

UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR 2001

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UNITED OVERSEAS BANK LIMITED
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I) Highlights & Performance Indicators

	2001	2000	Increase/ Decrease (%)	Excl OUB Group Increase/ Decrease (%)
• <u>Key Indicators</u>				
Net Interest Income (NII)	1,429	1,198	+ 19.3	+ 0.9
Non Interest Income	795	704	+ 12.9	+ 1.8
Total Income	2,224	1,903	+ 16.9	+ 1.2
Total Expenses	874	751	+ 16.3	+ 1.4
Operating Profit before Goodwill and Provisions (\$'m)	1,350	1,151	+ 17.3	+ 1.1
❖ Net Profit After Tax (NPAT) (\$'m)	925	913	+ 1.3	- 8.4
NPAT - cash # (\$'m)	972	913	+ 6.5	- 8.4
❖ Income Mix:-				
- Net Interest Income/Total Income (%)	64.3	63.0	+ 1.3 % pt	- 0.2 % pt
- Non Interest Income/Total Income (%)	35.7	37.0	- 1.3 % pt	+ 0.2 % pt
	100.0	100.0	-	-
❖ Profit (Before Tax) Contribution:-				
- Onshore (%)	69.6	84.0	- 14.4 % pt	- 23.5 % pt
- Offshore including ACU (%)	30.4	16.0	+ 14.4 % pt	+ 23.5 % pt
	100.0	100.0	-	-
❖ Return On				
Average Shareholders' Funds (ROE) + (%)	10.8	13.5	- 2.7 % pt	- 2.0 % pt
Cash ROE # (%)	11.3	13.5	- 2.2 % pt	- 2.0 % pt
❖ Earnings Per Share (EPS)				
- Basic (¢)	77.3	86.8	- 10.9	- 8.5
- Cash # (¢)	81.3	86.8	- 6.3	- 8.5
❖ Return on Average Assets (ROA) (%)	1.16	1.48	- 0.32 % pt	- 0.21 % pt
Cash ROA # (%)	1.22	1.48	- 0.26 % pt	- 0.21 % pt
❖ NII / Average Interest-bearing Assets (%)	2.06	2.22	- 0.16 % pt	- 0.21 % pt
❖ Operating Profits / Average Assets (%)	1.7	1.9	- 0.2 % pt	- 0.1 % pt
❖ Expense / Income ratio (%)	39.3	39.5	- 0.2 % pt	-

UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR 2001

J) Highlights & Performance Indicators

	2001	2000	Increase/ Decrease (%)	Excl OUB Group Increase/ Decrease (%)
• <u>Other Indicators</u>				
❖ Customer Loans (net) (\$'m)	60,892	30,045	+ 102.7	+ 3.2
❖ Customer Deposits (\$'m)	74,452	43,406	+ 71.5	+ 7.6
❖ Loans / Deposits Ratio (%) [®]	81.8	69.2	+ 12.6 % pt	- 2.8 % pt
❖ Non-Performing Loans (NPL) (\$'m)	5,968	2,462	+ 142.4	- 3.5
❖ Cumulative Provisions (\$'m)	3,334	1,664	+ 100.4	- 10.5
❖ NPL [^] / Gross Customer Loans (%)	9.3	7.8	+ 1.5 % pt	- 0.5 % pt
❖ Cumulative Provisions / NPL (%)	55.9	67.6	- 11.7 % pt	- 4.9 % pt
❖ Total Assets (\$'m)	113,310	66,324	+ 70.8	+ 8.3
❖ Shareholders' Funds (\$'m) ⁺	12,654	6,968	+ 81.6	+ 9.3
❖ Unrealised Surplus from Revaluation (\$'m) [*]	1,398	1,539	- 9.2	- 9.6
❖ Net Tangible Asset (NTA) Backing Per Share (\$) ⁺	5.65	6.62	- 14.7	+ 9.3
❖ Revalued Net Tangible Asset (NTA) Backing Per Share (\$)	6.54	8.08	- 19.1	+ 5.8
❖ Capital Adequacy Ratio (CAR) - BIS (%)	18.5	19.8	- 1.3 % pt	+ 0.9 % pt
❖ Dividend Rates (%)				
■ Interim	15.0	15.0	-	-
■ Final	25.0	25.0	-	-
❖ Manpower (number)	12,142	9,228	+ 2,914 no.	- 1,029 no.

+ Comparative figures have been restated to reflect the effect of adopting new Statement of Accounting Standard (SAS)10:

Events after Balance Sheet Date

® Loans refer to net customer loans while Deposits refer to customer deposits

* Not incorporated into the accounts and exclude the revaluation surplus/deficit from investment in associates

Excluding goodwill amortisation charge

^ Excluding debt securities

Note: All variances in this report were computed from amounts stated in thousands and certain figures may not add up to the relevant totals due to rounding.

Certain comparative figures have been restated to conform with the current year's presentation.

UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR 2001

II) Review of Financial Performance

On 20 September 2001, the Bank acquired 91% of the issued share capital of Overseas Union Bank Limited ("OUB"), making it a subsidiary of the Group on that date. On 26 October 2001, OUB became a wholly-owned subsidiary when the Bank acquired its remaining issued share capital. As a result of the acquisition, the subsidiaries of OUB became the subsidiaries of the Bank. In addition, Overseas Union Securities Limited ("OUS"), an associate of OUB, became a subsidiary of the Bank by virtue of the combined interests of the Bank and OUB in OUS.

Group Profits

The Group recorded a profit growth of 1.3% for FY2001, with net profit after tax reaching \$925 million. The growth in Group profits was due mainly to higher net interest income from an increased loan volume, higher dealing income from sale of government securities and higher profit on foreign exchange. Higher fee and commission income and lower taxation in FY2001 also contributed to the growth in group profits. These were partially offset by lower profit from associates, higher operating expenses, as well as higher provision charge.

Profit for the year included 3 months' profit contribution from the OUB Group. Excluding profit from the OUB Group, as well as goodwill, restructuring and financing costs on the acquisition, Group profits would have been \$836 million, 8.4% lower than that recorded in 2000.

Financial Ratios

- ◆ Earnings per share (cash basis) decreased by 6.3%, from 86.8 cents to 81.3 cents in 2001. The price over earnings per share (P/E) ratio, based on the Bank's last done share price of \$14.10 on 7 March 2002 was 17.3.
- ◆ Return on average shareholders' funds (cash basis) at 11.3%, decreased by 2.2% point from 13.5% in 2000.
- ◆ Net tangible asset (NTA) backing per share decreased by \$0.97 or 14.7% from \$6.62 in 2000 to \$5.65 in 2001.
- ◆ Total dividend of 40% (2000: 40%) was 2.2 times covered by net profit (2000: 2.9 times).

UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR 2001

II) Review of Financial Performance

AUDITED RESULTS FOR YEAR ENDED 31 DECEMBER 2001

	2001	2000	Increase/ (Decrease)	Excluding OUB Group Increase/ (Decrease)
	<u>Full Year</u>	<u>Full Year</u>	%	%
	\$ million	\$ million		
Interest income	3,410	3,053	11.7	(3.6)
Less: Interest expense	1,981	1,855	6.8	(6.5)
Net interest income	1,429	1,198	19.3	0.9
Dividends	34	8	313.5	11.6
Fee and commission income	355	330	7.5	(5.3)
Rental income	76	71	7.7	6.0
Other operating income	330	295	11.8	8.3
Total non-interest income	795	704	12.9	1.8
Total income	2,224	1,903	16.9	1.2
Less: Staff expenses	443	381	16.0	1.9
Other operating expenses	431	370	16.6	0.9
Total operating expenses	874	751	16.3	1.4
Operating profit before goodwill amortisation and provisions	1,350	1,151	17.3	1.1
Less:				
Goodwill amortisation	48	-	NM	NM
Provisions	165	91	81.9	79.6
Operating profit	1,138	1,061	7.2	(5.6)
Exceptional item #	(12)	-	NM	NM
Share of profit of associates	72	125	(42.5)	(56.5)
Profit before taxation	1,198	1,186	1.0	(10.9)
Less: Taxation	269	273	(1.6)	(19.0)
Profit after taxation	929	912	1.8	(8.5)
Less: Minority interests	4	(0) *	NM	NM
Net profit attributable to members	925	913	1.3	(8.4)
Expense / Income ratio (%)	39.3	39.5	(0.2)% pt	-
Earnings per share (¢)				
- Basic	77.3	86.8	(10.9)	(8.5)
- Fully diluted	77.3	86.7	(10.8)	(8.4)

comprised restructuring costs as a result of the acquisition of OUB

* less than (\$500,000)

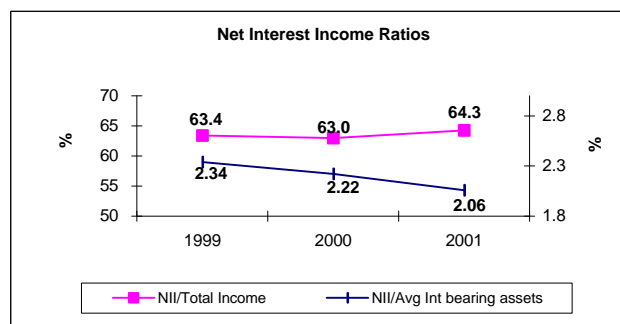
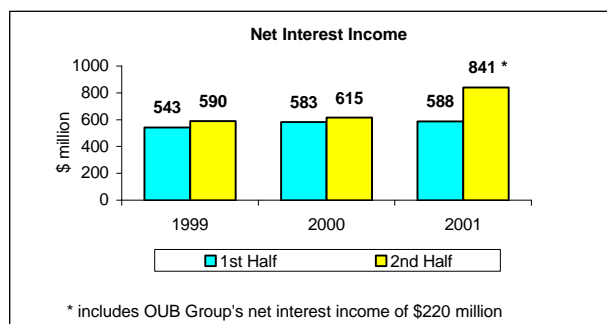
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UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR 2001

II) Review of Financial Performance

Net Interest Income

Net interest income for the Group rose 19.3% from \$1,198 million in 2000 to \$1,429 million in 2001. Net interest income continued to be the major contributor of total income, accounting for about 64.3% (2000: 63.0%) of total income.



The increase in net interest income was mainly due to the inclusion of OUB Group's net interest income, growth in loan volume and higher income from government and other debt securities. The average interest margin, however, decreased by 16 basis points from 2.22% in 2000 to 2.06% in 2001, due primarily to the lower loan spread and costs of subordinated notes issued.

