

UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 2002

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UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 2002

I) Highlights & Performance Indicators

	First Half 2002	First Half 2001	Second Half 2001 ^{**}	First Half 2002/ First Half 2001 (%)	First Half 2002/ Second Half 2001 (%)
• <u>Key Indicators</u>					
Net Interest Income (NII)	1,089	588	841	+ 85.1	+ 29.5
Non Interest Income	386	362	433	+ 6.6	- 10.9
Total Income	1,475	950	1,274	+ 55.2	+ 15.8
Total Expenses	527	360	514	+ 46.4	+ 2.6
Operating Profit before Goodwill and Provisions (\$'m)	948	590	760	+ 60.5	+ 24.7
❖ Net Profit After Tax (NPAT) (\$'m)	591	455	470	+ 30.0	+ 25.8
NPAT - excluding goodwill (\$'m)	684	455	518	+ 50.5	+ 32.1
❖ Income Mix:-					
- Net Interest Income/Total Income (%)	73.8	61.9	66.0	+ 11.9 % pt	+ 7.8 % pt
- Non Interest Income/Total Income (%)	26.2	38.1	34.0	- 11.9 % pt	- 7.8 % pt
	100.0	100.0	100.0	-	-
❖ Profit (Before Tax) Contribution:-					
- Onshore (%)	67.2	74.4	64.7	- 7.2 % pt	+ 2.5 % pt
- Offshore including ACU (%)	32.8	25.6	35.3	+ 7.2 % pt	- 2.5 % pt
	100.0	100.0	100.0	-	-
❖ Annualized Return On					
Average Shareholders' Funds (ROE) (%)	9.2	12.8	9.2	- 3.6 % pt	-
Annualized ROE - excluding goodwill (%)	10.7	12.8	10.2	- 2.1 % pt	+ 0.5 % pt
❖ Annualized Earnings Per Share (EPS)					
- Basic (¢)	75.2	86.4	70.2	- 13.0	+ 7.1
- Excluding goodwill (¢)	87.1	86.4	77.4	+ 0.8	+ 12.5
❖ Annualized Return on Average Assets (ROA) (%)					
Annualized ROA - excluding goodwill (%)	1.08	1.35	0.97	- 0.27 % pt	+ 0.11 % pt
	1.25	1.35	1.07	- 0.10 % pt	+ 0.18 % pt
❖ Annualized NII / Average Interest-bearing Assets (%)					
	2.31	1.98	2.19	+ 0.33 % pt	+ 0.12 % pt
❖ Expense / Income ratio (%)					
	35.7	37.9	40.3	- 2.2 % pt	- 4.6 % pt

^{**} Comprised 3 months' profit contribution from OUB Group

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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GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 2002

I) Highlights & Performance Indicators

	30-Jun-02	31-Dec-01	30-Jun-01	Jun-02 / Jun-01 (%)	Jun-02 / Dec-01 (%)
• Other Indicators					
❖ Customer Loans (net) (\$'m)	59,289	60,892	31,249	+ 89.7	- 2.6
❖ Customer Deposits (\$'m)	68,079	74,452	44,053	+ 54.5	- 8.6
❖ Loans / Deposits Ratio (%) [®]	87.1	81.8	70.9	+ 16.2 % pt	+ 5.3 % pt
❖ Non-Performing Loans (NPL) (\$'m)	5,971	5,968	2,358	+ 153.2	+ 0.1
❖ Cumulative Provisions (\$'m)	3,403	3,334	1,526	+ 123.0	+ 2.1
❖ NPL [^] / Gross Customer Loans (%)	9.5	9.3	7.2	+ 2.3 % pt	+ 0.2 % pt
❖ Cumulative Provisions / NPL (%)	57.0	55.9	64.7	- 7.7 % pt	+ 1.1 % pt
❖ Total Assets (\$'m)	108,518	113,310	68,432	+ 58.6	- 4.2
❖ Shareholders' Funds (\$'m)	12,704	12,654	7,262	+ 74.9	+ 0.4
❖ Unrealised Surplus from Revaluation (\$'m) [*]	1,492	1,398	1,487	+ 0.3	+ 6.7
❖ Net Tangible Asset (NTA) Backing Per Share (\$)	5.74	5.65	6.90	- 16.8	+ 1.6
❖ Revalued Net Tangible Asset (NTA) Backing Per Share (\$)	6.69	6.54	8.31	- 19.5	+ 2.3
❖ Capital Adequacy Ratio (CAR) - BIS (%)	17.2	18.5	20.1	- 2.9 % pt	- 1.3 % pt
❖ Dividend Rates (%)					
■ Interim	15.0	15.0	15.0	-	-
■ Final	NA	25.0	NA	NM	NM
❖ Manpower (number)	10,329	12,142	8,627	+ 1,702 no.	- 1,813 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

UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 2002

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. On 2 January 2002, OUB was merged into the Bank under Section 14A of the Banking Act, Cap.19. With the acquisition and subsequent merger of OUB with the Bank, first half 2002 results reflect the operations of the combined Bank and Group, and should therefore be viewed within this context.

Group Profits

The Group recorded a profit growth of 30.0% for the first half of 2002, with net profit after tax reaching \$591 million. At the operating level, Group operating profit before goodwill amortisation and provisions rose 60.5% to \$948 million. Profit growth was largely driven by higher net interest income from an enlarged loan portfolio post-OUB acquisition, as well as improved net interest margin and increased fee and commission income. Higher profit from associates also contributed to the growth in Group profit. These were partially offset by lower profit from dealing in securities and foreign exchange, higher operating expenses, higher specific provision for loans, and amortisation of goodwill.

Financial Ratios

- ◆ Earnings per share (excluding goodwill) increased by 0.8%, from 86.4 cents in first half 2001 to 87.1 cents in first half 2002. The price over earnings per share (P/E) ratio, based on the Bank's last done share price of \$12.70 on 6 August 2002 was 14.6.
- ◆ Return on average shareholders' funds (excluding goodwill) at 10.7%, decreased by 2.1% point from 12.8% in first half 2001.
- ◆ Net tangible asset (NTA) backing per share decreased by \$1.16 or 16.8% from \$6.90 in first half 2001 to \$5.74 in first half 2002.
- ◆ Interim dividend of 15% (First Half 2001: 15%) was 3.2 times covered by net profit (First Half 2001: 3.8 times).

Integration

On 17 June 2002, the Group successfully completed the integration of UOB and OUB. Work to rationalise and streamline the operations and IT systems of UOB and OUB took 8 months, well ahead of the original schedule of 12-18 months.

With integration completed swiftly, 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 derive revenue synergies from an enlarged customer base.

UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 2002

II) Review of Financial Performance

UNAUDITED RESULTS FOR HALF YEAR ENDED 30 JUNE 2002

	First Half 2002 \$ million	First Half 2001 \$ million	Increase/ (Decrease) %
Interest income	1,917	1,515	26.6
Less: Interest expense	828	926	(10.6)
Net interest income	<u>1,089</u>	<u>588</u>	<u>85.1</u>
Dividends	18	7	171.2
Fee and commission income	247	145	70.4
Rental income	40	38	5.4
Other operating income	80	172	(53.4)
Total non-interest income	<u>386</u>	<u>362</u>	<u>6.6</u>
Total income	<u>1,475</u>	<u>950</u>	<u>55.2</u>
Less: Staff expenses	271	186	45.7
Other operating expenses	256	174	47.1
Total operating expenses	<u>527</u>	<u>360</u>	<u>46.4</u>
Operating profit before goodwill amortisation and provisions	<u>948</u>	<u>590</u>	<u>60.5</u>
Less:			
Goodwill amortisation	93	-	NM
Provisions	157	11	NM
Operating profit	<u>697</u>	<u>579</u>	<u>20.4</u>
Exceptional item #	(18)	-	NM
Share of profit of associates	94	25	273.6
Profit before taxation	<u>773</u>	<u>605</u>	<u>27.9</u>
Less: Taxation	162	151	7.3
Profit after taxation	<u>612</u>	<u>454</u>	<u>34.8</u>
Less: Minority interests	21	(1)	NM
Net profit attributable to members	<u><u>591</u></u>	<u><u>455</u></u>	<u><u>30.0</u></u>
Expense / Income ratio (%)	<u>35.7</u>	<u>37.9</u>	<u>(2.2) % pt</u>
Earnings per share (¢)			
- Basic	75.2	86.4	(13.0)
- Fully diluted	75.2	86.4	(13.0)

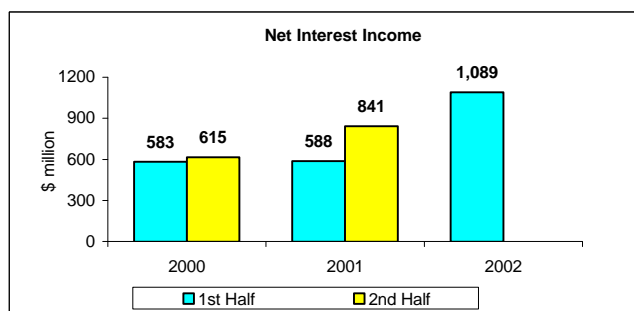
This comprised restructuring and integration costs as a result of the acquisition and merger of OUB.

