

United Overseas Bank Limited

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

GROUP FINANCIAL PERFORMANCE FOR FINANCIAL YEAR 2004

24 FEBRUARY 2005



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

I) Highlights and Performance Indicators

	2004	2003	2004 / 2003 (%)	4th Quarter 2004	3rd Quarter 2004	4th Quarter 2003	4Q04 / 4Q03 (%)
• Key Indicators							
Net interest income (NII) (\$'m)	2,155	2,071	+ 4.1	562	537	540	+ 4.1
Non-interest income (Non NII) (\$'m)	1,104	1,089	+ 1.4	298	270	291	+ 2.2
Total income (\$'m)	3,259	3,160	+ 3.1	860	807	831	+ 3.4
Total expenses (\$'m)	1,227	1,095	+ 12.0	364	315	290	+ 25.7
Operating profit before goodwill amortisation and provisions (\$'m)	2,032	2,064	- 1.6	496	493	542	- 8.4
❖ Net profit after tax							
- Including goodwill amortisation (\$'m)	1,452	1,202	+ 20.8	376	371	366	+ 2.7
- Excluding goodwill amortisation (\$'m)	1,665	1,404	+ 18.6	434	426	415	+ 4.6
❖ Income mix:							
- NII / Total income (%)	66.1	65.5	+ 0.6 % pt	65.4	66.5	64.9	+ 0.5 % pt
- Non NII / Total income (%)	33.9	34.5	- 0.6 % pt	34.6	33.5	35.1	- 0.5 % pt
	100.0	100.0	-	100.0	100.0	100.0	-
❖ Profit contribution (before tax and goodwill amortisation):							
- Onshore (including ACU) (%)	78.8	75.6	+ 3.2 % pt	77.6	76.9	71.7	+ 5.9 % pt
- Offshore (%)	21.2	24.4	- 3.2 % pt	22.4	23.1	28.3	- 5.9 % pt
	100.0	100.0	-	100.0	100.0	100.0	-
❖ Return on average shareholders' funds [#]							
- Including goodwill amortisation (%)	10.8	9.3	+ 1.5 % pt	11.1	11.0	11.2	- 0.1 % pt
- Excluding goodwill amortisation (%)	12.4	10.9	+ 1.5 % pt	12.8	12.7	12.7	+ 0.1 % pt
❖ Basic earnings per share [#]							
- Including goodwill amortisation (¢)	92.6	76.5	+ 21.0	96.8	94.5	93.1	+ 4.0
- Excluding goodwill amortisation (¢)	106.3	89.3	+ 19.0	111.8	108.4	105.7	+ 5.8
❖ Return on average assets [#]							
- Including goodwill amortisation (%)	1.19	1.10	+ 0.09 % pt	1.16	1.20	1.32	- 0.16 % pt
- Excluding goodwill amortisation (%)	1.36	1.29	+ 0.07 % pt	1.34	1.37	1.50	- 0.16 % pt
❖ NII [#] / Average interest bearing assets (%)	2.10	2.25	- 0.15 % pt	2.05	2.05	2.29	- 0.24 % pt
❖ Expense / Income ratio (%)	37.6	34.7	+ 2.9 % pt	42.3	39.0	34.8	+ 7.5 % pt
❖ Dividend rates (%)							
- Interim	20.0	20.0	-	-	-	-	-
- Final	40.0	40.0	-	40.0	-	40.0	-

[#] Computed on an annualised basis for quarters.

I) Highlights and Performance Indicators

	31-Dec-04	31-Dec-03	Dec-04 / Dec-03 (%)	30-Sep-04
• <u>Other Indicators</u>				
❖ Customer loans (net) (\$'m)	64,300	59,297	+ 8.4	64,489
❖ Customer deposits (\$'m)	79,019	69,863	+ 13.1	77,373
❖ Loans / Deposits ratio [@] (%)	81.4	84.9	- 3.5 % pt	83.3
❖ Non-performing loans (NPLs) (\$'m)	5,484	5,160	+ 6.3	5,866
❖ Cumulative provisions (\$'m)	3,724	3,332	+ 11.8	3,808
❖ NPL ratio [^] (%)	8.0	8.1	- 0.1 % pt	8.5
❖ Cumulative provisions / NPLs (%)	67.9	64.6	+ 3.3 % pt	64.9
❖ Total assets (\$'m)	134,879	113,446	+ 18.9	126,566
❖ Shareholders' funds (\$'m)	13,439	13,282	+ 1.2	13,566
❖ Unrealised revaluation surplus [#] (\$'m)	1,562	1,464	+ 6.7	1,547
❖ Net asset value (NAV) per share (\$)	8.75	8.45	+ 3.6	8.63
❖ Revalued NAV per share (\$)	9.77	9.38	+ 4.2	9.61
❖ Net tangible asset backing per share (\$)	6.14	6.23	- 1.4	6.12
❖ Capital adequacy ratios (CAR)				
- Tier 1 capital (%)	11.0	13.2	- 2.2 % pt	11.3
- Total capital (%)	15.6	15.2	+ 0.4 % pt	16.1
❖ Manpower (number)	13,574	10,547	+ 3,027 no.	13,593

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

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

[#] Refer to revaluation surplus on properties and investment securities which was not incorporated into the financial statements.



II) Review of Financial Performance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards and are presented in Singapore dollars.

Review of Group Performance

Results

Following UOB's acquisition of Bank of Asia Public Company Limited and its subsidiaries ("BOA") on 27 July 2004, BOA's results for the five months ended 31 December 2004 and its balance sheet as at 31 December 2004 were consolidated into the Group's financial statements.

2004 versus 2003

The Group's net profit after tax ("NPAT") for the financial year ended 31 December 2004 of \$1,452 million represented an increase of \$250 million or 20.8% over the \$1,202 million registered for the financial year ended 31 December 2003. The increase in NPAT was mainly due to higher share of profit of associates, lower provision charges, higher fee and commission income, and higher net interest income. These were partially offset by higher operating expenses and lower other operating income.

Total income increased 3.1% to \$3,259 million for 2004 from \$3,160 million for 2003, primarily due to higher fee and commission income derived largely from fund management, investment-related and trade-related activities, higher net interest income mainly from inter-bank money market activities and debt securities, and higher net profit on disposal of investment securities. These were partially offset by the net loss on dealing securities, government securities and derivatives.

The Group's total operating expenses increased 12.0% to \$1,227 million for 2004 from \$1,095 million for 2003 attributed mainly to the acquisition of BOA. Staff costs increased 10.5% to \$587 million primarily due to higher headcount, while other operating expenses increased 13.4% to \$639 million mainly due to higher commission and brokerage expenses incurred to support business growth, and higher depreciation charges mainly on application software. Consequently, the expense-to-income ratio of the Group increased to 37.6% for 2004 from 34.7% for 2003. Excluding BOA, the Group's total operating expenses would have shown a lower increase of 4.9% and a lower expense-to-income ratio of 36.6%.

The Group's provision charges decreased 42.3% to \$209 million for 2004 from \$362 million for 2003. The decrease was mainly due to lower specific provisions for loans and the write-back of general provisions as a result of improved asset quality and economic conditions in Singapore and the region, partially offset by higher specific provisions for investments and other assets.

Share of profit of associates (before tax) increased \$200 million to \$307 million for 2004 from \$107 million for 2003 mainly due to an exceptional gain recorded by United Overseas Land Limited from the divestment of its holdings in UOB shares.



II) Review of Financial Performance

4th Quarter 2004 versus 4th Quarter 2003

The Group's NPAT of \$376 million recorded in the fourth quarter of 2004 ("4Q04") was 2.7% higher than the \$366 million registered in the fourth quarter of 2003 ("4Q03"). The increase was mainly due to higher share of profit of associates, higher fee and commission income, and higher net interest income, partially offset by higher operating expenses and higher provision charges.

The Group's total income increased 3.4% to \$860 million in 4Q04 from \$831 million in 4Q03 mainly due to higher fee and commission income derived largely from loan-related and trade-related activities, higher net interest income mainly from loans contributed by the acquisition of BOA, partly negated by a lower average loan spread, and higher net profit on foreign exchange dealings. These were partially offset by the net loss on dealing securities, government securities and derivatives.

The Group's total operating expenses increased 25.7% to \$364 million in 4Q04 from \$290 million in 4Q03 mainly due to the acquisition of BOA. Staff costs increased 20.1% to \$171 million in 4Q04, mainly attributable to higher headcount, while other operating expenses increased 31.0% to \$193 million in 4Q04 mainly in respect of IT maintenance, fixed asset depreciation, and commission and brokerage. Consequently, expense-to-income ratio increased to 42.3% in 4Q04 from 34.8% in 4Q03. Excluding BOA, the Group's total operating expenses would have shown a lower increase of 8.9% over that in 4Q03 and the expense-to-income ratio for 4Q04 would be lower at 40.1%.

The provision charge of \$113 million in 4Q04 compared to \$41 million in 4Q03 was largely attributable to specific provisions for other assets as against a write-back in 4Q03, and higher specific provisions for loans.

Share of profit of associates (before tax) increased to \$184 million in 4Q04 from \$45 million in 4Q03, mainly due to an exceptional gain recorded by United Overseas Land Limited from the divestment of its holdings in UOB shares.

4th Quarter 2004 versus 3rd Quarter 2004

The Group's NPAT increased 1.1% to \$376 million in 4Q04 from \$371 million in the third quarter of 2004 ("3Q04"). The increase was mainly due to higher share of profit of associates and higher total income, partially offset by higher provision charges and higher operating expenses.

Group total income increased 6.5% to \$860 million in 4Q04 from \$807 million in 3Q04 mainly attributed to higher net interest income, higher fee and commission income, and higher net profit on foreign exchange dealings. These were partially offset by higher net loss on dealing securities, government securities and derivatives, as well as lower profit on disposal of investment securities.

Group total operating expenses increased 15.7% to \$364 million in 4Q04 compared to \$315 million in 3Q04. Expense-to-income ratio rose to 42.3% in 4Q04 compared to 39.0% in 3Q04. The increase was mainly due to higher staff expenses, higher advertising and marketing costs, and the inclusion of BOA's expenses for three months in 4Q04 against two months in 3Q04.

The provision charge of \$113 million in 4Q04 as compared to the net write-back of provisions of \$1 million in 3Q04 was largely attributed to the general provisions made in 4Q04 as against a write-back in 3Q04, and higher specific provisions for loans.

Share of profit of associates (before tax) increased \$137 million to \$184 million in 4Q04 mainly due to an exceptional gain recorded by United Overseas Land Limited from the divestment of its holdings in UOB shares.



II) Review of Financial Performance

Balance Sheet

The Group's net loans and advances to customers as at 31 December 2004 were \$64,300 million, representing an increase of 8.4% over \$59,297 million as at 31 December 2003, mainly contributed by the acquisition of BOA. Excluding BOA's net loans of \$4,391 million, the Group's net loans and advances to customers as at 31 December 2004 would have been \$59,909 million, representing an increase of 1.0% from 31 December 2003.

Group non-performing loans ("NPLs") increased 6.3% to \$5,484 million as at 31 December 2004 from the \$5,160 million as at 31 December 2003 attributed mainly to the acquisition of BOA. Excluding BOA's NPLs of \$1,030 million, Group NPLs would have decreased to \$4,454 million, representing a reduction of 13.7% from that as at 31 December 2003. Group NPL ratio decreased to 8.0% as at 31 December 2004 from 8.1% as at 31 December 2003. Excluding BOA, the Group's NPL ratio would have improved to 6.9% as at 31 December 2004. Of the total Group NPLs as at 31 December 2004, \$2,797 million or 51.0% were secured by collateral, and \$3,347 million or 61.0% were in the Substandard category.

Total cumulative specific and general provisions of the Group were \$3,724 million as at 31 December 2004 compared to \$3,332 million as at 31 December 2003. General provisions as at 31 December 2004 were \$1,370 million or 36.8% of total cumulative provisions. The total cumulative provisions as at 31 December 2004 provided coverage of 67.9% against Group NPLs, compared to 64.6% as at 31 December 2003. As at 31 December 2004, unsecured NPLs were 138.6% covered by total cumulative provisions, compared to 141.4% as at 31 December 2003. Excluding BOA's provisions of \$589 million, total cumulative specific and general provisions would have been \$3,136 million as at 31 December 2004, providing a coverage of 70.4% against Group NPLs.

Total assets of the Group as at 31 December 2004 were \$134,879 million, of which \$6,872 million was from the acquisition of BOA. This represents a growth of 18.9% over the \$113,446 million as at 31 December 2003. Excluding the assets from BOA, the Group's total assets would have recorded a growth of 12.8% over that as at 31 December 2003.

Shareholders' funds of the Group as at 31 December 2004 were \$13,439 million, representing an increase of 1.2% over the \$13,282 million as at 31 December 2003. Consequently, the Group's net asset value per share increased 30 cents to \$8.75 as at 31 December 2004, from \$8.45 as at 31 December 2003.

