

UNITED OVERSEAS BANK (MALAYSIA) BHD
UNAUDITED BALANCE SHEET AS AT 30 JUNE 2004

	<u>Group</u>		<u>Bank</u>	
	Current Financial Half Year Ended <u>30 June 2004</u> RM'000	Preceding Financial Year Ended <u>31 Dec 2003</u> RM'000	Current Financial Half Year Ended <u>30 June 2004</u> RM'000	Preceding Financial Year Ended <u>31 Dec 2003</u> RM'000
ASSETS				
Cash and short-term funds	3,317,556	5,184,022	3,317,556	5,184,022
Securities purchased under resale agreements	364,396	436,686	364,396	436,686
Deposits and placements with financial institutions	1,811,500	2,876	1,811,500	2,876
Dealing securities	4,521,765	3,452,631	4,521,765	3,452,631
Investment securities	231,128	336,735	231,128	336,735
Loans, advances and financing	15,521,118	14,564,676	15,521,118	14,564,676
Other assets	329,491	392,845	329,638	393,257
Statutory deposits with Bank Negara Malaysia	372,000	388,000	372,000	388,000
Investment in subsidiary companies	-	-	151	51
Investment in associated companies	137,978	132,580	122,733	122,733
Fixed assets	263,293	269,047	263,188	269,047
Deferred tax asset	62,310	62,310	62,310	62,310
Total assets	<u><u>26,932,535</u></u>	<u><u>25,222,409</u></u>	<u><u>26,917,482</u></u>	<u><u>25,213,025</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY				
Deposits from customers	14,413,038	13,519,686	14,413,807	13,519,934
Deposits and placements of banks and other financial institutions	4,317,836	4,257,349	4,317,836	4,257,349
Obligations on securities sold under repurchase agreements	2,518,854	2,111,890	2,518,854	2,111,890
Bills and acceptances payable	1,916,525	1,557,762	1,916,525	1,557,762
Recourse obligation on loans sold to Cagamas	1,427,038	1,491,785	1,427,038	1,491,785
Other liabilities	497,777	558,013	497,057	558,206
Taxation	58,753	57,430	58,753	57,430
Deferred taxation	21,808	21,808	21,808	21,808
Total Liabilities	<u><u>25,171,630</u></u>	<u><u>23,575,724</u></u>	<u><u>25,171,678</u></u>	<u><u>23,576,165</u></u>
Financed by :				
Share Capital	470,000	470,000	470,000	470,000
Reserves	1,290,905	1,176,685	1,275,804	1,166,860
Shareholders' Equity	<u><u>1,760,905</u></u>	<u><u>1,646,685</u></u>	<u><u>1,745,804</u></u>	<u><u>1,636,860</u></u>
Total Liabilities and Shareholders' Equity	<u><u>26,932,535</u></u>	<u><u>25,222,409</u></u>	<u><u>26,917,482</u></u>	<u><u>25,213,025</u></u>
COMMITMENTS AND CONTINGENCIES				
	<u><u>29,693,923</u></u>	<u><u>23,175,241</u></u>	<u><u>29,693,923</u></u>	<u><u>23,175,241</u></u>
CAPITAL ADEQUACY				
Core capital ratio	#REF!	11.1%	#REF!	11.1%
Risk-weighted capital ratio	#REF!	13.1%	#REF!	13.1%

UNITED OVERSEAS BANK (MALAYSIA) BHD
UNAUDITED INCOME STATEMENT FOR THE HALF YEAR ENDED 30 JUNE 2004

	<u>Group</u>		<u>Bank</u>	
	Current Financial Half Year Ended <u>30 June 2004</u> RM'000	Preceding Year Corresponding Half Year Ended <u>30 June 2003</u> RM'000	Current Financial Half Year Ended <u>30 June 2004</u> RM'000	Preceding Year Corresponding Half Year Ended <u>30 June 2003</u> RM'000
Interest income	586,810	502,535	586,810	502,530
Interest expenses	(314,741)	(258,058)	(314,741)	(258,058)
Net interest income	272,069	244,477	272,069	244,472
Non-interest income	117,429	128,077	117,427	128,077
Operating Income	389,498	372,554	389,496	372,549
Staff Cost and Overheads	(127,697)	(119,968)	(127,561)	(119,968)
Profit Before Provision	261,801	252,586	261,935	252,581
Loan <i>(and Financing)</i> Loss and Provision	(65,077)	(48,941)	(65,090)	(48,936)
Provision for Commitments and Contingencies	(350)	70	(350)	70
	196,373	203,715	196,495	203,715
Amortisation of goodwill	(701)	(920)	-	-
Share in the results of associated companies	11,556	1,318	-	-
Profit Before Taxation	207,228	204,113	196,495	203,715
Taxation				
- Bank and subsidiary companies	(53,712)	(52,519)	(53,712)	(52,519)
- associated companies	(4,119)	2	-	-
Profit After Taxation Before Minority Interest	149,398	151,596	142,783	151,196
Minority Interest	-	-	-	-
Profit before extraordinary items	149,398	151,596	142,783	151,196
Extraordinary items	-	-	-	-
Profit attributable to shareholders	<u>149,398</u>	<u>151,596</u>	<u>142,783</u>	<u>151,196</u>
Earnings Per Share (sen)	<u>31.8</u>	<u>32.3</u>	<u>30.4</u>	<u>32.2</u>

