

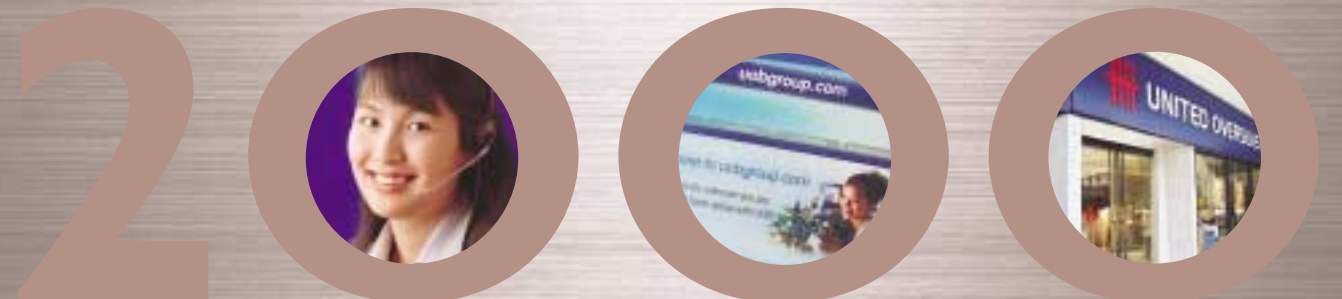
UNITED OVERSEAS BANK LIMITED



ANNUAL REPORT 2000

UNITED OVERSEAS BANK LIMITED

ANNUAL REPORT



Banking Convenience. Anytime, Anywhere.



UNITED OVERSEAS BANK GROUP

UNITED OVERSEAS BANK LIMITED

HEAD OFFICE
80 Raffles Place
UOB Plaza
Singapore 048624

Telephone 65-533 9898
Facsimile 65-534 2334
Website www.uobgroup.com



UNITED OVERSEAS BANK GROUP



Banking Convenience. Anytime, Anywhere.

To meet the challenges of a constantly changing marketplace, our strategy calls for a relentless focus on our customers, offering them relevant and competitive products that are most attractive and convenient to them. Our 'Touch, Click and Mortar' strategy gives our customers the freedom to access their finances from the Internet or from the traditional branch, ATM and Call Centre, wherever they are, whenever they want.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Wee Cho Yaw (Chairman)
Wee Ee Cheong
Koh Beng Seng (*appointed on 26 May 2000*)
Ho Sim Guan
Ernest Wong Yuen Weng
Prof Lim Chong Yah (*resigned on 5 December 2000*)
Wong Meng Meng
John C Dean Jr
Sim Wong Hoo
Philip Yeo Liat Kok (*appointed on 26 May 2000*)
Dr Cham Tao Soon (*appointed on 4 January 2001*)

EXECUTIVE COMMITTEE

Wee Cho Yaw (Chairman)
Wee Ee Cheong
Koh Beng Seng
Ho Sim Guan

AUDIT COMMITTEE

Ernest Wong Yuen Weng (Chairman)
Prof Lim Chong Yah (*resigned on 5 December 2000*)
Philip Yeo Liat Kok
Dr Cham Tao Soon

NOMINATING COMMITTEE

Wong Meng Meng (Chairman)
Wee Cho Yaw
Koh Beng Seng
John C Dean Jr
Sim Wong Hoo

COMPENSATION COMMITTEE

Wee Cho Yaw (Chairman)
Ho Sim Guan
Dr Cham Tao Soon

SECRETARY

Vivien Chan

SHARE REGISTRAR

Lim Associates (Pte) Ltd
10 Collyer Quay
#19-08 Ocean Building
Singapore 049315
Telephone: 65-536 5355
Facsimile: 65-536 1360

AUDITORS

PricewaterhouseCoopers
8 Cross Street
#17-00 PWC Building
Singapore 048424
Partner-in-charge: Dr Chew Kia Ngee

REGISTERED OFFICE

80 Raffles Place
UOB Plaza
Singapore 048624
Telephone: 65-539 3109
Facsimile: 65-536 7712
Cable: TYEHUABANK
Telex: RS 21539 TYEHUA
SWIFT: UOVBSGSG
Website: www.uobgroup.com

a vision

To be a premier bank in the Asia-Pacific region, committed to providing quality products and excellent customer service.



277 OFFICES IN

- | | | |
|------------------------------------|--|-------------------------------|
| SINGAPORE
<i>(65 offices)</i> | HONG KONG S.A.R.
<i>(5 offices)</i> | TOKYO |
| PHILIPPINES
<i>(86 offices)</i> | GUANGZHOU | SYDNEY |
| THAILAND
<i>(64 offices)</i> | SHANGHAI | LONDON |
| MALAYSIA
<i>(27 offices)</i> | XIAMEN | PARIS |
| INDONESIA
<i>(10 offices)</i> | BEIJING | NEW YORK |
| | YANGON | LOS ANGELES |
| | HO CHI MINH CITY | SUNNYVALE
(SILICON VALLEY) |
| | TAIPEI | VANCOUVER |
| | SEOUL | |

a universal bank

United Overseas Bank (UOB) is a leading bank in Singapore with an international network that comprises 277 offices in 17 countries in the Asia-Pacific region, Europe and North America. Its banking subsidiaries in Singapore comprise Far Eastern Bank and Industrial & Commercial Bank, while its banking subsidiaries in the region are United Overseas Bank (Malaysia), PT Bank UOB Indonesia, UOB Radanasin Bank in Thailand and United Overseas Bank Philippines.

UOB provides a wide range of financial services through its global network of branches, offices and subsidiaries: commercial and corporate banking, personal financial services, private banking, trust services, treasury services, asset management, corporate finance, capital market activities, venture capital management, proprietary investments, general insurance and life assurance. It also offers stockbroking services through its associate, UOB-Kay Hian Holdings.

Through its other subsidiaries, and other associates (principally the United Overseas Land Group and Haw Par Group), UOB also has diversified interests in travel, leasing, property development, hotel management, healthcare, manufacturing and general trading.

UOB is rated among the world's top banks by Moody's Investors Service, receiving B+ for Bank Financial Strength, and Aa2 and Prime-1 for long-term and short-term deposits respectively.

a good year

		The Group	
	2000	1999	Increase/ Decrease
Profit For The Year (\$'000)			
Profit before taxation	1,185,876	1,026,217	15.6%
Net profit after tax	912,895	760,214	20.1%
Selected Balance Sheet Items As At Year-End (\$'000)			
Customer loans (net of provisions)	30,045,283	27,259,114	10.2%
Customer deposits	43,405,504	40,728,491	6.6%
Total assets	66,324,052	56,773,946	16.8%
Shareholders' funds	6,769,523	6,191,047	9.3%
Financial Ratios			
Basic earnings per share (cents)	86.8	72.4	19.9%
Return on average shareholders' funds (%)	14.1	12.6	1.5% points
Return on average total assets (%)	1.5	1.4	0.1% point
Expense to income ratio (%)	39.4	32.5	6.9% points
Dividend rates (%)			
– Interim and final	40.0	20.0	20.0% points
– Special bonus (tax exempt)	–	25.0	–25.0% points
Net tangible asset backing per share (\$)	6.43	5.89	9.2%
Capital Adequacy Ratio – BIS (%)			
– Tier 1 capital	17.1	18.6	–1.5% points
– Total capital	19.8	21.7	–1.9% points

steady growth



Wee Cho Yaw
*Chairman &
Chief Executive Officer*

PERFORMANCE IN 2000

Singapore's GDP in 2000 grew by an impressive 9.9% against a projected growth of 4.5% to 6.5%, powered by strong electronic exports. Riding on the back of stronger than expected growth in the Singapore economy, the Group and the Bank achieved creditable performance in 2000.

The UOB Group posted an After-Tax Profit of \$912.9 million, representing a rise of 20.1% over the \$760.2 million achieved in 1999. After-Tax Profit for UOB (excluding extraordinary items of \$110.6 million) improved by 16.4% to \$630.2 million, compared with the previous year's of \$541.5 million (excluding extraordinary items of \$772.8 million). Group return on average shareholders' funds (ROE) improved from 12.6% to 14.1% during the year.

Profit growth was largely contributed by consumer and commercial banking, asset management and venture capital; offset by losses incurred by our two newly acquired subsidiaries, UOB Radanasin Bank and United Overseas Bank Philippines. It was also helped by lower provisions for Non-Performing Loans. Specific and general provisions declined from \$253.5 million in 1999 to \$93.4 million in 2000.

The Board of Directors proposes that \$400 million be transferred to reserves, and recommends a final dividend of 25% less 24.5% income tax. Together with the interim dividend of 15%, the total dividend for 2000 is 40%.

The Group's Singapore subsidiaries also achieved satisfactory growth because of the improved economy. Far Eastern Bank's

After-Tax Profit improved from \$8.7 million to \$11.0 million, while Industrial & Commercial Bank's After-Tax Profit rose from \$14.9 million (excluding extraordinary items of \$111.6 million) to \$61.7 million (excluding extraordinary items of \$12.0 million). United Overseas Insurance posted an After-Tax Profit of \$10.3 million, compared with \$7.4 million in 1999.

As for our regional banking subsidiaries, United Overseas Bank (Malaysia) netted an After-Tax Profit of \$93.4 million (1999: \$97.7 million), PT Bank UOB Indonesia achieved an After-Tax Profit of \$10.4 million (1999: \$9.3 million), while the Group's share of losses of UOB Radanasin Bank and United Overseas Bank Philippines were \$38.5 million and \$19.3 million respectively.

CORPORATE DEVELOPMENTS IN 2000

The Group's investments in IT infrastructure to enhance our Internet banking services continued to bear fruit. More than a quarter of our customers has logged on to www.uobgroup.com to conduct their financial transactions online. An increasing number of customers are also using our Call Centre facility. Our e-Treasury service, allowing foreign exchange transactions to be executed around the clock, has also proven to be popular with our corporate customers.

Leveraging on the experience and expertise of UOB Singapore, our Thai subsidiary, UOB Radanasin Bank made successful forays into the consumer banking arena. It launched an attractive housing loan package in April and the UOB VISA Card in September. Our Indonesian subsidiary changed its name from P T United Overseas Bank Bali to PT Bank UOB Indonesia and opened a branch in Bali, its seventh in the country. United Overseas Bank (Malaysia) also enhanced its personal financial services through phonebanking and Internet payment services and facilities. We were also active in corporate banking, and were involved with several successful capital restructuring exercises.

The merger of UOB Securities and Kay Hian Holdings became effective in October 2000. We are now finalising the sale of UOB's regional stockbroking subsidiaries to the new company, UOB Kay-Hian Holdings.

The recent misconduct of five staff members in handling two Initial Public Offerings of shares, in which UOB Asia (the Group's merchant banking subsidiary) acted as manager, resulted in UOB Asia being fined under the Securities Industries Act. The Bank does not condone such improper conduct. All five staff members involved have resigned. Management has taken steps to prevent future similar occurrences.



We are confident that we will continue to meet shareholders' expectations with our business strategies.

Arising from this incident, we appointed PricewaterhouseCoopers (PwC) to conduct a review of the operations of UOB Asia. The review has been completed and management has accepted and implemented PwC's recommendations. We would like to reiterate that good corporate governance has always been a guiding principle of the UOB Group. We expect our staff to observe high standards of professionalism and integrity in their work.

2011 PROSPECTS AND STRATEGIES

Against the backdrop of an economic slowdown in the United States, the official estimate for Singapore's GDP growth this year is between 5% and 7%. Unless there is a significant improvement in the American economy, we believe that growth will be at the lower end of the range. A prolonged slowdown in the United States will adversely affect the regional economies, some of which have not fully recovered from the financial crisis of 1997.

The regional outlook is further marred by the economic inertia in Japan and socio-political uncertainties in South-East Asia. Both factors will have a negative influence on potential foreign investments, with investors already casting their eyes

on the huge market offered by China, following its entry into the World Trade Organisation this year.

This year will be challenging for Singapore and the UOB Group. But we believe that where there is economic adversity, there will also be business opportunities. Hence, we are confident that we will continue to meet shareholders' expectations with our business strategies.

Firstly, we will seek to further increase our market share in Singapore by continuing to provide innovative products and quality services to our customers, accessible anywhere and anytime. This customer-focussed approach forms the backbone of our corporate structure and directs all our business activities. The Group's human and IT resources will be channelled to meeting the financial needs and aspirations of our large customer base.

Secondly, we will continue to transfer our expertise and experience to our regional banking subsidiaries. More importantly, we intend to maximise our strong regional network to finance trade and investments in the Asia-Pacific area. In particular, we plan to grow our commercial banking, trade financing, corporate finance, treasury and investment banking activities especially in ASEAN and Greater China.

uncertain
times ahead

We are confident that this will further help us meet our target of deriving 50% of our profit from our overseas operations by 2010.

Thirdly, high standards of corporate governance and sound risk management practices will continue to rank high on our list of priorities. With globalisation and the rapid advancement of technology, the financial market is facing rapid changes. Under these circumstances, prudent management of risk is crucial to ensure the continued financial soundness of the Group, and to safeguard and protect the interest of our shareholders.

Finally, recognising the importance of human resources, we have stepped up our drive to expand our talent pool to meet the ever-changing needs of a diverse customer base and to achieve our goal to become a strong regional bank. An effective and equitable human resource management system is in place to attract and retain the best and brightest within the Group.

BOARD DIRECTORS

In May 2000, the Board was further strengthened with the appointment of two new Directors, namely, Mr Koh Beng Seng and Mr Philip Yeo Liat Kok. Mr Koh, who was previously Deputy Managing Director of the Monetary Authority of Singapore, also joined the Group as Deputy President. Mr Yeo is currently the Chairman of the National Science & Technology Board and Co-Chairman of the Economic Development Board. He has played a pioneering role in the development of Singapore's manufacturing sector. In January 2001, we welcomed another new

Director, Dr Cham Tao Soon, Professor & President of the Nanyang Technological University. I am confident that the Bank will benefit greatly from the wide experiences of these distinguished gentlemen.

In October 2000, the Group lost the services of its President, Mr Ernest Wong Yuen Weng, who decided to opt for early retirement. Mr Wong, who had been with the Bank for 29 years, agreed to continue to be on the Board of UOB. In December 2000, the Board accepted, with regret, the resignation of Director, Prof Lim Chong Yah. I take this opportunity to thank Prof Lim for his contributions to the Bank and the Group.

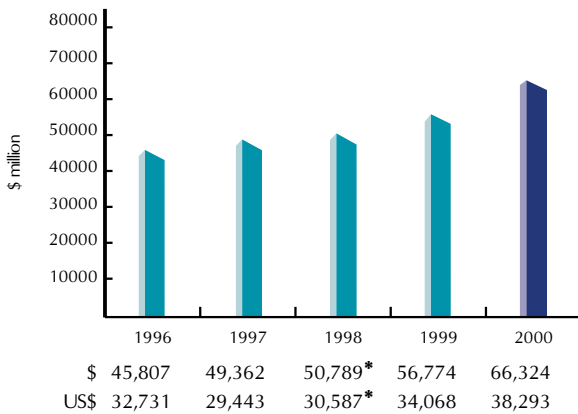
My deep appreciation also goes to the other Directors who have been unstinting in giving their time and wise counsel to the Bank, as well as management and staff members who have helped the Group to put up a creditable performance in the past year.

Wee Cho Yaw
Chairman & Chief Executive Officer
March 2001

building shareholder value

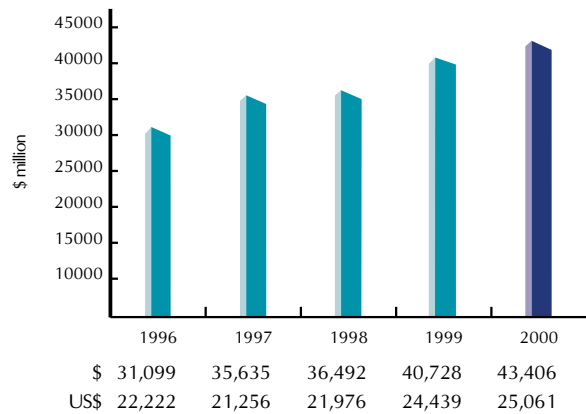
GROUP ASSETS

2000: \$66,324 million ■ + 16.8%
1999: \$56,774 million



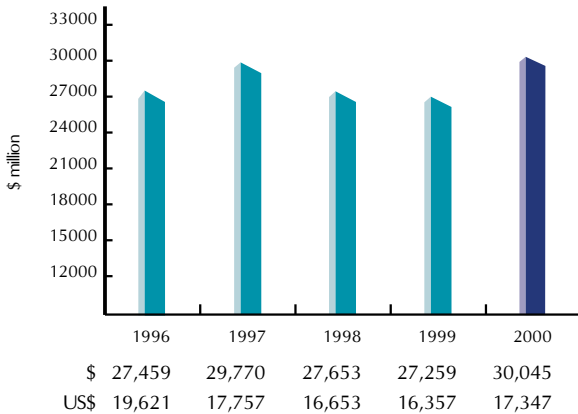
GROUP CUSTOMER DEPOSITS

2000: \$43,406 million ■ + 6.6%
1999: \$40,728 million



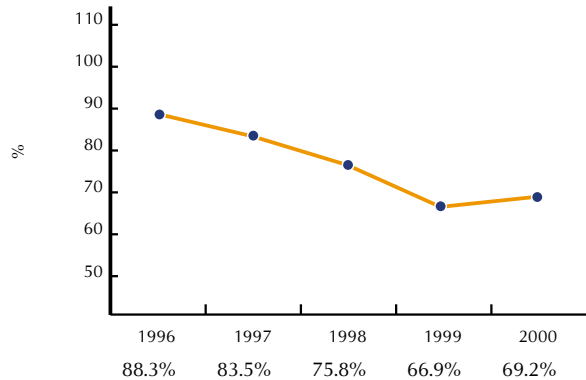
GROUP CUSTOMER LOANS

2000: \$30,045 million ■ + 10.2%
1999: \$27,259 million



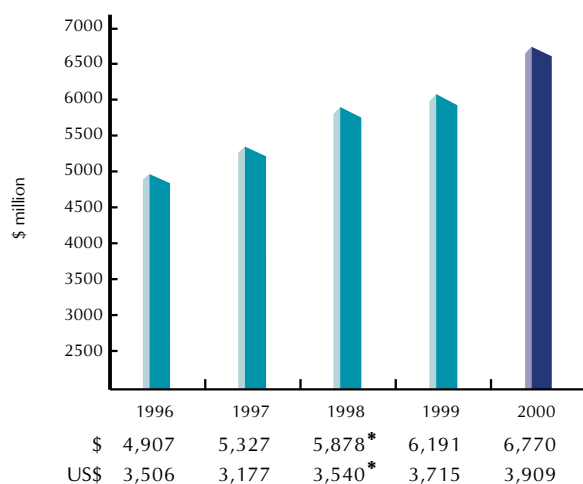
GROUP LOANS/CUSTOMER DEPOSITS RATIO

2000: 69.2% ■ + 2.3% points
1999: 66.9%



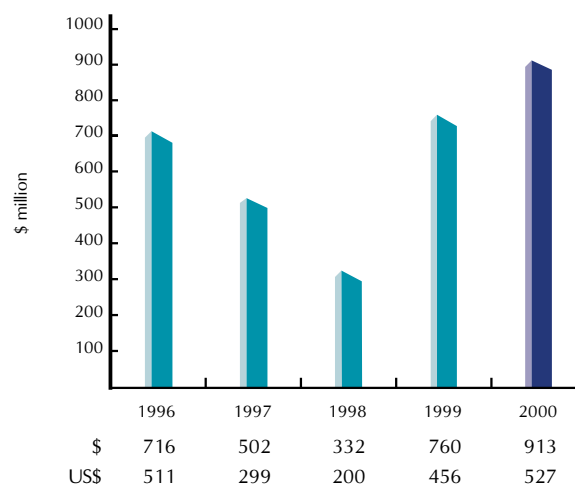
GROUP SHAREHOLDERS' FUNDS

2000: \$6,770 million ■ + 9.3%
1999: \$6,191 million



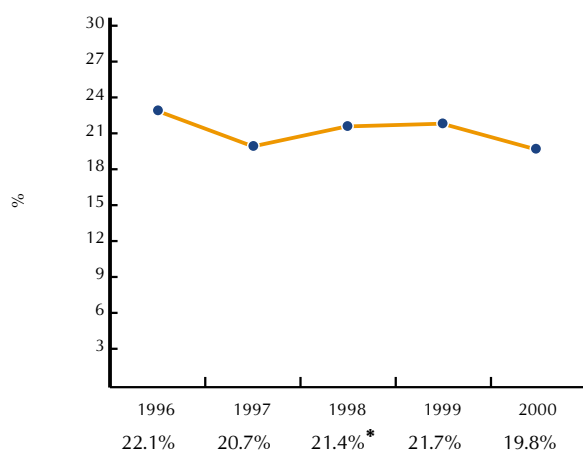
GROUP NET PROFIT AFTER TAX

2000: \$912.9 million ■ + 20.1%
1999: \$760.2 million



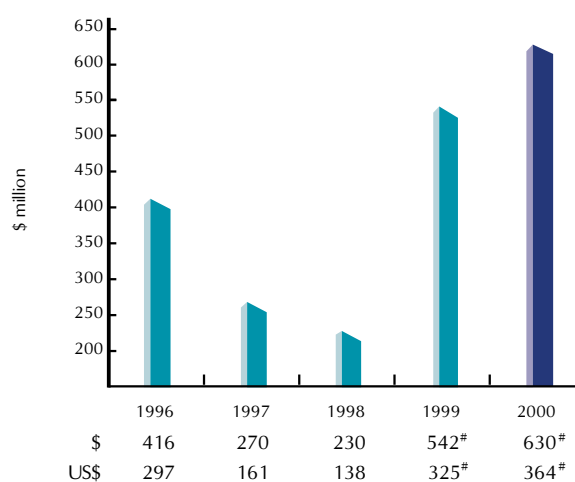
GROUP CAPITAL ADEQUACY RATIO

2000: 19.8% ■ - 1.9% points
1999: 21.7%



BANK NET PROFIT AFTER TAX

2000: \$630.2 million ■ + 16.4%
1999: \$541.5 million

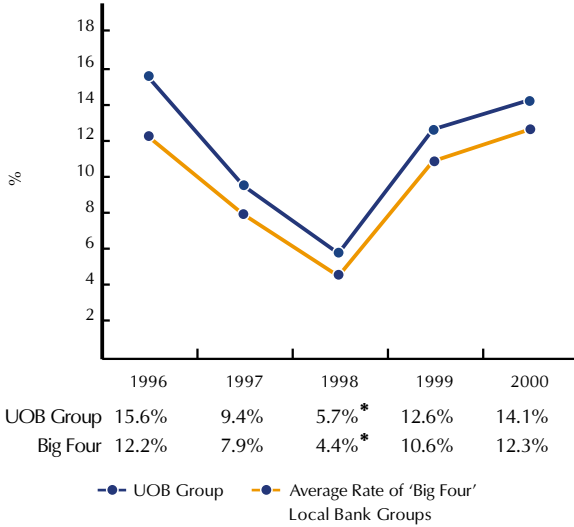


[#] Excludes extraordinary items.

* Figures/ratios have been adjusted for impact of equity accounting.

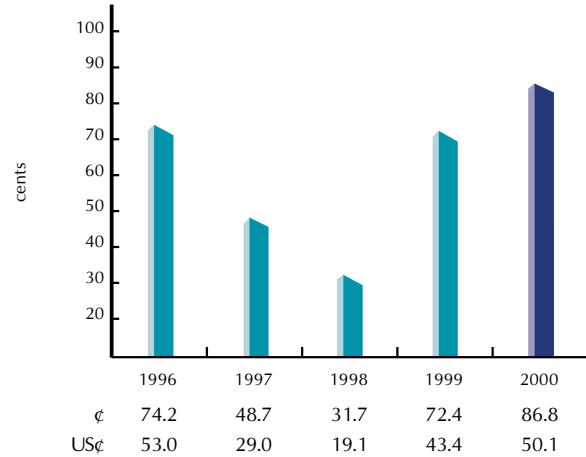
GROUP RETURN ON AVERAGE SHAREHOLDERS' FUNDS

2000: 14.1% ■ + 1.5 points
1999: 12.6%



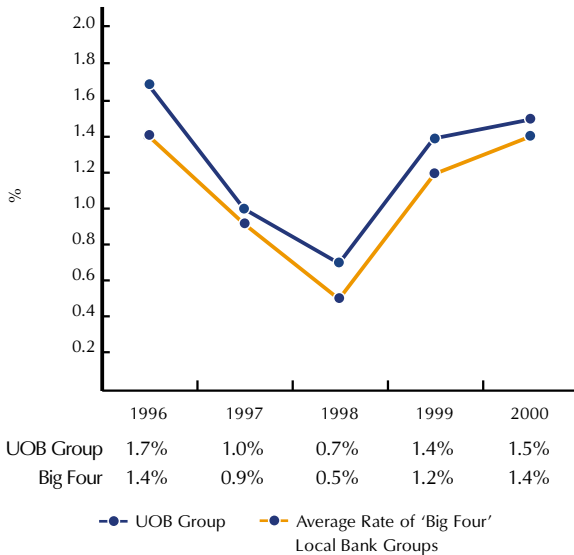
GROUP ADJUSTED EARNINGS PER SHARE

2000: 86.8 cents ■ + 19.9%
1999: 72.4 cents



GROUP RETURN ON AVERAGE TOTAL ASSETS

2000: 1.5% ■ + 0.1% point
1999: 1.4%



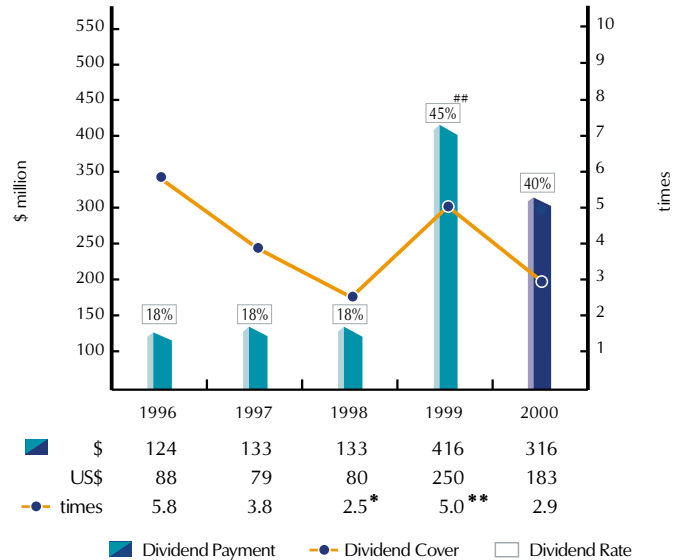
DIVIDENDS

DIVIDEND PAYMENT

2000: \$316.3 million ■ - 24.0%
1999: \$416.1 million

DIVIDEND COVER

2000: 2.9 times ■ - 42.0%
1999: 5.0 times



** Dividend cover is 1.8 times if the special tax exempt bonus dividend is included.
Includes special tax exempt bonus dividend of 25%.

* Figures/ratios have been adjusted for impact of equity accounting.

GROUP TOTAL INCOME

NET INTEREST INCOME

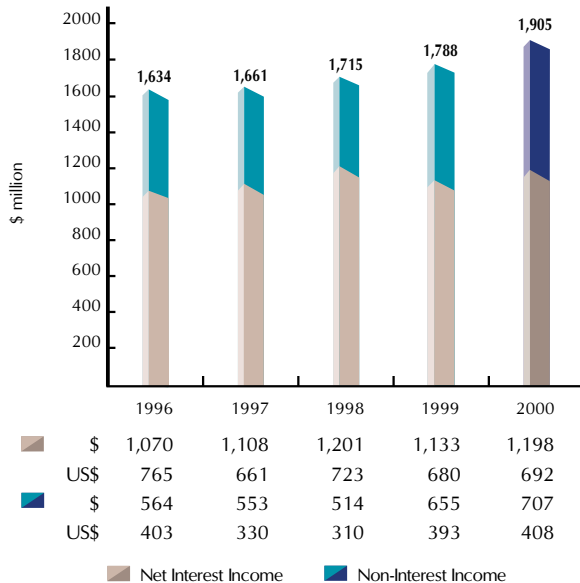
2000: \$1,198 million ■ + 5.8%

1999: \$1,133 million

NON-INTEREST INCOME

2000: \$707 million ■ + 7.9%

1999: \$655 million



GROUP TOTAL NON-PERFORMING LOANS (NPLs)

NPLs

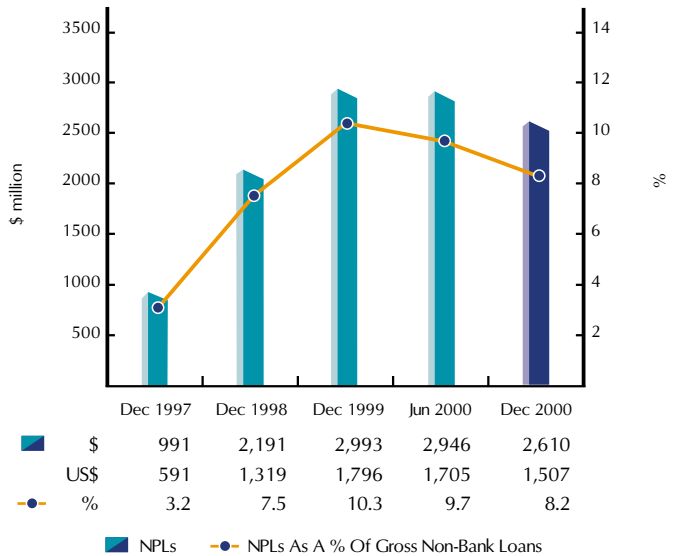
Dec 2000: \$2,610 million ■ - 12.8%

Dec 1999: \$2,993 million

NPLs AS A % OF GROSS NON-BANK LOANS

Dec 2000: 8.2% ■ - 2.1% points

Dec 1999: 10.3%



GROUP TOTAL CUMULATIVE PROVISIONS

CUMULATIVE SPECIFIC PROVISION

Dec 2000: \$1,044 million ■ - 6.3%

Dec 1999: \$1,114 million

CUMULATIVE GENERAL PROVISION

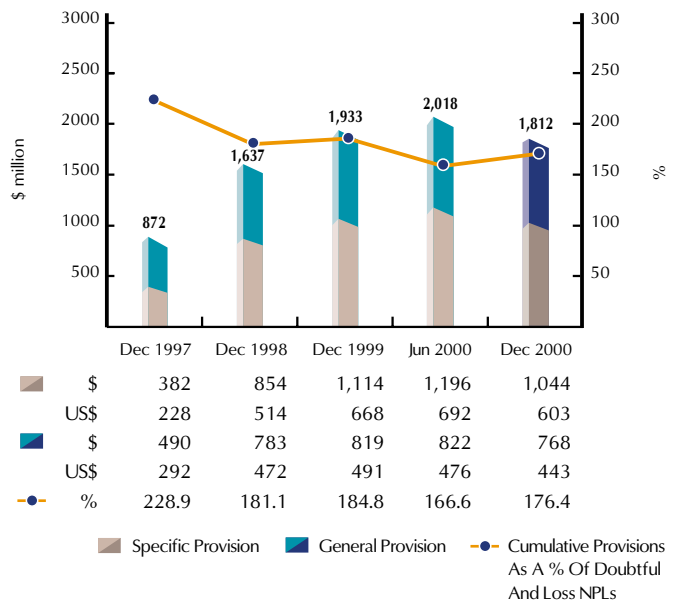
Dec 2000: \$768 million ■ - 6.2%

Dec 1999: \$819 million

TOTAL CUMULATIVE PROVISIONS AS A % OF DOUBTFUL AND LOSS NPLs

Dec 2000: 176.4% ■ - 8.4% points

Dec 1999: 184.8%





Wee Cho Yaw
Chairman & Chief Executive Officer

Age 72. A career banker with more than 40 years of experience. Chairman & CEO of UOB since 1974. Chairman of the Executive Committee since 1976. Chairman of the Bank's Compensation Committee and member of its Nominating Committee. Chairman of UOB subsidiaries, including publicly listed Industrial & Commercial Bank, United Overseas Insurance and United International Securities. Chairman of Haw Par Corporation, Haw Par Healthcare, United Overseas Land, Hotel Plaza, United Industrial Corporation, and Singapore Land and its subsidiary, Marina Centre Holdings. Director of Singapore Press Holdings. Member of the Asia-Pacific Advisory Committee, New York Stock Exchange. Honorary President of Singapore Chinese Chamber of Commerce & Industry.



Wee Ee Cheong
Deputy Chairman & President

Age 48. A professional banker who joined the Bank in 1979. Appointed Deputy Chairman & President of UOB in March 2000. Executive Director and member of the Bank's Executive Committee since 1990. Chairman of the Association of Banks in Singapore. Director of VISA International, Institute of Banking & Finance, and several UOB subsidiaries and affiliates, including Far Eastern Bank, Industrial & Commercial Bank, United Overseas Insurance, United Overseas Land and Hotel Plaza. Council Member of Singapore Chinese Chamber of Commerce & Industry. Served as Deputy Chairman, Housing & Development Board, Singapore (1995 – 2000) and Director, Port of Singapore Authority (1997 – 2000).

fresh per



Wong Meng Meng

Age 52. Managing Partner of Wong Partnership. Notary Public and Senior Counsel, Supreme Court of Singapore. Director of the Bank since March 2000. Chairs the Bank's Nominating Committee. Director of UOB subsidiaries – Far Eastern Bank and Industrial & Commercial Bank. Accredited Arbitrator to the Centre for International Commercial Dispute Resolution (Hawaii), American Association of Arbitrators and Singapore International Arbitration Centre. Advisor to the Association of Banks in Singapore (1985 – 1992).



John C Dean Jr

Age 53. A banking professional with more than 20 years experience. President & CEO of Silicon Valley Bancshares. Chairman of Silicon Valley Bank. Director of the Bank since March 2000. Member of the Bank's Nominating Committee. Director of UOB subsidiaries – Far Eastern Bank and Industrial & Commercial Bank. Director and Advisor to several venture capital firms and technology companies. Member of the Wharton Entrepreneurial Advisory Board. Former President & CEO of Pacific First Bank, First Interstate Bank of Washington, and First Interstate Bank of Oklahoma.



Koh Beng Seng
Deputy President

Age 50. Spent over 24 years at the Monetary Authority of Singapore where he made significant contributions to the development and supervision of the Singapore financial sector in his capacity as Deputy Managing Director, Banking & Financial Institutions Group. Joined UOB as Deputy President in June 2000. Executive Director and member of the Bank's Executive and Nominating Committees. Director of UOB subsidiaries – Far Eastern Bank and Industrial & Commercial Bank, Chartered Semiconductor Manufacturing and ST Assembly Test Services. Advisor (part-time) to the International Monetary Fund.



Ho Sim Guan

Age 75. A veteran businessman with more than 45 years of experience in the plantation, hotel and banking sectors. Chairman of the Tai Tak Group of Companies in Singapore and Malaysia who is actively involved in Tai Tak's investment activities in Asia. Member of the Bank's Executive Committee since 1976. Member of the Bank's Compensation Committee. Director of UOB subsidiaries – Far Eastern Bank, Industrial & Commercial Bank and United Overseas Insurance.



Ernest Wong Yuen Weng

Age 55. Group CEO of MediaCorp (Media Corporation of Singapore Pte Ltd). Director of the Bank since 1990. Chairs the Bank's Audit Committee. Built his career first with the Economic Development Board in 1967 and then with the Ministry of Finance before joining UOB in 1972. President of UOB from 1990 until September 2000 when he left to take up his current appointment at MediaCorp. Also a Director of United Overseas Land.

spectives



Sim Wong Hoo

Age 45. A prominent technopreneur and pioneer best known for bringing sound, video and digital entertainment technology into the personal computer. Founder, Chairman & CEO of Singapore-based Creative Technology Ltd (Nasdaq: CREAM). Director of the Bank since March 2000. Member of the Bank's Nominating Committee. Director of UOB subsidiaries – Far Eastern Bank and Industrial & Commercial Bank.



Philip Yeo Liat Kok

Age 54. Brings to the Bank wide government and private sector experience over a 30-year career. Recognised for his contributions to Singapore's economic development and his pioneering role in the development of Singapore's information technology industry. Chairman of National Science & Technology Board. Director of the Bank since May 2000. Member of the Bank's Audit Committee. Director of UOB subsidiaries – Far Eastern Bank and Industrial & Commercial Bank. Co-Chairman of Economic Development Board. Chairman of CapitaLand.



Dr Cham Tao Soon

Age 61. Professor & President of Nanyang Technological University with more than 30 years of experience in the academia sector. Director of the Bank since January 2001. Member of the Bank's Audit and Compensation Committees. Chairman of NatSteel. Chairman of Singapore Symphonia Company. Director of Ei-Nets, Keppel Corporation and WBL Corporation. Board Member of Land Transport Authority.

at the helm

DR GOH KENG SWEE

Advisor (Research) to UOB since 1993. Former Deputy Prime Minister of Singapore. Has served as Minister of Finance, Minister of Defence and Minister of Education. Former Chairman of the Monetary Authority of Singapore.

