltd	Singapore	Inactive	**100**	100	**-**	-	**@**	@
@@OUB Australia Nominees Pty Ltd (liquidated during the year)	Australia	Inactive	**-**	-	**-**	100	**-**	-
@@Overseas Union Bank Nominees (U.K.) Limited *(liquidated during the year)*	United Kingdom	Inactive	**-**	-	**-**	100	**-**	-
*Singapore UMB (Hong Kong) Limited	Hong Kong S.A.R.	Inactive	**-**	-	**100**	100	**-**	-
UOF Nominees (Private) Limited	Singapore	Inactive	**100**	100	**-**	-	**@**	@
Stockbroking								
Grand Orient Securities Pte Ltd	Singapore	Singapore	**-**	-	**100**	100	**-**	-
*OUB Securities (H.K.) Limited	Hong Kong S.A.R.	Hong Kong S.A.R.	**100**	-	**-**	100	**11,303**	-
OUB Securities Pte Ltd	Singapore	Singapore	**100**	-	**-**	100	**41,156**	-
Gold/futures dealing								
UOB Bullion and Futures Limited	Singapore	Singapore	**100**	100	**-**	-	**9,000**	9,000
@@OUB Bullion & Futures Ltd *(under voluntary liquidation)*	Singapore	Inactive	**100**	-	**-**	100	**-**	-
Computer services								
Unicom Databank Private Limited	Singapore	Singapore	**100**	100	**-**	-	**@**	@
*UOB InfoTech Sdn Bhd	Malaysia	Inactive	**-**	-	**100**	100	**-**	-
Management services								
Overseas Union Management Services Pte Ltd	Singapore	Singapore	**100**	-	**-**	100	**228**	-
A.I.M. Services Pte Ltd	Singapore	Inactive	**100**	-	**-**	100	**25**	-
ICB Management Pte. Ltd.	Singapore	Inactive	**100**	-	**-**	100	**25**	-
@@Overseas Union Management Services Sdn Bhd *(under voluntary liquidation)*	Malaysia	Inactive	**100**	-	**-**	100	**-**	-
@@UOB Management Services Pte Ltd *(under voluntary liquidation)*	Singapore	Inactive	**100**	100	**-**	-	**-**	@

46 Subsidiaries (continued)

	Country of incorporation	Place of business	Percentage of Paid-up capital held by The Bank 2002 %	The Bank 2001 %	Subsidiaries 2002 %	Subsidiaries 2001 %	Carrying amount of Bank's investment 2002 $'000	2001 $'000
General services								
United General Services (Pte) Ltd	Singapore	Singapore	**100**	100	**-**	-	**@**	@
Consultancy and research services								
***UOB Investment Consultancy ### (Beijing) Limited *[formerly known as UOB Centek Technology (Beijing) Investment Consulting Co., Ltd]*	People's Republic of China	People's Republic of China	**-**	-	**100**	-	**-**	-
**UOB Venture Management (USA) Inc.	United States of America	United States of America	**-**	-	**100**	100	**-**	-
@@OUB Research Sdn Bhd *(under voluntary liquidation)*	Malaysia	Inactive	**-**	-	**100**	100	**-**	-
Property								
Chung Khiaw Realty, Limited	Singapore	Singapore/ Malaysia	**99**	99	**-**	-	**60,448**	60,448
Industrial & Commercial Property (S) Pte Ltd	Singapore	Singapore	**100**	-	**-**	100	**32,000**	-
**UOB Realty (USA) Inc.	United States of America	United States of America	**100**	100	**-**	-	**287**	299
**UOB Realty (USA) Ltd Partnership	United States of America	United States of America	**99**	99	**1**	1	**17,185**	17,386
UOB Warehouse Private Limited	Singapore	Singapore	**100**	100	**-**	-	**88,000**	88,000
FEB Realty Company Pte. Ltd.	Singapore	Inactive	**-**	-	**100**	100	**-**	-
@@ICB Enterprises (Private) Limited *(under voluntary liquidation)*	Singapore	Inactive	**100**	100	**-**	-	**-**	495
@@Overseas Union Holdings Sdn Bhd *(under voluntary liquidation)*	Malaysia	Inactive	**-**	-	**100**	100	**-**	-
Property management								
OUB Towers Pte Ltd	Singapore	Singapore	**100**	-	**-**	100	**32,554**	-
Overseas Union Developments (Private) Limited	Singapore	Singapore	**100**	-	**-**	100	**16,539**	-
@@Overseas Union Developments Sdn Bhd *(under voluntary liquidation)*	Malaysia	Inactive	**-**	-	**100**	100	**-**	-
Overseas Union Facilities Sdn Bhd *(disposed of during the year)*	Malaysia	Inactive	**-**	-	**-**	100	**-**	-
@@Overseas Union Project Management Pte Ltd *(under voluntary liquidation)*	Singapore	Inactive	**-**	-	**100**	100	**-**	-
@@Overseas Union Realty Services Pte Ltd *(under voluntary liquidation)*	Singapore	Inactive	**-**	-	**100**	100	**-**	-
@@UOB Property Management Pte Ltd *(under voluntary liquidation)*	Singapore	Inactive	**100**	100	**-**	-	**-**	@