As at 31 December 2004, the Group's total Capital Adequacy Ratio ("CAR") of 15.6% computed under the revised capital framework issued by the Monetary Authority of Singapore ("MAS") was 5.6% points higher than the minimum total CAR of 10% set by MAS. Compared to the total CAR of 15.2% as at 31 December 2003, it had increased 0.4% point mainly attributable to the issue of US\$1 billion and S\$1 billion subordinated notes in August 2004, partly offset by the increase in risk-weighted assets due primarily to the consolidation of BOA's financials and higher holdings in investment securities, as well as share buy-back of \$500 million.

II) Review of Financial Performance

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004

	<u>2004</u>	<u>2003</u>	<u>2004 /</u> <u>2003</u>
	\$ million	\$ million	%
Interest income	3,661	3,294	11.1
Less: Interest expense	<u>1,506</u>	<u>1,224</u>	23.1
Net interest income	2,155	2,071	4.1
Dividend income	43	42	2.3
Fee and commission income	706	588	20.1
Rental income	65	73	(11.1)
Other operating income	<u>290</u>	<u>387</u>	(24.9)
Total non-interest income	<u>1,104</u>	<u>1,089</u>	1.4
Income before operating expenses	3,259	3,160	3.1
Less:			
Staff costs	587	532	10.5
Other operating expenses	<u>639</u>	<u>564</u>	13.4
Total operating expenses	1,227	1,095	12.0
Operating profit before goodwill amortisation and provisions	<u>2,032</u>	2,064	(1.6)
Less: Goodwill written-off and amortised	214	202	6.0
Less:			
Specific provisions for loans	235	345	(32.0)
General provisions	(102)	-	NM
Other provisions	<u>76</u>	<u>16</u>	371.3
Total provisions	209	362	(42.3)
Operating profit after goodwill amortisation and provisions	<u>1,610</u>	1,501	7.2
Share of profit of associates	<u>307</u>	107	186.5
Profit before tax	<u>1,917</u>	1,608	19.2
Less: Tax	<u>450</u>	393	14.7
Profit after tax	<u>1,466</u>	1,216	20.6
Less: Minority interests	<u>15</u>	13	8.7
Net profit attributable to members	<u><u>1,452</u></u>	<u><u>1,202</u></u>	20.8
Expense / Income ratio (%)	37.6	34.7	2.9 % pt
Earnings per share (¢)			
- Basic	92.6	76.5	21.0
- Diluted	92.6	76.5	21.0

NM denotes "Not Meaningful".

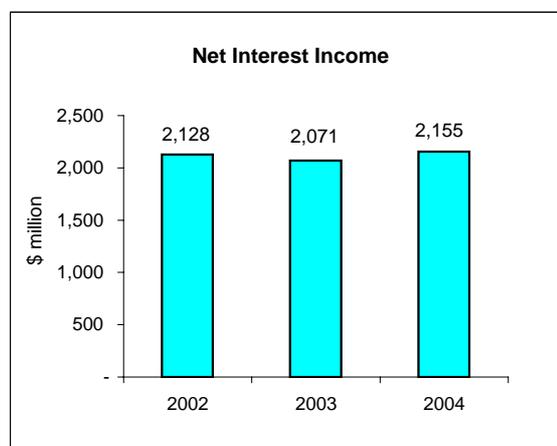
**II) Review of Financial Performance****CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2004**

	4th Quarter 2004 \$ million	3rd Quarter 2004 \$ million	4Q04 / 3Q04 %	4th Quarter 2003 \$ million	4Q04 / 4Q03 %
Interest income	1,046	937	11.6	836	25.0
Less: Interest expense	484	400	20.9	297	63.1
Net interest income	562	537	4.7	540	4.1
Dividend income	5	10	(51.7)	12	(60.2)
Fee and commission income	204	180	13.6	171	19.3
Rental income	16	16	(3.4)	17	(6.0)
Other operating income	73	64	13.2	91	(20.3)
Total non-interest income	298	270	10.1	291	2.2
Income before operating expenses	860	807	6.5	831	3.4
Less:					
Staff costs	171	152	12.3	142	20.1
Other operating expenses	193	163	18.9	148	31.0
Total operating expenses	364	315	15.7	290	25.7
Operating profit before goodwill amortisation and provisions	496	493	0.7	542	(8.4)
Less: Goodwill written-off and amortised	59	55	7.4	50	18.1
Less:					
Specific provisions for loans	81	41	98.6	53	51.7
General provisions	10	(49)	NM	-	NM
Other provisions	22	8	193.6	(12)	NM
Total provisions	113	(1)	NM	41	173.1
Operating profit after goodwill amortisation and provisions	324	439	(26.1)	451	(28.0)
Share of profit of associates	184	47	291.2	45	307.5
Profit before tax	509	486	4.7	496	2.6
Less: Tax	130	108	20.1	126	3.4
Profit after tax	378	377	0.2	370	2.3
Less: Minority interests	3	6	(55.9)	4	(34.9)
Net profit attributable to members	376	371	1.1	366	2.7
Expense / Income ratio (%)	42.3	39.0	3.3 % pt	34.8	7.5 % pt
Annualised earnings per share (¢)					
- Basic	96.8	94.5	2.4	93.1	4.0
- Diluted	96.7	94.5	2.3	93.1	3.9

NM denotes "Not Meaningful".

II) Review of Financial Performance

Net Interest Income



Net interest income of the Group increased 4.1% to \$2,155 million for 2004 compared to \$2,071 million for 2003. The increase was mainly from inter-bank money market activities and debt securities, partly offset by lower contributions from customer loans due to a lower average interest spread. Net interest income continued to be the major contributor of total income, accounting for 66.1% (2003: 65.5%) of total income.

Average interest margin decreased 15 basis points to 2.10% for 2004 from 2.25% for 2003. The contraction in interest margin was mainly due to competitive market conditions that eroded the loan yields, coupled with a higher average cost of funds.

In 4Q04, net interest income increased 4.1% to \$562 million from \$540 million in 4Q03, mainly from loans contributed by the acquisition of BOA, partly offset by a lower average loan spread. Average interest margin in 4Q04 decreased to 2.05% from 2.29% in 4Q03, largely due to a higher average cost of funds.

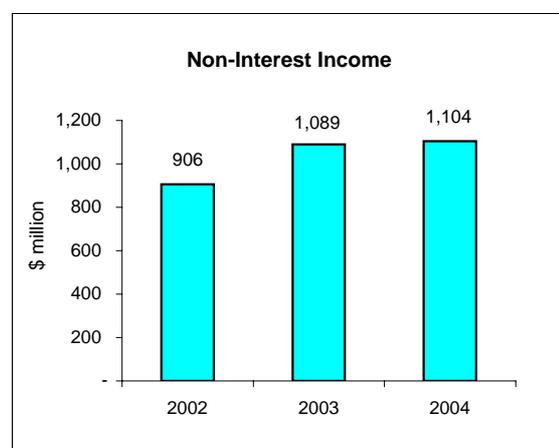
Average Interest Margin

	2004	2003	4th Quarter 2004	3rd Quarter 2004	4th Quarter 2003
	\$ million	\$ million	\$ million	\$ million	\$ million
Interest income	3,661	3,294	4,160	3,726	3,318
Less: Interest expense	1,506	1,224	1,924	1,591	1,176
Net interest income	2,155	2,071	2,237	2,135	2,142
Average balance of interest bearing assets	102,597	92,039	109,319	104,357	93,563
Average interest margin * (%)	2.10	2.25	2.05	2.05	2.29

* Average interest margin represents net interest income as a percentage of average interest bearing assets. It is computed on an annualised basis for quarters.

II) Review of Financial Performance

Non-Interest Income



Non-interest income of the Group increased 1.4% to \$1,104 million for 2004 from \$1,089 million for 2003. The increase was primarily due to higher fee and commission income derived largely from fund management, investment-related and trade-related activities, higher net profit on disposal of investment securities, and higher net profit on foreign exchange dealings. This was partially negated by the net loss on dealing securities, government securities and derivatives. The Group's non-interest income for 2004 accounted for 33.9% of total income compared to 34.5% for 2003.

In 4Q04, non-interest income increased 2.2% to \$298 million from \$291 million in 4Q03 due mainly to higher fee and commission income derived largely from loan-related and trade-related activities, and higher net profit on foreign exchange dealings, partly offset by the net loss on dealing securities, government securities and derivatives.

Composition of Non-Interest Income

	2004	2003	4th Quarter	3rd Quarter	4th Quarter
	\$ million	\$ million	2004	2004	2003
	\$ million	\$ million	\$ million	\$ million	\$ million
Fee and commission income					
Credit card	109	94	31	31	30
Fund management	111	78	33	25	25
Futures broking	32	35	6	7	8
Investment-related	131	98	39	35	47
Loan-related	114	97	33	30	14
Service charges	52	49	16	11	13
Trade-related	138	111	40	36	30
Other	18	26	6	5	5
	706	588	204	180	171
Dividend and rental income	108	115	21	26	29
Other operating income					
Net profit / (loss) on:					
- Dealing securities, government treasury bills and securities, and derivatives	(34)	142	(24)	(19)	21
- Foreign exchange dealings	126	111	48	41	25
- Disposal of investment securities and associates	88	54	20	26	18
- Disposal and liquidation of subsidiaries	(5)	0*	0*	(6)	0*
- Disposal of fixed assets	13	19	2	2	9
Other income	103	60	27	20	19
	290	387	73	64	91
Total non-interest income	1,104	1,089	298	270	291

* Less than \$500,000.

II) Review of Financial Performance

Operating Expenses

Total operating expenses increased 12.0% to \$1,227 million for 2004 compared to \$1,095 million for 2003, attributed mainly to the acquisition of BOA. Consequently, the expense-to-income ratio of the Group increased to 37.6% for 2004 from 34.7% for 2003. Excluding BOA, the Group's total operating expenses would have shown a lower increase of 4.9% and a lower expense-to-income ratio of 36.6%.

In 4Q04, total operating expenses increased 25.7% to \$364 million from \$290 million in 4Q03, mainly due to the acquisition of BOA. Consequently, expense-to-income ratio increased to 42.3% in 4Q04 from 34.8% in 4Q03. Excluding BOA, the Group's total operating expenses would have shown a lower increase of 8.9% over that in 4Q03 and expense-to-income ratio would be lower at 40.1%.

	2004	2003	4th Quarter 2004	3rd Quarter 2004	4th Quarter 2003
	\$ million	\$ million	\$ million	\$ million	\$ million
Staff costs	587	532	171	152	142
Other operating expenses	639	564	193	163	148
Total operating expenses [^]	1,227	1,095	364	315	290

Total operating expenses included:

IT-related expenses	188	199	56	50	50
IT-related expenses / Total operating expenses (%)	15.3	18.2	15.4	15.9	17.4

[^] Total operating expenses included auditors' remuneration of \$3 million (2003: \$3 million), and fees and remuneration payable to the directors of the Bank of \$12 million (2003: \$12 million).

Staff Costs

Staff costs increased 10.5% to \$587 million for 2004 from \$532 million for 2003, primarily due to higher headcount resulting from the acquisition of BOA.

	2004	2003	2004 / 2003
	\$ million	\$ million	%
Wages and salaries	499	450	10.9
Employer's contribution to defined contribution plans, including Central Provident Fund	46	49	(7.3)
Other staff-related costs	43	33	31.4
Total staff costs	587	532	10.5

Other Operating Expenses

Other operating expenses increased 13.4% to \$639 million for 2004 compared to \$564 million for 2003. The increase was mainly attributed to higher commission and brokerage expenses incurred to support business growth, and higher depreciation charges mainly on application software. Excluding BOA, other operating expenses would have recorded a lower increase of 5.0% over that in 2003.

In 4Q04, other operating expenses increased 31.0% to \$193 million from \$148 million in 4Q03, mainly in respect of IT maintenance, fixed asset depreciation, and commission and brokerage.

II) Review of Financial Performance

Operating Expenses (cont'd)

	2004	2003	4th Quarter	3rd Quarter	4th Quarter
	\$ million	\$ million	2004	2004	2003
			\$ million	\$ million	\$ million
Depreciation					
- Land and buildings	27	27	7	7	7
- Office equipment, computers, fixtures and other fixed assets	98	81	28	26	21
	125	108	35	32	28
Rental of premises and equipment	37	39	10	9	9
Maintenance of premises and other assets	56	51	17	14	10
Other expenses	422	365	131	107	101
Total other operating expenses	639	564	193	163	148

Provisions Charged to Profit and Loss Account

Provision charges of \$209 million for 2004 were 42.3% lower than the \$362 million for 2003. The decrease was mainly due to lower specific provisions for loans and the write-back of general provisions as a result of improved asset quality and economic conditions in Singapore and the region, partially offset by higher specific provisions for investments and other assets.