SAMUEL POON HON THANG

Age 51. Senior Executive Vice President of Institutional and Individual Banking. Joined UOB in 1988. Holds a Bachelor of Commerce (Honours) degree from the then Nanyang University. Worked with Citibank N.A. from 1979 to 1988.

TERENCE ONG SEA ENG

Age 51. Senior Executive Vice President of Asset Management, Group Investments and Global Treasury. Joined UOB in 1982. Holds a Bachelor of Accountancy degree from the then University of Singapore. Has more than 15 years of experience in treasury services and operations. Deputy General Manager of the Board of Commissioners of Currency Singapore before joining UOB.

YEO ENG CHEONG

Age 52. Executive Vice President of Commercial Credit. Joined UOB in 1986. Holds a Bachelor of Business Administration (Honours) degree from the then University of Singapore. Has more than 25 years of experience in credit and marketing. Worked with Chase Manhattan Bank (now known as J P Morgan Chase & Co) from 1972 to 1982.

NEO KHAY PIN

Age 54. Executive Vice President in charge of UOB's Indonesian operations. Joined UOB in 1988. Holds a Masters of Science degree from the University of Warwick. A banker with more than 20 years of experience. Worked with ABN Bank (now known as ABN AMRO Bank) from 1979 to 1988.

FRANCIS LEE CHIN YONG

Age 46. Executive Vice President & Chief Executive Officer in charge of UOB's Malaysian operations. Joined UOB in 1980. A professional banker with more than 20 years' experience. Appointed Head of UOB's consumer services operations in Malaysia in 1991.

KUEK TONG AU

Age 54. Executive Vice President of Corporate Services that includes the functions of corporate affairs, financial control, investor relations, settlements, tax, property, legal and secretariat. Joined UOB in 1970. Holds a Bachelor of Accountancy (Honours) degree from the then University of Singapore. Has more than 30 years of experience in finance.

SIM PUAY SUANG (MS)

Age 48. Executive Vice President of Personal Financial Services. Joined UOB in 1978. Holds a Bachelor of Arts degree from the then University of Singapore. Has a wealth of experience in consumer banking spanning more than 20 years.

MICHAEL LAU HWAI KEONG

Age 40. Executive Vice President of International/ Strategic Planning & Research. Joined UOB in June 2000. Holds a Bachelor of Business Administration (Honours) degree from the National University of Singapore. A Chartered Financial Analyst. Has 15 years of experience in the financial industry, and held senior appointments at the Central Depository and Monetary Authority of Singapore.

DAVID LOH HONG KIT

Age 45. Executive Vice President of Risk Management & Compliance. Joined UOB in June 2000. Holds a Masters of Business Administration degree from the University of New South Wales. A Chartered Financial Analyst. Has more than 15 years of financial industry experience, and was Senior Vice President at the now Singapore Exchange Derivatives Trading/Derivatives Clearing from 1992 to 1999.

WONG CHONG FATT

Age 46. Executive Vice President of High Network Customers and Managing Director of Banknotes, Futures & Personal Treasury Services, Global Treasury. Joined UOB in June 2000. Holds a Bachelor of Commerce degree from the then Nanyang University. Has more than 20 years' experience in treasury products, and held senior appointments at ABN AMRO Futures, NatWest Futures and HSBC Futures.

JOSEPH CHEN SEOW CHAN

Age 50. Managing Director of Trading & Institutional Treasury Services, Global Treasury. Joined UOB in 1989. Holds a Bachelor of Science (Honours) degree from the then University of Singapore. A banker with over 20 years' experience in the treasury and fixed income business. Worked with various major foreign banks and the Monetary Authority of Singapore before joining UOB.

SUSAN HWEE (MS)

Age 41. Executive Vice President of Information Technology. Joined UOB in January 2001. Holds a Bachelor of Science degree from the National University of Singapore. Has more than 19 years of experience in information technology, having held appointments in Keppel TatLee Bank, Citibank N.A. and IBM.

LARRY LAM CHI KEUNG

Age 44. Senior Vice President and Head of Internal Audit. Joined UOB in 1998. Holds a Masters of Business Administration degree and a Bachelor of Information Systems degree from the California State Polytechnic University. A Certified Public Accountant (California License) and a Certified Information Systems Auditor. Has 17 years of internal and external audit experience from the United States.

achieving best practices

The United Overseas Bank (UOB) Group is committed to high standards of corporate governance and business conduct in accordance with best practice.

Outlined below are the Bank's corporate governance practices that were in place throughout the financial year just ended.

BOARD OF DIRECTORS

The Board of United Overseas Bank Limited, comprising 10 distinguished members with diverse corporate experiences, is responsible for the supervision of the Bank's activities. It has oversight responsibilities for the business and affairs of the Bank. The Board sets the overall business direction and provides guidance on the Bank's strategic plans. It delegates the formulation of business policies and day-to-day management to various committees and the Chief Executive Officer. The Board meets regularly to review the Bank's business plans and the operating results achieved. The Board met five times in 2000.

EXECUTIVE COMMITTEE

The Executive Committee (Exco) was established by the Board to formulate the Bank's business strategies and conduct on-going monitoring of the Group's performance. The four-member Exco comprises Mr Ho Sim Guan, a non-executive director, and three executive directors, namely, Mr Wee Cho Yaw, Mr Wee Ee Cheong and Mr Koh Beng Seng. The Exco meets monthly and has also been given delegated

authority to exercise certain of the Board's powers during the period of time between the meetings of the Board.

The Chief Executive Officer is responsible for the day-to-day operation of the Bank. The Board has conferred upon the Exco and the Chief Executive Officer certain discretionary limits and authority for credit and loan approvals, treasury and investment activities, capital expenditure, budgeting and human resource management.

AUDIT COMMITTEE

The Audit Committee comprises three members, all of whom are independent and non-executive directors. They are Mr Ernest Wong Yuen Weng, Chairman of the Committee, Mr Philip Yeo Liat Kok and Dr Cham Tao Soon. The Committee meets at least three times a year. Additional meetings could be called by the Chairman of the Audit Committee to discuss specific audit issues when necessary. The following are some of the functions performed by the Audit Committee:

- reviews with the external auditor, the audit plan, his evaluation of the system of internal controls, his audit report and any matter which the external auditor wishes to discuss;
- reviews with the internal auditor, the scope and results of internal audit procedures;

- reviews with the internal and external auditors, their findings on their evaluation of the system of internal controls;
- reviews the half-yearly and annual financial statements prior to submission to the Board;
- reviews any significant findings of internal investigations;
- nominates a person or persons as auditor;
- reviews the assistance given by the Bank's officers to the internal and external auditors; and
- reviews interested person transactions.

The Bank has complied with the Best Practices Guide with respect to Audit Committees issued by the Singapore Exchange Securities Trading Limited (SGX-ST). In this regard, the Bank had ensured that the Audit Committee, when making decisions, had the benefit of the views of members who were independent of management.

To effectively discharge its responsibilities, the Committee had full access to and the cooperation of management, including internal auditors. The Committee also had full discretion to invite any director and executive officer to attend its meetings.

NOMINATING COMMITTEE

The Nominating Committee was established by the Board to assist the Board in identifying individuals and reviewing nominations for appointment to the Board, the Executive Committee, the Audit Committee, the Compensation Committee and the key management positions of Chief Executive Officer, President, Deputy President and Chief Financial Officer and any other

officer with responsibilities and functions similar to any of these officers. There are five directors on the Nominating Committee, three of whom are independent directors, namely, Mr Wong Meng Meng who is the Chairman of the Committee, Mr John C Dean Jr and Mr Sim Wong Hoo. The other two members of the Nominating Committee are Mr Wee Cho Yaw and Mr Koh Beng Seng. The Nominating Committee met twice in 2000.

COMPENSATION COMMITTEE

The Board has recently constituted a Compensation Committee of three directors to assist the Board in overseeing executive staff compensation and development in the UOB Group. The Committee's terms of reference include the determination of a remuneration policy that would attract, retain and motivate a pool of executive talent, deliver improved shareholder value by ensuring that individual performance and reward are reflective of the business objectives of the Group, and align the interests of all staff as closely as possible with the interests of shareholders. The Committee shall take over the functions of the Administering Committee which was appointed to administer the UOB 1999 Share Option Scheme and the UOB Executives' Share Option Scheme.

The members of the Compensation Committee are Mr Wee Cho Yaw who chairs the Committee, and two independent directors, Mr Ho Sim Guan and Dr Cham Tao Soon.

PERFORMANCE PLANNING AND MONITORING

The Bank has a comprehensive planning, budgeting and monitoring system based on key performance indicators for each business area and cost centre. Business plans incorporating detailed one-year operating plans are

prepared annually by each business unit and cost centre and presented and discussed by senior management before they are presented to the Board of Directors for approval. The Board receives quarterly management reports comparing actual performance with budget, highlighting key business indicators and giving the progress of major projects.

MANAGING RISKS

The management of risk is fundamental to our business and forms an essential element in our overall strategy. Our risk management philosophy is that all risks taken must be identified, measured, monitored and managed within a robust risk management framework, and that returns must be commensurate with the risks taken.

There is a strong, centralised and independent risk management governance structure that oversees the various key types of risks, namely:

- credit and country risk;
- balance sheet risk;
- liquidity risk;
- market risk; and
- operational risk.

The risk management corporate governance structure takes the form of overall responsibility by the Board of Directors in providing guidance regarding strategies and risk appetite for an integrated view of the Group's risk exposures.

On a day-to-day basis, various committees, comprising senior executive staff who are responsible for the Group's businesses, meet regularly to evaluate and approve business and operational matters, including that of risk exposures. The committees formulate policies on risk for the Group's businesses and these are communicated through risk limits and operational procedures to the various business units. The major

policy decisions and proposals on risk exposures are subject to review by the Exco and the Board.

The Credit Committee deals with all credit, as well as country/transfer risk matters, including approval of credit applications, formulation of credit policies and the review of existing credit facilities.

The Asset Liability Committee formulates, reviews and approves policies and strategies regarding the balance sheet structure, liquidity needs and trading activities.

The Investment Committee formulates, reviews and approves policies and strategies regarding the investment and management of funds.

The Computer Committee determines and oversees the prioritisation of the Bank's investments in IT as well as the resources committed to the development of the Bank's technology infrastructure, and ensures that these are in line with the Bank's business strategy.

The Management Committee reviews operations and formulates policies relating to the business activities of the Group and any operational risks arising from them.

The Risk Management and Compliance Sector, which is independent of the business units, performs the operational role of implementing risk policies and procedures and ensuring compliance by the business and operation units.

INTERNAL CONTROLS

The Bank has well-established internal audit and compliance functions. There are formal procedures for both internal and external auditors to report the conclusions and recommendations of their audit findings to management and to the Audit Committee.

The Bank's Internal Audit, which reports to the Audit Committee, assists the Board of Directors in monitoring and managing business risks and internal controls. The Audit Committee approves the Bank's internal audit plan during the first of at least three Audit Committee meetings each year. The results of the audits are submitted to the Audit Committee for its review in other meetings. Administratively, the Head of Internal Audit reports to the Bank's Chairman & Chief Executive Officer.

The scope of Internal Audit covers the audits of all units and operations, including overseas branches and subsidiaries.

The Bank's banking subsidiaries, United Overseas Bank (Malaysia), UOB Radanasin Bank and United Overseas Bank Philippines, each has its own internal audit function and is also subject to its local regulations. However, the Head of Internal Audit at the Bank's Head Office will help standardise the audit charter, practices and annual planning process, and review audit results across all the Bank's banking subsidiaries.

The audits carried out in 2000 on the Group's units and operations were prioritised based on audit risk assessments.

During the year under review, Internal Audit also implemented the Control Self Assessment Programme for local as well as overseas branches. This is part of its efforts to enhance internal control awareness and risk assessment within the various business units and branches. Internal Audit will be implementing the Control Self Assessment Programme for business units and operations at the Bank's Head Office.

In addition, Internal Audit audits the various computer application systems, network and the Bank's Information Technology sector. Internal Audit uses the Control

Objectives for Information and Related Technology (COBIT) for evaluating internal control systems of the Bank. In view of the Bank's substantial investment in Internet banking and e-commerce, Internal Audit had focussed on assessing and addressing information technology risks of key Internet banking and e-commerce application systems that were developed and introduced during 2000.

The Group's Internal Audit function is carried out by a team of approximately 165 staff worldwide, including 75 in Singapore.

ETHICAL STANDARDS

The Bank has adopted The Association of Banks in Singapore's Code Of Conduct for all staff and drawn up guidelines for compliance.

The Bank has also adopted the SGX-ST's Best Practices Guide with respect to dealings in securities and has a Code On Dealings In Securities for the guidance of directors and officers.



expanding horizons

This report of our activities in 2000 reflects the relative importance of our operations in key markets that we have identified as instrumental in helping us build ourselves as a premier bank in the Asia-Pacific region.

SINGAPORE

Our strategy continued to be one of broadening and deepening our customer relationships across all our businesses, providing our customers with quality and relevant products and a high and consistent level of service.

Wholesale & Retail Banking

Our wholesale and retail banking activities encompass personal financial services, commercial banking and corporate banking. These businesses as a whole recorded an increase in net profit before tax of 28% in 2000. Key contributing factors included improved net interest income from a higher loan volume and lower provisions.

Personal Financial Services

We are focussed on enhancing our leadership in the consumer market. Already we are No. 1 in credit cards with a card base that is more than 460,000 strong.

Additions to our range of personal financial services in 2000 targetted at increasing customer convenience included the following:

- Entered the intensely competitive but high growth car financing market, achieving a market share of more than 10%
- Launched MOST (Mapping Out Strategies for Tomorrow) – an integrated personal financial planning platform that helps customers plan for their future financial needs, the key focus being their asset enhancement, education, protection and retirement needs
- Consolidated customer call centres with the creation of one common platform, namely, one 24-hour hotline 1800 22 22 121, that is devoted to customers
- Announced participation in Ace Net, a joint venture company with three other local banks to market and manage all off-site ATMs of the banks. Customers will eventually gain access to over 500 Ace Net ATMs islandwide and enjoy an improved range of ATM services.

Commercial Banking

We are the leader in the commercial market, the small- and medium-sized enterprises that are a vital and long-standing core business for us. In 2000, we witnessed a healthy growth in our loan portfolio in this segment against a background of more optimistic business sentiments.



• We are dedicated to offering a superior customer experience. Our Call Centre provides convenience of access 24 hours a day, 7 days a week.

We will continue to strengthen our market leadership through a wider and better array of products and services for our customers, and by deepening our relationships with them. At the same time, we will drive expansion by seeking growth in our customer base, tapping more business opportunities for them through our regional operations. As a Singapore bank with a strong regional presence, we believe that we are well placed to assist the small- and medium-sized enterprises in their regional expansion programmes.

Corporate Banking

Corporate Banking provides complete financial solutions, wherever and whenever they are needed – to companies, governments and institutions. Our corporate banking business had a highly successful year, managing a total loan portfolio that was 14% higher than in 1999.

Key initiatives taken in 2000 were the following:

- Arranged a diverse range of financing options totalling more than \$1.4 billion for corporate customers who included Centennial Tower Investments Ltd of the Pontiac Group, Tampines Condominium Pte Ltd, Gateway Land Ltd and Keppel Bay Pte Ltd
- Arranged revolving credit facilities totalling more than US\$91 million for Caltex Corporation Limited and Neptune Orient Lines.



- We are proud to be the sole financier of the Caribbean at Keppel Bay, Keppel's premier residential property that is set to redefine waterfront living with its unparalleled sea views.



- With our strong regional presence and our understanding of customer needs, we are well-positioned to support the business expansion of small- and medium-sized enterprises like SMB United, a leading and publicly listed local manufacturer of switch gear assembly.

Global Treasury

Given the subdued market conditions in 2000 that gave rise to less trading opportunities, Global Treasury saw slightly lower profits during the year. Nevertheless, we remain optimistic and have made strategic investments to build a highly experienced team and develop our electronic channels through the Internet.

To provide our futures customers with faster and more efficient execution of their trades, we tied up with major Futures Commission Merchants in 2000 that will allow us access to the major global futures exchanges. In addition, Global Treasury continues to be an active player in the regional and international foreign exchange markets, providing 24-hour global trading. In particular, it is a dominant player and market maker in Singapore dollar treasury instruments and a major primary dealer in Singapore Government Securities. We are the only bank in Singapore that offers a full range of gold products, and continue to lead as Singapore's premier correspondent bank for Singapore dollar cheque clearing services.



- Our Personal Financial Consultants use the Bank's latest integrated personal financial planning platform – Mapping Out Strategies for Tomorrow or MOST – to help customers plan for their different financial needs.

Investment Banking

Investment Banking, which comprises asset management, corporate finance, capital markets, venture capital management, proprietary investments and stockbroking, registered a drop in net profit before tax during the year. Among the main factors influencing the results were higher provisions for investments, higher expenses, and lower income on the back of weak market sentiments and intense industry competition, including the liberalisation of fixed brokerage fees.

Despite this, we increased our efforts in 2000 to expand our products and services and to

Bond Obligation (CBO), becoming the first Singapore-based company to manage such an issue in Singapore and the third in Asia

- Appointed investment manager for four investment-linked funds: by John Hancock for its Japan, Greater China and Global Technology funds, and by NTUC Income for its Japan fund.

Capital Markets (UOB Asia Limited)

- Arranged transactions aggregating in excess of \$2.3 billion in the Singapore and Malaysian debt capital markets
- Established several 'firsts' in the Singapore dollar bond market, notably the first Singapore dollar

harnessing technology



organically grow our business through strategic alliances and joint ventures. The key activities included the following:

Asset Management (UOB Asset Management Ltd)

- Launched four new unit trusts, raising a total of \$260 million. UOB Asset Management is a leading fund manager in Singapore, managing more than \$1.4 billion in total unit trust assets that represents a market share of more than 18%
- Appointed investment advisor to eight new mandates from international fund managers, including Fleet Bank Boston – the eighth largest holding company in the USA
- Appointed manager of our first Asian Collateralised

bond issues for a Korean issuer, H&CB (formerly known as Housing & Commercial Bank) and for a Malaysian company, Resorts World (Labuan) Limited; the first Singapore dollar bond aircraft financing for Singapore Aircraft Leasing Enterprise; and jointly arranged the first AAA rated US dollar bond by a Singapore corporate, Singapore Power Limited

- Completed our first Islamic Private Debt Securities issue in Malaysia totalling RM1.4 billion for Puncak Niaga (M) Sdn Bhd, using the principles of Al-Bai Bithaman Ajil and Murabahah.

Venture Management/Private Equity

- Managed four funds exceeding \$260 million, with six of the portfolio companies managed

under the funds being publicly listed and four being acquired

- Invested into more than 80 diverse companies in Singapore and overseas
- Formed a joint venture with Hermes Private Equity Management, London to jointly develop and manage the fund-of-funds business; at the same time, launched the Hermes UOB European Private Equity Fund and UOB Hermes Asia Technology Fund that raised Euro 116.5 million and US\$45 million respectively at their first close
- Incorporated a subsidiary, UOB Venture Management (USA) Inc., in Sunnyvale, California so as to be closer to the latest developments in Silicon Valley.

Stockbroking

- Merged our stockbroking arm, UOB Securities Pte Ltd and its wholly-owned subsidiaries, UOBS Research (M) Sdn Bhd and UOB Securities Nominees Pte Ltd with Kay Hian Holdings Limited to form a new associate, UOB-Kay Hian Holdings Limited
- Entered into a conditional agreement to transfer, for a cash consideration, our stockbroking interests in Hong Kong S.A.R., Indonesia, Malaysia, Philippines and Thailand to UOB-Kay Hian Holdings Limited
- Signed an agreement to purchase a 100% stake in Amsteel Securities (Malaysia) Sdn Bhd, a voting member of the Kuala Lumpur Stock Exchange that is principally involved in the stockbroking business, through our associate, Affin-UOB Holdings Sdn Bhd.



Expanding Our Internet Presence

With the launch of our 'Touch, Click and Mortar' strategy in 2000, the Internet will play a significant and increasing role in the growth of our business. Our focus in 2000 was the delivery of more customer-centric services through the Internet. We launched www.uobgroup.com, our online financial and lifestyle portal that allows customers to 'Bank Online, Live Online' with us.

Key initiatives in 2000 included the following:

- Introduced lifestyle services online, where customers can shop, make restaurant reservations, book air tickets and taxis, buy gifts and flowers, and arrange for spa treatments
- Launched UniWallet, a secure online payment service that lets customers pay for their online purchases by debiting their UOB accounts or charging to their credit cards held with any bank
- Expanded our online services for credit cardmembers to access their credit card account information, and view and redeem rewards online
- Introduced the first online share financing and trading facility in Singapore – Invest Credit



- *UOB Asset Management is a leading fund manager in Singapore with a team of experienced investment professionals who adopt a disciplined investment process that has enabled the company to win fund awards, year after year.*

- *Bank Online, Live Online. www.uobgroup.com, launched in 2000, is an online financial and lifestyle portal.*

- Provided an online banking service, Corporate UniBanking, for corporations to manage their business needs
- Enhanced our solutions capabilities in payments with the launch of VISA Commerce Open Account, an industry first worldwide. VISA Commerce Open Account, with its straight through secure online processing system, assists customers to realise greater cost savings from business-to-business electronic commerce.

INTERNATIONAL OPERATIONS

The Asia-Pacific remains our key target, consistent with the Bank's strategy to strengthen our presence, grow our business, and build a quality asset base in the region, in particular, in ASEAN and Greater China. In 2000, our operations outside Singapore, including ACU, contributed 16% to Group total profit. Our goal is to lift this to 50% by 2010.

Malaysia

Our Malaysian operations, covering principally United Overseas Bank (Malaysia) Bhd (UOBM) and UOB Labuan Branch, reported a 19.7% increase in net profit before tax, aided by improved market conditions and a lower level of provisions for non-performing loans.

With 25 branches, UOBM is among the largest foreign banks operating in the country with a well-entrenched banking business and customer base.

We are intent on actively strengthening our market share in the areas of personal financial services, middle markets, treasury and investment banking activities.

The personal financial services business was, in particular, a major focus in 2000. UOBM introduced several services to customers, chief of which was the launch of a 24-hour customer call centre, UOB121, and U Club that is specifically designed to meet the banking and financial needs of college and university students. It also made Internet services available, including mobile phone banking and PayOnline, an Internet-only bill payment service with the credit card.

Thailand & The Philippines

For UOB Radanasin Bank and United Overseas Bank Philippines (UOBP), 2000 was a year of integration and consolidation after their majority acquisition by UOB in late 1999. Both subsidiaries registered expected losses in their first year, their performance dampened by the small loan portfolios, lower margins, provisions for non-performing loans, and higher expenditure that went into improving systems and processes.

Notwithstanding, we see opportunities in both countries, especially in the personal financial services, high-end corporate banking and treasury businesses.



We are dedicated to providing banking services and products through our global network of offices, bringing value to our customers.

serving
diverse
customers

At UOB Radanasin Bank, a wider range of personal financial services was delivered to our customers in 2000 with the successful launch of our housing loan programme in April and VISA Credit Cards in September. These have met with good responses at year-end, generating a loan volume of Baht 2.5 billion (\$100 million) and the issue of 16,000 cards respectively.

In the Philippines, we remain cautious due to the difficult market conditions. During the course of the year, the greater part of our efforts was concentrated on building the UOBP brand, reorganisation and consolidation, and on enhancing our infrastructure to attain the competitive efficiencies necessary to support our business thrusts.

Indonesia

Net profit before tax from our operations in Indonesia increased by 67.6%, as lower provisions were made for non-performing loans.

During the year, our majority-owned banking subsidiary in Indonesia, PT Bank UOB Indonesia, opened a branch in Bali, its seventh in the country.



- The successful transfer of our experience and expertise from Singapore to Thailand has enabled UOB Radanasin Bank, our Thai banking subsidiary, to introduce VISA Credit Cards and an attractive housing loan programme to its customers.

Greater China & Other International Businesses

Our other international operations, which include Greater China, returned to profitability in 2000, largely due to improved income, a substantial drop in provisions for non-performing loans, and improved credit quality of the loan portfolio.

Beyond our key ASEAN markets, Greater China is of particular importance in view of its long-term potential. We already have a considerable presence in the region with three branches in China, four in Hong Kong S.A.R. and one in Taiwan, and a Representative Office in Beijing.

Besides our commercial banking business, we intend to develop new growth opportunities in Greater China, especially in the areas of asset and venture management, and to strengthen our relationships with customers.

In 2000, we took the following initiatives:

- Formed a joint venture with the Allianz Group, Germany and GIC Special Investments, the private equity investment arm of the Government of Singapore Investment Corporation, to participate in the asset management market in China
- Entered into two joint ventures for venture capital management in China – with ShenZhen Venture



- Among the personal financial services launched in 2000 by United Overseas Bank (Malaysia), our Malaysian banking subsidiary, is U Club, designed to cater to the banking needs of college and university students.

Capital Co Ltd in ShenZhen and Beijing
Centergate Technologies Co Ltd in Beijing

- Signed a Memorandum Of Understanding with Bank Of Communications, China for closer business cooperation.

TECHNOLOGY

Significant investment has been made and will continue to be made in technology to create greater value for and convenience to our customers, wherever they are and whenever they want. In 2000, our technology expenditure amounted to \$116 million, representing 15.5% of total Group

expenses. This was \$29 million more than in 1999. Our aggressive investment in technology will give us a strong competitive advantage as we move forward.

During 2000, important initiatives included:

- Building a robust Internet network infrastructure to support our growing Internet initiatives
- Creating and enhancing systems to support credit cards, treasury, trade services and remittances, and commercial lending in Singapore and the region.

PEOPLE

Improving performance and skills among our more than 9,000 staff worldwide continue to be the key objective of our human resource policies. In our quest to build a premier bank in the Asia-Pacific, the following messages are reinforced continually: to deliver excellent customer service, to take ownership, and to drive and embrace change.

In line with these objectives, our human resource efforts in 2000 included:

- Recruiting new talent into the Bank that will enable us to drive change at a greater capacity

embracing change



We are committed to fostering an environment where our staff can excel and where we can deliver quality in all of our dealings with our customers.

and meet the challenges resulting from the accelerated pace of financial liberalisation

- Enhancing our performance management programme that will allow staff to set individual targets that are aligned with our business targets and corporate vision
- Strengthening the creation of a customer-centric environment. The launch of Service Excellence Training programmes in Singapore and Thailand during the year focussed on the skills of delivering consistent customer service, while the launch of Quality Training programmes train staff to view processes from end-to-end rather than in segments.

ACCOLADES

We continue to be awarded recognition by client surveys, leading publications and organisations for our achievements in a range of services, including asset management and custody services.

Key awards received in 2000 included:

- *Global Finance: World's 300 Safest Banks 2000*
Ranked 62nd and named 'The Safest Bank In Singapore'
- *Far Eastern Economic Review: Review 200*
– *Asia's Leading Companies*
Ranked 9th among the Top 10 Singapore Companies
- *Standard & Poor's: Investment Funds Performance Awards 2001*
Best Performing Fund Over Three Years
 - Greater China Equity Category:
United Greater China Fund
 - Far East & Pacific Equity Category:
United Regional Growth Fund
- *Singapore Investment Fund Awards 2000*
Best Performing Fund Over Three Years
 - Greater China Equity Category:
United Greater China Fund
 - Japan Equity Category: United Japan Growth Fund
- *EDGE-Lipper Malaysian Unit Trust Fund Awards 2000*
Best Small Capital Equity Fund in Malaysia
 - OSK-UOB Small-Cap Opportunity Fund



- *The annual UOB Painting Of The Year Competition and Exhibition, started in 1982, continues to be an effective platform for the recognition of some of the best creative talents in Singapore.*

- *Global Custodian: 2000 Agent Bank Review*
'Top Rated' award for excellence in providing custody services
- *GSCS Benchmarks: 2000 Review of Subcustodian Services*
'Star' ratings for settlement, safekeeping and overall performance.

COMMUNITY SUPPORT

One of our priorities is our responsibility to the communities in which we operate through sponsorship activities. We support a variety of programmes in such diverse areas as education and the arts. For our consistent contributions to the arts in Singapore, we received the Friend Of The Arts Award 2000 from the National Arts Council.

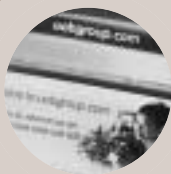
Among the key initiatives undertaken in 2000 were the following:

- Contributed towards the UOB Radanasin Chair of Banking at Chulalongkorn University, Thailand with a contribution of Baht 2 million
- Donated \$100,000 towards the Lim Kim San Professorship in Business Policy, National University of Singapore
- Organised the 19th UOB Painting Of The Year Competition and Exhibition.



- *'Rice Terrace II' by Dr Earl Lu. The painting, one of the more than 1,300 works of art in the UOB Group Art Collection, is inspired by the rice fields of Bali. In 2000, we opened a branch on the island through our banking subsidiary, PT Bank UOB Indonesia.*

2000



Banking
Convenience.
Anytime,
Anywhere.

GROUP FINANCIAL REVIEW

(CONSOLIDATED)

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REVIEW OF FINANCIAL PERFORMANCE

GROUP PROFITS

The Group recorded a strong profit growth of 20.1% for 2000 with net profit after tax reaching \$913 million. This represented an increase of \$153 million over the \$760 million registered in 1999. The growth was due mainly to higher net interest income resulting from an increase in loan volume, lower provisions, higher profit recognised from the sale of Unity Towers upon its completion, as well as higher profits from associates. These were partially offset by lower fee and

commission income, primarily from stockbroking and investment activities.

In view of the good performance achieved for the year, the Directors of the Bank have proposed a higher final dividend of 25% (1999: 12%). Together with the interim dividend of 15% (1999: 8%), the total dividend for 2000 will amount to 40% (1999: Interim and final dividend of 20% and special bonus dividend of 25%).

FINANCIAL RATIOS

- (1) Earnings per share increased by 19.9%, from 72.4 cents in 1999 to 86.8 cents in 2000. The price over earnings per share (P/E) ratio, based on the Bank's last done share price of \$13.60 on 8 March 2001, was 15.7.
- (2) Return on average shareholders' funds, at 14.1%, increased by 1.5% points from 12.6% in 1999.

- (3) Net tangible asset (NTA) backing per share rose by \$0.54 or 9.2%, from \$5.89 in 1999 to \$6.43 in 2000.
- (4) Total dividend of 40% (1999: 20%, excluding the special bonus dividend of 25%) was 2.9 times covered by net profit (1999: 5.0 times, or 1.8 times if the special bonus dividend was included).

TOTAL INCOME

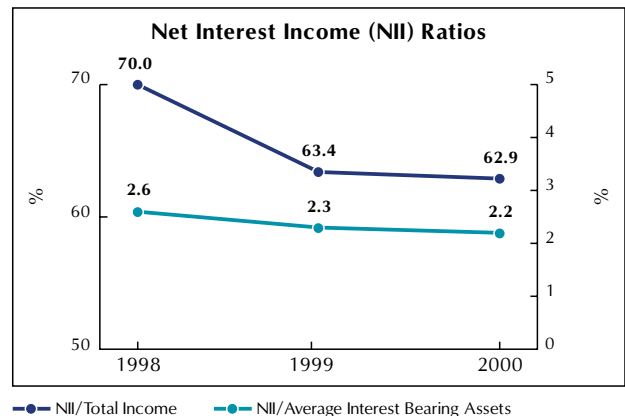
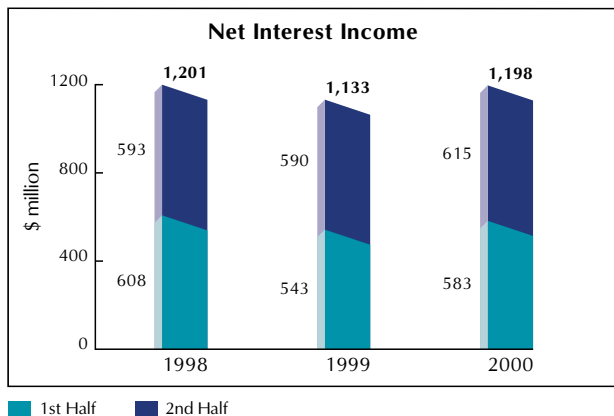
Group total income increased by \$117 million or 6.6%, from \$1,788 million in 1999 to \$1,905 million in 2000. Contributing to the growth in total income were

increases in both net interest income and non-interest income.

NET INTEREST INCOME

Net interest income for the Group rose by \$65 million or 5.8%, from \$1,133 million in 1999 to \$1,198 million in 2000. Net interest income continued

to be the major contributor of total income, accounting for about 62.9% (1999: 63.4%) of total income.



The increase in net interest income reflected higher earnings from securities, stronger growth in loan volume, and higher margins earned on the Group's excess funds arising from the ability of Global Treasury to capitalise

on the higher net inter-bank rates in 2000. The average interest margin, however, decreased by 0.1% point, from 2.3% in 1999 to 2.2% in 2000, due primarily to the lower loan spread in 2000.

Average Interest And Non-Interest Bearing Assets And Liabilities						
	Average Balance \$ million	2000 Interest \$ million	Average Interest Rate %	Average Balance \$ million	1999 Interest \$ million	Average Interest Rate %
Assets						
Interest bearing						
Customer loans	28,745	1,857	6.5	27,456	1,731	6.3
Inter-bank balances	18,605	996	5.4	13,926	606	4.4
Government securities	5,681	167	2.9	6,256	111	1.8
Dealing and investment securities	928	33	3.6	661	11	1.7
Total interest bearing assets	53,959	3,053	5.7	48,299	2,459	5.1
Non-interest bearing						
Cash and balances with central banks	1,741			1,785		
Investments in associates	1,270			1,145		
Fixed assets	1,229			1,207		
Other assets	1,310			1,345		
Total non-interest bearing assets	5,550			5,482		
Total assets	59,509			53,781		
Liabilities						
Interest bearing						
Customer deposits	38,536	1,257	3.3	38,610	1,058	2.7
Inter-bank balances	11,993	598	5.0	6,304	268	4.3
Total interest bearing liabilities	50,529	1,855	3.7	44,914	1,326	3.0
Non-interest bearing						
Other liabilities	2,246			2,833		
Total liabilities	52,775			47,747		
Net interest income/ margin		1,198	2.2		1,133	2.3

Analysis Of Changes In Net Interest Income

	Volume Change \$ million	2000 Rate Change \$ million	Net Change \$ million	Volume Change \$ million	1999 Rate Change \$ million	Net Change \$ million
Interest bearing assets						
Customer loans	81	45	126	(102)	(507)	(609)
Inter-bank balances	204	186	390	117	(64)	53
Government securities	(10)	66	56	40	(56)	(16)
Dealing and investment securities	4	18	22	5	(5)	–
Total interest bearing assets	279	315	594	60	(632)	(572)
Interest bearing liabilities						
Customer deposits	(2)	201	199	113	(649)	(536)
Inter-bank balances	242	88	330	10	22	32
Total interest bearing liabilities	240	289	529	123	(627)	(504)

NON-INTEREST INCOME

The Group's non-interest income for 2000 accounted for 37.1% of total income, higher than the 36.6% registered in 1999. Total non-interest income grew by \$52 million or 7.9% to \$707 million in 2000.

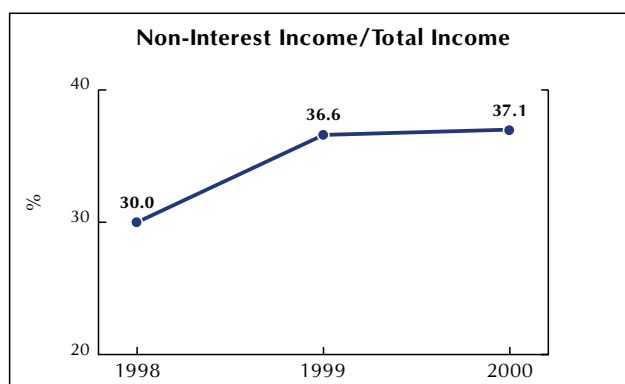
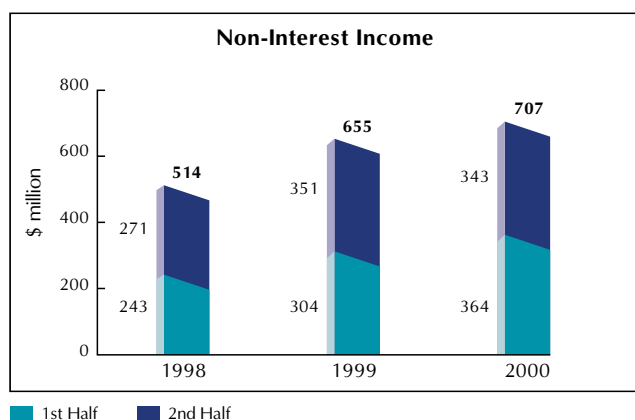
The increase in non-interest income primarily resulted from the higher profit of \$54 million recognised from the sale of Unity Towers upon its completion, and from an improvement in dealing income by \$6 million.

