



United Overseas Bank Limited

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

GROUP FINANCIAL PERFORMANCE FOR THE FIRST HALF / SECOND QUARTER 2005

29 JULY 2005



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Note:

- ◆ The financial statements are presented in Singapore dollars.
- ◆ Certain comparative figures have been restated to conform with the current period's presentation.
- ◆ Certain figures in this report may not add up to the respective totals due to rounding.



J) Highlights and Performance Indicators

	1st Half 2005	1st Half 2004	1H05 / 1H04 %	2nd Quarter 2005	1st Quarter 2005	2nd Quarter 2004	2Q05 / 2Q04 %
• Key Indicators							
Net interest income (NII) (\$'m)	1,156	1,056	+ 9.5	574	583	533	+ 7.7
Non-interest income (Non NII) (\$'m)	650	536	+ 21.4	334	316	243	+ 37.5
Total income (\$'m)	1,807	1,592	+ 13.5	908	899	775	+ 17.0
Total expenses (\$'m)	667	548	+ 21.6	347	319	280	+ 23.9
Operating profit before goodwill and other impairment (\$'m)	1,140	1,043	+ 9.3	560	580	495	+ 13.2
❖ Net profit after tax							
- Including goodwill impairment (\$'m)	815	705	+ 15.6	409	406	347	+ 17.7
- Excluding goodwill impairment (\$'m)	873	805	+ 8.4	465	407	398	+ 17.0
❖ Income mix:							
- NII / Total income (%)	64.0	66.3	- 2.3 % pt	63.2	64.8	68.7	- 5.5 % pt
- Non NII / Total income (%)	36.0	33.7	+ 2.3 % pt	36.8	35.2	31.3	+ 5.5 % pt
	100.0	100.0	-	100.0	100.0	100.0	-
❖ Profit contribution (before tax and goodwill impairment):							
- Onshore (including ACU) (%)	76.2	80.5	- 4.3 % pt	74.2	78.4	82.0	- 7.8 % pt
- Offshore (%)	23.8	19.5	+ 4.3 % pt	25.8	21.6	18.0	+ 7.8 % pt
	100.0	100.0	-	100.0	100.0	100.0	-
❖ Annualised return on average shareholders' equity							
- Including goodwill impairment (%)	11.9	10.5	+ 1.4 % pt	12.0	11.8	10.4	+ 1.6 % pt
- Excluding goodwill impairment (%)	12.8	12.0	+ 0.8 % pt	13.6	11.9	11.9	+ 1.7 % pt
❖ Annualised basic earnings per share							
- Including goodwill impairment (¢)	106.0	89.7	+ 18.2	106.4	105.6	88.4	+ 20.4
- Excluding goodwill impairment (¢)	113.6	102.5	+ 10.8	121.0	106.1	101.2	+ 19.6
❖ Annualised return on average assets							
- Including goodwill impairment (%)	1.21	1.21	-	1.21	1.21	1.18	+ 0.03 % pt
- Excluding goodwill impairment (%)	1.29	1.38	- 0.09 % pt	1.38	1.21	1.36	+ 0.02 % pt
❖ Annualised NII / Average interest bearing assets (%)	2.02	2.15	- 0.13 % pt	1.97	2.06	2.14	- 0.17 % pt
❖ Expense / Income ratio (%)	36.9	34.4	+ 2.5 % pt	38.3	35.5	36.2	+ 2.1 % pt
❖ Dividend rates							
- Interim (%)	20.0	20.0	-	20.0	-	20.0	-
- Special dividend in specie (%)	28.5	-	+ 28.5 % pt	28.5	-	-	+ 28.5 % pt

I) Highlights and Performance Indicators

	30-Jun-05	Restated 31-Dec-04	Jun-05 / Restated Dec-04 (%)	30-Jun-04	Jun-05 / Jun-04 (%)
• <u>Other Indicators</u>					
❖ Customer loans (net) (\$'m)	64,623	64,188	+ 0.7	59,895	+ 7.9
❖ Customer deposits (\$'m)	80,475	78,951	+ 1.9	71,631	+ 12.3
❖ Loans / Deposits ratio [@] (%)	80.3	81.3	- 1.0 % pt	83.6	- 3.3 % pt
❖ Non-performing loans (NPLs) (\$'m)	4,563	5,199	- 12.2	4,852	- 6.0
❖ Cumulative impairment (\$'m)	3,110	3,573	- 13.0	3,249	- 4.3
❖ NPL ratio [^] (%)	6.7	7.6	- 0.9 % pt	7.6	- 0.9 % pt
❖ Cumulative impairment / NPLs (%)	68.2	68.7	- 0.5 % pt	67.0	+ 1.2 % pt
❖ Total assets (\$'m)	136,856	134,776	+ 1.5	116,805	+ 17.2
❖ Shareholders' equity (\$'m)	13,517	13,456	+ 0.5	13,450	+ 0.5
❖ Unrealised revaluation surplus [#] (\$'m)	1,352	1,235	+ 9.5	1,483	- 8.8
❖ Net asset value (NAV) per share (\$)	8.79	8.76	+ 0.3	8.56	+ 2.7
❖ Revalued NAV per share (\$)	9.67	9.56	+ 1.2	9.50	+ 1.8
❖ Net tangible asset backing per share (\$)	6.22	6.15	+ 1.1	6.32	- 1.6
❖ Capital adequacy ratios (CAR)					
- Tier 1 capital (%)	10.1	10.8	- 0.7 % pt	12.8	- 2.7 % pt
- Total capital (%)	15.0	15.5	- 0.5 % pt	13.6	+ 1.4 % pt
❖ Manpower (number)	13,328	13,574	- 246 no.	10,561	+ 2,767 no.

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

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

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

II) Review of Financial Performance

New / Revised Financial Reporting Standards

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The new and revised FRS that are applicable to the Group with effect from 1 January 2005 and that have impact on the Group's financials are as follows:

- (a) FRS39 Financial Instruments: Recognition and Measurement
- (b) FRS103 Business Combinations / FRS36 Impairment of Assets / FRS38 Intangible Assets
- (c) FRS102 Share-based Payment
- (d) FRS105 Non-current Assets Held for Sale and Discontinued Operations

FRS39 requires prospective application with the opening balances of the affected financial assets and financial liabilities as at 1 January 2005 to be restated and the resulting changes adjusted to the shareholders' equity. The restated 31 December 2004 balances in this report refer to the adjusted opening balances as at 1 January 2005 and are presented to facilitate comparison with the current period's balances.

Other than the above changes, the accounting policies and computation methods adopted in the financial statements for the first half of 2005 are the same as those adopted in the audited financial statements for the financial year ended 31 December 2004.

Review of Group Performance

Results

The Group acquired Bank of Asia Public Company Limited and its subsidiaries ("BOA") on 27 July 2004. Accordingly, BOA's financials were included in the Group's financial statements for the first half / second quarter of 2005 but not for the corresponding periods of 2004.

1H05 versus 1H04

The Group's net profit after tax ("NPAT") of \$815 million recorded in the first half of 2005 ("1H05") was an increase of \$110 million or 15.6% over the \$705 million registered in the first half of 2004 ("1H04"). The increase was mainly due to higher net interest income, higher fee and commission income, higher other operating income, and the discontinuation of goodwill amortisation. These were partly offset by higher operating expenses, write-off of goodwill in respect of UOB Philippines, and lower share of profit of associates. Excluding BOA's NPAT of \$26 million for 1H05, the Group's NPAT would have shown an increase of 12.0% over that of 1H04.

Total income increased \$215 million or 13.5% to \$1,807 million in 1H05 from \$1,592 million in 1H04, primarily due to higher net interest income mainly from customer loans, higher fee and commission income mainly from loan-related and fund management activities, higher gains on investment securities and foreign exchange, as well as higher dividend income. BOA contributed \$139 million to the Group's total income, mainly on net interest income and fee and commission income. Excluding BOA's income, the Group's total income would have increased 4.8% over that of 1H04.

The Group's total operating expenses increased 21.6% to \$667 million in 1H05 from \$548 million in 1H04 attributed mainly to the acquisition of BOA. Staff costs increased 19.1% to \$316 million while other operating expenses increased 24.0% to \$351 million. Consequently, the expense-to-income ratio of the Group increased to 36.9% in 1H05 from 34.4% in 1H04. Excluding BOA's expenses of \$93 million, the Group's total operating expenses would have shown a lower increase of 4.7% and the expense-to-income ratio would have remained the same as 1H04 at 34.4%.



II) Review of Financial Performance

1H05 versus 1H04 (cont'd)

Total impairment charges decreased \$16 million or 16.6% to \$81 million in 1H05 from \$97 million in 1H04. The decrease was mainly from investment securities, partially offset by higher impairment charges on loans and lower write-back of collective impairment.

Share of pre-tax profit of associates decreased \$30 million to \$46 million in 1H05 from \$76 million in 1H04 mainly due to the cessation of equity accounting for United Overseas Land Limited with effect from 1 January 2005 following the divestment exercise.

2Q05 versus 2Q04

The Group's NPAT increased 17.7% to \$409 million in the second quarter of 2005 ("2Q05") from \$347 million in the second quarter of 2004 ("2Q04"). The increase was mainly due to higher net interest income, higher other operating income, higher fee and commission income and lower impairment charges. These were partially offset by higher operating expenses. Excluding BOA's NPAT of \$15 million for 2Q05, the Group's NPAT would have shown an increase of 13.6% over that of 2Q04.