NM: Not meaningful

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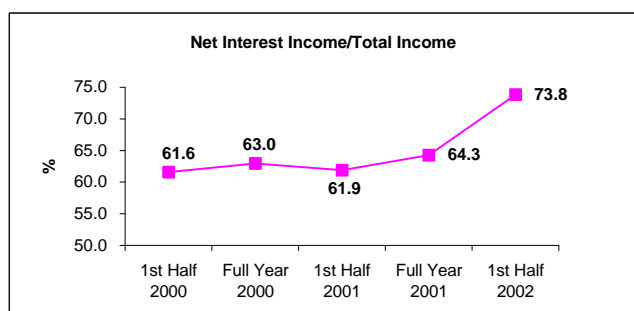
II) Review of Financial Performance

Net Interest Income

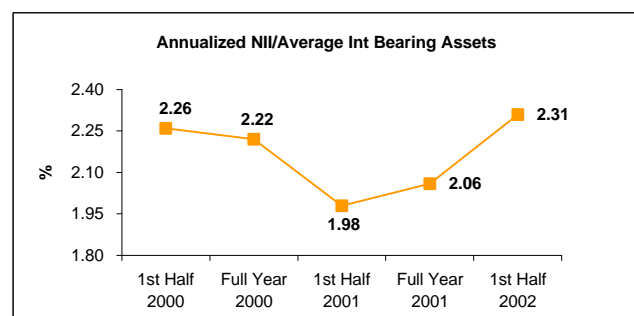


Net interest income for the Group rose 85.1% from \$588 million in first half 2001 to \$1,089 million in first half 2002. Net interest income continued to be the Group's major income contributor, accounting for 73.8% (First Half 2001: 61.9%) of total income.

An expanded loan portfolio and better average interest margin were primarily responsible for the increase in net interest income. These were partially offset by costs of subordinated notes issued.



Average interest margin improved by 33 basis points from 1.98% in first half 2001 to 2.31% in first half 2002. The better margin came mainly from lower cost of funds.



Group Average Interest Margin

	<u>First Half 2002</u>			<u>First Half 2001</u>		
	Average Balance # \$ million	Annualized Interest \$ million	Average Rate %	Average Balance # \$ million	Annualized Interest \$ million	Average Rate %
Interest bearing assets	94,281	3,835	4.07	59,340	3,029	5.10
Interest bearing liabilities	90,926	1,657	1.82	55,819	1,852	3.32
Net interest income		<u>2,178</u>			<u>1,177</u>	
Group Average Interest Margin*			<u>2.31</u>			<u>1.98</u>

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

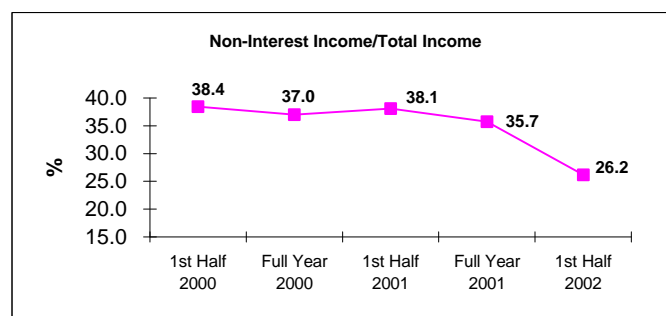
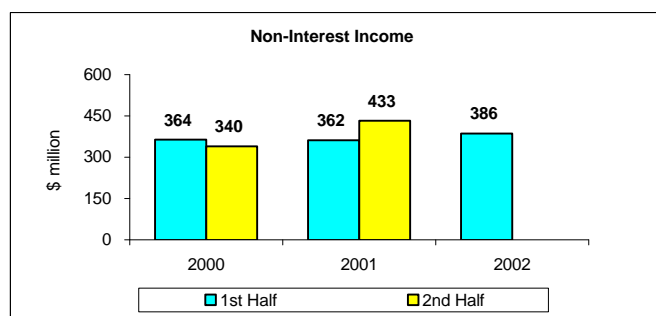
Computed based on monthly average

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II) Review of Financial Performance

Non-Interest Income

The Group's non-interest income for first half 2002 accounted for 26.2% of total income. Total non-interest income increased by \$24 million or 6.6% to \$386 million in first half 2002.



Higher fee and commission income from the consolidation of OUB Group contributed largely to the increase in non-interest income. This was partially offset by lower dealing income from sale of securities and lower profit from dealing in foreign exchange.

Composition of Non-Interest Income

	First Half 2002	First Half 2001	Increase/ (Decrease)
	\$ million	\$ million	%
Fee and commission income			
Stockbroking	12	1	2,410.3
Fund management	39	23	68.0
Investment related	12	6	85.2
Trade-related	49	35	38.9
Loan-related	40	23	74.6
Credit card	43	28	56.8
Others	52	29	77.2
	247	145	70.4
Dividend and rental income	58	45	30.3
Other operating income	80	172	(53.4)
Total non-interest income	386	362	6.6

Other Operating Income

	First Half 2002	First Half 2001	Increase/ (Decrease)
	\$ million	\$ million	%
Gains/(Losses) from:			
- dealing in securities, government treasury bills & securities and derivatives	5	48	(90.5)
- dealing in foreign exchange	40	60	(32.1)
Dealing Income	45	108	(58.3)
- sale of investment securities	6	2	234.1
- sale of subsidiaries	(0)	(7)	(99.5)
- sale of properties and other fixed assets	1	37	(96.0)
- others	28	32	(13.8)
Others	35	64	(45.3)
Total other operating income	80	172	(53.4)

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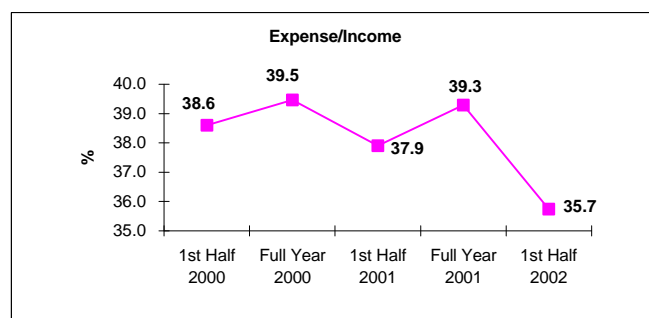
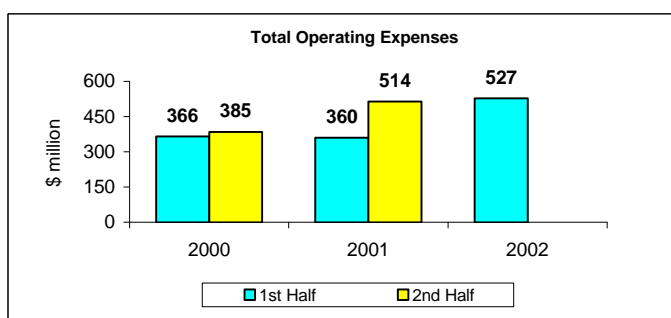
II) Review of Financial Performance

Operating Expenses

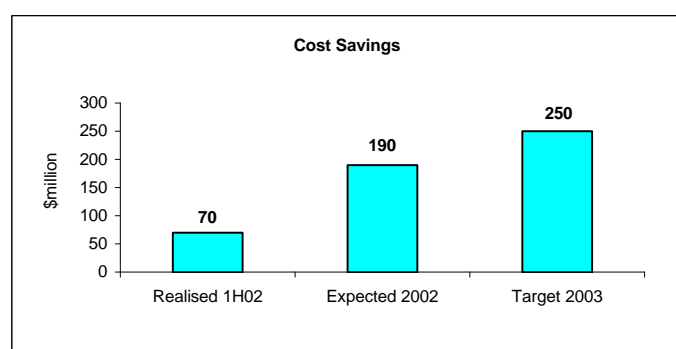
Total operating expenses increased by \$167 million or 46.4% over first half of 2001. The increase is attributed to a larger headcount and expanded operations from the acquisition and consolidation of OUB into the Group.