NOTES TO FINANCIAL STATEMENTS FOR HALF YEAR ENDED 30 JUNE 2004

1. Accounting Policies

The accounting policies and methods of computation applied for the half-yearly financial statements are consistent with those applied for the annual financial statement. There have been no significant changes to these policies.

2. Exceptional Items

There were no exceptional items reported for the financial period under review.

3. Extraordinary Items

There were no extraordinary items reported for the financial period under review.

4. Taxation

There was an over-provision of taxation for YA 1998 amounting to RM1.6mil.

5. Pre-acquisition profits

There were no pre-acquisition profits reported for the financial period under review.

6. Profit on sale of investments and properties

Other than in the ordinary course of business, profits on sale of investments and sale of properties amounted to RM1.7 mil and RM136k respectively for the period under review.

7. Purchase and sale of quoted securities

There were no purchase or sale of quoted securities for the financial period under review other than those purchased or sold in the ordinary course of business.

8. Changes in composition of the group

A wholly owned trustee company, UOB Trustee (Malaysia) Bhd was incorporated in April'04 and commenced its business in June'04.

9. Corporate proposals

There were no corporate proposals announced or undertaken by the Bank during the financial period under review.

10. Seasonality and cyclicity of operations

The operations of the Group were not subject to material seasonal or cyclical effects.

11. Equity Structure

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the period under review.

12. Deposits and Placement of Financial Institutions and Debt Securities

Items	<u>Group</u>		<u>Bank</u>	
	Current Financial Half Year Ended <u>30 June 2004</u> RM'000	Preceding Financial Year Ended <u>31 Dec 2003</u> RM'000	Current Financial Half Year Ended <u>30 June 2004</u> RM'000	Preceding Financial Year Ended <u>31 Dec 2003</u> RM'000
Deposits from customers				
- Fixed deposits and negotiable instruments of deposits				
One year or less (short-term)	#REF!	10,310,717	#REF!	10,310,717
More than one year (medium/long term)	#REF!	246,838	#REF!	246,838
	<u>#REF!</u>	<u>10,557,555</u>	<u>#REF!</u>	<u>10,557,555</u>
Deposits and Placement of Banks and Other Financial Institutions				
One year or less (short-term)	4,225,585	4,203,307	4,225,585	4,203,307
More than one year (medium/long term)	92,251	54,042	92,251	54,042
	<u>4,317,836</u>	<u>4,257,349</u>	<u>4,317,836</u>	<u>4,257,349</u>

13. Commitments and Contingencies

In the normal course of business, the Group and Bank makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

Risk Weighted Exposures of the Group and Bank as at

	Current Financial Half Year Ended 30 June 2004		Preceding Financial Year Ended 31 December 2003	
	Principal Amount	Credit Equivalent Amount *	Principal Amount	Credit Equivalent Amount *
	RM'mil	RM'mil	RM'mil	RM'mil
Direct credit substitutes	772.4	772.4	693.2	693.2
Transaction-related contingent items	965.4	482.7	954.4	477.2
Short-term self-liquidating trade related contingencies	375.5	75.1	353.8	70.8
Irrevocable commitments to extend credit				
- maturity more than one year	996.5	498.2	1,006.4	503.2
- maturity less than one year	10,793.4	-	10,172.9	-
Foreign exchange related contracts	5,642.5	271.4	2,891.9	245.6
Interest rates related contracts	9,905.0	118.2	6,857.5	104.7
Equity and Commodity related contracts	-	-	-	-
Miscellaneous	243.2	-	245.1	-
Total	29,693.9	2,218.0	23,175.2	2,094.7

* The credit equivalent amount is arrived at using the credit conversion factor as per Bank Negara Malaysia guidelines.