46 Subsidiaries (continued)

	Country of incorporation	Place of business	Percentage of Paid-up capital held by				Carrying amount of Bank's investment	
			The Bank		Subsidiaries			
			2002	2001	**2002**	2001	**2002**	2001
			%	%	**%**	%	**$'000**	$'000
Travel								
UOB Travel Planners Pte Ltd	Singapore	Singapore	**100**	100	**-**	-	**3,987**	3,987
@@UOB Travel (General Sales Agent) Pte Ltd *(under voluntary liquidation)*	Singapore	Inactive	**55**	55	**-**	-	**-**	268
							1,409,829	10,260,598

Notes:

*	Audited by other member firms of the worldwide PricewaterhouseCoopers organisation.
**	Not required to be audited in country of incorporation.
***	Not audited by PricewaterhouseCoopers, Singapore or another member firm of the worldwide PricewaterhouseCoopers organisation.
@	Investment cost is less than $1,000.
@@	Not required to be audited as subsidiary has been put into liquidation.
#	Investment cost is fully provided for.
##	Percentage of paid-up capital held by the bank is 0.2%.
###	This company was an associate at 31 December 2001 (see Note 47).

47 Major associates

	Principal activities	Country of incorporation and business	Effective interest held by the Group 2002 %	2001 %
Associates (quoted)				
United International Securities Limited	Investment	Singapore	**42**	42
United Overseas Land Limited	Property/hotel	Singapore	**45**	45
UOB–Kay Hian Holdings Limited	Stockbroking	Singapore	**40**	39
Haw Par Corporation Limited *(divested during the year)*	Conglomerate	Singapore	*****	42
Associates (unquoted)				
Ace Net Financial Services Pte Ltd	Automated teller machine services	Singapore	**50**	50
Affin–UOB Securities Sdn Bhd	Stockbroking	Malaysia	**45**	45
Asfinco Singapore Limited	Investment holding	Singapore	**40**	39
Clearing and Payment Services Pte Ltd	Continuous linked settlement	Singapore	**33**	33
Network for Electronic Transfers (Singapore) Pte Ltd	Electronic funds transfer	Singapore	**33**	40
Novena Square Development Pte Ltd	Property	Singapore	**20**	20
Novena Square Investment Pte Ltd	Investment	Singapore	**20**	20
Orix Leasing Singapore Limited	Leasing/rental	Singapore	**20**	20
OSK-UOB Unit Trust Management Berhad	Investment management	Malaysia	**30**	30
OUB Manulife Pte Ltd	Life insurance	Singapore	**-**	50
#OUB Optimix Funds Management Ltd	Unit trust fund management	Singapore	**-**	50
Overseas Union Insurance, Limited	General insurance	Singapore	**50**	48
PT Bali Walden UOB Venture Capital *(under voluntary liquidation)*	Venture capital investment	Indonesia	**20**	20
Singapore Consortium Investment Management Ltd	Unit trust fund management	Singapore	**33**	40
Tower-Ed Sdn Bhd	General and life insurance	Malaysia	**49**	-
#UOB Investment Consultancy (Beijing) Limited *[formerly known as UOB Centek Technology (Beijing) Investment Consulting Co., Ltd]*	Consultancy and research services	People's Republic of China	**-**	50
UOB Venture Investments Limited	Venture capital investment	Singapore	**21**	21
Vertex Asia Limited	Investment	Singapore	**21**	21
Walden Asia II Limited	Venture capital investment	United States of America	**25**	25

Notes:

* The Group's interest in this company was divested during the year [Note 19(c)] and the investment has accordingly been classified in investment securities (Note 30).