These increases were partially offset by:

- lower rental income, which declined by \$5 million as a result of lower rental and occupancy rates; and

- lower fee and commission income which fell by \$6 million, impacted by reduced contributions from stockbroking and investment activities and partially offset by higher income from credit card, loan and trade-related activities.

Lower brokerage fees following the liberalisation of fixed brokerage coupled with a lower trading volume accounted for the decreased stockbroking income during the year. Further, contributions from the Bank's stockbroking subsidiary, UOB Securities, to stockbroking income ceased after its merger with Kay Hian Holdings in October 2000 to form a new associate, UOB-Kay Hian Holdings. Accordingly, contributions from the new company were reflected as part of the Group's share of profits from associates.



Composition Of Non-Interest Income

	2000 \$ million	1999 \$ million	Increase/ (Decrease) %
Fee and commission income			
Stockbroking	39	71	(45.1)
Asset management	61	57	7.0
Investment-related	25	30	(16.7)
Trade-related	67	58	15.5
Loan-related	39	32	21.9
Credit card	50	41	22.0
Others	49	47	4.3
	330	336	(1.5)
Dealing income	149	143	4.2
Dividend and rental	79	82	(3.7)
Other operating income	149	94	58.5
Total	707	655	7.9

OPERATING EXPENSES

Total Group operating expenses rose by 29.4% or \$170 million to \$751 million in 2000, attributable to both an increase in staff costs and in other operating expenses. The inclusion of the operating expenses of

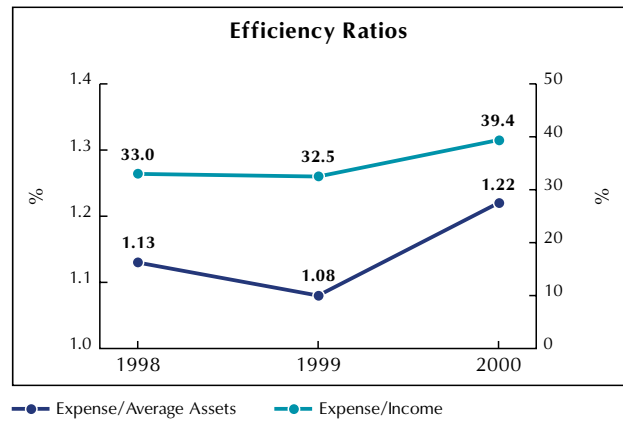
United Overseas Bank Philippines (UOBP) and UOB Radanasin Bank (UOBR) for the first time in 2000 also contributed, to an extent, to the increase.

Operating Expenses

	2000		1999	Increase/(Decrease)	
	Group Total \$ million	Excluding UOBP & UOBR \$ million	Group Total \$ million	Group Total %	Excluding UOBP & UOBR %
Staff expenses	381	350	285	33.8	22.8
Other operating expenses	370	315	296	25.2	6.4
Total operating expenses	751	665	581	29.4	14.5

Efficiency Ratios

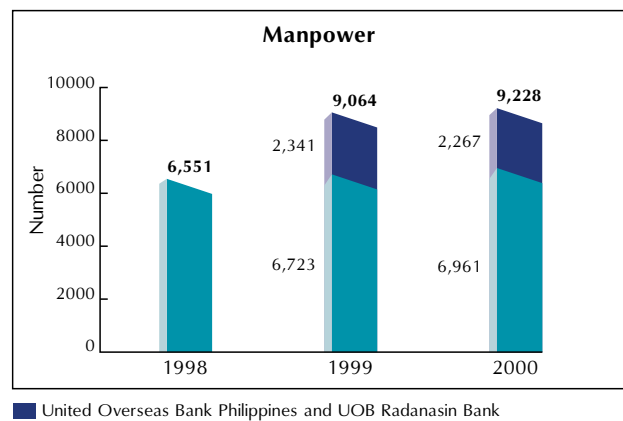
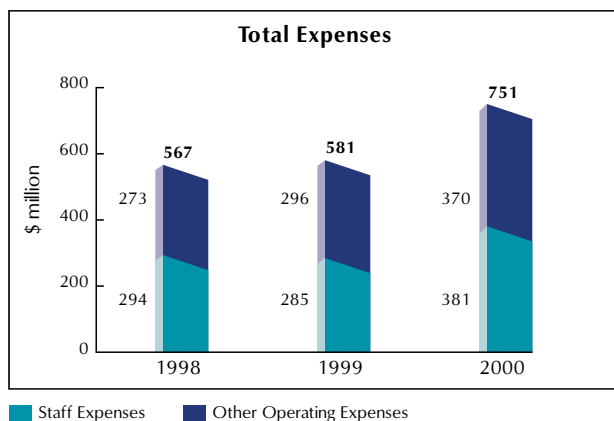
- Expense to income ratio rose to 39.4% in 2000 (1999: 32.5%); while
- Expense to average assets increased to 1.22% in the same year (1999: 1.08%).



Staff Expenses

Total staff costs grew by 33.8%, from \$285 million in 1999 to \$381 million in 2000, as a result of manpower increases, alignment of staff remuneration to market practice, and a doubling of training costs as the Group continues to develop and invest in staff. The inclusion

of the staff expenses of UOBP and UOBR for the first time in 2000 also contributed to the increase. Manpower, including that of UOBP and UOBR, rose by 164 to reach 9,228 as at 31 December 2000.

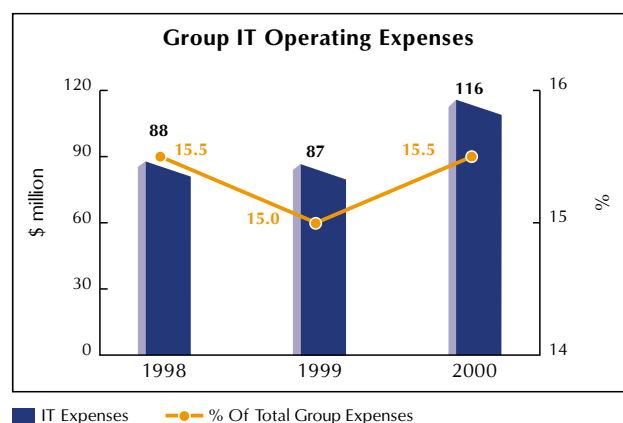


Other Operating Expenses

Other operating expenses were \$370 million in 2000, up 25.2% from the \$296 million in 1999. The increase in expenses was primarily attributable to increased technology spending, along with the inclusion of the operating expenses of UOBP and UOBR for the first time in 2000. The higher technology spending reflected continued investment to develop the Group's IT infrastructure, particularly its Touch, Click and Mortar (TCM) model.

of total Group expenses. The increase reflected higher costs associated with IT integration and enhancement initiatives at the Group's regional banking subsidiaries, in particular, UOBP and UOBR.

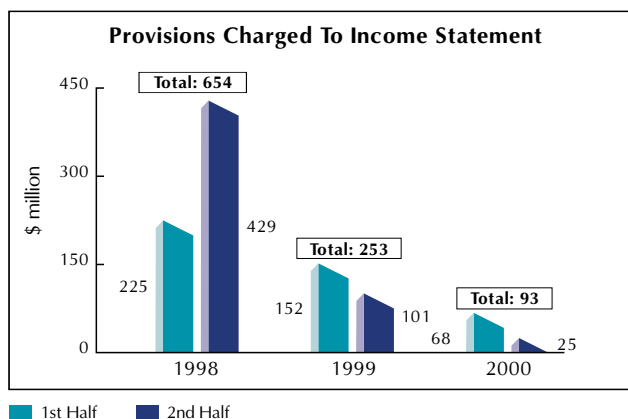
Other operating expenses showed a marginal increase of only 6.4% if contributions from UOBP and UOBR were not included, reflecting the effect of the Group's efforts to control costs during the year under review.



IT operating expenses for the year increased by \$29 million to \$116 million and accounted for 15.5%

PROVISIONS CHARGED TO INCOME STATEMENT

Total provisions made in 2000 amounted to \$93 million. Compared to the charge for provisions of \$253 million in 1999, there was a reduction of \$160 million or 63.1%. The specific provision made for loans was 69.7% lower, from \$238 million in 1999 to \$72 million in 2000, and reflected lower loan defaults. In view of the improved loan quality and the more stable environment in the region, a general provision of \$53 million was reversed in the second half of 2000. However, this was partially offset by the higher charges made in respect of investment in equities, as reflected by the higher provision for diminution in other assets in the second half of 2000.



	First Half 2000 \$ million	Second Half 2000 \$ million	Full Year 2000 \$ million	First Half 1999 \$ million	Second Half 1999 \$ million	Full Year 1999 \$ million
The Group						
Specific provision for loans	62	10	72	144	94	238
General provision for loans	—	(53)	(53)	18	1	19
Specific provision for diminution in value of other assets	6	68	74	(10)	6	(4)
Total provisions	68	25	93	152	101	253
Provisions Charged By						
Major Region:						
Specific Provision						
Five Regional Countries*	39	(6)	33	26	44	70
Greater China**	(2)	(2)	(4)	55	28	83
Singapore and other countries	25	18	43	63	22	85
	62	10	72	144	94	238
General Provision						
Five Regional Countries*	—	(52)	(52)	6	(9)	(3)
Greater China**	—	—	—	—	(1)	(1)
Singapore and other countries	—	(1)	(1)	12	11	23
	—	(53)	(53)	18	1	19
Specific provisions for diminution in value of other assets	6	68	74	(10)	6	(4)
Total provisions	68	25	93	152	101	253

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

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

OVERVIEW OF BALANCE SHEET

ASSETS AND LIABILITIES BY CURRENCY

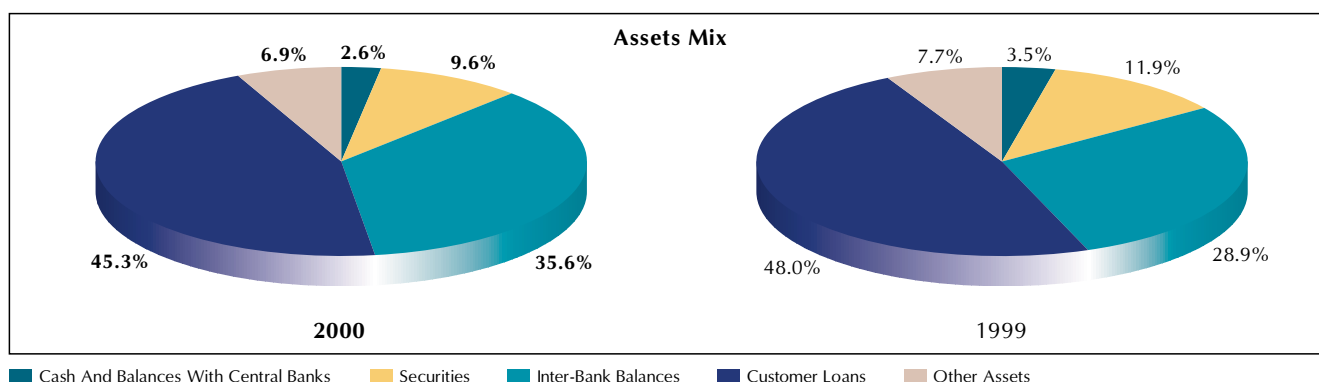
The major portion of the Group's assets and liabilities is denominated in Singapore dollars and US dollars, accounting for about 79% of Group total assets and Group total liabilities respectively.

	Singapore Dollars \$ million	US Dollars \$ million	Malaysia Ringgit \$ million	Hong Kong Dollars \$ million	Thai Baht \$ million	Others \$ million	Total \$ million
Assets							
Cash and balances							
with central banks	985	22	314	3	213	178	1,715
Singapore government treasury bills and securities	3,224	—	—	—	—	—	3,224
Other government treasury bills and securities	—	6	484	35	1,458	134	2,117
Dealing securities	170	250	115	12	1	9	557
Inter-bank balances	7,613	12,455	142	362	11	3,026	23,609
Customer loans	19,340	4,294	2,936	932	328	2,215	30,045
Other accounts	2,554	552	246	188	69	197	3,806
Fixed assets	957	108	43	42	50	51	1,251
Total assets	34,843	17,687	4,280	1,574	2,130	5,810	66,324
Liabilities							
Customer deposits	22,103	11,655	3,089	571	2,010	3,978	43,406
Bankers' deposits	2,878	7,818	1,247	456	1	1,031	13,431
Bills and drafts payable	77	23	4	—	3	22	129
Other liabilities	1,658	380	80	32	23	208	2,381
Total liabilities	26,716	19,876	4,420	1,059	2,037	5,239	59,347

TOTAL ASSETS

Total assets of the Group grew by 16.8% or \$9,550 million, from \$56,774 million in 1999 to \$66,324 million in 2000. The increase came

primarily from growth in inter-bank balances and customer loans.



Assets Mix

	2000		1999	
	\$ million	%	\$ million	%
Cash and balances with central banks	1,715	2.6	2,013	3.5
Securities ⁺	6,357	9.6	6,737	11.9
Inter-bank balances	23,609	35.6	16,385	28.9
Customer loans	30,045	45.3	27,259	48.0
Other assets	4,598	6.9	4,380	7.7
Total assets	66,324	100.0	56,774	100.0

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

CUSTOMER LOANS

The Group's net loans and advances to customers increased by 10.2% or \$2,786 million to \$30,045 million in 2000. In addition, the Group's domestic loan growth outperformed that of the Singapore banking industry

despite the competitive market conditions prevailing during the year. As shown in the following table, the growth in loans was fuelled by a double-digit growth in fixed loans.

By Loan Type

	2000 \$ million	1999 \$ million	Increase/ (Decrease) %
Fixed loans	22,617	19,820	14.1
Trade bills	569	583	(2.4)
Others	8,524	8,636	(1.3)
Total gross loans	31,710	29,039	9.2
Less: Interest-in-suspense and provisions	(1,665)	(1,780)	(6.5)
Net loans	30,045	27,259	10.2

Credit Facilities To Related Parties

The Group has granted credit facilities to the following related parties in the ordinary course of business on normal terms and conditions. The outstanding amounts

of these credit facilities and the estimated values of collateral at 31 December 2000 are as follows:

	Loans And Advances \$ million	2000 Off-Balance Sheet Credit Facilities* \$ million	Estimated Values Of Collateral \$ million
Associates of the Group	810	58	1,621
Directors of the Bank and director-related parties**	348	87	502
Corporations where the directors of the Bank are also directors***	1,695	176	2,227

* Off-balance sheet credit facilities comprise direct credit substitutes, transaction-related contingencies and trade-related contingencies.

** Director-related parties include the immediate family members of the directors of the Bank, entities in which a director of the Bank or his family members have a substantial shareholding ($\geq 20\%$), and credit facilities guaranteed by the directors of the Bank.

*** This excludes credit facilities already included in the first two categories. However, it includes credit facilities granted to the subsidiaries of the corporations in this category.

DEPOSITS

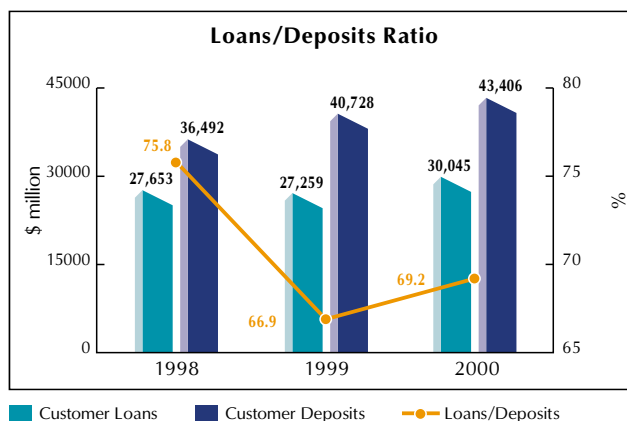
Total Group deposits grew from \$47,207 million in 1999 to \$56,837 million in 2000. Customer deposits accounted for about 76.4% of total Group deposits. The 20.4% increase in total Group deposits in 2000

over 1999 was led by strong performances in bankers' deposits and customers' fixed deposits. Customer deposits grew by \$2,678 million or 6.6% to reach \$43,406 million in 2000.

By Deposit Type	2000	1999	Increase/ (Decrease) %
	\$ million		
Bankers' deposits	13,431	6,479	107.3
Customer deposits			
Fixed deposits	32,421	28,721	12.9
Savings and others	10,985	12,007	(8.5)
	43,406	40,728	6.6
Total deposits	56,837	47,207	20.4

Loans/Deposits Ratio

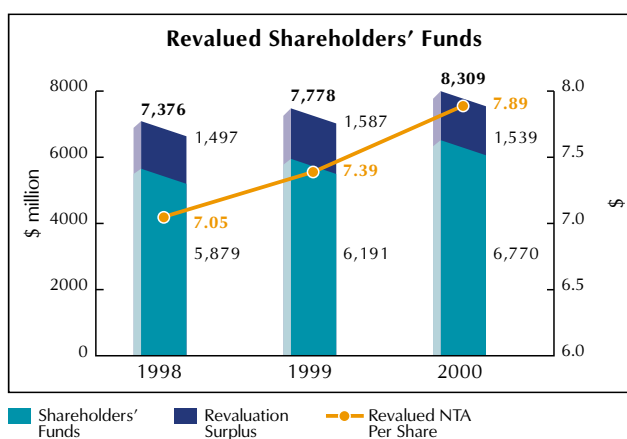
With the 10.2% growth in net customer loans outpacing the 6.6% growth in customer deposits, the loans to deposits ratio increased from 66.9% in 1999 to 69.2% in 2000.



SHAREHOLDERS' FUNDS

Group shareholders' funds rose by \$579 million to \$6,770 million in 2000. The increase of 9.3% over 1999 was due primarily to the retention of Group profits and higher share of the reserves of associates.

Unrealised revaluation surpluses in long-term investments and properties, amounting to \$1,539 million for 2000, were not incorporated into the Group's accounts.



	2000 \$ million	1999 \$ million
Shareholders' funds per book	6,770	6,191
Add: Surplus on revaluation		
Properties	1,485	1,575
Long-term investments [#]	54	12
Total surplus on revaluation	1,539	1,587
Shareholders' funds including revaluation surplus	8,309	7,778
Net Tangible Asset (NTA) backing per share (in \$)		
NTA per book	6.43	5.89
Revaluation surplus	1.46	1.50
Total revalued NTA	7.89	7.39

[#] Exclude the revaluation surplus/deficit from investment in associates.

CAPITAL MANAGEMENT

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 adequacy is measured by the ratio of the Group's capital to its risk-weighted assets, taking into account both the on-balance sheet assets and off-balance sheet transactions. The on-balance sheet assets and off-balance sheet transactions of the banking books and trading books are risk-weighted accordingly. The capital charges on the market risks of the trading books are computed using the standardised measurement method. These capital charges are then converted and incorporated as part of the risk-weighted assets.

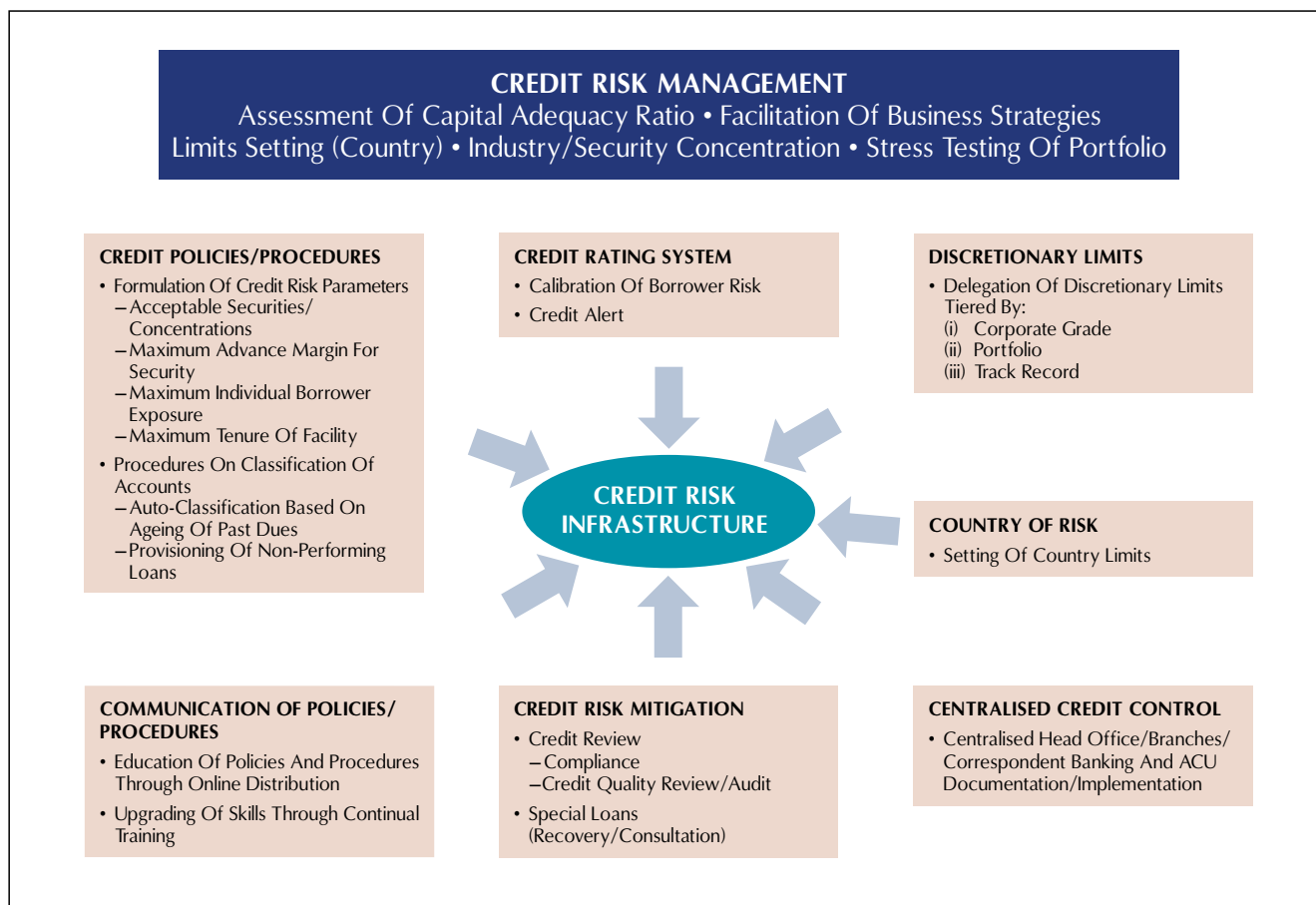
Tier-1 capital comprises share capital, disclosed reserves and minority interests, while the Tier-2 supplementary capital consists primarily of general

loan loss reserve and revaluation reserves on investments and properties held for investment purposes. The general loan loss reserve excludes specific and earmarked provisions, and the revaluation reserves, being the difference between the book value and market value, are discounted at 55%.

It is the Group's policy to maintain a strong capital position to support growth of the Group both organically and through acquisitions. As at 31 December 2000, the Group's CAR was 19.8%, down 1.9% points from 1999, but still more than twice the minimum requirement of 8% set by the Bank for International Settlements (BIS) and well above the minimum of 12% required by the Monetary Authority of Singapore. The decrease was due largely to higher risk-weighted assets resulting from growth in on-balance sheet assets, as well as to higher market risk charges on equities and interest rate-related instruments.

	2000 \$ million	1999 \$ million
Capital		
Tier 1 – Core capital		
Share capital	1,052	1,052
Disclosed reserves	5,400	4,873
Minority interests	207	437
	<u>6,659</u>	<u>6,362</u>
Tier 2 – Supplementary capital		
Revaluation reserves	735	724
General loan loss reserve	333	333
	<u>1,068</u>	<u>1,057</u>
<i>Less: Investments in collateralised bond obligations</i>	<u>(23)</u>	<u>–</u>
Overall capital	<u>7,704</u>	<u>7,419</u>
Risk-Weighted Assets		
Total risk-weighted assets adjusted to include market risks	<u>39,003</u>	<u>34,137</u>
Capital Adequacy Ratios		
Tier 1	17.1%	18.6%
Total capital	19.8%	21.7%

CREDIT AND COUNTRY RISK MANAGEMENT



CREDIT RISK

Counterparty and credit risk can be defined as the potential loss arising from any failure in the ability or willingness of customers to fulfil their financial and contractual obligations, as and when they fall due. All credit exposures, whether on-balance sheet or off-balance sheet, are assessed. These obligations may arise from lending, trade finance, investment, receivables under derivative and foreign exchange contracts, and other lending-related activities undertaken by the Group.

The Group has in place a disciplined process to regularly review and report on asset concentrations and portfolio quality so that risks are accurately assessed and properly monitored and approved. These include large credit exposures by obligor, aggregate exposure levels to individual groups/sectors, security types, internal credit ratings, industry exposures, level of non-performing loans, adequacy of provisioning requirements, and country risk concentrations.

Credit discretionary limits are delegated to officers of individual business units, depending on their levels of experience, and approvals of all credits are subject to credit policies and guidelines. Defined credit risk parameters encompass single borrower, obligor, security concentrations, identified high risk areas, maximum tenures and acceptable structures and collateral types, the objective of which is to build and maintain risk assets of high quality.

The Group also has in place a rigorous monitoring process that includes monthly reviews of all performing loans with excesses and past dues. At the same time, the Group's internal rating methodology is being refined to better quantify credit risk of corporate and large commercial credits. Such a rating process would result in a more accurate estimate of the probability of future defaults by borrowers and help to provide a guide to changes in the underlying credit quality of loan portfolios over the economic cycle.

Credit reviews and audits are performed regularly to proactively manage any delinquency, minimise undesirable concentrations, maximise recoveries, and check that credit policies/procedures are complied with. Any case of non-compliance is reported to the Bank's Credit Committee.

Section 27 of the Banking Act requires the Bank to report, on a monthly basis, credit facilities granted to the following: directors and their immediate family members, bank employees where such facilities are in excess of one year's salary, companies related to the Bank or its directors, and companies in which any of its directors or employees have an interest as director, manager, agent or guarantor ('related party loans').

The Bank has the following policy with regard to related party loans. If a director or an employee has an interest

in a loan to a related party, he is required to abstain and absent himself from considering that loan. An exception is made when the loan is to be made to:

- companies in the UOB Group;
- publicly listed companies and their related companies; and
- companies formed by professional bodies, trade or clan associations, or societies.

The exceptions are made so as not to deprive the Bank of the advice and guidance of the director or employee who, by virtue of his directorship or other position in such companies, is in a better position to assess the creditworthiness of the companies. The Board would be informed immediately of any default in a related party loan. Section 29 of the Banking Act prohibits unsecured credit facilities to certain related parties.

Customer Loans

The Group's loans and advances to customers are well diversified by industry and business lines.

Obligor groups are determined according to the guidelines set out in MAS Notice 623. Where the parent company is a borrower, all credit facilities to the parent company and the companies in which it has 20% or more voting shares or control or influence over, are aggregated into a single obligor group.

Where the parent company is not a borrower, borrowings are not aggregated under the parent company's obligor group except where:

- the parent company is a guarantor;
- the parent company or other group companies use the borrowed funds;
- group companies are interdependent.

As at 31 December 2000, more than a third of the Group's exposure to customers resided in the personal financial services portfolio that was made up mainly of housing loans, other mortgage loans, credit cards and vehicle financing. The composition of loans and advances to customers by industry type and the corresponding non-performing portions are as follows:

By Industry Type (%)	Customer Loans		Non-Performing Loans	
	2000	1999	2000	1999
Manufacturing	9.3	8.8	12.6	13.4
Building and construction	11.3	10.6	10.7	10.7
Housing loans	23.8	25.3	11.5	8.8
General commerce	12.2	13.6	23.1	21.7
Transport, storage and communication	2.2	1.0	2.4	2.0
Financial institutions	15.7	15.1	17.9	16.0
Professionals and private individuals	13.3	12.6	14.5	17.8
Others	12.2	13.0	7.3	9.6
Total (%)	100.0	100.0	100.0	100.0
Total gross amount (\$ million)	31,710	29,039	2,610	2,993

Non-Performing Loans (NPLs) And Cumulative Provisions

All loans and advances to customers are placed in the categories of 'Pass', 'Special Mention' or 'Non-Performing'. Non-Performing Loans are further classified as 'Substandard', 'Doubtful' or 'Loss' – in accordance with MAS Notice 612 – when borrowers are unable to meet payments when due, as demonstrated by their payment records and information on their financial position and income. Borrowers are deemed to be unable to meet payment obligations when interest or principal repayments are more than 90 days in arrears upon which interest income is suspended and ceases to accrue.

Loans are also classified when the creditworthiness of the borrower is assessed to be weak or when facilities are restructured due to the borrower's inability to meet the original payment obligations. Such loans remain classified until servicing of the account is satisfactory and reclassification is not likely to recur. Where appropriate, classified loans are transferred to in-house recovery specialists to maximise recovery prospects.

The Group's provisions for credit losses are intended to cover probable credit losses as at 31 December 2000 through charges against profit. The provisions consist of an element which is specific to the individual loan and also a general element which has not been specifically applied. The Bank constantly reviews the quality of its loan portfolio based on its knowledge of the borrowers and, where applicable, of the relevant industry and country of operation. A specific provision is made when the Bank considers that the creditworthiness of a borrower has undergone a deterioration such that the recovery of the whole outstanding loan is in doubt. The amount of specific provision to be made is based on the difference between the discounted cash flows (or

collateral value) of an impaired loan and the carrying value of that loan. A general provision is made to cover possible losses. The general provision could be used to cushion any unforeseen losses in the loan portfolio which have not been specifically identified as such.

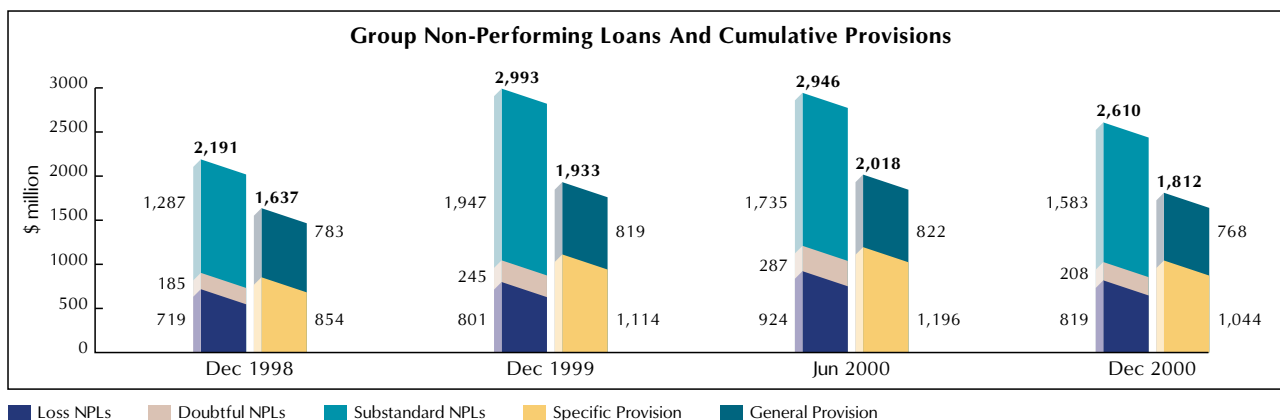
Specific provisions are made for each loan grade as shown in the table below.

A classified account is written-off where there is no realisable tangible collateral securing the account and all feasible avenues of recovery have been exhausted. The approval of the Monetary Authority of Singapore must be sought before accounts which fall within the list of MAS Notice 606, such as director-related loans, can be written off.

Globally, Non-Performing Loans (NPLs) of the Group fell 12.8% or \$383 million, from \$2,993 million as at end-1999 to \$2,610 million as at end-2000. NPLs as a percentage of gross customer loans improved from 10.3% in 1999 to 8.2% in 2000. The improvement in NPLs was attributable to a more buoyant economy, proactive credit reviews, and continued caution in the selection of credits that the Group wants to retain in its portfolios.

Total cumulative specific and general provisions for the Group as at 31 December 2000 amounted to \$1,812 million against \$1,933 million as at 31 December 1999. As at 31 December 2000, general provision was \$768 million, representing 42.4% of total cumulative provisions. The total cumulative provisions provided 69.4% (1999: 64.6%) cover against the Group's total NPLs and 176.4% (1999: 184.8%) of the NPLs that were classified as Doubtful or Loss.

Loan Classification	Recovery Expectation	Provision
Substandard	> 90% to 100%	10% to 25% of any unsecured loan outstanding
Doubtful	50% to 90%	50% to 75% of any unsecured loan outstanding
Loss	< 50%	100% of any unsecured loan outstanding



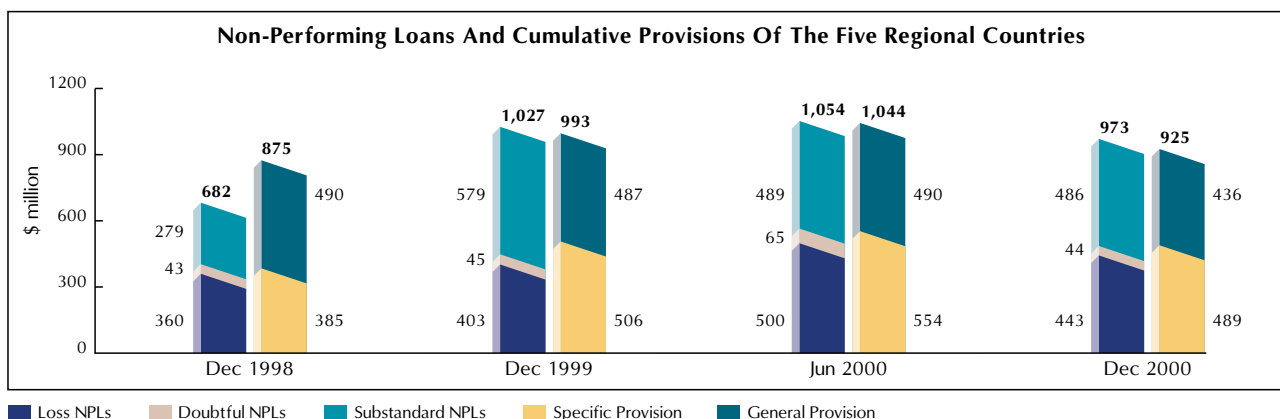
Ratios (%)	31.12.98	31.12.99	30.6.00	31.12.00
NPLs/Gross customer loans	7.5	10.3	9.7	8.2
NPLs/Gross customer loans (including contingent)	6.8	9.1	8.1	6.9
Cumulative provisions/NPLs	74.7	64.6	68.5	69.4
Cumulative provisions/Doubtful & Loss NPLs	181.1	184.8	166.6	176.4
Cumulative provisions/Gross customer loans	5.6	6.7	6.6	5.7
Specific provision/Gross customer loans	2.9	3.9	3.9	3.3
General provision/Gross customer loans	2.7	2.8	2.7	2.4
NPLs/Total assets	4.3	5.3	5.0	3.9

NPLs And Cumulative Provisions Of The Five Regional Countries

NPLs of the Five Regional Countries fell 5.3%, from \$1,027 million as at end-1999 to \$973 million as at end-2000, reversing the increasing NPL trend prior to the first half of 2000.

Cumulative specific and general provisions for the Five Regional Countries as at 31 December 2000 amounted to \$925 million against \$1,044 million as

at 30 June 2000 and \$993 million as at 31 December 1999. General provision was \$436 million (1999: \$487 million) against specific provision of \$489 million (1999: \$506 million). These cumulative provisions represented 95.1% (1999: 96.7%) of the total NPLs of the Five Regional Countries and 189.9% (1999: 221.7%) of the NPLs of the Five Regional Countries that were classified as Doubtful or Loss.