Total income increased 17.0% to \$908 million in 2Q05 from \$775 million in 2Q04, mainly due to higher net interest income from customer loans, higher gains on investment securities and foreign exchange, higher fee and commission income mainly from loan-related and fund management activities, and higher dividend income. BOA contributed \$72 million to the Group's total income in 2Q05, mainly on net interest income and fee and commission income. Excluding BOA's income, the Group's total income would have increased 7.8% over that of 2Q04.

The Group's total operating expenses increased 23.9% to \$347 million in 2Q05 compared to \$280 million in 2Q04, mainly due to the acquisition of BOA. Staff cost increased 20.2% to \$163 million while other operating expenses increased 27.3% to \$185 million. Consequently, expense-to-income ratio rose to 38.3% in 2Q05 compared to the 36.2% in 2Q04. Excluding BOA's expenses of \$46 million, total operating expenses would have shown a lower increase of 7.5% and the expense-to-income ratio would have been lower at 36.1%.

Total impairment charges decreased \$22 million or 59.9% to \$14 million in 2Q05 from \$36 million in 2Q04. The decrease was mainly from investment securities, partially offset by lower write-back of collective impairment.

2Q05 versus 1Q05

The Group's NPAT of \$409 million recorded in 2Q05 was 0.8% higher than the \$406 million registered in the first quarter of 2005 ("1Q05"). The increase was mainly due to lower impairment charges, higher dividend income and higher share of profit of associates. These were partially offset by the write-off of goodwill, higher operating expenses and lower other operating income.

The Group's total income increased 0.9% to \$908 million in 2Q05 from \$899 million in 1Q05, while total expenses increased 8.8% to \$347 million from \$319 million in 1Q05. The increase in total operating expenses was mainly from staff costs, advertising and marketing costs, and professional fees. Consequently, expense-to-income ratio increased to 38.3% in 2Q05 from 35.5% in 1Q05.

Total impairment charges decreased \$52 million to \$14 million in 2Q05 from \$66 million in 1Q05. The decrease was largely due to write-back of collective impairment.

II) Review of Financial Performance

Balance Sheet

The Group's net loans and advances to customers of \$64,623 million as at 30 June 2005 were 0.7% higher than the \$64,188 million as at 31 December 2004 (restated) and 7.9% higher than the \$59,895 million as at 30 June 2004. The increase of 7.9% from 30 June 2004 was mainly contributed by the acquisition of BOA. Excluding BOA's net loans of \$4,432 million, the Group's net loans and advances to customers as at 30 June 2005 would have shown an increase of 0.5% from 30 June 2004.

Group non-performing loans ("NPLs") decreased 12.2% to \$4,563 million as at 30 June 2005 from \$5,199 million as at 31 December 2004 (restated). Consequently, Group NPL ratio improved to 6.7% as at 30 June 2005 from 7.6% as at 31 December 2004 (restated). Excluding BOA's NPLs of \$924 million, the Group's NPL ratio would have been 5.7% as at 30 June 2005. Of the total Group NPLs as at 30 June 2005, \$2,535 million or 55.6% were secured by collateral, and \$2,858 million or 62.6% were in the Substandard category.

Total cumulative impairment of the Group was \$3,110 million as at 30 June 2005 compared to the \$3,573 million as at 31 December 2004 (restated). Collective impairment as at 30 June 2005 was \$1,316 million or 42.3% of total cumulative impairment. The total cumulative impairment as at 30 June 2005 provided coverage of 68.2% against Group NPLs, compared to the 68.7% as at 31 December 2004 (restated). As at 30 June 2005, unsecured NPLs were 153.4% covered by total cumulative impairment, compared to the 133.1% as at 31 December 2004 (restated). Excluding BOA's cumulative impairment of \$524 million, total cumulative impairment would have been \$2,586 million as at 30 June 2005, providing a coverage of 71.1% against Group NPLs.

Total assets of the Group as at 30 June 2005 were \$136,856 million, representing a growth of 1.5% and 17.2% over the \$134,776 million as at 31 December 2004 (restated) and \$116,805 million as at 30 June 2004 respectively. Excluding the assets of \$6,463 million from BOA, the Group's total assets would have recorded a growth of 11.6% over that as at 30 June 2004.

Shareholders' equity of the Group as at 30 June 2005 was \$13,517 million, representing an increase of 0.5% over the \$13,456 million as at 31 December 2004 (restated) and \$13,450 million as at 30 June 2004. Consequently, the Group's net asset value per share increased to \$8.79 as at 30 June 2005, from \$8.76 as at 31 December 2004 (restated) and \$8.56 as at 30 June 2004.

As at 30 June 2005, the Group's total Capital Adequacy Ratio ("CAR") of 15.0% was 5.0% points above the minimum of 10% set by Monetary Authority of Singapore ("MAS"). It was 0.5% point lower than the 15.5% as at 31 December 2004 (restated) mainly attributed to higher risk-weighted assets. Compared to the total CAR of 13.6% as at 30 June 2004, it had increased 1.4% points mainly attributed to the issue of US\$1 billion 5.375% and S\$1 billion 4.100% Subordinated Notes in August 2004, partly offset by higher risk-weighted assets due primarily to the consolidation of BOA's financials and the increased holdings in investment securities.

II) Review of Financial Performance

UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE FIRST HALF ENDED 30 JUNE 2005

	1st Half 2005	1st Half 2004	1H05 / 1H04
	\$ million	\$ million	%
Interest income	2,266	1,679	35.0
Less: Interest expense	<u>1,109</u>	<u>623</u>	78.1
Net interest income	1,156	1,056	9.5
Dividend income	45	28	57.6
Fee and commission income	372	322	15.5
Rental income	32	32	0.1
Other operating income	202	153	31.6
Total non-interest income	<u>650</u>	<u>536</u>	21.4
Income before operating expenses	1,807	1,592	13.5
Less:			
Staff costs	316	265	19.1
Other operating expenses	351	283	24.0
Total operating expenses	667	548	21.6
Operating profit before goodwill and other impairment	<u>1,140</u>	<u>1,043</u>	9.3
Less: Goodwill written-off / amortised	58	101	(42.4)
Less: Impairment charges	81	97	(16.6)
Operating profit after goodwill and other impairment	<u>1,002</u>	<u>846</u>	18.3
Share of profit of associates	46	76	(39.2)
Profit before tax	<u>1,048</u>	<u>922</u>	13.6
Less: Tax	223	212	5.2
Profit after tax	<u>825</u>	<u>711</u>	16.1
Less:			
Net profit attributable to minority interests	10	6	75.0
Net profit attributable to members	<u>815</u>	<u>705</u>	15.6
Expense / Income ratio (%)	36.9	34.4	2.5 % pt
Annualised earnings per share (¢)			
- Basic	106.0	89.7	18.2
- Diluted	106.0	89.6	18.3



II) Review of Financial Performance

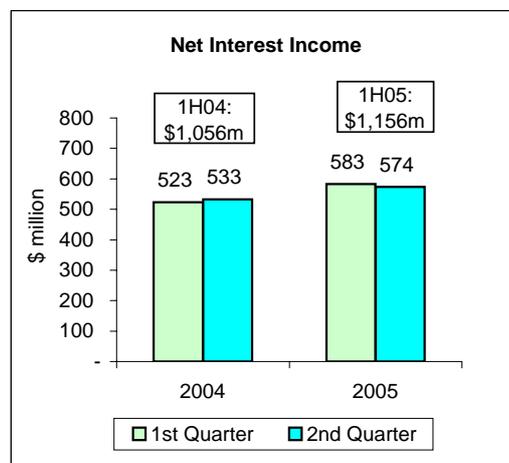
**UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE SECOND QUARTER ENDED 30 JUNE 2005**

	2nd Quarter 2005	1st Quarter 2005	2Q05 / 1Q05	2nd Quarter 2004	2Q05 / 2Q04
	\$ million	\$ million	%	\$ million	%
Interest income	1,169	1,096	6.7	850	37.7
Less: Interest expense	596	514	16.0	317	87.9
Net interest income	574	583	(1.6)	533	7.7
Dividend income	42	3	NM	22	90.9
Fee and commission income	186	186	0.1	152	22.2
Rental income	16	16	0.2	16	(1.2)
Other operating income	90	112	(19.6)	52	71.6
Total non-interest income	334	316	5.6	243	37.5
Income before operating expenses	908	899	0.9	775	17.0
Less:					
Staff costs	163	153	6.2	135	20.2
Other operating expenses	185	166	11.2	145	27.3
Total operating expenses	347	319	8.8	280	23.9
Operating profit before goodwill and other impairment	560	580	(3.4)	495	13.2
Less: Goodwill written-off / amortised	56	2	NM	50	11.8
Less: Impairment charges	14	66	(78.1)	36	(59.9)
Operating profit after goodwill and other impairment	489	512	(4.5)	408	19.8
Share of profit of associates	32	14	132.5	47	(30.7)
Profit before tax	522	526	(0.9)	455	14.6
Less: Tax	106	117	(9.2)	104	1.9
Profit after tax	416	409	1.5	351	18.4
Less:					
Net profit attributable to minority interests	7	4	78.3	4	78.6
Net profit attributable to members	409	406	0.8	347	17.7
Expense / Income ratio (%)	38.3	35.5	2.8 % pt	36.2	2.1 % pt
Annualised earnings per share (¢)					
- Basic	106.4	105.6	0.8	88.4	20.4
- Diluted	106.4	105.6	0.8	88.4	20.4

NM denotes "Not Meaningful".