Group Average Interest Margin

	2001			2000		
	Average Balance # \$ million	Interest \$ million	Average Rate %	Average Balance # \$ million	Interest \$ million	Average Rate %
Interest bearing assets	69,338	3,410	4.92	53,959	3,053	5.66
Interest bearing liabilities	66,529	1,981	2.98	50,529	1,855	3.67
Net interest income		<u>1,429</u>			<u>1,198</u>	
Group Average Interest Margin*			<u>2.06</u>			<u>2.22</u>

* Interest margin represents net interest income as a percentage of average interest-bearing assets

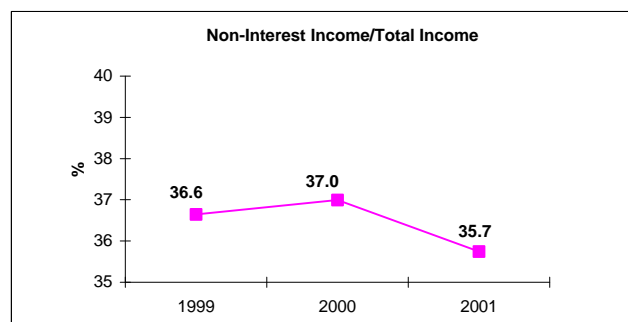
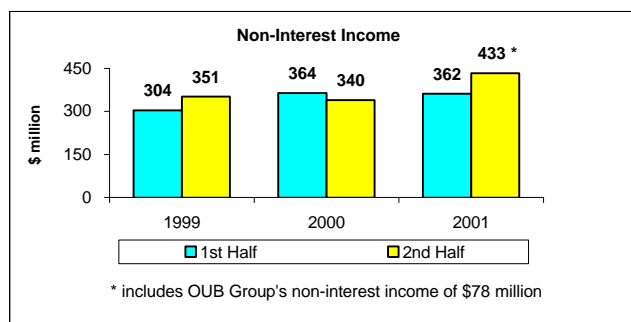
Computed based on monthly average

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GROUP FINANCIAL PERFORMANCE FOR 2001

II) Review of Financial Performance

Non-Interest Income

The Group's non-interest income for 2001 accounted for 35.7% of total income. Total non-interest income increased by \$91 million or 12.9% to \$795 million in 2001.



The increase was contributed mainly by higher dealing income from sale of government securities, higher profit from dealing in foreign exchange, higher fee and commission income, as well as higher dividend and rental income in 2001.

Composition of Non-Interest Income

	2001			2000	Increase/ (Decrease) %
	1 st Half \$ million	2 nd Half \$ million	Full Year \$ million	Full Year \$ million	
Fee and commission income					
Stockbroking	1	6	7	39	(81.0)
Fund management	23	30	53	61	(13.2)
Investment related	6	8	14	25	(44.8)
Trade-related	35	45	80	67	19.2
Loan-related	23	38	61	39	55.0
Credit card	28	36	64	50	28.4
Others	29	47	76	49	54.2
	145	210	355	330	7.5
Dividend and rental income	45	65	110	79	39.4
Other operating income	172	158	330	295	11.8
Total non-interest income	362	433	795	704	12.9

Other Operating Income

	2001			2000	Increase/ (Decrease) %
	1 st Half \$ million	2 nd Half \$ million	Full Year \$ million	Full Year \$ million	
Gains/(Losses) from:					
- dealing in securities, government treasury bills & securities and derivatives	48	32	80	72	10.6
- dealing in foreign exchange	60	77	137	77	78.9
Dealing Income	108	109	217	149	45.7
- sale of investment securities	2	14	16	4	276.2
- sale of subsidiaries	(7)	(0)*	(7)	2	(383.6)
- sale of properties and other fixed assets	37	3	40	74	(46.0)
- others	32	32	64	66	(3.1)
Others	64	49	113	146	(22.7)
Total other operating income	172	158	330	295	11.8

* less than (\$500,000)

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GROUP FINANCIAL PERFORMANCE FOR 2001

II) Review of Financial Performance

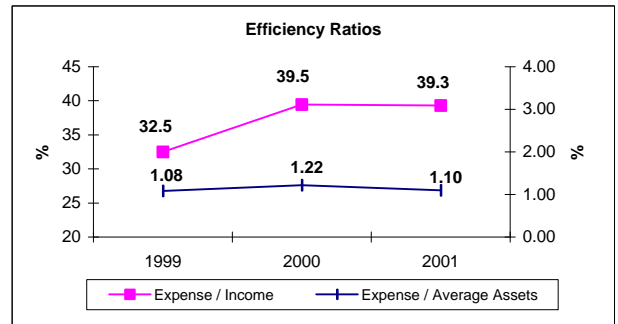
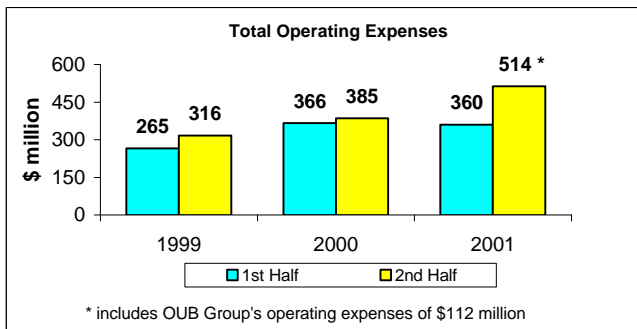
Operating Expenses

Total operating expenses for 2001 increased by \$123 million or 16.3% over 2000. The increase was largely due to higher staff expenses and other operating expenses from the inclusion of OUB Group. Excluding OUB Group, total operating expenses for 2001 would be 1.4% higher than 2000.

	2001		2000	Increase / (Decrease)	
	Total Group \$ million	Excluding OUB Group \$ million	Total Group \$ million	Total Group %	Excluding OUB Group %
Staff expenses	443	389	381	16.0	1.9
Other operating expenses	431	373	370	16.6	0.9
Total operating expenses	<u>874</u>	<u>762</u>	<u>751</u>	<u>16.3</u>	<u>1.4</u>

Efficiency Ratios:

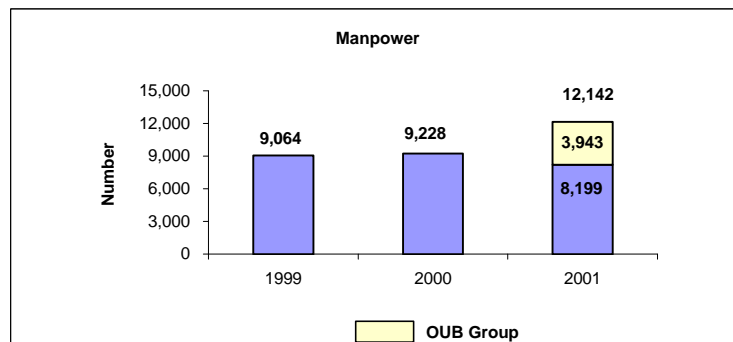
- Expense to income ratio improved to 39.3% in 2001 (2000: 39.5%); while
- Expense to average assets decreased to 1.10% in the same year (2000: 1.22%).



Staff Expenses

Staff expenses increased by \$62 million from \$381 million in 2000 to \$443 million in 2001. The increase in staff costs was mainly contributed by the inclusion of OUB Group's staff expenses in 2001. Excluding OUB Group, staff expenses would have increased marginally by \$8 million or 1.9% in 2001. The increase was mainly due to yearly increment and increase in employer's CPF contribution rate.

Manpower (excluding OUB Group) decreased by 1,029 from 9,228 as at 2000 to 8,199 as at year-end 2001. Together with 3,943 staff from OUB Group, Group manpower stood at 12,142 as at year-end 2001.



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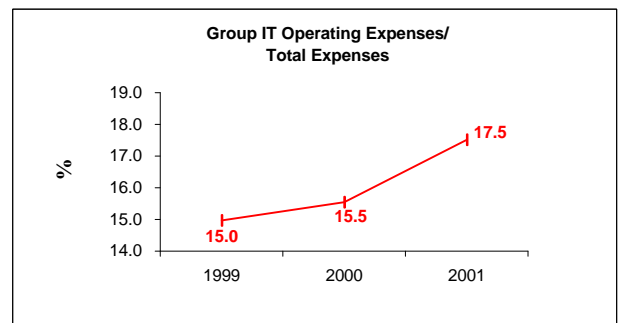
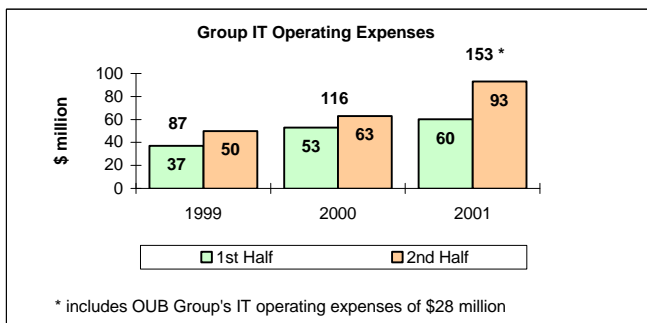
II) Review of Financial Performance

Other Operating Expenses

	<u>1st Half</u> \$ million	2001 <u>2nd Half</u> \$ million	Full Year \$ million	2000 <u>Full Year</u> \$ million	Increase/ (Decrease) %
Depreciation					
- Land and buildings	11	10	21	18	16.5
- Office equipment, computer, fixtures and other fixed assets	30	45	75	56	32.6
	41	55	96	75	28.6
Rental of premises and equipment	16	28	44	34	29.5
Maintenance of premises and other fixed assets	14	21	35	31	11.1
Other expenses	103	153	256	230	11.6
Total other operating expenses	174	257	431	370	16.6

Other operating expenses increased by \$61 million to \$431 million in 2001. Excluding OUB Group's other operating expenses of \$58 million, other operating expenses would have increased marginally by \$3 million or 0.9% to \$373 million. This was mainly due to higher depreciation expenses on application software and computer equipment.

IT operating expenses for 2001 increased by \$37 million over last year to \$153 million and accounted for 17.5% of total Group expenses.