In 4Q04, provision charges rose 173.1% to \$113 million from the \$41 million in 4Q03, largely attributable to specific provisions for other assets as against a write-back in 4Q03, and higher specific provisions for loans.

	2004	2003	4th Quarter	3rd Quarter	4th Quarter
	\$ million	\$ million	2004	2004	2003
			\$ million	\$ million	\$ million
Specific provisions for loans	235	345	81	41	53
General provisions	(102)	-	10	(49)	-
Other provisions	76	16	22	8	(12)
Total provisions	209	362	113	(1)	41

Provisions Charged by Major Region

	2004	2003	2004 /
	\$ million	\$ million	2003
			%
Specific provisions for loans			
- Five Regional Countries ^	63	(38)	NM
- Greater China ^^	(5)	(3)	(73.3)
- Singapore and other countries	177	387	(54.2)
	235	345	(32.0)
General provisions			
- Five Regional Countries ^	6	1	NM
- Greater China ^^	3	1	100.0
- Singapore and other countries	(110)	(2)	NM
	(102)	-	NM
Other provisions	76	16	371.3
Total provisions	209	362	(42.3)

^ The Five Regional Countries comprise Malaysia, Indonesia, the Philippines, Thailand and South Korea.

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

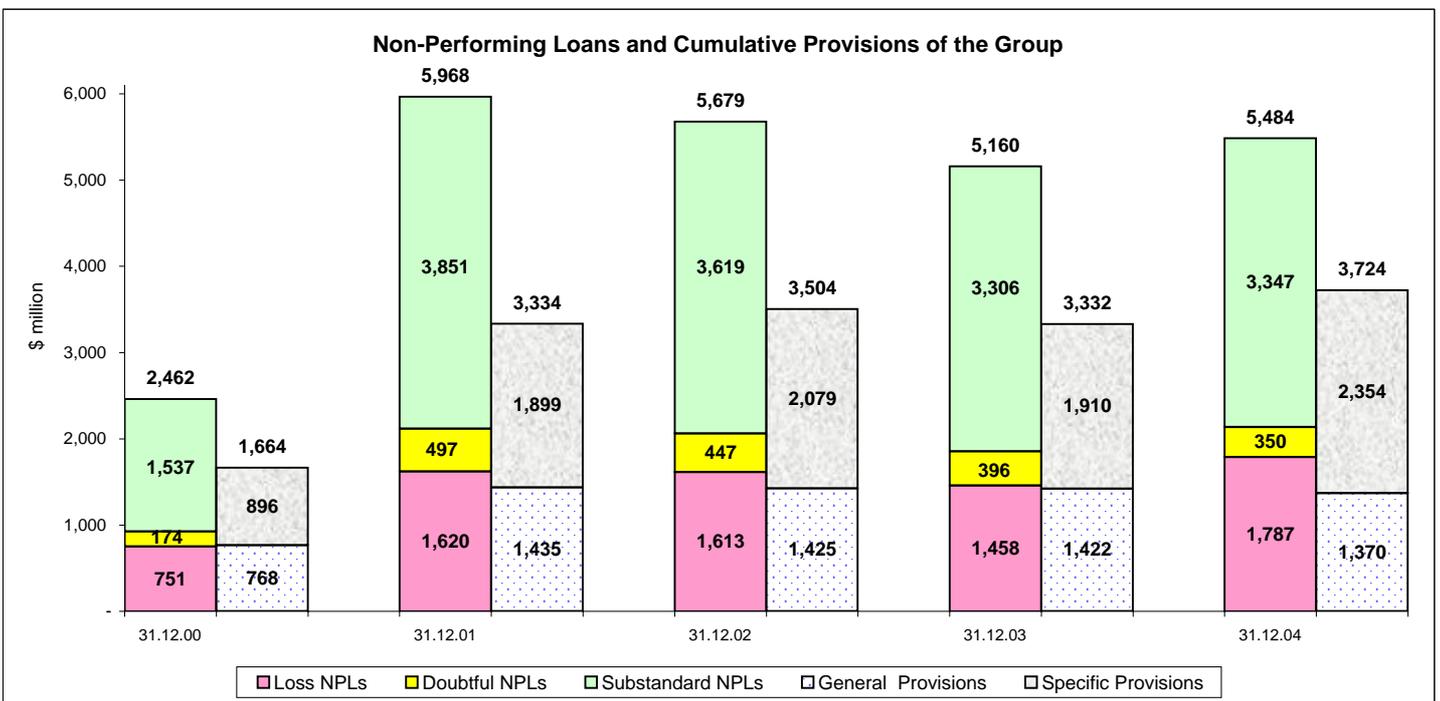


III) Non-Performing Loans (NPLs) and Cumulative Provisions

NPLs and Cumulative Provisions of the Group

NPLs rose by 6.3% to \$5,484 million as at 31 December 2004 from \$5,160 million as at 31 December 2003 due to the acquisition of BOA. The NPL ratio was 8.0% as at 31 December 2004. Excluding BOA's NPLs of \$1,030 million, Group NPLs would have edged down by 13.7% to \$4,454 million over that as at 31 December 2003 and the NPL ratio would have improved to 6.9%. Of the total NPLs, \$2,797 million or 51.0% were secured by collateral, and \$3,347 million or 61.0% were in the Substandard category.

Total cumulative provisions of \$3,724 million as at 31 December 2004 increased by 11.8% compared to the \$3,332 million as at 31 December 2003. Excluding BOA's provisions of \$589 million, the Group's total cumulative provisions would have reduced by 5.9% to \$3,136 million which was in line with the lower NPLs. Total cumulative provisions provided coverage of 67.9% against total NPLs, compared to 64.6% as at 31 December 2003. Unsecured NPLs as at 31 December 2004 were 138.6% covered by total cumulative provisions, compared to 141.4% as at 31 December 2003.



31-Dec-04 31-Dec-03 31-Dec-02 31-Dec-01 31-Dec-00

NPLs

	31-Dec-04	31-Dec-03	31-Dec-02	31-Dec-01	31-Dec-00
Substandard	3,347	3,306	3,619	3,851	1,537
Doubtful	350	396	447	497	174
Loss	1,787	1,458	1,613	1,620	751
Total NPLs	5,484	5,160	5,679	5,968	2,462

Cumulative Provisions

	31-Dec-04	31-Dec-03	31-Dec-02	31-Dec-01	31-Dec-00
Specific provisions	2,354	1,910	2,079	1,899	896
General provisions	1,370	1,422	1,425	1,435	768
Total cumulative provisions	3,724	3,332	3,504	3,334	1,664

Ratios

	31-Dec-04	31-Dec-03	31-Dec-02	31-Dec-01	31-Dec-00
NPL ratio*	8.0	8.1	9.0	9.3	7.8
NPLs/Total assets	4.1	4.5	5.3	5.2	3.7
Cumulative provisions/NPLs	67.9	64.6	61.7	55.9	67.6
Cumulative provisions/Doubtful & Loss NPLs	174.3	179.7	170.1	157.5	179.9
Cumulative provisions/Unsecured NPLs	138.6	141.4	138.3	136.6	136.6
Cumulative provisions^/Gross customer loans	5.4	5.2	5.5	5.2	5.2
General provisions/Gross customer loans (net of specific provisions^)	2.1	2.3	2.4	2.3	2.5

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

^ Excluding debt securities.

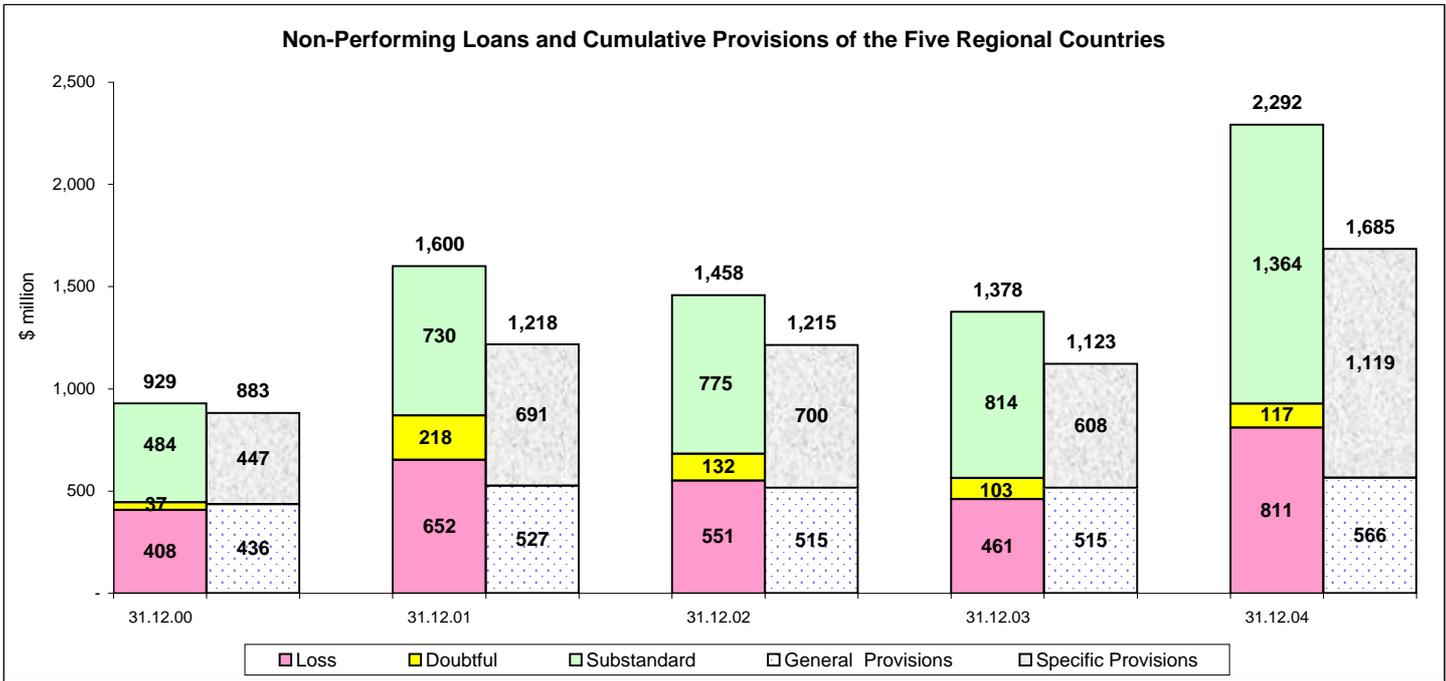


III) Non-Performing Loans (NPLs) and Cumulative Provisions

NPLs and Cumulative Provisions of the Five Regional Countries

As a result of the acquisition of BOA, NPLs of the Five Regional Countries increased to \$2,292 million as at 31 December 2004 from \$1,378 million as at 31 December 2003 and the NPL ratio increased to 15.2% as at 31 December 2004 from 14.1% as at 31 December 2003. Excluding BOA's NPLs of \$1,030 million, the regional NPLs would have shown a decline of 8.4% to \$1,262 million and NPL ratio for the region would have dropped to 12.4% as at 31 December 2004.

Total cumulative provisions for the Five Regional Countries of \$1,685 million as at 31 December 2004 were \$562 million or 50.0% higher compared to \$1,123 million as at 31 December 2003. The cumulative provisions provided coverage of 73.5% for the total NPLs and 181.6% for the Doubtful and Loss NPLs in the Five Regional Countries.



31-Dec-04 31-Dec-03 31-Dec-02 31-Dec-01 31-Dec-00

NPLs

	\$ million				
Substandard	1,364	814	775	730	484
Doubtful	117	103	132	218	37
Loss	811	461	551	652	408
Total NPLs	2,292	1,378	1,458	1,600	929

Cumulative Provisions

	\$ million				
Specific provisions	1,119	608	700	691	447
General provisions	566	515	515	527	436
Total cumulative provisions	1,685	1,123	1,215	1,218	883

Ratios

	%				
NPL ratio*	15.2	14.1	17.0	19.2	22.2
Cumulative provisions/NPLs	73.5	81.5	83.3	76.1	95.0
Cumulative provisions/Doubtful & Loss NPLs	181.6	199.1	177.9	140.0	198.4
Cumulative provisions^/Gross customer loans	11.1	11.5	14.1	14.7	21.1
General provisions/Gross customer loans (net of specific provisions^)	4.1	5.7	6.6	7.0	11.7
NPLs/Gross exposure to the Five Regional Countries	7.5	6.7	8.9	8.9	9.1

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

^ Excluding debt securities.

