

UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR 2002

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Note: Certain figures in this report 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.

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I) Highlights & Performance Indicators

	2002	2001 [#]	Increase / Decrease (%)
• <u>Key Indicators</u>			
Net Interest Income (NII)	2,169	1,429	+ 51.8
Non-Interest Income	910	795	+ 14.5
Total Income	3,079	2,224	+ 38.4
Total Expenses	1,074	874	+ 22.9
Operating Profit before Goodwill and Provisions (\$'m)	2,005	1,350	+ 48.5
❖ Net Profit After Tax (NPAT) (\$'m)	1,064	925	+ 15.1
NPAT - excluding goodwill (\$'m)	1,260	972	+ 29.6
❖ Income Mix:-			
- Net Interest Income/Total Income (%)	70.4	64.3	+ 6.1 % pt
- Non-Interest Income/Total Income (%)	29.6	35.7	- 6.1 % pt
	100.0	100.0	-
❖ Profit (Before Tax & Goodwill) Contribution:-			
- Onshore (%)	63.7	70.8	- 7.1 % pt
- Offshore including ACU (%)	36.3	29.2	+ 7.1 % pt
	100.0	100.0	-
❖ Return On Average Shareholders' Funds (ROE) (%)	8.3	10.8	- 2.5 % pt
ROE - excluding goodwill (%)	9.8	11.3	- 1.5 % pt
❖ Earnings Per Share (EPS)			
- Basic (¢)	67.7	77.3	- 12.4
- Excluding goodwill (¢)	80.2	81.3	- 1.4
❖ Return on Average Assets (ROA) (%)	0.98	1.16	- 0.18 % pt
ROA - excluding goodwill (%)	1.16	1.22	- 0.06 % pt
❖ NII / Average Interest-bearing Assets (%)	2.26	2.06	+ 0.20 % pt
❖ Expense / Income ratio (%)	34.9	39.3	- 4.4 % pt

[#] Comprised 3 months' profit contribution from OUB Group

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I) Highlights & Performance Indicators

	31-Dec-02	30-Jun-02	31-Dec-01	Dec-02 / Dec-01 (%)	Dec-02 / Jun-02 (%)
• <u>Other Indicators</u>					
❖ Customer Loans (net) (\$'m)	58,884	59,289	60,892	- 3.3	- 0.7
❖ Customer Deposits (\$'m)	67,919	68,079	74,452	- 8.8	- 0.2
❖ Loans / Deposits Ratio (%) [@]	86.7	87.1	81.8	+ 4.9 % pt	- 0.4 % pt
❖ Non-Performing Loans (NPL) (\$'m)	5,679	5,971	5,968	- 4.8	- 4.9
❖ Cumulative Provisions (\$'m)	3,504	3,403	3,334	+ 5.1	+ 3.0
❖ NPL [^] / Gross Customer Loans (%)	9.0	9.5	9.3	- 0.3 % pt	- 0.5 % pt
❖ Cumulative Provisions / NPL (%)	61.7	57.0	55.9	+ 5.8 % pt	+ 4.7 % pt
❖ Total Assets (\$'m)	107,469	109,096	113,888	- 5.6	- 1.5
❖ Shareholders' Funds (\$'m)	12,653	12,768	12,717	- 0.5	- 0.9
❖ Unrealised Surplus from Revaluation (\$'m)*	1,186	1,492	1,398	- 15.2	- 20.5
❖ Net Asset Value (NAV) Per Share (\$)	8.05	8.12	8.09	- 0.5	- 0.9
❖ Revalued NAV Per Share (\$)	8.81	9.07	8.98	- 1.9	- 2.9
❖ Capital Adequacy Ratio (CAR) - BIS (%)	15.3	17.2	18.5	- 3.2 % pt	- 1.9 % pt
❖ Dividend Rates (%)					
■ Interim	15.0	15.0	15.0	-	-
■ Dividend in Specie	18.8	-	-	+ 18.8 % pt	+ 18.8 % pt
■ Final	25.0	NA	25.0	-	NM
❖ Manpower (number)	10,320	10,329	12,142	- 1,822 no.	- 9 no.

[@] 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 debt securities

NA denotes not applicable

NM denotes not meaningful

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II) Review of Financial Performance

With effect from 1 January 2002, the Group has adopted the revised Statement of Accounting Standard (SAS) 12 on Income Taxes. In addition, the financial statements of Archer 1 Limited, a special purpose entity (SPE), has been consolidated in accordance with Interpretation of Statement of Accounting Standard (INT) 5: Consolidation - Special Purpose Entities. The comparatives for 2001 have been restated accordingly.

Merger of Overseas Union Bank into UOB

Overseas Union Bank Limited (OUB) was acquired and became a subsidiary of the Group on 20 September 2001. It was subsequently merged into the Bank on 2 January 2002. Accordingly, the financial statements of the Group for 2002 reflect the full year impact of the enlarged operations whilst those of the Group for 2001 included only the last 3 months' results of the OUB Group. The financial data in this report should therefore be viewed within this context.

Swift Integration of OUB into UOB

On 16 June 2002, the Group successfully completed the integration of the operations and IT systems of OUB into UOB. The consolidation of the two banks was achieved in just eight months instead of the originally estimated 12 to 18 months.

The integration has added considerable distribution strength to our consumer market and brought together a greater diversity of products and services for our customers.

With integration swiftly completed, the Group is on track to achieve cost savings of approximately \$250 million from the consolidation of the 2 banks. On the revenue side, the Group will look to realise revenue synergies from an enlarged customer base.

Group Profits

The Group achieved a profit growth of 15.1% for 2002, with net profit after tax reaching \$1,064 million. The increase was mainly the result of higher net interest income, higher fee and commission income, gains on the divestment of Haw Par Corporation, as well as higher profits from associates. These were partially offset by lower dealing income, higher operating expenses, goodwill amortisation charge, and specific provision for loans.

At operating level, the Group's operating profit before goodwill amortisation and provisions increased by 48.5% over 2001 to \$2,005 million in 2002. This reflects our robust income growth and realised cost savings from integration.

Financial Ratios

- ◆ Earnings per share (excluding goodwill) decreased by 1.4%, from 81.3 cents to 80.2 cents in 2002. The price over earnings per share (P/E) ratio, based on the Bank's last done share price of \$10.50 on 27 February 2003, was 13.1.
- ◆ Return on average shareholders' funds (excluding goodwill), at 9.8%, decreased by 1.5% point from 11.3% in 2001.
- ◆ Net asset value (NAV) per share decreased by \$0.04 or 0.5%, from \$8.09 in 2001 to \$8.05 in 2002.
- ◆ Total dividend, including the dividend in relation to the distribution in specie of shares of Haw Par Corporation, was 58.8% (2001: 40%), representing a dividend cover of 1.5 times (2001: 2.2 times). Excluding the dividend in specie, the dividend of 40% for 2002 was 2.2 times covered by net profit.

UNITED OVERSEAS BANK LIMITED
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II) Review of Financial Performance

AUDITED RESULTS FOR YEAR ENDED 31 DECEMBER 2002

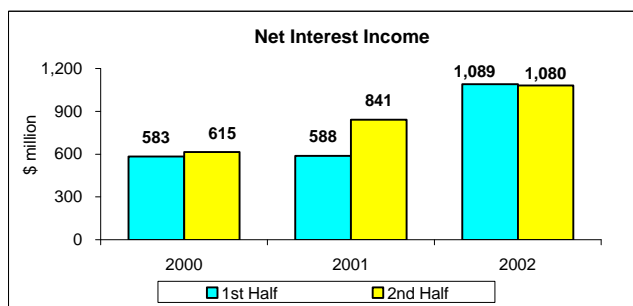
	2002 Full Year \$ million	2001 Full Year \$ million	Increase/ (Decrease) %
Interest income	3,752	3,413	9.9
Less: Interest expense	<u>1,583</u>	<u>1,984</u>	<u>(20.2)</u>
Net interest income	2,169	1,429	51.8
Dividend income	32	34	(5.4)
Fee and commission income	501	355	40.9
Rental income	78	76	3.3
Other operating income	299	330	(9.3)
Total non-interest income	910	795	14.5
Total income	3,079	2,224	38.4
Less: Staff expenses	536	443	21.2
Other operating expenses	538	431	24.7
Total operating expenses	1,074	874	22.9
Operating profit before goodwill amortisation and provisions	2,005	1,350	48.5
Less:			
Goodwill amortisation	196	48	309.1
Provisions	451	165	174.0
Operating profit after goodwill amortisation and provisions	1,358	1,138	19.4
Exceptional item [#]	(48)	(12)	300.6
Share of profit of associates	123	72	71.6
Profit before taxation	1,434	1,198	19.7
Less: Taxation	340	269	26.3
Profit after taxation	1,094	929	17.8
Less: Minority interests	30	4	642.0
Net profit attributable to members	<u>1,064</u>	<u>925</u>	<u>15.1</u>
Expense / Income ratio (%)	34.9	39.3	(4.4)% pt
Earnings per share (¢)			
- Basic	67.7	77.3	(12.4)
- Fully diluted	67.7	77.3	(12.4)

[#] This comprised restructuring and integration costs as a result of the acquisition and merger of OUB.