Expense to income ratio improved from 37.9% in first half 2001 to 35.7% in first half 2002. The improvement is, in part, a reflection of the cost savings achieved from the swift integration of OUB into the Group. At the same time, it reflects the continued careful management of expenses by the Group.

	First Half 2002	First Half 2001	Increase/ (Decrease)
	\$ million	\$ million	%
Staff expenses	271	186	45.7
Other operating expenses	256	174	47.1
Total operating expenses	527	360	46.4



Cost Savings



For first half 2002, the Group has achieved realised cost savings of approximately \$70 million.

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

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GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 2002

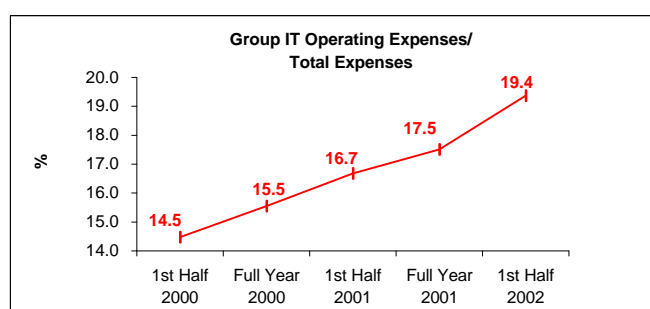
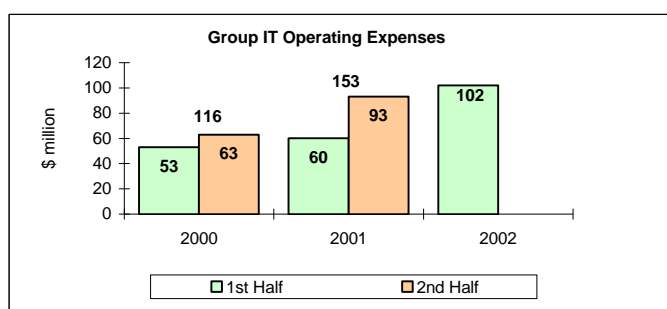
II) Review of Financial Performance

Other Operating Expenses

	First Half 2002 \$ million	First Half 2001 \$ million	Increase/ (Decrease) %
Depreciation			
- Land and buildings	13	11	20.4
- Office equipment, computer, fixtures and other fixed assets	48	30	60.0
	61	41	49.8
Rental of premises and equipment	29	16	75.9
Maintenance of premises and other fixed assets	19	14	33.9
Other expenses	148	103	43.3
Total other operating expenses	256	174	47.1

Other operating expenses increased by \$82 million or 47.1% over first half 2001. This was mainly attributable to higher depreciation expenses on land and building, computer equipment and application software, higher rental and maintenance of premises, higher commission and brokerage expenses, as well as higher advertising and promotional expenses.

IT operating expenses increased by \$42 million over first half 2001 to \$102 million, and accounted for 19.4% of total Group expenses. The Group's sustained investment in IT, amidst a challenging operating environment during the first half, underlines the Group's commitment in deploying IT for strategic advantage.

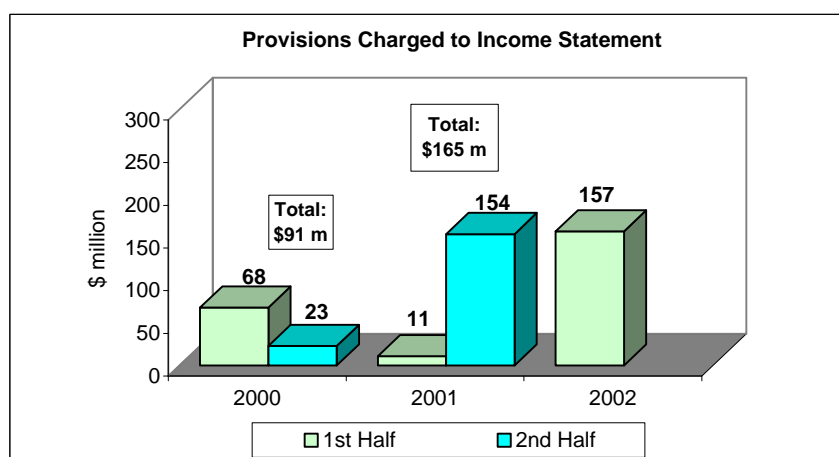


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GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 2002

II) Review of Financial Performance

Provisions Charged to Income Statement

The provision charge of \$157 million for first half 2002 was \$146 million higher than the provision charge of \$11 million for first half 2001. The increase was mainly due to higher specific provisions made for loans. This was necessitated by lower collateral value in a declining property market and uncertain economic conditions. These were partially offset by write-back in provisions made for securities.



The Group

	First Half 2002	2001		
	\$ million	First Half	Second Half	Full year
		\$ million	\$ million	\$ million
Specific provision for loans	191	22	143	165
General provision for loans	-	(16)	(54)	(70)
Specific provision for diminution in value of other assets	(34)	5	65	70
Total Provisions	157	11	154	165
<u>Provisions Charged by Major Region:</u>				
Specific provision for loans				
- Five Regional Countries *	25	12	(29)	(17)
- Greater China **	(35)	(14)	(6)	(20)
- Singapore & other countries	201	24	178	202
	191	22	143	165
General provision for loans				
- Five Regional Countries *	(11)	(22)	(52)	(74)
- Greater China **	2	5	(0)	5
- Singapore & other countries	9	1	(2)	(1)
	-	(16)	(54)	(70)
Specific provision for diminution in value of other assets	(34)	5	65	70
Total Provisions	157	11	154	165

* 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 FIRST HALF 2002

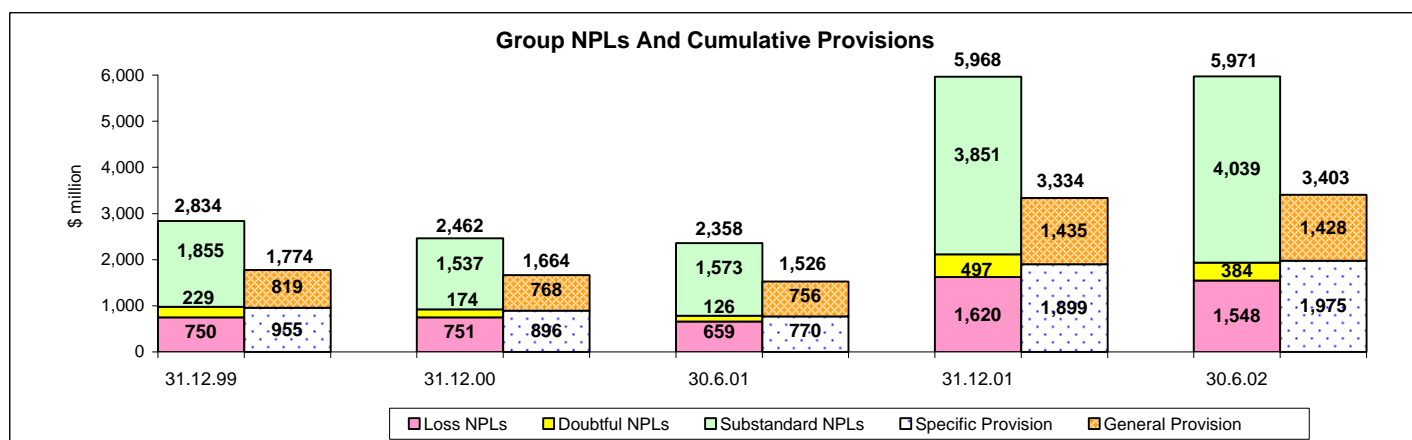
III) Non-Performing Loans And Cumulative Provisions

Group Non-Performing Loans (NPLs) And Cumulative Provisions

Group NPLs increased marginally by \$3 million to \$5,971 million as at 30 June 2002 as compared to \$5,968 million as at 31 December 2001. Group NPLs (excluding debt securities) as a percentage of gross customer loans increased from 9.3% to 9.5%. This was due to reduced customer loans, a trend that affected the market as a whole. Of the total Group NPLs of \$5,971 million, \$4,039 million or 67.6% were in the Substandard category.