II) Review of Financial Performance

Net Interest Income



Net interest income of the Group increased 9.5% to \$1,156 million in 1H05 compared to \$1,056 million in 1H04. The growth was mainly from increased loan volume contributed by the acquisition of BOA and improved loan yields. These were partially offset by the increase in average cost of funds. Net interest income continued to be the major contributor of total income, accounting for 64.0% (1H04: 66.3%) of total income.

Average interest margin was lower at 2.02% in 1H05 as compared to 2.15% in 1H04. The decrease in average interest margin was mainly due to the narrowing of interest spread from government and other debt securities, and lower contributions from inter-bank money market activities due to flat yield curve.

In 2Q05, net interest income increased 7.7% to \$574 million from \$533 million in 2Q04. The increase was mainly from higher customer loan volume largely contributed by the acquisition of BOA and improved loan yields, partially offset by the higher average cost of funds. Average interest margin was 1.97% in 2Q05 as compared to 2.14% in 2Q04 mainly due to the narrowing of interest spread from government and debt securities and lower contributions from inter-bank money market activities.

Average Interest Rates and Margin

	1st Half 2005			1st Half 2004		
	Average Balance \$ million	Annualised Interest \$ million	Average Rate %	Average Balance \$ million	Annualised Interest \$ million	Average Rate %
Customer loans	63,715	3,009	4.72	59,279	2,462	4.15
Inter-bank balances and balances with central banks	34,234	984	2.87	26,231	434	1.66
Government securities	9,128	190	2.08	8,162	164	2.01
Other debt securities	8,640	387	4.47	5,255	235	4.48
Total interest bearing assets	115,717	4,569	3.95	98,927	3,296	3.33
Customer deposits	80,702	1,262	1.56	72,166	799	1.11
Inter-bank balances	25,846	709	2.74	20,885	271	1.30
Debts issued *	7,218	266	3.68	4,276	103	2.41
Total interest bearing liabilities	113,766	2,237	1.97	97,327	1,173	1.20
Net interest income		2,332			2,123	
Average interest margin ^			2.02			2.15

* Adjusted for the effect of hedging.

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

II) Review of Financial Performance

Net Interest Income (cont'd)

Average Interest Rates and Margin (cont'd)

	2nd Quarter 2005			1st Quarter 2005			2nd Quarter 2004		
	Average Balance \$ million	Annualised Interest \$ million	Average Rate %	Average Balance \$ million	Annualised Interest \$ million	Average Rate %	Average Balance \$ million	Annualised Interest \$ million	Average Rate %
Customer loans	63,404	3,080	4.86	63,931	2,938	4.60	59,662	2,457	4.12
Inter-bank balances and balances with central banks	35,018	1,004	2.87	33,462	964	2.88	26,370	457	1.73
Government securities	9,434	206	2.19	8,846	172	1.95	8,262	166	2.01
Other debt securities	9,010	401	4.45	8,267	372	4.50	5,898	255	4.32
Total interest bearing assets	116,866	4,691	4.01	114,506	4,447	3.88	100,192	3,336	3.33
Customer deposits	81,501	1,342	1.65	80,039	1,182	1.48	72,827	814	1.12
Inter-bank balances	25,962	732	2.82	25,644	687	2.68	21,640	276	1.27
Debts issued *	7,344	316	4.31	7,099	214	3.02	4,328	105	2.42
Total interest bearing liabilities	114,807	2,390	2.08	112,782	2,083	1.85	98,795	1,194	1.21
Net interest income		2,301			2,364			2,142	
Average interest margin ^			1.97			2.06			2.14

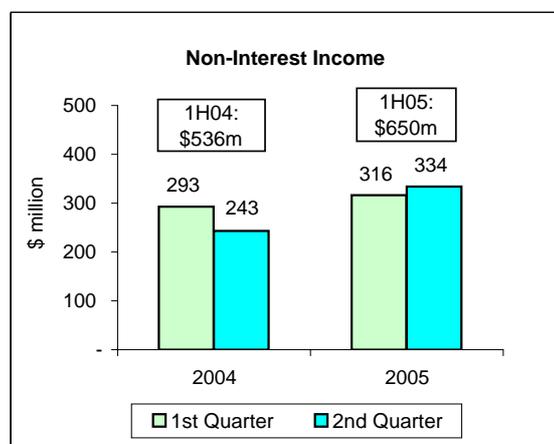
* Adjusted for the effect of hedging.

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



II) Review of Financial Performance

Non-Interest Income



Non-interest income of the Group increased 21.4% to \$650 million in 1H05 compared to \$536 million in 1H04. The growth, contributed partly by BOA, was primarily from higher fee and commission income mainly from loan-related and fund management activities, higher gains on investment securities and foreign exchange, as well as higher dividend income. The Group's non-interest income in 1H05 accounted for 36.0% of total income compared to 33.7% in 1H04.

In 2Q05, non-interest income increased 37.5% to \$334 million from \$243 million in 2Q04. The increase, contributed partly by BOA, was mainly from higher gains on investment securities and foreign exchange, higher fee and commission income mainly from loan-related and fund management activities, and higher dividend income. These were partially offset by net loss on trading securities, government securities and derivatives, and revaluation losses on structured deposits.

Composition of Non-Interest Income

	1st Half 2005 \$ million	1st Half 2004 \$ million	2nd Quarter 2005 \$ million	1st Quarter 2005 \$ million	2nd Quarter 2004 \$ million
Fee and commission income					
Credit card	55	47	28	28	24
Fund management	67	53	36	31	24
Futures broking	10	19	5	5	10
Investment-related	59	57	24	35	23
Loan-related	68	50	37	31	23
Service charges	29	26	14	15	14
Trade-related	69	62	35	34	32
Other	14	7	7	7	3
	372	322	186	186	152
Dividend and rental income	77	61	58	19	38
Other operating income					
Net gain / (loss) on:					
- Trading securities, government securities and derivatives	12	9	(34)	46	8
- Foreign exchange	48	37	20	28	(10)
- Investment securities	67	37	93	(26)	14
- Deposits and other	8	-	(28)	36	-
Other *	66	70	39	27	41
	202	153	90	112	52
Total non-interest income	650	536	334	316	243
Fee and commission income / Total income (%)	20.6	20.2	20.5	20.7	19.6
Non-interest income / Total income (%)	36.0	33.7	36.8	35.2	31.3

* Include gain of \$15 million on distribution in specie of shares in United Overseas Land Limited recognised on 30 June 2005.



II) Review of Financial Performance

Operating Expenses

Total operating expenses increased 21.6% to \$667 million for 1H05 compared to \$548 million in 1H04, attributed mainly to the acquisition of BOA. Consequently, the expense-to-income ratio of the Group increased to 36.9% in 1H05 from 34.4% in 1H04. Excluding BOA's operating expenses of \$93 million, the Group's total operating expenses would have shown a lower increase of 4.7% and the expense-to-income ratio would have remained the same as 1H04 at 34.4%.

In 2Q05, total operating expenses increased 23.9% to \$347 million from \$280 million in 2Q04. Expense-to-income ratio increased to 38.3% in 2Q05 from 36.2% in 2Q04. Excluding BOA's expenses of \$46 million, total operating expenses would have increased 7.5% and the expense-to-income ratio would have been lower at 36.1%.

	1st Half 2005	1st Half 2004	2nd Quarter 2005	1st Quarter 2005	2nd Quarter 2004
	\$ million	\$ million	\$ million	\$ million	\$ million
Staff costs	316	265	163	153	135
Other operating expenses	351	283	185	166	145
Total operating expenses	667	548	347	319	280
Expense / Income ratio (%)	36.9	34.4	38.3	35.5	36.2
Manpower (number)	13,328	10,561	13,328	13,403	10,561

Total operating expenses included:

IT-related expenses	108	82	56	52	40
IT-related expenses / Total operating expenses (%)	16.2	15.0	16.1	16.3	14.3

Other Operating Expenses

Other operating expenses increased 24.0% to \$351 million in 1H05 compared to \$283 million in 1H04. The increase was mainly attributed to the acquisition of BOA. Excluding BOA's other operating expenses of \$60 million, the Group's other operating expenses would have recorded an increase of 2.9%.

In 2Q05, other operating expenses increased 27.3% to \$185 million from \$145 million in 2Q04. Excluding BOA's expenses, the Group's other operating expenses would have shown a lower increase of 6.4%.

	1st Half 2005	1st Half 2004	2nd Quarter 2005	1st Quarter 2005	2nd Quarter 2004
	\$ million	\$ million	\$ million	\$ million	\$ million
Depreciation					
- Land and buildings	14	13	7	7	7
- Office equipment, computers, fixtures and other fixed assets	57	44	28	28	22
	70	57	35	35	29
Rental of premises and equipment	23	17	12	11	9
Maintenance of premises and other assets	31	24	18	14	13
Other expenses	226	185	121	106	95
Total other operating expenses	351	283	185	166	145

II) Review of Financial Performance

Impairment Charges

Total impairment charges in 1H05 of \$81 million was 16.6% lower than the \$97 million in 1H04. The decrease was mainly from investment securities, partially offset by higher impairment charges on loans and lower write-back of collective impairment.