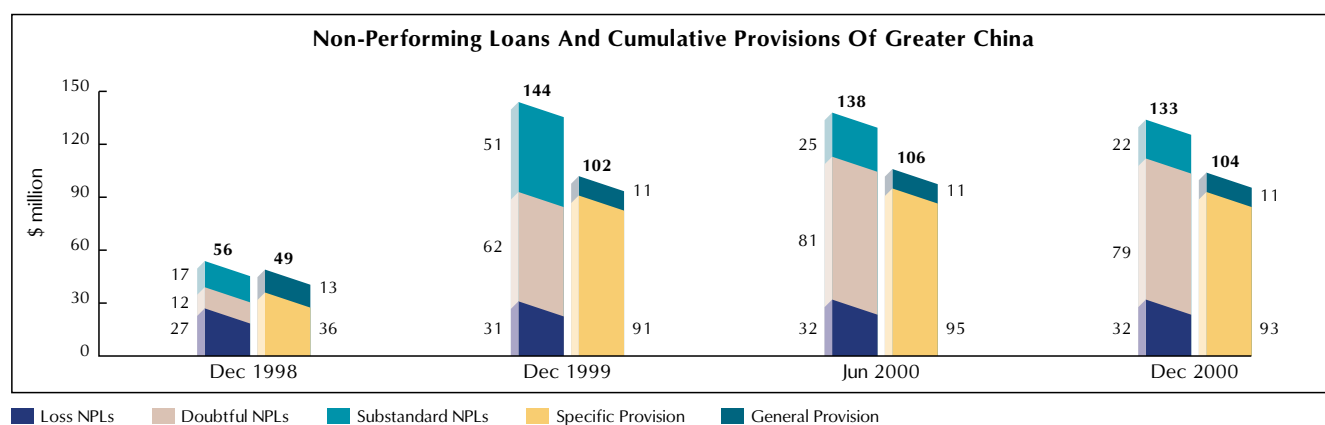
Ratios (%)	31.12.98	31.12.99	30.6.00	31.12.00
NPLs/Gross customer loans	19.1	28.3	25.6	22.4
NPLs/Gross customer loans (including contingent)	18.3	26.8	23.0	19.7
Cumulative provisions/NPLs	128.3	96.7	99.1	95.1
Cumulative provisions/Doubtful & Loss NPLs	217.1	221.7	184.8	189.9
Cumulative provisions/Gross customer loans	24.5	27.4	25.4	21.3
Specific provision/Gross customer loans	10.8	14.0	13.5	11.3
General provision/Gross customer loans	13.7	13.4	11.9	10.0
NPLs/Gross exposure to the Five Regional Countries	11.4	10.2	9.2	9.5

NPLs And Cumulative Provisions Of Greater China

NPLs of Greater China fell from \$144 million as at end of 1999 to \$138 million as at the first half of 2000, before ending lower at \$133 million as at the end of 2000.

The cumulative specific and general provisions for Greater China as at 31 December 2000 amounted

to \$104 million. This represented a marginal increase of \$2 million compared to provisions of \$102 million made as at 31 December 1999. The NPLs of Greater China were 78.2% (1999: 70.8%) covered by cumulative provisions.



Ratios (%)	31.12.98	31.12.99	30.6.00	31.12.00
NPLs/Gross customer loans	6.3	16.2	15.0	12.6
NPLs/Gross customer loans (including contingent)	4.9	15.4	13.7	11.7
Cumulative provisions/NPLs	87.5	70.8	76.8	78.2
Cumulative provisions/Doubtful & Loss NPLs	125.6	109.7	93.8	93.7
Cumulative provisions/Gross customer loans	5.5	11.5	11.5	9.8
Specific provision/Gross customer loans	4.0	10.3	10.3	8.8
General provision/Gross customer loans	1.5	1.2	1.2	1.0
NPLs/Gross exposure to Greater China	2.1	7.5	5.7	4.9

Group NPLs By Region

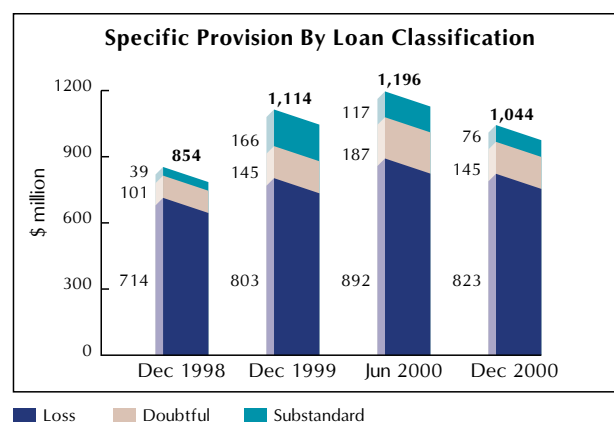
The fall in Group NPLs was primarily due to the lower NPLs of Singapore (−\$327 million) and of the Five Regional Countries (−\$54 million). NPLs of the

Group's Singapore operations and of the Five Regional Countries accounted for 55.2% (1999: 59.1%) and 37.3% (1999: 34.3%) of Group NPLs respectively.

In \$ million	31.12.98	31.12.99	30.6.00	31.12.00
Singapore	1,421	1,768	1,686	1,441
Malaysia	443	588	607	550
Indonesia	118	126	135	128
Philippines	1	181	157	181
Thailand	120	132	155	114
South Korea	—	—	—	—
Total Five Regional Countries	682	1,027	1,054	973
Greater China	56	144	138	133
Other OECD	32	54	68	63
Group Total	2,191	2,993	2,946	2,610

Specific Provision By Loan Classification

About three-quarters of specific provision made for expected loan losses are for 'Loss' accounts.



Specific Provision By Region

Accompanying the decline in NPLs, the Group's specific provision also decreased by 6.3% or \$70 million to \$1,044 million as at 31 December 2000. Specific provision for the Five Regional Countries fell by 3.4%, from \$506 million as at 31 December 1999 to

\$489 million as at 31 December 2000. In Singapore, specific provision decreased by 13% or \$66 million to \$443 million as at 31 December 2000. This was in line with the improvement in the Singapore economy during the year.

In \$ million	31.12.98	31.12.99	30.6.00	31.12.00
Singapore	413	509	529	443
Malaysia	247	280	297	263
Indonesia	63	92	103	96
Philippines	1	55	62	55
Thailand	74	79	92	75
South Korea	—	—	—	—
Total Five Regional Countries	385	506	554	489
Greater China	36	91	95	93
Other OECD	20	8	18	19
Specific provision for the Group	854	1,114	1,196	1,044
General provision for the Group	783	819	822	768
Total	1,637	1,933	2,018	1,812

Rescheduled And Restructured Accounts

A rescheduled account is one where repayment terms have been modified, but the principal terms and conditions of the original contract have not changed significantly. This is done to alleviate a temporary cash flow difficulty experienced by a borrower. It is expected that the problem is short term and not likely to recur. The full amount of the debt is still repayable and no loss of principal or interest is expected.

When an account has been rescheduled three months before it meets the criteria for classification, the account can be graded as 'Performing'. However, if the rescheduling takes place after the account has been graded as 'Non-Performing', it remains as such and is upgraded to 'Pass' after six months, provided there are no excesses and past dues.

A restructured account is one where the original terms

and conditions of the facilities have been modified significantly to assist the borrower to overcome financial difficulties where the longer-term prospect of the business or project is still deemed to be viable. A restructuring exercise could encompass a change in the credit facility type, or in the repayment schedule including moratorium or extension of interest and/or principal payments, or a reduction of accrued interest including forgiveness of interest and/or reduction in interest rate charged.

When an account has been restructured based on financial consideration, the account will be graded as 'Non-Performing'. It can only be upgraded to 'Pass' after six months when all payments are current in terms of the restructured terms and conditions and there is no reasonable doubt as to the ultimate collectability of principal and interest.

Financial difficulties can be triggered by various factors that could include:

- Tight cash flows arising from bad debts
- Impairment of securities
- Heightened country risk
- Diversification into non-related business
- Fraud/mismanagement of company

- Adverse changes in business outlook/environment
- Change in shareholder
- Change in borrower's key management.

At the Group, accounts that were rescheduled or restructured and classified during the year under review are as follows:

In \$ million	Total Outstanding	Estimated Value Of Security	Unsecured Exposure	Provision Made	Interest-In-Suspense
Singapore	19	8	13	4	0.1
Overseas	2	2	1	1	–
Total	21	10	14	5	0.1

Collateral

NPLs are secured predominantly by properties. Properties are valued at forced sale value or 90% of estimated market value and such valuations are updated semi-annually. Other types of collateral include marketable securities which are usually listed stocks and shares, cash and deposits, and bankers' standby letters of credit (SBLCs). Marketable securities are valued at 100% of marked to market value while cash and

deposits and SBLCs are valued at 100% of face value. Other collateral includes charge over vehicle, machinery, equipment and marine vessels valued at 50% to 90% of estimated market value, and debentures which are valued at 0% to 50% of the borrower's net book value.

As at 31 December 2000, the secured NPLs of the Group by collateral type are as follows:

In \$ million	31 December 2000				
	Properties	Marketable Securities	Cash And Deposits	Others	Total
Singapore	708	54	6	27	795
Five Regional Countries	313	11	1	16	341
Greater China	10	–	–	1	11
Other OECD	13	–	–	–	13
Total	1,044	65	7	44	1,160

Ageing Of Customer Loans

Based on the ageing profile, 90% of the Group's loans and advances to customers had current payment records.

As at 31 December 2000, the ageing of customer loans by loan categories is as follows:

In \$ million	Customer Loans (Actual + Contingent)						% Of Total Customer Loans
	Pass	Special Mention	Non-Performing	Total Direct	Contingent	Total Direct+Contingent	
Current	27,615	241	221	28,077	5,764	33,841	90%
≤ 90	1,186	58	295	1,539	229	1,768	4%
91 to 180	–	–	242	242	–	242	1%
≥ 181	–	–	1,852	1,852	–	1,852	5%
Total	28,801	299	2,610	31,710	5,993	37,703	100%

Accounts that have payment records that are current or ≤90 days past due and/or in excess may be classified as 'Non-Performing' if the borrower is deemed to be

financially weak. Accounts classified due to financial weakness are as follows:

In \$ million	Total Outstanding	Estimated Value Of Security	Unsecured Exposure	Provision Made	Interest-In-Suspense
Singapore	32	35	3	1	1
Overseas	139	100	39	5	–
Total	171	135	42	6	1

COUNTRY RISK

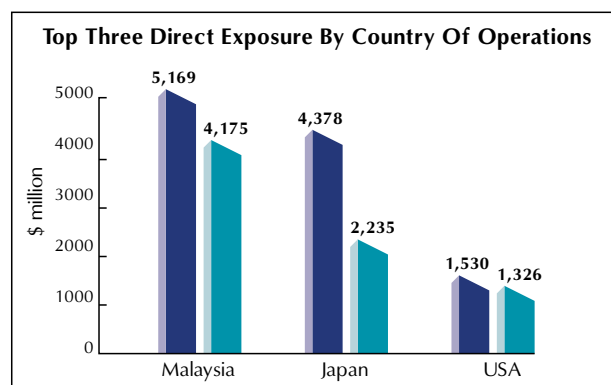
Assessing country risk is important as it is the risk that the Group will not be able to obtain payment from customers as a result of actions taken by foreign governments, such as exchange controls, debt moratoria and restrictions on the remittances of funds, even though the creditworthiness of the customers may not be impaired.

The Group's country and cross-border obligations (outside Singapore) are monitored and managed through a system of country limits, based on internal country

credit gradings, to avoid concentrations of transfer, economic or political risks. Based on its grading, a country limit is set for each country. These limits are regularly reviewed. Country exposures are reported to the Bank's Credit Committee at least four times a year. At shorter time intervals, based on updates by country managers (at locations where the Group has a presence) and other sources, limits may be reviewed and new business directions proposed and set, as and when deemed necessary.

Country Exposure

The Group's total direct exposure to the countries (outside Singapore) in which it has a presence amounted to \$19.8 billion as at 31 December 2000, or 29.9% of Group total assets. The exposure included all loans and advances to customers in the country, balances due from banks domiciled or operating in the country, investments in the country and balances due from the government. At a country level, direct exposure to Malaysia where the Group has a long-standing presence, remained the largest at \$5.2 billion or 7.8% of Group total assets, followed by direct exposure to Japan at \$4.4 billion or 6.6% of Group total assets.



■ 31 Dec 2000 ■ 31 Dec 1999

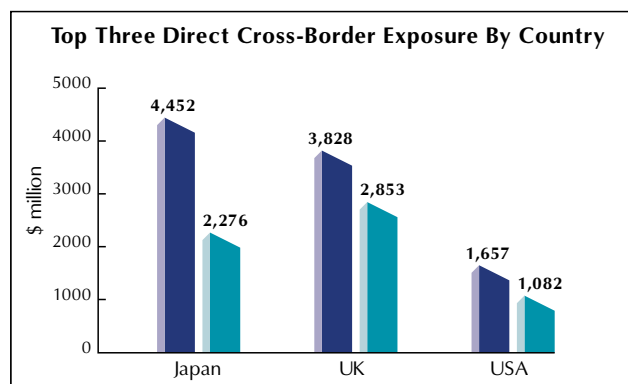
Note: Exposure to Japan as at 28 February 2001 was \$3,443 million.

Country Exposure (in \$ million)	31 December 2000								Exposure (Excluding Contingent)			
	Loans					Investments	Total	Less: Loans/ Investments In Subsidiaries & Branches	Total		% Of Group Total Assets	
	Non-Bank		Central Banks & Government Securities	Bank					31.12.00	31.12.99	31.12.00	31.12.99
	Direct	Contingent		Direct	Contingent	(i) = (g-h)						
	(a)	(b)	(c)	(d)	(e)	(f)	(g) = (a+c+d+f)	(h)				
Malaysia	3,167	468	993	1,118	14	470	5,748	579	5,169	4,175	7.8	7.4
Indonesia	311	38	45	79	2	35	470	34	436	490	0.7	0.9
Philippines	275	13	210	102	2	66	653	150	503	598	0.8	1.1
Thailand	420	223	1,648	66	19	190	2,324	165	2,159	2,696	3.2	4.7
South Korea	18	–	51	832	98	107	1,008	5	1,003	723	1.5	1.3
Five Regional Countries	4,191	742	2,947	2,197	135	868	10,203	933	9,270	8,682	14.0	15.4
Greater China	1,053	85	101	1,328	129	213	2,695	637	2,058	1,252	3.1	2.2
Other OECD	2,207	126	32	6,358	462	138	8,735	262	8,473	5,943	12.8	10.5
Others	7	13	4	19	19	–	30	9	21	23	–	–
Sub-Total	3,267	224	137	7,705	610	351	11,460	908	10,552	7,218	15.9	12.7
Total	7,458	966	3,084	9,902	745	1,219	21,663	1,841	19,822	15,900	29.9	28.1

Cross-Border Exposure

Cross-border exposure is based on the country of incorporation of the borrower net of risk transfers out to the country that the guarantor resides or where the collateral is situated. It comprises loans and advances to customers and banks (including placements), interest-bearing investments, acceptances, other monetary assets and on-balance sheet amounts arising from off-balance sheet financial instruments, denominated in currencies other than in the borrower's local currency. In monitoring cross-border exposure, the Group excludes local activities that are funded within the country of operation. The cross-border exposure of the Group is controlled through a well-developed system of country limits that are frequently reviewed to avoid concentrations of transfer, economic or political risks.

As at 31 December 2000, total direct cross-border exposure to the countries (outside Singapore) where



■ 31 Dec 2000 ■ 31 Dec 1999

Note: Exposure to Japan as at 28 February 2001 was \$3,599 million.

the Group has a presence amounted to \$15.7 billion. The countries where the Group's direct cross-border exposure exceeded 5% of Group total assets were Japan and United Kingdom, and comprised substantially placements with banks due within one year.

Cross-Border Exposure (in \$ million)	31 December 2000								Exposure (Excluding Contingent)			
	Loans					Investments	Intra-Group	Total	Total		% Of Group Total Assets	
	Non-Bank		Central Banks & Government Securities	Bank					31.12.00	31.12.99	31.12.00	31.12.99
	Direct	Contingent		Direct	Contingent	(f)	(g)	(h) = (a-b+c-d+e+f+g)	(i) = (h-b-e)			
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h) = (a-b+c-d+e+f+g)	(i) = (h-b-e)			
Malaysia	39	2	–	390	13	351	626	1,421	1,406	931	2.1	1.6
Indonesia	99	7	–	78	1	34	34	253	245	264	0.4	0.5
Philippines	17	–	1	16	1	66	49	150	149	128	0.2	0.2
Thailand	79	10	–	36	14	156	(114)	181	157	804	0.2	1.4
South Korea	17	–	–	643	98	107	7	872	774	592	1.2	1.0
Five Regional Countries	251	19	1	1,163	127	714	602	2,877	2,731	2,719	4.1	4.7
Greater China	325	27	–	1,175	129	219	624	2,499	2,343	2,012	3.5	3.5
Other OECD	394	99	6	9,743	462	112	310	11,126	10,565	6,671	15.9	11.8
Others	2	1	–	6	18	–	47	74	55	46	0.1	0.1
Sub-Total	721	127	6	10,924	609	331	981	13,699	12,963	8,729	19.5	15.4
Total	972	146	7	12,087	736	1,045	1,583	16,576	15,694	11,448	23.6	20.1

BALANCE SHEET RISK MANAGEMENT

Balance sheet risk is defined as the potential change in earnings arising from movements in interest rates and foreign exchange prices on the structural banking book of the Group which is not of a trading nature.

The balance sheet risk in the banking book arises from customers' preferences and characteristics in the booking of assets and liabilities, thereby causing a mismatch in the interest repricing dates of the assets and liabilities. With changes in interest rates and yield curves over time, the size and nature of such mismatches in the banking book may impact the net interest income of the Group. The main objective, therefore, is to manage the balance sheet risk to achieve stable and sustainable net interest income in the long term.

The Bank's Asset Liability Committee (ALCO), under delegated authority from the Board of Directors, approves the policies and limits for balance sheet risk. This risk is monitored and managed through the framework of approved policies and limits and reported regularly to ALCO. The decisions of ALCO and its monthly risk management report are reviewed by the Bank's Executive Committee.

The balance sheet interest rate risk exposure is calculated using a combination of dynamic simulation modelling techniques and static analysis tools, such as

maturity/repricing schedules. The schedules provide an indication of the potential impact on interest earnings through the gap analysis of the mismatches of interest rate sensitive assets, liabilities and off-balance sheet items by time bands, according to their maturity (for fixed rate items) or the remaining period to their next repricing (for floating rate items).

The following table represents the Group's interest rate risk sensitivity based on repricing mismatches as at 31 December 2000. Interest rate risk will arise when more assets/liabilities than liabilities/assets are repriced in a given time band. A positive interest rate sensitivity gap exists where more interest sensitive assets than interest sensitive liabilities reprice during a given time period. Similarly, a negative interest rate sensitivity gap exists where more interest sensitive liabilities than interest sensitive assets reprice during a given time period. As at 31 December 2000, the Group had an overall positive interest rate sensitivity gap of \$5,415 million, excluding non-interest sensitive items. This being a static position, the actual effect on net interest income will depend on a number of factors, including variations in interest rates within the repricing periods, among currencies, and the extent to which repayments are made earlier or later than the contracted dates.

Interest Rate Sensitivity Analysis

(In \$ million)	Total	Up To 7 Days	Over 7 Days To 1 Month	Over 1 To 3 Months	Over 3 To 12 Months	Over 1 To 3 Years	Over 3 Years	Non- Interest Bearing
Assets								
Cash and balances with central banks	1,715	–	–	–	–	–	–	1,715
Singapore government treasury bills and securities	3,224	221	169	1,119	755	476	484	–
Other government treasury bills and securities	2,117	–	21	457	1,355	77	174	33
Dealing securities	557	31	27	62	162	25	67	183
Placements and balances with banks and agents	23,609	1,594	9,027	7,126	5,443	230	8	181
Loans, advances and trade bills to non-bank customers	30,045	12,817	6,174	4,050	4,535	1,982	469	18
Other assets	5,057	52	102	57	70	–	2	4,774
Total assets	66,324	14,715	15,520	12,871	12,320	2,790	1,204	6,904
Liabilities								
Deposits of customers	43,406	10,394	14,284	8,498	7,076	263	7	2,884
Deposits and balances of banks and agents	13,431	3,222	4,674	2,863	2,442	3	–	227
Other liabilities	2,510	246	9	16	8	–	–	2,231
Total liabilities	59,347	13,862	18,967	11,377	9,526	266	7	5,342
Shareholders' funds and minority interests	6,977	–	–	–	–	–	–	6,977
Total liabilities and shareholders' funds	66,324	13,862	18,967	11,377	9,526	266	7	12,319
Net off-balance sheet items	–	–	(130)	(105)	420	(205)	20	–
Interest rate sensitivity gap	–	853	(3,577)	1,389	3,214	2,319	1,217	(5,415)
Cumulative interest rate sensitivity gap	–	853	(2,724)	(1,335)	1,879	4,198	5,415	–

In the dynamic simulation modelling process, the potential effects of changes in interest rates on earnings are estimated by simulating the future course of interest rates, expected changes in the Group's business activity over time, as well as the effect of embedded options in the form of loans subject to prepayment and of deposits subject to preupliftment. The changes in interest rates include the simulation of changes in the shape of the yield curve.

Stress and scenario tests depicting shifts and tilts in yield curves are also performed regularly on the banking book. Such tests are performed to provide early warning

of potential worst case losses so as to facilitate proactive management of these risks in the rapidly changing financial markets. For the year 2000, on average and based on dynamic simulation modelling, the potential unfavourable interest rate risk of the banking book was less than 0.8% of shareholders' funds and below the approved limit structure of 1.0%.

The risks arising from the trading book in interest rates, foreign exchange rates and equity prices are managed and controlled under the market risk framework that is discussed under the section 'Market Risk Management' on pages 56 to 57.

LIQUIDITY RISK MANAGEMENT

Liquidity risk is defined as the potential loss arising from the Group's inability to meet its own contractual obligations when due. The Group maintains sufficient liquidity to fund its day-to-day operations, meet customer deposit withdrawals either on demand or at contractual maturity, meet customers' demand for new loans, participate in new investments when opportunities arise, and repay borrowings as they mature.

Liquidity risk is managed in accordance with a framework of liquidity policies, controls and limits approved by the Bank's Asset Liability Committee (ALCO). These policies, controls and limits ensure that the Group maintains well diversified sources of funding, as well as sufficient liquidity to meet all its contractual obligations when due. These activities are carried out throughout the year by a combination of cash flow management, maintenance of high quality marketable securities and other short-term investments that can be readily converted to cash, diversification of the funding base, and proactive management of the Group's 'core deposits'. 'Core deposits' are generally stable non-bank deposits, like current accounts, savings accounts and fixed deposits. The Group monitors the stability of its 'core deposits' by analysing their volatility over time.

The distribution of sources and maturities of deposits is managed actively in order to ensure cost effective

and continued access to funds and to avoid a concentration of funding needs at any one time or from any one source. Important factors in assuring liquidity are competitive interest rates and the maintenance of customers' confidence. Such confidence is based on the Group's good reputation, the strength of its earnings, and its strong financial position and credit rating.

Liquidity contingency funding plans have been drawn up to ensure that alternative funding strategies are in place and can be implemented on a timely basis to minimise the liquidity risks that may arise due to adverse changes in the market place.

The following table shows the maturity mismatch analysis of the Bank's nearer-term and longer-term time bands relating to the cash inflows and outflows based on contractual classifications arising from business activities and including off-balance sheet transactions. The projected net cash outflow in the 'Up To 7 Days' time band comprises mainly customers' current accounts and savings accounts that are repayable on demand. However, when these customer deposits are adjusted for behavioural characteristics, the projected net cash outflow in the 'Up To 7 Days' time band is reduced as they are adjusted out to the longer-term time bands due to the stable nature of these customer deposits.

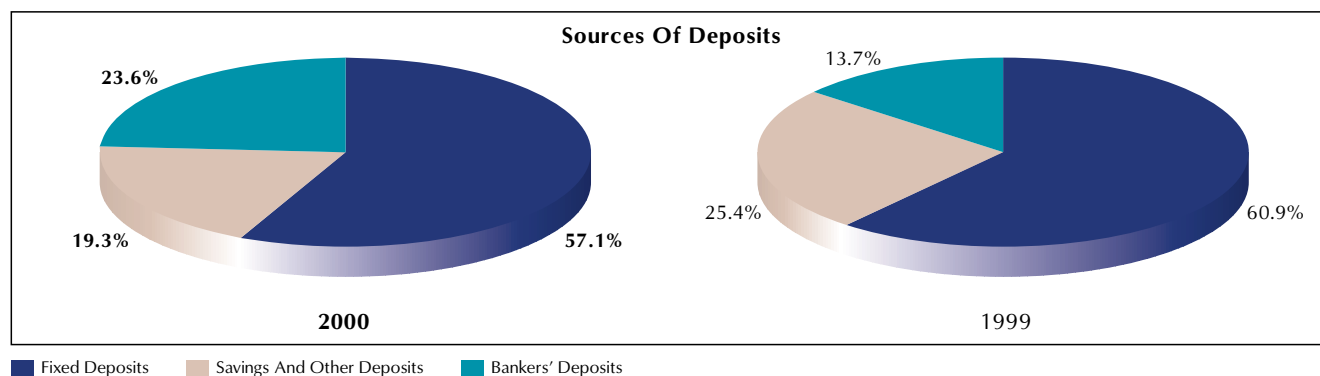
Maturity Mismatch Analysis (Contractual)

(In \$ million)	Total	Up To 7 Days	Over 7 Days To 1 Month	Over 1 To 3 Months	Over 3 To 12 Months	Over 1 To 3 Years	Over 3 Years
Assets (Inflows)							
Cash and balances with central banks	1,715	1,364	29	8	6	–	308
Singapore government treasury bills and securities	3,224	221	169	1,119	755	476	484
Other government treasury bills and securities	2,117	34	21	457	1,355	77	173
Dealing securities	557	557	–	–	–	–	–
Placements and balances with banks and agents	23,609	1,669	9,027	7,126	5,443	341	3
Loans, advances and trade bills to non-bank customers	30,045	8,068	2,820	3,534	3,799	2,093	9,731
Other assets	5,057	1,829	910	515	277	40	1,486
Total assets	66,324	13,742	12,976	12,759	11,635	3,027	12,185
Liabilities (Outflows)							
Deposits of customers, banks and agents	56,837	16,714	10,573	18,899	10,343	178	130
Other liabilities	2,510	103	212	451	171	25	1,548
Total liabilities	59,347	16,817	10,785	19,350	10,514	203	1,678
Shareholders' funds and minority interests	6,977	–	–	–	–	–	6,977
Total liabilities and shareholders' funds	66,324	16,817	10,785	19,350	10,514	203	8,655
Net maturity mismatch	–	(3,075)	2,191	(6,591)	1,121	2,824	3,530
Net off-balance sheet items	–	69	(55)	128	(142)	–	–
Net maturity mismatch (with off-balance sheet items)	–	(3,006)	2,136	(6,463)	979	2,824	3,530

Sources Of Deposits

Non-bank customers' fixed deposits, savings and other deposits continued to form a significant part of the Group's overall funding base. These customer deposits increased by \$2,678 million to reach \$43,406 million in 2000 and accounted for 76.4% of total Group deposits during the year under review. In particular,

the increase in customer deposits was attributable to an increase of \$3,700 million in fixed deposits, partially offset by a \$1,022 million decrease in savings and other deposits. Bankers' deposits rose, capitalising on opportunities in the inter-bank money market.



Sources Of Deposits

	2000		1999	
	\$ million	%	\$ million	%
Customer deposits				
Fixed deposits	32,421	57.1	28,721	60.9
Savings and other deposits	10,985	19.3	12,007	25.4
Bankers' deposits	43,406	76.4	40,728	86.3
	13,431	23.6	6,479	13.7
Total deposits	56,837	100.0	47,207	100.0

MARKET RISK MANAGEMENT

Market risk is defined as the potential loss arising from changes in market prices, namely, foreign exchange rates, interest rates, equity prices and option volatility rates.

The Group is exposed to market risk in its trading portfolio because the values of its trading positions are sensitive to changes in market prices and rates. Similarly, it is also exposed to market risk in its investment portfolio.

Market risk is managed using a framework of market risk management policies and risk control procedures, as well as risk and loss limits. All risk and loss limits are reviewed and approved by the Bank's Asset Liability Committee (ALCO) annually. ALCO also reviews and approves new limits or changes to the existing limits as and when these are required.

There is no single risk statistic that can reflect all aspects of market risk. The most common measures are Value-at-Risk (VaR) and stress testing. These risk measures, taken together, provide a more comprehensive view of market risk exposure than any one of them individually. VaR is a measure of the dollar amount of potential loss from adverse market movements under a normal market environment. Statistical models of risk measurement, such as VaR, provide an objective and independent assessment of how much risk is being taken. They also allow consistent and comparable measurement of risk across financial products and portfolios.

Market risk is computed using VaR methodologies, namely, variance-covariance and historical simulation models based on the past 260 days of market data within a 95% confidence level and assuming a one-day trading horizon.

The variance-covariance methodology is a parametric approach that assumes that returns are normally distributed. Under this methodology, a matrix of historical volatilities and correlations is computed from

the past 260 days' market data. VaR is then computed by applying these volatilities and correlations to the current portfolio valued at current price levels.

The historical simulation methodology is a non-parametric approach that does not make any underlying assumption about the distribution of returns. The method assumes that actual observed historical changes in market rates, such as foreign exchange and interest rates, reflect future possible changes. It uses historical price changes for the past 260 days to compute the returns of the portfolio and a VaR figure is then obtained from the actual distribution of these returns of the portfolio.

The VaR calculations are performed for all material trading and investment portfolios and all material market risk-related asset/liability activities.

However, there are certain limitations in the VaR methodologies just mentioned. They do not reflect the extent of potential losses that may occur beyond the 95% confidence level or that may occur for positions that could not be liquidated within the one-day trading horizon. In addition, historical data may not accurately reflect price changes that are likely to occur in the future and all VaR methodologies are dependent on the quality of available market data. Hence, to evaluate the reasonableness of the VaR model, it is required to calculate the statistical confidence intervals around the daily VaR estimates and conduct daily 'backtesting' of VaR against actual financial results. The Bank is in the process of performing backtests on its daily VaR computations.

To overcome the limitations of VaR as well as to complement VaR, stress and scenario tests are performed on the trading and investment portfolios. This will serve to provide early warning of potential worst case losses so as to facilitate proactive management of these risks in the rapidly changing financial markets. While VaR estimates the Group's exposure to unlikely events in normal markets, stress

testing discloses the risk under plausible events in abnormal markets. Portfolio stress testing is integral to the market risk management process and, together with VaR, are important components in the package of risk measurement and control tools.

The Group's corporate stress tests are built around changes in market rates and prices that result from pre-specified economic scenarios, including historical and hypothetical market events.

Some examples of stress tests that are performed include daily VaR based on 99% confidence intervals, as well as worst case VaR based on the worst price change

experienced within the past 260 days and historical events, for instance, the 1997 Asian crisis.

As with VaR, stress test calculations are performed for all material trading and investment portfolios and all material market risk-related asset/liability activities.

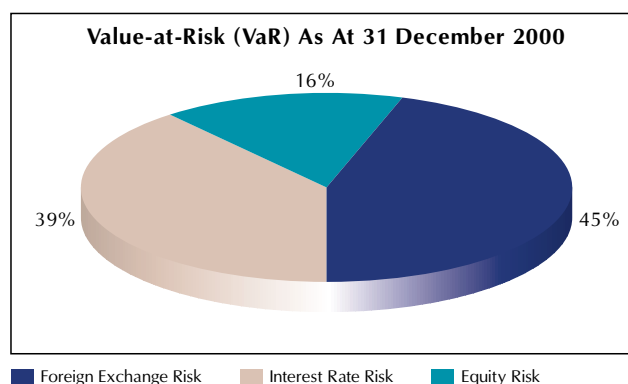
The risks taken by the Group are measured against related rewards to ensure that returns commensurate with the risks taken. A risk-reward measure of Earnings-at-Risk (EaR) is used as a standard measurement of the risks against related rewards across different products and business types. EaR is used as a benchmark in the setting of risk limits against prospective earnings.

Value-at-Risk (VaR)

The risk taken by the Group, as reflected by the level of VaR, is dependent on the level of exposure taken by the Group and the level of market prices for the relevant period that is used in the computation of VaR.

The Group's daily VaR, as at 31 December 2000, was \$6.9 million and comprised mainly foreign exchange risk (45%), interest rate risk (39%), and equity risk (16%).

The Group's daily VaR for 2000, averaging \$8.7 million, ranged between a low of \$4.3 million and a high of \$16.1 million:



% Of Total VaR	31 December 2000	High	Low	Average
Foreign exchange	45	28	34	34
Interest rate	39	31	35	35
Equity	16	41	31	31
Total VaR (%)	100	100	100	100
Total VaR (\$ million)	6.9	16.1	4.3	8.7

OPERATIONAL RISK MANAGEMENT

Operational risk is defined as the potential loss arising from a breakdown in the Group's internal control or corporate governance that results in error, fraud, failure/delay to perform, or compromise of the Group's interests by employees. Operational risk also includes potential loss arising from major failure of computer systems and disasters, for example, a major fire. Potential loss includes financial loss or other damage, for example, loss of reputation and public confidence that will impact the Group's credibility and ability to transact, maintain liquidity and obtain new business.

Operational risk is managed through a framework of policies, techniques and procedures as approved by the Bank's Management Committee (MC) under its delegated authority from the Board of Directors. The decisions of the MC and its monthly risk management report are reviewed by the Bank's Executive Committee.

The framework of techniques and procedures encompasses the building of Operational Risk Profiles (ORPs), the conduct of Operational Risk Self Assessment (ORSA) based on the ORPs, the development of an Operational Risk Action Plan (ORAP), the monitoring of Key Operational Risk Indicators (KORIs), and the structure for monitoring and reporting operational risk issues.

The methodology provides the tool for the profiling of significant operational risks that are encountered at the business/support unit level. The business/support units define the key management policies/procedures/controls that have been established to address the identified operational risks. The building of the ORPs involves risk identification, assessment of inherent or absolute risks, identification and classification of management controls, evaluation and testing of management controls, and assessment of residual risks.

As part of the continual assessment, ORSA provides the business/support heads with an analytical tool to identify the wider operational risks, assess the adequacy of controls over these risks, and identify control deficiencies at an early stage so that timely action can be taken.

Where actions need to be taken, these are documented in the form of ORAP for monitoring and reporting to top management.

Complementing the framework are KORIs that are utilised and monitored on an on-going basis. Through regular monitoring of this data, areas of potential operational control weakness can be identified at an early stage.

Included in the overall framework of operational risk is the disciplined product programme process. This process seeks to ensure that the risks associated with each new product/service are identified, analysed and managed.

For the implementation of all online products and services, extra care and precautionary measures are taken to address and protect customers' confidentiality and interests. In addition, clear instructions are posted on the Group's website that advise and educate customers on the proper use and safekeeping of their access identification and passwords. The Group also continuously reviews and improves its risk management framework to ensure that sound risk management principles and security practices are in place at all times.

As part of the Group's comprehensive operational risk framework, an enhanced group-wide Business Contingency Plan is being developed. Risk transfer mechanisms, such as insurance, also form part of this framework. Identified operational risks with relatively high residual risk assessment ratings and new risks which are beyond the control of the Group will be scrutinised for insurability.

Part of operational risk is legal risk. This risk arises from inadequate documentation, legal or regulatory incapacity or insufficient authority of customers and uncertainty in the enforcement of contracts. This is managed through the effective use and consultation of the Group's internal and external counsel to ensure that legal advice is appropriately taken within established guidelines.

The Compliance functions and the Group's Internal Audit play a key role in monitoring the adherence by business and operation units to the Group Operational Risk Policy. Effective mid-2000, all Compliance functions reported directly to the Group's Risk Management and Compliance Sector, thus providing these functions with the necessary independence to monitor and carry out compliance checks on the business operations.

2000



Banking
Convenience.
Anytime,
Anywhere.

UNITED OVERSEAS BANK LIMITED
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

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DIRECTORS' REPORT

for the financial year ended 31 December 2000

The directors present their report to the members together with the audited financial statements of the Bank and of the Group for the financial year ended 31 December 2000.

Directors

The directors holding office at the date of this report are:

Mr Wee Cho Yaw

Mr Wee Ee Cheong

Mr Koh Beng Seng (*appointed on 26.5.2000*)

Mr Ho Sim Guan

Mr Ernest Wong Yuen Weng

Mr Wong Meng Meng (*appointed on 14.3.2000*)

Mr John C Dean Jr (*appointed on 14.3.2000*)

Mr Sim Wong Hoo (*appointed on 14.3.2000*)

Mr Philip Yeo Liat Kok (*appointed on 26.5.2000*)

Dr Cham Tao Soon (*appointed on 4.1.2001*)

Principal Activities

The Bank is principally engaged in the business of banking in all its aspects. The principal activities of its subsidiaries are disclosed in note 41 of the financial statements. There have been no significant changes in the nature of these activities during the financial year except for the following:

- (a) On 3 February 2000, United Overseas Finance Limited ("UOF"), a 60.61% owned subsidiary, was delisted after the Bank acquired the minority shareholders' interests in UOF. On 26 June 2000, UOF was merged into the Bank under Section 212 of the Singapore Companies Act. As a result of the merger, the businesses, assets, liabilities, interests, rights, privileges, obligations and commitments of UOF were transferred to and vested in the Bank. The finance company licence of UOF was cancelled on 28 June 2000. Upon cancellation of the licence, the principal activity of the subsidiary was changed to that of investment holding. The subsidiary has not had any operations since 28 June 2000.
- (b) During the financial year, UOB Securities Pte Ltd ("UOBS") and its subsidiaries were merged with Kay Hian Holdings Limited ("KHHL") to form UOB-Kay Hian Holdings Limited ("UOB-Kay Hian"). UOBS was the Group's stockbroking arm in Singapore. Under the share exchange agreement, the Group received a 39.4% interest in UOB-Kay Hian, and thus, continues to retain an interest in stockbroking activities in Singapore. Further details are disclosed in paragraph (d) of "Acquisitions and Disposals of Subsidiaries" below.