\# This Company was a subsidiary at 31 December 2002 (see Note 46).

48 Authorisation of financial statements

On 28 February 2003, the Board of Directors of United Overseas Bank Limited authorised these financial statements for issue.

Unaudited Consolidated Financial Information of UOB Group for the Six Months Ended June 30, 2004

Note: Certain figures in this report may not add up to the relevant total due to rounding.

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

	Note	**1st Half 2004 $ million**	1st Half 2003 $ million	1H04/ 1H03 %
Interest income		**1,679**	1,662	1.0
Less: Interest expense		**623**	634	(1.8)
Net interest income		**1,056**	1,028	2.7
Dividend income		**28**	19	52.2
Fee and commission income	1	**322**	269	19.9
Rental income		**32**	39	(16.0)
Other operating income	2	**133**	221	(40.0)
Total non-interest income		**515**	547	(5.7)
Income before operating expenses		**1,571**	1,575	(0.2)
Less: Staff costs		**265**	262	1.3
Other operating expenses	3	**283**	275	3.0
Total operating expenses		**548**	537	2.1
Operating profit before goodwill amortisation and provisions		**1,023**	1,038	(1.4)
Less: Goodwill amortisation		**101**	102	(1.2)
Less: Write-back of general provisions		**(63)**	-	NM
Specific provisions for loans		**113**	245	(53.8)
Specific provisions for other assets		**26**	34	(25.4)
Total provisions		**76**	280	(72.9)
Operating profit after goodwill amortisation and provisions		**846**	656	29.0
Share of profit of associates		**76**	30	156.3
Profit from ordinary activities before tax		**922**	686	34.5
Less: Tax		**212**	179	18.4
Profit after tax		**711**	507	40.1
Less: Minority interests		**6**	6	4.0
Net profit attributable to members		**705**	501	40.5
Expense / Income ratio (%)		**34.9**	34.1	0.8 % pt
Annualised earnings per share (¢)				
- Basic		**89.7**	63.8	40.6
- Fully diluted		**89.6**	63.8	40.4

NM denotes "Not Meaningful".

2. UNAUDITED CONSOLIDATED BALANCE SHEET

	Note	30-Jun-04 $ million	30-Jun-03 $ million
Share Capital and Reserves			
Share capital		**1,572**	1,572
Capital reserves		**4,221**	4,281
Statutory reserves		**2,860**	2,801
Revenue reserves		**4,671**	4,059
Share of reserves of associates		**126**	137
Total shareholders' funds	4	**13,450**	12,850
Minority interests		**169**	147
Liabilities			
Deposits of non-bank customers	5	**71,631**	66,828
Deposits and balances of banks and agents		**21,959**	18,741
Total deposits	6	**93,590**	85,569
Bills and drafts payable		**158**	180
Other liabilities		**5,066**	4,812
Debts issued	7	**4,372**	4,281
Total liabilities		**103,186**	94,841
Total shareholders' funds and liabilities		**116,805**	107,839
Assets			
Cash, balances and placements with central banks		**10,527**	4,210
Singapore Government treasury bills and securities	8	**6,787**	8,476
Other government treasury bills and securities	8	**1,721**	1,884
Dealing securities	8	**575**	415
Placements and balances with banks and agents		**19,442**	18,976
Loans and advances including trade bills to non-bank customers	9	**59,895**	59,760
Other assets		**3,923**	3,153
Investment securities	8	**7,210**	4,364
Investments in associates		**1,600**	1,251
Fixed assets		**1,747**	1,785
Goodwill		**3,378**	3,566
Total assets		**116,805**	107,839
Off-Balance Sheet Items			
Contingent liabilities		**9,087**	9,115
Derivative financial instruments		**248,076**	165,273
Commitments		**39,404**	36,973

3. UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

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

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

* Less than $500,000.

4. UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

	1st Half 2004 $ million	1st Half 2003 $ million
Cash flows from operating activities		
Profit before tax	**922**	686
Adjustments for:		
Depreciation of fixed assets	**57**	53
Goodwill amortisation	**101**	102
Share of profit of associates	**(76)**	(30)
Operating profit before changes in operating assets and liabilities	**1,004**	811
Changes in operating assets and liabilities:		
Deposits	**4,888**	(1,652)
Bills and drafts payable	**(6)**	16
Other liabilities	**(1,880)**	(328)
Dealing securities	**(50)**	209
Placements and balances with banks and agents	**630**	450
Loans and advances including trade bills to non-bank customers	**(599)**	(876)
Other government treasury bills and securities not qualifying as cash and cash equivalents	**9**	(28)
Other assets	**817**	903
Cash generated from / (used in) operations	**4,812**	(496)
Income taxes paid	**(195)**	(174)
Net cash provided by / (used in) operating activities	**4,617**	(670)
Cash flows from investing activities		
(Increase) / decrease in investment securities and investments in associates	**(1,991)**	(399)
Net dividends received from associates	**41**	30
Net increase in fixed assets	**(36)**	(43)
Change in / acquisition of minority interests of subsidiaries	**11**	(5)
Net cash flow on acquisition of subsidiaries	**-**	-
Net cash (used in) / provided by investing activities	**(1,975)**	(418)
Cash flows from financing activities		
Proceeds from issue of shares	**4**	0*
Net increase in debts issued	**176**	2,135
Dividends paid by the Bank	**(503)**	(306)
Dividends paid by subsidiaries to minority shareholders	**(3)**	(3)
Net cash (used in) / provided by financing activities	**(326)**	1,825
Currency translation adjustment	**(19)**	39
Net increase / (decrease) in cash and cash equivalents	**2,296**	776
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)	**18,658**	13,818

Note A:

Cash, balances and placements with central banks	**10,527**	4,210
Singapore Government treasury bills and securities	**6,787**	8,476
Other government treasury bills and securities, less non-cash equivalents of $377 million (30 June 2003: $752 million)	**1,344**	1,132
Cash and cash equivalents at end of the financial period	**18,658**	13,818

* Less than $500,000.

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

Note 1

Fee and commission income

	1st Half 2004 $ million	1st Half 2003 $ million
Credit card	**47**	40
Fund management	**53**	32
Futures broking	**19**	17
Investment-related	**57**	28
Loan-related	**50**	62
Service charges	**26**	24
Trade-related	**62**	54
Other	**7**	11
Total fee and commission income	**322**	269

Note 2

Other operating income

	1st Half 2004 $ million	1st Half 2003 $ million
Net profit / (loss) from:		
- Dealing securities, government treasury bills and securities, and derivatives	**9**	95
- Foreign exchange dealings	**37**	70
- Disposal of investment securities and associates	**43**	22
- Disposal of fixed assets	**9**	8
- Other	**35**	25
Total other operating income	**133**	221

Note 3

Other Operating Expenses

	1st Half 2004 $ million	1st Half 2003 $ million
Depreciation		
- Land and buildings	**13**	13
- Office equipment, computers, fixtures and other fixed assets	**44**	39
	57	53
Rental of premises and equipment	**17**	21
Maintenance of premises and other assets	**24**	28
Other expenses	**185**	174
Total other operating expenses	**283**	275
Total operating expenses included:		
IT-related expenses	**82**	99
IT-related expenses / Total operating expenses (%)	**15.0**	18.5

Note 4

Shareholders' Funds

	30-Jun-04	30-Jun-03
	$ million	$ million
Shareholders' funds	**13,450**	12,850
Add: Revaluation surplus *	**1,483**	1,386
Shareholders' funds including revaluation surplus	**14,933**	14,236
Net asset value (NAV) per share ($)	**8.56**	8.18
Revaluation surplus per share ($)	**0.94**	0.88
Revalued NAV per share ($)	**9.50**	9.06

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

Note 5

Customer Deposits

	30-Jun-04	30-Jun-03
	$ million	$ million
Fixed deposits	**47,793**	45,624
Savings and other deposits	**23,838**	21,204
Total customer deposits	**71,631**	66,828

Note 6

Deposits Analysed by Remaining Maturity

	30-Jun-04		30-Jun-03	
	$ million	**%**	$ million	%
Within 1 year	**92,022**	**98.3**	84,460	98.7
Over 1 year but within 3 years	**779**	**0.9**	729	0.8
Over 3 years but within 5 years	**673**	**0.7**	306	0.4
Over 5 years	**116**	**0.1**	74	0.1
Total deposits	**93,590**	**100.0**	85,569	100.0

Note 7

Debts Issued

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

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

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

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

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

Debts Issued (cont'd)

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

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

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

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

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

Note 8

Total Securities *	**30-Jun-04 $ million**	30-Jun-03 $ million
Trading, at fair value	**1,313**	991
Non-trading		
At cost adjusted for premium and discount	**15,167**	14,282
Provision for diminution in value	**(187)**	(134)
	14,980	14,148
Total securities	**16,292**	15,138