In 2Q05, total impairment charges reduced 59.9% to \$14 million from \$36 million in 2Q04 mainly from investment securities, partially offset by lower write-back of collective impairment.

	1st Half 2005	1st Half 2004	2nd Quarter 2005	1st Quarter 2005	2nd Quarter 2004
	\$ million	\$ million	\$ million	\$ million	\$ million
Individual impairment on loans					
Singapore	91	98	54	37	65
Regional countries ^	45	33	18	28	7
Greater China ^^	(9)	(10)	(2)	(7)	1
Other	3	(8)	0 *	2	(1)
	130	113	70	60	72
Individual impairment on other assets	7	46	1	6	27
Collective impairment	(56)	(63)	(56)	-	(63)
Total impairment charges	81	97	14	66	36

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

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

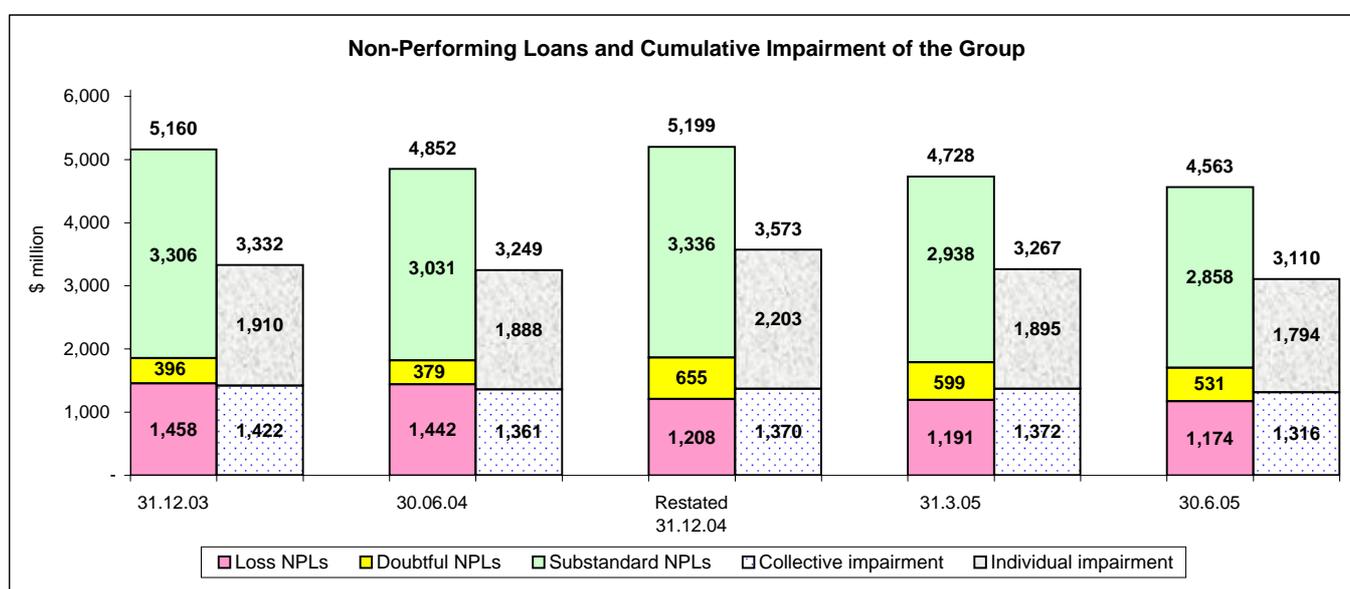
* Less than \$500,000.

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

NPLs and Cumulative Impairment of the Group

NPLs was managed down by 12.2% to \$4,563 million as at 30 June 2005 from \$5,199 million as at 31 December 2004 (restated). NPL ratio of the Group improved to 6.7% as at 30 June 2005 from the 7.6% as at 31 December 2004 (restated). Excluding BOA's NPLs of \$924 million, the Group's NPL ratio would have been 5.7% as at 30 June 2005. Of the total NPLs, \$2,535 million or 55.6% were secured by collateral, and \$2,858 million or 62.6% were in the Substandard category.

In line with the lower NPLs, individual impairment decreased \$409 million or 18.6% to \$1,794 million as at 30 June 2005 as compared to the \$2,203 million as at 31 December 2004 (restated). Total cumulative impairment as at 30 June 2005 provided coverage of 68.2% against total NPLs, compared to the 68.7% as at 31 December 2004 (restated). Excluding BOA's cumulative impairment of \$524 million, total cumulative impairment would have been \$2,586 million as at 30 June 2005, providing a coverage of 71.1% against Group NPLs. Unsecured NPLs as at 30 June 2005 were 153.4% covered by total cumulative impairment, compared to the 133.1% as at 31 December 2004 (restated).



	30-Jun-05	31-Mar-05	Restated 31-Dec-04	30-Jun-04	31-Dec-03
\$ million					
NPLs					
Substandard	2,858	2,938	3,336	3,031	3,306
Doubtful	531	599	655	379	396
Loss	1,174	1,191	1,208	1,442	1,458
Total NPLs	4,563	4,728	5,199	4,852	5,160
\$ million					
Cumulative Impairment					
Individual impairment	1,794	1,895	2,203	1,888	1,910
Collective impairment	1,316	1,372	1,370	1,361	1,422
Total cumulative impairment	3,110	3,267	3,573	3,249	3,332
%					
Ratios					
NPL ratio*	6.7	6.9	7.6	7.6	8.1
NPLs / Total assets	3.3	3.5	3.9	4.2	4.5
Cumulative impairment / NPLs	68.2	69.1	68.7	67.0	64.6
Cumulative impairment / Doubtful & Loss NPLs	182.4	182.5	191.8	178.4	179.7
Cumulative impairment / Unsecured NPLs	153.4	149.0	133.1	141.0	141.4
Cumulative impairment ^ / Gross customer loans	4.5	4.8	5.2	5.1	5.2
Collective impairment / Gross customer loans (net of individual impairment ^)	2.0	2.1	2.1	2.2	2.3

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

^ Excluding debt securities.

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

NPLs by Region

By geographical region, Singapore accounted for 53.9% of the total NPLs as at 30 June 2005. NPLs of Singapore decreased \$328 million or 11.8% to \$2,460 million, compared to the \$2,788 million as at 31 December 2004 (restated).

As at 30 June 2005, NPLs of Regional Countries decreased \$232 million or 10.7% to \$1,945 million from \$2,177 million as at 31 December 2004 (restated). The higher NPLs for Thailand as at 30 June 2005 and 31 December 2004 (restated) as compared to 30 June 2004 was mainly due to the acquisition of BOA.

	30-Jun-05		Restated 31-Dec-04		30-Jun-04	
	\$ million	%	\$ million	%	\$ million	%
Singapore	2,460	53.9	2,788	53.6	3,215	66.3
Regional Countries						
Malaysia	679	14.9	760	14.6	936	19.3
Indonesia	57	1.2	88	1.7	112	2.3
Philippines	164	3.6	160	3.1	179	3.7
Thailand	1,045	22.9	1,169	22.5	140	2.9
	1,945	42.6	2,177	41.9	1,367	28.2
Greater China	78	1.7	161	3.1	180	3.7
Other	80	1.8	73	1.4	90	1.8
Total NPLs	4,563	100.0	5,199	100.0	4,852	100.0

NPLs by Industry

The lower NPLs as at 30 June 2005 compared to that as at 31 December 2004 (restated) was mainly from manufacturing, general commerce, and professional and private individuals sectors.

	30-Jun-05		Restated 31-Dec-04		30-Jun-04	
	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	88	3.8	113	5.4	89	3.8
Building and construction	722	9.2	801	10.8	795	10.9
Manufacturing	942	12.4	1,092	14.1	789	12.5
Non-bank financial institutions	579	6.0	619	6.1	789	7.6
General commerce	823	7.6	948	8.7	777	8.1
Professionals and private individuals	719	7.0	826	8.2	791	8.8
Housing loans	445	2.8	492	3.1	531	3.5
Other	193	5.8	229	6.6	212	6.7
Sub-total	4,511	6.7	5,120	7.6	4,773	7.6
Debt securities	52		79		79	
Total NPLs	4,563		5,199		4,852	

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

Individual Impairment by Region

As at 30 June 2005, Singapore and the Regional Countries accounted for 49.6% and 47.9% respectively of the Group's total individual impairment of \$1,794 million. The increase in individual impairment for Thailand as compared to 30 June 2004 was mainly due to the acquisition of BOA.

	30-Jun-05		Restated 31-Dec-04		30-Jun-04	
	\$ million	%	\$ million	%	\$ million	%
Singapore	890	49.6	1,112	50.5	1,180	62.5
Regional Countries						
Malaysia	178	9.9	221	10.0	399	21.1
Indonesia	49	2.7	71	3.2	79	4.2
Philippines	78	4.4	80	3.6	76	4.0
Thailand	554	30.9	642	29.2	71	3.8
	859	47.9	1,014	46.0	625	33.1
Greater China	30	1.7	60	2.7	52	2.7
Other	15	0.8	17	0.8	31	1.7
Total individual impairment	1,794	100.0	2,203	100.0	1,888	100.0

Individual Impairment by Industry

Individual impairment as at 30 June 2005 was mainly for manufacturing and general commerce sectors which accounted for 27.5% and 20.9% of the total individual impairment for loans respectively.