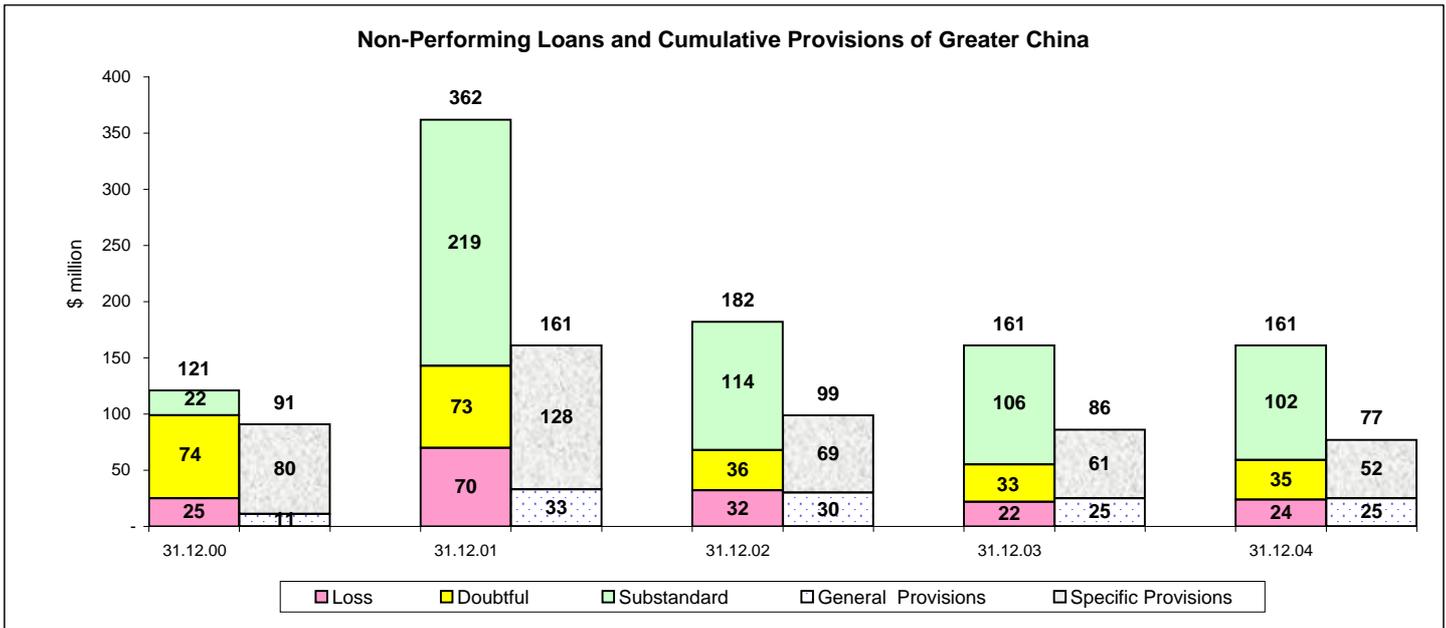


III) Non-Performing Loans (NPLs) and Cumulative Provisions

NPLs and Cumulative Provisions of Greater China

NPLs of Greater China of \$161 million as at 31 December 2004 remained the same as that as at 31 December 2003. However, the NPL ratio for Greater China improved by 0.2% point to 8.0% as at 31 December 2004 from 8.2% as at 31 December 2003.

Total cumulative provisions for Greater China of \$77 million as at 31 December 2004 were \$9 million or 10.5% lower compared to \$86 million as at 31 December 2003. The cumulative provisions provided coverage of 47.8% for the total NPLs and 130.5% for the Doubtful and Loss NPLs in Greater China.



31-Dec-04 31-Dec-03 31-Dec-02 31-Dec-01 31-Dec-00

NPLs

Substandard
Doubtful
Loss
Total NPLs

	31-Dec-04	31-Dec-03	31-Dec-02	31-Dec-01	31-Dec-00
	\$ million				
Substandard	102	106	114	219	22
Doubtful	35	33	36	73	74
Loss	24	22	32	70	25
Total NPLs	161	161	182	362	121

Cumulative Provisions

Specific provisions
General provisions
Total cumulative provisions

	31-Dec-04	31-Dec-03	31-Dec-02	31-Dec-01	31-Dec-00
	\$ million				
Specific provisions	52	61	69	128	80
General provisions	25	25	30	33	11
Total cumulative provisions	77	86	99	161	91

Ratios

NPL ratio*
Cumulative provisions/NPLs
Cumulative provisions/Doubtful & Loss NPLs
Cumulative provisions^/Gross customer loans
General provisions/Gross customer loans (net of specific provisions^)
NPLs/Gross exposure to Greater China

	31-Dec-04	31-Dec-03	31-Dec-02	31-Dec-01	31-Dec-00
	%				
NPL ratio*	8.0	8.2	7.3	12.4	11.5
Cumulative provisions/NPLs	47.8	53.4	54.4	44.5	75.2
Cumulative provisions/Doubtful & Loss NPLs	130.5	156.4	145.6	112.6	91.9
Cumulative provisions^/Gross customer loans	3.8	4.4	4.0	5.5	8.6
General provisions/Gross customer loans (net of specific provisions^)	1.3	1.3	1.2	1.2	1.1
NPLs/Gross exposure to Greater China	1.5	1.7	2.4	5.7	4.5

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

^ Excluding debt securities.



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

NPLs by Region

By geographical region, Singapore accounted for \$2,949 million or 53.8% of the total NPLs as at 31 December 2004. NPLs of Singapore decreased \$581 million or 16.5% compared to the \$3,530 million as at 31 December 2003.

As at 31 December 2004, NPLs of the Five Regional Countries were \$2,292 million and constituted 41.8% of the total NPLs as at 31 December 2004. The increase was from Thailand mainly due to the NPLs of \$1,030 million from BOA. Excluding the NPLs from BOA, NPLs for the Five Regional Countries would have fallen to \$1,262 million, representing 28.3% of the total NPLs as at 31 December 2004.

As at 31 December 2004, the NPLs of Greater China of \$161 million was the same as that as at 31 December 2003.

	31-Dec-04		31-Dec-03		31-Dec-02	
	\$ million	%	\$ million	%	\$ million	%
Singapore	2,949	53.8	3,530	68.4	3,935	69.3
Five Regional Countries						
Malaysia	873	15.9	930	18.0	943	16.6
Indonesia	88	1.6	119	2.3	156	2.8
Philippines	160	2.9	184	3.6	208	3.7
Thailand	1,170	21.4	140	2.7	144	2.5
South Korea	1	-	5	0.1	7	0.1
	2,292	41.8	1,378	26.7	1,458	25.7
Greater China	161	2.9	161	3.1	182	3.2
Other	82	1.5	91	1.8	104	1.8
Total NPLs	5,484	100.0	5,160	100.0	5,679	100.0

NPLs by Industry

The increase in NPLs as at 31 December 2004 over that as at 31 December 2003 were mainly from the manufacturing and general commerce sectors, attributed largely to the acquisition of BOA.

	31-Dec-04		31-Dec-03		31-Dec-02	
	Amount \$ million	As % of Gross Customer Loans	Amount \$ million	As % of Gross Customer Loans	Amount \$ million	As % of Gross Customer Loans
Transport, storage and communication	119	5.7	105	5.0	124	6.0
Building and construction	844	11.3	756	10.3	843	9.2
Manufacturing	1,130	14.5	745	12.7	874	16.2
Non-bank financial institutions	660	6.5	984	9.5	1,029	9.5
General commerce	1,006	9.2	751	8.1	769	12.4
Professionals and private individuals	897	8.8	926	9.6	1,014	10.9
Housing loans	505	3.2	632	4.3	668	4.8
Other	244	7.1	182	5.7	294	5.3
Sub-total	5,405	8.0	5,081	8.1	5,615	9.0
Debt securities	79		79		64	
Total NPLs	5,484		5,160		5,679	



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

Specific Provisions by Loan Classification

Of the total specific provisions of \$2,354 million as at 31 December 2004, 75.9% was for the Loss accounts.

	31-Dec-04		31-Dec-03		31-Dec-02	
	\$ million	%	\$ million	%	\$ million	%
Substandard	341	14.5	189	9.9	172	8.3
Doubtful	226	9.6	263	13.8	294	14.1
Loss	1,787	75.9	1,458	76.3	1,613	77.6
Total specific provisions	2,354	100.0	1,910	100.0	2,079	100.0

Specific Provisions by Region

As at 31 December 2004, Singapore and the Five Regional Countries accounted for 49.2% and 47.5% respectively of the Group's total specific provisions of \$2,354 million.

	31-Dec-04		31-Dec-03		31-Dec-02	
	\$ million	%	\$ million	%	\$ million	%
Singapore	1,157	49.2	1,200	62.8	1,271	61.1
Five Regional Countries						
Malaysia	331	14.0	383	20.0	428	20.6
Indonesia	68	2.9	78	4.1	111	5.3
Philippines	80	3.4	76	4.0	72	3.5
Thailand	640	27.2	69	3.6	87	4.2
South Korea	-	-	2	0.1	2	0.1
	1,119	47.5	608	31.8	700	33.7
Greater China	52	2.2	61	3.2	69	3.3
Other	26	1.1	41	2.2	39	1.9
Total specific provisions	2,354	100.0	1,910	100.0	2,079	100.0

Specific Provisions by Industry

Specific provisions as at 31 December 2004 were mainly for manufacturing and general commerce. Specific provisions for manufacturing accounted for 26.1% of the total specific provisions for loans as at 31 December 2004, representing an increase of 7.2% points over the 18.9% as at 31 December 2003.

	31-Dec-04		31-Dec-03		31-Dec-02	
	\$ million	%	\$ million	%	\$ million	%
Transport, storage and communication	56	2.4	44	2.4	35	1.7
Building and construction	337	14.6	275	14.8	369	18.2
Manufacturing	602	26.1	352	18.9	398	19.6
Non-bank financial institutions	190	8.3	319	17.1	309	15.2
General commerce	503	21.8	316	16.9	309	15.2
Professionals and private individuals	386	16.8	360	19.3	329	16.2
Housing loans	93	4.0	98	5.3	143	7.1
Other	139	6.0	98	5.3	138	6.8
Sub-total	2,306	100.0	1,862	100.0	2,030	100.0
Debt securities	48		48		49	
Total specific provisions	2,354		1,910		2,079	



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

Restructured Loans

Loans that were classified and restructured during the financial year are as follows:

	2004		2003		2002	
	NPLs \$ million	Specific Provisions \$ million	NPLs \$ million	Specific Provisions \$ million	NPLs \$ million	Specific Provisions \$ million
Substandard	223	22	196	31	292	9
Doubtful	49	37	-	-	29	13
Loss	30	30	35	35	37	36
Total restructured loans	302	89	231	66	358	58

Ageing of NPLs

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

Ageing (Days)	31-Dec-04		31-Dec-03		31-Dec-02	
	\$ million	%	\$ million	%	\$ million	%
Current	548	10.0	670	13.0	774	13.6
≤ 90	357	6.5	378	7.3	473	8.3
91 to 180	596	10.9	464	9.0	789	13.9
≥ 181	3,983	72.6	3,648	70.7	3,643	64.2
Total NPLs	5,484	100.0	5,160	100.0	5,679	100.0

Secured / Unsecured NPLs

As at 31 December 2004, 51.0% of the Group's total NPLs was secured by collateral compared to 54.3% as at 31 December 2003.

	31-Dec-04		31-Dec-03		31-Dec-02	
	\$ million	%	\$ million	%	\$ million	%
Secured	2,797	51.0	2,804	54.3	3,146	55.4
Unsecured	2,687	49.0	2,356	45.7	2,533	44.6
Total NPLs	5,484	100.0	5,160	100.0	5,679	100.0



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

Collateral

The Group's NPLs are predominantly secured by properties. Properties are valued at forced sale values which are updated semi-annually. Other types of collateral include marketable securities such as listed stocks and shares, cash and deposits, and bankers' standby letters of credit.

The secured NPLs of the Group as analysed by country of risk and collateral type are as follows:

	\$ million				
<u>31-Dec-04</u>	Properties	Marketable Securities	Cash and Deposits	Other	Total
Singapore	1,442	21	19	36	1,518
Five Regional Countries	1,008	85	15	42	1,150
Greater China	84	-	-	-	84
Other	45	-	-	-	45
Total secured NPLs	2,579	106	34	78	2,797

	\$ million				
<u>31-Dec-03</u>	Properties	Marketable Securities	Cash and Deposits	Other	Total
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
Total secured NPLs	2,536	121	27	120	2,804

	\$ million				
<u>31-Dec-02</u>	Properties	Marketable Securities	Cash and Deposits	Other	Total
Singapore	2,067	86	36	135	2,324
Five Regional Countries	569	102	2	43	716
Greater China	61	2	-	-	63
Other	43	-	-	-	43
Total secured NPLs	2,740	190	38	178	3,146

IV) Segmental Analysis

Business Segments

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

Individual Financial Services

Individual Financial Services segment covers Personal Financial Services and 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.