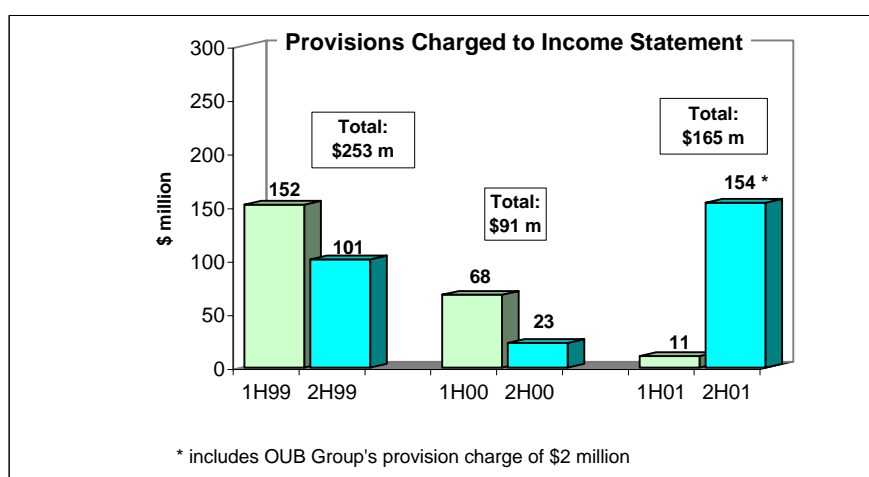


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GROUP FINANCIAL PERFORMANCE FOR 2001

II) Review of Financial Performance

Provisions Charged to Income Statement

Total provision charge increased by \$74 million from \$91 million in 2000 to \$165 million in 2001. The increase was contributed mainly by higher specific provisions made on loans.



	<u>2001</u>		2000
	<u>First Half</u>	<u>Second</u>	<u>Full year</u>
	\$ million	Half	\$ million
		\$ million	\$ million
<u>The Group</u>			
Specific provision for loans	22	143	165
General provision for loans	(16)	(54)	(70)
Specific provision for diminution in value of other assets	5	65	70
Total Provisions	<u>11</u>	<u>154</u>	<u>91</u>
<u>Provisions Charged by Major Region:</u>			
Specific provision for loans			
- Five Regional Countries *	12	(29)	(17)
- Greater China **	(14)	(6)	(20)
- Singapore & other countries	24	178	202
	<u>22</u>	<u>143</u>	<u>165</u>
General provision for loans			
- Five Regional Countries *	(22)	(52)	(74)
- Greater China **	5	(0)	5
- Singapore & other countries	1	(2)	(1)
	<u>(16)</u>	<u>(54)</u>	<u>(70)</u>
Specific provision for diminution in value of other assets	5	65	70
Total Provisions	<u>11</u>	<u>154</u>	<u>91</u>

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

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

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GROUP FINANCIAL PERFORMANCE FOR 2001

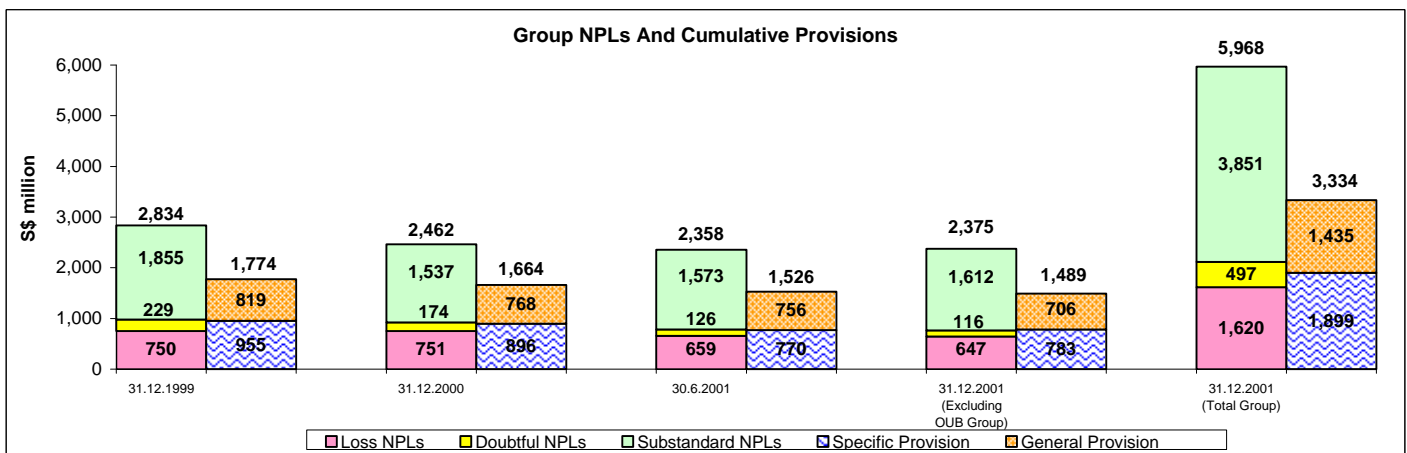
III) Non-Performing Loans And Cumulative Provisions

Group Non-Performing Loans (NPLs) And Cumulative Provisions

With the acquisition of OUB Group, the Group's gross loans and advances to customers doubled to \$64 billion from \$32 billion as at 31 December 2000. Correspondingly, the Group NPLs rose by 142.4% to \$5,968 million from \$2,462 million as at 31 December 2000. OUB Group's NPLs which amounted to \$3,593 million, made up 60.2% of the Group NPLs. Group NPLs (excluding debt securities) as a percentage of gross customer loans rose to 9.3% from 7.2% as at June 2001 and 7.8% as at 31 December 2000. Of the total Group NPLs of \$5,968 million, \$3,851 million or 64.5% were in the Substandard category, while \$3,528 million were secured.

Performing loans that were classified due to financial weaknesses amounted to \$513 million (2000: \$171 million).

Total cumulative specific and general provisions for the Group as at 31 December 2001 amounted to \$3,334 million against \$1,526 million as at 30 June 2001 and \$1,664 million as at 31 December 2000. General provision was \$1,435 million or 43.0% of total cumulative provisions as at end-2001. The total cumulative provisions provided 55.9% cover against Group NPLs and 157.5% of NPLs classified as Doubtful and Loss.



Ratios (%)

	31.12.2001 (Total Group)	31.12.2001 (Excluding OUB Group)	30.6.2001	31.12.2000	31.12.1999
NPLs*/Gross Customer Loans	9.3	7.3	7.2	7.8	9.8
Cumulative Provisions/ NPLs	55.9	62.7	64.7	67.6	62.6
Cumulative Provisions/Doubtful & Loss NPLs	157.5	195.2	194.4	179.9	181.2
Cumulative Provisions/Unsecured NPLs	136.6	159.6	167.5	136.6	145.2
Cumulative Provisions*/Gross Customer Loans	5.2	4.6	4.7	5.2	6.1
- Specific Provision*/Gross Customer Loans	3.0	2.4	2.4	2.8	3.3
- General Provision*/Gross Customer Loans	2.2	2.2	2.3	2.4	2.8
NPLs/Total Assets	5.3	3.3	3.4	3.7	5.0

* Exclude debt securities

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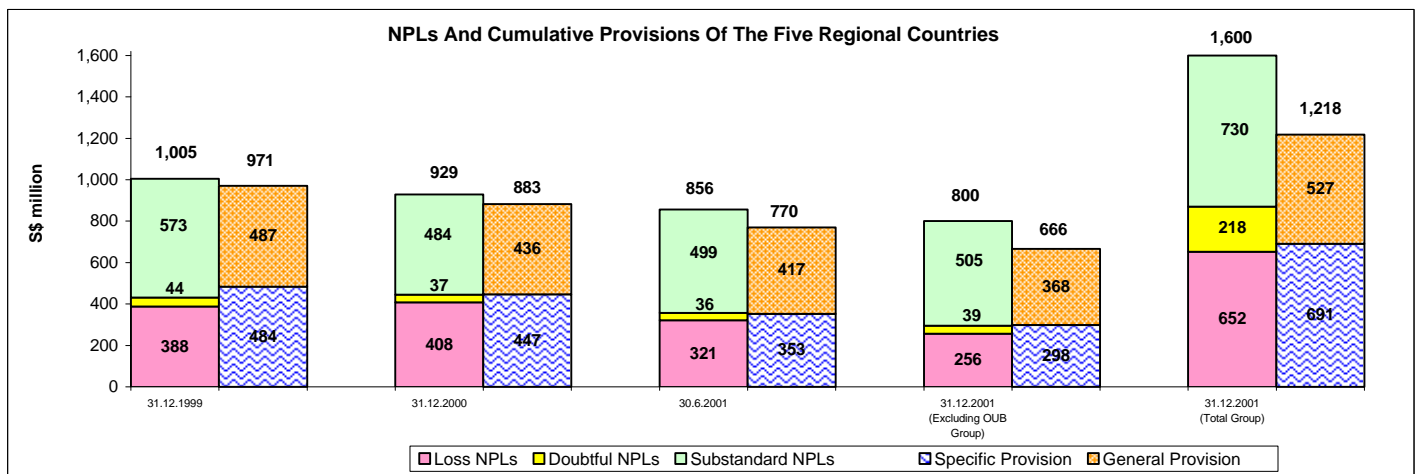
III) Non-Performing Loans And Cumulative Provisions

Group NPLs And Cumulative Provisions Of The Five Regional Countries

NPLs of the Five Regional Countries as at 31 December 2001 amounted to \$1,600 million. Excluding OUB Group, NPLs of the Five Regional Countries would have fallen 13.9% from \$929 million as at end-2000 to \$800 million as at end-2001. NPLs (excluding debt securities) against gross customer loans to the region was 19.2%.

Cumulative specific and general provisions for the Five Regional Countries amounted to \$1,218 million as at 31 December 2001, against \$770 million as at 30 June 2001 and \$883 million as at 31 December 2000. These cumulative provisions represented 76.1% of the total NPLs of the Five Regional Countries and 140.0% of the NPLs of the Five Regional Countries that were classified as Doubtful and Loss.

General provision was \$527 million (2000: \$436 million) against specific provision of \$691 million (2000: \$447 million).