	30-Jun-05		Restated 31-Dec-04		30-Jun-04	
	\$ million	%	\$ million	%	\$ million	%
Transport, storage and communication	39	2.2	48	2.3	42	2.3
Building and construction	250	14.2	319	14.9	291	15.8
Manufacturing	483	27.5	609	28.5	380	20.7
Non-bank financial institutions	155	8.8	159	7.4	229	12.5
General commerce	368	20.9	456	21.3	353	19.2
Professionals and private individuals	268	15.3	313	14.6	337	18.3
Housing loans	68	3.9	93	4.3	96	5.2
Other	127	7.2	143	6.7	111	6.0
Sub-total	1,758	100.0	2,140	100.0	1,839	100.0
Debt securities	36		63		49	
Total individual impairment	1,794		2,203		1,888	

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

Secured / Unsecured NPLs

As at 30 June 2005, 55.6% of the Group's total NPLs was secured by collateral compared to 48.4% as at 31 December 2004 (restated).

	30-Jun-05		Restated 31-Dec-04		30-Jun-04	
	\$ million	%	\$ million	%	\$ million	%
Secured	2,535	55.6	2,515	48.4	2,548	52.5
Unsecured	2,028	44.4	2,684	51.6	2,304	47.5
Total NPLs	4,563	100.0	5,199	100.0	4,852	100.0

IV) Segmental Analysis

Business Segments

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

Individual Financial Services

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

The decrease in segment profit before tax of 7.6% to \$255 million was mainly due to strong market competition and higher operating expenses, partially offset by increased contributions from overseas.

Institutional Financial Services

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

Segment profit before tax showed a growth of 19.3% to \$446 million in 1H05. The increase was largely due to stronger income from capital market and trade-related activities.

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 grew 44.3% to \$153 million in 1H05. The better performance was attributed mainly to higher gains from active interest rate management and investment securities, coupled with higher contributions from overseas treasury centres.

Asset Management

Asset Management segment comprises asset management, venture capital management and proprietary investment activities. Segment profit before tax of \$54 million in 1H05 was 27.0% lower than that in 1H04 due largely to lower investment income and higher funding costs, partly offset by higher fee and commission income from the increase in assets under management.

Other

Other segment includes property-related activities, insurance businesses and the management of capital funds. The segment profit before tax of \$178 million in 1H05 was 29.9% higher than that of 1H04, mainly due to lower impairment charges on investment securities.

IV) Segmental Analysis
Business Segments (cont'd)

	\$ million					
30-Jun-05	Individual Financial Services	Institutional Financial Services	Global Treasury	Asset Management	Other	Total
Income before operating expenses	577	727	238	93	172	1,807
Less: Segment operating expenses	270	190	84	38	58	640
Less: Impairment charges	52	91	1	1	(64)	81
Segment profit before tax	255	446	153	54	178	1,086
Unallocated corporate expenses						(26)
						1,060
Goodwill written-off						(58)
Operating profit after goodwill and other impairment						1,002
Share of profit of associates						46
Profit before tax						1,048
Tax and minority interests						(233)
Net profit attributable to members						815
Other information:						
Segment assets	26,183	41,517	56,042	1,005	6,075	130,822
Assets held for sale						819
Investment in associates						1,313
Goodwill						3,822
Unallocated assets						80
Total assets						136,856
Gross customer loans	26,154	41,543	-	-	-	67,697
NPLs [@]	1,164	3,347	-	-	-	4,511
Individual impairment for NPLs [@]	336	1,422	-	-	-	1,758
Non-trading securities (gross)						
Government and debt securities	-	1,066	12,002	123	3,936	17,127
Equity securities	-	53	112	602	155	922
Segment liabilities	47,199	35,222	34,122	52	5,974	122,569
Unallocated liabilities						609
Total liabilities						123,179
Shareholders' equity					13,517	13,517
Minority interests						161
Total shareholders' equity, minority interests and liabilities						136,856
Capital expenditure	21	18	5	-	4	48
Depreciation of fixed assets	23	22	7	1	17	70

[@] Excluding debt securities.

IV) Segmental Analysis
Business Segments (cont'd)

	\$ million					
<u>30-Jun-04</u>	Individual Financial Services	Institutional Financial Services	Global Treasury	Asset Management	Other	Total
Income before operating expenses	535	615	190	104	148	1,592
Less: Segment operating expenses	219	166	82	32	29	528
Less: Impairment charges	40	75	2	(2)	(18)	97
Segment profit before tax	276	374	106	74	137	967
Unallocated corporate expenses						(20)
						947
Goodwill written-off / amortised						(101)
Operating profit after goodwill and other impairment						846
Share of profit of associates						76
Profit before tax						922
Tax and minority interests						(217)
Net profit attributable to members						705
Other information:						
Segment assets	23,079	39,344	44,222	830	4,256	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
Individual impairment for NPLs [@]	433	1,406	-	-	-	1,839
Non-trading securities (gross)						
Government and debt securities	-	1,386	10,588	105	1,667	13,746
Equity securities	-	38	24	545	814	1,421
Segment liabilities	41,626	31,557	26,137	53	3,270	102,643
Unallocated liabilities						543
Total liabilities						103,186
Shareholders' equity					13,450	13,450
Minority interests						169
Total shareholders' equity, minority interests and liabilities						116,805
Capital expenditure	15	9	4	0 *	5	33
Depreciation of fixed assets	16	14	7	1	19	57

* Less than \$500,000.

[@] Excluding debt securities.

Certain figures have been restated to reflect changes in organisation structure.



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

	1st Half 2005	1st Half 2004	2nd Quarter 2005	1st Quarter 2005	2nd Quarter 2004
	\$ million	\$ million	\$ million	\$ million	\$ million
Singapore (including Asian Currency Unit)	1,214	1,197	593	621	579
Other ASEAN countries	413	253	210	203	126
Other Asia-Pacific countries	88	87	50	38	41
Rest of the world	92	55	55	37	29
Total	1,807	1,592	908	899	775

Profit before Tax

	1st Half 2005	1st Half 2004	2nd Quarter 2005	1st Quarter 2005	2nd Quarter 2004
	\$ million	\$ million	\$ million	\$ million	\$ million
Singapore (including Asian Currency Unit)	843	824	429	414	414
Other ASEAN countries	135	99	72	63	47
Other Asia-Pacific countries	57	59	33	24	22
Rest of the world	71	41	44	27	22
	1,106	1,023	578	528	505
Goodwill written-off / amortised	(58)	(101)	(56)	(2)	(50)
Total	1,048	922	522	526	455

Total Assets

	30-Jun-05	Restated 31-Dec-04	30-Jun-04
	\$ million	\$ million	\$ million
Singapore (including Asian Currency Unit)	86,156	84,517	76,854
Other ASEAN countries	24,010	23,398	16,419
Other Asia-Pacific countries	16,431	15,789	14,499
Rest of the world	6,437	7,196	5,655
	133,034	130,900	113,427
Goodwill	3,822	3,876	3,378
Total	136,856	134,776	116,805



V) Overview of Balance Sheet

Total Assets

Total assets as at 30 June 2005 were \$136,856 million, representing a growth of 1.5% over the \$134,776 million as at 31 December 2004 (restated) mainly from the increase in investment securities and placements with central banks. Compared to the total assets of \$116,805 million as at 30 June 2004, it was an increase of 17.2% mainly attributed to placements with banks and central banks, customer loans that were largely from the acquisition of BOA, and investment securities.

Securities *

Total securities as at 30 June 2005 amounted to \$19,519 million, representing an increase of 2.4% and 19.8% over the \$19,069 million as at 31 December 2004 (restated) and the \$16,292 million as at 30 June 2004. The growth over both periods was mainly from increased holdings in securities issued by banks.

	30-Jun-05	Restated 31-Dec-04	30-Jun-04
	\$ million	\$ million	\$ million
Total Securities			
Trading	1,617	2,461	1,313
Non-trading	18,049	16,837	15,167
Provision for diminution in value	(146)	(229)	(187)
	17,903	16,608	14,980
Total securities (net)	19,519	19,069	16,292

<u>Securities Analysed by Issuer Type</u>	30-Jun-05		Restated 31-Dec-04		30-Jun-04	
	<u>Trading</u>	<u>Non-Trading</u>	<u>Trading</u>	<u>Non-Trading</u>	<u>Trading</u>	<u>Non-Trading</u>
	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million
Government	1,208	7,834	2,030	7,750	738	7,771
Public sector	9	51	8	52	4	2
Bank	30	5,039	39	3,651	54	2,988
Corporate	324	4,791	335	5,091	473	4,195
Other	45	333	49	293	44	211
Total securities (gross)	1,617	18,049	2,461	16,837	1,313	15,167

<u>Securities Analysed by Industry</u>	30-Jun-05		Restated 31-Dec-04		30-Jun-04	
	\$ million	%	\$ million	%	\$ million	%
	Transport, storage and communication	424	2.4	417	2.5	422
Building and construction	521	2.9	448	2.7	423	2.8
Manufacturing	516	2.9	607	3.6	599	4.0
Financial institutions	6,609	36.6	5,266	31.3	4,223	27.8
General commerce	225	1.2	795	4.7	750	4.9
Government	7,834	43.4	7,750	46.0	7,771	51.2
Other	1,920	10.6	1,554	9.2	979	6.5
Non-trading securities (gross)	18,049	100.0	16,837	100.0	15,167	100.0

* Comprising government, trading and investment securities.