Profit before tax of the segment recorded a commendable growth of 19.7% to \$504 million in 2004. The increase was largely due to increase in fee income from structured products and lower loan provisions.

Institutional Financial Services

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

Profit before tax of these businesses grew 16.4% to \$794 million in 2004. The better performance was attributed mainly to stronger fee income from capital market and trade-related activities and lower loan provisions.

Global Treasury

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

Global Treasury's profit before tax declined 11.9% to \$229 million in 2004 amidst difficult trading market conditions. Revenue was impacted by losses in interest rate derivatives trading, offset by growth in fee-based income businesses.

Asset Management

Asset Management segment comprises asset management, venture capital management and proprietary investment activities. Profit before tax in 2004 was 5.4% lower than the prior year due largely to lower trading gains partially offset by higher fee income resulting from the increase in assets under management.

Other

Other segment includes property-related activities, insurance businesses and the management of capital funds. The lower profit before tax in 2004 compared to that in 2003 was mainly due to higher interest expense on debts issued.

IV) Segmental Analysis
Business Segments (cont'd)

						\$ million
31-Dec-04	Individual Financial Services	Institutional Financial Services	Global Treasury	Asset Management	Other	Total
Income before operating expenses	1,090	1,328	395	194	252	3,259
Less: Segment operating expenses	496	365	162	70	70	1,163
Less: Provisions	90	169	4	(17)	(37)	209
Segment profit before tax	504	794	229	141	219	1,887
Unallocated corporate expenses						(63)
						1,824
Goodwill written-off and amortised						(214)
Operating profit after goodwill amortisation and provisions						1,610
Share of profit of associates						307
Profit before tax						1,917
Tax and minority interests						(465)
Net profit attributable to members						1,452
Other information:						
Segment assets	25,908	41,942	55,245	872	5,251	129,218
Investments in associates						1,702
Goodwill						3,876
Unallocated assets						83
Total assets						134,879
Gross customer loans	26,031	41,946	-	-	-	67,977
NPLs [@]	1,402	4,003	-	-	-	5,405
Specific provisions for NPLs [@]	479	1,827	-	-	-	2,306
Non-trading securities (gross)						
Debt securities [^]	-	1,285	11,061	143	2,633	15,122
Equity securities	-	29	112	486	838	1,465
Segment liabilities	46,061	34,842	33,861	66	5,870	120,700
Unallocated liabilities						592
Total liabilities						121,292
Shareholders' funds	-	-	-	-	13,439	13,439
Minority interests						148
Total shareholders' funds, minority interests and liabilities						134,879
Capital expenditure	41	32	10	2	13	98
Depreciation of fixed assets	38	34	14	2	37	125

[@] Excluding debt securities.

[^] Including government treasury bills and securities.

IV) Segmental Analysis
Business Segments (cont'd)

	\$ million					
<u>31-Dec-03</u>	Individual Financial Services	Institutional Financial Services	Global Treasury	Asset Management	Other	Total
Income before operating expenses	1,013	1,230	400	203	314	3,160
Less: Segment operating expenses	437	347	140	56	51	1,031
Less: Provisions	155	201	0 *	(2)	8	362
Segment profit before tax	421	682	260	149	255	1,767
Unallocated corporate expenses						(64)
						1,703
Goodwill written-off and amortised						(202)
Operating profit after goodwill amortisation and provisions						1,501
Share of profit of associates						107
Profit before tax						1,608
Tax and minority interests						(406)
Net profit attributable to members						1,202
Other information:						
Segment assets	23,633	38,075	41,771	1,337	3,666	108,482
Investments in associates						1,397
Goodwill						3,466
Unallocated assets						101
Total assets						113,446
Gross customer loans	24,443	38,138	-	-	-	62,581
NPLs @	1,557	3,524	-	-	-	5,081
Specific provisions for NPLs @	458	1,404	-	-	-	1,862
Non-trading securities (gross)						
Debt securities ^	-	1,319	8,194	502	1,225	11,240
Equity securities	-	25	24	592	832	1,473
Segment liabilities	44,343	28,255	23,618	44	3,135	99,395
Unallocated liabilities						614
Total liabilities						100,009
Shareholders' funds	-	-	-	-	13,282	13,282
Minority interests						155
Total shareholders' funds, minority interests and liabilities						113,446
Capital expenditure	52	44	20	3	18	137
Depreciation of fixed assets	29	25	11	2	41	108

* Less than \$500,000.

@ Excluding debt securities.

^ Including government treasury bills and securities.

Certain figures have been restated to reflect changes in organisation structure and refinement in cost allocation methodologies made in 2004.

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

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

Income before Operating Expenses

	2004	2003	4th Quarter 2004	3rd Quarter 2004	4th Quarter 2003
	\$ million	\$ million	\$ million	\$ million	\$ million
Singapore (including Asian Currency Unit)	2,332	2,353	561	574	603
Other ASEAN countries	624	507	209	162	135
Other Asia-Pacific countries	178	194	51	40	64
Rest of the world	125	106	39	31	29
Total	3,259	3,160	860	807	831

Profit before Tax

	2004	2003	4th Quarter 2004	3rd Quarter 2004	4th Quarter 2003
	\$ million	\$ million	\$ million	\$ million	\$ million
Singapore (including Asian Currency Unit)	1,680	1,367	441	415	391
Other ASEAN countries	278	263	101	78	89
Other Asia-Pacific countries	95	104	12	24	46
Rest of the world	78	76	14	23	20
	2,131	1,810	568	540	546
Goodwill written-off and amortised	(214)	(202)	(59)	(55)	(50)
Total	1,917	1,608	509	486	496

Total Assets

As at 31 December 2004, the total assets for other ASEAN countries recorded an increase of 53.7% to \$23,387 million from \$15,212 million as at 31 December 2003, mainly from the consolidation of BOA's total assets of \$6,872 million.

	31-Dec-04		31-Dec-03	
	\$ million	%	\$ million	%
Singapore (including Asian Currency Unit)	84,688	64.6	75,087	68.3
Other ASEAN countries	23,387	17.9	15,212	13.8
Other Asia-Pacific countries	15,740	12.0	13,466	12.2
Rest of the world	7,188	5.5	6,215	5.7
	131,003	100.0	109,980	100.0
Goodwill	3,876		3,466	
Total	134,879		113,446	



V) Overview of Balance Sheet

Total Assets

Total assets as at 31 December 2004 were \$134,879 million, representing a growth of 18.9% over the \$113,446 million as at 31 December 2003. The increase was mainly from placements and balances with banks, customer loans largely from the acquisition of BOA, and investment securities.

<u>Assets Mix</u>	<u>31-Dec-04</u>		<u>31-Dec-03</u>	
	<u>\$ million</u>	<u>%</u>	<u>\$ million</u>	<u>%</u>
Cash, balances and placements with central banks	11,653	8.6	9,085	8.0
Securities *	18,795	13.9	13,609	12.0
Placements and balances with banks	26,726	19.8	20,072	17.7
Customer loans	64,300	47.7	59,297	52.3
Goodwill	3,876	2.9	3,466	3.0
Other	9,529	7.1	7,917	7.0
Total assets	134,879	100.0	113,446	100.0

Securities *

Total securities as at 31 December 2004 amounted to \$18,795 million, representing an increase of 38.1% over the \$13,609 million as at 31 December 2003. The growth was mainly from increased holdings in securities issued by governments, banks and corporates.

<u>Total Securities</u>	<u>31-Dec-04</u>	<u>31-Dec-03</u>	<u>Dec-04 /</u>
	<u>\$ million</u>	<u>\$ million</u>	<u>Dec-03</u>
			<u>(%)</u>
Trading securities	2,469	1,028	140.2
Non-trading securities	16,587	12,713	30.5
Provision for diminution in value	(260)	(131)	98.4
	16,326	12,582	29.8
Total securities (net)	18,795	13,609	38.1

<u>Securities Analysed by Issuer Type</u>	<u>31-Dec-04</u>		<u>31-Dec-03</u>	
	<u>Trading</u>	<u>Non-Trading</u>	<u>Trading</u>	<u>Non-Trading</u>
	<u>\$ million</u>	<u>\$ million</u>	<u>\$ million</u>	<u>\$ million</u>
Government	2,030	7,720	503	7,159
Public sector	8	51	11	4
Bank	39	3,605	64	1,498
Corporate	343	4,955	426	3,799
Other	49	256	24	253
Total securities (gross)	2,469	16,587	1,028	12,713

<u>Securities Analysed by Industry</u>	<u>31-Dec-04</u>		<u>31-Dec-03</u>	
	<u>\$ million</u>	<u>%</u>	<u>\$ million</u>	<u>%</u>
Transport, storage and communication	395	2.4	401	3.1
Building and construction	434	2.6	236	1.9
Manufacturing	588	3.6	561	4.4
Financial institutions	5,133	30.9	2,613	20.6
General commerce	800	4.8	689	5.4
Government	7,720	46.5	7,159	56.3
Other	1,517	9.2	1,053	8.3
Non-trading securities (gross)	16,587	100.0	12,713	100.0

* Comprising Singapore and other government treasury bills and securities, dealing and investment securities.



V) Overview of Balance Sheet

Customer Loans

Net loans and advances to customers of \$64,300 million as at 31 December 2004 was 8.4% higher than the \$59,297 million as at 31 December 2003, mainly contributed by the acquisition of BOA.

<u>Customer Loans Analysed by Product Group</u>	<u>31-Dec-04</u>		<u>31-Dec-03</u>	
	<u>\$ million</u>	<u>%</u>	<u>\$ million</u>	<u>%</u>
Housing loans	15,875	23.4	14,789	23.6
Term loans	38,371	56.4	35,033	56.0
Trade financing	4,503	6.6	3,397	5.4
Overdrafts	9,228	13.6	9,362	15.0
Total gross customer loans	67,977	100.0	62,581	100.0
General provisions	(1,370)		(1,422)	
Specific provisions	(2,306)		(1,862)	
Total net customer loans	64,300		59,297	

<u>Gross Customer Loans Analysed by Industry</u>	<u>31-Dec-04</u>		<u>31-Dec-03</u>	
	<u>\$ million</u>	<u>%</u>	<u>\$ million</u>	<u>%</u>
Transport, storage and communication	2,104	3.1	2,104	3.4
Building and construction	7,477	11.0	7,320	11.7
Manufacturing	7,796	11.5	5,846	9.4
Non-bank financial institutions	10,205	15.0	10,408	16.6
General commerce	10,908	16.0	9,273	14.8
Professionals and private individuals	10,155	14.9	9,653	15.4
Housing loans	15,875	23.4	14,789	23.6
Other	3,457	5.1	3,188	5.1
Total gross customer loans	67,977	100.0	62,581	100.0

<u>Gross Customer Loans Analysed by Currency and Fixed / Variable Rates</u>	<u>31-Dec-04</u>		<u>31-Dec-03</u>	
	<u>\$ million</u>	<u>%</u>	<u>\$ million</u>	<u>%</u>
<u>Fixed Rate</u>				
Singapore dollar	8,146	12.0	8,987	14.4
US dollar	1,529	2.2	960	1.5
Malaysian ringgit	255	0.4	204	0.3
Hong Kong dollar	47	0.1	35	0.1
Thai baht	2,652	3.9	948	1.5
Other	524	0.8	469	0.7
Total fixed rate gross customer loans	13,153	19.4	11,603	18.5

<u>Variable Rate</u>				
Singapore dollar	32,103	47.2	31,777	50.8
US dollar	7,241	10.7	6,948	11.1
Malaysian ringgit	6,318	9.3	6,110	9.8
Hong Kong dollar	848	1.2	966	1.5
Thai baht	3,822	5.6	599	0.9
Other	4,492	6.6	4,578	7.4
Total variable rate gross customer loans	54,824	80.6	50,978	81.5
Total gross customer loans	67,977	100.0	62,581	100.0



V) Overview of Balance Sheet

Customer Loans (cont'd)

Gross Customer Loans Analysed by Remaining Maturity

	31-Dec-04		31-Dec-03	
	\$ million	%	\$ million	%
Within 1 year	33,566	49.4	30,256	48.3
Over 1 year but within 3 years	9,293	13.7	9,668	15.5
Over 3 years but within 5 years	6,428	9.4	5,386	8.6
Over 5 years	18,689	27.5	17,271	27.6
Total gross customer loans	67,977	100.0	62,581	100.0

Deposits

Total deposits of \$107,213 million as at 31 December 2004 rose 20.9% from \$88,702 million as at 31 December 2003. The increase was mainly from bankers' deposits, customer fixed deposits and savings accounts, largely from the acquisition of BOA.