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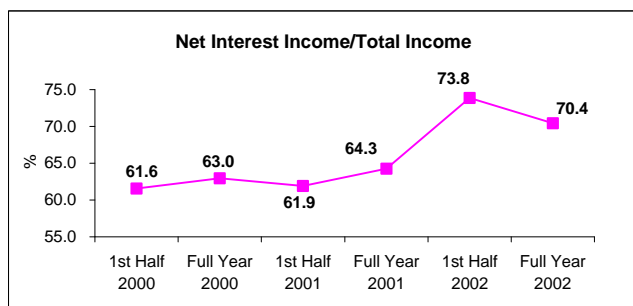
II) Review of Financial Performance

Net Interest Income

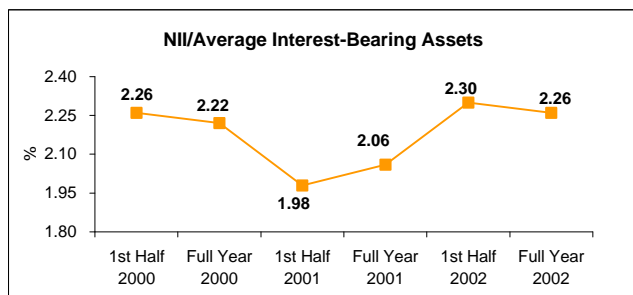


Net interest income for the Group rose 51.8%, from \$1,429 million in 2001 to \$2,169 million in 2002. Net interest income continued to be the major contributor of total income, accounting for about 70.4% (2001: 64.3%) of total income.

The higher net interest income was largely attributable to a larger loan base resulting from the acquisition of OUB, and an improved average interest margin.



The average interest margin increased by 20 basis points, from 2.06% in 2001 to 2.26% in 2002, primarily due to the lower cost of funds.



Group Average Interest Margin

	2002			2001		
	Average Balance #	Average Interest	Average Rate	Average Balance #	Average Interest	Average Rate
	\$ million	\$ million	%	\$ million	\$ million	%
Interest bearing assets	96,180	3,752	3.90	69,471	3,413	4.91
Interest bearing liabilities	92,122	1,583	1.72	66,658	1,984	2.98
Net interest income		<u>2,169</u>			<u>1,429</u>	
Group Average Interest Margin*			<u>2.26</u>			<u>2.06</u>

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

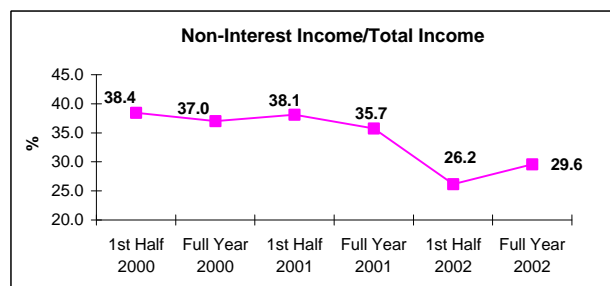
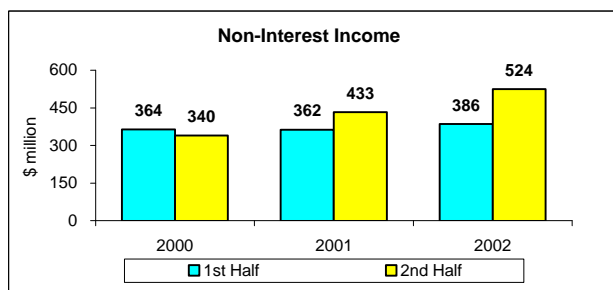
Computed based on monthly average

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II) Review of Financial Performance

Non-Interest Income

The Group's non-interest income for 2002 accounted for 29.6% of total income. Total non-interest income rose by \$115 million or 14.5% to \$910 million in 2002.



The increase in total non-interest income was primarily attributable to higher fee and commission income, as well as higher profits on the sale of investment securities and associates. Included in the profits on the sale of associates was a gain on the divestment of Haw Par Corporation of \$65 million. The higher non-interest income was, however, partially offset by lower dealing income from securities, derivatives and foreign exchange, as well as lower profits on the sale of properties.

Composition of Non-Interest Income

	2002			2001	Increase/ (Decrease) %
	1 st Half	2 nd Half	Full Year	Full Year	
	\$ million	\$ million	\$ million	\$ million	
Fee and commission income					
Credit card	43	53	96	64	50.6
Fund management	39	35	74	53	40.8
Futures broking & Stockbroking	31	18	49	33	48.6
Investment-related	12	17	29	14	109.6
Loan-related	40	47	86	61	41.4
Service charges	20	24	44	35	25.4
Trade-related	49	52	101	80	25.7
Others	13	8	21	15	35.7
	247	253	501	355	40.9
Dividend and rental income	58	52	110	110	0.6
Other operating income	80	219	299	330	(9.3)
Total non-interest income	386	524	910	795	14.5

Other Operating Income

	2002			2001	Increase/ (Decrease) %
	1 st Half	2 nd Half	Full Year	Full Year	
	\$ million	\$ million	\$ million	\$ million	
Gains/(Losses) from:					
- dealing in securities, government treasury bills & securities and derivatives	5	53	58	80	(28.0)
- dealing in foreign exchange	40	42	82	137	(40.0)
Dealing Income	45	95	140	217	(35.6)
- sale of investment securities / associates	6	72	78	16	386.7
- sale of subsidiaries	(0)^	0 *	0 *	(7)	100.0
- sale of properties and other fixed assets	1	10	12	40	(71.2)
- others	28	42	70	63	9.6
Others	35	124	159	113	41.1
Total other operating income	80	219	299	330	(9.3)

* less than \$500,000

^ less than (\$500,000)

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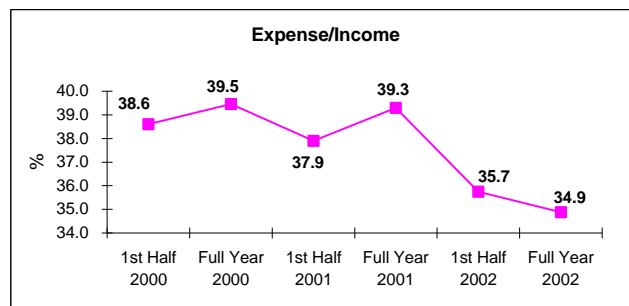
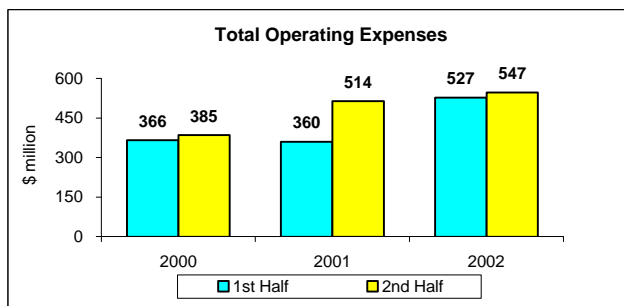
II) Review of Financial Performance

Operating Expenses

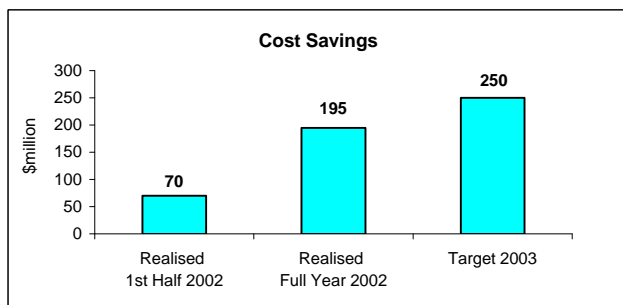
Total operating expenses for 2002 increased by \$200 million or 22.9% over 2001. Both staff expenses and other operating expenses increased in 2002 largely due to the expanded operations resulting from the acquisition and consolidation of OUB into the Group.

Expense to income ratio improved from 39.3% in 2001 to 34.9% in 2002. The improvement reflected the cost savings achieved from the swift integration of OUB into the Group, as well as the continued careful management of expenses by the Group.

	2002			2001	Increase/ (Decrease) %
	1 st Half	2 nd Half	Full Year	Full Year	
	\$ million	\$ million	\$ million	\$ million	
Staff expenses	271	266	536	443	21.2
Other operating expenses	256	281	538	431	24.7
Total operating expenses	527	547	1,074	874	22.9



Cost Savings - Integration



The Group realised cost savings of approximately \$195 million in 2002. With integration swiftly completed, the Group is on track to achieve an annual pre-tax cost savings of approximately \$250 million.

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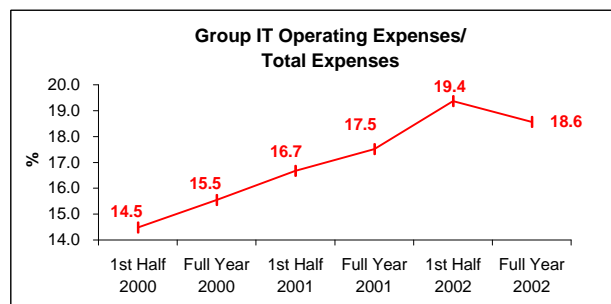
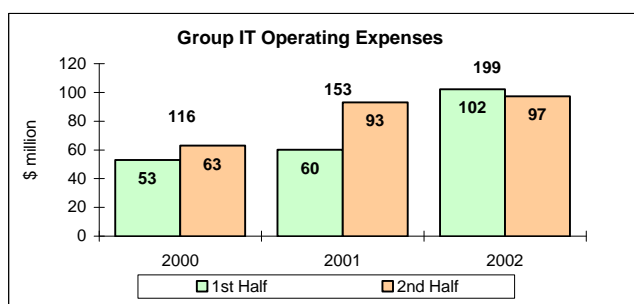
II) Review of Financial Performance

Other Operating Expenses

	2002			2001	Increase/ (Decrease) %
	1 st Half \$ million	2 nd Half \$ million	Full Year \$ million	Full Year \$ million	
Depreciation					
- Land and buildings	13	12	25	21	17.0
- Office equipment, computer, fixtures and other fixed assets	48	41	89	75	19.8
	61	53	115	96	19.2
Rental of premises and equipment	29	21	50	44	14.8
Maintenance of premises and other fixed assets	19	28	46	35	33.2
Other expenses	148	179	327	257	27.3
Total other operating expenses	<u>256</u>	<u>281</u>	<u>538</u>	<u>431</u>	<u>24.7</u>

Other operating expenses were up by \$107 million to \$538 million in 2002, mainly driven by higher depreciation expenses on land and buildings and other fixed assets, higher rental and maintenance costs, higher advertising and promotional expenses, as well as higher commission and brokerage expenses.