V) Overview of Balance Sheet

Customer Loans

Net loans and advances to customers of \$64,623 million as at 30 June 2005 was 0.7% higher than the \$64,188 million as at 31 December 2004 (restated), and 7.9% higher than the \$59,895 million as at 30 June 2004. The growth in loans over 30 June 2004 was mainly contributed by the acquisition of BOA.

<u>Customer Loans Analysed by Product Group</u>	30-Jun-05		Restated 31-Dec-04		30-Jun-04	
	\$ million	%	\$ million	%	\$ million	%
Housing loans	15,822	23.4	15,863	23.4	15,037	23.8
Term loans	38,768	57.2	38,390	56.7	35,240	55.8
Trade financing	4,806	7.1	4,503	6.7	3,885	6.2
Overdrafts	8,301	12.3	8,942	13.2	8,933	14.2
Total gross customer loans	67,697	100.0	67,698	100.0	63,095	100.0
Individual impairment	(1,758)		(2,140)		(1,839)	
Collective impairment	(1,316)		(1,370)		(1,361)	
Total net customer loans	64,623		64,188		59,895	

<u>Gross Customer Loans Analysed by Industry</u>	30-Jun-05		Restated 31-Dec-04		30-Jun-04	
	\$ million	%	\$ million	%	\$ million	%
Transport, storage and communication	2,320	3.4	2,099	3.1	2,331	3.7
Building and construction	7,824	11.6	7,440	11.0	7,307	11.6
Manufacturing	7,584	11.2	7,745	11.5	6,331	10.0
Non-bank financial institutions	9,612	14.2	10,171	15.0	10,375	16.4
General commerce	10,865	16.0	10,852	16.0	9,554	15.1
Professionals and private individuals	10,332	15.3	10,082	14.9	8,989	14.3
Housing loans	15,822	23.4	15,863	23.4	15,037	23.8
Other	3,337	4.9	3,446	5.1	3,171	5.1
Total gross customer loans	67,697	100.0	67,698	100.0	63,095	100.0

<u>Gross Customer Loans Analysed by Currency and Fixed / Variable Rates</u>	30-Jun-05		Restated 31-Dec-04		30-Jun-04	
	\$ million	%	\$ million	%	\$ million	%
<u>Fixed Rate</u>						
Singapore dollar	6,580	9.7	10,546	15.5	10,159	16.1
US dollar	1,896	2.8	1,529	2.3	1,416	2.2
Malaysian ringgit	299	0.4	252	0.4	215	0.3
Hong Kong dollar	38	0.1	47	0.1	63	0.1
Thai baht	3,042	4.5	2,652	3.9	874	1.4
Other	635	0.9	526	0.8	416	0.7
Total fixed rate gross customer loans	12,490	18.4	15,552	23.0	13,143	20.8
<u>Variable Rate</u>						
Singapore dollar	32,731	48.4	29,553	43.7	30,142	47.8
US dollar	7,947	11.8	7,240	10.7	7,335	11.6
Malaysian ringgit	6,433	9.5	6,209	9.2	6,539	10.3
Hong Kong dollar	884	1.3	844	1.2	925	1.5
Thai baht	3,471	5.1	3,821	5.6	679	1.1
Other	3,741	5.5	4,479	6.6	4,332	6.9
Total variable rate gross customer loans	55,207	81.6	52,146	77.0	49,952	79.2
Total gross customer loans	67,697	100.0	67,698	100.0	63,095	100.0

**V) Overview of Balance Sheet****Customer Loans (cont'd)**

<u>Gross Customer Loans Analysed by Remaining Maturity</u>	30-Jun-05		Restated 31-Dec-04		30-Jun-04	
	\$ million	%	\$ million	%	\$ million	%
Within 1 year	33,340	49.2	33,288	49.2	29,838	47.3
Over 1 year but within 3 years	9,040	13.4	9,293	13.7	9,457	15.0
Over 3 years but within 5 years	5,803	8.6	5,898	8.7	5,585	8.8
Over 5 years	19,514	28.8	19,220	28.4	18,215	28.9
Total gross customer loans	67,697	100.0	67,698	100.0	63,095	100.0

Deposits

Total deposits of \$108,890 million as at 30 June 2005, representing an increase of 1.6% and 16.3% over the \$107,145 million as at 31 December 2004 (restated) and the \$93,590 million as at 30 June 2004 respectively. The increase over the two periods came from both bankers' deposits and customer deposits.

As at 30 June 2005, customer deposits accounted for 73.9% of total deposits and the loans-to-deposits ratio was 80.3%.

<u>Deposits Analysed by Product Group</u>	30-Jun-05		Restated 31-Dec-04		30-Jun-04	
	\$ million	%	\$ million	%	\$ million	%
Bankers' deposits	28,415	26.1	28,194	26.3	21,959	23.5
Customer deposits						
Fixed rate deposits	52,341	48.1	50,865	47.5	47,793	51.0
Current, savings and other deposits	28,134	25.8	28,086	26.2	23,838	25.5
	80,475	73.9	78,951	73.7	71,631	76.5
Total deposits	108,890	100.0	107,145	100.0	93,590	100.0
Loans / Deposits ratio * (%)		80.3		81.3		83.6

<u>Deposits Analysed by Remaining Maturity</u>	30-Jun-05		Restated 31-Dec-04		30-Jun-04	
	\$ million	%	\$ million	%	\$ million	%
Within 1 year	106,432	97.7	104,729	97.7	92,022	98.3
Over 1 year but within 3 years	1,250	1.2	1,400	1.3	779	0.9
Over 3 years but within 5 years	886	0.8	840	0.8	673	0.7
Over 5 years	321	0.3	176	0.2	116	0.1
Total deposits	108,890	100.0	107,145	100.0	93,590	100.0

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

**V) Overview of Balance Sheet****Debts Issued**

	30-Jun-05	Restated	30-Jun-04
	\$ million	31-Dec-04	\$ million
		\$ million	\$ million
(a) <u>Subordinated Notes</u>			
(i) S\$1.3 billion 4.95% subordinated notes due 2016 callable with step-up in 2011	1,384	1,395	1,300
(ii) US\$1 billion 4.50% subordinated notes due 2013	1,627	1,541	1,719
(iii) S\$1 billion 4.100% subordinated notes due 2019 callable with step-up in 2014	1,029	1,031	-
(iv) US\$1 billion 5.375% subordinated notes due 2019 callable with step-up in 2014	1,690	1,640	-
(v) THB2 billion subordinated debentures due 2008	82	84	-
	5,812	5,691	3,019
Unamortised expenses incurred in connection with the issue of the subordinated notes	(13)	(14)	(9)
	5,799	5,677	3,010
(b) <u>Asset Backed Commercial Paper ("ABCP")</u>			
(i) S\$ ABCP	618	724	749
(ii) US\$ ABCP	242	201	181
	860	925	929
(c) Other	758	534	433
Total debts issued	7,417	7,136	4,372

- (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.
- (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%.



V) Overview of Balance Sheet

Debts Issued (cont'd)

- (a) (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 2 capital. They rank equally with all present and future Upper Tier 2 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 first half of 2005 was 6.50% (2004: 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 30 June 2005 range from 1.65% to 2.25% (31 December 2004: 1.25% to 1.60%) per annum and 3.16% to 3.43% (31 December 2004: 2.00% to 2.48%) 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 the S\$276,250,000 Zero Coupon Exchangeable Notes due January 2006, equity linked notes, interest rate linked notes and credit linked notes issued by the Bank.

**V) Overview of Balance Sheet****Shareholders' Equity**

Shareholders' equity as at 30 June 2005 were \$13,517 million, representing an increase of 0.5% over the \$13,456 million as at 31 December 2004 (restated) and \$13,450 million as at 30 June 2004.

As at 30 June 2005, the Group's unrealised revaluation surplus on properties and securities was \$1,352 million which was not incorporated into the financial statements.

	<u>30-Jun-05</u>	Restated	<u>30-Jun-04</u>
	<u>\$ million</u>	<u>31-Dec-04</u>	<u>\$ million</u>
		<u>\$ million</u>	<u>\$ million</u>
Shareholders' equity	13,517	13,456	13,450
Add: Unrealised revaluation surplus			
- Properties	1,137	1,098	1,187
- Securities	215	137	296
	1,352	1,235	1,483
Shareholders' equity including revaluation surplus	14,869	14,691	14,933
Net asset value (NAV) per share (\$)	8.79	8.76	8.56
Revaluation surplus per share (\$)	0.88	0.80	0.94
Revalued NAV per share (\$)	9.67	9.56	9.50

VI) Capital Adequacy Ratios

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

As at 30 June 2005, the Group's total Capital Adequacy Ratio ("CAR") of 15.0% was 5.0% points above the minimum of 10% set by Monetary Authority of Singapore ("MAS"). It was 0.5% point lower than the 15.5% as at 31 December 2004 (restated) mainly attributed to higher risk-weighted assets. Compared to the total CAR of 13.6% as at 30 June 2004, it had increased 1.4% points mainly attributed to the issue of US\$1 billion 5.375% and S\$1 billion 4.100% Subordinated Notes in August 2004, partly offset by higher risk-weighted assets due primarily to the consolidation of BOA's financials and the increased holdings in investment securities.