14. Off-Balance Sheet Financial Instruments

Value of contracts classified by remaining period to maturity/next repricing date (whichever earlier).

Group and Bank

Items	Principal Amount RM'mil	1 mth or less RM'mil	> 1 - 3 mths RM'mil	> 3 - 6 mths RM'mil	> 6 - 12 mths RM'mil	> 1 - 5 yrs RM'mil	> 5 yrs RM'mil	Margin requirement
Foreign exchange related contracts								
- forwards	635.1	357.5	164.3	80.5	32.8	-	-	-
- swaps	5,007.4	1,929.4	1,985.9	1,072.9	19.2	-	-	-
- options	-	-	-	-	-	-	-	-
Interest rate related contracts								
- forwards	-	-	-	-	-	-	-	-
- futures (Klibor)	5,967.0	-	233.0	1,159.0	563.0	4,012.0	-	10.0
- futures (Bond)	20.0	-	20.0	-	-	-	-	-
- swaps	3,918.0	1,185.0	2,592.0	141.0	-	-	-	-
- options	-	-	-	-	-	-	-	-
Equity and commodity related contracts								
- equity futures	-	-	-	-	-	-	-	-
- commodity	-	-	-	-	-	-	-	-
- futures	-	-	-	-	-	-	-	-
- equity options	-	-	-	-	-	-	-	-
Total	15,547.5	3,471.9	4,995.2	2,453.4	615.0	4,012.0	-	10.0

Foreign exchange, interest rate and equity and commodity related contracts are subject to market risk and credit risk.

Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at end of 30 June 2004, the amount of foreign exchange contracts which were not hedged and hence, exposed to market risk was RM13,135,133 (FYE 2003 : RM4,943,674).

Credit risk

Credit risk arises from the possibility that a counterparty may be unable to meet the terms of a contract in which the Bank has a gain position. As at end of 30 June 2004, the amounts of credit risk, measured in term of the cost to replace the profitable foreign exchange contracts, was RM5,127,846 (FYE 2003 : RM2,263,350). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Related accounting policies

The accounting policies applied for recognising the financial instruments concerned are same as those applied for the annual financial statement.

15. Material Litigation

At the date of this report there were no pending material litigation.

16 a) Segmental Reporting on Revenue, Profit and Assets

Group

	Current Financial Half Year Ended <u>30 June 2004</u> RM'000	Preceding Year Corresponding Half Year Ended <u>30 June 2003</u> RM'000
<u>Commercial Bank</u>		
Turnover	704,237	630,607
Profit Before Tax	196,495	203,715
Total Assets	26,917,482	22,412,087
<u>Others</u>		
Turnover	2	5
Profit Before Tax	-	1,318
Total Assets	16,814	577
<u>Consolidation adjustments</u>		
Turnover	-	-
Profit Before Tax	(701)	(920)
Total Assets	(1,761)	(1,432)
<u>Grand Total</u>		
Turnover	704,239	630,612
Profit Before Tax	195,793	204,113
Total Assets	26,932,535	22,411,232

16 b) Segmental Reporting on Loans, Advances and Financing Analysed By Their Economic Purposes

	<u>Group</u>		<u>Bank</u>	
	Current Financial Half Year Ended <u>30 June 2004</u> RM'000	Preceding Financial Year Ended <u>31 Dec 2003</u> RM'000	Current Financial Half Year Ended <u>30 June 2004</u> RM'000	Preceding Financial Year Ended <u>31 Dec 2003</u> RM'000
Agriculture	106,682	112,406	106,682	112,406
Mining and quarrying	18,824	40,651	18,824	40,651
Manufacturing	3,434,794	3,183,139	3,434,202	3,182,533
Electricity, gas and water	31,980	121,130	31,980	121,130
Construction	851,345	856,869	851,345	856,869
Real estate	529,210	573,722	529,210	573,722
Purchase of landed property :				
(i) Residential	4,020,753	3,730,522	4,020,753	3,730,522
(ii) Non-residential	588,281	576,966	588,281	576,966
General commerce	2,435,885	2,385,092	2,435,884	2,385,091
Transport, storage and communication	508,081	126,626	508,081	126,626
Finance, insurance and business services	564,735	548,637	564,735	548,637
Purchase of securities	796,237	617,870	796,237	617,870
Purchase of transport vehicles	12,114	12,558	12,114	12,558
Consumption credit	1,328,900	1,304,205	1,328,900	1,304,205
Others	1,383,771	1,437,867	1,383,745	1,437,842
Total	16,611,592	15,628,260	16,610,973	15,627,628