Ratios (%)

NPLs*/Gross Customer Loans
 Cumulative Provisions/NPLs
 Cumulative Provisions/Doubtful & Loss NPLs
 Cumulative Provisions*/Gross Customer Loans
 - Specific Provision*/Gross Customer Loans
 - General Provision*/Gross Customer Loans
 NPLs/Gross exposure to the Five Regional Countries

31.12.2001 (Total Group)	31.12.2001 (Excluding OUB Group)	30.6.2001	31.12.2000	31.12.1999
19.2	15.7	19.8	22.2	28.9
76.1	83.3	90.0	95.0	96.6
140.0	225.8	215.7	198.4	224.8
14.7	13.1	17.8	21.1	28.0
8.3	5.9	8.2	10.7	13.9
6.4	7.2	9.6	10.4	14.1
8.9	6.1	8.4	9.1	10.0

* Exclude debt securities

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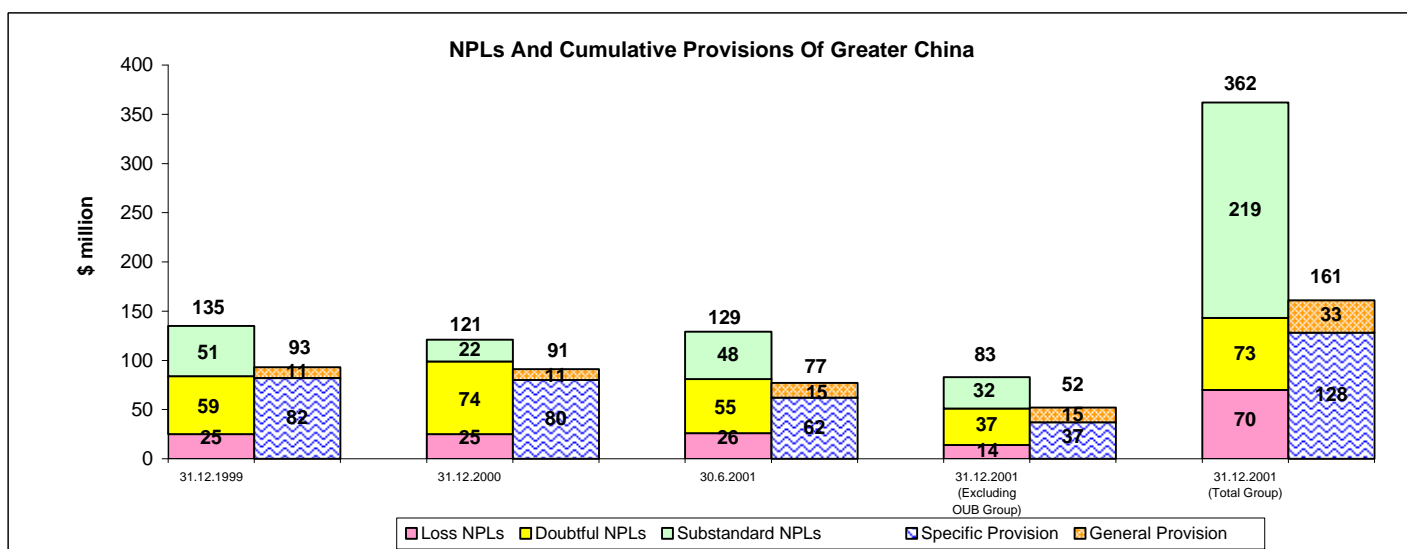
GROUP FINANCIAL PERFORMANCE FOR 2001

III) Non-Performing Loans And Cumulative Provisions

Group NPLs And Cumulative Provisions Of Greater China

Group NPLs of Greater China amounted to \$362 million as at end-2001. Excluding OUB Group, Group NPLs would have fallen 31.4% from \$121 million as at end-2000 to \$83 million as at end-2001. NPLs as a percentage of gross exposure to Greater China increased to 5.7% as compared to 4.5% as at 31 December 2000.

The Group cumulative specific and general provisions for Greater China as at 31 December 2001 amounted to \$161 million. The NPLs of Greater China were 44.5% covered by cumulative provisions and NPLs classified as Doubtful and Loss were 112.6% covered by cumulative provisions.



Ratios (%)

NPLs*/Gross Customer Loans

Cumulative Provisions/NPLs

Cumulative Provisions/Doubtful & Loss NPLs

Cumulative Provisions*/Gross Customer Loans

- Specific Provision*/Gross Customer Loans

- General Provision*/Gross Customer Loans

NPLs/Gross Greater China Exposure

31.12.2001 (Total Group)	31.12.2001 (Excluding OUB Group)	30.6.2001	31.12.2000	31.12.1999
12.4	7.4	10.7	11.5	15.2
44.5	62.7	59.7	75.2	68.9
112.6	102.0	95.1	91.9	110.7
5.5	4.7	6.4	8.6	10.5
4.4	3.3	5.2	7.6	9.3
1.1	1.4	1.2	1.0	1.2
5.7	2.5	4.1	4.5	6.8

* Exclude debt securities

UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR 2001

III) Non-Performing Loans And Cumulative Provisions

Group NPLs By Region

NPLs of the Group's operations in Singapore and in the Five Regional Countries accounted for 64.0% and 26.8% of Group NPLs respectively.

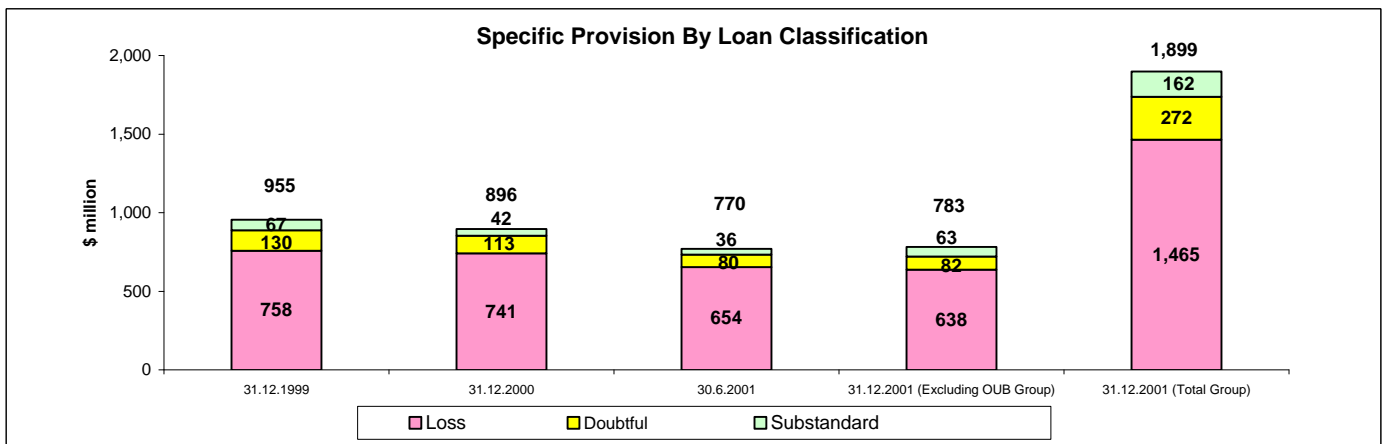
	<u>31.12.2001</u> (Total Group)	<u>31.12.2001</u> (Excluding OUB Group)	<u>30.6.2001</u>	<u>31.12.2000</u>
				\$ million
Singapore	3,819	1,486	1,368	1,354
Malaysia	1,028	415	428	528
Indonesia	169	75	90	119
Philippines	242	242	234	181
Thailand	151	68	104	101
South Korea	10	-	-	-
Five Regional Countries	1,600	800	856	929
Greater China	362	83	129	121
Others	187	6	5	58
Group Total	5,968	2,375	2,358	2,462

Group NPLs By Industry

	<u>31.12.2001</u> (Total Group)		<u>31.12.2001</u> (Excluding OUB Group)		<u>30.6.2001</u>		<u>31.12.2000</u>	
	Amount	As % of Gross	Amount	As % of Gross	Amount	As % of Gross	Amount	As % of Gross
	\$ million	Customer Loans	\$ million	Customer Loans	\$ million	Customer Loans	\$ million	Customer Loans
Transport, storage and communication	99	4.3	55	5.0	76	12.3	66	9.3
Building and construction	1,163	12.0	282	7.9	215	5.5	243	6.8
Manufacturing	895	16.8	339	14.3	276	10.0	312	10.5
Non-bank financial institutions	1,022	9.5	281	6.0	367	7.5	447	9.0
General commerce	825	13.1	465	11.9	532	12.5	569	14.8
Professionals and private individuals	910	9.6	440	9.0	409	8.7	387	9.2
Housing	556	4.2	330	3.9	335	4.3	272	3.6
Others	474	6.8	183	5.4	148	3.7	166	4.3
Sub - Total	5,944	9.3	2,375	7.3	2,358	7.2	2,462	7.8
Debt Securities	24		-		-		-	
Total	5,968	9.3	2,375	7.3	2,358	7.2	2,462	7.8

Group Specific Provision By Loan Classification

About 77% of specific provision made for expected loan losses was for 'Loss' accounts. The specific provision for each classified loan grade is shown in the following chart:



UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR 2001

III) Non-Performing Loans And Cumulative Provisions

Group Specific Provision By Region

The Group's specific provision was \$1,899 million (excluding OUB Group: \$783 million) as at 31 December 2001. Singapore and the Five Regional Countries contributed 54.6% and 36.4% of Group total specific provision respectively.