IT operating expenses for 2002 increased by \$46 million from 2001 to reach \$199 million, and accounted for 18.6% of total Group expenses.

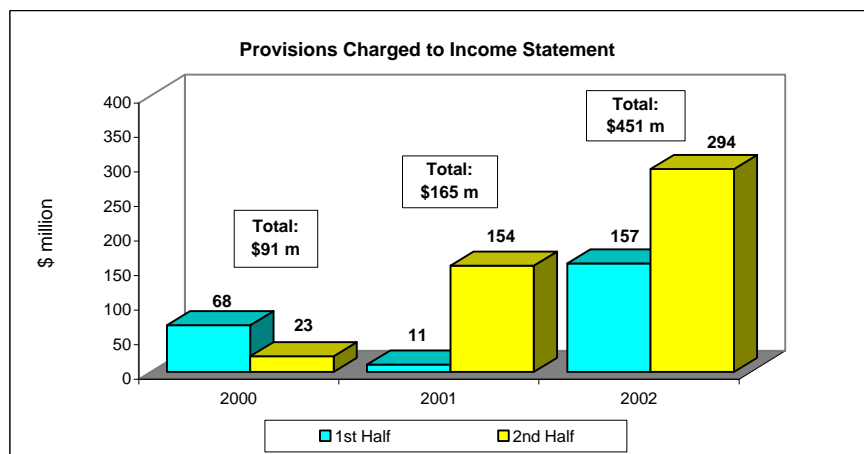


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II) Review of Financial Performance

Provisions Charged to Income Statement

The total provision charge at \$451 million in 2002 was \$286 million higher than in 2001. The increase was dominated by higher specific provisions made on loans that were necessitated by lower collateral value in a lacklustre property market and uncertain economic conditions.



The Group

	2002			2001
	1 st Half	2 nd Half	Full year	Full year
	\$ million	\$ million	\$ million	\$ million
Specific provision for loans	191	231	422	165
General provision for loans	-	-	-	(70)
Specific provision for diminution in value of other assets	(34)	64	30	70
Total provisions	157	294	451	165
<u>Provisions charged by major region:</u>				
Specific provision for loans				
- Five Regional Countries *	25	8	33	(17)
- Greater China **	(35)	(4)	(39)	(20)
- Singapore and other countries	201	227	428	202
	191	231	422	165
General provision for loans				
- Five Regional Countries *	(11)	9	(2)	(74)
- Greater China **	2	(4)	(2)	5
- Singapore and other countries	9	(5)	4	(1)
	-	-	-	(70)
Specific provisions for diminution in value of other assets	(34)	64	30	70
Total provisions	157	294	451	165

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

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

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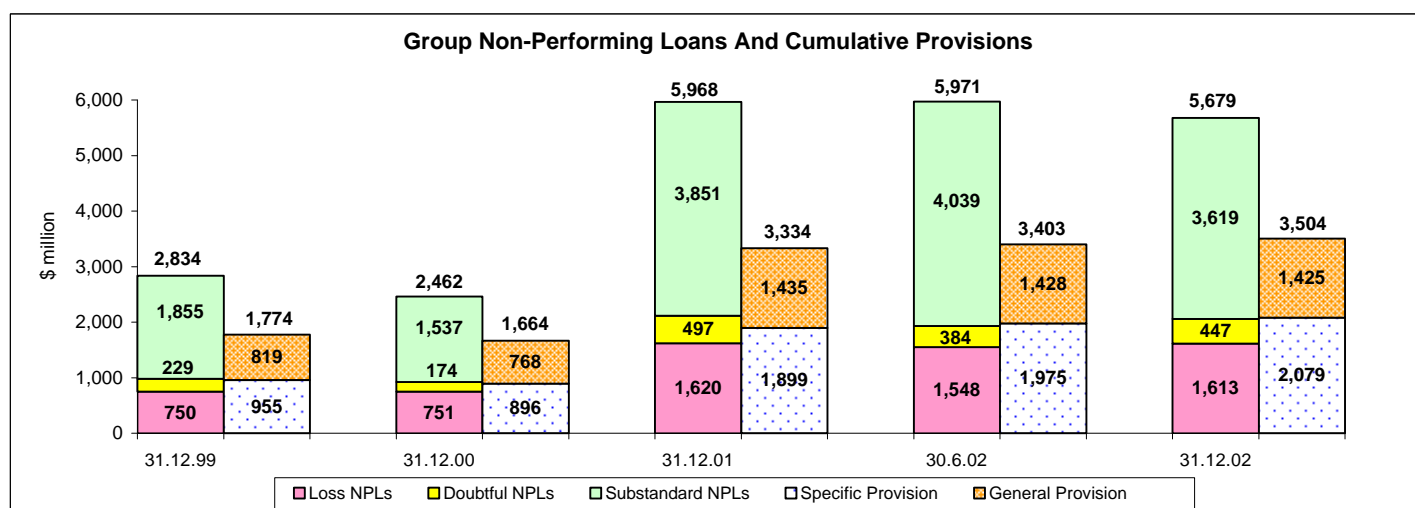
III) Non-Performing Loans And Cumulative Provisions

Group Non-Performing Loans (NPLs) And Cumulative Provisions

Group NPLs fell by 4.8% or \$289 million to \$5,679 million as at 31 December 2002 as compared to \$5,968 million as at 31 December 2001. Greater China and Regional countries were the main contributors to the drop in NPLs. Correspondingly, Group NPLs (excluding debt securities) as a percentage of gross customer loans decreased by 0.3% point from 9.3% as at 31 December 2001 to 9.0% as at 31 December 2002. Of the total Group NPLs of \$5,679 million, \$3,619 million or 63.7% were in the Substandard category. The improvement in the level of NPLs was due mainly to the proactive credit review and cautious stance adopted for the selection of credits by the Group in the face of the global and regional economic uncertainties.

The Group's specific provision increased by \$180 million or 9.5% to \$2,079 million as compared to \$1,899 million as at 31 December 2001. As a result, total cumulative specific and general provisions for the Group increased by 5.1% or \$170 million from \$3,334 million as at 31 December 2001 to \$3,504 million as at 31 December 2002. General provision was \$1,425 million or 40.7% of total cumulative provisions as at 31 December 2002. The total cumulative provisions provided 61.7% cover against Group NPLs. For NPLs classified as Doubtful and Loss, the provision coverage stood at 170.1%.

The Group's comparative NPLs by loan classification and cumulative specific and general provisions were as follows:



	31.12.02	30.6.02	31.12.01	31.12.00	31.12.99
Ratios (%)					
NPLs*/Gross Customer Loans	9.0	9.5	9.3	7.8	9.8
Cumulative Provisions/ NPLs	61.7	57.0	55.9	67.6	62.6
Cumulative Provisions/Doubtful & Loss NPLs	170.1	176.1	157.5	179.9	181.2
Cumulative Provisions/Unsecured NPLs	138.3	132.2	136.6	136.6	145.2
Cumulative Provisions*/Gross Customer Loans	5.5	5.4	5.2	5.2	6.1
General Provision*/Gross Customer Loans (net of Specific Provision*)	2.4	2.4	2.3	2.5	2.9
NPLs/Total Assets	5.3	5.5	5.2	3.7	5.0

* Excluding debt securities

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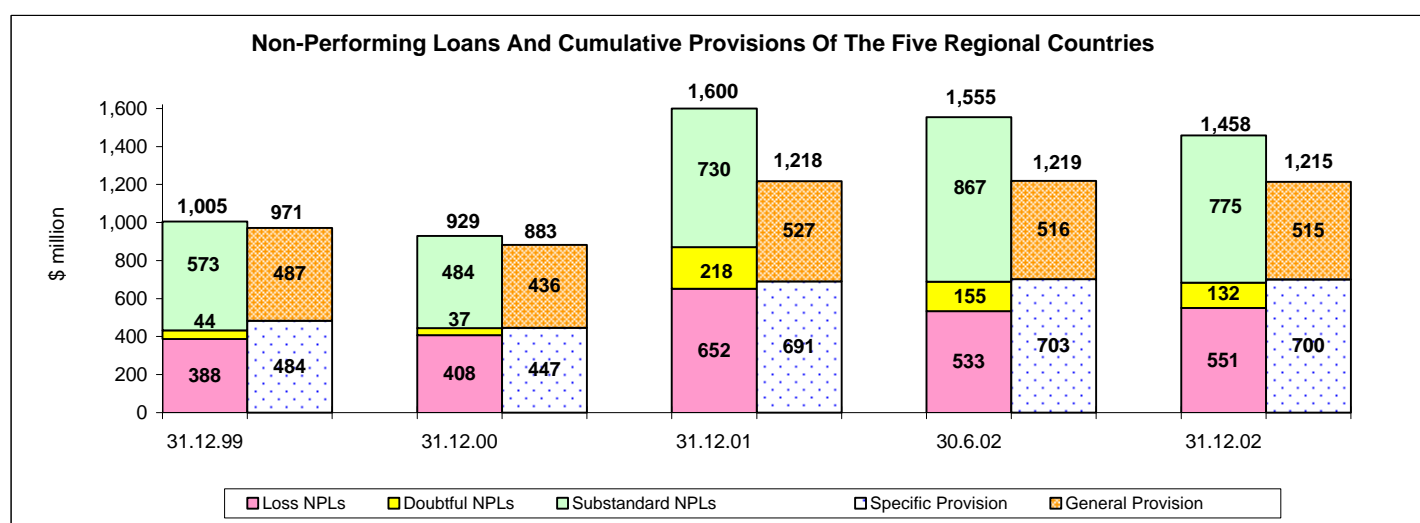
III) Non-Performing Loans And Cumulative Provisions

Group NPLs And Cumulative Provisions Of The Five Regional Countries

NPLs of the Five Regional Countries decreased further to \$1,458 million as at 31 December 2002, from \$1,555 million as at 30 June 2002 and \$1,600 million as at 31 December 2001. NPLs as a percentage of gross exposure to the region, dropped to 8.5%, as compared to 8.9% as at 31 December 2001.