Securities Analysed by Issuer Type	**30-Jun-04 Trading $ million**	**30-Jun-04 Non-Trading $ million**	30-Jun-03 Trading $ million	30-Jun-03 Non-Trading $ million
Government	**738**	**7,771**	576	9,784
Public sector	**4**	**2**	2	4
Bank	**54**	**2,988**	38	1,075
Corporate	**473**	**4,195**	354	3,318
Other	**44**	**211**	21	101
Total securities	**1,313**	**15,167**	991	14,282

Securities Analysed by Industry	**30-Jun-04 $ million**	**30-Jun-04 %**	30-Jun-03 $ million	30-Jun-03 %
Transport, storage and communication	**422**	**2.8**	328	2.3
Building and construction	**423**	**2.8**	380	2.7
Manufacturing	**599**	**4.0**	565	3.9
Financial institutions	**4,223**	**27.8**	1,981	13.9
General commerce ^	**750**	**4.9**	658	4.6
Government	**7,771**	**51.2**	9,784	68.5
Other ^	**979**	**6.5**	586	4.1
Non-trading securities	**15,167**	**100.0**	14,282	100.0

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

^ Securities from hotels and restaurants were reclassified from "Other" to "General commerce" to be in line with the revised Notice to Banks, MAS 610.

Note 9

Customer Loans Analysed by Product Group	30-Jun-04 $ million	30-Jun-04 %	30-Jun-03 $ million	30-Jun-03 %
Housing loans	**15,037**	**23.8**	14,287	22.6
Term loans	**35,240**	**55.8**	35,910	56.8
Trade financing	**3,885**	**6.2**	3,193	5.1
Overdrafts	**8,933**	**14.2**	9,817	15.5
Total gross customer loans	**63,095**	**100.0**	63,207	100.0
General provisions	**(1,361)**		(1,427)	
Specific provisions	**(1,839)**		(2,020)	
Total net customer loans	**59,895**		59,760	

Gross Customer Loans Analysed by Currency and Fixed / Variable Rates	30-Jun-04 $ million	30-Jun-04 %	30-Jun-03 $ million	30-Jun-03 %
Fixed Rate				
Singapore dollar	**10,159**	**16.1**	10,282	16.3
US dollar	**1,416**	**2.2**	933	1.5
Malaysian ringgit	**215**	**0.3**	183	0.3
Hong Kong dollar	**63**	**0.1**	46	0.1
Thai baht	**874**	**1.4**	758	1.2
Other	**416**	**0.7**	1,236	1.9
Total fixed rate gross customer loans	**13,143**	**20.8**	13,438	21.3
Variable Rate				
Singapore dollar	**30,142**	**47.8**	30,745	48.6
US dollar	**7,335**	**11.6**	7,131	11.3
Malaysian ringgit	**6,539**	**10.3**	6,188	9.8
Hong Kong dollar	**925**	**1.5**	1,123	1.8
Thai baht	**679**	**1.1**	541	0.8
Other	**4,332**	**6.9**	4,041	6.4
Total variable rate gross customer loans	**49,952**	**79.2**	49,769	78.7
Total gross customer loans	**63,095**	**100.0**	63,207	100.0

Provision Coverage Ratios	30-Jun-04 %	30-Jun-03 %
Cumulative provisions/Doubtful & Loss Non-Performing Loans ("NPLs")	**178.4**	174.2
Cumulative provisions/Unsecured NPLs	**141.0**	137.3
Cumulative provisions*/Gross customer loans	**5.1**	5.5
General provisions/Gross customer loans (net of specific provisions*)	**2.2**	2.3

* Excluding debt securities.

5. SEGMENTAL ANALYSIS

a) Business Segments

$ million

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

@ Excluding debt securities.

* Less than $500,000.