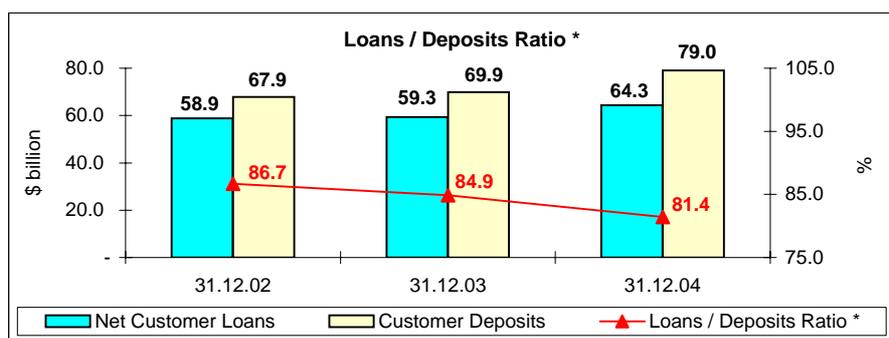
As at 31 December 2004, customer deposits accounted for 73.7% of total deposits.

Deposits Analysed by Product Group	31-Dec-04		31-Dec-03	
	\$ million	%	\$ million	%
Bankers' deposits	28,194	26.3	18,839	21.2
Customer deposits				
Fixed rate deposits	50,933	47.5	45,801	51.7
Current, savings and other deposits	28,086	26.2	24,062	27.1
	79,019	73.7	69,863	78.8
Total deposits	107,213	100.0	88,702	100.0

Deposits Analysed by Remaining Maturity	31-Dec-04		31-Dec-03	
	\$ million	%	\$ million	%
Within 1 year	104,729	97.7	87,450	98.6
Over 1 year but within 3 years	1,412	1.3	703	0.8
Over 3 years but within 5 years	903	0.8	434	0.5
Over 5 years	169	0.2	115	0.1
Total deposits	107,213	100.0	88,702	100.0

Loans / Deposits Ratio *

With the 13.1% increase in customer deposits outpacing the 8.4% increase in net customer loans, the loans-to-deposits ratio decreased 3.5% points to 81.4% as at 31 December 2004.



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

**V) Overview of Balance Sheet****Goodwill**

The increase in goodwill to \$3,876 million as at 31 December 2004 from \$3,466 million as at 31 December 2003 was primarily due to the acquisition of BOA.

	<u>31-Dec-04</u> \$ million	<u>31-Dec-03</u> \$ million
Balance at 1 January	3,466	3,666
Goodwill on acquisition of BOA	611	-
Goodwill on acquisition of additional shares in UOB Radanasin	12	-
Net deferred tax liability on fair values of assets and liabilities of OUT acquired in 2002 and adjusted in 2003	-	2
	4,089	3,668
Goodwill written-off and amortised	(214)	(202)
Balance at 31 December	<u>3,876</u>	<u>3,466</u>

Debts Issued

	<u>31-Dec-04</u> \$ million	<u>31-Dec-03</u> \$ million
(a) <u>Subordinated Notes</u>		
(i) S\$1.3 billion 4.95% subordinated notes due 2016 callable with step-up in 2011, at cost	1,300	1,300
(ii) US\$1 billion 4.50% subordinated notes due 2013, at cost adjusted for discount	1,633	1,700
(iii) S\$1 billion 4.100% subordinated notes due 2019 callable with step-up in 2014, at cost adjusted for discount	998	-
(iv) US\$1 billion 5.375% subordinated notes due 2019 callable with step-up in 2014, at cost adjusted for discount	1,633	-
(v) THB2 billion subordinated debentures due 2008, at cost	84	-
	5,648	3,000
Unamortised expenses incurred in connection with the issue of the subordinated notes	(14)	(9)
	<u>5,634</u>	<u>2,991</u>
(b) <u>Asset Backed Commercial Paper ("ABCP")</u>		
(i) S\$ ABCP, at cost adjusted for discount	724	679
(ii) US\$ ABCP, at cost adjusted for discount	201	174
	925	852
(c) Other	530	353
Total debts issued	<u>7,089</u>	<u>4,196</u>

- (a) (i) The S\$1.3 billion 4.95% subordinated notes were issued by the Bank at par on 30 August 2001 and mature on 30 September 2016. The 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.



V) Overview of Balance Sheet

Debts Issued (cont'd)

- (a) (ii) The US\$1 billion 4.50% subordinated notes were issued by the Bank at 99.96% on 30 June 2003 and mature on 2 July 2013. The 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.
- (iii) The S\$1 billion 4.100% subordinated notes were issued by the Bank at 99.755% on 24 August 2004 and mature on 3 September 2019. The notes may be redeemed at par at the option of the Bank, in whole but not in part, on 3 September 2014 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 4.100% per annum beginning 3 March 2005. From and including 3 September 2014, interest is payable semi-annually at a fixed rate per annum equal to the five-year Singapore Dollar Interest Rate Swap (Offer Rate) plus 1.680%.
- (iv) The US\$1 billion 5.375% subordinated notes were issued by the Bank at 99.929% on 24 August 2004 and mature on 3 September 2019. The notes may be redeemed at par at the option of the Bank, in whole but not in part, on 3 September 2014 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 5.375% per annum beginning 3 March 2005. From and including 3 September 2014, interest is payable semi-annually at a floating rate per annum equal to the six-month LIBOR plus 1.666%.

The capitalised expenses incurred in connection with the issue of the subordinated notes are amortised over 10 years from the date of issue of the subordinated notes.

All the S\$ 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.

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

- (v) The THB2 billion subordinated debentures were issued by BOA at par on 15 August 2001 and mature on 15 August 2008. The debentures carry a floating rate calculated based on the average of the deposit rate of one year of four major banks in Thailand and BOA, plus 2.50% per annum with a minimum guaranteed rate of 6.50% per annum. Interest rate of the debentures for the financial year was 6.50% (2003: 6.50%).
- (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 on all assets of the SPE.

Interest rates of the S\$ ABCP and US\$ ABCP as at 31 December 2004 range from 1.25% to 1.60% (31 December 2003: 1.10% to 1.25%) per annum and 2.00% to 2.48% (31 December 2003: 1.20% 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.



V) Overview of Balance Sheet

Shareholders' Funds

Shareholders' funds as at 31 December 2004 were \$13,439 million, representing an increase of 1.2% over the \$13,282 million as at 31 December 2003. The increase was largely contributed by retained profits, net of the amount of \$500 million utilised for the share buy-back.

Unrealised revaluation surplus on properties and investment securities amounted to \$1,562 million as at 31 December 2004. The revaluation surplus was not incorporated into the financial statements.

	31-Dec-04	31-Dec-03	Dec-04 / Dec-03
	\$ million	\$ million	(%)
Shareholders' funds	13,439	13,282	1.2
Add: Revaluation surplus *	1,562	1,464	6.7
Shareholders' funds including revaluation surplus	15,001	14,746	1.7
Net asset value (NAV) per share (\$)	8.75	8.45	3.6
Revaluation surplus per share (\$)	1.02	0.93	9.7
Revalued NAV per share (\$)	9.77	9.38	4.2

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

Contingent Liabilities

In the normal course of business, the Group conducts businesses involving acceptances, guarantees, performance bonds and indemnities. The majority of these facilities is reimbursable by corresponding obligations of customers.

Contingent liabilities of \$10,001 million as at 31 December 2004 were 14.6% higher than the \$8,729 million reported as at 31 December 2003. The increase was primarily from transaction-related contingencies and direct credit substitutes.

	31-Dec-04	31-Dec-03	Dec-04 / Dec-03
	\$ million	\$ million	(%)
Direct credit substitutes	5,635	5,190	8.6
Transaction-related contingencies	2,156	1,554	38.7
Trade-related contingencies	2,027	1,800	12.6
Other contingent liabilities	183	184	(0.6)
Total contingent liabilities	10,001	8,729	14.6

**V) Overview of Balance Sheet****Derivative Financial Instruments**

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 spread, of the "underlying". They include forwards, swaps, futures and options.

The tables below analyse the contract or notional amounts and the fair values of the Group'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 contract or 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 fair value of the derivatives and, therefore, do not represent total amounts at risk.

The total contract or notional amount of derivative financial instruments as at 31 December 2004 was \$278,086 million, representing an increase of 51.3% compared to the \$183,840 million as at 31 December 2003. The increase was primarily from interest rate contracts and foreign exchange contracts.

	Trading Derivatives			Non-Trading Derivatives		
	Contract or	Fair Values		Contract or	Fair Values	
	Notional Amount	Assets	Liabilities	Notional Amount	Assets	Liabilities
31-Dec-04	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million
Foreign exchange contracts						
Forwards	9,113	297	145	581	6	6
Swaps	110,998	1,832	1,769	6,503	94	225
Options purchased	5,067	89	-	40	0*	-
Options written	5,173	-	88	-	-	-
Interest rate contracts						
Forwards	19,931	9	9	-	-	-
Swaps	86,507	643	665	22,280	60	195
Futures	9,011	8	12	-	-	-
Options purchased	80	1	-	409	6	-
Options written	-	-	-	409	-	6
Equity-related contracts						
Swaps	5	-	1	228	11	11
Futures	15	-	1	-	-	-
Options purchased	19	0*	-	544	53	-
Options written	4	-	0*	537	-	53
Credit-related contracts						
Swaps	-	-	-	384	3	0*
Precious metal contracts						
Forwards	211	5	13	-	-	-
Swaps	36	1	0*	-	-	-
Total derivative financial instruments	246,170	2,885	2,703	31,916	233	495

* Less than \$500,000.



V) Overview of Balance Sheet

Derivative Financial Instruments (cont'd)

	Trading Derivatives			Non-Trading Derivatives		
	Contract or	Fair Values		Contract or	Fair Values	
	Notional Amount \$ million	Assets \$ million	Liabilities \$ million	Notional Amount \$ million	Assets \$ million	Liabilities \$ million
31-Dec-03						
Foreign exchange contracts						
Forwards	9,968	254	118	58	0*	0*
Swaps	80,471	1,784	1,818	3,764	36	83
Options purchased	5,965	73	-	246	2	-
Options written	5,021	-	73	11	-	0*
Interest rate contracts						
Forwards	11,583	4	6	-	-	-
Swaps	57,902	453	539	3,703	69	201
Futures	2,103	1	2	-	-	-
Options purchased	122	1	-	205	4	-
Options written	42	-	0*	205	-	4
Equity-related contracts						
Swaps	-	-	-	46	2	2
Futures	80	-	4	-	-	-
Options purchased	611	11	-	316	33	-
Options written	739	-	40	315	-	33
Credit-related contracts						
Swaps	-	-	-	364	4	3
Total derivative financial instruments	174,607	2,581	2,600	9,233	151	326

* Less than \$500,000.

Commitments

As at 31 December 2004, total commitments of \$39,276 million were 4.3% higher compared to the \$37,660 million as at 31 December 2003. The increase was primarily from undrawn credit facilities.

	31-Dec-04	31-Dec-03	Dec-04 / Dec-03
	\$ million	\$ million	(%)
Capital commitments contracted but not provided for on purchase of fixed assets	28	26	7.3
Undrawn credit facilities	38,560	36,218	6.5
Operating lease commitments	54	62	(13.7)
Spot contracts and other	634	1,353	(53.1)
Total commitments	39,276	37,660	4.3

VI) Capital Adequacy Ratio

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

As at 31 December 2004, the Group's total Capital Adequacy Ratio ("CAR") was 15.6% which was 5.6% points higher than the minimum total CAR of 10% set by Monetary Authority of Singapore ("MAS"). Compared to the total CAR of 15.2% as at 31 December 2003, it had increased 0.4% point mainly attributable to the issue of US\$1 billion 5.375% and S\$1 billion 4.100% subordinated notes in August 2004, largely offset by the increase in risk-weighted assets due primarily to the consolidation of BOA's financials and higher holdings in investment securities.

The Group's tier 1 CAR of 11.0% was 4.0% points higher than the minimum tier 1 CAR of 7% set by MAS. However, the Group's tier 1 CAR as at 31 December 2004 had decreased by 2.2% points as compared to 31 December 2003. The decrease was mainly attributable to enlarged risk-weighted assets arising from the acquisition of BOA and higher holdings in investment securities, higher goodwill, and share buy-back of \$500 million.

	<u>31-Dec-04</u> \$ million	<u>31-Dec-03</u> [^] \$ million
Capital		
<u>Tier 1 Capital</u>		
Share capital	1,536	1,572
Disclosed reserves / other	11,910	11,726
Deduction of goodwill	<u>(4,008)</u>	<u>(3,483)</u>
	<u>9,438</u>	<u>9,815</u>
<u>Upper Tier 2 Capital</u>		
Cumulative general provisions / other	1,079	934
Subordinated notes	<u>5,550</u>	<u>2,991</u>
	<u>6,629</u>	<u>3,925</u>
Deductions from Tier 1 and Upper Tier 2 Capital	<u>(2,623)</u>	<u>(2,410)</u>
Total capital	<u>13,444</u>	<u>11,330</u>
Risk-weighted assets (including market risk)	<u>85,966</u>	<u>74,353</u>
Capital adequacy ratios		
Tier 1	11.0%	13.2%
Total capital	15.6%	15.2%

[^] The Group's CAR was computed under the revised capital framework for Singapore-incorporated banks issued by MAS, which was effective from 30 June 2004. The comparative figures as at 31 December 2003 have been adjusted to conform with the revised framework accordingly.