Total cumulative specific and general provisions for the Group increased to \$3,403 million as at 30 June 2002, from \$3,334 million as at 31 December 2001 and \$1,526 million as at 30 June 2001. General provision was \$1,428 million or 42.0% of total cumulative provisions as at 30 June 2002. The total cumulative provisions provided 57.0% cover against Group NPLs. For NPLs classified as Doubtful and Loss, the provision coverage stood at 176.1%.

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



Ratios (%)

NPLs*/Gross Customer Loans
 Cumulative Provisions/ NPLs
 Cumulative Provisions/Doubtful & Loss NPLs
 Cumulative Provisions/Unsecured NPLs
 Cumulative Provisions*/Gross Customer Loans
 General Provision*/Gross Customer Loans (net of Specific Provision*)
 NPLs/Total Assets

	30.6.02	31.12.01	30.6.01	31.12.00	31.12.99
NPLs*/Gross Customer Loans	9.5	9.3	7.2	7.8	9.8
Cumulative Provisions/ NPLs	57.0	55.9	64.7	67.6	62.6
Cumulative Provisions/Doubtful & Loss NPLs	176.1	157.5	194.4	179.9	181.2
Cumulative Provisions/Unsecured NPLs	132.2	136.6	167.5	136.6	145.2
Cumulative Provisions*/Gross Customer Loans	5.4	5.2	4.7	5.2	6.1
General Provision*/Gross Customer Loans (net of Specific Provision*)	2.4	2.3	2.4	2.5	2.9
NPLs/Total Assets	5.5	5.3	3.4	3.7	5.0

* Excluding debt securities

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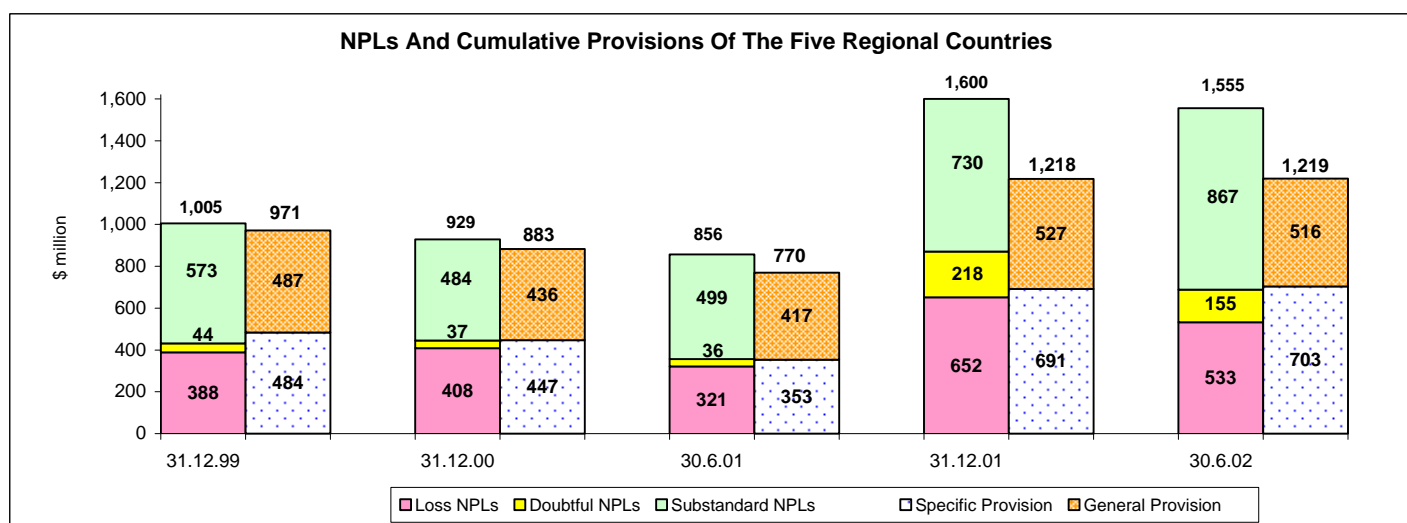
III) Non-Performing Loans And Cumulative Provisions

Group NPLs And Cumulative Provisions Of The Five Regional Countries

NPLs of the Five Regional Countries decreased to \$1,555 million as at 30 June 2002, from \$1,600 million as at 31 December 2001. Correspondingly, NPLs (excluding debt securities) against gross customer loans to the region, at 18.4%, was lower as compared to 19.2% as at 31 December 2001 and 19.8% as at 30 June 2001.

Cumulative specific and general provisions for the Five Regional Countries, at \$1,219 million as at 30 June 2002, was relatively unchanged as compared to \$1,218 million as at 31 December 2001. The cumulative provisions represented 78.4% of the total NPLs of the Five Regional Countries and 177.2% of the NPLs of the Five Regional Countries that were classified as Doubtful and Loss.

General provision was \$516 million (31 December 2001: \$527 million) against specific provision of \$703 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

30.6.02	31.12.01	30.6.01	31.12.00	31.12.99
18.4	19.2	19.8	22.2	28.9
78.4	76.1	90.0	95.0	96.6
177.2	140.0	215.7	198.4	224.8
14.4	14.7	17.8	21.1	28.0
6.7	7.0	10.5	11.7	16.3
8.8	8.9	8.4	9.1	10.0

* Excluding debt securities

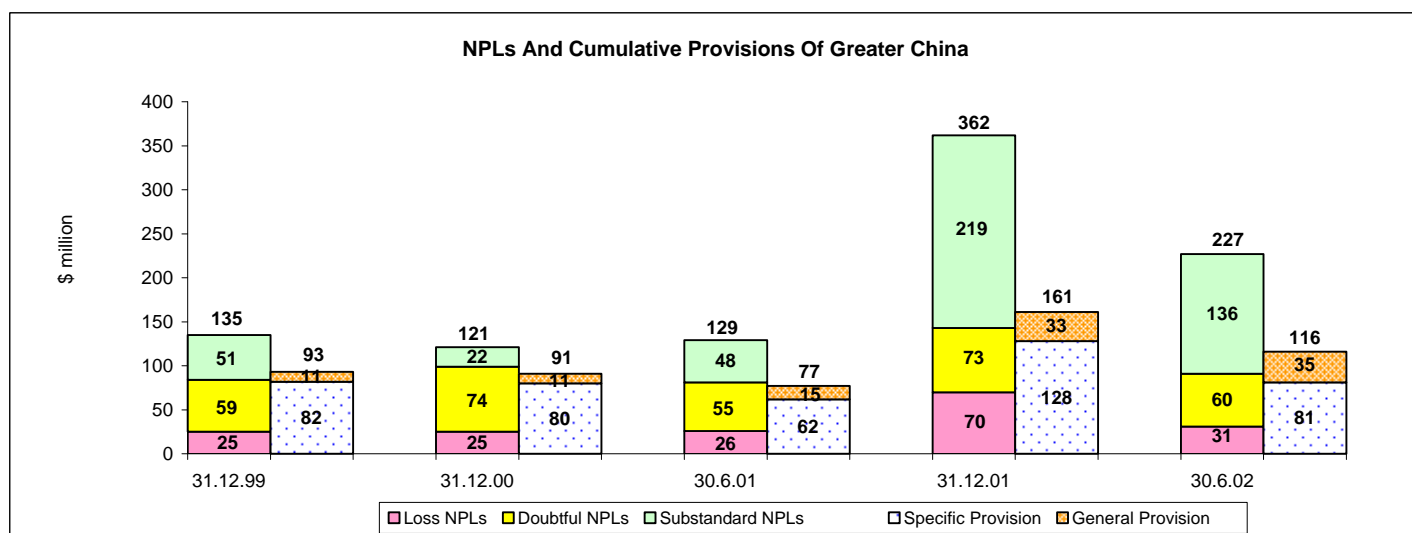
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III) Non-Performing Loans And Cumulative Provisions

Group NPLs And Cumulative Provisions Of Greater China

As at 30 June 2002, Group NPLs of Greater China fell \$135 million or 37.3% to \$227 million as compared to \$362 million as at 31 December 2001. Correspondingly, NPLs as a percentage of gross exposure to Greater China dropped to 3.1% as compared to 5.7% as at 31 December 2001 and 4.1% as at 30 June 2001.