The Group's tier 1 CAR of 10.1% as at 30 June 2005 was 3.1% points higher than the minimum of 7% set by MAS. Compared to the tier 1 CAR of 10.8% as at 31 December 2004 (restated), it had decreased 0.7% point mainly due to the enlarged risk-weighted assets. The decrease of 2.7% points in tier 1 CAR as at 30 June 2005 compared to the 12.8% as at 30 June 2004 was due to higher goodwill and higher risk-weighted assets.

	<u>30-Jun-05</u> \$ million	Restated <u>31-Dec-04</u> \$ million	<u>30-Jun-04</u> \$ million
Capital			
<u>Tier 1 Capital</u>			
Share capital	1,538	1,536	1,572
Disclosed reserves / other	11,722	11,751	11,903
Deduction of goodwill	<u>(3,954)</u>	<u>(4,008)</u>	<u>(3,518)</u>
	<u>9,306</u>	<u>9,279</u>	<u>9,957</u>
<u>Upper Tier 2 Capital</u>			
Cumulative collective impairment / other	1,162	1,077	978
Subordinated notes	<u>5,717</u>	<u>5,593</u>	<u>3,010</u>
	<u>6,879</u>	<u>6,670</u>	<u>3,988</u>
Deductions from Tier 1 and Upper Tier 2 Capital	(2,291)	(2,623)	(3,360)
Total capital	<u><u>13,894</u></u>	<u><u>13,326</u></u>	<u><u>10,585</u></u>
Risk-weighted assets (including market risk)	<u><u>92,519</u></u>	<u><u>85,700</u></u>	<u><u>77,838</u></u>
Capital adequacy ratios			
Tier 1 capital	10.1%	10.8%	12.8%
Total capital	15.0%	15.5%	13.6%


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 \$50.3 billion or 36.7% of Group assets as at 30 June 2005. This represents an increase of 2.3% over the \$49.1 billion as at 31 December 2004 (restated) and 29.0% over the \$39.0 billion as at 30 June 2004. The substantial increase in the net exposure over 30 June 2004 for Thailand was mainly due to the acquisition of BOA.

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

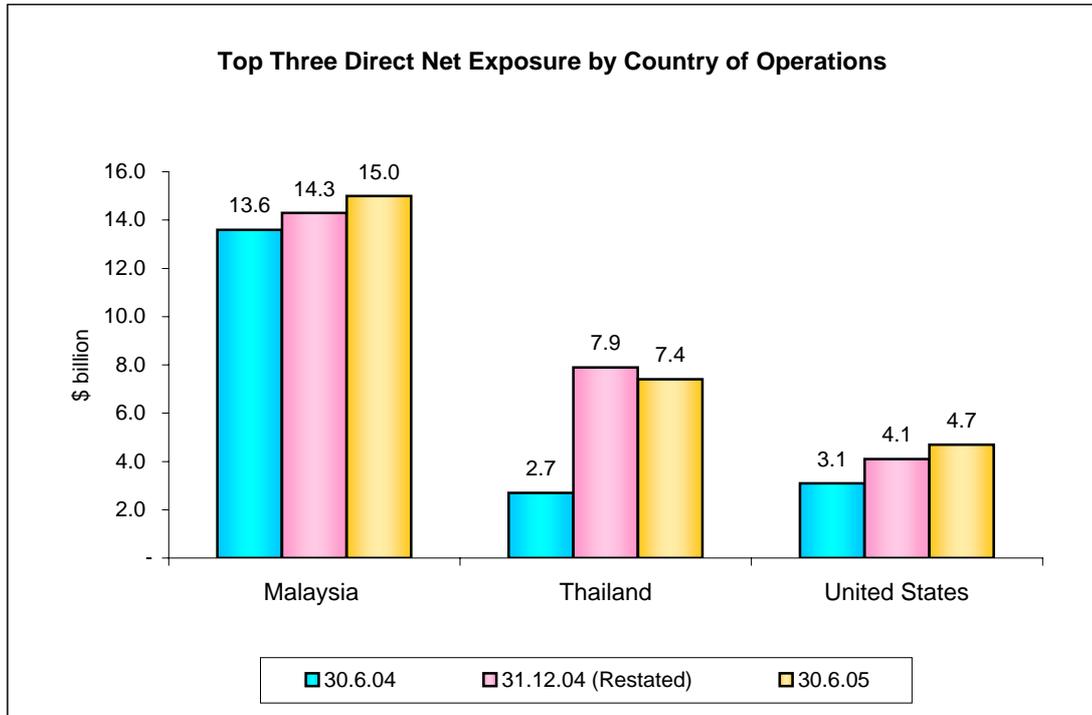
\$ million

	Loans to		Government	Investments	Total	Less: Loans to / Investments in Subsidiaries & Branches	Net Exposure		Contingent Liabilities
	Non-Bank	Bank					Total	% of Group Assets	
Malaysia									
30-Jun-05	7,292	4,913	3,426	1,097	16,728	1,745	14,983	11.0	1,245
31-Dec-04 (restated)	6,939	5,014	3,383	1,056	16,392	2,137	14,255	10.6	1,066
30-Jun-04	7,283	4,462	3,247	780	15,772	2,147	13,625	11.7	1,141
Indonesia									
30-Jun-05	487	185	172	348	1,192	50	1,142	0.8	182
31-Dec-04 (restated)	448	127	234	288	1,097	109	988	0.7	240
30-Jun-04	509	82	196	260	1,047	80	967	0.8	141
Philippines									
30-Jun-05	192	54	233	1	480	49	431	0.3	53
31-Dec-04 (restated)	197	59	217	2	475	50	425	0.3	46
30-Jun-04	238	48	238	2	526	42	484	0.4	57
Thailand									
30-Jun-05	6,497	170	427	1,884	8,978	1,586	7,392	5.4	876
31-Dec-04 (restated)	6,564	165	851	1,945	9,525	1,580	7,945	5.9	993
30-Jun-04	1,680	188	762	361	2,991	325	2,666	2.3	330
Greater China									
30-Jun-05	2,244	7,223	1,664	425	11,556	3,747	7,809	5.7	502
31-Dec-04 (restated)	2,013	7,007	1,384	461	10,865	3,907	6,958	5.1	571
30-Jun-04	2,052	8,350	1,503	439	12,344	5,228	7,116	6.1	707
Other OECD									
30-Jun-05	4,418	8,762	2,544	4,086	19,810	1,581	18,229	13.3	1,446
31-Dec-04 (restated)	4,919	8,580	3,018	2,717	19,234	943	18,291	13.6	1,015
30-Jun-04	4,877	5,276	2,300	2,536	14,989	1,104	13,885	11.9	1,289
Other									
30-Jun-05	242	113	19	-	374	84	290	0.2	56
31-Dec-04 (restated)	183	121	19	5	328	68	260	0.2	74
30-Jun-04	183	104	15	-	302	63	239	0.2	38
Grand Total									
30-Jun-05	21,372	21,420	8,485	7,841	59,118	8,842	50,276	36.7	4,360
31-Dec-04 (restated)	21,263	21,073	9,106	6,474	57,916	8,794	49,122	36.4	4,005
30-Jun-04	16,822	18,510	8,261	4,378	47,971	8,989	38,982	33.4	3,703



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 \$15.0 billion or 11.0% of Group assets, followed by Thailand at \$7.4 billion and United States at \$4.7 billion.