Cumulative specific and general provisions for the Five Regional Countries stood at \$1,215 million as at 31 December 2002. The cumulative provisions represented 83.3% of the total NPLs of the Five Regional Countries and 177.9% of the NPLs of the Five Regional Countries that were classified as Doubtful and Loss.

General provision was \$515 million (31 December 2001: \$527 million) against specific provision of \$700 million (31 December 2001: \$691 million).



Ratios (%)

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

	31.12.02	30.6.02	31.12.01	31.12.00	31.12.99
NPLs*/Gross Customer Loans	17.0	18.4	19.2	22.2	28.9
Cumulative Provisions/NPLs	83.3	78.4	76.1	95.0	96.6
Cumulative Provisions/Doubtful & Loss NPLs	177.9	177.2	140.0	198.4	224.8
Cumulative Provisions*/Gross Customer Loans	14.1	14.4	14.7	21.1	28.0
General Provision*/Gross Customer Loans (net of Specific Provision*)	6.6	6.7	7.0	11.7	16.3
NPLs/Gross exposure to the Five Regional Countries	8.5	8.8	8.9	9.1	10.0

* Excluding debt securities

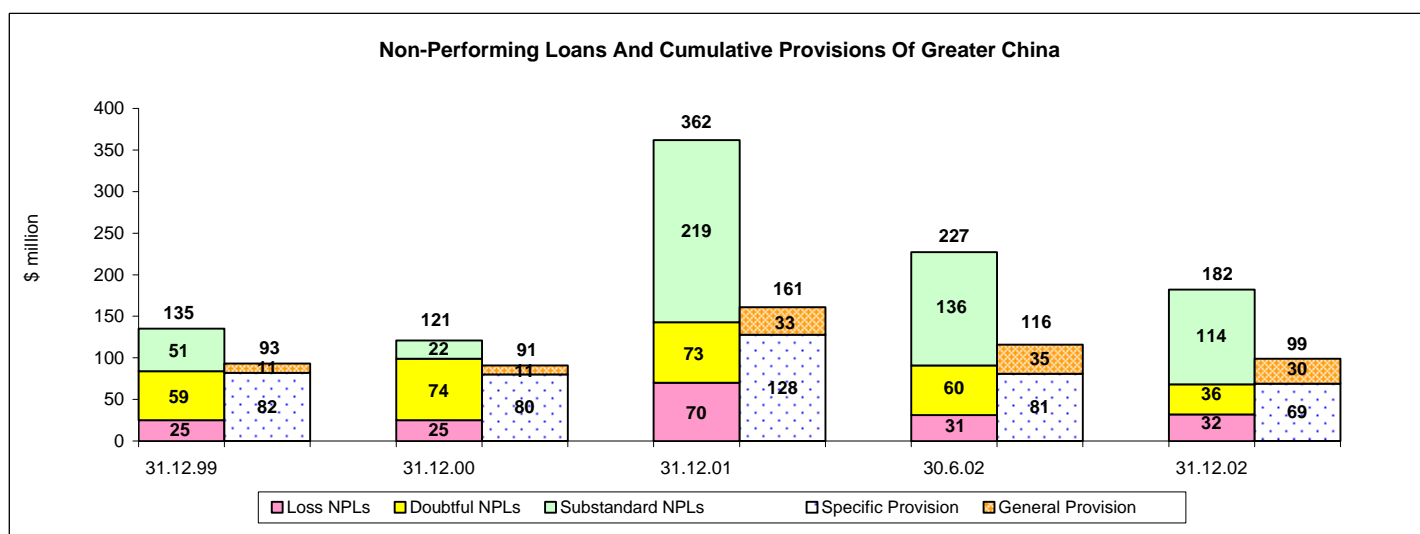
UNITED OVERSEAS BANK LIMITED
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III) Non-Performing Loans And Cumulative Provisions

Group NPLs And Cumulative Provisions Of Greater China

As at 31 December 2002, Group NPLs of Greater China fell by 49.7% or \$180 million to \$182 million from \$362 million as at 31 December 2001. Correspondingly, NPLs as a percentage of gross exposure to Greater China dropped to 2.4% as compared to 5.7% as at 31 December 2001.

In line with the lower NPLs, the Group cumulative specific and general provisions for Greater China decreased to \$99 million as at 31 December 2002. The NPLs of Greater China were 54.4% covered by cumulative provisions. NPLs classified as Doubtful and Loss were 145.6% covered by cumulative provisions.



Ratios (%)

NPLs*/Gross Customer Loans
 Cumulative Provisions/NPLs
 Cumulative Provisions/Doubtful & Loss NPLs
 Cumulative Provisions*/Gross Customer Loans
 General Provision*/Gross Customer Loans (net of Specific Provision*)
 NPLs/Gross Greater China Exposure

31.12.02	30.6.02	31.12.01	31.12.00	31.12.99
7.3	8.1	12.4	11.5	15.2
54.4	51.1	44.5	75.2	68.9
145.6	127.5	112.6	91.9	110.7
4.0	4.1	5.5	8.6	10.5
1.2	1.3	1.2	1.1	1.4
2.4	3.1	5.7	4.5	6.8

* Excluding debt securities

UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR 2002

III) Non-Performing Loans And Cumulative Provisions

Group NPLs By Region

The 4.8% drop in Group NPLs was primarily due to the lower NPLs of Greater China and of the Five Regional Countries. Singapore and the Five Regional Countries accounted for 69.3% and 25.7% of the Group NPLs respectively.

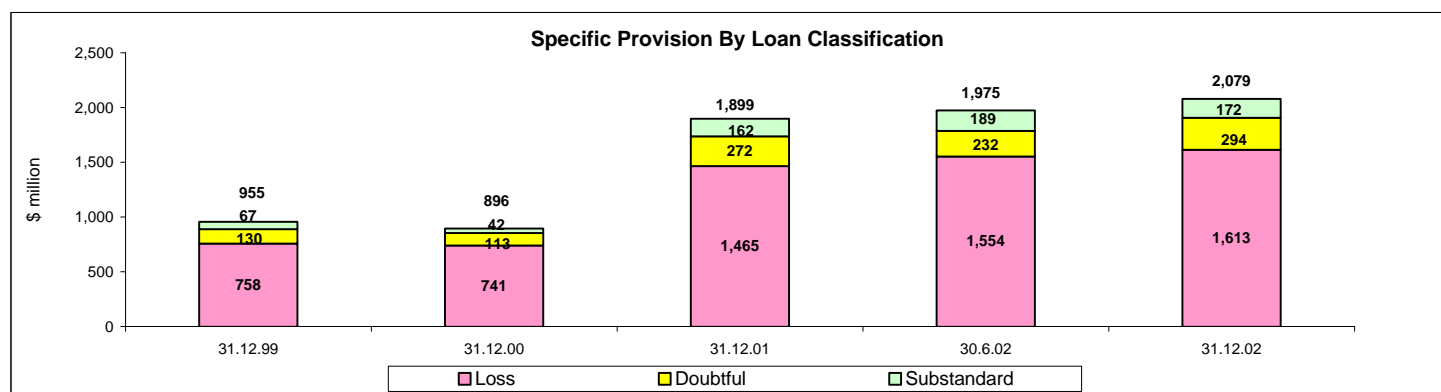
	31.12.02	30.6.02	31.12.01	\$ million 31.12.00
Singapore	3,935	4,017	3,819	1,354
Malaysia	943	984	1,028	528
Indonesia	156	169	169	119
Philippines	208	235	242	181
Thailand	144	159	151	101
South Korea	7	8	10	-
Five Regional Countries	1,458	1,555	1,600	929
Greater China	182	227	362	121
Others	104	172	187	58
Group Total	5,679	5,971	5,968	2,462

Group NPLs By Industry

	31.12.02		30.6.02		31.12.01		31.12.00	
	Amount \$ million	As % of Gross Customer Loans	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	124	6.0	99	4.9	99	4.3	66	9.3
Building and construction	843	9.2	1,108	11.5	1,163	12.0	243	6.8
Manufacturing	874	16.2	906	16.3	895	16.8	312	10.5
Non-bank financial institutions	1,029	9.5	1,076	9.8	1,022	9.5	447	9.0
General commerce	769	12.4	761	12.1	825	13.1	569	14.8
Professionals and private individuals	1,014	10.9	1,006	11.0	939	9.9	408	9.7
Housing loans	668	4.8	588	4.3	556	4.2	272	3.6
Others	294	5.3	404	7.6	445	6.4	145	3.8
Sub-total	5,615	9.0	5,948	9.5	5,944	9.3	2,462	7.8
Debt securities	64		23		24		-	
Total	5,679		5,971		5,968		2,462	

Group Specific Provision By Loan Classification

About 77.6% 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 2002

III) Non-Performing Loans And Cumulative Provisions

Group Specific Provision By Region

The Group's specific provision was \$2,079 million as at 31 December 2002. Singapore and the Five Regional Countries accounted for 61.1% and 33.7% respectively of the Group's total specific provision.