The Group cumulative specific and general provisions for Greater China as at 30 June 2002 amounted to \$116 million. The NPLs of Greater China were 51.1% covered by cumulative provisions. NPLs classified as Doubtful and Loss were 127.5% 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

30.6.02	31.12.01	30.6.01	31.12.00	31.12.99
8.1	12.4	10.7	11.5	15.2
51.1	44.5	59.7	75.2	68.9
127.5	112.6	95.1	91.9	110.7
4.1	5.5	6.4	8.6	10.5
1.3	1.2	1.3	1.1	1.4
3.1	5.7	4.1	4.5	6.8

* Excluding debt securities

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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 67.3% and 26.0% of Group NPLs respectively.

	30.6.02	31.12.01	30.6.01	\$ million 31.12.00
Singapore	4,017	3,819	1,368	1,354
Malaysia	984	1,028	428	528
Indonesia	169	169	90	119
Philippines	235	242	234	181
Thailand	159	151	104	101
South Korea	8	10	-	-
Five Regional Countries	1,555	1,600	856	929
Greater China	227	362	129	121
Others	172	187	5	58
Group Total	5,971	5,968	2,358	2,462

Group NPLs By Industry

	<u>30.6.02</u>		<u>31.12.01</u>		<u>30.6.01</u>		<u>31.12.00</u>	
	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	99	4.9	99	4.3	76	12.3	66	9.3
Building and construction	1,108	11.5	1,163	12.0	215	5.5	243	6.8
Manufacturing	906	16.3	895	16.8	276	10.0	312	10.5
Non-bank financial institutions	1,076	9.8	1,022	9.5	367	7.5	447	9.0
General commerce	761	12.1	825	13.1	532	12.5	569	14.8
Professionals and private individuals	968	10.6	910	9.6	409	8.7	387	9.2
Housing	588	4.3	556	4.2	335	4.3	272	3.6
Others	442	8.3	474	6.8	148	3.7	166	4.3
Sub - Total	5,948	9.5	5,944	9.3	2,358	7.2	2,462	7.8
Debt Securities	23		24		-		-	
Total	5,971	9.5	5,968	9.3	2,358	7.2	2,462	7.8

Group Specific Provision By Region

The Group's specific provision increased by \$76 million or 4.0% to \$1,975 million as at 30 June 2002 as compared to \$1,899 million as at 31 December 2001. Singapore and the Five Regional Countries accounted for 58.4% and 35.6% respectively of the Group's total specific provision.

	30.6.02	31.12.01	30.6.01	\$ million 31.12.00
Singapore	1,153	1,037	353	353
Malaysia	427	439	156	242
Indonesia	117	88	69	87
Philippines	70	72	70	55
Thailand	87	88	58	63
South Korea	2	4	-	-
Five Regional Countries	703	691	353	447
Greater China	81	128	62	80
Others	38	43	2	16
Specific provision for the Group	1,975	1,899	770	896
General provision for the Group	1,428	1,435	756	768
Total	3,403	3,334	1,526	1,664

UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 2002

III) Non-Performing Loans And Cumulative Provisions

Group Specific Provision By Industry

	30.6.02	31.12.01	30.6.01	31.12.00
Transport, storage and communication	27	28	31	29
Building and construction	353	336	62	104
Manufacturing	371	370	122	160
Non-bank financial institutions	317	308	120	145
General commerce	296	305	212	245
Professionals and private individuals	299	275	120	133
Housing	108	80	43	23
Others	181	182	60	57
Sub -Total	1,952	1,884	770	896
Debt Securities	23	15	-	-
Total	1,975	1,899	770	896

Collateral

The majority of the collateral for classified loans are 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 30 June 2002, 56.9% of the total Group's NPLs were secured by collateral as compared to 59.1% as at 31 December 2001.

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

	\$ 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
30.6.01					
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

	\$ 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

UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 2002

III) Non-Performing Loans And Cumulative Provisions

Secured/Unsecured NPLs

	<u>30.6.02</u>		<u>31.12.01</u>		<u>30.6.01</u>		<u>31.12.00</u>	
	Amount	% Of	Amount	% Of	Amount	% Of	Amount	% Of
	\$ million	Total NPLs	\$ million	Total NPLs	\$ million	Total NPLs	\$ million	Total NPLs
NPLs								
- Secured	3,396	56.9	3,528	59.1	1,447	61.4	1,244	50.5
- Unsecured	2,575	43.1	2,440	40.9	911	38.6	1,218	49.5
Total Group NPLs	5,971	100.0	5,968	100.0	2,358	100.0	2,462	100.0

UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 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 consists of 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.

The Group's leadership position in consumer banking was reinforced with the acquisition of OUB. The businesses in this segment posted a 38% increase in net profit before tax over first half 2001. Higher fee and commission from credit cards, as well as improved net interest income from an expanded loan volume, helped to fuel the increase. Together with OUB's portfolio, loans and advances to individual customers grew by more than 83%, 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.

Institutional Banking recorded a 57% growth in net profit before tax over first half of last year. The growth was principally driven by interest income from 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 \$39 billion as compared to \$20 billion as at June 2001.

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's net profit before tax grew 41% over first half last year. The major contributors of profit growth were income from interest rate trading, fee income, sales of treasury products / services, and regional treasury operations. A write-back in provisions also contributed to overall profit growth. Global Treasury's strong performance rested on 3 primary factors - our ability to capitalize on the global interest rate developments, our enhanced capability in product structuring and our emphasis on building up overseas treasury business.

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.

For first half 2002, Investment Banking registered an increase in net profit before tax of 243%. This was mainly due to higher fee income from a larger fund size managed and higher returns from investments.

Others

Other operations of the Group include mainly property-related activities. The lower net profit before tax of 33% for first half 2002 was primarily due to lower profit from sale of properties.

UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 2002

IV) Segmental Analysis

30 June 2002

	Individual Banking	Institutional Banking	Global Treasury	Investment Banking	Others	\$ million Total
Income before operating expenses	464	619	211	105	76	1,475
Total operating expenses	186	146	64	43	10	449
Provisions	70	118	(39)	9	(0)*	157
Segment profit before taxation	<u>208</u>	<u>355</u>	<u>186</u>	<u>54</u>	<u>66</u>	869
Unallocated corporate expenses						<u>(78)</u>
						790
Goodwill amortisation						<u>(93)</u>
Operating profit						697
Exceptional item						<u>(18)</u>
Share of profits of associates						<u>94</u>
Profit before taxation and minority interests						773
Taxation and minority interests						<u>(182)</u>
Net profit for the financial period						591
Other information:						
Segment assets	<u>20,907</u>	<u>39,927</u>	<u>38,328</u>	<u>2,478</u>	<u>1,398</u>	103,038
Investment in associates						1,674
Unallocated assets						125
Goodwill						<u>3,681</u>
Total assets						108,518
Segment liabilities	<u>38,665</u>	<u>31,660</u>	<u>22,060</u>	<u>110</u>	<u>39</u>	92,534
Provisions for taxation						209
Subordinated debts						2,735
Unallocated liabilities						<u>61</u>
						95,539
Capital Expenditure	<u>7</u>	<u>13</u>	<u>4</u>	<u>-</u>	<u>21</u>	45
Depreciation and amortisation	<u>10</u>	<u>10</u>	<u>2</u>	<u>1</u>	<u>38</u>	61

* less than (\$500,000)

UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 2002

IV) Segmental Analysis

30 June 2001

	Individual Banking	Institutional Banking	Global Treasury	Investment Banking	Others	\$ million Total
Income before operating expenses	289	331	181	39	109	950
Total operating expenses	130	100	49	27	10	316
Provisions	10	5	(0)*	(3)	(0)*	11
Segment profit before taxation	<u>150</u>	<u>226</u>	<u>132</u>	<u>16</u>	<u>99</u>	623
Unallocated corporate expenses						<u>(44)</u>
Operating profit						579
Share of profits of associates						<u>25</u>
Profit before taxation and minority interests						605
Taxation and minority interests						<u>(150)</u>
Net profit for the financial period						<u>455</u>
 Other information:						
Segment assets	<u>12,200</u>	<u>20,030</u>	<u>32,665</u>	<u>952</u>	<u>970</u>	66,817
Investment in associates						1,557
Unallocated assets						<u>58</u>
Total assets						<u>68,432</u>
Segment liabilities	<u>27,294</u>	<u>17,559</u>	<u>15,563</u>	<u>49</u>	<u>35</u>	60,500
Provisions for taxation						446
Unallocated liabilities						<u>26</u>
						<u>60,972</u>
Capital Expenditure	<u>9</u>	<u>7</u>	<u>2</u>	<u>1</u>	<u>21</u>	40
Depreciation and amortisation	<u>7</u>	<u>7</u>	<u>1</u>	<u>1</u>	<u>25</u>	41

* less than (\$500,000)

UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 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.