VII) Exposure by Country of Operations

The Group's total direct net exposure to the countries outside Singapore where it has a presence amounted to \$49.1 billion or 36.4% of Group total assets as at 31 December 2004. This represents an increase of 32.3% over the \$37.1 billion as at 31 December 2003, attributed mainly to the acquisition of BOA.

Exposure to countries outside Singapore (where UOB Group has a presence)

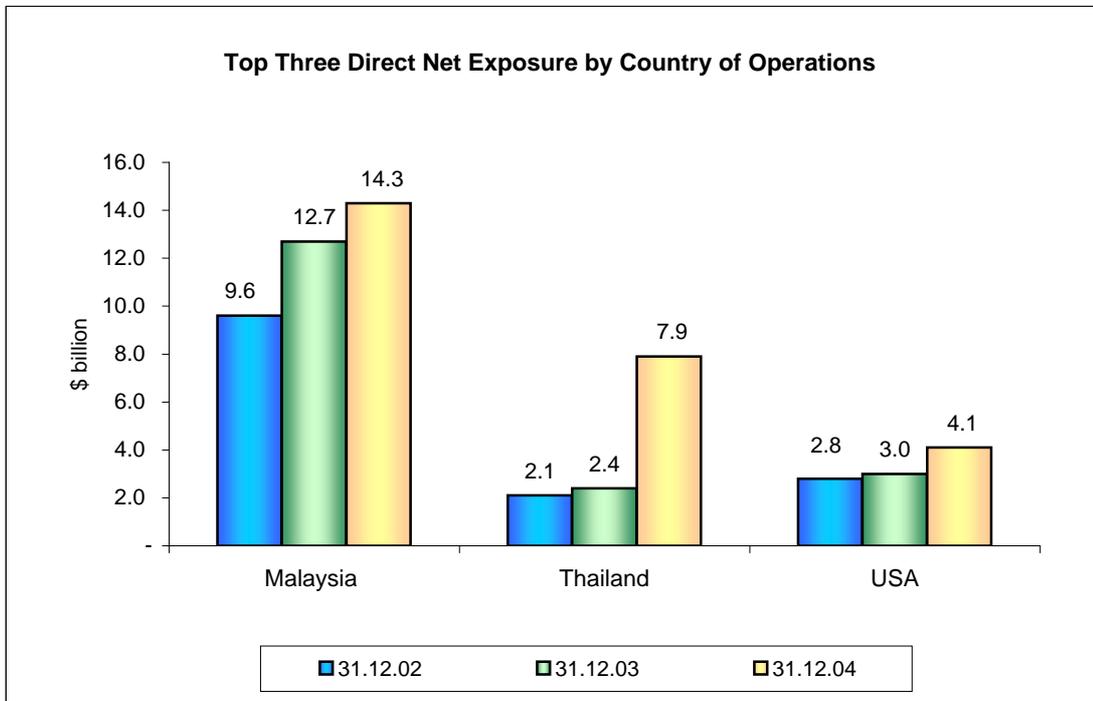
\$ million

	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									
31-Dec-04	7,051	3,377	5,014	1,009	16,451	2,137	14,314	10.6	1,066
31-Dec-03	6,624	3,353	4,307	742	15,026	2,296	12,730	11.2	1,067
31-Dec-02	6,164	1,990	2,381	531	11,066	1,499	9,567	8.9	1,032
Indonesia									
31-Dec-04	448	234	127	260	1,069	109	960	0.7	240
31-Dec-03	491	165	48	79	783	50	733	0.7	132
31-Dec-02	444	127	106	67	744	50	694	0.6	67
Philippines									
31-Dec-04	197	217	59	2	475	50	425	0.3	46
31-Dec-03	241	221	53	12	527	41	486	0.4	60
31-Dec-02	254	225	44	9	532	31	501	0.5	56
Thailand									
31-Dec-04	6,565	851	165	1,937	9,518	1,580	7,938	5.9	993
31-Dec-03	1,642	523	112	244	2,521	156	2,365	2.1	332
31-Dec-02	1,178	814	112	203	2,307	185	2,122	2.0	285
South Korea									
31-Dec-04	37	1,080	1,568	482	3,167	-	3,167	2.4	104
31-Dec-03	41	596	825	209	1,671	-	1,671	1.5	173
31-Dec-02	45	298	1,354	98	1,795	12	1,783	1.7	253
Total Regional Countries									
31-Dec-04	14,298	5,759	6,933	3,690	30,680	3,876	26,804	19.9	2,449
31-Dec-03	9,039	4,858	5,345	1,286	20,528	2,543	17,985	15.9	1,764
31-Dec-02	8,085	3,454	3,997	908	16,444	1,777	14,667	13.7	1,693
Greater China									
31-Dec-04	2,017	1,384	7,007	439	10,847	3,907	6,940	5.1	571
31-Dec-03	1,968	1,038	5,943	352	9,301	3,340	5,961	5.2	639
31-Dec-02	2,482	233	4,311	648	7,674	2,536	5,138	4.8	504
Other OECD									
31-Dec-04	4,878	1,937	7,012	2,215	16,042	943	15,099	11.2	911
31-Dec-03	5,494	3,059	5,355	1,129	15,037	2,076	12,961	11.4	911
31-Dec-02	4,847	105	4,647	716	10,315	1,860	8,455	7.8	878
Other									
31-Dec-04	195	19	121	5	340	68	272	0.2	74
31-Dec-03	166	17	53	1	237	12	225	0.2	65
31-Dec-02	154	11	35	4	204	4	200	0.2	47
Grand Total									
31-Dec-04	21,388	9,099	21,073	6,349	57,909	8,794	49,115	36.4	4,005
31-Dec-03	16,667	8,972	16,696	2,768	45,103	7,971	37,132	32.7	3,379
31-Dec-02	15,568	3,803	12,990	2,276	34,637	6,177	28,460	26.5	3,122



VII) Exposure by Country of Operations

At the country level, direct net exposure to Malaysia where the Group has a long-standing presence, remained the largest at \$14.3 billion or 10.6% of Group total assets, followed by Thailand at \$7.9 billion and USA at \$4.1 billion.




UNITED OVERSEAS BANK GROUP
CONSOLIDATED PROFIT AND LOSS ACCOUNT

	4th Quarter 2004	3rd Quarter 2004	2nd Quarter 2004	1st Quarter 2004	Full Year 2004	Full Year 2003
	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million
Interest income	1,046	937	850	829	3,661	3,294
Less: Interest expense	484	400	317	306	1,506	1,224
Net interest income	562	537	533	523	2,155	2,071
Dividend income	5	10	22	6	43	42
Fee and commission income	204	180	152	170	706	588
Rental income	16	16	16	16	65	73
Other operating income	73	64	52	101	290	387
Total non-interest income	298	270	243	293	1,104	1,089
Income before operating expenses	860	807	775	816	3,259	3,160
Less:						
Staff costs	171	152	135	130	587	532
Other operating expenses	193	163	145	138	639	564
Total operating expenses	364	315	280	268	1,227	1,095
Operating profit before goodwill amortisation and provisions	496	493	495	548	2,032	2,064
Less: Goodwill written-off and amortised	59	55	50	50	214	202
Less:						
Specific provisions for loans	81	41	72	42	235	345
General provisions	10	(49)	(63)	-	(102)	-
Other provisions	22	8	27	19	76	16
Total provisions	113	(1)	36	60	209	362
Operating profit after goodwill amortisation and provisions	324	439	408	438	1,610	1,501
Share of profit of associates	184	47	47	29	307	107
Profit before tax	509	486	455	467	1,917	1,608
Less: Tax	130	108	104	108	450	393
Profit after tax	378	377	351	359	1,466	1,216
Less: Minority interests	3	6	4	2	15	13
Net profit attributable to members	376	371	347	357	1,452	1,202



CONSOLIDATED BALANCE SHEET

	31-Dec-04	30-Sep-04	30-Jun-04	31-Mar-04	31-Dec-03
	\$ million				
<u>Share Capital and Reserves</u>					
Share capital	1,536	1,573	1,572	1,572	1,572
Capital reserves	4,250	4,215	4,221	4,225	4,242
Statutory reserves	2,922	2,860	2,860	2,860	2,860
Revenue reserves	4,607	4,793	4,671	4,822	4,465
Share of reserves of associates	123	126	126	142	143
Total shareholders' funds	13,439	13,566	13,450	13,620	13,282
Minority interests	148	237	169	157	155
<u>Liabilities</u>					
Deposits of non-bank customers	79,019	77,373	71,631	70,630	69,863
Deposits and balances of banks and agents	28,194	23,128	21,959	22,069	18,839
Total deposits	107,213	100,501	93,590	92,698	88,702
Bills and drafts payable	256	324	158	293	164
Other liabilities	6,733	4,695	5,066	6,473	6,947
Debts issued	7,089	7,243	4,372	4,282	4,196
Total liabilities	121,292	112,763	103,186	103,747	100,009
Total shareholders' funds, minority interests and liabilities	134,879	126,566	116,805	117,523	113,446
<u>Assets</u>					
Cash, balances and placements with central banks	11,653	9,062	10,527	11,456	9,085
Singapore Government treasury bills and securities	7,772	6,257	6,787	6,076	6,311
Other government treasury bills and securities	1,975	2,248	1,721	1,690	1,352
Dealing securities	439	588	575	586	525
Placements and balances with banks and agents	26,726	24,112	19,442	20,933	20,072
Loans and advances including trade bills to non-bank customers	64,300	64,489	59,895	59,214	59,297
Other assets	5,964	3,958	3,923	4,703	4,752
Investment securities	8,609	8,498	7,210	6,288	5,423
Investments in associates	1,702	1,689	1,600	1,400	1,397
Fixed assets	1,862	1,865	1,747	1,761	1,768
Goodwill	3,876	3,800	3,378	3,416	3,466
Total assets	134,879	126,566	116,805	117,523	113,446
<u>Off-Balance Sheet Items</u>					
Contingent liabilities	10,001	10,076	9,087	8,567	8,729
Derivative financial instruments	278,086	278,339	248,076	206,758	183,840
Commitments	39,276	43,271	39,404	38,091	37,660

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

	Share Capital \$ million	Capital Reserves \$ million	Statutory Reserves \$ million	Revenue Reserves \$ million	Share of Reserves of Associates \$ million	Total \$ million
Balance at 1 January 2004	1,572	4,242	2,860	4,465	143	13,282
Net profit attributable to members	-	-	-	1,452	-	1,452
Differences arising from currency translation of financial statements of foreign branches, subsidiaries and associates	-	(37)	-	-	-	(37)
Group's share of reserves of associates	-	-	-	-	(19)	(19)
Transfer to revenue reserves upon disposal and liquidation of associates	-	-	-	1	(1)	-
Other adjustments	-	3	-	-	-	3
Total recognised gains/(losses) for the financial year	-	(34)	-	1,453	(20)	1,399
Net transfer from revenue	-	(6)	62	(57)	-	-
Dividends	-	-	-	(755)	-	(755)
Share buy-back	(36)	36	-	(500)	-	(500)
Issue of shares upon exercise of options	1	11	-	-	-	12
Balance at 31 December 2004	1,536	4,250	2,922	4,607	123	13,439
Balance at 1 January 2003 As restated	1,572	4,257	2,758	3,893	134	12,613
Net profit attributable to members	-	-	-	1,202	-	1,202
Differences arising from currency translation of financial statements of foreign branches, subsidiaries and associates	-	10	-	-	-	10
Group's share of reserves of associates	-	-	-	-	10	10
Other adjustments	-	(2)	1	(1)	-	(2)
Total recognised gains for the financial year	-	9	1	1,201	10	1,220
Net transfer from revenue reserves	-	(24)	102	(78)	-	-
Dividends	-	-	-	(552)	-	(552)
Issue of shares upon exercise of options	0*	1	-	-	-	1
Balance at 31 December 2003	1,572	4,242	2,860	4,465	143	13,282

* Less than \$500,000.