Acquisitions and Disposals of Subsidiaries

(a) Incorporation of Subsidiaries

During the financial year, the following subsidiaries were incorporated:

	Group's Effective Interest %	Consideration Paid by the Group \$'000
UOB Capital Investments Pte Ltd	100	600
UOB Capital Management Pte Ltd	100	100
UOB Venture Management (USA) Inc.	100	87

(b) **Acquisition of Subsidiaries**

During the financial year, the following subsidiaries were acquired:

	Group's Share of Net Tangible Assets at Date of Acquisition \$'000	Group's Effective Interest %	Consideration Paid by the Group \$'000
UOB Securities (Thailand) Co. Ltd <i>(formerly known as Ocean Securities Co. Limited)</i>	13,555	100	29,307
asia-reach.com Pte Ltd	*	100	*

* The net tangible assets and consideration paid were \$2 each.

(c) **Liquidation of Subsidiaries**

During the financial year, the following subsidiaries were placed into members' voluntary liquidation:

	Group's Share of Net Tangible Assets at Date of Liquidation \$'000	Group's Effective Interest %
G H Carriers Private Limited	21	87
Gim Huat Private Limited	444	87
Ubin Private Limited	440	87
ICI (2000) Limited <i>(formerly known as Industrial & Commercial Insurance Limited)</i>	3,534	59

(d) **Divestment of Subsidiaries**

During the financial year, UOB Securities Pte Ltd ("UOBS") and its wholly-owned subsidiaries, UOBS Research (M) Sdn Bhd and UOB Securities Nominees Pte Ltd, were merged with Kay Hian Holdings Limited ("KHHL"). This was effected through a share exchange agreement whereby the Group divested the whole of its 100% interest in UOBS in exchange for a 39.4% interest in UOB-Kay Hian Holdings Limited, the newly-created holding company of UOBS and KHHL. The details of the Group's share of net tangible assets and effective interest in these companies at the date of divestment are as follows:

	Group's Share of Net Tangible Assets \$'000	Group's Effective Interest %
UOB Securities Pte Ltd	232,877	100
UOBS Research (M) Sdn Bhd	231	100
UOB Securities Nominees Pte Ltd	*	100

* The Group's share of net tangible assets was \$2.

DIRECTORS' REPORT

for the financial year ended 31 December 2000

Results for the Financial Year

	The Group \$'000	The Bank \$'000
Profit after taxation	912,460	630,238
Minority interests	435	—
Profit before extraordinary items	912,895	630,238
Extraordinary item	—	110,615
Net profit attributable to members	<u>912,895</u>	<u>740,853</u>

Material Transfers To or From Reserves and Provisions

Material movements in reserves and provisions are set out in the financial statements.

Issue of Shares and Debentures

- (a) During the financial year, the issued ordinary share capital of the Bank was increased to \$1,052,450,831 (1999: \$1,051,861,831) by the issue of the following ordinary shares of \$1 each:

	Subscription Price Per Share, Paid by Cash \$	Number of Ordinary Shares of \$1 each in the Bank
To holders of share options issued in connection with the UOB Executives' Share Option Scheme and the UOB 1999 Share Option Scheme	8.79	49,000
	9.17	247,000
	8.25	180,000
	3.14	113,000
		<u>589,000</u>

- (b) (i) During the financial year, the issued and paid-up share capital of the following subsidiary was increased by the issue of the following shares at par which were fully paid in cash to provide for working capital:

	Number of Shares Issued	Type of Shares	Issue Price Paid in Cash	Par Value of Shares
UOB Holdings (USA) Inc	2,600,000	Preference	US\$2,600,000 (equivalent to \$4,503,200)	US\$1

- (ii) On 2 February 2000, the issued ordinary share capital of United Overseas Finance Limited ("UOF") was reduced from \$72,996,185 to \$44,246,185 by the cancellation of 28,750,000 ordinary shares of par value of \$1 per share. The issued ordinary share capital was then increased to \$72,996,185 by the issue of 28,750,000 new ordinary shares at par for cash. The cancellation and issue of the shares were part of UOF's reorganisation and had the objective of enabling the Bank to become the sole shareholder of UOF.

Prior to the merger of UOF with the Bank on 26 June 2000, the issued and paid-up capital of UOF was reduced from \$72,996,185 to \$10,000 by the cancellation of 72,986,185 ordinary shares and the return of capital to the Bank.

(c) There were no debentures issued by the Bank or any corporation in the Group during the financial year.

Arrangements to Enable Directors to Acquire Shares or Debentures

Neither at the end of nor at any time during the financial year was the Bank a party to any arrangement whose object was to enable the directors of the Bank to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate, other than those issued in connection with the UOB 1999 Share Option Scheme as disclosed in this report.

Directors' Interests in Shares and Share Options

(a) The interests of the directors holding office at the end of the financial year in the share capital of the Bank and related corporations according to the register of directors' shareholdings were as follows:

	Number of Ordinary Shares of \$1 each			
	Shareholdings registered in the name of directors		Shareholdings in which directors are deemed to have an interest	
	At 31.12.2000	At 1.1.2000 or date of appointment, if later	At 31.12.2000	At 1.1.2000 or date of appointment, if later
The Bank				
Mr Wee Cho Yaw	16,530,548	16,530,548	146,072,026	145,856,026
Mr Wee Ee Cheong	2,774,899	2,774,899	143,584,731	143,084,731
Mr Ho Sim Guan	5,665,142	5,665,142	70,978,684	70,978,684
Mr Ernest Wong Yuen Weng	100,000	186,000	—	—
Industrial & Commercial Bank Limited				
Mr Wee Ee Cheong	—	—	303,000	303,000
Mr Ho Sim Guan	7,000	7,000	57,000	57,000
United Overseas Insurance Limited				
Mr Wee Cho Yaw	25,400	25,400	—	—
Mr Ho Sim Guan	9,300	9,300	—	—
UOF (2000) Limited (formerly known as United Overseas Finance Limited)				
Mr Wee Cho Yaw	—	27,500	—	—
Mr Wee Ee Cheong	—	—	—	3,750
Mr Ho Sim Guan	—	5,000	—	—

DIRECTORS' REPORT

for the financial year ended 31 December 2000

- (b) According to the register of directors' shareholdings, no director has any interest in the share options of the Bank at any time during the financial year except for Mr Ernest Wong Yuen Weng, whose options are as follows:

Number of Options Granted during the Financial Year	Aggregate Number of Options since the Commencement of the UOB Executives' Share Option Scheme and the UOB 1999 Share Option Scheme Up To 31 December 2000			Number of Options Outstanding As At	
	Granted	Exercised	Lapsed	31.12.2000	1.1.2000
Nil	741,000	588,000	78,000	75,000	156,000

The share options were granted pursuant to the UOB Executives' Share Option Scheme and the UOB 1999 Share Option Scheme and carry the right to subscribe for new ordinary shares of the Bank. The exercise price of the options outstanding at 31 December 2000 is \$14.70 per share.

- (c) There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2001 (being the 21st day after the end of the financial year), except that as at 21 January 2001, Mr Wee Cho Yaw had 16,390,248 shares which were registered in his own name and 146,015,326 shares in which he was deemed to have an interest.

Dividends

Dividends paid, declared and recommended since the end of the Bank's previous financial year were as follows:

\$'000

A final dividend of 12 cents per share net of tax at 25.5% and a special tax exempt bonus dividend of 25 cents per share were paid on 16 June 2000 in respect of the financial year ended 31 December 1999:

– as proposed in the Directors' Report for that financial year	357,002
– in respect of new shares issued upon the exercise of share options before book closure date	115
	<u>357,117</u>

An interim dividend of 15 cents per share net of tax at 25.5% was paid on 1 September 2000 in respect of the financial year ended 31 December 2000

117,604

A proposed final dividend of 25 cents per share recommended by the directors, net of tax at 24.5%, in respect of the financial year ended 31 December 2000

198,650

Bad and Doubtful Debts

Before the financial statements of the Bank were made out, the directors took reasonable steps to ascertain that proper action has been taken in relation to the writing off of bad debts and providing for doubtful debts of the Bank and have satisfied themselves that all known bad debts of the Bank have been written off and that where necessary adequate provision has been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render any amounts written off for bad debts or provided for doubtful debts in the consolidated financial statements of the Group inadequate to any substantial extent.

Current Assets

Before the financial statements of the Bank were made out, the directors took reasonable steps to ascertain that current assets of the Bank which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values or that adequate provision has been made for the diminution in values of such current assets.

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report, which would render the values attributed to current assets in the consolidated financial statements of the Group misleading.

Charges on Assets and Contingent Liabilities

At the date of this report, no charges have arisen since the end of the financial year on the assets of the Bank or any other corporation in the Group which secure the liability of any other person, nor has any contingent liability arisen since the end of the financial year in the Bank or any other corporation in the Group other than those normally undertaken in the course of the activities of the Bank and the Group.

Ability to Meet Obligations

No contingent or other liability of the Bank or any corporation in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Bank and of the Group to meet their obligations as and when they fall due.

Other Circumstances Affecting the Financial Statements

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the consolidated financial statements which would render any amount stated in the financial statements of the Bank and the consolidated financial statements of the Group misleading.

Unusual Items

In the opinion of the directors, the results of the operations of the Bank and of the Group during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than the extraordinary item arising from the merger of United Overseas Finance Limited into the Bank as disclosed in the notes to the financial statements.

Unusual Items after the Year-End Date

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which would affect substantially the results of the operations of the Bank and of the Group for the financial year in which this report is made.

DIRECTORS' REPORT

for the financial year ended 31 December 2000

Directors' Contractual Benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than as disclosed below and in the consolidated financial statements) by reason of a contract made by the Bank or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

- (a) The details of the total fees and other remuneration paid/payable by the Group to the directors of the Bank for the financial year ended 31 December 2000 are as follows:

	Directors' Fees %	Base or Fixed Salary %	Variable/ Performance Bonus %	Benefits-In- Kind and Others*	Total %
\$1,000,000 and above	3.6	16.6	65.4	14.4	100.0
Mr Wee Cho Yaw					
Mr Wee Ee Cheong					
Mr Ernest Wong Yuen Weng					
\$500,000 to \$749,999	7.9	49.0	36.6	6.5	100.0
Mr Koh Beng Seng					
Below \$250,000	100.0	—	—	—	100.0
Dr Richard Eu Keng Mun					
Mr Ho Sim Guan					
Mr Wee Chong Jin					
Prof Lim Chong Yah					
Mr Tan Keong Choon					
Mr Wong Meng Meng					
Mr John C Dean Jr					
Mr Sim Wong Hoo					
Mr Philip Yeo Liat Kok					

* Included in benefits-in-kind and others is retirement gratuity paid.

- (b) The above directors did not receive any share options during the financial year.

Share Options

- (a) From 1990 to 1998, share options were granted by the Bank pursuant to the UOB Executives' Share Option Scheme in respect of unissued ordinary shares of \$1 each to officers of the Bank and its subsidiaries who are of Vice President rank and above and are not substantial shareholders of the Bank. Particulars of the share options granted under this scheme in 1996, 1997 and 1998 (hereinafter called "Options 1996", "Options 1997" and "Options 1998" respectively) have been set out in the Directors' Reports for the years ended 31 December 1996, 1997 and 1998 respectively.
- (b) On 6 October 1999, the Bank's shareholders approved the adoption of the UOB 1999 Share Option Scheme to replace the UOB Executives' Share Option Scheme. Under the UOB 1999 Share Option Scheme, options may be granted to employees in the corporate grade of Vice President (or an equivalent rank) and above and selected employees below the corporate grade of Vice President (or an equivalent rank) of the Bank and its subsidiaries, and to directors and controlling shareholders. Particulars of the share options granted under this scheme in 1999 (hereinafter called "Options 1999") have been set out in the Directors' Report for the year ended 31 December 1999.

(c) During the financial year, options were granted pursuant to the UOB 1999 Share Option Scheme in respect of 1,618,000 unissued ordinary shares of \$1 each of the Bank ("Options 2000").

(d) Statutory and other information regarding the Options are as follows:

(i) Options	Option Period	Offer Price \$
UOB Executives' Share Option Scheme		
1996	9 May 1997 to 8 February 2001	9.17
1997	5 May 1998 to 4 February 2002	8.25
1998	14 September 1999 to 13 June 2003	3.14
UOB 1999 Share Option Scheme		
1999	27 December 2000 to 26 December 2004	14.70
2000	11 December 2001 to 10 December 2005	12.90

(ii) The share options expire at the end of the respective option periods unless they lapse earlier in the event of death, bankruptcy or cessation of employment of the Participant or the take-over or winding up of the Bank. Further details of the UOB Executives' Share Option Scheme and the UOB 1999 Share Option Scheme ("the Schemes") are set out in the circulars to shareholders dated 18 January 1990 and 10 September 1999.

(iii) Since the commencement of the Schemes, no employee received 5% or more of the total options available under the Schemes and no options were granted to controlling shareholders (or their associates) or directors of the Bank except for Mr Ernest Wong Yuen Weng, whose options are disclosed under "Directors' Interests in Shares and Share Options".

(iv) The holders of the Bank's options have no right to participate, by virtue of the options, in any share issue of any other company.

(e) Save as disclosed in this report, no shares of the Bank were issued during the year to which this report relates by virtue of the exercise of options granted pursuant to the Schemes, whether granted before or during the financial year.

(f) Unissued shares under option at 31 December 2000 comprise the following:

Options Granted to Executives in Connection with the Schemes, Granted in	Price Per Share Payable in Full Upon Application \$	Date of Expiration of Option	Number of Ordinary Shares of \$1 each in the Bank
1996	9.17	9.2.2001	222,000
1997	8.25	5.2.2002	236,000
1998	3.14	14.6.2003	94,000
1999	14.70	27.12.2004	1,637,000
2000	12.90	11.12.2005	1,618,000
			<u>3,807,000</u>

DIRECTORS' REPORT

for the financial year ended 31 December 2000

Audit Committee

The Audit Committee comprises three members, all of whom are non-executive independent directors. The members of the Audit Committee are:

Mr Ernest Wong Yuen Weng (Chairman)

Mr Philip Yeo Liat Kok (*appointed on 23.8.2000*)

Dr Cham Tao Soon (*appointed on 4.1.2001*)

(Mr Wee Chong Jin and Prof Lim Chong Yah, both non-executive independent directors, were members of the Audit Committee until Mr Wee's retirement and Prof Lim's resignation from the Board of Directors on 24 May 2000 and 5 December 2000 respectively.)

In its report to the Board of Directors, the Audit Committee reports that it has reviewed with the Bank's internal auditors their audit plan and the scope and results of the Bank's internal audit procedures. The Audit Committee has also reviewed with the Bank's auditors, PricewaterhouseCoopers, their audit plan, their evaluation of the system of internal accounting controls, their management letter and the response of management thereto as well as their audit report on the financial statements of the Bank and the consolidated financial statements of the Group for the year ended 31 December 2000. The financial statements of the Bank and the consolidated financial statements of the Group for the year ended 31 December 2000 have been reviewed by the Committee prior to their submission to the Board of Directors.

The Audit Committee has also reviewed interested person transactions and the assistance given by the Bank's officers, in particular the Bank's internal auditors and financial controller, to PricewaterhouseCoopers.

The Audit Committee has nominated PricewaterhouseCoopers for re-appointment by shareholders as auditors at the next Annual General Meeting.

Auditors

The auditors, PricewaterhouseCoopers, have expressed their willingness to accept re-appointment.

On behalf of the directors

Wee Cho Yaw
Chairman

Wee Ee Cheong
Director

Signed on 9 March 2001

STATEMENT BY DIRECTORS

for the financial year ended 31 December 2000

In the opinion of the directors, the financial statements set out on pages 73 to 117 are drawn up so as to give a true and fair view of the state of affairs of the Bank and of the Group at 31 December 2000, the results of the business and changes in equity of the Bank and of the Group and the cash flows of the Group for the financial year then ended, and at the date of this statement, there are reasonable grounds to believe that the Bank will be able to pay its debts as and when they fall due.

On behalf of the directors

Wee Cho Yaw
Chairman

Wee Ee Cheong
Director

Signed on 9 March 2001

AUDITORS' REPORT TO THE MEMBERS OF UNITED OVERSEAS BANK LIMITED

for the financial year ended 31 December 2000

We have audited the financial statements of United Overseas Bank Limited and the consolidated financial statements of the Group for the financial year ended 31 December 2000 set out on pages 73 to 117. These financial statements are the responsibility of the Bank's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform our audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the accompanying financial statements of the Bank and consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Singapore Companies Act ("Act") and Singapore Statements of Accounting Standard and so as to give a true and fair view of:
 - (i) the state of affairs of the Bank and of the Group at 31 December 2000, the profit and changes in equity of the Bank and of the Group, and the cash flows of the Group for the financial year ended on that date; and
 - (ii) the other matters required by Section 201 of the Act to be dealt with in the financial statements of the Bank and the consolidated financial statements of the Group; and
- (b) the accounting and other records, and the registers required by the Act to be kept by the Bank and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and auditors' reports of all subsidiaries of which we have not acted as auditors, being financial statements included in the consolidated financial statements. The names of these subsidiaries are stated in note 41 to the financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Bank are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification which is material in relation to the consolidated financial statements, and in respect of subsidiaries incorporated in Singapore did not include any comment made under Section 207(3) of the Act.

PricewaterhouseCoopers
Certified Public Accountants

Singapore, 9 March 2001

INCOME STATEMENTS

for the financial year ended 31 December 2000

	Notes	The Group		The Bank	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Interest income	3	3,053,356	2,458,534	2,423,956	1,801,047
Less: Interest expense	4	1,854,945	1,325,853	1,564,262	1,075,718
Net interest income		1,198,411	1,132,681	859,694	725,329
Dividend income	5	8,151	6,565	230,326	168,378
Fee and commission income	6	330,435	335,559	168,159	146,769
Rental income	7	70,513	76,315	39,171	40,503
Other operating income	8	297,951	236,755	169,231	180,924
Income before operating expenses		1,905,461	1,787,875	1,466,581	1,261,903
Less:					
Staff costs	9	381,457	285,175	239,328	187,028
Other operating expenses	10	369,749	295,353	218,812	192,369
		751,206	580,528	458,140	379,397
Operating profit before provisions		1,154,255	1,207,347	1,008,441	882,506
Less: Provisions	12	93,411	253,475	153,876	132,251
OPERATING PROFIT		1,060,844	953,872	854,565	750,255
SHARE OF PROFIT OF ASSOCIATES		125,032	72,345	—	—
PROFIT BEFORE TAXATION		1,185,876	1,026,217	854,565	750,255
Less: TAXATION	13	273,416	251,396	224,327	208,706
PROFIT AFTER TAXATION		912,460	774,821	630,238	541,549
Less: MINORITY INTERESTS		(435)	14,607	—	—
PROFIT BEFORE EXTRAORDINARY ITEMS		912,895	760,214	630,238	541,549
EXTRAORDINARY ITEMS	14	—	—	110,615	772,791
NET PROFIT FOR THE FINANCIAL YEAR		912,895	760,214	740,853	1,314,340
ATTRIBUTABLE TO MEMBERS		912,895	760,214	740,853	1,314,340
Earnings per share:	15				
Basic		87 cents	72 cents		
Diluted		87 cents	72 cents		

The accompanying notes form an integral part of these financial statements. The Auditors' Report is on page 72.

BALANCE SHEETS

as at 31 December 2000

	Notes	The Group		The Bank	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
SHARE CAPITAL AND RESERVES					
Share capital	16	1,052,451	1,051,862	1,052,451	1,051,862
Share premium	17	783,488	779,542	783,488	779,542
Non-distributable reserves	18	1,820,477	1,840,097	1,460,184	1,365,988
Revenue reserves	19	2,593,638	2,073,636	1,761,112	1,430,428
Share of reserves of associates	20	519,469	445,910	—	—
		6,769,523	6,191,047	5,057,235	4,627,820
MINORITY INTERESTS		206,727	436,564	—	—
LIABILITIES					
Current, fixed, savings accounts and other deposits of non-bank customers		43,405,504	40,728,491	33,937,170	30,587,855
Deposits and balances of banks and agents		13,431,424	6,478,513	11,840,866	6,288,054
Deposits from subsidiaries		—	—	940,008	1,265,607
	21	56,836,928	47,207,004	46,718,044	38,141,516
Bills and drafts payable		129,457	430,170	86,409	153,935
Provisions for current and deferred taxation	13	451,886	386,684	378,146	314,940
Other liabilities	22	1,730,881	1,765,475	1,148,812	984,122
Proposed dividends		198,650	357,002	198,650	357,002
		59,347,802	50,146,335	48,530,061	39,951,515
		66,324,052	56,773,946	53,587,296	44,579,335
OFF-BALANCE SHEET ITEMS					
Contingent liabilities	34	4,041,625	3,824,241	2,903,279	2,712,255
Off-balance sheet financial instruments	35	37,455,247	20,725,811	34,863,690	20,089,215
Commitments	36	18,586,493	15,987,141	12,539,256	11,661,904

	Notes	The Group		The Bank	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
ASSETS					
Cash and balances with central banks		1,714,603	2,013,189	1,024,707	1,161,308
Singapore government treasury bills and securities	23	3,224,421	3,366,684	2,982,892	3,021,247
Other government treasury bills and securities	24	2,117,138	2,558,458	138,206	130,561
Dealing securities	25	556,538	357,933	359,836	271,436
Placements and balances with banks and agents	26	23,609,022	16,384,924	21,106,185	14,652,140
Trade bills	27	568,748	577,256	95,029	209,704
Advances to customers	27	29,476,535	26,681,858	23,399,256	20,476,343
Placements with and advances to subsidiaries		—	—	439,230	443,529
Other accounts	28	1,789,426	1,916,887	1,170,491	934,980
		63,056,431	53,857,189	50,715,832	41,301,248
Investment securities	29	459,081	453,688	342,654	254,847
Investments in associates	30	1,557,531	1,227,492	679,678	682,435
Investments in subsidiaries	31	—	—	1,210,557	1,716,709
Fixed assets	33	1,251,009	1,235,577	638,575	624,096
		66,324,052	56,773,946	53,587,296	44,579,335

The accompanying notes form an integral part of these financial statements. The Auditors' Report is on page 72.

STATEMENTS OF RECOGNISED GAINS AND LOSSES

for the financial year ended 31 December 2000

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

	The Group		The Bank	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Net profit for the financial year attributable to members	912,895	760,214	740,853	1,314,340
Group's share of reserves of associates	31,183	77,124	—	—
Liquidation of subsidiaries	(2,018)	—	—	—
Exchange differences arising on translation of the financial statements of foreign subsidiaries and branches	(36,989)	4,105	396	(4,775)
Net (loss)/gain not recognised in the Income Statements	(7,824)	81,229	396	(4,775)
Total recognised gains and losses for the financial year	<u>905,071</u>	<u>841,443</u>	<u>741,249</u>	<u>1,309,565</u>
Prior year adjustments for change in accounting policy with respect to investment in associates:				
Adjusted against retained profits	—	(36,140)	—	—
Adjusted against share of reserves of associates	—	356,054	—	—
	<u>—</u>	<u>319,914</u>	<u>—</u>	<u>—</u>

The accompanying notes form an integral part of these financial statements. The Auditors' Report is on page 72.

CONSOLIDATED CASH FLOW STATEMENT

for the financial year ended 31 December 2000

	2000 \$'000	1999 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit after provisions	1,060,844	953,872
Adjustments for:		
Depreciation	74,743	62,905
Operating profit before working capital changes	1,135,587	1,016,777
Working capital changes:		
Deposits	9,629,924	1,999,268
Bills and drafts payable	(300,713)	75,778
Other liabilities	(34,594)	125,889
Dealing securities	(198,605)	(147,060)
Trade bills and advances to customers	(2,786,169)	778,221
Other government treasury bills and securities not qualifying as cash and cash equivalents	559,377	–
Other accounts	(49,685)	(383,107)
Cash generated from operations	7,955,122	3,465,766
Income taxes paid	(189,254)	(132,046)
Net cash from operating activities	7,765,868	3,333,720
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in investment securities and investments in associates	(41,716)	(115,690)
Net dividends received from associates	30,125	20,940
Net increase in fixed assets	(90,175)	(47,682)
Change in minority interests of subsidiaries	(145,939)	575
Net cash flow on acquisition of, and increase in investments in, subsidiaries	(73,435)	(382,562)
Net cash flow upon merger of UOBS Group and KHHL [note 31(c)]	(29,725)	–
Net cash used in investing activities	(350,865)	(524,419)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	4,535	38,167
Dividends paid by the Bank	(474,721)	(132,750)
Dividends paid by subsidiaries to minority shareholders	(6,522)	(4,525)
Net cash used in financing activities	(476,708)	(99,108)
Exchange translation adjustment	(36,989)	4,105
Net increase in cash and cash equivalents	6,901,306	2,714,298
Cash and cash equivalents at beginning of the financial year	22,323,255	19,608,957
Cash and cash equivalents at end of the financial year (note 37)	29,224,561	22,323,255

The accompanying notes form an integral part of these financial statements. The Auditors' Report is on page 72.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2000

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 General

The Bank is incorporated and domiciled in Singapore and is listed on the Singapore Exchange. The address of its registered office is:

80 Raffles Place
UOB Plaza
Singapore 048624

The Bank is principally engaged in the business of banking in all its aspects, including the operation of an Asian Currency Unit under the terms and conditions specified by the Monetary Authority of Singapore. The principal activities of its subsidiaries are disclosed in note 41 to the financial statements.

2 Significant Accounting Policies

(a) Basis of Accounting

The financial statements are prepared in accordance with and comply with Singapore Statements of Accounting Standard. The financial statements are prepared in accordance with the historical cost convention, modified by the revaluation of certain off-balance sheet financial instruments to market value at the balance sheet date and the inclusion of certain freehold and leasehold land and buildings at valuation.

The financial statements of the Bank and the consolidated financial statements of the Group are expressed in Singapore dollars.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Bank and all its subsidiaries made up to the end of the financial year. In consolidating the life insurance subsidiaries, the consolidated financial statements include only the assets and liabilities belonging to the shareholders. The assets and liabilities of the Life Funds accrue to insurance policyholders and are not consolidated. The results of subsidiaries acquired or disposed of during the financial year are included in or excluded from the consolidated income statement from the respective dates of their acquisition or disposal. Inter-company balances and transactions and resulting unrealised profits and losses are eliminated in full on consolidation.

(c) Associates

The Group treats as associates those companies in which the Group has a long-term equity interest of between 20 to 50 percent and over whose financial and operating policy decisions it has significant influence.

Associates are accounted for under the equity method whereby the Group's share of profits less losses of associates is included in the consolidated income statements and the Group's share of post-acquisition unappropriated profits, or losses, and reserves is adjusted against the cost of investments in the consolidated balance sheet.

(d) **Trade Bills and Advances to Customers**

Trade bills and advances to customers are stated after deduction of provisions for possible losses. These provisions comprise specific provisions made for any debts considered to be doubtful of collection and a general provision maintained to cover losses which, although not specifically identified, are inherent in any portfolio of loans and advances. Known bad debts are written off.

(e) **Investments**

(i) Singapore government treasury bills and securities are stated at the lower of cost and market value determined on an aggregate basis.

(ii) Other government treasury bills and securities are stated at the lower of cost and market value determined on an aggregate basis.

(iii) Dealing securities are stated at the lower of cost and market value determined on an aggregate basis.

(iv) Investment securities and investments in subsidiaries and associates are stated at cost and provisions are made for diminution in value which is other than temporary, determined on an individual basis.

(f) **Cash and Cash Equivalents**

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise the balance sheet amounts of cash and balances with central banks, placements and balances with banks and agents and government treasury bills and securities, less non-cash equivalents included in those amounts.

(g) **Revenue Recognition**

Interest income is accrued on a day-to-day basis.

Dividend income from subsidiaries is included gross in the income statement of the accounting period in which the dividend is proposed. Other dividend income is taken up gross in the income statements of the accounting period in which the dividend is received. Profits or losses on disposal of investments are taken to the income statements.

Fee and commission income and rental income are recognised on an accrual basis.

(h) **Fixed Assets and Depreciation**

Fixed assets are stated at cost, or valuation for certain land and buildings, less accumulated depreciation. Fixed assets, other than land and buildings, are depreciated on a straight-line basis over 5 or 10 years. Freehold land and leasehold land exceeding 99 years tenure are not depreciated. Other leasehold land is depreciated on a straight-line basis over the period of the lease. Buildings are depreciated on a straight-line basis over 50 years or over the period of the respective leases, whichever is shorter.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2000

(i) Taxation

Tax expense is determined on the basis of tax effect accounting using the liability method. Deferred taxation is provided on significant timing differences arising from the different treatments in accounting and taxation of relevant items except where it can be demonstrated with reasonable probability that the tax deferral will continue for the foreseeable future.

In accounting for timing differences, deferred tax debits are not accounted for unless there is reasonable expectation of their realisation.

(j) Foreign Currencies

Foreign currency assets and liabilities are translated to Singapore dollars at the rates of exchange ruling at the balance sheet date. Foreign currency transactions during the year are converted to Singapore dollars at the rates of exchange ruling on the transaction dates. All exchange differences are taken up in the income statements.

For the purpose of consolidation of foreign subsidiaries and branches and the equity accounting of associates, the balance sheets and results are translated into Singapore dollars at the exchange rates prevailing at the balance sheet date. All exchange adjustments arising on translation into Singapore dollars are taken directly to the foreign currency translation reserve.

(k) Off-Balance Sheet Financial Instruments

Transactions in off-balance sheet financial instruments undertaken for trading purposes are marked-to-market and the resulting profits and losses are taken up in the income statements.

Transactions designated as hedges are accounted for in a manner consistent with the accounting treatment of the hedged items.

(l) Goodwill

On acquisition of a subsidiary or an associate, the excess of the cost of acquisition over the Group's share of the fair values of the net identifiable assets of the subsidiary or associate is dealt with as goodwill and written off against reserves in the year of acquisition.

3 Interest Income

	The Group		The Bank	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Government treasury bills and securities	167,553	111,443	82,964	68,893
Trade bills and loans and advances	1,856,752	1,730,563	1,383,926	1,154,131
Inter-bank balances	995,675	605,713	937,466	569,311
Dealing and investment securities	33,376	10,815	19,600	8,712
	<u>3,053,356</u>	<u>2,458,534</u>	<u>2,423,956</u>	<u>1,801,047</u>
Received/receivable from:				
Subsidiaries	—	—	44,875	51,887
Associates	29,654	27,627	29,654	27,627
Third parties	3,023,702	2,430,907	2,349,427	1,721,533
	<u>3,053,356</u>	<u>2,458,534</u>	<u>2,423,956</u>	<u>1,801,047</u>

4 Interest Expense

	The Group		The Bank	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Non-bank deposits	1,256,838	1,058,324	979,888	795,580
Inter-bank balances	598,107	267,529	584,374	280,138
	<u>1,854,945</u>	<u>1,325,853</u>	<u>1,564,262</u>	<u>1,075,718</u>
Paid/payable to:				
Subsidiaries	–	–	55,284	67,698
Associates	472	400	472	400
Third parties	1,854,473	1,325,453	1,508,506	1,007,620
	<u>1,854,945</u>	<u>1,325,853</u>	<u>1,564,262</u>	<u>1,075,718</u>

5 Dividend Income

	The Group		The Bank	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
From:				
Investments in subsidiaries:				
Quoted	–	–	33,593	17,547
Unquoted	–	–	154,949	124,643
Investments in associates:				
Quoted	–	–	37,208	21,960
Unquoted	–	–	1,242	372
Other investments:				
Quoted	4,753	3,459	2,851	1,638
Unquoted	3,398	3,106	483	2,218
	<u>8,151</u>	<u>6,565</u>	<u>230,326</u>	<u>168,378</u>

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2000

6 Fee and Commission Income

	The Group		The Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Stockbroking	38,720	70,459	–	–
Fund management	60,949	56,410	–	–
Investment-related	25,075	30,329	32,358	29,944
Trade-related	67,350	57,935	45,549	38,573
Loan-related	39,310	32,418	22,181	17,013
Credit card	49,633	41,339	41,246	35,464
Others	49,398	46,669	26,825	25,775
	<u>330,435</u>	<u>335,559</u>	<u>168,159</u>	<u>146,769</u>

7 Rental Income

Rental income represents income from the tenanted areas of the buildings owned by the Bank and its subsidiaries.

8 Other Operating Income

	The Group		The Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Net profit on disposal of dealing securities, government treasury bills and securities, and derivatives	72,296	57,005	48,681	32,941
Net profit on foreign exchange dealings	76,641	85,692	55,967	60,127
Net profit/(loss) on disposal of investment securities and associates	4,279	1,324	2,476	(1,899)
Net profit on disposal of fixed assets	3,680	2,337	3,228	2,008
Profit on sale of development properties	70,423	16,776	–	–
Surplus arising from liquidation of subsidiaries	2,308	–	–	–
Other income	68,324	73,621	58,879	87,747
	<u>297,951</u>	<u>236,755</u>	<u>169,231</u>	<u>180,924</u>

9 Staff Costs

	The Group		The Bank	
	2000	1999	2000	1999
Number of employees at the balance sheet date	<u>9,228</u>	<u>9,064</u>	<u>3,284</u>	<u>3,191</u>

10 Other Operating Expenses

	The Group		The Bank	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Depreciation	74,743	62,905	40,704	37,979
Rental of premises and equipment	33,664	28,718	30,113	32,019
Maintenance of premises and other assets	31,386	24,256	18,794	15,436
Other expenses of premises	29,323	22,964	15,466	13,255
Auditors' remuneration:				
Bank's auditors	982	969	455	411
Other auditors	726	571	206	240
Fees payable for non-audit services rendered by the auditors of the Bank	665	345	328	233
Other expenses	198,260	154,625	112,746	92,796
	<u>369,749</u>	<u>295,353</u>	<u>218,812</u>	<u>192,369</u>

11 Directors' Fees and Other Remuneration

(a) Included in total expenses are fees and other remuneration paid to the directors of the Bank and its subsidiaries as follows:

	The Group		The Bank	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Directors of the Bank:				
Fees	781	605	345	273
Remuneration	10,789	10,812	10,789	10,812
Professional fees paid to a firm of which a director of the Bank is a member	640	—	329	—
	<u>12,210</u>	<u>11,417</u>	<u>11,463</u>	<u>11,085</u>
Directors of subsidiaries:				
Fees	511	419	24	35
Remuneration	5,632	6,152	—	—
	<u>6,143</u>	<u>6,571</u>	<u>24</u>	<u>35</u>

In addition to the above, professional fees of \$283,000 (1999: \$233,000) were paid by a subsidiary to a firm of which a director of a subsidiary is a member and these were capitalised in the cost of development property and certain fixed assets of the Group.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2000

- (b) The number of directors of the Bank whose total fees and other remuneration from the Group falls into the following bands is:

	2000	1999
\$500,000 and above	4	3
\$250,000 to \$499,999	–	–
Below \$250,000	9	5
	<u>13</u>	<u>8</u>

12 Provisions

Provisions charged/(credited) to the income statements during the financial year are as follows:

	The Group		The Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Specific provisions for trade bills and advances to customers	59,846	232,276	13,638	94,276
General provisions, comprising provisions for possible loan losses, contingencies and other banking risks	(52,576)	19,043	(52,142)	12,346
Advances to customers written off	12,155	6,445	10,479	5,116
Provisions for diminution in value of:				
Subsidiaries	–	–	108,906	16,270
Other investments and other assets	65,967	(3,343)	72,995	4,243
Provisions for life funds of the Group	8,019	(946)	–	–
	<u>93,411</u>	<u>253,475</u>	<u>153,876</u>	<u>132,251</u>

13 Taxation

- (a) The taxation charge to the income statements comprises the following:

	The Group		The Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
On the profit of the financial year:				
Current taxation	255,000	235,047	221,577	213,229
Deferred taxation	987	(2,436)	3,309	(4,651)
	<u>255,987</u>	<u>232,611</u>	<u>224,886</u>	<u>208,578</u>
Share of tax of associates	18,960	19,936	–	–
(Over)/underprovision of tax in respect of prior financial years	(1,531)	(1,151)	(559)	128
	<u>273,416</u>	<u>251,396</u>	<u>224,327</u>	<u>208,706</u>

(b) The provisions for current and deferred taxation as at the balance sheet date are as follows:

	The Group		The Bank	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Provision for current taxation	406,924	341,740	348,731	288,166
Provision for deferred taxation	44,962	44,944	29,415	26,774
	<u>451,886</u>	<u>386,684</u>	<u>378,146</u>	<u>314,940</u>

14 Extraordinary Items

	The Bank	
	2000 \$'000	1999 \$'000
Dividend from United Overseas Finance Limited of \$148,477,000 (1999: From Chung Khiaw Bank Limited of \$851,215,000), net of tax at 25.5% amounting to \$37,862,000 (1999: 26% amounting to \$221,316,000) arising from its merger with the Bank	110,615	629,899
Surplus arising from the merger of Chung Khiaw Bank Limited into the Bank	—	142,892
	<u>110,615</u>	<u>772,791</u>

On 3 February 2000, United Overseas Finance Limited ("UOF"), a 60.61% owned subsidiary, was delisted after the Bank acquired all the minority shareholders' interests in UOF. On 26 June 2000, UOF was merged into the Bank under Section 212 of the Singapore Companies Act. As a result of the merger, the businesses, assets, liabilities, interests, rights, privileges, obligations and commitments of UOF were transferred to and vested in the Bank.