UNAUDITED CONSOLIDATED BALANCE SHEET

	30-Jun-05 \$ million	31-Mar-05 \$ million	Restated 31-Dec-04 \$ million	31-Dec-04 \$ million	30-Jun-04 \$ million
<u>Share Capital and Reserves</u>					
Share capital	1,538	1,537	1,536	1,536	1,572
Capital reserves	4,404	4,405	4,421	4,250	4,221
Statutory reserves	2,922	2,922	2,922	2,922	2,860
Revenue reserves	4,451	4,859	4,453	4,607	4,671
Share of reserves of associates	202	213	123	123	126
Shareholders' equity	<u>13,517</u>	<u>13,935</u>	<u>13,456</u>	<u>13,439</u>	<u>13,450</u>
Minority interests	161	168	156	148	169
Total equity	<u>13,678</u>	<u>14,103</u>	<u>13,612</u>	<u>13,587</u>	<u>13,619</u>
<u>Liabilities</u>					
Deposits of non-bank customers	80,475	80,069	78,951	79,019	71,631
Deposits and balances of banks and agents	28,415	26,639	28,194	28,194	21,959
Total deposits	<u>108,890</u>	<u>106,707</u>	<u>107,145</u>	<u>107,213</u>	<u>93,590</u>
Bills and drafts payable	486	331	256	256	158
Other liabilities	6,385	5,920	6,626	6,733	5,066
Debts issued	7,417	7,005	7,136	7,089	4,372
Total liabilities	<u>123,179</u>	<u>119,963</u>	<u>121,163</u>	<u>121,292</u>	<u>103,186</u>
Total equity and liabilities	<u>136,856</u>	<u>134,066</u>	<u>134,776</u>	<u>134,879</u>	<u>116,805</u>
<u>Assets</u>					
Cash, balances and placements with central banks	12,417	11,878	11,653	11,653	10,527
Singapore Government treasury bills and securities	7,039	7,252	7,793	7,772	6,787
Other government treasury bills and securities	2,003	1,854	1,984	1,975	1,721
Trading securities	408	299	431	439	575
Placements and balances with banks and agents	26,965	26,297	26,726	26,726	19,442
Loans and advances including trade bills to non-bank customers	64,623	64,106	64,188	64,300	59,895
Other assets	5,560	4,724	5,699	5,964	3,923
Investment securities	10,069	9,495	8,861	8,609	7,210
Assets held for sale	819	1,149	-	-	-
Investments in associates	1,313	1,296	1,702	1,702	1,600
Fixed assets	1,817	1,839	1,862	1,862	1,747
Goodwill	3,822	3,877	3,876	3,876	3,378
Total assets	<u>136,856</u>	<u>134,066</u>	<u>134,776</u>	<u>134,879</u>	<u>116,805</u>
<u>Off-Balance Sheet Items</u>					
Contingent liabilities	10,650	9,884	10,001	10,001	9,087
Derivative financial instruments	555,901	431,984	278,086	278,086	248,076
Commitments	41,556	42,103	39,276	39,276	39,404


UNITED OVERSEAS BANK GROUP
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Capital Reserves	Statutory Reserves	Revenue Reserves	Share of Reserves of Associates	Total Shareholders' Equity	Minority Interest	Total Equity
	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million
Balance at 1 January 2005								
As previously reported	1,536	4,250	2,922	4,607	123	13,439	148	13,587
Adjustments due to FRS39	-	171	-	(154)	-	17	8	25
As restated	1,536	4,421	2,922	4,453	123	13,456	156	13,612
Net profit for the financial period	-	-	-	815	-	815	10	825
Differences arising from currency translation of financial statements of foreign branches, subsidiaries and associates	-	7	-	-	-	7	(2)	5
Group's share of reserves of associates	-	-	-	26	79	105	-	105
Other adjustments	-	(40)	-	0*	-	(40)	(0)*	(40)
Total recognised gains / (losses) for the financial period	-	(33)	-	840	79	886	9	895
Change in minority interests	-	-	-	-	-	-	(0)*	(0)*
Dividends	-	-	-	(843)	-	(843)	(4)	(846)
Issue of shares upon exercise of options	1	15	-	-	-	17	-	17
Balance at 30 June 2005	1,538	4,404	2,922	4,451	202	13,517	161	13,678
Balance at 1 January 2004	1,572	4,242	2,860	4,465	143	13,282	155	13,437
Net profit for the financial period	-	-	-	705	-	705	6	711
Differences arising from currency translation of financial statements of foreign branches, subsidiaries and associates	-	(19)	-	-	-	(19)	(1)	(20)
Group's share of reserves of associates	-	-	-	-	(18)	(18)	-	(18)
Other adjustments	-	-	-	(0)*	0*	-	0*	0*
Total recognised gains / (losses) for the financial period	-	(19)	-	704	(18)	667	5	672
Net transfer to revenue reserves	-	(5)	-	5	-	-	-	-
Change in minority interests	-	-	-	-	-	-	12	12
Dividends	-	-	-	(503)	-	(503)	(3)	(506)
Issue of shares upon exercise of options	0*	3	-	-	-	4	-	4
Balance at 30 June 2004	1,572	4,221	2,860	4,671	126	13,450	169	13,619

* Less than \$500,000.


UNITED OVERSEAS BANK GROUP
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Capital Reserves	Statutory Reserves	Revenue Reserves	Share of Reserves of Associates	Total Shareholders' Equity	Minority Interest	Total Equity
	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million
Balance at 1 April 2005	1,537	4,405	2,922	4,859	213	13,935	168	14,103
Net profit for the financial period	-	-	-	409	-	409	7	416
Differences arising from currency translation of financial statements of foreign branches, subsidiaries and associates	-	(7)	-	-	-	(7)	(2)	(8)
Group's share of reserves of associates	-	-	-	26	(10)	15	-	15
Other adjustments	-	(7)	-	(0)*	-	(7)	(0)*	(8)
Total recognised gains / (losses) for the financial period	-	(14)	-	435	(10)	411	5	415
Change in minority interests	-	-	-	-	-	-	(8)	(8)
Dividends	-	-	-	(843)	-	(843)	(3)	(846)
Issue of shares upon exercise of options	1	12	-	-	-	13	-	13
Balance at 30 June 2005	1,538	4,404	2,922	4,451	202	13,517	161	13,678
Balance at 1 April 2004	1,572	4,225	2,860	4,822	142	13,620	157	13,776
Net profit attributable to members	-	-	-	347	-	347	4	351
Differences arising from currency translation of financial statements of foreign branches, subsidiaries and associates	-	(1)	-	-	-	(1)	(0)*	(1)
Group's share of reserves of associates	-	-	-	-	(16)	(16)	-	(16)
Other adjustments	-	-	-	0*	(0)*	-	0*	0*
Total recognised gains / (losses) for the financial period	-	(1)	-	348	(16)	331	4	334
Net transfer to revenue reserves	-	(5)	-	5	-	-	-	-
Change in minority interests	-	-	-	-	-	-	12	12
Dividends	-	-	-	(503)	-	(503)	(3)	(506)
Issue of shares to option holders who exercised their rights	0*	3	-	-	-	3	-	3
Balance at 30 June 2004	1,572	4,221	2,860	4,671	126	13,450	169	13,619

* Less than \$500,000.



UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

	1st Half 2005 \$ million	1st Half 2004 \$ million	2nd Quarter 2005 \$ million	2nd Quarter 2004 \$ million
Cash flows from operating activities				
Profit before tax	1,048	922	522	455
Adjustments for:				
Depreciation of fixed assets	70	57	35	29
Goodwill written-off and amortised	58	101	56	50
Share of profit of associates	(46)	(76)	(32)	(47)
Operating profit before working capital changes	<u>1,130</u>	<u>1,004</u>	<u>581</u>	<u>488</u>
Changes in working capital:				
Increase in deposits	1,745	4,888	2,183	892
Increase / (decrease) in bills and drafts payable	230	(6)	155	(135)
(Decrease) / increase in other liabilities	(258)	(1,880)	519	(1,337)
Decrease / (increase) in trading securities	23	(50)	(109)	11
(Increase) / decrease in placements and balances with banks and agents	(239)	630	(668)	1,491
Increase in trade bills and advances to non-bank customers	(435)	(599)	(517)	(681)
Decrease in other government treasury bills and securities not qualifying as cash and cash equivalents	-	9	-	6
(Increase) / decrease in other assets	(723)	817	(1,664)	769
Cash generated from operations	<u>1,471</u>	<u>4,812</u>	<u>480</u>	<u>1,503</u>
Income tax paid	(194)	(195)	(157)	(165)
Net cash provided by operating activities	<u>1,277</u>	<u>4,617</u>	<u>323</u>	<u>1,338</u>
Cash flows from investing activities				
(Increase) / decrease in investment securities and investments in associates	(725)	(1,991)	557	(1,144)
Net dividends received from associates	44	41	44	41
Net increase in fixed assets	(25)	(36)	(14)	(15)
Change in / acquisition of minority interests of subsidiaries	(0)*	11	(8)	12
Net cash (used in) / provided by investing activities	<u>(706)</u>	<u>(1,975)</u>	<u>579</u>	<u>(1,106)</u>
Cash flows from financing activities				
Proceeds from issue of shares	17	4	13	3
Net increase in debts issued	281	176	412	90
Dividends paid by the Bank	(843)	(503)	(843)	(503)
Dividends paid by subsidiaries to minority shareholders	(4)	(3)	(3)	(3)
Net cash used in financing activities	<u>(548)</u>	<u>(326)</u>	<u>(420)</u>	<u>(413)</u>
Currency translation adjustment	7	(19)	(7)	(1)
Net increase / (decrease) in cash and cash equivalents for the financial period	<u>30</u>	<u>2,296</u>	<u>475</u>	<u>(181)</u>
Cash and cash equivalents at beginning of the financial period	<u>21,430</u>	<u>16,362</u>	<u>20,984</u>	<u>18,839</u>
Cash and cash equivalents at end of the financial period (Note A)	<u>21,459</u>	<u>18,658</u>	<u>21,459</u>	<u>18,658</u>
Note A:				
Cash, balances and placements with central banks	12,417	10,527	12,417	10,527
Singapore Government treasury bills and securities	7,039	6,787	7,039	6,787
Other government treasury bills and securities less non-cash equivalents of \$Nil (30 June 2004: \$377 million)	2,003	1,344	2,003	1,344
Cash and cash equivalents at end of the financial period	<u>21,459</u>	<u>18,658</u>	<u>21,459</u>	<u>18,658</u>

* Less than \$500,000.