	<u>31.12.2001</u>	<u>31.12.2001</u> (Excluding OUB Group)	<u>30.6.2001</u>	<u>31.12.2000</u>
	\$ million			
	(Total Group)			
Singapore	1,037	447	353	353
Malaysia	439	145	156	242
Indonesia	88	51	69	87
Philippines	72	72	70	55
Thailand	88	30	58	63
South Korea	4	-	-	-
Five Regional Countries	691	298	353	447
Greater China	128	37	62	80
Others	43	1	2	16
Specific provision for the Group	1,899	783	770	896
General provision for the Group	1,435	706	756	768
Total	3,334	1,489	1,526	1,664

Group Specific Provision By Industry

	<u>31.12.2001</u>	<u>31.12.2001</u> (Excluding OUB Group)	<u>30.6.2001</u>	<u>31.12.2000</u>
	\$ million			
	(Total Group)			
Transport, storage and communication	28	16	31	29
Building and construction	336	84	62	104
Manufacturing	370	125	122	160
Non-bank financial institutions	308	72	120	145
General commerce	305	210	212	245
Professionals and private individuals	275	148	120	133
Housing	80	58	43	23
Others	182	70	60	57
Sub -Total	1,884	783	770	896
Debt Securities	15	-	-	-
Total	1,899	783	770	896

Restructured Loans

Loans that were restructured during the year by classification were as follows:

	<u>31.12.2001</u> (Total Group)		31.12.2001 (Excluding OUB Group)		30.6.2001		31.12.2000	
	Amount O/s	Specific Provision	Amount O/s	Specific Provision	Amount O/s	Specific Provision	Amount O/s	Specific Provision
Substandard	176	8	28	1	12	1	17	1
Doubtful	115	42	3	2	22	17	0	0
Loss	65	57	9	8	0	0	4	4
Total	356	107	40	11	34	18	21	5

UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR 2001

III) Non-Performing Loans And Cumulative Provisions

Ageing Of NPLs

The full outstanding balance of an account is deemed non-current and aged when there are arrears in interest servicing or principal repayment. The ageing of NPLs was as follows:

<u>Ageing (Days)</u>	<u>31.12.2001</u> (Total Group)		<u>31.12.2001</u> (Excluding OUB Group)		<u>30.6.2001</u>		<u>31.12.2000</u>	
	<u>Amount</u>	<u>% Of Total</u>	<u>Amount</u>	<u>% Of Total</u>	<u>Amount</u>	<u>% Of Total</u>	<u>Amount</u>	<u>% Of Total</u>
	<u>\$ million</u>	<u>NPLs</u>	<u>\$ million</u>	<u>NPLs</u>	<u>\$ million</u>	<u>NPLs</u>	<u>\$ million</u>	<u>NPLs</u>
Current	925	15.5	124	5.2	123	5.2	177	7.2
≤ 90	874	14.6	456	19.2	298	12.6	280	11.4
91 to 180	547	9.2	159	6.7	242	10.3	220	8.9
≥ 181	3,622	60.7	1,636	68.9	1,695	71.9	1,785	72.5
Total	5,968	100.0	2,375	100.0	2,358	100.0	2,462	100.0

Collateral

The majority of classified loans are secured by properties. Properties are valued at forced sale value and such valuations are updated semi-annually. Other types of collateral include marketable securities that are usually listed stocks and shares, cash and deposits, and bankers' standby letters of credit (SBLCs).

As at 31 December 2001, 59.1% (excluding OUB Group: 60.7%) of the total Group's NPLs was secured by collateral as compared to 50.5% as at 31 December 2000.

The secured NPLs of the Group by collateral type based on country of risk were as follows:

31 December 2001 (Total Group)

					<u>\$ million</u>
	<u>Properties</u>	<u>Marketable Securities</u>	<u>Cash And Deposits</u>	<u>Others</u>	<u>Total</u>
Singapore	2,282	136	14	64	2,496
Five Regional Countries	643	97	3	45	788
Greater China	109	11	-	11	131
Others	111	-	2	-	113
Total	3,145	244	19	120	3,528

31 December 2001 (Excluding OUB Group)

					<u>\$ million</u>
	<u>Properties</u>	<u>Marketable Securities</u>	<u>Cash And Deposits</u>	<u>Others</u>	<u>Total</u>
Singapore	883	42	10	23	958
Five Regional Countries	344	64	2	39	449
Greater China	22	8	-	1	31
Others	3	-	1	-	4
Total	1,252	114	13	63	1,442

30 June 2001

					<u>\$ million</u>
	<u>Properties</u>	<u>Marketable Securities</u>	<u>Cash And Deposits</u>	<u>Others</u>	<u>Total</u>
Singapore	906	43	8	31	988
Five Regional Countries	330	52	1	34	417
Greater China	22	15	-	1	38
Others	4	-	-	-	4
Total	1,262	110	9	66	1,447

UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR 2001

III) Non-Performing Loans And Cumulative Provisions

31 December 2000

					\$ million
	Properties	Marketable Securities	Cash And Deposits	Others	Total
Singapore	770	37	9	34	850
Five Regional Countries	324	19	1	17	361
Greater China	9	10	-	-	19
Others	13	1	-	-	14
Total	1,116	67	10	51	1,244

Secured/Unsecured NPLs

	<u>31.12.2001</u>		<u>31.12.2001</u>		<u>30.6.2001</u>		<u>31.12.2000</u>	
	(Total Group)		(Excluding OUB Group)		Amount \$ million	% Of Total NPLs	Amount \$ million	% Of Total NPLs
	Amount \$ million	% Of Total NPLs	Amount \$ million	% Of Total NPLs				
NPLs								
- Secured	3,528	59.1	1,442	60.7	1,447	61.4	1,244	50.5
- Unsecured	2,440	40.9	933	39.3	911	38.6	1,218	49.5
Total Group NPLs	5,968	100.0	2,375	100.0	2,358	100.0	2,462	100.0

UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR 2001

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 Banking, Institutional Banking, Global Treasury, Investment Banking, and Others that include mainly property-related activities.

Individual Banking

The Group's Individual Banking segment encompasses personal financial services and private banking. Our personal financial services business delivers a wide array of consumer services that includes the issuance of credit and debit cards, loans and mortgages, deposit services and investment advisory services. Private banking offers wealth management services for high networth individuals.

Already a leader in consumer banking, our market lead was further extended with the acquisition of OUB. These businesses recorded an increase in net profit before tax of about 10%. Key contributing factors are higher fee and commission from credit cards and an improved net interest income from higher loan volume. Including OUB portfolio, loans and advances to individual customers grew by more than 90% from \$12 billion to \$23 billion.

Institutional Banking

Institutional Banking encompasses commercial banking, corporate banking and capital markets. Our commercial banking business serves the small- and medium-sized enterprises, while corporate banking serves the large corporations, institutions and governments. Both commercial banking and corporate banking provide customers with a broad range of products and services which include financing options, trade services and custody services. Our capital market business offers corporate finance services, including initial public offering and corporate advisory services.

Net profit before tax from Institutional Banking increased by 32% largely from interest income earned on loans and advances acquired from OUB Group, and higher contribution from capital market activities. Including OUB Group's loan portfolio, our customer base has expanded significantly with total loans and advances exceeding \$41 billion as compared to \$20 billion as at the end of last year.

Global Treasury

The Group's Global Treasury segment extends a wide range of treasury capabilities in foreign exchange, money market, fixed income, derivatives, leveraged trading and futures broking. It is a dominant player in Singapore dollar treasury instruments and a major primary dealer in Singapore Government securities. Global Treasury also provides banknotes services and a full range of gold products, and continues to lead in the provision of Singapore dollar cheque clearing services to correspondent banks.

The increase in net profit before tax of 25% over last year was mainly attributed to the higher contribution from interest rate trading, personal treasury services and regional treasury operations. The strong performance of Global Treasury reflects our ability to capitalise on the favourable global interest rate environment for non domestic treasury activities and our emphasis on building up overseas treasury businesses.

Investment Banking

The Investment Banking segment executes proprietary investments on the Group's behalf. Through the Bank's subsidiaries, Investment Banking also offers asset management products and services through UOB Asset Management Ltd and OUB Asset Management Ltd, venture capital management through UOB Venture Management Private Limited, insurance products through United Overseas Insurance Ltd and UOB Life Assurance Ltd, and stockbroking services through OUB Securities Pte Ltd and Grand Orient Securities. The increase in net profit before tax for 2001 was mainly due to the write-back in provisions for investments made in 2000.

Others

Other operations of the Group include mainly property-related activities. The lower net profit before tax for 2001 was primarily due to lower profit from sale of properties.

UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR 2001

IV) Segmental Analysis

Business Segments

31 December 2001

	Individual Banking	Institutional Banking	Global Treasury	Investment Banking	Others	\$ million Total
Income before operating expenses	717	846	415	102	144	2,224
Segment profit before taxation	381	476	266	46	113	1,282
Unallocated corporate expenses						(96)
						1,186
Goodwill amortisation						(48)
Operating profit						1,138
Exceptional item						(12)
Share of profits of associates						72
Profit before taxation and minority interests						1,198
Taxation and minority interests						(273)
Net profit for the financial year						925
Other information:						
Segment assets	22,832	42,299	38,400	3,127	1,035	107,693
Investment in associates						1,781
Unallocated assets						60
Goodwill						3,776
Total assets						113,310
Gross customer loans	22,798	41,413	-	-	-	64,211
Non-performing loans * ("NPLs")	1,495	4,449	-	-	-	5,944
Specific provisions & IIS for NPLs *	376	1,508	-	-	-	1,884
Dealing securities (Gross)						
Debt securities	-	-	802	124	-	926
Equity securities	-	-	6	197	-	203
						1,129
Non-dealing securities (Gross)						
Debt securities	-	1,130	9,699	1,179	-	12,008
Equity securities	-	-	3	1,202	-	1,205
						13,213
Segment liabilities	39,695	37,355	18,880	68	25	96,023
Provisions for taxation						533
Subordinated debts						3,639
Interest payable on subordinated debts						19
Unallocated liabilities						44
						100,258
Capital Expenditure	20	27	6	1	58	112
Depreciation and amortisation	17	26	4	1	48	96
Provisions included in segment profit before tax	23	109	34	(3)	2	165

* Exclude debt securities

UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR 2001

IV) Segmental Analysis

Business Segments

31 December 2000

	Individual Banking	Institutional Banking	Global Treasury	Investment Banking	Others	Total	\$ million
Income before operating expenses	610	637	295	144	217	1,903	
Segment profit before taxation	348	361	213	36	186	1,144	
Unallocated corporate expenses						(83)	
Operating profit						1,061	
Share of profits of associates						125	
Profit before taxation and minority interests						1,186	
Taxation and minority interests						(273)	
Net profit for the financial year						913	
Other information:							
Segment assets	12,153	22,077	28,890	525	1,069	64,714	
Investment in associates						1,558	
Unallocated assets						52	
Total assets						66,324	
Gross customer loans	11,764	19,946	-	-	-	31,710	
Non-performing loans ("NPLs")	681	1,781	-	-	-	2,462	
Specific provisions & IIS for NPLs	174	722	-	-	-	896	
Dealing securities (Gross)							
Debt securities	-	-	1,063	144	-	1,207	
Equity securities	-	-	-	146	-	146	
						1,353	
Non-dealing securities (Gross)							
Debt securities	-	1,441	3,225	144	-	4,810	
Equity securities	-	-	1	230	-	231	
						5,041	
Segment liabilities	21,684	21,612	15,328	31	10	58,665	
Provisions for taxation						452	
Unallocated liabilities						32	
						59,149	
Capital Expenditure	20	26	11	1	44	102	
Depreciation and amortisation	13	21	1	1	39	75	
Provisions included in segment profit before tax	10	63	(1)	16	3	91	

UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR 2001

IV) Segmental Analysis

Geographical Segments

The geographical segment information is based on the location where the assets and transactions are booked. It provides an approximation to geographical segment information that is based on location of customers and assets.