CONSOLIDATED CASH FLOW STATEMENT

	<u>2004</u> \$ million	<u>2003</u> \$ million
Cash flows from operating activities		
Profit before tax	1,917	1,608
Adjustments for:		
Depreciation of fixed assets	125	108
Goodwill written-off and amortised	214	202
Share of profit of associates	(307)	(107)
Operating profit before working capital changes	<u>1,948</u>	<u>1,810</u>
Changes in working capital:		
Increase in deposits	12,665	1,482
Increase/(decrease) in bills and drafts payable	14	(0) *
(Decrease)/increase in other liabilities	(354)	1,779
Decrease in dealing securities	86	99
Increase in placements and balances with banks and agents	(6,385)	(646)
Increase in trade bills and advances to non-bank customers	(803)	(413)
Decrease in other government treasury bills and securities not qualifying as cash and cash equivalents	385	338
Increase in other assets	(482)	(704)
Cash generated from operations	<u>7,074</u>	<u>3,745</u>
Income tax paid	(366)	(335)
Net cash provided by operating activities	<u>6,708</u>	<u>3,410</u>
Cash flows from investing activities		
Increase in investment securities and investments in associates	(3,033)	(1,541)
Net dividends received from associates	168	32
Net increase in fixed assets	(79)	(82)
Change in/acquisition of minority interests of subsidiaries	(35)	(4)
Net cashflow on acquisition of subsidiaries	(217)	-
Net cash used in investing activities	<u>(3,197)</u>	<u>(1,595)</u>
Cash flows from financing activities		
Proceeds from issue of shares	12	1
Net increase in debts issued	2,810	2,049
Share buy-back	(500)	-
Dividends paid by the Bank	(755)	(552)
Dividends paid by subsidiaries to minority shareholders	(3)	(4)
Net cash provided by financing activities	<u>1,564</u>	<u>1,494</u>
Currency translation adjustment	(37)	10
Net increase in cash and cash equivalents for the financial year	<u>5,039</u>	<u>3,320</u>
Cash and cash equivalents at beginning of the financial year	<u>16,362</u>	<u>13,041</u>
Cash and cash equivalents at end of the financial year (Note A)	<u><u>21,401</u></u>	<u><u>16,362</u></u>
Note A:		
Cash, balances and placements with central banks	11,653	9,085
Singapore Government treasury bills and securities	7,772	6,311
Other government treasury bills and securities, less non-cash equivalents of \$Nil (31 December 2003: \$385 million)	1,975	966
Cash and cash equivalents at end of the financial year	<u><u>21,401</u></u>	<u><u>16,362</u></u>

* Less than \$500,000.



Financial Risk Management

The Group's business activities involve 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 Group under delegated authority from the Board.

These various specialist committees formulate, review and approve policies and limits on monitoring and managing risk exposures under their respective supervision. The major policy decisions and proposals approved by these committees are subject to review by the Executive Committee.

The Risk Management & Compliance sector, which is independent of the business units, performs the role of implementing the risk management policies and procedures. Compliance officers in the business units ensure that each business unit puts in place the proper control procedures to ensure regulatory and operational compliance while the Middle Office (under Finance Division) enforces compliance of trading policies and limits by the trading desks at Global Treasury. This is further enhanced by the periodic risk assessment audit carried out by the Group Audit.

Credit Risk

Credit risk is the potential loss arising from any failure by the Group's customers 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 and industries.

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 counterparty risk policies that set out approved counterparties 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 counterparties that permit the Group to offset receivables and payables with such counterparties.



Financial Risk Management

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, share of the net asset values of its overseas subsidiaries and associates, and long-term investments in overseas properties. The Group utilises mainly foreign currency forwards and swaps to hedge its foreign exchange exposures.

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 Middle Office.

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 maturities and re-pricing 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 as approved by the Asset Liability Committee.

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 maturity of deposits and draw-down of loans.

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 cashflow mismatches, monitoring of liquidity crisis early warning indicators, stress test analysis of cashflows in liquidity crisis scenarios and establishment of a comprehensive contingency funding plan.

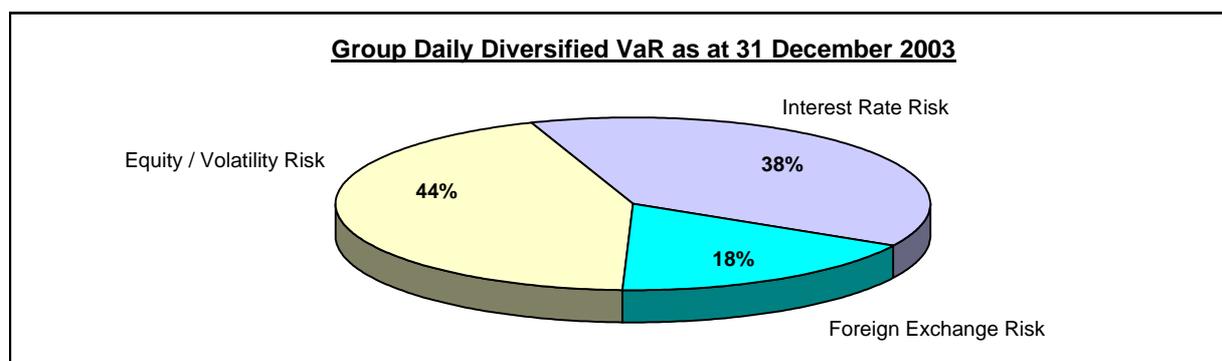
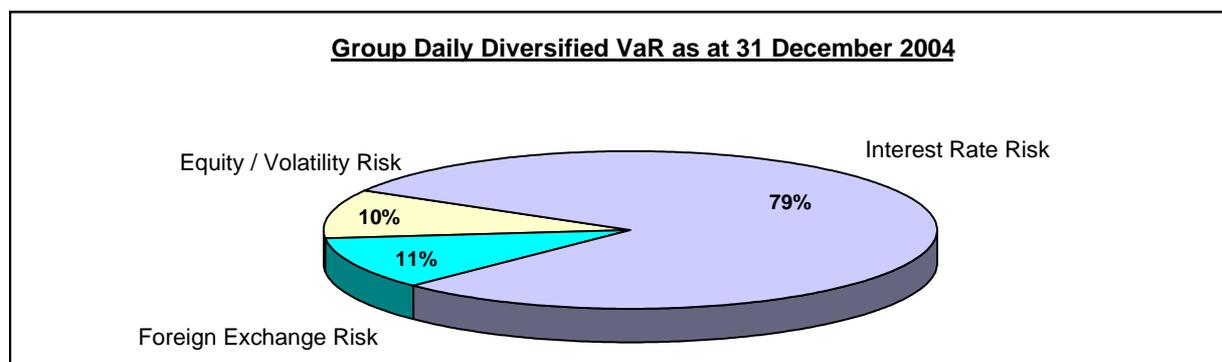
Additionally, the Group is required by law in the various locations that it operates from, including Singapore, to maintain a certain percentage of its liability base in the form of cash and other liquid assets as a buffer against unforeseen liquidity requirements.



Value-at-Risk (VaR)

The risk taken by the Group, as reflected by the level of VaR, is dependent on the level of exposure taken by the Group and the level of market prices for the relevant period that are used in the computation of VaR.

The Group's Daily Diversified VaR, as at 31 December 2004, was \$7.71 million and comprised mainly interest rate risk (including credit spread risk) (79%), foreign exchange risk (11%) and equity / volatility risk (10%).



The Group's Daily Diversified VaR for 2004, averaging \$4.39 million, ranged between a low of \$2.07 million and a high of \$10.02 million:

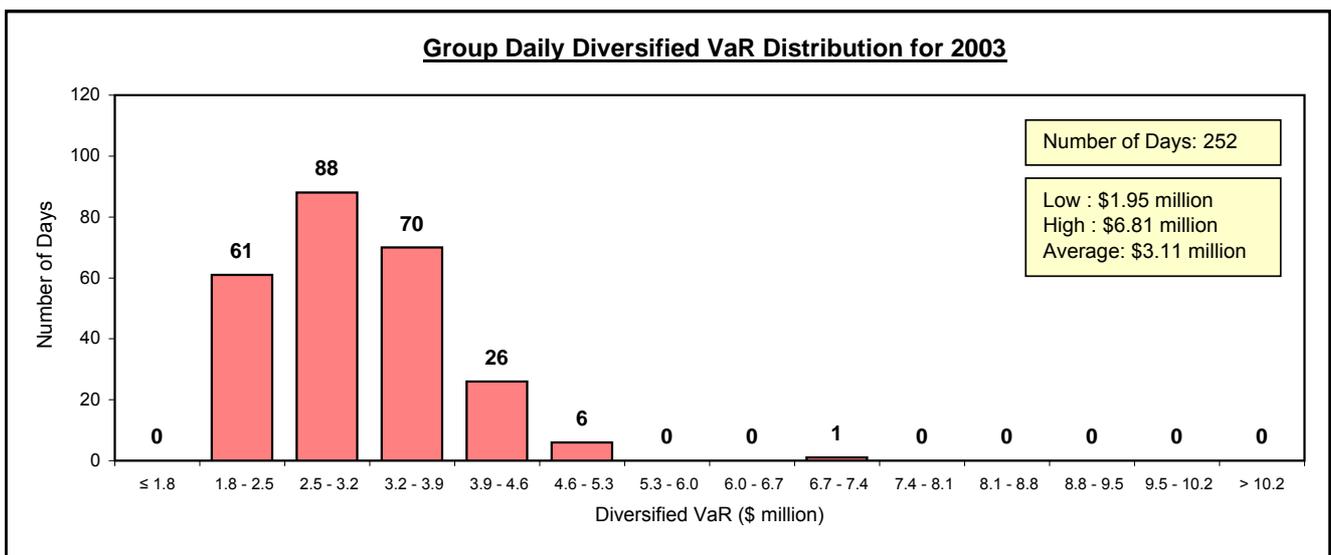
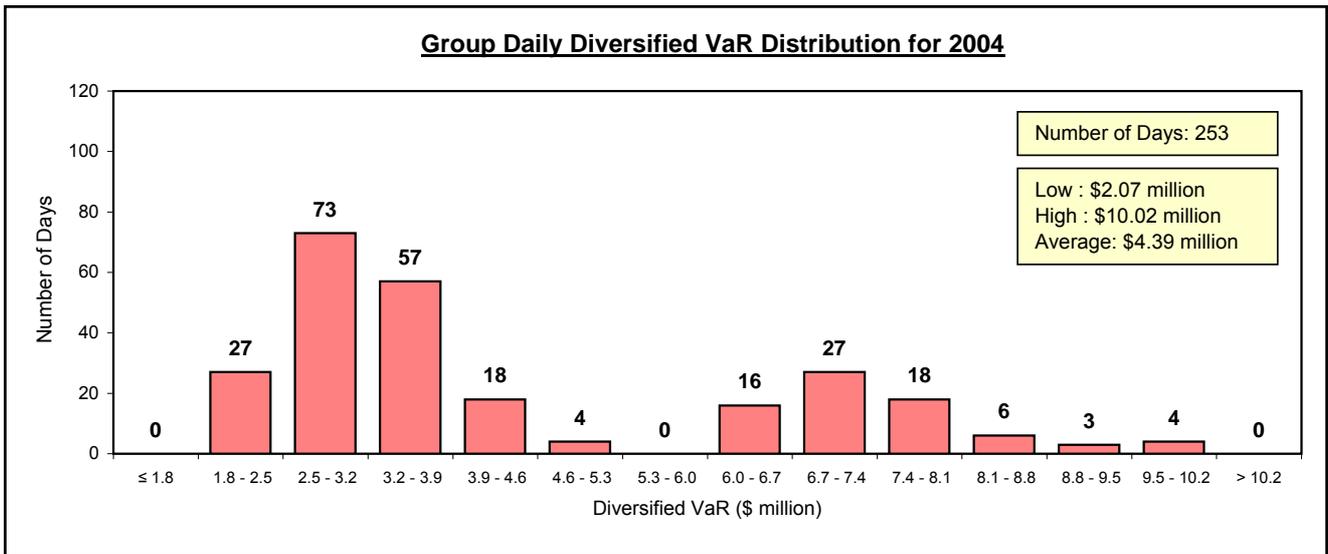
Group Daily Diversified VaR (\$ million)	31-Dec-04	High	Low	Average
Interest rate	7.97	9.55	0.39	3.48
Foreign exchange	1.09	3.34	0.52	1.38
Equity / volatility	1.00	4.16	0.41	1.58
Diversification effect	(2.39)	NM	NM	(2.03)
Total VaR	7.71	10.02	2.07	4.39

Group Daily Diversified VaR (\$ million)	31-Dec-03	High	Low	Average
Interest rate	2.30	2.82	1.17	1.82
Foreign exchange	1.05	5.81	0.60	1.43
Equity / volatility	2.62	3.76	0.64	1.75
Diversification effect	(1.94)	NM	NM	(1.90)
Total VaR	4.03	6.81	1.95	3.11

NM denotes not meaningful to compute diversification effect because the high and low may occur on different days for different risk types.



Value-at-Risk (VaR)





Value-at-Risk (VaR)

The Group's daily trading income for 2004, averaging \$0.40 million, ranged between a low of \$(12.18) million and a high of \$12.36 million :