5. SEGMENTAL ANALYSIS

a) Business Segments (cont'd)

$ million

30-Jun-03	Individual Financial Services	Institutional Financial Services	Global Treasury	Asset Management	Other	Total
Income before operating expenses	489	650	240	85	111	1,575
Segment profit before tax	185	300	172	60	72	789
Unallocated corporate expenses						(31)
						758
Goodwill amortisation						(102)
Operating profit after goodwill amortisation and provisions						656
Share of profit of associates						30
Profit before tax						686
Tax and minority interests						(185)
Net profit attributable to members						501
Other information:						
Segment assets	21,855	40,131	37,051	830	3,052	102,919
Investments in associates						1,251
Goodwill						3,566
Unallocated assets						103
Total assets						107,839
Gross customer loans	23,844	39,363	-	-	-	63,207
NPLs @	1,584	3,745	-	-	-	5,329
Specific provisions for NPLs @	496	1,524	-	-	-	2,020
Segment liabilities	41,977	26,975	25,226	44	78	94,300
Unallocated liabilities						541
Total liabilities						94,841
Capital expenditure	16	16	4	0*	10	46
Depreciation of fixed assets	16	16	4	1	16	53

@ Excluding debt securities.

* Less than $500,000.

5. SEGMENTAL ANALYSIS

b) 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.

Income before Operating Expenses	1st Half 2004 $ million	1st Half 2003 $ million
Singapore (including Asian Currency Units)	**1,176**	1,187
Other ASEAN countries	**253**	246
Other Asia-Pacific countries	**87**	88
Rest of the world	**55**	54
Total	**1,571**	1,575

Profit before Tax	1st Half 2004 $ million	1st Half 2003 $ million
Singapore (including Asian Currency Units)	**824**	596
Other ASEAN countries	**99**	114
Other Asia-Pacific countries	**59**	38
Rest of the world	**41**	40
	1,023	788
Goodwill amortisation	**(101)**	(102)
Total	**922**	686

Total Assets	30-Jun-04 $ million	30-Jun-03 $ million
Singapore (including Asian Currency Units)	**76,854**	75,654
Other ASEAN countries	**16,419**	14,172
Other Asia-Pacific countries	**14,499**	8,862
Rest of the world	**5,655**	5,585
	113,427	104,273
Goodwill	**3,378**	3,566
Total	**116,805**	107,839

6. CAPITAL ADEQUACY RATIOS

The Group's capital adequacy ratios were computed under the revised capital framework for Singapore-incorporated banks issued by the Monetary Authority of Singapore, which was effective from 30 June 2004. The comparative figures as at 30 June 2003 have been adjusted to conform with the revised framework accordingly.

	30-Jun-04	30-Jun-03 *
	$ million	$ million
Capital		
Tier I Capital		
Share capital	**1,572**	1,572
Disclosed reserves / other	**11,903**	11,299
Deduction of goodwill	**(3,518)**	(3,584)
	9,957	9,287
Upper Tier II Capital		
Cumulative general provisions	**978**	926
Subordinated notes	**3,010**	3,050
	3,988	3,976
Deductions from Tier I and Upper Tier II Capital	**(3,360)**	(2,332)
Total capital	**10,585**	10,931
Risk-weighted assets (including market risk)	**77,838**	73,847
Capital adequacy ratios		
Tier I	**12.8%**	12.6%
Total capital	**13.6%**	14.8%

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

7. EXPOSURE BY COUNTRY OF OPERATIONS

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

At the country level, direct net exposure to Malaysia where the Group has a long-standing presence, remained the largest at $13.6 billion or 11.7% of Group total assets, followed by United Kingdom at $3.8 billion and Taiwan at $3.2 billion.

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

$ million

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

REGISTERED ADDRESS OF THE ISSUER

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

INDEPENDENT PUBLIC ACCOUNTANTS

PricewaterhouseCoopers
8 Cross Street
#17-00 PWC Building
Singapore 048424

LEGAL ADVISORS TO UOB

as to Singapore Law and U.S. Law

Clifford Chance Wong Pte. Ltd.
80 Raffles Place
#58-01 UOB Plaza 1
Singapore 048624

LEGAL ADVISORS TO INITIAL PURCHASERS

as to Singapore Law

Allen & Gledhill
One Marina Boulevard #28-00
Singapore 018989

as to U.S. Law

Davis Polk & Wardwell
The Hong Kong Club Building, 18th Floor
3A Chater Road
Hong Kong

TRUSTEE

The Bank of New York
101 Barclay Street
Floor 21W
New York, NY 10286
United States of America

LEGAL ADVISORS TO THE TRUSTEE

as to U.S. Law

Freshfields Bruckhaus Deringer
11th Floor
Two Exchange Square
Central
Hong Kong

SGD PAYING AGENT

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

USD PAYING AGENT

The Bank of New York
101 Barclay Street
Floor 21W
New York, NY 10286
United States of America

UNITED OVERSEAS BANK LIMITED

Produced by SNP Vite Limited F04-08-003