The assets, liabilities and off-balance sheet items of UOF as at 26 June 2000 transferred to the Bank were \$948 million, \$814 million and \$51 million respectively.

As a result of the merger, UOF paid the following dividend to the Bank:

	\$'000
Gross dividend of \$173,839,000 net of tax at 25.5% amounting to \$44,329,000	129,510
Less: Pre-acquisition dividend of \$25,362,000 net of tax at 25.5% amounting to \$6,467,000, credited to the Bank's cost of investment in UOF	<u>18,895</u>
Dividend credited to income statement	<u>110,615</u>

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2000

15 Earnings Per Share

The calculation of basic and diluted earnings per share ("EPS") is determined based on the following profit attributable to members divided by the weighted average number of ordinary shares in issue:

	The Group	
	2000	1999
	\$'000	\$'000
Profit attributable to members for computation of basic and diluted EPS	<u>912,895</u>	<u>760,214</u>
	Number	Number
	'000	'000
Weighted average number of ordinary shares in issue for computation of basic EPS	1,052,262	1,049,134
Adjustment for assumed conversion of share options	<u>207</u>	<u>324</u>
Weighted average number of ordinary shares for computation of diluted EPS	<u>1,052,469</u>	<u>1,049,458</u>

16 Share Capital of the Bank

(a)

	The Group and The Bank			
	2000		1999	
	Number of		Number of	
	Shares		Shares	
	'000	\$'000	'000	\$'000
Ordinary shares of \$1 each				
Authorised	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
Issued and fully paid:				
Balance at 1 January	1,051,862	1,051,862	994,736	994,736
Shares issued to option holders who exercised their rights	589	589	4,803	4,803
Bonus shares issued	<u>—</u>	<u>—</u>	<u>52,323</u>	<u>52,323</u>
Balance at 31 December	<u>1,052,451</u>	<u>1,052,451</u>	<u>1,051,862</u>	<u>1,051,862</u>

- (b) During the year, the Bank issued 589,000 (1999: 4,803,000) ordinary shares of \$1 each to option holders who exercised their rights. All newly-issued shares rank pari passu in all respects with the previously-issued shares.
- (c) Details of the unissued ordinary shares of \$1 each of the Bank under option at the end of the financial year are set out below:

Options under the UOB Executives' Share Option Scheme and UOB 1999 Share Option Scheme, Granted In	Price Per Share Payable in Full Upon Application \$	Date of Expiration of Option	Number of Unissued Shares	
			At 31 December 2000 '000	At 31 December 1999 '000
1995	8.79	5.2.2000	–	93
1996	9.17	9.2.2001	222	486
1997	8.25	5.2.2002	236	417
1998	3.14	14.6.2003	94	207
1999	14.70	27.12.2004	1,637	1,721
2000	12.90	11.12.2005	<u>1,618</u>	<u>–</u>
			<u>3,807</u>	<u>2,924</u>

The share options expire at the end of the respective option periods unless they lapse earlier in the event of death, bankruptcy or cessation of employment of the Participant or the take-over or winding up of the Bank. Further details of the UOB Executives' Share Option Scheme and the UOB 1999 Share Option Scheme ("the Schemes") are set out in the circulars to shareholders dated 18 January 1990 and 10 September 1999.

The holders of the Bank's options have no right to participate, by virtue of the options, in any share issue of any other company.

17 Share Premium

	The Group and The Bank	
	2000 \$'000	1999 \$'000
Balance at 1 January	779,542	798,501
Share premium arising from the issue of shares to option holders who exercised their rights	3,946	33,364
Transfer to share capital upon issue of bonus shares	–	(52,323)
Balance at 31 December	<u>783,488</u>	<u>779,542</u>

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2000

18 Non-Distributable Reserves

(a) The Group

	2000				1999			
	Foreign Currency		Others	Total	Foreign Currency		Others	Total
	Statutory	Translation			Statutory	Translation		
	Reserves	Reserve			Reserves	Reserve		
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance at 1 January	1,911,817	(136,627)	64,907	1,840,097	1,541,583	(140,732)	64,907	1,465,758
Exchange differences	–	(36,989)	–	(36,989)	–	4,105	–	4,105
Transfer from revenue reserves	68,297	–	–	68,297	370,234	–	–	370,234
Transfer to share of reserves of associates upon merger of UOBS Group and KHHL <i>[note 31(c)]</i>	(48,910)	–	–	(48,910)	–	–	–	–
Liquidation of subsidiaries	–	–	(2,018)	(2,018)	–	–	–	–
Balance at 31 December	<u>1,931,204</u>	<u>(173,616)</u>	<u>62,889</u>	<u>1,820,477</u>	<u>1,911,817</u>	<u>(136,627)</u>	<u>64,907</u>	<u>1,840,097</u>

(b) The Bank

	2000			1999		
	Foreign Currency		Total	Foreign Currency		Total
	Statutory	Translation		Statutory	Translation	
	Reserves	Reserve		Reserves	Reserve	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance at 1 January	1,373,300	(7,312)	1,365,988	1,042,300	(2,537)	1,039,763
Exchange differences	–	396	396	–	(4,775)	(4,775)
Transfer from revenue reserves	93,800	–	93,800	331,000	–	331,000
Balance at 31 December	<u>1,467,100</u>	<u>(6,916)</u>	<u>1,460,184</u>	<u>1,373,300</u>	<u>(7,312)</u>	<u>1,365,988</u>

- (c) The statutory reserves of the Group and the Bank are amounts transferred to reserve funds in accordance with the provisions of the Singapore Banking Act, Cap. 19, Singapore Finance Companies Act, Cap. 108, the Malaysian Banking and Financial Institutions Act, 1989, the Singapore Securities Industry Regulations, 1986, and the requirements of the Singapore Exchange Securities Trading Limited and Singapore Exchange Derivatives Trading Limited. These reserves are non-distributable unless approved by the relevant authorities.

The foreign currency translation reserve relates to translation differences arising from the use of year-end exchange rates versus historical rates in translating the net assets of overseas branches, subsidiaries and associates.

19 Revenue Reserves

(a) The Group

	2000			1999		
	General Reserves \$'000	Retained Profits \$'000	Total \$'000	General Reserves \$'000	Retained Profits \$'000	Total \$'000
Balance at 1 January:						
As previously reported	542,938	1,530,698	2,073,636	619,124	1,680,462	2,299,586
Prior year adjustment for change in accounting policy with respect to investments in associates	—	—	—	—	(36,140)	(36,140)
As restated	542,938	1,530,698	2,073,636	619,124	1,644,322	2,263,446
Net profit for the financial year attributable to members	—	912,895	912,895	—	760,214	760,214
Net capital reserve/(goodwill) arising from acquisition of, and increase in investments in, subsidiaries	963	—	963	(163,649)	—	(163,649)
Transfer to retained profits prior to liquidation of subsidiaries	(1,467)	1,467	—	—	—	—
Transfer to share of reserves of associates upon merger of UOBS Group and KHHH [note 31(c)]	(9,190)	—	(9,190)	—	—	—
Transfer to general reserves	383,284	(383,284)	—	87,463	(87,463)	—
Transfer to statutory reserves	—	(68,297)	(68,297)	—	(370,234)	(370,234)
Dividends:						
Final dividend of 12 cents (1999: 10 cents) per share paid, net of tax at 25.5% (1999: 26%) in respect of previous year on new shares issued upon the exercise of share options before book closure date	—	(115)	(115)	—	(100)	(100)
Interim dividend of 15 cents (1999: 8 cents) per share paid, net of tax at 25.5% (1999: 26%)	—	(117,604)	(117,604)	—	(59,039)	(59,039)
Proposed final dividend of 25 cents (1999: 12 cents) per share, net of tax at 24.5% (1999: 25.5%)	—	(198,650)	(198,650)	—	(94,036)	(94,036)
Proposed special tax exempt bonus dividend of nil cents (1999: 25 cents) per share	—	—	—	—	(262,966)	(262,966)
	—	(316,369)	(316,369)	—	(416,141)	(416,141)
Balance at 31 December	916,528	1,677,110	2,593,638	542,938	1,530,698	2,073,636

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for the financial year ended 31 December 2000

(b) The Bank

	2000			1999		
	General	Retained	Total	General	Retained	Total
	Reserves	Profits		Reserves	Profits	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January	310,121	1,120,307	1,430,428	404,770	622,108	1,026,878
Net profit for the financial year attributable to members	–	740,853	740,853	–	1,314,340	1,314,340
Goodwill arising from acquisition of subsidiaries	–	–	–	(163,649)	–	(163,649)
Transfer to general reserves	306,200	(306,200)	–	69,000	(69,000)	–
Transfer to statutory reserves	–	(93,800)	(93,800)	–	(331,000)	(331,000)
Dividends:						
Final dividend of 12 cents (1999: 10 cents) per share paid, net of tax at 25.5% (1999: 26%) in respect of previous year on new shares issued upon the exercise of share options before book closure date	–	(115)	(115)	–	(100)	(100)
Interim dividend of 15 cents (1999: 8 cents) per share paid, net of tax at 25.5% (1999: 26%)	–	(117,604)	(117,604)	–	(59,039)	(59,039)
Proposed final dividend of 25 cents (1999: 12 cents) per share, net of tax at 24.5% (1999: 25.5%)	–	(198,650)	(198,650)	–	(94,036)	(94,036)
Proposed special tax exempt bonus dividend of nil cents (1999: 25 cents) per share	–	–	–	–	(262,966)	(262,966)
	–	(316,369)	(316,369)	–	(416,141)	(416,141)
Balance at 31 December	616,321	1,144,791	1,761,112	310,121	1,120,307	1,430,428

- (c) In each financial year, the Group and the Bank set aside a certain amount of retained profits to the general reserves. The general reserves have not been earmarked for any particular purpose.

The revenue reserves of the Group and the Bank are distributable except for the Group's share of revenue reserves of associates amounting to \$241,783,000 (1999: \$32,915,000) which is included in the Group's revenue reserves.

20 Share of Reserves of Associates

	The Group	
	2000 \$'000	1999 \$'000
Balance at 1 January, as previously reported	445,910	–
Prior year adjustment for change in accounting policy with respect to investments in associates	–	356,054
Balance at 1 January, as restated	445,910	356,054
Transfers from non-distributable and revenue reserves upon merger of UOBS Group and KHHL [note 31(c)]	58,100	–
Movements in other reserves of associates, net of goodwill arising from acquisitions during the financial year	15,459	89,856
Balance at 31 December	<u>519,469</u>	<u>445,910</u>

The balance comprises the Group's share of associates' post-acquisition revenue reserves at 1 January 1998, and other reserves, adjusted for goodwill arising on acquisition of associates. These are non-distributable reserves.

The Group's share of results after 1 January 1998 is included under revenue reserves of the Group.

21 Deposits Of and Amounts Owing To Non-Bank Customers, Banks and Agents, and Subsidiaries

(a)	The Group		The Bank	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Analysed by maturity period:				
Within 1 year	56,461,672	47,037,024	46,457,292	38,023,010
Over 1 year but within 3 years	177,923	87,017	63,802	36,007
Over 3 years but within 5 years	681	771	298	307
Over 5 years	196,652	82,192	196,652	82,192
	<u>56,836,928</u>	<u>47,207,004</u>	<u>46,718,044</u>	<u>38,141,516</u>

(b) Included in deposits and balances of banks and agents are:

	The Group		The Bank	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Obligations on securities sold under repurchase agreements ("REPOs")	<u>181,480</u>	<u>26,292</u>	<u>87,792</u>	<u>–</u>

The related securities sold under REPOs are shown in notes 23, 24 and 25 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2000

22 Other Liabilities

	The Group		The Bank	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Accrued interest payable	344,607	313,518	284,322	245,471
Balance arising from revaluation of off-balance sheet financial instruments (note 35)	379,405	172,953	371,708	171,193
Other liabilities	<u>1,006,869</u>	<u>1,279,004</u>	<u>492,782</u>	<u>567,458</u>
	<u>1,730,881</u>	<u>1,765,475</u>	<u>1,148,812</u>	<u>984,122</u>

23 Singapore Government Treasury Bills and Securities

(a)	The Group		The Bank	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
At cost	3,224,424	3,366,684	2,982,892	3,021,247
Provision for diminution in value (note 32)	<u>(3)</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>3,224,421</u>	<u>3,366,684</u>	<u>2,982,892</u>	<u>3,021,247</u>
Market value at 31 December	<u>3,234,932</u>	<u>3,375,682</u>	<u>2,992,794</u>	<u>3,029,118</u>

(b) Included in Singapore government treasury bills and securities are:

	The Group		The Bank	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Securities sold under repurchase agreements ("REPOs")	<u>87,792</u>	<u>—</u>	<u>87,792</u>	<u>—</u>

24 Other Government Treasury Bills and Securities

(a)	The Group		The Bank	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
At cost	2,118,017	2,561,678	138,771	132,314
Provision for diminution in value (note 32)	<u>(879)</u>	<u>(3,220)</u>	<u>(565)</u>	<u>(1,753)</u>
	<u>2,117,138</u>	<u>2,558,458</u>	<u>138,206</u>	<u>130,561</u>
Market value at 31 December	<u>2,118,433</u>	<u>2,559,042</u>	<u>138,766</u>	<u>130,561</u>

(b) Included in other government treasury bills and securities are:

	The Group		The Bank	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Securities sold under repurchase agreements ("REPOs")	<u>5,082</u>	<u>—</u>	<u>—</u>	<u>—</u>

In addition, the Group's other government treasury bills and securities include an amount of \$1,440,623,000 (1999: \$2,000,000,000) which the Group is not entitled to sell, transfer, pledge, or create any lien or encumbrance over without the prior consent of a certain foreign government authority.

25 Dealing Securities

	The Group		The Bank	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
At cost:				
Quoted equities	122,693	172,283	89,329	131,965
Quoted debt securities	46,773	59,436	19,953	40,497
Unquoted marketable unit trusts	21,368	21,745	—	—
Unquoted equities	2,021	2,245	2,021	2,245
Unquoted debt securities	<u>383,772</u>	<u>105,760</u>	<u>267,133</u>	<u>99,501</u>
	576,627	361,469	378,436	274,208
Provision for diminution in value (note 32)	<u>(20,089)</u>	<u>(3,536)</u>	<u>(18,600)</u>	<u>(2,772)</u>
	<u>556,538</u>	<u>357,933</u>	<u>359,836</u>	<u>271,436</u>
Market value at 31 December:				
Quoted equities	114,762	224,305	74,943	148,102
Quoted debt securities	46,049	60,130	17,815	39,894
Unquoted marketable unit trusts	<u>19,682</u>	<u>30,117</u>	<u>—</u>	<u>—</u>
	<u>180,493</u>	<u>314,552</u>	<u>92,758</u>	<u>187,996</u>
Securities sold under repurchase agreements ("REPOs")	<u>88,606</u>	<u>26,292</u>	<u>—</u>	<u>—</u>

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for the financial year ended 31 December 2000

26 Placements and Balances with Banks and Agents

(a)	The Group		The Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Analysed by maturity period:				
Within 1 year	23,265,285	16,356,288	20,770,176	14,630,620
Over 1 year but within 3 years	340,758	21,520	333,030	21,520
Over 3 years but within 5 years	2,979	7,116	2,979	—
	<u>23,609,022</u>	<u>16,384,924</u>	<u>21,106,185</u>	<u>14,652,140</u>

(b) Included in placements and balances with banks and agents are:

	The Group		The Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Negotiable certificates of deposits, floating rate certificates of deposits and other similar instruments	1,008,772	1,421,244	876,914	1,297,683
Government securities bought under reverse repurchase agreements	380,225	20,088	322,116	20,088
	<u>1,388,997</u>	<u>1,441,332</u>	<u>1,199,030</u>	<u>1,317,771</u>

27 Trade Bills and Advances to Customers

(a)	The Group		The Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Gross trade bills	568,748	582,798	95,029	209,704
Specific provisions	—	(5,542)	—	—
	<u>568,748</u>	<u>577,256</u>	<u>95,029</u>	<u>209,704</u>
Gross advances to customers	31,141,314	28,456,456	24,428,271	21,539,572
Specific provisions	(770,534)	(841,839)	(363,442)	(395,665)
Interest-in-suspense	(125,755)	(113,287)	(67,692)	(52,394)
General provisions	(768,490)	(819,472)	(597,881)	(615,170)
	<u>29,476,535</u>	<u>26,681,858</u>	<u>23,399,256</u>	<u>20,476,343</u>
Total gross trade bills and advances to customers	<u>31,710,062</u>	<u>29,039,254</u>	<u>24,523,300</u>	<u>21,749,276</u>

(b) Total gross trade bills and advances to customers analysed by maturity period:

	The Group		The Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Within 1 year	18,832,614	16,911,377	13,490,146	11,955,309
Over 1 year but within 3 years	3,451,088	3,886,221	3,154,879	3,418,861
Over 3 years but within 5 years	2,762,390	1,990,007	2,485,597	1,651,024
Over 5 years	6,663,970	6,251,649	5,392,678	4,724,082
	<u>31,710,062</u>	<u>29,039,254</u>	<u>24,523,300</u>	<u>21,749,276</u>

(c) The Group's total gross trade bills and advances to customers analysed by industry group:

	The Group		The Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Manufacturing	2,958,376	2,565,606	1,600,947	1,465,838
Building and construction	3,569,252	3,087,150	3,028,299	2,160,006
Housing	7,540,304	7,340,021	6,458,192	5,999,401
General commerce	3,857,400	3,956,339	2,452,767	2,548,703
Transport, storage and communication	708,968	287,780	614,511	218,247
Non-bank financial institutions	4,991,534	4,381,969	4,165,142	3,711,734
Professionals and private individuals (excluding housing loans)	4,223,042	3,651,661	3,498,714	2,691,518
Others	3,861,186	3,768,728	2,704,728	2,953,829
	<u>31,710,062</u>	<u>29,039,254</u>	<u>24,523,300</u>	<u>21,749,276</u>

(d) At the balance sheet date, the details of trade bills and advances to customers that are regarded as non-performing loans are as follows:

	The Group		The Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Substandard	1,583,165	1,946,862	970,018	1,097,769
Doubtful	207,836	244,886	167,344	228,114
Loss	818,532	801,279	338,162	323,173
Gross amount	<u>2,609,533</u>	<u>2,993,027</u>	<u>1,475,524</u>	<u>1,649,056</u>

Non-performing loans are those classified as Substandard, Doubtful or Loss in accordance with MAS Notice 612. All foreseeable losses relating to these non-performing loans have been provided for in the financial statements.

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for the financial year ended 31 December 2000

(e) The movements in provisions are as follows:

	2000				1999			
	Specific Provisions	Interest-in-Suspense	General Provisions	Total	Specific Provisions	Interest-in-Suspense	General Provisions	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
The Group								
Balance at 1 January	847,381	266,386	819,472	1,933,239	645,650	208,042	783,199	1,636,891
Exchange differences	8,664	4,444	1,594	14,702	(376)	40	540	204
Write off against provisions	(142,399)	(68,512)	–	(210,911)	(91,400)	(60,034)	–	(151,434)
Charge/(write back) to income statements	59,846	–	(52,576)	7,270	232,276	–	19,043	251,319
Interest suspended	–	70,838	–	70,838	–	118,338	–	118,338
Transfer to provision for diminution in value of investments and other assets	(2,958)	–	–	(2,958)	–	–	–	–
Acquisition of subsidiaries	–	–	–	–	61,231	–	16,690	77,921
Balance at 31 December	<u>770,534</u>	<u>273,156</u>	<u>768,490</u>	<u>1,812,180</u>	<u>847,381</u>	<u>266,386</u>	<u>819,472</u>	<u>1,933,239</u>
The Bank								
Balance at 1 January	395,665	130,775	615,170	1,141,610	334,461	97,498	503,179	935,138
Exchange differences	3,350	925	77	4,352	(260)	(235)	150	(345)
Write off against provisions	(54,780)	(7,864)	–	(62,644)	(57,272)	(43,571)	–	(100,843)
Charge/(write back) to income statements	13,638	–	(52,142)	(38,504)	94,276	–	12,346	106,622
Interest suspended	–	23,476	–	23,476	–	65,280	–	65,280
Transfer from a subsidiary upon merger	5,569	2,575	34,776	42,920	24,460	11,803	99,495	135,758
Balance at 31 December	<u>363,442</u>	<u>149,887</u>	<u>597,881</u>	<u>1,111,210</u>	<u>395,665</u>	<u>130,775</u>	<u>615,170</u>	<u>1,141,610</u>

General provisions comprise provisions for possible loan losses, contingencies and other banking risks.

The movements in interest-in-suspense include amounts relating to interest receivable as shown in note 28.

28 Other Accounts

	The Group		The Bank	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Interest receivable	624,126	478,098	487,429	357,811
Interest-in-suspense <i>[note 27(e)]</i>	(147,401)	(153,099)	(82,195)	(78,381)
	476,725	324,999	405,234	279,430
Balances arising from revaluation of off-balance sheet financial instruments <i>(note 35)</i>	334,926	218,637	324,769	217,521
Other assets	1,035,721	1,392,600	489,976	439,857
Provisions for diminution in value of other assets <i>(note 32)</i>	(57,946)	(19,349)	(49,488)	(1,828)
	1,312,701	1,591,888	765,257	655,550
	1,789,426	1,916,887	1,170,491	934,980

29 Investment Securities

	The Group		The Bank	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Quoted investments, at cost:				
Equities	118,395	117,041	106,707	109,791
Debt securities	134,533	133,928	99,811	79,545
	252,928	250,969	206,518	189,336
Provision for diminution in value <i>(note 32)</i>	(5,152)	(401)	–	–
	247,776	250,568	206,518	189,336
Unquoted investments, at cost:				
Equities	112,893	114,043	70,133	49,427
Debt securities	108,915	98,880	70,294	20,588
	221,808	212,923	140,427	70,015
Provision for diminution in value <i>(note 32)</i>	(10,503)	(9,803)	(4,291)	(4,504)
	211,305	203,120	136,136	65,511
Total investment securities	459,081	453,688	342,654	254,847
Market value at 31 December:				
Quoted equities	131,933	121,010	99,201	114,327
Quoted debt securities	148,163	141,523	113,807	85,596
	280,096	262,533	213,008	199,923

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30 Investments in Associates

	The Group		The Bank	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
At cost:				
Quoted equities	690,894	652,000	650,418	638,997
Quoted debt securities	2,068	1,241	–	–
Quoted warrants	38,737	38,739	38,429	38,429
Unquoted equities	91,625	95,021	10,915	14,365
	823,324	787,001	699,762	691,791
Provision for diminution in value (note 32)	–	–	(20,084)	(9,356)
Group's share of post-acquisition reserves of associates, net of dividends received and goodwill adjustments	734,207	440,491	–	–
	1,557,531	1,227,492	679,678	682,435
Market value at 31 December:				
Quoted equities	939,109	725,964	758,951	702,937
Quoted debt securities	2,238	1,263	–	–
Quoted warrants	57,575	64,274	56,940	63,792
	998,922	791,501	815,891	766,729

The major associates of the Group as at the balance sheet date are set out in note 42 to the financial statements.

31 Investments in Subsidiaries

(a)	The Bank	
	2000 \$'000	1999 \$'000
Quoted equities, at cost	391,986	426,378
Provision for diminution in value (note 32)	(10,000)	(10,000)
	381,986	416,378
Unquoted equities, at cost	1,026,419	1,388,490
Provision for diminution in value (note 32)	(197,848)	(88,159)
	828,571	1,300,331
Total investments in subsidiaries	1,210,557	1,716,709
Market value of quoted equities at 31 December	516,277	766,962

The subsidiaries of the Group as at the balance sheet date are set out in note 41 to the financial statements.

(b) During the financial year, the Group acquired the following subsidiaries:

	Interest Acquired	Consideration Paid
	%	\$'000
UOB Securities (Thailand) Co. Ltd	100	29,307
asia-reach.com Pte Ltd	100	*

* \$2

The acquisitions had no material effect on the Group's balance sheet and results for the current financial year.

(c) During the financial year, UOB Securities Pte Ltd ("UOBS") and its wholly-owned subsidiaries, UOBS Research (M) Sdn Bhd and UOB Securities Nominees Pte Ltd, were merged with Kay Hian Holdings Limited ("KHHL"). This was effected through a share exchange agreement whereby the Group divested the whole of its 100% interest in UOBS in exchange for a 39.4% interest in UOB-Kay Hian Holdings Limited, the newly-created holding company of UOBS and KHHL. As a result of the share exchange agreement, UOB-Kay Hian Holdings Limited became an associate of the Group.

In addition, certain minor subsidiaries of the Group were placed into members' voluntary liquidation during the financial year.

The above share exchange and liquidations had no material effect on the Group's balance sheet and results for the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2000

32 Movements in the Provisions for Diminution in Value of Investments and Other Assets

(a) The Group

	Singapore Government Treasury Bills and Securities \$'000	Other Government Treasury Bills and Securities \$'000	Dealing Securities \$'000	Other Assets \$'000	Investment Securities \$'000	Total \$'000
2000						
At 1 January	–	3,220	3,536	19,349	10,204	36,309
Exchange differences	–	(74)	(222)	(524)	(321)	(1,141)
Amounts written off	–	–	–	(1,024)	–	(1,024)
Charge/(write back) to income statements	3	(2,267)	16,888	47,759	3,361	65,744
Transfer from specific provisions for trade bills and advances to customers	–	–	–	547	2,411	2,958
Disposal of subsidiaries	–	–	(113)	(8,161)	–	(8,274)
At 31 December	3	879	20,089	57,946	15,655	94,572
1999						
At 1 January	77	311	16,033	14,125	6,537	37,083
Exchange differences	–	48	(5)	364	21	428
Amounts written off	–	–	–	(1,019)	–	(1,019)
Charge/(write back) to income statements	(77)	2,861	(12,492)	5,033	942	(3,733)
Acquisition of subsidiaries	–	–	–	846	2,704	3,550
At 31 December	–	3,220	3,536	19,349	10,204	36,309

(b) **The Bank**

	Singapore Government Treasury Bills and Securities \$'000	Other Government Treasury Bills and Securities \$'000	Dealing Securities \$'000	Other Assets \$'000	Investment Securities \$'000	Investments in Associates \$'000	Investments in Subsidiaries \$'000	Total \$'000
2000								
At 1 January	–	1,753	2,772	1,828	4,504	9,356	98,159	118,372
Exchange differences	–	(77)	(239)	(160)	161	24	783	492
Amounts written off	–	–	–	(102)	–	–	–	(102)
Charge/(write back) to income statements	(328)	(1,111)	16,067	47,922	(374)	10,679	108,906	181,761
Transfer from a subsidiary upon merger	328	–	–	–	–	25	–	353
At 31 December	–	565	18,600	49,488	4,291	20,084	207,848	300,876
1999								
At 1 January	–	165	6,935	2,288	5,215	746	81,838	97,187
Exchange differences	–	48	(48)	(28)	18	3	51	44
Amounts written off	–	–	–	(45)	–	–	–	(45)
Charge/(write back) to income statements	(786)	1,540	(4,115)	(387)	(729)	8,607	16,270	20,400
Transfer from a subsidiary upon merger	786	–	–	–	–	–	–	786
At 31 December	–	1,753	2,772	1,828	4,504	9,356	98,159	118,372

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2000

33 Fixed Assets

(a) The Group

	2000			1999		
	Land and Buildings \$'000	Office Equipment, Computers, Fixtures and Other Assets \$'000	Total \$'000	Land and Buildings \$'000	Office Equipment, Computers, Fixtures and Other Assets \$'000	Total \$'000
Balances at 1 January:						
Cost/valuation	1,236,459	567,619	1,804,078	1,125,925	497,165	1,623,090
Accumulated depreciation	(152,469)	(376,512)	(528,981)	(124,715)	(315,637)	(440,352)
Provision for diminution in value	(39,520)	–	(39,520)	(3,669)	–	(3,669)
Net book value	1,044,470	191,107	1,235,577	997,541	181,528	1,179,069
Movements during the financial year:						
Exchange differences	(3,864)	(2,450)	(6,314)	1,764	378	2,142
Additions	33,283	68,899	102,182	19,790	32,040	51,830
Acquisition of subsidiaries	197	223	420	43,855	27,876	71,731
Disposal of subsidiaries	–	(1,986)	(1,986)	–	–	–
Disposals	(2,354)	(1,550)	(3,904)	(1,192)	(4,708)	(5,900)
Depreciation charge	(18,374)	(56,369)	(74,743)	(16,898)	(46,007)	(62,905)
Provision for diminution in value	(223)	–	(223)	(390)	–	(390)
Net book value at 31 December	1,053,135	197,874	1,251,009	1,044,470	191,107	1,235,577
Balances at 31 December:						
Cost/valuation	1,259,109	599,190	1,858,299	1,236,459	567,619	1,804,078
Accumulated depreciation	(169,738)	(401,316)	(571,054)	(152,469)	(376,512)	(528,981)
Provision for diminution in value	(36,236)	–	(36,236)	(39,520)	–	(39,520)
Net book value	1,053,135	197,874	1,251,009	1,044,470	191,107	1,235,577

(b) **The Bank**

	2000			1999		
	Land and Buildings \$'000	Office Equipment, Computers, Fixtures and Other Assets \$'000	Total \$'000	Land and Buildings \$'000	Office Equipment, Computers, Fixtures and Other Assets \$'000	Total \$'000
Balances at 1 January:						
Cost/valuation	602,171	333,177	935,348	575,153	287,254	862,407
Accumulated depreciation	(78,054)	(231,080)	(309,134)	(67,708)	(177,207)	(244,915)
Provision for diminution in value	(2,118)	–	(2,118)	(2,005)	–	(2,005)
Net book value	521,999	102,097	624,096	505,440	110,047	615,487
Movements during the financial year:						
Exchange differences	(2,918)	(20)	(2,938)	1,151	113	1,264
Additions	1,427	45,939	47,366	5,617	21,510	27,127
Transfer from a subsidiary upon merger	13,744	71	13,815	17,936	985	18,921
Disposals	(1,833)	(1,087)	(2,920)	(324)	(287)	(611)
Depreciation charge	(7,999)	(32,705)	(40,704)	(7,708)	(30,271)	(37,979)
Provision for diminution in value	(140)	–	(140)	(113)	–	(113)
Net book value at 31 December	524,280	114,295	638,575	521,999	102,097	624,096
Balances at 31 December:						
Cost/valuation	615,112	371,908	987,020	602,171	333,177	935,348
Accumulated depreciation	(88,275)	(257,613)	(345,888)	(78,054)	(231,080)	(309,134)
Provision for diminution in value	(2,557)	–	(2,557)	(2,118)	–	(2,118)
Net book value	524,280	114,295	638,575	521,999	102,097	624,096

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2000

- (c) Based on directors' valuation, the estimated market values of the land and buildings of the Group and the Bank included in fixed assets as at 31 December 2000 were \$2,538 million and \$1,348 million respectively (1999: \$2,619 million and \$1,353 million respectively). The excess of the estimated market value over the net book value of the land and buildings is not recognised in the financial statements.
- (d) Included in the land and buildings of the Group and the Bank are leasehold properties with net book value at 31 December 2000 amounting to \$828.6 million and \$469.9 million respectively (1999: \$808.9 million and \$467.2 million respectively). The rest of the properties is freehold.
- (e) Certain freehold and leasehold land and buildings of the Group and of the Bank are included on the basis of valuations made by independent valuers with subsequent additions at cost. The dates of these valuations are as follows:
- (i) The leasehold land at Bonham Street on which UOB Plaza 2 is sited April 1970
 - (ii) Certain freehold and leasehold land and buildings of Chung Khiaw Realty, Limited December 1969
 - (iii) Certain freehold land and buildings of United Overseas Bank (Malaysia) Bhd November 1965
- (f) Provisions for diminution in value are in respect of certain properties in Singapore, Malaysia, Hong Kong S.A.R., China and Thailand which are written down to their estimated market values as determined by the Bank's internal professionally qualified valuers.

34 Contingent Liabilities

(a)	The Group		The Bank	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Direct credit substitutes	1,321,950	1,292,761	1,444,947	1,341,296
Transaction-related contingencies	718,535	593,855	434,325	351,820
Trade-related contingencies	1,359,361	1,159,884	718,001	720,790
Other contingent liabilities	<u>641,779</u>	<u>777,741</u>	<u>306,006</u>	<u>298,349</u>
	<u>4,041,625</u>	<u>3,824,241</u>	<u>2,903,279</u>	<u>2,712,255</u>

In the normal course of business, the Group and the Bank conduct businesses involving acceptances, guarantees, performance bonds and indemnities. The majority of these facilities is offset by corresponding obligations of third parties.

(b) In addition to the above, the Bank and certain of its subsidiaries ("the Companies") operate a fund under the "Company Welfarism Through Employer's Central Provident Fund (CPF) Contributions" ("COWEC") Scheme known as the UOB Group COWEC Fund to provide retirement and other benefits for participating employees ("the Members"). Under the Trust Deed created on 21 August 1984 for this purpose, the Companies jointly undertake to indemnify the trustees to the extent that:

- (i) if upon termination of the Scheme, it is found that the amount of the Fund is less than the total amount which the Members of the Fund are entitled to under the Scheme, the Companies shall contribute pro-rata to the Fund such amounts as are sufficient to make up for the deficiency; and
- (ii) if in any year the Trustees find that, even after drawing from reserves, they are unable to declare a Scheme Interest Rate which is at least equal to the prevailing CPF interest rate, the Companies shall contribute pro-rata to the Fund such amounts as shall enable the Trustees to declare a Scheme Interest Rate equivalent to the prevailing CPF interest rate.

35 Off-Balance Sheet Financial Instruments

(a) The Group

	2000			1999		
	Contract or Underlying Principal Amount \$'000	Year-End Positive Fair Value \$'000	Year-End Negative Fair Value \$'000	Contract or Underlying Principal Amount \$'000	Year-End Positive Fair Value \$'000	Year-End Negative Fair Value \$'000
Foreign exchange contracts						
Forwards	3,872,479	64,049	77,700	2,250,101	48,685	12,770
Swaps	23,703,220	197,545	203,475	15,751,733	144,341	135,632
Options purchased	148,925	1,385	1,647	68,899	—	401
Options written	130,000	642	561	54,666	—	—
Interest rate contracts						
Swaps	7,289,533	62,275	84,639	1,971,614	25,060	24,114
Futures	1,851,401	3,703	5,802	602,024	425	36
Equity-related contracts						
Futures	68,753	354	788	—	—	—
Options purchased	70,883	550	2,126	—	—	—
Options written	309,661	4,011	2,653	26,774	126	—
Credit-related contracts						
Credit default swaps	10,392	412	14	—	—	—
	37,455,247	334,926	379,405	20,725,811	218,637	172,953

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2000

(b) The Bank

	2000			1999		
	Contract or Underlying Principal Amount \$'000	Year-End Positive Fair Value \$'000	Year-End Negative Fair Value \$'000	Contract or Underlying Principal Amount \$'000	Year-End Positive Fair Value \$'000	Year-End Negative Fair Value \$'000
Foreign exchange contracts						
Forwards	3,593,875	57,187	75,257	2,191,903	48,367	12,699
Swaps	21,517,397	194,251	199,262	15,510,143	143,563	133,947
Options purchased	148,925	1,385	1,647	68,899	—	401
Options written	130,000	642	561	54,666	—	—
Interest rate contracts						
Swaps	7,287,917	62,275	84,639	1,971,614	25,060	24,114
Futures	1,726,970	3,703	4,761	265,216	405	32
Equity-related contracts						
Futures	67,670	353	788	—	—	—
Options purchased	70,883	550	2,126	—	—	—
Options written	309,661	4,011	2,653	26,774	126	—
Credit-related contracts						
Credit default swaps	10,392	412	14	—	—	—
	34,863,690	324,769	371,708	20,089,215	217,521	171,193

- (c) Off-balance sheet financial instruments are instruments whose values change in response to the change in one or more "underlying", such as foreign exchange rate, interest rate, security price and credit index. They include forwards, swaps, futures, options and credit derivatives.