	31.12.02	30.6.02	31.12.01	31.12.00
				\$ million
Singapore	1,271	1,153	1,037	353
Malaysia	428	427	439	242
Indonesia	111	117	88	87
Philippines	72	70	72	55
Thailand	87	87	88	63
South Korea	2	2	4	-
Five Regional Countries	700	703	691	447
Greater China	69	81	128	80
Others	39	38	43	16
Specific provision for the Group	2,079	1,975	1,899	896
General provision for the Group	1,425	1,428	1,435	768
Total	3,504	3,403	3,334	1,664

Group Specific Provision By Industry

	31.12.02	30.6.02	31.12.01	31.12.00
				\$ million
Transport, storage and communication	35	27	28	29
Building and construction	369	353	336	104
Manufacturing	398	371	370	160
Non-bank financial institutions	309	317	308	145
General commerce	309	296	305	245
Professionals and private individuals	329	329	296	151
Housing loans	143	108	80	23
Others	138	151	161	39
Sub-total	2,030	1,952	1,884	896
Debt securities	49	23	15	-
Total	2,079	1,975	1,899	896

Restructured Loans

Loans that were restructured during the periods were as follows:

	Full Year 2002		First Half 2002		Full Year 2001		Full Year 2000	
	Amount	Specific Provision	Amount	Specific Provision	Amount	Specific Provision	Amount	Specific Provision
Substandard	292	9	63	2	176	8	17	1
Doubtful	29	13	10	5	115	42	0	0
Loss	37	36	16	16	65	57	4	4
Total	358	58	89	23	356	107	21	5

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>	31.12.02		30.6.02		31.12.01		31.12.00	
	Amount \$ million	% Of Total NPLs	Amount \$ million	% Of Total NPLs	Amount \$ million	% Of Total NPLs	Amount \$ million	% Of Total NPLs
Current	774	13.6	618	10.3	925	15.5	177	7.2
≤ 90	473	8.3	505	8.5	874	14.6	280	11.4
91 to 180	789	13.9	774	13.0	547	9.2	220	8.9
≥ 181	3,643	64.2	4,074	68.2	3,622	60.7	1,785	72.5
Total	5,679	100.0	5,971	100.0	5,968	100.0	2,462	100.0

UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR 2002

III) Non-Performing Loans And Cumulative Provisions

Collateral

The majority of the 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 such as listed stocks and shares, cash and deposits, and bankers' standby letters of credit (SBLCs).

As at 31 December 2002, 55.4% of the total Group's NPLs was secured by collateral as compared to 59.1% as at 31 December 2001.

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

	\$ million				
	Properties	Marketable Securities	Cash And Deposits	Others	Total
31.12.02					
Singapore	2,067	86	36	135	2,324
Five Regional Countries	569	102	2	43	716
Greater China	61	2	-	-	63
Others	43	-	-	-	43
Total	2,740	190	38	178	3,146

	\$ million				
	Properties	Marketable Securities	Cash And Deposits	Others	Total
30.6.02					
Singapore	2,232	105	19	105	2,461
Five Regional Countries	621	84	3	51	759
Greater China	68	5	1	-	74
Others	102	-	-	-	102
Total	3,023	194	23	156	3,396

	\$ million				
	Properties	Marketable Securities	Cash And Deposits	Others	Total
31.12.01					
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

	\$ million				
	Properties	Marketable Securities	Cash And Deposits	Others	Total
31.12.00					
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

	31.12.02		30.6.02		31.12.01		31.12.00	
	Amount \$ million	% Of Total NPLs	Amount \$ million	% Of Total NPLs	Amount \$ million	% Of Total NPLs	Amount \$ million	% Of Total NPLs
NPLs								
Secured	3,146	55.4	3,396	56.9	3,528	59.1	1,244	50.5
Unsecured	2,533	44.6	2,575	43.1	2,440	40.9	1,218	49.5
Total Group NPLs	5,679	100.0	5,971	100.0	5,968	100.0	2,462	100.0

UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR 2002

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 issue of credit and debit cards, loans and mortgages, deposit services and investment advisory services. Private banking offers wealth management services for high networth individuals.

Our substantial customer base expanded further and this business performed strongly in 2002. Net profit before tax grew by 9%, reflecting improved contributions from credit cards and higher net interest income from an enlarged loans portfolio. Loans and advances to individual customers grew by approximately 2% to \$23 billion.

Institutional Banking

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

In 2002, these businesses together recorded a good growth of 35% in net earnings before tax, driven by higher interest income earned from loans and advances and increased contributions from capital market activities.

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.

Net profit before tax rose by 30% to a record \$347 million, reflecting a broad-based improvement in performance in our key lines of business and the effectiveness of cost-saving measures. We benefited substantially from the favourable global interest rate environment, high value-added securitisation activities like product structuring, and cross-marketing initiatives to customers.

Investment Banking

Investment Banking comprises our asset management, venture capital management, insurance and proprietary investment activities. Against a lacklustre global equities market, higher provisions were made for a diminution in the value of our investments in 2002. This impacted the profitability of our investment banking businesses as a whole. Consequently, net profit before tax was 55% lower than in 2001.

Others

Other operations of the Group include property-related activities, stockbroking and the divestment of non-core assets. The higher net profit before tax for 2002 was primarily due to gains on the divestment of non-core assets.

UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR 2002

IV) Segmental Analysis

Business Segments

31 December 2002

	Individual Banking	Institutional Banking	Global Treasury	Investment Banking	Others	\$ million Total
Income before operating expenses	980	1,237	452	98	312	3,079
Total operating expenses	415	292	136	59	30	931
Provisions	151	303	(30)	22	5	451
Segment profit before taxation	414	642	347	17	277	1,696
Unallocated corporate expenses						(142)
						1,554
Goodwill amortisation						(196)
Operating profit after goodwill amortisation and provisions						1,358
Exceptional item						(48)
Share of profits of associates						123
Profit before taxation and minority interests						1,434
Taxation and minority interests						(369)
Net profit for the financial year						1,064
Other information:						
Segment assets	21,640	39,003	37,600	2,643	1,547	102,432
Investment in associates						1,274
Goodwill						3,666
Unallocated assets						97
Total assets						107,469
Gross customer loans	23,176	39,162	-	-	-	62,339
Non-performing loans * ("NPLs")	1,682	3,934	-	-	-	5,615
Specific provisions & IIS for NPLs *	471	1,559	-	-	-	2,030
Dealing securities (Gross)						
Debt securities	-	-	250	461	-	712
Equity securities	-	-	3	113	-	116
Non-dealing securities (Gross)						
Debt securities	-	723	9,984	1,486	-	12,193
Equity securities	-	-	10	1,270	-	1,280
Segment liabilities	40,175	29,795	21,896	87	23	91,975
Debts issued						
- Asset Backed Commercial Papers	-	-	852	-	-	852
- Subordinated Notes						1,294
Provisions for current and deferred taxation						473
Unallocated liabilities						72
Total liabilities						94,667
Capital Expenditure	26	31	9	1	208	274
Depreciation	18	20	5	1	70	115

* Exclude debt securities

UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR 2002

IV) Segmental Analysis

Business Segments

31 December 2001

	Individual Banking	Institutional Banking	Global Treasury	Investment Banking	Others	Total	\$ million
Income before operating expenses	717	846	415	85	161	2,224	
Total operating expenses	313	262	114	49	39	778	
Provisions	23	109	34	(1)	1	165	
Segment profit before taxation	381	476	267	37	121	1,281	
Unallocated corporate expenses						(96)	
						1,185	
Goodwill amortisation						(48)	
Operating profit after goodwill amortisation and provisions						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	38,948	3,126	1,035	108,241	
Investment in associates						1,781	
Goodwill						3,777	
Unallocated assets						89	
Total assets						113,888	
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	-	925	
Equity securities	-	-	6	197	-	203	
Non-dealing securities (Gross)							
Debt securities	-	1,130	10,164	1,179	-	12,474	
Equity securities	-	-	12	1,202	-	1,214	
Segment liabilities	39,695	37,355	18,911	68	25	96,054	
Debts issued							
- Asset Backed Commercial Papers	-	-	518	-	-	518	
- Subordinated Notes						3,639	
Provisions for current and deferred taxation						499	
Unallocated liabilities						63	
Total liabilities						100,773	
Capital Expenditure	20	27	6	2	58	112	
Depreciation	17	26	3	1	48	96	

* Exclude debt securities

UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR 2002

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.

Full Year 2002

\$ million

	Income before operating expenses	Distribution (%)	Profit before tax	Distribution (%)	Total assets	Distribution (%)
Singapore (including Asian Currency Units)	2,330	75.7	1,265	77.6	77,286	74.4
Other ASEAN countries	482	15.6	205	12.6	12,477	12.0
Other Asia Pacific countries	188	6.1	112	6.9	8,365	8.1
Rest of the world	79	2.6	47	2.9	5,675	5.5
	3,079	100.0	1,629	100.0	103,803	100.0
Goodwill	-		(196)		3,666	
	3,079		1,434		107,469	

First Half 2002

\$ million

	Income before operating expenses	Distribution (%)	Profit before tax	Distribution (%)	Total assets	Distribution (%)
Singapore (including Asian Currency Units)	1,123	76.2	723	83.5	80,746	76.6
Other ASEAN countries	219	14.8	73	8.5	13,179	12.5
Other Asia Pacific countries	94	6.4	48	5.5	7,415	7.0
Rest of the world	38	2.6	22	2.5	4,075	3.9
	1,475	100.0	866	100.0	105,415	100.0
Goodwill	-		(93)		3,681	
	1,475		773		109,096	

Full Year 2001

\$ million

	Income before operating expenses	Distribution (%)	Profit before tax	Distribution (%)	Total assets	Distribution (%)
Singapore (including Asian Currency Units)	1,725	77.6	1,101	88.4	83,042	75.4
Other ASEAN countries	328	14.8	83	6.7	13,597	12.4
Other Asia Pacific countries	116	5.2	36	2.8	8,136	7.4
Rest of the world	54	2.4	26	2.1	5,336	4.8
	2,224	100.0	1,245	100.0	110,111	100.0
Goodwill	-		(48)		3,777	
	2,224		1,198		113,888	

UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR 2002

V) Overview Of Balance Sheet

Total Assets

The Group's total assets as at 31 December 2002 were \$107,469 million, a decrease of \$6,419 million or 5.6% since 31 December 2001. The fall was largely due to lower inter-bank balances and muted loan demand.