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	630	81.5	83,863	77.3
Other ASEAN countries	219	14.8	73	9.5	13,165	12.1
Other Asia Pacific countries	95	6.4	48	6.2	7,415	6.8
Rest of the world	38	2.6	22	2.8	4,075	3.8
	1,475	100.0	773	100.0	108,518	100.0

Full Year 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

First Half 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

UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 2002

V) Overview Of Balance Sheet

Total Assets

Total assets of the Group declined by 4.2% from \$113,310 million as at 31 December 2001 to \$108,518 million as at 30 June 2002. The decrease was mainly from securities, inter-bank balances and customer loans.

Assets Mix

	<u>30.6.2002</u>		<u>31.12.2001</u>		<u>30.6.2001</u>	
	\$ million	%	\$ million	%	\$ million	%
Cash and balances						
with central banks	3,877	3.6	3,330	2.9	1,706	2.5
Securities*	12,843	11.8	14,167	12.5	6,991	10.2
Inter-bank balances	22,007	20.3	24,687	21.8	23,874	34.9
Customer loans	59,289	54.6	60,892	53.7	31,249	45.7
Other assets	6,821	6.3	6,458	5.8	4,612	6.7
Goodwill	3,681	3.4	3,776	3.3	-	-
Total assets	108,518	100.0	113,310	100.0	68,432	100.0

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

Securities

Total Group's securities fell by 9.3% or \$1,324 million to \$12,843 million as at 30 June 2002, mainly attributable to reduced holdings in Singapore Government treasury bills and securities.

	<u>30.6.2002</u>	<u>31.12.2001</u>	<u>30.6.2001</u>
	\$ million	\$ million	\$ million
<u>Total Securities</u>			
Cost			
Dealing	1,381	1,129	1,010
Non-dealing	11,574	13,213	6,015
	12,955	14,342	7,025
Less : Provision for diminution in value	(112)	(175)	(34)
Net Book Value	12,843	14,167	6,991

<u>Securities Analyzed By Issuer Type</u>	<u>30.6.2002</u>		<u>31.12.2001</u>		<u>30.6.2001</u>	
	\$ million	%	\$ million	%	\$ million	%
Government	8,984	69.3	10,561	73.5	5,357	76.3
Public sector	102	0.8	52	0.4	7	0.1
Bank	559	4.3	712	5.0	275	3.9
Corporate	3,026	23.4	2,891	20.2	1,212	17.2
Others	284	2.2	126	0.9	174	2.5
Total	12,955	100.0	14,342	100.0	7,025	100.0

<u>Securities Analysed By Industry</u>	<u>30.6.2002</u>		<u>31.12.2001</u>		<u>30.6.2001</u>	
	\$ million	%	\$ million	%	\$ million	%
Transport, storage and communication	372	3.2	486	3.7	297	4.9
Building and construction	273	2.4	348	2.6	178	3.0
Manufacturing	247	2.1	187	1.4	109	1.8
Financial institutions	1,040	9.0	1,126	8.5	433	7.2
General commerce	67	0.6	90	0.7	123	2.0
Government	8,876	76.7	10,173	77.0	4,847	80.6
Others	699	6.0	803	6.1	28	0.5
Non-dealing	11,574	100.0	13,213	100.0	6,015	100.0
Dealing	1,381		1,129		1,010	
Total securities	12,955		14,342		7,025	

UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 2002

V) Overview Of Balance Sheet

Customer Loans

The Group's net loans and advances to customers decreased by 2.6% or \$1,603 million from \$60,892 million as at 31 December 2001 to \$59,289 million as at 30 June 2002. This decline came primarily from lower term loans and overdrafts, but was partially offset by higher housing loans.

<u>Customer Loans By Type</u>	<u>30.6.2002</u> \$ million	31.12.2001 \$ million	30.6.2001 \$ million
Housing loans	13,603	13,298	7,714
Term loans	35,676	36,940	16,099
Trade financing	2,756	2,825	1,835
Overdrafts	10,634	11,148	7,128
Total gross customer loans	<u>62,669</u>	64,211	32,776
Less: General provision	(1,428)	(1,435)	(756)
Specific provision & Interest-in-suspense	(1,952)	(1,884)	(770)
Net customer loans	<u>59,289</u>	<u>60,892</u>	<u>31,249</u>

<u>Gross Customer Loans Analysed By Remaining Maturity</u>	<u>30.6.2002</u>		<u>31.12.2001</u>		<u>30.6.2001</u>	
	\$ million	%	\$ million	%	\$ million	%
Within 1 year	30,133	48.1	27,723	43.2	18,625	56.8
Over 1 year but within 3 years	9,468	15.1	10,412	16.2	3,771	11.5
Over 3 years but within 5 years	7,056	11.3	7,303	11.4	3,369	10.3
Over 5 years	16,012	25.5	18,773	29.2	7,011	21.4
Total	<u>62,669</u>	<u>100.0</u>	<u>64,211</u>	<u>100.0</u>	<u>32,776</u>	<u>100.0</u>

<u>Gross Customer Loans Analysed By Industry</u>	<u>30.6.2002</u>		<u>31.12.2001</u>		<u>30.6.2001</u>	
	\$ million	%	\$ million	%	\$ million	%
Transport, storage and communication	2,013	3.2	2,313	3.6	617	1.9
Building and construction	9,673	15.4	9,722	15.1	3,924	12.0
Manufacturing	5,575	8.9	5,338	8.3	2,751	8.4
Non-bank financial institutions	10,998	17.6	10,765	16.8	4,882	14.9
General commerce	6,298	10.1	6,296	9.8	4,243	12.9
Professionals and private individuals	9,167	14.6	9,500	14.8	4,698	14.3
Housing	13,603	21.7	13,298	20.7	7,714	23.5
Others	5,342	8.5	6,979	10.9	3,947	12.1
Total	<u>62,669</u>	<u>100.0</u>	<u>64,211</u>	<u>100.0</u>	<u>32,776</u>	<u>100.0</u>

<u>Gross Customer Loans Analysed By Currency and Fixed/ Variable Rates</u>	<u>30.6.2002</u>			<u>31.12.2001</u>		
	Fixed Rate \$ million	Variable Rate \$ million	Total \$ million	Fixed Rate \$ million	Variable Rate \$ million	Total \$ million
Singapore Dollars	13,054	28,547	41,601	12,584	29,149	41,733
US Dollars	484	8,095	8,579	1,538	7,902	9,440
Malaysia Ringgit	139	5,759	5,898	79	6,167	6,246
Hong Kong Dollars	44	1,501	1,545	20	1,726	1,746
Thai Baht	488	486	974	573	294	867
Others	920	3,152	4,072	582	3,597	4,179
Group Total	<u>15,129</u>	<u>47,540</u>	<u>62,669</u>	<u>15,376</u>	<u>48,835</u>	<u>64,211</u>

UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 2002

V) Overview Of Balance Sheet

Deposits

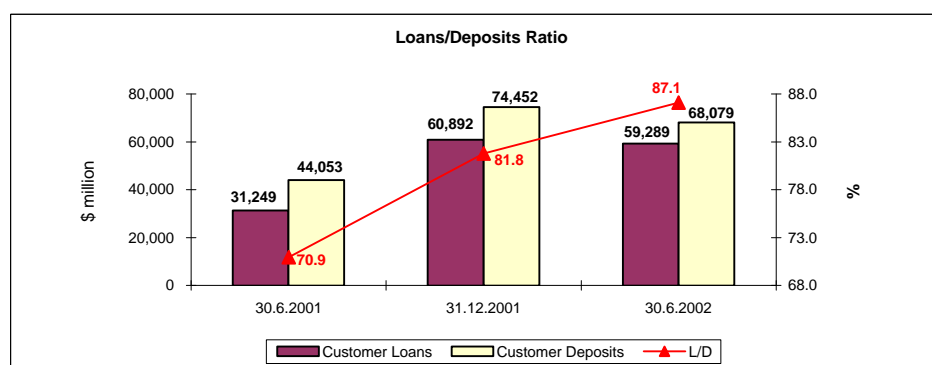
Total Group deposits fell by 5.0% from \$92,545 million as at 31 December 2001 to \$87,951 million as at 30 June 2002, mainly due to lower customer fixed deposits. Customer deposits accounted for 77.4% of total Group deposits.