16 c) Non-Performing Loans

	<u>Group</u>		<u>Bank</u>	
	Current Financial Half Year Ended <u>30 June 2004</u> RM'000	Preceding Financial Year Ended <u>31 Dec 2003</u> RM'000	Current Financial Half Year Ended <u>30 June 2004</u> RM'000	Preceding Financial Year Ended <u>31 Dec 2003</u> RM'000
Balance as at beginning of financial half year/year ended	1,787,825	1,635,755	1,787,192	1,634,942
Non-performing during the period	340,062	726,113	340,050	726,075
Recoveries	(144,205)	(290,403)	(144,180)	(290,402)
Reclassified to performing	(120,930)	(191,743)	(120,930)	(191,743)
Amount written-off	(49,867)	(91,898)	(49,867)	(91,680)
Balances as at end of financial half year/year ended	<u>1,812,885</u>	<u>1,787,825</u>	<u>1,812,265</u>	<u>1,787,192</u>
Total net non-performing loans as at end of financial half year/year ended (as % of total loans)	974,362 6.8%	976,192 6.6%	974,298 6.8%	976,129 6.6%

16 d) Loan Loss Provision

Movements in the provision for bad and doubtful debts (*and financing*) and interest-in-suspense (*income-in-suspense*) accounts are as follows :

	<u>Group</u>		<u>Bank</u>	
	Current Financial Half Year Ended <u>30 June 2004</u> RM'000	Preceding Financial Year Ended <u>31 Dec 2003</u> RM'000	Current Financial Half Year Ended <u>30 June 2004</u> RM'000	Preceding Financial Year Ended <u>31 Dec 2003</u> RM'000
<u>General provision</u>				
Balance as at beginning of financial half year/year ended	251,950	251,921	251,888	251,888
Provision made during the period	-	29	-	-
Amount write back	-	-	-	-
Balances as at end of financial half year/year ended	<u>251,950</u>	<u>251,950</u>	<u>251,888</u>	<u>251,888</u>
<u>Specific provision</u>				
Balance as at beginning of financial half year/year ended	518,670	528,049	518,128	527,329
Provision made during the period	117,184	157,612	117,172	157,595
Amount written back in respect of recoveries	(62,131)	(72,905)	(62,131)	(72,905)
Amount written-off	(17,420)	(80,502)	(17,395)	(80,306)
Transfer to provision for diminution in value of investment securities	(25,456)	(13,584)	(25,456)	(13,584)
Balances as at end of financial half year/year ended	<u>530,847</u>	<u>518,670</u>	<u>530,318</u>	<u>518,128</u>

16d) Loan Loss Provision (continued)

	<u>Group</u>		<u>Bank</u>	
	Current Financial Half Year Ended <u>30 June 2004</u>	Preceding Financial Year Ended <u>31 Dec 2003</u>	Current Financial Half Year Ended <u>30 June 2004</u>	Preceding Financial Year Ended <u>31 Dec 2003</u>
<u>Interest-in-suspense</u>				
Balance as at beginning of financial half year/year ended	292,963	260,826	292,935	260,765
Interest suspended during the period	81,106	158,569	81,106	158,569
Amount written back in respect of recoveries	(42,728)	(97,190)	(42,728)	(97,187)
Amount written-off	(14,757)	(25,229)	(14,757)	(25,200)
Transfer to provision for diminution in value of investment securities	<u>(8,907)</u>	<u>(4,013)</u>	<u>(8,907)</u>	<u>(4,013)</u>
Balances as at end of financial half year/year ended	<u><u>307,677</u></u>	<u><u>292,963</u></u>	<u><u>307,649</u></u>	<u><u>292,935</u></u>

17. Review of Group Performance and comparison with the preceding corresponding half year results

The Group registered a higher profit before tax for the half year ended 30 June 2004 compared to the preceding corresponding half year of 30 June 2003 due to higher net interest income and share of profit from associated companies. However overhead cost and loans loss provisions were higher as compared to previous period under review.

18. Prospects of the Current Financial Year

Barring unforeseen circumstances, the Group anticipates to maintain its satisfactory performance for the financial year ending 31 December 2004.

19. Dividend

No dividend was proposed for the half year ended 30 June 2004.