Assets Mix

	<u>31.12.2002</u>		<u>30.6.2002</u>		<u>31.12.2001</u>	
	\$ million	%	\$ million	%	\$ million	%
Cash and balances						
with central banks	4,213	3.9	3,877	3.6	3,330	2.9
Securities*	14,159	13.2	13,317	12.2	14,641	12.9
Inter-bank balances	19,426	18.1	22,066	20.2	24,746	21.7
Customer loans	58,884	54.8	59,289	54.3	60,892	53.5
Other assets	7,120	6.6	6,866	6.3	6,503	5.7
Goodwill	3,666	3.4	3,681	3.4	3,777	3.3
Total assets	107,469	100.0	109,096	100.0	113,888	100.0

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

Securities

Total Group securities fell by \$482 million or 3.3% to \$14,159 million as at 31 December 2002, compared with \$14,641 million as at 31 December 2001. The decrease arose primarily from reduced holdings in government treasury bills and securities.

<u>Total Securities</u>	<u>31.12.2002</u>	<u>30.6.2002</u>	<u>31.12.2001</u>
	\$ million	\$ million	\$ million
Cost			
Dealing	828	1,381	1,129
Non-dealing	13,473	12,048	13,687
	14,301	13,429	14,816
Less : Provision for diminution in value	(142)	(112)	(175)
Net Book Value	14,159	13,317	14,641

<u>Securities Analyzed By Issuer Type</u>	<u>31.12.2002</u>		<u>30.6.2002</u>		<u>31.12.2001</u>	
	\$ million	%	\$ million	%	\$ million	%
Government	9,594	67.1	8,984	66.9	10,561	71.2
Public sector	8	0.1	9	0.1	52	0.4
Bank	652	4.6	762	5.7	915	6.2
Corporate	3,564	24.9	3,390	25.2	3,162	21.3
Others	483	3.3	284	2.1	126	0.9
Total	14,301	100.0	13,429	100.0	14,816	100.0

<u>Securities Analysed By Industry</u>	<u>31.12.2002</u>		<u>30.6.2002</u>		<u>31.12.2001</u>	
	\$ million	%	\$ million	%	\$ million	%
Transport, storage and communication	559	4.2	394	3.3	508	3.7
Building and construction	321	2.4	273	2.3	348	2.6
Manufacturing	606	4.5	284	2.4	224	1.6
Financial institutions	1,537	11.4	1,271	10.4	1,357	9.9
General commerce	72	0.5	67	0.6	90	0.7
Government	9,416	69.9	8,876	73.7	10,173	74.3
Others	962	7.1	883	7.3	987	7.2
Non-dealing	13,473	100.0	12,048	100.0	13,687	100.0
Dealing	828		1,381		1,129	
Total securities	14,301		13,429		14,816	

UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR 2002

V) Overview Of Balance Sheet

Customer Loans

The Group's net loans and advances to customers as at 31 December 2002 were \$2,008 million or 3.3% lower than as at 31 December 2001. This resulted mainly from a decrease in the term loans and overdraft portfolios which was partially offset by an increase in the housing loans portfolio.

<u>Customer Loans By Type</u>	<u>31.12.2002</u>	<u>30.6.2002</u>	<u>31.12.2001</u>
	\$ million	\$ million	\$ million
Housing loans	13,841	13,603	13,298
Term loans	35,253	35,676	36,940
Trade financing	2,915	2,756	2,825
Overdrafts	10,330	10,634	11,148
Total gross customer loans	<u>62,339</u>	<u>62,669</u>	<u>64,211</u>
Less: General provision	(1,425)	(1,428)	(1,435)
Specific provision and Interest-in-suspense	(2,030)	(1,952)	(1,884)
Net customer loans	<u>58,884</u>	<u>59,289</u>	<u>60,892</u>

<u>Gross Customer Loans Analysed By Industry</u>	<u>31.12.2002</u>		<u>30.6.2002</u>		<u>31.12.2001</u>	
	\$ million	%	\$ million	%	\$ million	%
Transport, storage and communication	2,058	3.3	2,013	3.2	2,313	3.6
Building and construction	9,148	14.7	9,673	15.4	9,722	15.1
Manufacturing	5,392	8.6	5,575	8.9	5,338	8.3
Non-bank financial institutions	10,809	17.3	10,998	17.6	10,765	16.8
General commerce	6,200	10.0	6,298	10.1	6,296	9.8
Professionals and private individuals	9,335	15.0	9,167	14.6	9,500	14.8
Housing loans	13,841	22.2	13,603	21.7	13,298	20.7
Others	5,556	8.9	5,342	8.5	6,979	10.9
Total	<u>62,339</u>	<u>100.0</u>	<u>62,669</u>	<u>100.0</u>	<u>64,211</u>	<u>100.0</u>

<u>Gross Customer Loans Analysed By Currency and Fixed/ Variable Rates</u>	<u>31.12.2002</u>	<u>30.6.2002</u>	<u>31.12.2001</u>
	\$ million	\$ million	\$ million
<u>Fixed Rate</u>			
Singapore Dollars	13,724	13,054	12,584
US Dollars	747	484	1,538
Malaysian Ringgit	166	139	79
Hong Kong Dollars	40	44	20
Thai Baht	534	488	573
Others	1,059	920	582
Sub-total	<u>16,270</u>	<u>15,129</u>	<u>15,376</u>
<u>Variable Rate</u>			
Singapore Dollars	27,645	28,547	29,149
US Dollars	7,391	8,095	7,902
Malaysian Ringgit	5,762	5,759	6,167
Hong Kong Dollars	1,426	1,501	1,726
Thai Baht	501	486	294
Others	3,344	3,152	3,597
Sub-total	<u>46,069</u>	<u>47,540</u>	<u>48,835</u>
Total	<u>62,339</u>	<u>62,669</u>	<u>64,211</u>

UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR 2002

V) Overview Of Balance Sheet

Customer Loans (cont'd)

<u>Gross Customer Loans Analysed By Remaining Maturity</u>	<u>31.12.2002</u>		<u>30.6.2002</u>		<u>31.12.2001</u>	
	<u>\$ million</u>	<u>%</u>	<u>\$ million</u>	<u>%</u>	<u>\$ million</u>	<u>%</u>
Within 1 year	29,394	47.2	30,133	48.1	27,723	43.2
Over 1 year but within 3 years	10,045	16.1	9,468	15.1	10,412	16.2
Over 3 years but within 5 years	6,627	10.6	7,056	11.3	7,303	11.4
Over 5 years	16,273	26.1	16,012	25.5	18,773	29.2
Total	62,339	100.0	62,669	100.0	64,211	100.0

Deposits

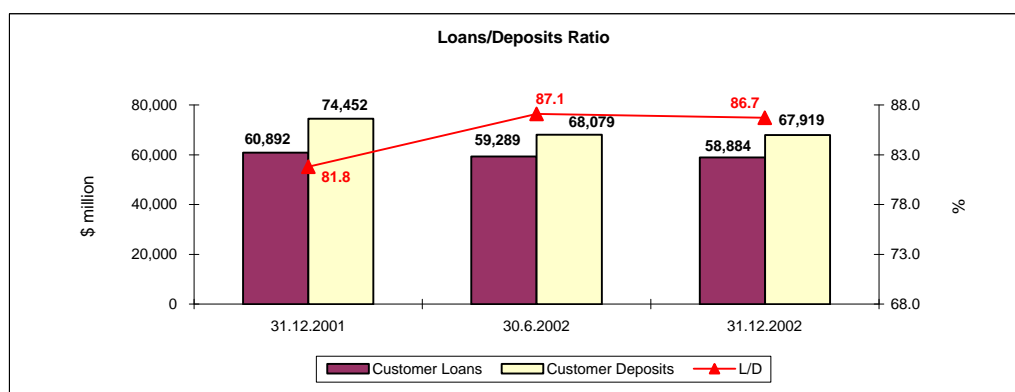
Total Group deposits fell by 5.8%, from \$92,545 million as at 31 December 2001 to \$87,221 million as at 31 December 2002, due mainly to lower customer fixed deposits. Customer deposits accounted for 77.9% of total Group deposits.

<u>Deposits By Type</u>	<u>31.12.2002</u>		<u>30.6.2002</u>		<u>31.12.2001</u>	
	<u>\$ million</u>	<u>%</u>	<u>\$ million</u>	<u>%</u>	<u>\$ million</u>	<u>%</u>
Bankers' deposits	19,302	22.1	19,871	22.6	18,094	19.6
Customer deposits						
Fixed deposits	47,287	54.2	47,899	54.5	54,419	58.8
Savings and others	20,632	23.7	20,180	22.9	20,033	21.6
	67,919	77.9	68,079	77.4	74,452	80.4
Total deposits	87,221	100.0	87,951	100.0	92,545	100.0

<u>Total Deposits Analysed By Remaining Maturity</u>	<u>31.12.2002</u>		<u>30.6.2002</u>		<u>31.12.2001</u>	
	<u>\$ million</u>	<u>%</u>	<u>\$ million</u>	<u>%</u>	<u>\$ million</u>	<u>%</u>
Within 1 year	86,324	99.0	87,177	99.1	92,008	99.4
Over 1 year but within 3 years	743	0.8	624	0.7	376	0.4
Over 3 years but within 5 years	80	0.1	1	0.0	20	0.0
Over 5 years	74	0.1	149	0.2	141	0.2
Total	87,221	100.0	87,951	100.0	92,545	100.0

Loans/Deposits Ratio

With the 8.8% decrease in customer deposits outpacing the 3.3% decrease in net customer loans, the customer loans-to-deposits ratio increased by 4.9% points from 81.8% as at 31 December 2001 to 86.7% as at 31 December 2002.



UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR 2002

V) Overview Of Balance Sheet

Goodwill

	31.12.2002	31.12.2001
	\$ million	\$ million
Balance at 1 January	3,777	-
Goodwill arising from the acquisition of OUB	-	3,824
Goodwill arising from the acquisition of additional shares in subsidiaries	110	-
Negative goodwill arising from the acquisition of additional shares in a subsidiary	(26)	-
	3,862	3,824
Amortisation during the financial year	(196)	(48)
Balance at 31 December	3,666	3,777

Debts issued

	31.12.2002	31.12.2001
	\$ million	\$ million
<u>Subordinated notes</u>		
S\$ 4.95% Subordinated Notes due 2016 Callable with Step-up in 2011 ("S\$ Notes")	1,300	1,300
US\$ Subordinated Floating Rate Notes due 2011 Callable in 2002 ("US\$ Notes")	-	2,347
	1,300	3,647
Unamortised expenses incurred in connection with the issue of the subordinated notes	(6)	(8)
	1,294	3,639
<u>Asset Backed Commercial Papers (ABCPs)</u>		
S\$ ABCPs	642	501
US\$ ABCPs	211	18
	852	518
	2,147	4,157

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

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

The US\$ Notes were issued at par on 19 September 2001 and were fully redeemed on 26 March 2002 and 19 September 2002. Interest was payable quarterly at the three-month US\$ LIBOR plus 2.28% per annum.

The S\$ Notes and US\$ Notes are unsecured.

- (b) The ABCPs were issued in relation to a \$1 billion ABCP programme carried out by Archer 1 Limited, a special purpose entity (SPE). The ABCPs have maturity of less than 1 year, and are secured by a first floating charge in favour of the trustees, Bermuda Trust (Singapore) Limited, on all assets of the SPE. These assets have been included in the assets of the Group.

Interest rates of the S\$ ABCPs and US\$ ABCPs range from 1.5% to 1.9% (2001: 1.6% to 2.7%) per annum and 2.1% to 2.45% (2001: 2.5% to 2.69%) per annum respectively.

The holders of the ABCPs are entitled to receive payment comprising both the principal and interest as contracted in the ABCPs but only to the extent that there are available resources in the SPE to meet those payments. The holders of the ABCPs have no recourse to the Group.

The SPE intends to issue new ABCPs upon the maturity of outstanding ABCPs for as long as the SPE intends to carry on its principal activity of investment holding.

UNITED OVERSEAS BANK LIMITED

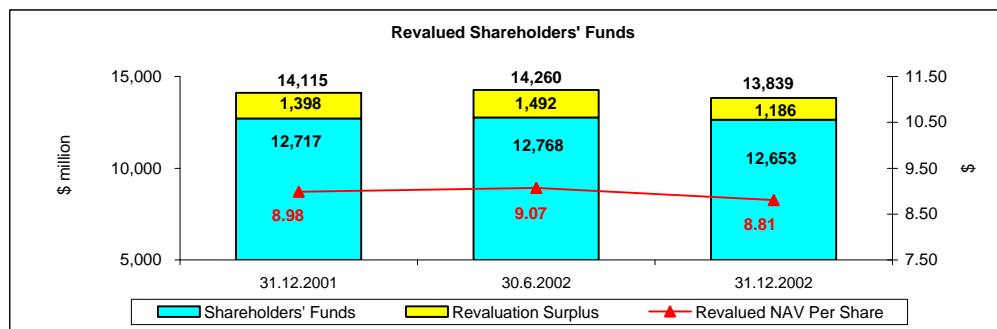
GROUP FINANCIAL PERFORMANCE FOR 2002

V) Overview Of Balance Sheet

Shareholders' Funds

Group shareholders' funds stood at \$12,653 million as at 31 December 2002 as compared to \$12,717 million as at 31 December 2001.

Unrealised revaluation surpluses in properties and long-term investments**, amounting to \$1,186 million as at 31 December 2002, were not incorporated into the Group's accounts.



	<u>31.12.2002</u> \$ million	<u>30.6.2002</u> \$ million	<u>31.12.2001</u> \$ million
Shareholders' Funds per book	12,653	12,768	12,717
Add: Surplus on Revaluation (<i>Not incorporated in the accounts</i>)	1,186	1,492	1,398
Shareholders' Funds including Revaluation Surplus	13,839	14,260	14,115
<u>NAV Per Share (in \$)</u>			
- NAV per book	8.05	8.12	8.09
- Revaluation Surplus	0.76	0.95	0.89
Total Revalued NAV	8.81	9.07	8.98

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

UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR 2002

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. The Group's capital management policy is to maintain a strong capital position to support the growth of the Group, both organically and through acquisitions. As at 31 December 2002, the Group maintained a strong Total Capital ratio of 15.3%, which is almost twice the minimum of 8% set by the Bank for International Settlement (BIS), and above the minimum of 12% required by the Monetary Authority of Singapore.

The Total Capital ratio fell from 18.5% to 15.3%, mainly as a result of the redemption of US \$ subordinated floating rate notes during the year.

	<u>31.12.2002</u>	<u>31.12.2001</u>
	\$ million	\$ million
Capital		
Tier 1 - Core Capital		
Share capital	1,572	1,571
Disclosed reserves	10,956	10,765
Minority interests	150	399
Less: Goodwill	<u>(3,684)</u>	<u>(3,777)</u>
	<u>8,994</u>	<u>8,958</u>
Tier 2 - Supplementary Capital		
Revaluation reserves on investments and properties ⁽¹⁾	349	671
General loan loss reserves ⁽²⁾	920	949
Subordinated notes	<u>1,294</u>	<u>3,638</u>
	<u>2,563</u>	<u>5,258</u>
Less: Deductions against Capital ⁽³⁾	(337)	(161)
Total Capital	<u><u>11,220</u></u>	<u><u>14,055</u></u>
Risk-Weighted Assets		
Total risk-weighted assets including market risk	<u><u>73,574</u></u>	<u><u>75,897</u></u>
Capital Adequacy Ratios		
Tier 1	12.2%	11.8%
Total Capital	15.3%	18.5%

⁽¹⁾ After discount of 55% in accordance with BIS guidelines

⁽²⁾ Excludes specific and earmarked provisions

⁽³⁾ Includes capital deductions for certain investments

UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR 2002

VII) Country of Operation Exposure

The Group's total direct exposure to the countries (outside Singapore) in which it has a presence mounted to \$29.1 billion as at 31 December 2002, or 27.0% of Group total assets. Exposure (excluding contingent) reported is segregated by loans and advances to customers, balances due from banks incorporated in the country, investments and balances due from the government.

Exposure to the Five Regional Countries, Greater China and Others

\$ million

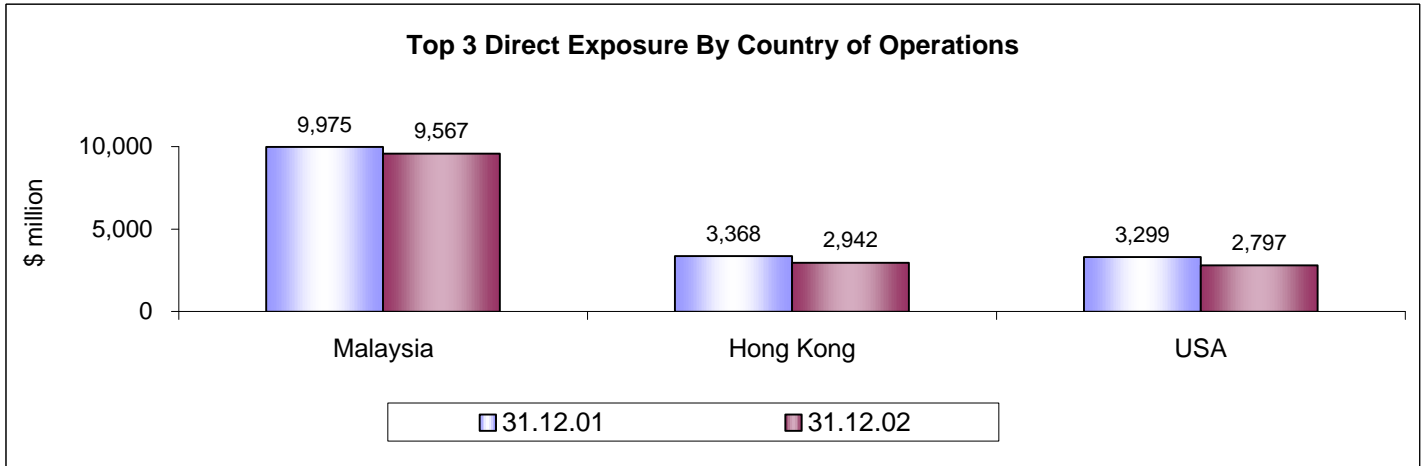
	Loans and debt securities			Inv'ts	Total	less: Loans/ Inv'ts in Subsidiaries & Branches	Net Exposure		Contingent Liabilities
	Non Bank	Gov't	Bank				Total	% of Group Total Assets	
Malaysia									
31-12-02	6,164	1,990	2,381	530	11,065	1,498	9,567	8.9	1,032
30-06-02	6,014	2,648	2,229	615	11,506	1,286	10,220	9.4	872
31-12-01	6,493	2,188	2,571	740	11,992	2,017	9,975	8.8	864
31-12-00	3,165	993	1,118	470	5,746	579	5,167	7.8	476
Indonesia									
31-12-02	444	127	106	74	751	50	701	0.6	67
30-06-02	449	141	98	55	743	32	711	0.6	48
31-12-01	331	118	155	55	659	75	584	0.5	27
31-12-00	301	45	79	35	460	34	426	0.6	39
Philippines									
31-12-02	254	225	44	10	533	31	502	0.5	56
30-06-02	290	200	42	43	575	66	509	0.5	47
31-12-01	300	277	46	33	656	65	591	0.5	6
31-12-00	274	210	102	66	652	150	502	0.8	1
Thailand									
31-12-02	1,178	1,177	112	200	2,667	194	2,473	2.3	285
30-06-02	1,127	1,355	279	174	2,935	325	2,610	2.4	285
31-12-01	1,026	1,617	567	261	3,471	594	2,877	2.5	180
31-12-00	419	1,648	66	190	2,323	165	2,158	3.3	225
South Korea									
31-12-02	45	591	1,354	95	2,085	12	2,073	1.9	253
30-06-02	63	241	1,329	204	1,837	404	1,433	1.3	132
31-12-01	57	82	888	174	1,201	140	1,061	0.9	229
31-12-00	18	51	832	107	1,008	5	1,003	1.5	63
Total Regional Countries									
31-12-02	8,085	4,110	3,997	909	17,101	1,785	15,316	14.2	1,693
30-06-02	7,943	4,585	3,977	1,091	17,596	2,113	15,483	14.2	1,384
31-12-01	8,207	4,282	4,227	1,263	17,979	2,891	15,088	13.2	1,306
31-12-00	4,177	2,947	2,197	868	10,189	933	9,256	14.0	804
Greater China									
31-12-02	2,482	233	4,311	632	7,658	2,536	5,122	4.8	504
30-06-02	2,798	112	3,884	539	7,333	2,501	4,832	4.4	451
31-12-01	2,912	135	2,740	590	6,377	1,904	4,473	3.9	446
31-12-00	1,052	101	1,328	213	2,694	637	2,057	3.1	177
Other OECD									
31-12-02	4,847	105	4,647	687	10,286	1,862	8,424	7.8	878
30-06-02	4,151	51	3,645	547	8,394	1,010	7,384	6.8	908
31-12-01	4,652	49	6,102	604	11,407	1,307	10,100	8.9	734
31-12-00	2,207	32	6,358	138	8,735	262	8,473	12.8	584
Others									
31-12-02	154	11	35	4	204	4	200	0.2	47
30-06-02	161	11	36	5	213	4	209	0.2	22
31-12-01	187	12	44	1	244	4	240	0.2	27
31-12-00	7	4	19	0	30	9	21	0.0	22
Grand Total									
31-12-02	15,568	4,459	12,990	2,232	35,249	6,187	29,062	27.0	3,122
30-06-02	15,053	4,759	11,542	2,182	33,536	5,628	27,908	25.6	2,765
31-12-01	15,958	4,478	13,113	2,458	36,007	6,106	29,901	26.2	2,513
31-12-00	7,443	3,084	9,902	1,219	21,648	1,841	19,807	29.9	1,587

UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR 2002

VII) Country of Operation Exposure

At the country level, the largest exposure was to Malaysia where the Group has a long-standing presence of \$9.6 billion or 8.9% of Group total assets as at 31 December 2002. The second largest exposure was to Hong Kong which amounted to \$2.9 billion or 2.7% of Group total assets.



UOB GROUP
CONSOLIDATED INCOME STATEMENTS

	2002			2001		
	First Half \$ million	Second Half \$ million	Full Year \$ million	First Half \$ million	Second Half \$ million	Full Year \$ million
Interest income	1,925	1,828	3,752	1,515	1,899	3,413
Less: Interest expense	836	747	1,583	926	1,058	1,984
Net interest income	1,089	1,080	2,169	588	841	1,429
Dividend income	18	14	32	7	27	34
Fee and commission income	247	253	501	145	210	355
Rental income	40	39	78	38	38	76
Other operating income	80	219	299	172	158	330
Total non-interest income	386	524	910	362	433	795
Total income	1,475	1,605	3,079	950	1,274	2,224
Less: Staff expenses	271	266	536	186	257	443
Other operating expenses	256	281	538	174	257	431
Total operating expenses	527	547	1,074	360	514	874
Operating profit before goodwill amortisation and provisions	948	1,058	2,005	590	760	1,350
Less:						
Goodwill amortisation	93	103	196	-	48	48
Provisions	157	294	451	11	154	165
Operating profit after goodwill amortisation and provisions	697	661	1,358	579	558	1,138
Exceptional item [#]	(18)	(30)	(48)	-	(12)	(12)
Share of profit of associates	94	30	123	25	47	72
Profit before taxation	773	660	1,434	605	593	1,198
Less: Taxation						
- The Group	149	165	314	138	106	243
- Associates	13	13	25	13	13	26
Profit after taxation	612	482	1,094	454	475	929
Less: Minority interests	21	9	30	(1)	5	4
Net profit attributable to members	591	473	1,064	455	470	925

[#] This comprised restructuring and integration costs as a result of the acquisition and merger of OUB.

UOB GROUP
CONSOLIDATED BALANCE SHEETS

	31 Dec 2002	30 Jun 2002	31 Dec 2001		31 Dec 2002	30 Jun 2002	31 Dec 2001
	\$ 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	4,213	3,877	3,330
Share capital	1,572	1,572	1,571	Singapore Government treasury bills and securities	8,261	7,268	8,712
Share premium	791	791	786	Other government treasury bills and securities	1,333	1,714	1,817
Non-distributable reserves	6,223	6,201	6,623	Dealing securities	620	1,250	681
Revenue reserves	3,933	3,851	3,199	Balances, placements with, and loans & advances to banks	19,426	22,066	24,746
Share of reserves of associates	134	353	537	Loans and advances to non-bank customers (incl. trade bills)	58,884	59,289	60,892
Total Shareholders' Funds	12,653	12,768	12,717	Other assets	4,052	3,519	2,997
Minority Interests	150	275	399	Investment securities	3,945	3,086	3,431
<u>Liabilities</u>				Investment in associates	1,274	1,674	1,781
Deposits and other accounts of non-bank customers	67,919	68,079	74,452	Fixed assets	1,794	1,673	1,725
Deposits and balances of banks	19,302	19,871	18,094	Goodwill	3,666	3,681	3,777
Total deposits	87,221	87,951	92,545	Total Assets	107,469	109,096	113,888
Bills and drafts payable	164	147	125				
Other liabilities	5,136	4,702	3,945				
Debts issued	2,147	3,253	4,157				
Total Liabilities	94,667	96,053	100,773				
Total Shareholders' Funds and Liabilities	107,469	109,096	113,888				
OFF-BALANCE SHEET ITEMS							
Contingent liabilities	8,919	7,722	7,788				
Off-balance sheet financial instruments	131,279	94,597	82,208				
Commitments	36,526	37,539	34,692				

JOB GROUP
CONSOLIDATED CASH FLOW STATEMENTS

Appendix 3

	<u>2002</u> \$ million	<u>2001</u> \$ million
Cash flows from operating activities		
Profit before taxation	1,434	1,198
Adjustments for:		
Depreciation of fixed assets	115	96
Goodwill amortisation	196	48
Share of profit of associates	(123)	(72)
Operating profit before changes in operating assets and liabilities	1,620	1,270
Changes in operating assets and liabilities:		
Deposits	(5,325)	(1,165)
Bills and drafts payable	39	(48)
Other liabilities	1,217	(567)
Dealing securities	61	179
Placements and balances with banks and agents	5,319	(1,137)
Trade bills and advances to customers	2,008	(824)
Other government treasury bills and securities not qualifying as cash and cash equivalents	407	310
Other accounts	(1,044)	125
Cash generated from/ (used in) operations	4,302	(1,858)
Income taxes paid	(371)	(322)
Net cash from/ (used in) operating activities	3,931	(2,180)
Cash flows from investing activities		
Increase in investment securities and investments in associates	(340)	(1,173)
Net dividends received from associates	52	39
Net (increase)/ decrease in fixed assets	(184)	22
Acquisition of/ change in minority interests of subsidiaries	(353)	43
Net cashflow on acquisition	(1)	6,406
Net cashflow from disposal of subsidiaries	0 *	29
Net cash (used in)/ from investing activities	(826)	5,365
Cash flows from financing activities		
Proceeds from issue of shares	6	3
Net (decrease)/ increase in debts issued	(2,010)	4,157
Dividends paid by the Bank	(720)	(318)
Dividends paid by subsidiaries to minority shareholders	(10)	(7)
Net cash (used in)/ from financing activities	(2,736)	3,835
Currency translation adjustment	(15)	93
Net increase in cash and cash equivalents	355	7,113
Cash and cash equivalents at beginning of the financial year	12,729	5,616
Cash and cash equivalents at end of the financial year (Note A)	13,084	12,729
<u>Note A:</u>		
Cash and cash equivalents		
Cash and balances with central banks	4,213	3,330
Singapore Government treasury bills and securities	8,261	8,712
Other government treasury bills and securities, less non-cash equivalents of \$723 million (2001: \$1,130 million)	610	687
	13,084	12,729

* Less than \$500,000

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 2002 (restated)	1,571	786	6,623	3,199	537	12,717
Net profit for the financial year attributable to members	-	-	-	1,064	-	1,064
Differences arising from currency translation of financial statements of foreign branches and subsidiaries	-	-	(15)	-	-	(15)
Group's share of reserves of associates	-	-	-	-	(394)	(394)
Other adjustments	-	-	(3)	(2)	-	(5)
Total recognised gains/(losses) for the financial year	-	-	(17)	1,062	(394)	651
Net transfer to revenue reserves	-	-	(385)	385	-	-
Transfer from share of reserves of associates	-	-	3	7	(10)	-
Dividends	-	-	-	(720)	-	(720)
Issue of shares to option holders who exercised their rights	0 *	5	-	-	-	6
Balance at 31 December 2002	1,572	791	6,223	3,933	134	12,653
Balance at 1 January 2001 (restated)	1,052	783	1,820	2,855	519	7,031
Net profit for the financial year attributable to members	-	-	-	925	-	925
Differences arising from currency translation of financial statements of foreign branches and subsidiaries	-	-	93	-	-	93
Group's share of reserves of associates	-	-	-	-	18	18
Total recognised gains/(losses) for the financial year	-	-	93	925	18	1,035
Net transfer from revenue reserves	-	-	220	(220)	-	-
Transfer from revenue reserves due to bonus shares issued by subsidiary	-	-	58	(58)	-	-
Goodwill, previously eliminated against reserves on acquisition, reinstated on disposal of subsidiary	-	-	-	15	-	15
Dividends	-	-	-	(318)	-	(318)
Issue of shares to option holders who exercised their rights	0 *	3	-	-	-	3
Issue of shares as part consideration for the acquisition of OUB	518	-	4,432	-	-	4,950
Balance at 31 December 2001	1,571	786	6,623	3,199	537	12,717

* Less than \$500,000