<u>Deposits By Type</u>	<u>30.6.2002</u>		<u>31.12.2001</u>		<u>30.6.2001</u>	
	\$ million	%	\$ million	%	\$ million	%
Bankers' deposits	19,871	22.6	18,093	19.6	14,456	24.7
Customer deposits						
Fixed deposits	47,899	54.5	54,419	58.8	32,044	54.8
Savings & others	20,180	22.9	20,033	21.6	12,009	20.5
	68,079	77.4	74,452	80.4	44,053	75.3
Total deposits	87,951	100.0	92,545	100.0	58,509	100.0

<u>Total Deposits Analysed By Remaining Maturity</u>	<u>30.6.2002</u>		<u>31.12.2001</u>		<u>30.6.2001</u>	
	\$ million	%	\$ million	%	\$ million	%
Within 1 year	87,177	99.1	92,007	99.4	58,139	99.4
Over 1 year but within 3 years	624	0.7	376	0.4	178	0.3
Over 3 years but within 5 years	1	0.0	21	0.0	1	0.0
Over 5 years	149	0.2	141	0.2	191	0.3
Total	87,951	100.0	92,545	100.0	58,509	100.0

Loans/Deposits Ratio

The customer loans-to-deposits ratio increased from 81.8% as at 31 December 2001 to 87.1% as at 30 June 2002. This was because the decline in customer deposits of 8.6% outpaced the decline in net customer loans of 2.6%.



UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 2002

V) Overview Of Balance Sheet

Goodwill

Goodwill represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets of subsidiaries and associates when acquired. It is amortised on a straight-line basis, through the consolidated income statement, over its useful economic life of up to a maximum of 20 years. Goodwill which is assessed as having no continuing economic value is written off to the consolidated income statement.

	<u>30.6.2002</u>	<u>31.12.2001</u>
	\$ million	\$ million
Opening balance as at 1 January	3,776	-
Goodwill arising from acquisition of OUB	-	3,824
Amortisation of goodwill arising from acquisition of OUB	(95)	(48)
Closing balance	<u>3,681</u>	<u>3,776</u>

Subordinated notes

	<u>30.6.2002</u>	<u>31.12.2001</u>
	\$ million	\$ million
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")	1,442	2,347
	<u>2,742</u>	<u>3,647</u>
Unamortised expenses incurred in connection with the issue of the subordinated notes	(7)	(8)
	<u>2,735</u>	<u>3,639</u>

The S\$ Notes were issued at par on 30 September 2001 and will mature on 30 September 2016. 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. 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

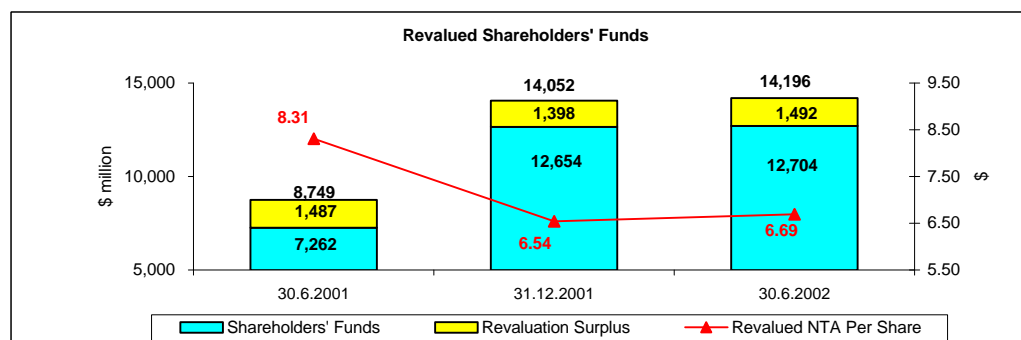
GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 2002

V) Overview Of Balance Sheet

Shareholders' Funds

Group shareholders' funds stood at \$12,704 million as at 30 June 2002 as compared to \$12,654 million as at 31 December 2001. The increase of \$50 million was mainly due to the retention of Group profits.

Unrealised revaluation surpluses in long term investments and properties amounting to \$1,492 million as at 30 June 2002, were not incorporated into the Group's accounts.



	<u>30.6.2002</u>	<u>31.12.2001</u>	<u>30.6.2001</u>
	\$ million	\$ million	\$ million

Shareholders' Funds per book

	12,704	12,654	7,262
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Add: Surplus on Revaluation (Not incorporated in the accounts)

- Properties

	1,298	1,308	1,448
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- Long Term Investments **

	194	90	39
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Total Surplus on Revaluation

	1,492	1,398	1,487
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Shareholders' Funds including Revaluation Surplus

	14,196	14,052	8,749
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NTA Per Share (in \$)

- NTA per book

	5.74	5.65	6.90
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- Revaluation Surplus

	0.95	0.89	1.41
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Total Revalued NTA

	6.69	6.54	8.31
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** Exclude the revaluation surplus/deficit from investments in associates.

UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 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 growth of the Group both organically and through acquisitions. As at 30 June 2002, the Group maintained a strong CAR of 17.2%, 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. The decline in CAR of 1.3% points from 18.5% as at 31 December 2001 was mainly due to the partial redemption of US\$ subordinated notes.

	<u>30.6.2002</u>	<u>31.12.2001</u>	<u>30.6.2001</u>
	\$ million	\$ million	\$ million
Capital			
Tier 1 - Core Capital			
Share capital	1,572	1,571	1,052
Disclosed reserves	10,974	10,765	5,890
Minority interests	275	399	198
Less: Goodwill	<u>(3,681)</u>	<u>(3,776)</u>	<u>-</u>
	<u>9,140</u>	<u>8,959</u>	<u>7,140</u>
Tier 2 - Supplementary Capital			
Revaluation reserves on investments and properties ⁽¹⁾	576	671	728
General loan loss reserves ⁽²⁾	964	948	520
Subordinated notes	<u>2,735</u>	<u>3,638</u>	<u>-</u>
	<u>4,275</u>	<u>5,257</u>	<u>1,248</u>
Less: Investment in collateralised bond obligations, private equity and venture capital	<u>(156)</u>	<u>(161)</u>	<u>(38)</u>
Total Capital	<u>13,259</u>	<u>14,055</u>	<u>8,350</u>
Risk Weighted Assets			
Total risk weighted assets including market risk	<u>77,134</u>	<u>75,897</u>	<u>41,490</u>
Capital Adequacy Ratios			
Tier 1	11.8%	11.8%	17.2%
Total Capital	17.2%	18.5%	20.1%

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

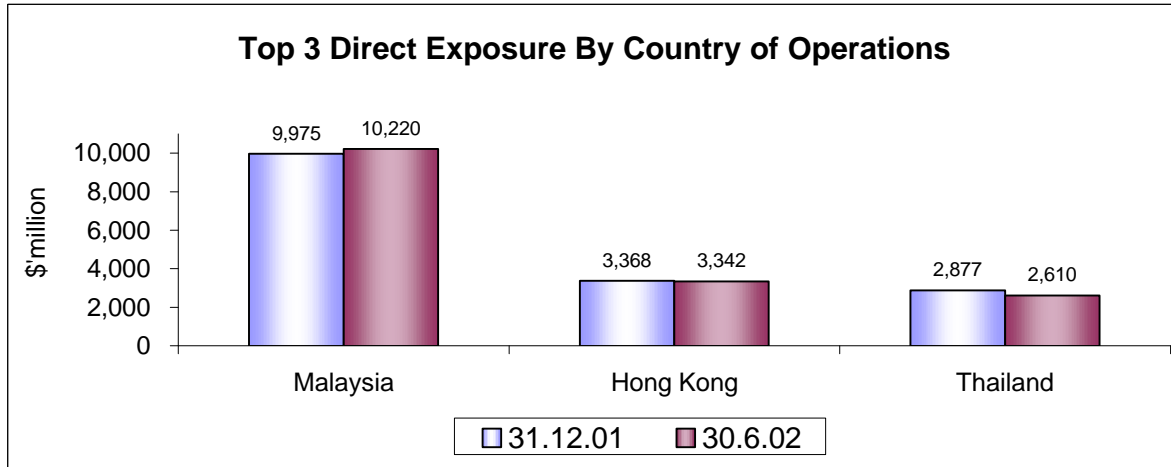
(2) Excludes specific and earmarked provisions

UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 2002

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 \$27.9 billion as at 30 June 2002, or 25.7% 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 of \$10.2 billion or 9.4% of Group total assets. The second largest exposure was to Hong Kong which amounted to \$3.3 billion or 3.1% of Group total assets.



UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR FIRST HALF 2002

VII) Country of Operation Exposure

Exposure to the Five Regional Countries, Greater China and Others

\$ 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								
30-06-02	6,014	2,648	2,229	615	11,506	1,286	10,220	9.4
31-12-01	6,493	2,188	2,571	740	11,992	2,017	9,975	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								
30-06-02	449	141	98	55	743	32	711	0.7
31-12-01	331	118	155	55	659	75	584	0.5
30-06-01	265	108	75	35	483	32	451	0.7
31-12-00	301	45	79	35	460	34	426	0.6
Philippines								
30-06-02	290	200	42	43	575	66	509	0.5
31-12-01	300	277	46	33	656	65	591	0.5
30-06-01	315	248	61	40	664	85	579	0.8
31-12-00	274	210	102	66	652	150	502	0.8
Thailand								
30-06-02	1,127	1,355	279	174	2,935	325	2,610	2.4
31-12-01	1,026	1,617	567	261	3,471	594	2,877	2.6
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								
30-06-02	63	241	1,329	204	1,837	404	1,433	1.3
31-12-01	57	82	888	174	1,201	140	1,061	0.9
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
Total Regional Countries								
30-06-02	7,943	4,585	3,977	1,091	17,596	2,113	15,483	14.3
31-12-01	8,207	4,282	4,227	1,263	17,979	2,891	15,088	13.3
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								
30-06-02	2,798	112	3,884	539	7,333	2,501	4,832	4.4
31-12-01	2,912	135	2,740	590	6,377	1,904	4,473	4.0
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								
30-06-02	4,151	51	3,645	547	8,394	1,010	7,384	6.8
31-12-01	4,652	49	6,102	604	11,407	1,307	10,100	8.9
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								
30-06-02	161	11	36	5	213	4	209	0.2
31-12-01	187	12	44	1	244	4	240	0.2
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								
30-06-02	15,053	4,759	11,542	2,182	33,536	5,628	27,908	25.7
31-12-01	15,958	4,478	13,113	2,458	36,007	6,106	29,901	26.4
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
UNAUDITED CONSOLIDATED INCOME STATEMENTS

	First Half 2002 \$ million	2001		
		First Half \$ million	Second Half \$ million	Full Year \$ million
Interest income	1,917	1,515	1,896	3,410
Less: Interest expense	828	926	1,055	1,981
Net Interest income	1,089	588	841	1,429
Dividends	18	7	27	34
Fee and commission income	247	145	210	355
Rental income	40	38	38	76
Other operating income	80	172	158	330
Total Non-interest income	386	362	433	795
Total income	1,475	950	1,274	2,224
Less: Staff expenses	271	186	257	443
Other operating expenses	256	174	257	431
Total operating expenses	527	360	514	874
Operating profit before goodwill amortisation and provisions	948	590	760	1,350
Less:				
Goodwill amortisation	93	-	48	48
Provisions	157	11	154	165
Operating profit	697	579	558	1,138
Exceptional item #	(18)	-	(12)	(12)
Share of profit of associated companies	94	25	47	72
Profit before taxation	773	605	593	1,198
Less: Taxation				
- The Group	149	138	105	243
- Associated companies	13	13	13	26
Profit after taxation	612	454	475	929
Less: Minority interests	21	(1)	5	4
Net profit attributable to members	591	455	470	925

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

UOB GROUP
UNAUDITED CONSOLIDATED BALANCE SHEETS

	30 Jun 2002	31 Dec 2001	30 Jun 2001		30 Jun 2002	31 Dec 2001	30 Jun 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			
Share capital	1,572	1,571	1,053		3,877	3,330	1,706
Share premium	791	786	786	Singapore Government treasury bills and securities			
Non-distributable reserves	6,201	6,623	1,846		7,268	8,712	3,450
Revenue reserves	3,788	3,136	3,064	Other government treasury bills and securities			
Share of reserves of associates	353	538	513		1,714	1,817	1,906
Total Shareholders' Funds	12,704	12,654	7,262	Dealing securities			
					1,250	681	481
Minority Interests	275	398	198	Balances, placements with, and loans & advances to banks			
					22,007	24,687	23,874
<u>Liabilities</u>				Loans and advances to non-bank customers (incl. trade bills)			
Deposits and other accounts of non-bank customers	68,079	74,452	44,053		59,289	60,892	31,249
Deposits and balances of banks	19,871	18,093	14,456	Other assets			
Total deposits	87,951	92,545	58,509		3,474	2,952	1,905
Bills and drafts payable	147	125	101	Investment securities			
Other liabilities	4,705	3,949	2,362		2,612	2,957	1,154
Subordinated notes	2,735	3,639	-	Investment in associates			
					1,674	1,781	1,557
Total Liabilities	95,539	100,258	60,972	Fixed assets			
					1,673	1,725	1,150
Total Shareholders' Funds and Liabilities	108,518	113,310	68,432	Goodwill			
					3,681	3,776	-
				Total Assets	108,518	113,310	68,432
OFF-BALANCE SHEET ITEMS							
Contingent liabilities	7,722	7,788	4,708				
Off-balance sheet financial instruments	95,150	82,761	63,671				
Commitments	37,539	34,692	19,749				

UOB GROUP
UNAUDITED CONSOLIDATED CASH FLOW STATEMENTS

Appendix 3

	<u>30 June 2002</u> \$ million	<u>30 June 2001</u> \$ million
Cash flows from operating activities		
Profit before taxation	773	605
Adjustments for:		
Depreciation	61	41
Goodwill amortisation	93	0
Share of profit of associates	<u>(94)</u>	<u>(25)</u>
Operating profit before working capital changes	834	620
Working capital changes:		
Deposits	(4,595)	1,751
Bills and drafts payable	22	(28)
Other liabilities	(35)	106
Dealing securities	(569)	76
Trade bills and advances to customers	1,603	(1,204)
Other government treasury bills and securities not qualifying as cash and cash equivalents	15	6
Other accounts	<u>(523)</u>	<u>(139)</u>
Cash (used in) / generated from operations	(3,247)	1,188
Income taxes paid	<u>(261)</u>	<u>(144)</u>
Net cash (used in) / from operating activities	(3,508)	1,044
Cash flows from investing activities		
Decrease/(increase) in investment securities and investments in associates	292	(688)
Net dividends received from associates	38	27
Net (increase) / decrease in fixed assets	(10)	60
Change in minority interests of subsidiaries	(136)	(1)
Net cashflow from liquidation of subsidiaries	50	0
Net cash from / (used in) investing activities	235	(601)
Cash flows from financing activities		
Proceeds from issue of shares	5	3
Dividends paid by the Bank	(306)	(199)
Dividends paid by subsidiaries to minority shareholders	(8)	(7)
Net cash used in financing activities	(310)	(203)
Exchange translation adjustment	(113)	25
Net (decrease) / increase in cash and cash equivalents	(3,695)	265
Cash and cash equivalents at beginning of the financial year	<u>37,416</u>	<u>29,225</u>
Cash and cash equivalents at end of the financial year (Note A)	<u>33,721</u>	<u>29,490</u>
<u>Note A:</u>		
Cash and cash equivalents		
Cash and balances with central banks	3,877	1,706
Placements and balances with banks and agents	22,007	23,874
Singapore Government treasury bills and securities	7,268	3,450
Other government treasury bills and securities, less non-cash equivalents of \$1,145 million (30.6.2001: \$1,446 million)	569	459
	<u>33,721</u>	<u>29,490</u>

UOB GROUP
UNAUDITED 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	1,571	786	6,623	3,136	538	12,654
Net profit attributable to shareholders	-	-	-	591	-	591
Exchange differences	-	-	(88)	-	-	(88)
Transfer to statutory reserves	-	-	421	(421)	-	-
Transfer from capital reserves	-	-	(753)	753	-	-
Liquidation of subsidiaries	-	-	(1)	-	-	(1)
Movements in other reserves of associates	-	-	-	-	(185)	(185)
Dividends	-	-	-	(306)	-	(306)
Shares issued/premium arising from the issue of shares to option holders who exercised their rights	0 *	5	-	-	-	5
Other transfers	-	-	-	35	-	35
Balance at 30 June 2002	1,572	791	6,201	3,788	353	12,704
* less than \$500,000						
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