In its normal course of business, the Group and the Bank transact in these financial instruments for proprietary trading purposes as well as to maintain its assets/liabilities and structural positions. The Group and the Bank also customise these financial instruments to meet the specific needs of their customers.

The tables above analyse the notional principal amounts and the year-end positive and negative fair values of the Group's and the Bank's off-balance sheet financial instruments. The notional amounts of these instruments indicate the volume of transactions outstanding at the balance sheet date. They do not represent amounts at risk. The year-end positive and negative fair values represent the unrealised gains and losses respectively on revaluation of off-balance sheet financial instruments held for trading as at the balance sheet date.

36 Commitments

	The Group		The Bank	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Capital commitments contracted but not provided for on development of property and purchase of fixed assets	18,088	105,461	12,136	11,771
Undrawn credit facilities	17,746,051	15,641,321	12,006,636	11,571,158
Others	822,354	240,359	520,484	78,975
	<u>18,586,493</u>	<u>15,987,141</u>	<u>12,539,256</u>	<u>11,661,904</u>

The Group has also entered into a conditional agreement to transfer, for cash consideration, its overseas stockbroking interests in Malaysia, Indonesia, Thailand, Philippines and Hong Kong S.A.R. to its new associate, UOB-Kay Hian Holdings Limited. These overseas stockbroking interests are as follows:

	Country of Incorporation and Business Carried On In	Group's Interest at 31.12.2000 %
Affin-UOB Holdings Sdn Bhd	Malaysia	45
P T UOBB Securities	Indonesia	85
UOB Securities (Thailand) Co. Ltd	Thailand	100
UOB Securities (Philippines), Inc.	Philippines	100
United Mok Ying Kie Limited	Hong Kong S.A.R.	55

No loss is expected to arise on any of the transfers.

37 Cash and Cash Equivalents

	The Group	
	2000 \$'000	1999 \$'000
Cash and balances with central banks	1,714,603	2,013,189
Placements and balances with banks and agents	23,609,022	16,384,924
Singapore government treasury bills and securities	3,224,421	3,366,684
Other government treasury bills and securities, less non-cash equivalents of \$1,440,623,000 (1999: \$2,000,000,000)	676,515	558,458
	<u>29,224,561</u>	<u>22,323,255</u>

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2000

38 Segment Information

(a) Primary Reporting Format – Business Segments

	The Group 2000				
	Wholesale & Retail Banking \$'000	Global Treasury \$'000	Investment Banking \$'000	Others \$'000	Total \$'000
Income before operating expenses	1,211,951	295,361	169,454	228,695	1,905,461
Segment profit before taxation ¹	<u>691,984</u>	<u>213,064</u>	<u>54,392</u>	<u>184,356</u>	1,143,796
Unallocated corporate expenses					(82,952)
Share of profit of associates					<u>125,032</u>
Profit before taxation					1,185,876
Taxation and minority interests					<u>(272,981)</u>
Net profit for the financial year attributable to members					<u>912,895</u>
Other information:					
Segment assets ²	33,984,078	28,890,016	594,639	1,245,564	64,714,297
Segment liabilities ²	43,189,211	15,328,171	138,083	9,780	58,665,245
Provisions included in segment profit before taxation	<u>67,955</u>	<u>(706)</u>	<u>17,085</u>	<u>9,077</u>	<u>93,411</u>

	The Group 1999				
	Wholesale & Retail Banking \$'000	Global Treasury \$'000	Investment Banking \$'000	Others \$'000	Total \$'000
Income before operating expenses	1,149,865	321,962	180,588	135,460	1,787,875
Segment profit before taxation¹	566,121	246,920	90,984	107,622	1,011,647
Unallocated corporate expenses					(57,775)
Share of profit of associates					72,345
Profit before taxation					1,026,217
Taxation and minority interests					(266,003)
Net profit for the financial year attributable to members					760,214
Other information:					
Segment assets ²	31,552,725	21,817,108	1,049,361	1,096,201	55,515,395
Segment liabilities ²	40,851,891	6,330,253	487,070	1,713,391	49,382,605
Provisions included in segment profit before taxation	259,692	25	(4,568)	(1,674)	253,475

Notes:

- 1 Segment profit before taxation represents segment income less operating expenses that are directly attributable, and those that can be allocated on a reasonable basis, to a segment. Inter-segment transactions are charged at internal transfer prices, estimated based on the costs in providing the products and services, and after taking into account competitive market prices that are charged to unaffiliated customers.
- 2 Segment assets and liabilities comprise operating assets and liabilities that are directly attributable, and those that can be allocated on a reasonable basis, to a segment.

The difference between total segment assets and total assets as disclosed in the Group's balance sheet is primarily the investments in associates.

The difference between total segment liabilities and total liabilities as disclosed in the consolidated balance sheet is primarily the unallocated provision for current and deferred taxation, and proposed dividends.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2000

The Group's businesses are organised into four segments, based on the types of products and services that it provides worldwide. These segments are Wholesale & Retail Banking, Global Treasury, Investment Banking, and Others that include insurance and property-related activities.

Wholesale & Retail Banking

The Group's Wholesale & Retail Banking segment encompasses personal financial services, commercial banking and corporate banking. The 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. The 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, among other things, a broad range of financing options, trade services and custody services.

Global Treasury

The Group's Global Treasury segment extends a wide range of treasury capabilities in foreign exchange and derivatives, money market activities, leveraged trading and futures broking. It is a dominant player and market maker 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.

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, corporate finance and capital market activities through UOB Asia Limited, venture capital management through UOB Venture Management Private Limited, and stockbroking services through stockbroking subsidiaries and associates in Singapore, Hong Kong S.A.R., Indonesia, Malaysia, Philippines and Thailand.

Others

Other operations of the Group include insurance and property-related activities. None of the activities in this group constitutes 10% or more of the Group's total segment assets, total segment income before operating expenses or total segment results.

(b) Secondary Reporting Format – Geographical Segments

	The Group					
	Income Before		Profit		Total Assets	
	Operating Expenses		Before Taxation			
	2000	1999	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Singapore (including						
Asian Currency Units)	1,516,136	1,438,390	1,058,715	938,073	50,614,322	43,428,306
Other ASEAN countries	260,061	227,556	62,465	106,654	8,564,287	7,845,003
Other Asia-Pacific						
countries	93,249	91,776	50,555	(28,043)	3,991,057	3,245,410
Rest of the world	36,015	30,153	14,141	9,533	3,154,386	2,255,227
	<u>1,905,461</u>	<u>1,787,875</u>	<u>1,185,876</u>	<u>1,026,217</u>	<u>66,324,052</u>	<u>56,773,946</u>

With the exception of Singapore, no individual country contributed 10% or more of either the Group's total assets, total income before operating expenses or total profit before taxation.

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.

39 Non-Current Assets and Liabilities

To comply with the disclosure requirements of the Ninth Schedule of the Singapore Companies Act, set out below are the non-current assets and non-current liabilities of the Group and the Bank. Assets and liabilities other than those disclosed below are current.

	The Group		The Bank	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Non-current assets				
Trade bills and advances to customers (gross)	12,877,448	12,127,877	11,033,154	9,793,967
Placements and balances with banks and agents	343,737	28,636	336,009	21,520
Investment securities	459,081	453,688	342,654	254,847
Investment in associates	1,557,531	1,227,492	679,678	682,435
Investment in subsidiaries	–	–	1,210,557	1,716,709
Fixed assets	1,251,009	1,235,577	638,575	624,096
	<u>16,488,806</u>	<u>15,073,270</u>	<u>14,240,627</u>	<u>13,093,574</u>
Non-current liabilities				
Deposits of and amounts owing to non-bank customers, banks and agents, and subsidiaries	375,256	169,980	260,752	118,506
Provision for deferred taxation	44,962	44,944	29,415	26,774
	<u>420,218</u>	<u>214,924</u>	<u>290,167</u>	<u>145,280</u>

40 Comparative Figures

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

NOTES TO THE FINANCIAL STATEMENTS

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41 Subsidiaries

	Country Of Incorporation	Business Carried In	Percentage Of Paid-Up Capital Held By				Cost Of Bank's Investment	
			The Bank		Subsidiaries		2000	1999
			2000 %	1999 %	2000 %	1999 %	\$'000	\$'000
Commercial Banking								
CKB (2000) Limited (<i>formerly known as Chung Khiaw Bank Limited</i>)	Singapore	Inactive	100	100	—	—	—	—
Industrial & Commercial Bank Limited	Singapore	Singapore	87	87	—	—	384,286	384,286
Far Eastern Bank Limited	Singapore	Singapore	74	74	—	—	34,259	34,259
* United Overseas Bank (Malaysia) Bhd	Malaysia	Malaysia	45	45	55	55	123,731	123,731
* PT Bank UOB Indonesia (<i>formerly known as P T United Overseas Bank Bali</i>)	Indonesia	Indonesia	80	80	—	—	30,562	30,562
* United Overseas Bank (Canada)	Canada	Canada	100	100	—	—	18,155	18,155
LWB (1995) Limited	Singapore	Inactive	100	100	—	—	—	—
* UOB Radanasin Bank Public Company Limited	Thailand	Thailand	75	75	—	—	165,485	535,787
* United Overseas Bank Philippines	Philippines	Philippines	60	60	—	—	75,642	75,642
Merchant Banking								
UOB Asia Limited	Singapore	Singapore	100	100	—	—	9,747	9,747
* UOB Australia Limited	Australia	Australia	100	100	—	—	10,865	10,865
* UOB Asia (Hong Kong) Limited	Hong Kong S.A.R.	Hong Kong S.A.R.	50	50	50	50	11,687	11,687
Finance Company								
* United Overseas Finance (Malaysia) Bhd	Malaysia	Inactive	—	—	100	100	—	—
Insurance								
United Overseas Insurance Limited	Singapore	Singapore	51	51	—	—	7,700	7,700
ICI (2000) Limited (<i>formerly known as Industrial & Commercial Insurance Limited, in members' voluntary liquidation</i>)	Singapore	Inactive	—	—	73	73	—	—
* UOB Insurance (H.K.) Limited	Hong Kong S.A.R.	Hong Kong S.A.R.	—	—	100	100	—	—
UOB Life Assurance Limited	Singapore	Singapore	88	88	12	12	76,500	76,500
* PT UOB Life - Sun Assurance	Indonesia	Indonesia	—	—	80	80	—	—

	Country Of Incorporation	Business Carried In	Percentage Of Paid-Up Capital Held By				Cost Of Bank's Investment	
			The Bank		Subsidiaries		2000	1999
			2000 %	1999 %	2000 %	1999 %	\$'000	\$'000
Investment Companies								
* Chung Khiaw Bank (Malaysia) Bhd	Malaysia	Malaysia	100	100	–	–	152,403	152,403
UOF (2000) Limited (<i>formerly known as United Overseas Finance Limited</i>)	Singapore	Inactive	100	61	–	–	10	34,392
UOB Equity Holdings (Pte) Ltd	Singapore	Singapore	100	100	–	–	9,600	9,600
United Investments Limited	Singapore	Singapore	100	100	–	–	68,100	68,100
* UOB Finance (H.K.) Limited	Hong Kong S.A.R.	Hong Kong S.A.R.	100	100	–	–	22,207	21,444
* UOB Realty (H.K.) Limited	Hong Kong S.A.R.	Hong Kong S.A.R.	–	–	100	100	–	–
ICB Pte Ltd	Singapore	Inactive	–	–	100	100	–	–
* ICB Finance Limited	Hong Kong S.A.R.	Hong Kong S.A.R.	–	–	100	100	–	–
** UOB Holdings (USA) Inc	United States of America	United States of America	100	100	–	–	21,182	16,048
UOB Capital Investments Pte Ltd	Singapore	Singapore	100	–	–	–	600	–
UOB Capital Management Pte Ltd	Singapore	Singapore	100	–	–	–	100	–
asia-reach.com Pte Ltd	Singapore	Inactive	100	–	–	–	#	–
** UOB Venture Management (USA) Inc.	United States of America	United States of America	–	–	100	–	–	–
Stockbroking								
UOB Securities Pte Ltd (<i>disposed of during the year</i>)	Singapore	Singapore	–	–	–	100	–	–
* UOB Securities (Philippines), Inc.	Philippines	Philippines	–	–	100	100	–	–
* United Mok Ying Kie Limited	Hong Kong S.A.R.	Hong Kong S.A.R.	–	–	55	55	–	–
* P T UOBB Securities	Indonesia	Indonesia	–	–	85	85	–	–
*** UOB Securities (Thailand) Co. Ltd (<i>formerly known as Ocean Securities Co. Limited</i>)	Thailand	Thailand	–	–	100	–	–	–
Trustee/Investment Management								
United Overseas Bank Trustee Limited	Singapore	Singapore	20	20	80	80	100	100
UOB Asset Management Ltd	Singapore	Singapore	100	100	–	–	2,000	2,000
UOB Global Capital Private Limited (<i>formerly known as UOB Global Capital Limited</i>)	Singapore	Singapore	70	70	–	–	672	672

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2000

41 Subsidiaries (continued)

	Country Of Incorporation	Business Carried In	Percentage Of Paid-Up Capital Held By				Cost Of Bank's Investment	
			The Bank		Subsidiaries		2000	1999
			2000 %	1999 %	2000 %	1999 %	\$'000	\$'000
Trustee/Investment Management (continued)								
*** UOB Global Capital LLC	United States of America	United States of America	—	—	70	70	—	—
** UOB Global Capital SARL	France	France	—	—	100	100	—	—
** UOB Global Capital (Dublin) Ltd	Ireland	Ireland	—	—	70	70	—	—
UOB Venture Management Private Limited	Singapore	Singapore	100	100	—	—	250	250
* UOB-OSK Asset Management Sdn Bhd	Malaysia	Malaysia	—	—	70	70	—	—
* UOB Investment Advisor (Taiwan) Ltd	Taiwan	Taiwan	—	—	100	100	—	—
Nominee Services								
United Overseas Bank Nominees (Private) Limited	Singapore	Singapore	100	100	—	—	10	10
ICB Nominees (Private) Limited	Singapore	Singapore	—	—	100	100	—	—
Chung Khiaw Bank Nominees (Private) Limited	Singapore	Singapore	100	100	—	—	10	10
Far Eastern Bank Nominees (Private) Limited	Singapore	Singapore	—	—	100	100	—	—
Lee Wah Nominees (S) Pte Ltd	Singapore	Singapore	100	100	—	—	#	#
Tye Hua Nominees Private Limited	Singapore	Singapore	100	100	—	—	10	10
UOF Nominees (Private) Limited	Singapore	Inactive	100	—	—	100	#	—
United Merchant Bank Nominees (Pte) Ltd	Singapore	Singapore	—	—	100	100	—	—
* UOBM Nominees (Tempatan) Sdn Bhd	Malaysia	Malaysia	—	—	100	100	—	—
* UOBM Nominees (Asing) Sdn Bhd	Malaysia	Malaysia	—	—	100	100	—	—
* UOB Nominees (Tempatan) Sdn Bhd	Malaysia	Malaysia	—	—	100	100	—	—
* UOB Nominees (Asing) Sdn Bhd	Malaysia	Malaysia	—	—	100	100	—	—
* United Overseas Bank Nominees (H.K.) Limited	Hong Kong S.A.R.	Hong Kong S.A.R.	100	100	—	—	4	4
* Chung Khiaw Nominees (H.K.) Limited [formerly known as Chung Khiaw Bank Nominees (H.K.) Limited]	Hong Kong S.A.R.	Hong Kong S.A.R.	100	100	—	—	2	2

	Country Of Incorporation	Business Carried In	Percentage Of Paid-Up Capital Held By				Cost Of Bank's Investment	
			The Bank		Subsidiaries		2000	1999
			2000 %	1999 %	2000 %	1999 %	\$'000	\$'000
* Singapore UMB (Hong Kong) Limited	Hong Kong S.A.R.	Inactive	—	—	100	100	—	—
*** UOB Nominees (UK) Limited	United Kingdom	United Kingdom	100	100	—	—	2	2
UOB Securities Nominees Pte Ltd (disposed of during the year)	Singapore	Singapore	—	—	—	100	—	—
* UOB Nominees (Australia) Limited	Australia	Australia	—	—	100	100	—	—
* UMYK Nominees Limited	Hong Kong S.A.R.	Hong Kong S.A.R.	—	—	100	100	—	—
Gold/Futures Dealing								
UOB Bullion and Futures Limited	Singapore	Singapore	100	100	—	—	9,000	9,000
Leasing/Rental								
Ubin Private Limited (in members' voluntary liquidation)	Singapore	Inactive	—	—	100	100	—	—
Computer Services								
Unicom Databank Private Limited	Singapore	Singapore	100	100	—	—	#	#
* UOB InfoTech Sdn Bhd	Malaysia	Inactive	—	—	100	100	—	—
Management Services								
UOB Management Services Pte Ltd	Singapore	Inactive	100	100	—	—	#	#
ICB Management Pte Ltd	Singapore	Inactive	—	—	100	100	—	—
A.I.M. Services Pte Ltd	Singapore	Inactive	—	—	100	100	—	—
General Services								
United General Services (Pte) Ltd	Singapore	Singapore	100	100	—	—	#	#
Consultancy and Research Services								
UOBS Research (M) Sdn Bhd (disposed of during the year)	Malaysia	Malaysia	—	—	—	100	—	—
UOB Investment Research Pte Ltd	Singapore	Singapore	100	100	—	—	500	500

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2000

41 Subsidiaries (continued)

	Country Of Incorporation	Business Carried In	Percentage Of Paid-Up Capital Held By				Cost Of Bank's Investment	
			The Bank		Subsidiaries		2000	1999
			2000 %	1999 %	2000 %	1999 %	\$'000	\$'000
Property								
UOB Warehouse Private Limited	Singapore	Singapore	100	100	—	—	88,000	88,000
Chung Khiaw Realty, Limited	Singapore	Singapore/ Malaysia	99	99	—	—	60,448	60,448
Industrial & Commercial Realty Limited (in members' voluntary liquidation)	Singapore	Inactive	—	—	100	100	—	—
FEB Realty Company Pte Ltd	Singapore	Inactive	—	—	100	100	—	—
ICB Enterprises (Private) Limited Industrial & Commercial Property (S) Pte Ltd	Singapore	Inactive	100	—	—	100	495	—
** UOB Realty (USA) Inc	Singapore	Singapore	—	—	100	100	—	—
** UOB Realty (USA) Ltd Partnership	United States of America	United States of America	100	100	—	—	346	332
****Dahua Xiamen Development Ltd	United States of America	United States of America	99	99	1	1	17,147	16,498
	People's Republic of China	People's Republic of China	50	50	—	—	12,333	11,867
Property Management								
UOB Property Management Pte Ltd	Singapore	Singapore	100	100	—	—	#	#
Granite Trading/Quarrying								
G H Carriers Private Limited (in members' voluntary liquidation)	Singapore	Inactive	—	—	100	100	—	—
Gim Huat Private Limited (in members' voluntary liquidation)	Singapore	Inactive	—	—	100	100	—	—
Travel								
UOB Travel Planners Pte Ltd	Singapore	Singapore	100	100	—	—	3,987	3,987
UOB Travel (General Sales Agent) Pte Ltd	Singapore	Singapore	55	55	—	—	268	268
							1,418,405	1,814,868
							(207,848)	(98,159)
							1,210,557	1,716,709

Notes:

* Companies audited by member firms of PricewaterhouseCoopers.

** Not required to be audited in country of incorporation.

*** Companies not audited by PricewaterhouseCoopers, Singapore or a member firm of PricewaterhouseCoopers.

+ Subsidiary by virtue of the Bank's control of more than half of its voting power or control of the composition of the board of directors.

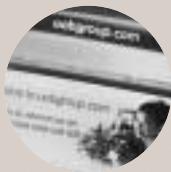
Investment cost is less than \$1,000.

42 Major Associates

	Principal Activities	Country Of Incorporation And Business	Effective Interest Held By The Group	
			2000	1999
			%	%
Associates (Quoted)				
United Overseas Land Limited	Property/hotel	Singapore	45	44
United International Securities Limited	Investment	Singapore	42	40
Haw Par Corporation Limited	Conglomerate	Singapore	42	42
UOB-Kay Hian Holdings Limited	Stockbroking	Singapore	39	—
Associates (Unquoted)				
Affin-UOB Securities Sdn Bhd	Stockbroking	Malaysia	45	45
OSK-UOB Unit Trust Management Berhad	Investment management	Malaysia	30	30
Walden Asia II Limited	Venture capital investment	United States of America	25	25
UOB Venture Investments Limited	Venture capital investment	Singapore	21	21
Network For Electronic Transfers (Singapore) Pte Ltd	Electronic funds transfer	Singapore	20	20
Novena Square Development Pte Ltd	Property	Singapore	20	20
Novena Square Investment Pte Ltd	Investment	Singapore	20	20
Orix Leasing Singapore Ltd	Leasing/rental	Singapore	20	20
PT Bali Walden UOB Venture Capital	Venture capital investment	Indonesia	20	20
Singapore Consortium Investment Management Ltd	Investment management	Singapore	20	20

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2000



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INVESTOR REFERENCE

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11-YEAR GROUP FINANCIAL SUMMARY

(Figures in millions of Singapore dollars)

	2000	1999	1998	1997
Net Profit After Tax*	912.9	760.2	331.7	502.0
Dividends	316.4	416.1 [#]	132.5	132.5
Cash, placements and balances with bankers and agents, government treasury bills and securities	31,221.7	24,681.1	19,608.9	16,306.6
Investments including associates*	2,016.6	1,681.2	1,573.8	1,131.6
Loans (advances & trade bills)	30,045.3	27,259.1	27,653.4	29,769.8
Fixed and other assets	3,040.5	3,152.5	1,953.1	2,153.6
Total Assets*	66,324.1	56,773.9	50,789.2	49,361.6
Represented by:				
Deposits	56,836.9	47,207.0	42,597.7	41,587.8
Bills and drafts payable, and other liabilities	2,717.7	3,375.9	2,313.0	2,446.7
Debentures, certificates of deposits, unsecured loan stock and bonds	—	—	—	—
Shareholders' funds*	6,769.5	6,191.0	5,878.5	5,327.1
Total Liabilities and Shareholders' Funds*	66,324.1	56,773.9	50,789.2	49,361.6

(Figures in millions of United States dollars)

Net Profit After Tax*	527.1	456.2	199.8	299.4
Dividends	182.7	249.7 [#]	79.8	79.0
Cash, placements and balances with bankers and agents, government treasury bills and securities	18,026.4	14,810.1	11,809.0	9,726.6
Investments including associates*	1,164.3	1,008.8	947.8	675.0
Loans (advances & trade bills)	17,347.2	16,357.1	16,653.7	17,757.1
Fixed and other assets	1,755.5	1,891.7	1,176.2	1,284.6
Total Assets*	38,293.4	34,067.7	30,586.7	29,443.3
Represented by:				
Deposits	32,815.8	28,327.0	25,653.5	24,806.3
Bills and drafts payable, and other liabilities	1,569.1	2,025.7	1,393.0	1,459.5
Debentures, certificates of deposits, unsecured loan stock and bonds	—	—	—	—
Shareholders' funds*	3,908.5	3,715.0	3,540.2	3,177.5
Total Liabilities and Shareholders' Funds*	38,293.4	34,067.7	30,586.7	29,443.3
Exchange Conversion of US\$1.00	S\$1.7320	S\$1.6665	S\$1.6605	S\$1.6765

* Balances in respect of 1990 to 1997 do not take into account the effects of equity accounting.

+ Excludes extraordinary item of \$31,207,000 (US\$21,367,000).

Includes special tax exempt bonus dividend of 25% amounting to \$262,966,000 (US\$157,795,000).

Includes special tax exempt bonus dividend of 22% amounting to \$164,768,000 (US\$112,816,000).

Includes special bonus dividend of 10% less 27% income tax amounting to \$48,406,000 (US\$30,094,000).

(Figures in millions of Singapore dollars)

1996	1995	1994	1993	1992	1991	1990
715.5	632.7	570.1 ⁺	456.6	300.8	261.6	226.0
123.8	123.1	262.9 ^{##}	131.2 ^{###}	74.2	70.1	69.3
14,908.1	13,743.8	13,337.3	11,870.1	10,963.6	9,994.4	9,531.1
1,268.4	1,071.3	891.2	853.6	713.4	641.1	626.0
27,459.3	23,758.4	21,379.6	18,469.5	14,717.7	13,299.1	12,179.2
2,171.0	1,991.9	1,743.3	3,028.9	1,481.0	1,286.7	1,097.6
45,806.8	40,565.4	37,351.4	34,222.1	27,875.7	25,221.3	23,433.9
38,218.8	33,758.6	31,255.2	27,654.7	23,063.2	20,984.7	19,127.2
2,481.9	2,385.6	2,218.7	3,154.6	1,788.2	1,632.9	1,902.1
199.5	197.8	196.2	372.3	371.0	277.6	277.5
4,906.6	4,223.4	3,681.3	3,040.5	2,653.3	2,326.1	2,127.1
45,806.8	40,565.4	37,351.4	34,222.1	27,875.7	25,221.3	23,433.9

(Figures in millions of United States dollars)

511.3	447.0	390.4 ⁺	283.9	183.2	160.7	130.0
88.5	87.0	180.0 ^{##}	81.5 ^{###}	45.2	43.1	39.8
10,652.4	9,709.5	9,132.0	7,379.6	6,677.0	6,137.2	5,483.8
906.3	756.9	610.2	530.7	434.4	393.7	360.2
19,620.8	16,784.4	14,638.6	11,482.4	8,963.3	8,166.4	7,007.6
1,551.3	1,407.2	1,193.6	1,883.1	902.0	790.1	631.6
32,730.8	28,658.0	25,574.4	21,275.8	16,976.7	15,487.4	13,483.2
27,308.8	23,849.2	21,400.3	17,192.9	14,045.8	12,885.9	11,005.3
1,773.4	1,685.3	1,519.1	1,961.2	1,089.0	1,002.7	1,094.4
142.6	139.8	134.4	231.5	226.0	170.4	159.6
3,506.0	2,983.7	2,520.6	1,890.2	1,615.9	1,428.4	1,223.9
32,730.8	28,658.0	25,574.4	21,275.8	16,976.7	15,487.4	13,483.2
S\$1.3995	S\$1.4155	S\$1.4605	S\$1.6085	S\$1.6420	S\$1.6285	S\$1.7380

11-YEAR BANK FINANCIAL SUMMARY

(Figures in millions of Singapore dollars)

	2000	1999	1998	1997
Net Profit After Tax	630.2 ⁺	541.5 ⁺	229.9	270.2
Dividends	316.4	416.1 [#]	132.5	132.5
Cash, placements, balances with bankers and agents, including group companies, government treasury bills and securities	26,051.0	19,680.2	16,259.0	13,327.5
Investments including subsidiaries and associates	2,232.9	2,654.0	1,877.9	1,772.4
Loans (advances & trade bills)	23,494.3	20,686.0	18,729.2	19,513.0
Fixed and other assets	1,809.1	1,559.1	1,086.3	1,168.2
Total Assets	53,587.3	44,579.3	37,952.4	35,781.1
Represented by:				
Deposits	46,718.0	38,141.5	33,036.4	30,978.5
Bills and drafts payable, and other liabilities	1,812.1	1,810.0	1,056.1	1,045.2
Debentures, certificates of deposits, unsecured loan stock and bonds	—	—	—	—
Shareholders' funds	5,057.2	4,627.8	3,859.9	3,757.4
Total Liabilities and Shareholders' Funds	53,587.3	44,579.3	37,952.4	35,781.1

(Figures in millions of United States dollars)

	2000	1999	1998	1997
Net Profit After Tax	363.9 ⁺	324.9 ⁺	138.5	161.2
Dividends	182.7	249.7 [#]	79.8	79.0
Cash, placements, balances with bankers and agents, including group companies, government treasury bills and securities	15,041.0	11,809.3	9,791.6	7,949.6
Investments including subsidiaries and associates	1,289.2	1,592.6	1,130.9	1,057.2
Loans (advances & trade bills)	13,564.8	12,412.8	11,279.3	11,639.1
Fixed and other assets	1,044.5	935.6	654.2	696.8
Total Assets	30,939.5	26,750.3	22,856.0	21,342.7
Represented by:				
Deposits	26,973.4	22,887.2	19,895.5	18,478.1
Bills and drafts payable, and other liabilities	1,046.2	1,086.1	636.0	623.4
Debentures, certificates of deposits, unsecured loan stock and bonds	—	—	—	—
Shareholders' funds	2,919.9	2,777.0	2,324.5	2,241.2
Total Liabilities and Shareholders' Funds	30,939.5	26,750.3	22,856.0	21,342.7
Exchange Conversion of US\$1.00	S\$1.7320	S\$1.6665	S\$1.6605	S\$1.6765

⁺ Excludes extraordinary items of \$280,035,000 (US\$191,739,000) in 1994, \$772,791,000 (US\$463,721,000) in 1999 and \$110,615,000 (US\$63,865,000) in 2000.

[#] Includes special tax exempt bonus dividend of 25% amounting to \$262,966,000 (US\$157,795,000).

^{##} Includes special tax exempt bonus dividend of 22% amounting to \$164,768,000 (US\$112,816,000).

^{###} Includes special bonus dividend of 10% less 27% income tax amounting to \$48,406,000 (US\$30,094,000).

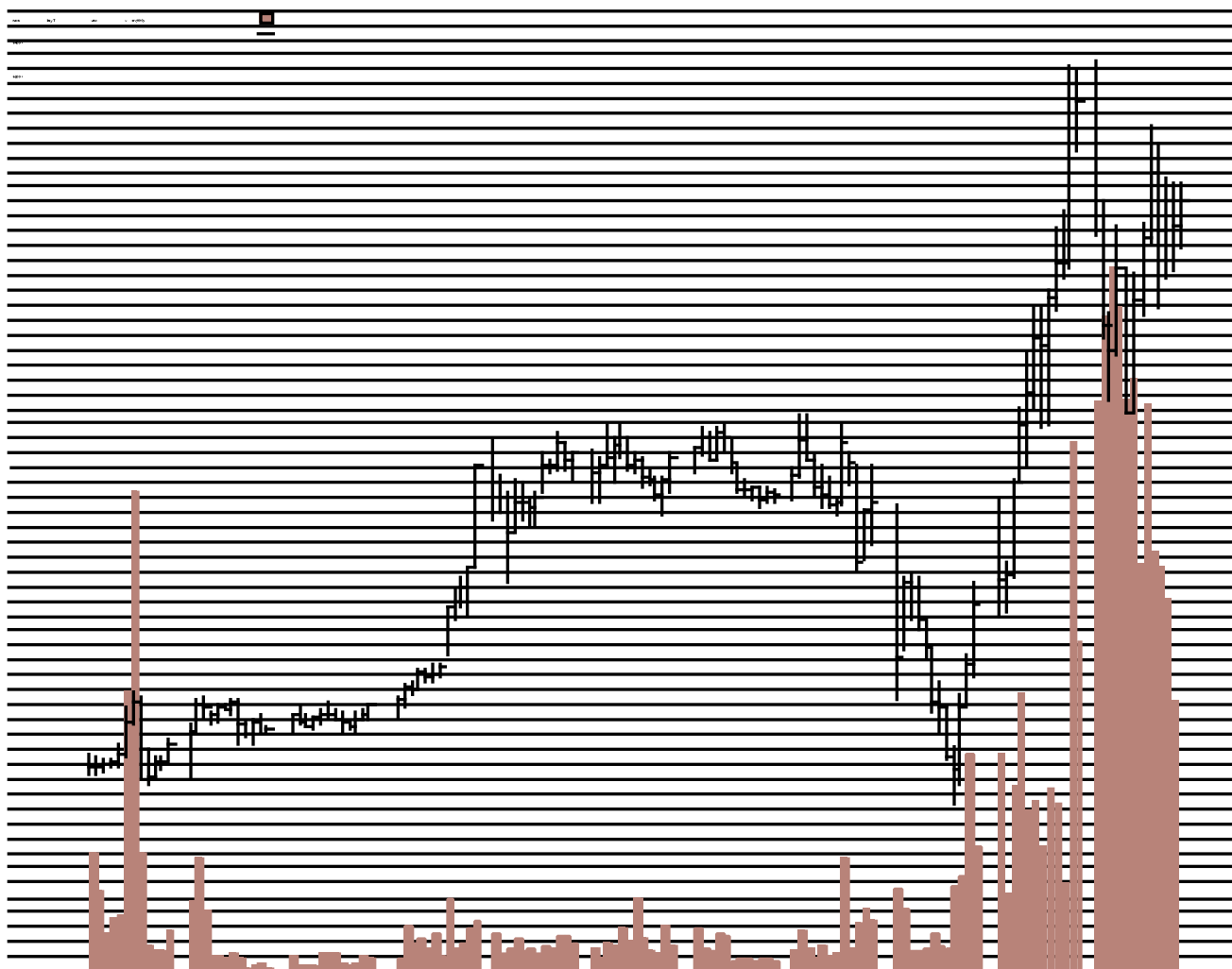
(Figures in millions of Singapore dollars)

1996	1995	1994	1993	1992	1991	1990
415.8	382.6	291.0 ⁺	232.5	169.2	156.4	147.3
123.8	123.1	262.9 ^{##}	131.2 ^{###}	74.2	70.1	69.3
11,598.5	11,058.4	11,215.1	9,464.4	8,952.0	7,370.0	6,969.7
1,912.8	1,723.3	1,588.6	1,451.0	1,155.6	1,141.4	1,145.7
17,340.6	14,609.5	12,922.3	10,619.0	8,249.9	8,038.3	7,888.4
1,309.9	1,119.9	1,058.5	874.1	796.1	723.4	663.4
32,161.8	28,511.1	26,784.5	22,408.5	19,153.6	17,273.1	16,667.2
27,486.0	24,317.8	22,825.2	19,049.7	16,209.7	14,632.5	13,946.6
1,033.2	939.6	1,011.5	874.5	713.2	699.4	875.0
199.4	197.8	196.2	362.8	361.4	268.0	268.0
3,443.2	3,055.9	2,751.6	2,121.5	1,869.3	1,673.2	1,577.6
32,161.8	28,511.1	26,784.5	22,408.5	19,153.6	17,273.1	16,667.2

(Figures in millions of United States dollars)

297.1	270.0	199.2 ⁺	144.5	103.0	96.1	84.8
88.5	87.0	180.0 ^{##}	81.5 ^{###}	45.2	43.1	39.8
8,287.6	7,812.3	7,678.8	5,884.0	5,451.9	4,525.7	4,010.1
1,366.8	1,217.5	1,087.7	902.1	703.8	700.9	659.2
12,390.5	10,321.0	8,847.9	6,601.8	5,024.3	4,936.0	4,538.8
936.0	791.2	724.8	543.4	484.8	444.2	381.7
22,980.9	20,142.0	18,339.2	13,931.3	11,664.8	10,606.8	9,589.8
19,639.8	17,179.6	15,628.3	11,843.1	9,871.9	8,985.3	8,024.5
738.3	663.8	692.6	543.7	434.3	429.5	503.5
142.5	139.7	134.3	225.5	220.1	164.5	154.1
2,460.3	2,158.9	1,884.0	1,319.0	1,138.5	1,027.5	907.7
22,980.9	20,142.0	18,339.2	13,931.3	11,664.8	10,606.8	9,589.8
S\$1.3995	S\$1.4155	S\$1.4605	S\$1.6085	S\$1.6420	S\$1.6285	S\$1.7380

UOB SHARE PRICE AND TURNOVER



Share Price ⁺	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Highest (\$)	4.74	4.61	4.54	8.51	9.08	9.19	9.19	9.38	7.86	15.30	15.40
Lowest (\$)	3.22	3.29	4.01	4.34	6.66	7.72	7.86	6.77	2.78	5.97	9.40
Average (\$)	3.98	3.95	4.28	6.43	7.87	8.46	8.53	8.08	5.32	10.64	12.40
Last Done (\$)	3.85	4.08	4.51	8.51	8.76	8.71	8.05	7.91	6.20	14.70	13.00

Ratios

Dividend Cover (no. of times)	3.26	3.73	4.05	5.52 [#]	5.81 [#]	5.14	5.78	3.79	2.50	4.96 [#]	2.89
Adjusted Net Tangible Asset Backing Per Share (\$)*	2.68	2.92	3.25	3.63	3.89	4.40	4.96	5.09	5.62	5.89	6.43
Adjusted Earnings Per Share (\$)***	0.24	0.27	0.31	0.52	0.62	0.66	0.74	0.49	0.32	0.72	0.87
Dividends Per Share (cents) – Taxable	18.00	18.00	18.00	28.00	18.00	18.00	18.00	18.00	18.00	20.00	40.00
– Tax Exempt	–	–	–	–	22.00	–	–	–	–	25.00	–
Net Dividend Yield (%)**	3.12	3.17	3.01	3.18	4.47	1.57	1.56	1.65	2.50	3.75	2.42
Price Earning Ratio ⁺⁺	16.58	14.63	13.81	12.37	12.69	12.82	11.53	16.49	16.63	14.78	14.25

[#] Dividend cover is 3.48 times for 1993 if the special bonus dividend of 10% less 27% income tax is included, 2.17 times (excluding extraordinary items) for 1994 if the special tax exempt bonus dividend of 22% is included, and 1.83 times for 1999 if the special tax exempt bonus dividend of 25% is included.