Geographical segment information is stated after elimination of inter-segment transactions.

31 December 2001

\$ million

	Income before operating expenses	Distribution (%)	Profit before tax	Distribution (%)	Total assets	Distribution (%)
Singapore (including Asian Currency Units)	1,726	77.7	1,053	87.9	86,255	76.1
Other ASEAN countries	328	14.7	83	6.9	13,583	12.0
Other Asia Pacific countries	116	5.2	36	3.0	8,136	7.2
Rest of the world	54	2.4	26	2.2	5,336	4.7
	2,224	100.0	1,198	100.0	113,310	100.0

30 June 2001

\$ million

	Income before operating expenses	Distribution (%)	Profit before tax	Distribution (%)	Total assets	Distribution (%)
Singapore (including Asian Currency Units)	745	78.4	526	86.9	48,199	70.4
Other ASEAN countries	139	14.6	38	6.3	9,057	13.2
Other Asia Pacific countries	44	4.6	30	4.9	5,731	8.4
Rest of the world	22	2.4	11	1.9	5,445	8.0
	950	100.0	605	100.0	68,432	100.0

31 December 2000

\$ million

	Income before operating expenses	Distribution (%)	Profit before tax	Distribution (%)	Total assets	Distribution (%)
Singapore (including Asian Currency Units)	1,514	79.5	1,059	89.3	50,615	76.3
Other ASEAN countries	260	13.7	62	5.2	8,564	12.9
Other Asia Pacific countries	93	4.9	51	4.3	3,991	6.0
Rest of the world	36	1.9	14	1.2	3,154	4.8
	1,903	100.0	1,186	100.0	66,324	100.0

UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR 2001

V) Overview Of Balance Sheet

Total Assets

Total assets of the Group grew by 70.8% from \$66,324 million as at 31 December 2000 to \$113,310 million as at 31 December 2001. The increase came primarily from the consolidation of OUB Group's balances.

Assets Mix

	<u>31.12.2001</u>		<u>30.6.2001</u>		<u>31.12.2000</u>	
	\$ million	%	\$ million	%	\$ million	%
Cash and balances with central banks	3,330	2.9	1,706	2.5	1,715	2.6
Securities*	14,167	12.5	6,991	10.2	6,357	9.6
Inter-bank balances	24,687	21.8	23,874	34.9	23,609	35.6
Customer loans	60,892	53.7	31,249	45.7	30,045	45.3
Other assets	6,458	5.8	4,612	6.7	4,598	6.9
Goodwill	3,776	3.3	-	-	-	-
Total assets	113,310	100.0	68,432	100.0	66,324	100.0

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

Securities

Total Group's securities rose by 122.9% or \$7,810 million to \$14,167 million as at 31 December 2001, mainly attributable to the consolidation of OUB Group's balances.

<u>Total Securities</u>	<u>31.12.2001</u>	<u>31.12.2000</u>
	\$ million	\$ million
Cost		
Dealing	1,129	1,353
Non-dealing	13,213	5,041
	14,342	6,394
Less : Provision for diminution in value	(175)	(37)
Net Book Value	14,167	6,357

<u>Securities Analyzed By Issuer Type</u>	<u>31.12.2001</u>		<u>31.12.2000</u>	
	\$ million	%	\$ million	%
Government	10,561	73.5	5,342	83.5
Public sector	52	0.4	121	1.9
Bank	712	5.0	257	4.0
Corporate	2,891	20.2	575	9.0
Others	126	0.9	99	1.6
Total	14,342	100.0	6,394	100.0

<u>Securities Analysed By Industry</u>	<u>31.12.2001</u>		<u>31.12.2000</u>	
	\$ million	%	\$ million	%
Transport, storage and communication	486	3.7	6	0.1
Building and construction	348	2.6	189	3.8
Manufacturing	187	1.4	12	0.2
Financial institutions	1,126	8.5	228	4.5
General commerce	90	0.7	-	-
Others	10,976	83.1	4,606	91.4
Non-dealing	13,213	100.0	5,041	100.0
Dealing	1,129		1,353	
Total securities	14,342		6,394	

UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR 2001

V) Overview Of Balance Sheet

Customer Loans

The Group's net loans and advances to customers increased by 102.7% or \$30,847 million to \$60,892 million as at 31 December 2001 mainly from the consolidation of OUB Group's loans balance for the first time. Excluding OUB Group's balances, the growth in loans and advances would have been 3.2%.

Customer Loans By Type

	<u>31.12.2001</u>		<u>31.12.2000</u>	
	\$ million	%	\$ million	%
Housing loans	13,298	20.7	7,541	23.8
Term loans	36,940	57.5	15,076	47.5
Trade financing	2,825	4.4	1,750	5.5
Overdrafts	11,148	17.4	7,343	23.2
Total gross customer loans	64,211	100.0	31,710	100.0
Less: General provision	(1,435)		(768)	
Specific provision & Interest-in-suspense	(1,884)		(896)	
Net customer loans	60,892		30,045	

Gross Customer Loans Analysed By Remaining Maturity

	<u>31.12.2001</u>		<u>31.12.2000</u>	
	\$ million	%	\$ million	%
Within 1 year	27,723	43.2	18,833	59.4
Over 1 year but within 3 years	10,412	16.2	3,451	10.9
Over 3 years but within 5 years	7,303	11.4	2,762	8.7
Over 5 years	18,773	29.2	6,664	21.0
Total	64,211	100.0	31,710	100.0

Gross Customer Loans Analysed By Industry

	<u>31.12.2001</u>		<u>31.12.2000</u>	
	\$ million	%	\$ million	%
Transport, storage and communication	2,313	3.6	709	2.2
Building and construction	9,722	15.1	3,569	11.3
Manufacturing	5,338	8.3	2,958	9.3
Non-bank financial institutions	10,765	16.8	4,992	15.7
General commerce	6,296	9.8	3,857	12.2
Professionals and private individuals	9,500	14.8	4,223	13.3
Housing	13,298	20.7	7,541	23.8
Others	6,979	10.9	3,861	12.2
Total	64,211	100.0	31,710	100.0

Gross Customer Loans Analysed By Currency and Fixed/ Variable Rates

	<u>31.12.2001</u>		
	Fixed Rate \$ million	Variable Rate \$ million	Total \$ million
Singapore Dollars	12,584	29,149	41,733
US Dollars	1,538	7,902	9,440
Malaysia Ringgit	79	6,167	6,246
Hong Kong Dollars	20	1,726	1,746
Thai Baht	573	294	867
Others	582	3,597	4,179
Group Total	15,376	48,835	64,211

UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR 2001

V) Overview Of Balance Sheet

Deposits

Total Group deposits grew by 62.8% from \$56,837 million as at 31 December 2000 to \$92,545 million as at 31 December 2001. Customer deposits accounted for 80.4% of total Group deposits. Excluding OUB Group's deposits balance, the growth in total deposits would have been 4.8%.

Deposits By Type

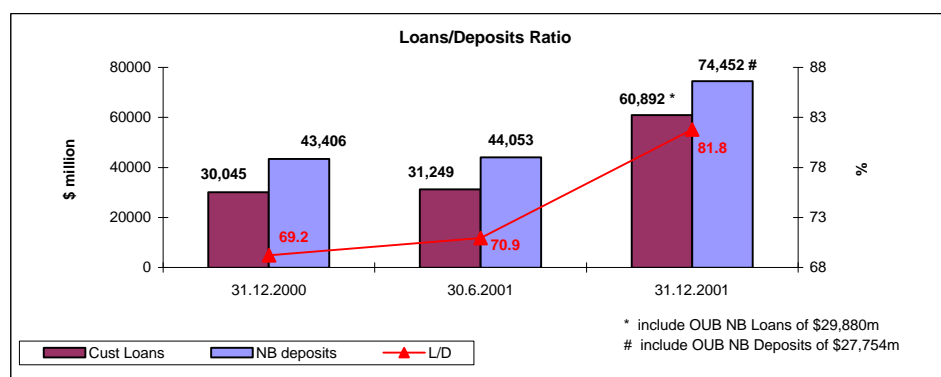
	<u>31.12.2001</u>		<u>31.12.2000</u>	
	\$ million	%	\$ million	%
Bankers' deposits	18,093	19.6	13,431	23.6
Customer deposits				
Fixed deposits	54,419	58.8	32,421	57.1
Savings & others	20,033	21.6	10,985	19.3
	74,452	80.4	43,406	76.4
Total deposits	92,545	100.0	56,837	100.0

Total Deposits Analysed By Remaining Maturity

	<u>31.12.2001</u>		<u>31.12.2000</u>	
	\$ million	%	\$ million	%
Within 1 year	92,007	99.4	56,462	99.3
Over 1 year but within 3 years	376	0.4	178	0.3
Over 3 years but within 5 years	21	0.0	1	0.0
Over 5 years	141	0.2	196	0.4
Total	92,545	100.0	56,837	100.0

Loans/Deposits Ratio

The customer loans-to-deposits ratio increased from 69.2% as at 31 December 2000 to 81.8% as at 31 December 2001. This was because the 102.7% growth in net customer loans outstripped the 71.5% growth in customer deposits.



UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR 2001

V) Overview Of Balance Sheet

<u>Goodwill</u>	<u>31.12.2001</u> \$ million
Acquisition of OUB Group	
Purchase consideration discharged by share issued	4,950
Cash consideration paid	4,077
Total purchase consideration	<u>9,027</u>
Acquisition expenses capitalised	25
Cost of investment	<u>9,052</u>
Fair value of net assets acquired ⁽¹⁾	<u>(5,228)</u>
Goodwill arising on acquisition	<u>3,824</u>
Amortisation during financial year	(48)
Balance	<u><u>3,776</u></u>

⁽¹⁾ Details of fair value of net assets acquired are as follows:

Investment and dealing securities	2,175
Trade bills and advances to customers	29,973
Government treasury bills and securities	4,035
Placements and balances with banks and agents	5,628
Cash and balances with central bank	820
Other assets	2,112
Current, fixed, savings accounts and other deposits of non-bank customers	(30,414)
Deposits and balances of banks and agents	(6,460)
Other liabilities	(2,486)
Minority interests	(155)
Fair value of identifiable net assets acquired	<u><u>5,228</u></u>

Subordinated notes

	<u>31.12.2001</u> \$ million
S\$ 4.95% Subordinated Notes due 2016 Callable with Step-up in 2011 ("S\$ Notes")	1,300
US\$ Subordinated Floating Rate Notes due 2011 Callable in 2002 ("US\$ Notes")	2,347
	<u>3,647</u>
Unamortised expenses incurred in connection with the issue of the subordinated notes	(8)
	<u><u>3,639</u></u>

The S\$ Notes were issued at par on 30 September 2001 and will mature on 30 September 2016. The S\$ Notes may be redeemed at par at the option of the Bank, in whole but not in part, on 30 September 2011 or at any interest payment date in the event of certain changes to the taxation laws of Singapore, subject to the prior approval of the Monetary Authority of Singapore and certain other conditions. Interest is payable semi-annually at 4.95% per annum up to and including 29 September 2011. From and including 30 September 2011, interest is payable semi-annually at a fixed rate equal to the five-year Singapore Dollar Interest Rate Swap (Offer Rate) as at 30 September 2011 plus 2.25% per annum.

The US\$ Notes were issued at par on 19 September 2001 and will mature on 19 September 2011. The US\$ Notes may be redeemed in whole but not in part at the option of the Bank as follows, subject to the prior approval of the Monetary Authority of Singapore and certain other conditions:

- redeemable at par at any interest payment date in the event of certain changes to the taxation laws of Singapore; and
- redeemable at 99% of the principal on 19 September 2002.

Interest is payable quarterly at the three-month US\$ LIBOR plus 2.28% per annum. Both the S\$ Notes and US\$ Notes are unsecured.

UNITED OVERSEAS BANK LIMITED

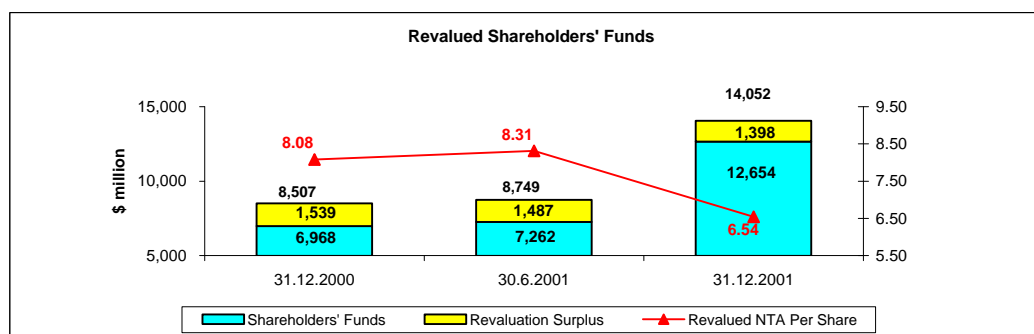
GROUP FINANCIAL PERFORMANCE FOR 2001

V) Overview Of Balance Sheet

Shareholders' Funds

Group shareholders' funds stood at \$12,654 million as at 31 December 2001. The increase of 81.6% over \$6,968 million as at 31 December 2000 was due primarily to the issue of new UOB shares in connection with the acquisition of OUB Group.

Unrealised revaluation surpluses in long term investments and properties amounting to \$1,398 million as at 31 December 2001, were not incorporated into the Group's accounts.



	<u>31.12.2001</u> \$ million	<u>30.06.2001</u> \$ million	<u>31.12.2000</u> \$ million
Shareholders' Funds per book	12,654	7,262	6,968
<u>Add: Surplus on Revaluation (Not incorporated in the accounts)</u>			
- Properties	1,308	1,448	1,485
- Long Term Investments **	90	39	54
Total Surplus on Revaluation	1,398	1,487	1,539
Shareholders' Funds including Revaluation Surplus	14,052	8,749	8,507
<u>NTA Per Share (in \$)</u>			
- NTA per book	5.65	6.90	6.62
- Revaluation Surplus	0.89	1.41	1.46
Total Revalued NTA	6.54	8.31	8.08

** Exclude the revaluation surplus/deficit from investments in associates.

UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR 2001

VI) Capital Adequacy Ratio (CAR)

The Capital Adequacy Ratio (CAR) of the Group was computed in accordance with the guidelines issued by the Basle Committee on Banking Supervision. Tier-1 capital comprises share capital, disclosed reserves and minority interests, while the Tier-2 supplementary capital consists primarily of general loan loss reserves and revaluation reserves on investments and properties held for investment purposes. The general loan loss reserve excludes specific and earmarked provisions, while the revaluation reserves, being the difference between the book value and market value, are discounted at 55%.

It is the Group's policy to maintain a strong capital position to support growth of the Group both organically and through acquisitions. As at 31 December 2001, the Group maintained a strong CAR of 18.5%, which is more than twice the minimum of 8% set by the Bank for International Settlement (BIS), and well above the minimum of 12% required by the Monetary Authority of Singapore.

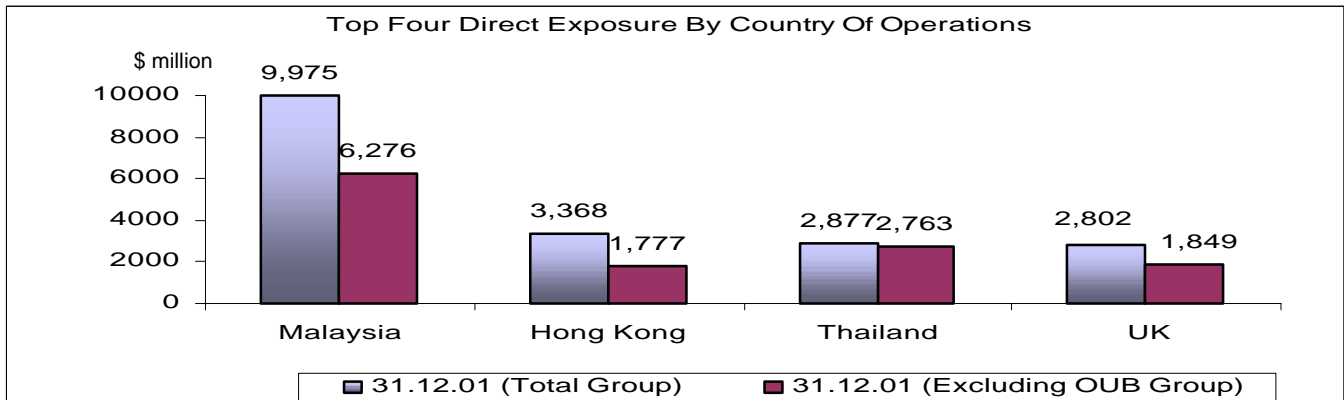
	<u>31.12.2001</u>	<u>30.06.2001</u>	<u>31.12.2000</u>
	\$ million	\$ million	\$ million
Capital			
Tier 1 - Core Capital			
Share capital	1,571	1,052	1,052
Disclosed reserves	10,765	5,890	5,400
Minority interests	399	198	207
	<u>12,735</u>	<u>7,140</u>	<u>6,659</u>
Tier 2 - Supplementary Capital			
Revaluation reserves	671	728	735
General loan loss reserves	948	520	333
Subordinated term debt	3,638	-	-
	<u>5,257</u>	<u>1,248</u>	<u>1,068</u>
Less: Goodwill	(3,776)	-	-
Investment in collateralised bond obligations, private equity and venture capital	(161)	(38)	(23)
Overall capital	<u>14,055</u>	<u>8,350</u>	<u>7,704</u>
Risk Weighted Assets			
Total risk weighted assets adjusted to include market risk	<u>75,897</u>	<u>41,490</u>	<u>39,003</u>
Capital Adequacy Ratios			
Tier 1	11.8%	17.2%	17.1%
Total capital	18.5%	20.1%	19.8%

UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR 2001

VII) Country of Operation Exposure

The Group's total direct exposure to the 16 countries (outside Singapore) in which it has a presence amounted to \$29.9 billion as at 31 December 2001, or 26.4% of Group total assets. Exposure (excluding contingent) reported is segregated by loans and advances to customers, balances due from banks incorporated in the country, and investments and balances due from the government. At the country level, the largest exposure was to Malaysia where the Group has a long-standing presence (\$10.0 billion or 8.8% of Group total assets). The second largest exposure was to Hong Kong (\$3.4 billion or 3.0% of Group total assets).



UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR 2001

VII) Country of Operation Exposure

Exposure to the Five Regional Countries, Greater China and Others

S\$ million

	Loans and debt securities			Inv'ts	Total	less: Loans/Inv'ts in our Subsidiaries & Branches	Net Exposure	
	Non Bank	Gov't	Bank				Total	% of Group Total Assets
Malaysia								
31-12-01	6,493	2,188	2,571	740	11,992	2,017	9,975	8.8
31-12-01 (Excl. OUB)	3,575	1,493	2,056	400	7,524	1,248	6,276	8.8
30-06-01	3,053	816	777	423	5,069	411	4,658	6.8
31-12-00	3,165	993	1,118	470	5,746	579	5,167	7.8
Indonesia								
31-12-01	331	118	155	55	659	75	584	0.5
31-12-01 (Excl. OUB)	254	118	111	33	516	75	441	0.6
30-06-01	265	108	75	35	483	32	451	0.7
31-12-00	301	45	79	35	460	34	426	0.6
Thailand								
31-12-01	1,026	1,617	567	261	3,471	594	2,877	2.6
31-12-01 (Excl. OUB)	944	1,617	491	259	3,311	548	2,763	3.8
30-06-01	665	1,657	387	163	2,872	465	2,407	3.5
31-12-00	419	1,648	66	190	2,323	165	2,158	3.3
South Korea								
31-12-01	57	82	888	174	1,201	140	1,061	0.9
31-12-01 (Excl. OUB)	27	82	860	138	1,107	119	988	1.4
30-06-01	30	55	920	136	1,141	72	1,069	1.6
31-12-00	18	51	832	107	1,008	5	1,003	1.5
Philippines								
31-12-01	300	277	46	33	656	65	591	0.5
31-12-01 (Excl. OUB)	299	260	45	33	637	63	574	0.8
30-06-01	315	248	61	40	664	85	579	0.8
31-12-00	274	210	102	66	652	150	502	0.8
Total Regional Countries								
31-12-01	8,207	4,282	4,227	1,263	17,979	2,891	15,088	13.3
31-12-01 (Excl. OUB)	5,099	3,570	3,563	863	13,095	2,053	11,042	15.4
30-06-01	4,328	2,884	2,220	797	10,229	1,065	9,164	13.4
31-12-00	4,177	2,947	2,197	868	10,189	933	9,256	14.0
Greater China								
31-12-01	2,912	135	2,740	590	6,377	1,904	4,473	4.0
31-12-01 (Excl. OUB)	1,115	78	1,576	536	3,305	1,015	2,290	3.2
30-06-01	1,201	112	1,358	464	3,135	703	2,432	3.6
31-12-00	1,052	101	1,328	213	2,694	637	2,057	3.1
Other OECD								
31-12-01	4,652	49	6,102	604	11,407	1,307	10,100	8.9
31-12-01 (Excl. OUB)	1,821	34	4,711	418	6,984	707	6,277	8.7
30-06-01	2,268	30	4,535	377	7,210	412	6,798	9.9
31-12-00	2,207	32	6,358	138	8,735	262	8,473	12.8
Others								
31-12-01	187	12	44	1	244	4	240	0.2
31-12-01 (Excl. OUB)	10	3	44	1	58	3	55	0.1
30-06-01	9	4	13	0	26	3	23	0.0
31-12-00	7	4	19	0	30	9	21	0.0
Grand Total								
31-12-01	15,958	4,478	13,113	2,458	36,007	6,106	29,901	26.4
31-12-01 (Excl. OUB)	8,045	3,685	9,894	1,818	23,442	3,778	19,664	27.4
30-06-01	7,806	3,030	8,126	1,638	20,600	2,183	18,417	26.9
31-12-00	7,443	3,084	9,902	1,219	21,648	1,841	19,807	29.9