* Net tangible asset backing per share has been adjusted for bonus issues in 1990, 1993, 1995 and 1999.

** Earnings per share has been adjusted for bonus issues in 1990, 1993, 1995 and 1999, and rights issue in 1994.

+ Share prices have been adjusted for bonus and/or rights issues.

++ Adjusted average share prices have been used in computing net dividend yield and price earning ratio.

Notes: (1) On 15 November 1999, UOB's local and foreign share counters were merged and commenced trading on the Singapore Exchange as a single counter.
(2) Share prices and turnover reflect transactions recorded on the Singapore Exchange.

STATISTICS OF SHAREHOLDINGS

as at 2 April 2001

Size of Shareholdings	No. of Shareholders	Percentage of Shareholders	No. of Shares	Percentage of Shares
1 – 1,000	7,124	41.99	2,871,307	0.27
1,001 – 10,000	7,691	45.33	25,731,397	2.45
10,001 – 1,000,000	2,103	12.40	108,019,603	10.26
1,000,001 & Above	48	0.28	916,108,524	87.02
Total	16,966	100.00	1,052,730,831	100.00

Twenty Largest Shareholders	No. of Shares	Percentage
DBS Nominees Pte Ltd	180,027,056	17.10
United Overseas Bank Nominees (Private) Limited	170,517,499	16.20
Raffles Nominees Pte Ltd	129,736,758	12.32
Wee Investments Private Ltd	109,780,234	10.43
Tai Tak Estates Sdn Bhd	67,445,739	6.41
HSBC (Singapore) Nominees Pte Ltd	59,228,182	5.63
Citibank Nominees Singapore Pte Ltd	35,669,493	3.39
C Y Wee & Co Pte Ltd	31,645,653	3.01
DB Nominees (S) Pte Ltd	24,126,757	2.29
Wee Cho Yaw	16,390,248	1.56
Kwan Tee Holdings Pte Ltd	9,112,892	0.87
Oversea-Chinese Bank Nominees Private Limited	8,866,391	0.84
NTUC Income Insurance Co-operative Limited	6,511,981	0.62
Ho Sim Guan	5,565,142	0.53
Chew How Teck and Company (Pte) Limited	5,051,455	0.48
Overseas Union Bank Nominees (Private) Limited	4,249,988	0.40
Kim Hin Joo Private Ltd	3,092,097	0.29
BNP Paribas Nominees Singapore Pte Ltd	2,961,422	0.28
Wee Ee Cheong	2,774,899	0.26
Tai Tak Securities Private Limited	2,753,151	0.26
Total	875,507,037	83.17

Substantial Shareholders	Shareholdings registered in the name of Substantial Shareholders	Other Shareholdings in which the Substantial Shareholders are deemed to have an interest
Haw Par Corporation Limited	–	62,882,816
Ho Sim Guan	5,565,142	70,721,237**
Tai Tak Estates Sdn Bhd	67,445,739	–
United Overseas Land Limited	–	65,841,115
Wee Cho Yaw	16,390,248	143,466,741*
Wee Ee Cheong	2,774,899	143,551,011*
Wee Ee Chao	141,164	114,402,020*
Wee Ee Lim	1,848,357	143,342,235*
Wee Investments Private Ltd	109,780,071	1,299,971

* Wee Cho Yaw, Wee Ee Cheong, Wee Ee Chao and Wee Ee Lim are deemed to have an interest in 111,080,042 shares held by Wee Investments Private Ltd.

** Ho Sim Guan is deemed to have an interest in 67,445,739 shares held by Tai Tak Estates Sdn Bhd.

CHANGES IN SHARE CAPITAL

The following table sets out the changes in the issued share capital of the Bank from 11 July 1970 (when a public quotation was first obtained for the Bank's ordinary shares) to 31 December 2000:

Date	No. of Ordinary Shares Issued	Source of Increase	Resultant Total Issued Share Capital (\$)	No. of Warrants Converted	Resultant Total No. of Issued Warrants 1994	Resultant Total No. of Issued Warrants 1997
11-7-1970	2,500,000	Public Issue at par	25,000,000	—	—	—
6-4-1972	5,000,000	Bonus Issue of 1 for 5	30,000,000	—	—	—
29-4-1972	5,000,000	Rights Issue of 1 for 5 at par	35,000,000	—	—	—
17-12-1972	3,000,000	Placement in Hong Kong	38,000,000	—	—	—
12-4-1973	1,401,405	Acquisition of 54.6% of Lee Wah Bank Limited	39,401,405	—	—	—
23-5-1973	39,401,405	Rights Issue of 1 for 1 at par	78,802,810	—	—	—
30-7-1973 & 31-8-1973	8,073,080	Acquisition of further 28.7% of Chung Khiaw Bank Limited and remaining 45.4% of Lee Wah Bank Limited	86,875,890	—	—	—
21-8-1975	21,718,973	Rights Issue of 1 for 4 at \$2.50 per share	108,594,863	—	—	—
13-11-1976	10,859,487	Bonus Issue of 1 for 10	119,454,350	—	—	—
13-12-1976	36,198,288	Rights Issue of 1 for 3 at \$3.00 per share	155,652,638	—	—	—
12-5-1978	15,565,264	Bonus Issue of 1 for 10	171,217,902	—	—	—
24-1-1979	4,362,950	Share exchange pursuant to a takeover offer made to the shareholders of Singapore Finance Limited	175,580,852	—	—	—
27-2-1979	111,500	Share exchange pursuant to a takeover offer made to the shareholders of Singapore Finance Limited	175,692,352	—	—	—
19-10-1979	17,569,236	Bonus Issue of 1 for 10	193,261,588	—	—	—
12-5-1980	19,326,159	Bonus Issue of 1 for 10	212,587,747	—	—	—
6-11-1980	42,517,550	Rights Issue of 1 for 5 at \$3.00 per share	255,105,297	—	—	—
12-12-1980 to 12-8-1981	7,889,399	Conversion of Bonds	262,994,696	—	—	—
12-10-1981	65,748,674	Bonus Issue of 1 for 4	328,743,370	—	—	—
26-11-1981	65,748,674	Rights Issue of 1 for 4 at \$3.00 per share	394,492,044	—	—	—
17-8-1987 to 22-10-1987	38,156,025	Share exchange pursuant to a takeover offer made to the shareholders of Industrial & Commercial Bank Limited	432,648,069	—	—	—
20-2-1988	15,230,903	Share exchange issued to Chung Khiaw Bank Limited shareholders pursuant to the scheme of arrangement dated 21 December 1987	447,878,972	—	—	—
27-5-1989	55,984,871	Bonus Issue of 1 for 8	503,863,843	—	—	—
6-12-1989	—	Warrants issued in connection with the 1.5% Unsecured Loan Stock 1989/1994	503,863,843	—	41,988,653	—
30-12-1989	16,211	Exercise of Warrants 1994	503,880,054	16,211	41,972,442	—
13-1-1990 to 15-5-1990	470,963	Exercise of Warrants 1994	504,351,017	470,963	41,501,479	—

Date	No. of Ordinary Shares Issued	Source of Increase	Resultant Total Issued Share Capital (\$)	No. of Warrants Converted	Resultant Total No. of Issued Warrants 1994	Resultant Total No. of Issued Warrants 1997
28-5-1990	50,435,102	Bonus Issue of 1 for 10	554,786,119	–	41,501,479	–
8-6-1990	2,870,183	Exercise of Warrants 1994	557,656,302	2,870,183	38,631,296	–
to 31-12-1990						
15-1-1991	2,101,829	Exercise of Warrants 1994	559,758,131	2,101,829	36,529,467	–
to 31-12-1991	308,000	Exercise of Executives' Share Options	560,066,131	–	36,529,467	–
15-1-1992	12,805,838	Exercise of Warrants 1994	572,871,969	12,805,838	23,723,629	–
to 26-6-1992	427,000	Exercise of Executives' Share Options	573,298,969	–	23,723,629	–
26-6-1992	–	Warrants issued in connection with the 5% Unsecured Bond 1992/1997	573,298,969	–	23,723,629	71,542,884
17-7-1992	893,597	Exercise of Warrants 1994	574,192,566	893,597	22,830,032	71,542,884
to 31-12-1992	808,926	Exercise of Warrants 1997	575,001,492	808,926	22,830,032	70,733,958
	33,000	Exercise of Executives' Share Options	575,034,492	–	22,830,032	70,733,958
21-1-1993	8,530,904	Exercise of Warrants 1994	583,565,396	8,530,904	14,299,128	70,733,958
to 17-9-1993	550,762	Exercise of Warrants 1997	584,116,158	550,762	14,299,128	70,183,196
	3,321,000	Exercise of Executives' Share Options	587,437,158	–	14,299,128	70,183,196
28-9-1993	73,429,644	Bonus Issue of 1 for 8	660,866,802	–	–	78,956,095
5-10-1993	1,891,445	Exercise of Warrants 1994	662,758,247	1,891,445	12,407,683	78,956,095
to 31-12-1993	181,105	Exercise of Warrants 1997	662,939,352	181,105	12,407,683	78,774,990
	147,000	Exercise of Executives' Share Options	663,086,352	–	12,407,683	78,774,990
13-1-1994	3,100,493	Exercise of Warrants 1994	666,186,845	3,100,493	9,307,190	78,774,990
to 9-6-1994	1,460,531	Exercise of Warrants 1997	667,647,376	1,460,531	9,307,190	77,314,459
	1,654,000	Exercise of Executives' Share Options	669,301,376	–	9,307,190	77,314,459
28-6-1994	66,915,064	Rights Issue of 1 for 10 at \$3.50 per share (local) and \$4.12 per share (foreign)	736,216,440	–	9,307,190	82,034,979
30-6-1994	8,952,267	Exercise of Warrants 1994	745,168,707	8,952,267	354,923	82,034,979
to 31-12-1994	3,612,759	Exercise of Warrants 1997	748,781,466	3,612,759	–	78,422,220
	166,000	Exercise of Executives' Share Options	748,947,466	–	–	78,422,220
16-1-1995	9,027,269	Exercise of Warrants 1997	757,974,735	9,027,269	–	69,394,951
to 12-5-1995	1,497,000	Exercise of Executives' Share Options	759,471,735	–	–	69,394,951
3-6-1995	151,894,347	Bonus Issue of 1 for 5	911,366,082	–	–	83,273,941
3-7-1995	247,950	Exercise of Warrants 1997	911,614,032	247,950	–	83,025,991
to 29-12-1995	44,000	Exercise of Executives' Share Options	911,658,032	–	–	83,025,991
15-1-1996	28,081,987	Exercise of Warrants 1997	939,740,019	28,081,987	–	54,944,004
to 31-12-1996	326,000	Exercise of Executives' Share Options	940,066,019	–	–	54,944,004
16-1-1997	54,465,975	Exercise of Warrants 1997	994,531,994	54,465,975	–	478,029
to 29-12-1997	171,000	Exercise of Executives' Share Options	994,702,994	–	–	–
1-1-1998	33,000	Exercise of Executives' Share Options	994,735,994	–	–	–
to 15-1-1998						
1-1-1999	4,625,000	Exercise of Executives' Share Options	999,360,994	–	–	–
to 11-11-1999						
12-11-1999	52,322,837	Bonus Issue of 50 for 1,000 local shares and 56 for 1,000 foreign shares	1,051,683,831	–	–	–
13-11-1999	178,000	Exercise of Executives' Share Options	1,051,861,831	–	–	–
to 31-12-1999						
4-1-2000	589,000	Exercise of Executives' Share Options	1,052,450,831	–	–	–
to 31-12-2000						

OUR INTERNATIONAL NETWORK

BANKING SERVICES

Singapore

United Overseas Bank Limited

80 Raffles Place
UOB Plaza
Singapore 048624
Telephone: 65-533 9898
Facsimile: 65-534 2334
Cable: TYEHUABANK
Telex: RS 21539 TYEHUA
SWIFT: UOVBSGSG
Website: www.uobgroup.com

United Overseas Bank Limited has 51 branches in Singapore.

Far Eastern Bank Limited

(a subsidiary)

156 Cecil Street, #01-00
Far Eastern Bank Building
Singapore 069544
Telephone: 65-221 9055
Facsimile: 65-224 2263
Cable: FAIRBANK
Telex: RS 23029 FEBANK
Website: www.uobgroup.com

Far Eastern Bank Limited has 4 branches in Singapore.

Industrial & Commercial Bank Limited

(a subsidiary)

2 Shenton Way, #01-01
Unity Tower 1
Singapore 068804
Telephone: 65-221 1711
Facsimile: 65-225 9777
Cable: INCOMBANK
Telex: RS 21112 ICBANK
SWIFT: ICBSGSG
Website: www.uobgroup.com

Industrial & Commercial Bank Limited has 10 branches in Singapore.

Australia

UOB Sydney Branch

United Overseas Bank Building
Level 9, 32 Martin Place
Sydney, NSW 2000
Telephone: 61-2-9221 1924
Facsimile: 61-2-9221 1541
Telex: AA 73507 TYHUA
SWIFT: UOVBAU2S
Email: UOB.Sydney@UOBgroup.com
General Manager: Kevin Yung Kin Man

Canada

United Overseas Bank (Canada)

(a wholly-owned subsidiary)

Vancouver Centre, Suite 310
650 West Georgia Street
P O Box 11616
Vancouver, British Columbia
Canada V6B 4N9
Telephone: 1-604-662 7055
Facsimile: 1-604-662 3356
Telex: 04-507520 TYEHUA VCR
Email: UOB.Canada@UOBgroup.com
Director & General Manager: Koh Kok Jin

China

UOB Guangzhou Branch

Guangzhou Aether Square, Unit 205
986 Jie Fang Bei Road
Guangzhou 510040
Telephone: 86-20-8667 6029
Facsimile: 86-20-8667 0779
Telex: 440931 UOBGZ CN
Email: UOB.Guangzhou@UOBgroup.com
General Manager: Anthony Liao Guan Siang

UOB Shanghai Branch

Shanghai Stock Exchange Building
528 South Pu Dong Road N2306
Pu Dong
Shanghai 200120
Telephone: 86-21-6881 0088
Facsimile: 86-21-6881 2000
Telex: 33170 UOB SH CN
Email: UOB.Shanghai@UOBgroup.com
General Manager: Teo Tiat Chye

UOB Xiamen Branch

United Overseas Bank Building
Unit 01-01
19 Hubin Bei Road
Xiamen 361012
Telephone: 86-592-508 1601/2/3/4
Facsimile: 86-592-508 1605
Telex: 923079 UOB XM CN
Email: UOB.Xiamen@UOBgroup.com
General Manager: Lim Siang Kai

UOB Beijing Representative Office

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China World Trade Centre
1 Jian Guo Men Wai Avenue
Beijing 100004
Telephone: 86-10-6505 1863
Facsimile: 86-10-6505 1862
Email: UOB.Beijing@UOBgroup.com
Chief Representative: Liu Bo

Hong Kong S.A.R.**UOB Central Branch**

United Overseas Bank Building
54-58 Des Voeux Road
Central
Telephone: 852-2842 5666
Facsimile: 852-2810 5773
Telex: 74581 TYHUA HX
SWIFT: UOV BHKHH
Email: UOB.HongKong@UOBgroup.com
Chief Executive Officer: Robert Chan Tze Leung

UOB Landmark Branch

Gloucester Tower
Suite 2504-2506, 25/F
The Landmark
11 Pedder Street
Central
Telephone: 852-2532 6888
Facsimile: 852-2868 4598
Email: UOB.HongKong@UOBgroup.com
Chief Executive Officer: Robert Chan Tze Leung
Vice President: John Ho Tai Tung

UOB Mongkok Branch

794 Nathan Road
Ground Floor
Kowloon
Telephone: 852-2381 2292
Facsimile: 852-2397 4564
Email: UOB.HongKong@UOBgroup.com
Chief Executive Officer: Robert Chan Tze Leung
Officer-In-Charge: Simmy Law Sin Ming (Ms)

UOB Tsim Sha Tsui Branch

Hong Kong Pacific Centre
Suite 6, Ground Floor
28 Hankow Road
Tsim Sha Tsui
Kowloon
Telephone: 852-2770 5223/4
Facsimile: 852-2385 3392
Email: UOB.HongKong@UOBgroup.com
Chief Executive Officer: Robert Chan Tze Leung
Officer-In-Charge: Simmy Law Sin Ming (Ms)

Indonesia**UOB Jakarta Representative Office**

Menara BCD, 2nd Floor
Jalan Jend. Sudirman Kav. 26
Jakarta 12920
Telephone: 62-21-250 6382
Facsimile: 62-21-250 6379
Secretary: Dewi Utami Suhadi (Ms)

OUR INTERNATIONAL NETWORK

PT Bank UOB Indonesia

(a subsidiary)

Menara BCD, 1st-3rd Floor
Jalan Jend. Sudirman Kav. 26
Jakarta 12920
Telephone: 62-21-250 6330
Facsimile: 62-21-250 6331
Telex: 60418 UOB IA
SWIFT: UOBBIDJA
Email: UOB.Jakarta@UOBgroup.com
Commissioner: Neo Khay Pin
President Director: Chua Kim Hay
Deputy President Director: James Lim Tian Pher

PT Bank UOB Indonesia has 7 branches in Indonesia.

Japan

UOB Tokyo Branch

Shin Kokusai Building, 3-4-1
Marunouchi, Chiyoda-ku
Tokyo 100
Telephone: 81-3-3216 4251
Facsimile: 81-3-3216 4254
Cable: TYEHUABANK
Telex: J22178 TYEHUA J
SWIFT: UOVBJPJT
Email: UOB.Tokyo@UOBgroup.com
General Manager: Seah Kok Thye

Malaysia

UOB Labuan Branch

Financial Park Labuan Complex
Main Office Tower, Level 6A
Jalan Merdeka
87000 Labuan F T
Telephone: 60-87-424 388
Facsimile: 60-87-424 389
Telex: MA 85096 TYEHUA
Email: uoblbn@tm.net.my
General Manager: Cherie Wong Siew Ling (Ms)

United Overseas Bank (Malaysia) Bhd

(a wholly-owned subsidiary)

Menara UOB
Jalan Raja Laut
P O Box 11212
50738 Kuala Lumpur
Telephone: 60-3-2692 7722
Facsimile: 60-3-2691 0281
Cable: BANKUOBM KUALA LUMPUR
Telex: MA 31877 UOBM HO
SWIFT: UOVBM MYKL
Email: uob121@uobgrp.po.my
Director & Chief Executive Officer:
Francis Lee Chin Yong

United Overseas Bank (Malaysia) Bhd has 25 branches in Malaysia.

Myanmar

UOB Yangon Representative Office

48 Aung Teza Street, 6th Ward
High Land Avenue
Mayangone Township
Yangon
Telephone: 95-1-667 818
Facsimile: 95-1-544 126
Email: UOB.Yangon@UOBgroup.com
Representative: U Hla Thaug

Philippines

United Overseas Bank Philippines

(a subsidiary)

Pacific Star Building
17th Floor
Sen. Gil Puyat corner Makati Avenue
Makati City
Telephone: 63-2-878 8686
Facsimile: 63-2-811 5917
SWIFT: UOVBP HMM
Email: crd@uob.com.ph
President & Chief Executive Officer: Chua Teng Hui
Deputy President & Deputy Chief Executive Officer:
Wang Lian Khee

United Overseas Bank Philippines has 86 branches in the Philippines.

South Korea

UOB Seoul Branch

Suite 1508, Kyobo Building 1, 1-Ka
Chongro, Chongro-ku
Seoul 110-714
Telephone: 82-2-739 3916/9
Facsimile: 82-2-730 9570
Telex: K28978 TYEHUA
Email: UOB.Seoul@UOBgroup.com
General Manager: Liew Chan Harn

Taiwan

UOB Taipei Branch

Union Enterprise Plaza, 10th Floor
109 Minsheng East Road
Section 3
Taipei 105
Telephone: 886-2-2715 0125
Facsimile: 886-2-2713 7456
Telex: 26147 TYEHUA
Email: UOB.Taipei@UOBgroup.com
General Manager: Bak Soo Ha

Thailand

UOB Bangkok International Banking Facility

UOB Radanasin Bank Building
10th Floor
690 Sukhumvit Road
Klongton, Klongtoey
Bangkok 10110
Telephone: 66-2-259 6220/1
Facsimile: 66-2-259 4470
Email: uobbkk@cscsoms.com
General Manager: Tay Chong Keng

UOB Radanasin Bank Public Company Limited

(a subsidiary)

UOB Radanasin Bank Building
690 Sukhumvit Road
Klongton, Klongtoey
Bangkok 10110
Telephone: 66-2-260 0090
Facsimile: 66-2-260 5310/1
Telex: 20805 UOBRBK TH, 20820 UOBRTH
SWIFT: RSBXTHBK
Website: www.uob-radanasin.co.th
Chief Executive Officer: Gan Hui Beng

UOB Radanasin Bank Public Company Limited has
63 branches in Thailand.

United Kingdom

UOB London Branch

19 Great Winchester Street
London EC2N 2BH
Telephone: 44-207-628 3504
Facsimile: 44-207-628 3433
Cable: TYEHUABANK
Telex: 8954292 TYEHUA G
SWIFT: UOVGB2L
Email: UOB.London@UOBgroup.com
General Manager: Michael Lee Kang Hai

United States Of America

UOB New York Agency

UOB Building
592 Fifth Avenue
10th Floor, 48th Street
New York, NY 10036
Telephone: 1-212-382 0088
Facsimile: 1-212-382 1881
Cable: TYEHUABANK NEW YORK
Telex: 232265 TYEHUA
SWIFT: UOVBUS33
Email: UOB.NewYork@UOBgroup.com
Agent & General Manager: Wong Kwong Yew

OUR INTERNATIONAL NETWORK

UOB Los Angeles Agency

911 Wilshire Boulevard
Ground Floor, Los Angeles
California 90017-3478
Telephone: 1-213-623 8042
Facsimile: 1-213-623 3412
Cable: TYHUABANK LOS ANGELES
Telex: 6831011 TYHUA
Email: UOB.LosAngeles@UOBgroup.com
Agent & General Manager: David Loh Heng Yuen

Vietnam

UOB Ho Chi Minh City Branch

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17 Le Duan Street
District 1
Ho Chi Minh City
Telephone: 84-8-825 1424
Facsimile: 84-8-825 1423
Telex: 813221 UOBHCM VT
SWIFT: UOVBNVX
Email: UOB.HoChiMinhCity@UOBgroup.com
General Manager: Gary Voon Tai Yok

Correspondents

In all principal cities of the world

RELATED FINANCIAL SERVICES

Gold/Futures Dealing

Singapore

UOB Bullion and Futures Limited

(a wholly-owned subsidiary)
80 Raffles Place, 5th Storey
UOB Plaza 1
Singapore 048624
Telephone: 65-539 2929/535 7122
Facsimile: 65-538 3990
Telex: RS 22763 UOB BKN
Email: BullionFutures@UOBgroup.com
Managing Director: Wong Chong Fatt

Taiwan

UOB Bullion and Futures Limited, Taiwan Branch

Union Enterprise Plaza, 10th Floor
109 Minsheng East Road
Section 3
Taipei 105
Telephone: 886-2-2545 6163
Facsimile: 886-2-2719 9434
Email: uobtwn@ms43.hinet.net
Manager: Vincent Cheng Chih Jung

Insurance

Singapore

United Overseas Insurance Limited

(a subsidiary)
156 Cecil Street, #09-01
Far Eastern Bank Building
Singapore 069544
Telephone: 65-222 7733
Facsimile: 65-224 2718
Email: ContactUs@uoi.com.sg
Managing Director: David Chan Mun Wai

UOB Life Assurance Limited

(a subsidiary)

156 Cecil Street, #10-01
Far Eastern Bank Building
Singapore 069544
Telephone: 65-227 8477
Facsimile: 65-224 3012
Email: uoblif@UOBgroup.com
Managing Director: Raymond Kwok Chong See

Hong Kong S.A.R.**UOB Insurance (H.K.) Limited**

(a subsidiary)

Worldwide House, 16/F
19 Des Voeux Road
Central
Telephone: 852-2867 7988
Facsimile: 852-2810 0218
Telex: 74542 ASIAN HX
Director: David Chan Mun Wai

Indonesia**PT UOB Life - Sun Assurance**

(a subsidiary)

Wisma BSG
Jalan Abdul Muis No. 40
Lantai 5
Jakarta 10160
Telephone: 62-21-351 6568
Facsimile: 62-21-345 1119

PT UOB Life - Sun Assurance has 2 offices in Indonesia.

Investment Management**Singapore****UOB Asset Management Ltd**

(a wholly-owned subsidiary)

80 Raffles Place, 3rd Storey
UOB Plaza 2
Singapore 048624
Telephone: 65-532 7988
Facsimile: 65-535 5882
Email: UOBAM@UOBgroup.com
Managing Director & Chief Investment Officer:
Daniel Chan Choong Seng

UOB Venture Management Private Limited

(a wholly-owned subsidiary)

80 Raffles Place, 30th Storey
UOB Plaza 2
Singapore 048624
Telephone: 65-539 2268
Facsimile: 65-538 2569
Email: uobvm@uobvm.com.sg
Managing Director: Quek Cher Teck

France**UOB Global Capital SARL**

(a subsidiary)

40 rue La Perouse
75116 Paris
Telephone: 33-1-5364 8400
Facsimile: 33-1-5364 8409
Email: michael.landau@uobgc.com
Managing Director: Michael Landau

Malaysia**UOB-OSK Asset Management Sdn Bhd**

(a subsidiary)

Menara UOB, Level 13
Jalan Raja Laut
50350 Kuala Lumpur
Telephone: 60-3-469 8181
Facsimile: 60-3-469 5100
Email: oskam@po.jaring.my
Chief Executive Officer: Tan Kok Kheng

Taiwan**UOB Investment Advisor (Taiwan) Ltd**

(a wholly-owned subsidiary)

Union Enterprise Plaza, 10th Floor
109 Minsheng East Road
Section 3
Taipei 105
Telephone: 886-2-2719 7005
Facsimile: 886-2-2545 6591
Email: uobiatp@seed.net.tw
Manager: Tracy Yin (Ms)

OUR INTERNATIONAL NETWORK

United States Of America

UOB Global Capital LLC

(a subsidiary)

UOB Building
592 Fifth Avenue
Suite 602, 48th Street
New York, NY 10036
Telephone: 1-212-398 6633
Facsimile: 1-212-398 4030
Email: dgoss@uobglobal.com
Managing Director: David Goss

UOB Venture Management (USA) Inc.

(a wholly-owned subsidiary)

710 Lakeway Drive, Suite 250
Sunnyvale, California
CA 94086
Telephone: 1-408-530 1900
Facsimile: 1-408-530 1919
Email: kwseah@uobvm.com.sg
Deputy Managing Director: Seah Kian Wee

Merchant Banking

Singapore

UOB Asia Limited

(a wholly-owned subsidiary)

80 Raffles Place, 12th Storey
UOB Plaza 1
Singapore 048624
Telephone: 65-539 3171
Facsimile: 65-538 6136
Email: Michael.SngBH@UOBgroup.com
Managing Director: Michael Sng Beng Hock

Australia

UOB Australia Limited

(a wholly-owned subsidiary)

United Overseas Bank Building
Level 9, 32 Martin Place
Sydney, NSW 2000
Telephone: 61-2-9221 1924
Facsimile: 61-2-9221 1541
Telex: AA 73507 TYHUA
SWIFT: UOVBAU2S
Email: UOB.Sydney@UOBgroup.com
Director & General Manager: Kevin Yung Kin Man

Hong Kong S.A.R.

UOB Asia (Hong Kong) Limited

(a wholly-owned subsidiary)

United Overseas Bank Building
10/F, 54-58 Des Voeux Road
Central
Telephone: 852-2868 2633
Facsimile: 852-2840 0438
Director: Robert Chan Tze Leung
Deputy Chief Executive Officer: Calfred Yung Wai Kai

Stockbroking

Singapore

UOB-Kay Hian Holdings Limited

(an associate)

80 Raffles Place, #30-01
UOB Plaza 1
Singapore 048624
Telephone: 65-533 2936/535 6868
Facsimile: 65-532 6919
Telex: RS 24085
Website: www.uobkayhian.com
Managing Director: Wee Ee Chao

Malaysia

Affin-UOB Securities Sdn Bhd

(an associate)

Menara Keck Seng, Level 3
203 Jalan Bukit Bintang
55100 Kuala Lumpur
Telephone: 60-3-2143 8668
Facsimile: 60-3-2143 3663
Managing Director: To' Puan Siti Norizam
bte Mohd Yusoff

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **Fifty-Ninth Annual General Meeting** of members of the Company will be held at the Penthouse of the Company, 80 Raffles Place, 61st Storey, UOB Plaza 1, Singapore 048624 on Thursday, 24 May 2001 at 12.00 noon to transact the following business:

As Ordinary Business

- Resolution 1** To receive the Financial Statements, the Directors' Report and the Auditors' Report for the year ended 31 December 2000.
- Resolution 2** To declare a Final Dividend of 25% less income tax for the year ended 31 December 2000.
- Resolution 3** To approve Directors' fees of \$345,000 for 2000 (1999: \$235,000).
- Resolution 4** To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company and authorise the Directors to fix their remuneration.
- To re-elect the following Directors:
- Resolution 5** Ernest Wong Yuen Weng.
- Resolution 6** John C Dean Jr.
- Resolution 7** Koh Beng Seng.
- Resolution 8** Philip Yeo Liat Kok.
- Resolution 9** Dr Cham Tao Soon.
- To pass the following resolution under Section 153(6) of the Companies Act, Cap. 50:
- "THAT pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr _____ be and is hereby re-appointed as a Director of the Company to hold such office until the next Annual General Meeting of the Company."
- in respect of:
- Resolution 10** Wee Cho Yaw.
- Resolution 11** Ho Sim Guan.

As Special Business

- To consider and, if thought fit, pass the following ordinary resolutions:
- Resolution 12** (a) "THAT pursuant to Section 161 of the Companies Act, Cap. 50, approval be and is hereby given to the Directors to offer and grant options in accordance with the Regulations of the UOB 1999 Share Option Scheme ("the 1999 Scheme") and to allot and issue from time to time such number of shares in the Company as may be required to be issued pursuant to the exercise of options under the 1999 Scheme and under the UOB Executives' Share Option Scheme, provided that the aggregate number of shares to be issued pursuant to this resolution shall not exceed 15 per cent of the issued share capital of the Company from time to time."
- Resolution 13** (b) "THAT pursuant to Section 161 of the Companies Act, Cap. 50, approval be and is hereby given to the Directors to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this resolution shall not exceed 10 per cent of the issued share capital of the Company for the time being."

NOTICE OF ANNUAL GENERAL MEETING

Notes to Resolutions 5, 8, 9, 12 and 13

Resolutions 5, 8 and 9 are to re-elect Ernest Wong Yuen Weng who is an independent member and Chairman of the Audit Committee, and Philip Yeo Liat Kok and Dr Cham Tao Soon who are independent members of the Audit Committee.

Resolution 12 is to allow the Directors to issue shares pursuant to the UOB 1999 Share Option Scheme (“the 1999 Scheme”) which was approved at the Extraordinary General Meeting of the Company on 6 October 1999 and the UOB Executives’ Share Option Scheme (“ESOS”) which was approved at the Extraordinary General Meeting of the Company on 10 February 1990. A copy of the Regulations of the 1999 Scheme and ESOS is available for inspection by shareholders during normal office hours at the Office of the Company Secretary at 80 Raffles Place, 4th Storey, UOB Plaza 1, Singapore 048624.

Resolution 13 is to enable the Directors to issue shares in the Company (other than on a bonus or rights issue) up to an amount not exceeding 10 per cent of the issued share capital of the Company for the time being. This approval will expire at the conclusion of the next Annual General Meeting. The Directors would only issue shares under this resolution where they consider it appropriate and in the interest of the Company to do so.

By Order of the Board

Vivien Chan

Secretary

Singapore, 30 April 2001

Notes:

- 1 A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- 2 To be effective, the instrument appointing a proxy or proxies must be deposited at the Office of the Company Secretary at 80 Raffles Place, 4th Storey, UOB Plaza 1, Singapore 048624, not less than 48 hours before the time set for holding the Meeting.

PROXY FORM



IMPORTANT

1. For investors who have used their CPF monies to buy shares of United Overseas Bank Limited, the Annual Report 2000 is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

Total Number Of Shares Held	
--------------------------------	--

I/We _____ (Name)

of _____ (Address)

being (a) member/members of United Overseas Bank Limited (the "Company"), hereby appoint:

NAME	ADDRESS	NRIC/ PASSPORT NUMBER	PROPORTION OF SHAREHOLDINGS (%)
(a)			

And/or*

(b)			
-----	--	--	--

* Please delete as appropriate.

or failing him/her, the Chairman of the Meeting as my/our proxy to attend and to vote for me/us on my/our behalf at the Fifty-Ninth Annual General Meeting of the Company to be held at the Penthouse, 80 Raffles Place, 61st Storey, UOB Plaza 1, Singapore 048624 on Thursday, 24 May 2001 at 12.00 noon and at any adjournment thereof.

(Please indicate with an "X" in the space provided how you wish your proxy to vote. In the absence of specific directions, the proxy will vote as the proxy deems fit.)

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
	Ordinary Business		
1	Financial Statements, Directors' Report and Auditors' Report		
2	Final Dividend		
3	Directors' Fees		
4	Auditors and their Remuneration		
5	Re-election (Ernest Wong Yuen Weng)		
6	Re-election (John C Dean Jr)		
7	Re-election (Koh Beng Seng)		
8	Re-election (Philip Yeo Liat Kok)		
9	Re-election (Dr Cham Tao Soon)		
10	Re-appointment (Wee Cho Yaw)		
11	Re-appointment (Ho Sim Guan)		
	Special Business		
12	Authority to Issue Shares (Share Option)		
13	Authority to Issue Shares (General)		

Dated this _____ day of _____ 2001

Signature(s) or Common Seal of Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF.

Notes:

- 1 Please insert the total number of shares held by you and registered in your name, whether in the Register of Members or in the Depository Register of The Central Depository (Pte) Limited. If no number is inserted, the instrument of proxy will be deemed to relate to all the shares held by you.
- 2 A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote instead of him. A proxy need not be a member of the Company.
- 3 Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
- 4 The instrument appointing a proxy or proxies must be deposited at the Office of the Company Secretary at 80 Raffles Place, 4th Storey, UOB Plaza 1, Singapore 048624, not less than 48 hours before the time appointed for the Meeting.
- 5 The instrument appointing a proxy or proxies must be signed under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
- 6 A corporation which is a member may authorise by a resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.
- 7 The Company shall be entitled to reject the instrument of proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Wee Cho Yaw (Chairman)
Wee Ee Cheong
Koh Beng Seng (*appointed on 26 May 2000*)
Ho Sim Guan
Ernest Wong Yuen Weng
Prof Lim Chong Yah (*resigned on 5 December 2000*)
Wong Meng Meng
John C Dean Jr
Sim Wong Hoo
Philip Yeo Liat Kok (*appointed on 26 May 2000*)
Dr Cham Tao Soon (*appointed on 4 January 2001*)

EXECUTIVE COMMITTEE

Wee Cho Yaw (Chairman)
Wee Ee Cheong
Koh Beng Seng
Ho Sim Guan

AUDIT COMMITTEE

Ernest Wong Yuen Weng (Chairman)
Prof Lim Chong Yah (*resigned on 5 December 2000*)
Philip Yeo Liat Kok
Dr Cham Tao Soon

NOMINATING COMMITTEE

Wong Meng Meng (Chairman)
Wee Cho Yaw
Koh Beng Seng
John C Dean Jr
Sim Wong Hoo

COMPENSATION COMMITTEE

Wee Cho Yaw (Chairman)
Ho Sim Guan
Dr Cham Tao Soon

SECRETARY

Vivien Chan

SHARE REGISTRAR

Lim Associates (Pte) Ltd
10 Collyer Quay
#19-08 Ocean Building
Singapore 049315
Telephone: 65-536 5355
Facsimile: 65-536 1360

AUDITORS

PricewaterhouseCoopers
8 Cross Street
#17-00 PWC Building
Singapore 048424
Partner-in-charge: Dr Chew Kia Ngee

REGISTERED OFFICE

80 Raffles Place
UOB Plaza
Singapore 048624
Telephone: 65-539 3109
Facsimile: 65-536 7712
Cable: TYEHUABANK
Telex: RS 21539 TYEHUA
SWIFT: UOVBSGSG
Website: www.uobgroup.com