UOB GROUP
CONSOLIDATED INCOME STATEMENTS

	2001			2000		
	First Half \$ million	Second Half \$ million	Full Year \$ million	First Half \$ million	Second Half \$ million	Full Year \$ million
Interest income	1,515	1,896	3,410	1,444	1,609	3,053
Less: Interest expense	926	1,055	1,981	861	994	1,855
Net Interest income	588	841	1,429	583	615	1,198
Dividends	7	27	34	6	2	8
Fee and commission income	145	210	355	173	157	330
Rental income	38	38	76	35	35	71
Other operating income	172	158	330	149	146	295
Total Non-interest income	362	433	795	364	340	704
Total income	950	1,274	2,224	947	956	1,903
Less: Staff expenses	186	257	443	185	197	381
Other operating expenses	174	257	431	181	189	370
Total operating expenses	360	514	874	366	386	751
Operating profit before goodwill amortisation and provisions	590	760	1,350	581	570	1,151
Less:						
Goodwill amortisation	-	48	48	-	-	-
Provisions	11	154	165	68	23	91
Operating profit	579	558	1,138	514	547	1,061
Exceptional item	-	(12)	(12)	-	-	-
Share of profit of associated companies	25	47	72	42	83	125
Profit before taxation	605	593	1,198	555	631	1,186
Less: Taxation						
- The Group	138	105	243	140	114	254
- Associated companies	13	13	26	7	12	19
Profit after taxation	454	475	929	408	504	912
Less: Minority interests	(1)	5	4	(0)*	(0)*	(0)*
Net profit attributable to members	455	470	925	408	505	913

* Less than (\$500,000)

UOB GROUP
CONSOLIDATED BALANCE SHEETS

	31 Dec 2001	30 Jun 2001	31 Dec 2000		31 Dec 2001	30 Jun 2001	31 Dec 2000
	\$ million	\$ million	\$ million		\$ million	\$ million	\$ million
SHAREHOLDERS' FUNDS AND TOTAL LIABILITIES				TOTAL ASSETS			
<u>Share Capital and Reserves</u>				Cash, balances and place- ments with central banks			
Share capital	1,571	1,053	1,052		3,330	1,706	1,715
Share premium	786	786	783	Singapore Government treasury bills and securities			
Non-distributable reserves	6,623	1,846	1,821		8,712	3,450	3,224
Revenue reserves	3,136	3,064	2,792	Other government treasury bills and securities			
Share of reserves of associates	538	513	520		1,817	1,906	2,117
Total Shareholders' Funds	12,654	7,262	6,968	Dealing securities			
					681	481	557
Minority Interests	398	198	207	Balances, placements with, and loans & advances to banks			
					24,687	23,874	23,609
<u>Liabilities</u>				Loans and advances to non-bank customers (incl. trade bills)			
Deposits and other accounts of non-bank customers	74,452	44,053	43,406		60,892	31,249	30,045
Deposits and balances of banks	18,093	14,536	13,431	Other assets			
Total deposits	92,545	58,589	56,837		2,952	1,905	1,789
Bills and drafts payable	125	101	129	Investment securities			
Other liabilities	3,949	2,282	2,183		2,957	1,154	459
Subordinated notes	3,639	-	-	Investment in associates			
					1,781	1,557	1,558
Total Liabilities	100,258	60,972	59,149	Fixed assets			
					1,725	1,150	1,251
Total Shareholders' Funds and Liabilities	113,310	68,432	66,324	Goodwill			
					3,776	-	-
				Total Assets	113,310	68,432	66,324
OFF-BALANCE SHEET ITEMS							
Contingent liabilities	7,788	4,708	4,042				
Off-balance sheet financial instruments	82,761	63,671	37,455				
Commitments	34,692	19,749	18,586				

UOB GROUP
CONSOLIDATED CASH FLOW STATEMENTS

	<u>2001</u> \$ million	<u>2000</u> \$ million
Cash flows from operating activities		
Profit before taxation	1,198	1,186
Adjustments for:		
Depreciation	96	75
Goodwill amortisation	48	-
Share of profit of associates	(72)	(125)
Operating profit before working capital changes	<u>1,270</u>	<u>1,136</u>
Working capital changes:		
Deposits	(1,166)	9,630
Bills and drafts payable	(48)	(301)
Other liabilities	(598)	(34)
Dealing securities	179	(199)
Trade bills and advances to customers	(824)	(2,786)
Other government treasury bills and securities not qualifying as cash and cash equivalents	310	559
Other accounts	141	(50)
Cash generated from operations	<u>(736)</u>	<u>7,955</u>
Income taxes paid	(322)	(189)
Net cash from operating activities	<u>(1,058)</u>	<u>7,766</u>
Cash flows from investing activities		
Increase in investment securities and investments in associates	(699)	(42)
Net dividends received from associates	39	30
Net decrease/(increase) in fixed assets	21	(90)
Change in minority interests of subsidiaries	43	(146)
Net cashflow on acquisition	6,406	(73)
Net cashflow from disposal of subsidiaries	29	(30)
Net cash used in investing activities	<u>5,839</u>	<u>(351)</u>
Cash flows from financing activities		
Proceeds from issue of shares	3	5
Net proceeds from issue of subordinated notes	3,639	-
Dividends paid by the Bank	(318)	(475)
Dividends paid by subsidiaries to minority shareholders	(7)	(7)
Net cash used in financing activities	<u>3,317</u>	<u>(477)</u>
Exchange translation adjustment	93	(37)
Net increase in cash and cash equivalents	<u>8,191</u>	<u>6,901</u>
Cash and cash equivalents at beginning of the financial year	<u>29,225</u>	<u>22,323</u>
Cash and cash equivalents at end of the financial year (Note A)	<u><u>37,416</u></u>	<u><u>29,224</u></u>
<u>Note A:</u>		
Cash and cash equivalents		
Cash and balances with central banks	3,330	1,715
Placements and balances with banks and agents	24,687	23,609
Singapore Government treasury bills and securities	8,712	3,224
Other government treasury bills and securities, less non-cash equivalents of \$1,130 million (2000: \$1,441 million)	687	676
	<u><u>37,416</u></u>	<u><u>29,224</u></u>

UOB GROUP
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital \$ million	Share premium \$ million	Non- distributable reserves \$ million	Revenue reserves \$ million	Share of reserves of associates \$ million	Total \$ million
Balance at 1 January 2001	1,052	783	1,821	2,792	520	6,968
Net profit attributable to shareholders	-	-	-	925	-	925
Exchange differences	-	-	93	-	-	93
Transfer to statutory / capital reserves	-	-	220	(220)	-	-
Transfer from revenue reserves due to bonus issue issued by subsidiary	-	-	58	(58)	-	-
Goodwill recovered on disposal of subsidiary	-	-	-	15	-	15
Movements in other reserves of associates	-	-	-	-	18	18
Dividends	-	-	-	(318)	-	(318)
Share premium arising from the issue of shares to option holders who exercised their rights	-	3	-	-	-	3
Shares issued / premium arising from shares issued as part consideration for the acquisition of OUB	519	-	4,431	-	-	4,950
Balance at 31 December 2001	1,571	786	6,623	3,136	538	12,654
Balance at 1 January 2000						
As previously reported	1,052	779	1,840	2,073	446	6,190
Effect of adopting SAS 10 (revised)	-	-	-	357	-	357
As restated	1,052	779	1,840	2,430	446	6,547
Net profit attributable to shareholders	-	-	-	913	-	913
Liquidation of subsidiaries	-	-	(2)	-	-	(2)
Exchange differences	-	-	(37)	-	-	(37)
Transfer to share of reserves of associates upon merger of UOB Securities group and Kay Hian Holdings	-	-	(49)	(9)	58	-
Net capital reserve arising from increase in investments in subsidiaries	-	-	-	1	-	1
Transfer to statutory reserves	-	-	68	(68)	-	-
Movements in other reserves of associates, net of goodwill arising from acquisitions	-	-	-	-	16	16
Dividends	-	-	-	(475)	-	(475)
Share premium arising from the issue of shares to option holders who exercised their rights	-	4	-	-	-	4
Balance at 31 December 2000	1,052	783	1,821	2,792	520	6,968

UOB GROUP
STATEMENT OF RECOGNISED GAINS AND LOSSES

The total gains and losses generated by the Group after taking into account gains and losses (other than transactions with shareholders) that are recognised directly to reserves instead of the income statements are as follows:

	<u>2001</u> \$ million	<u>2000</u> \$ million
Net profit for the financial year attributable to members	925	913
Group's share of reserves of associates	(2)	31
Liquidation of subsidiaries	-	(2)
Exchange differences arising on translation of the financial statements of foreign subsidiaries and branches	93	(37)
Net gain/(loss) not recognised in the Income Statements	91	(8)
Total recognised gains and losses for the financial year	1,015	905