

UNITED OVERSEAS BANK LIMITED
(Incorporated In The Republic Of Singapore)

To : All Shareholders

The Board of Directors of United Overseas Bank Limited wishes to make the following announcement:

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2001
1. INCOME STATEMENTS

	Group			Bank		
	30.6.01 S\$'000	30.6.00 S\$'000	Incr / (Decr) %	30.6.01 S\$'000	30.6.00 S\$'000	Incr / (Decr) %
Interest income	1,514,604	1,444,003	4.9	1,206,792	1,118,622	7.9
Less: Interest expense	926,154	861,023	7.6	775,177	715,591	8.3
Net interest income	588,450	582,980	0.9	431,615	403,031	7.1
Dividend income	6,691	6,478	3.3	159,198	124,747	27.6
Fee and commission income	145,209	173,343	(16.2)	78,785	86,928	(9.4)
Rental income	37,874	35,044	8.1	21,387	19,626	9.0
Other operating income	172,132	148,987	15.5	107,722	89,610	20.2
Income before operating expenses	950,356	946,832	0.4	798,707	723,942	10.3
Less : Staff costs	185,723	184,849	0.5	118,483	111,107	6.6
Other operating expenses	174,315	180,680	(3.5)	101,506	101,567	(0.1)
	360,038	365,529	(1.5)	219,989	212,674	3.4
Operating profit before provisions	590,318	581,303	1.6	578,718	511,268	13.2
Less : Provisions	10,852	67,771	(84.0)	(26,254)	97,797	(126.8)
Operating profit	579,466	513,532	12.8	604,972	413,471	46.3
Exceptional item ⁽¹⁾	-	-	-	-	148,476	(100.0)
Share of profit of associates	25,073	41,722	(39.9)	-	-	-
Profit from ordinary activities before taxation	604,539	555,254	8.9	604,972	561,947	7.7
Less: Taxation						
- The Group/Bank	137,681	140,076	(1.7)	131,995	159,932	(17.5)
- Associates	13,146	6,904	90.4	-	-	-
Profit after taxation	453,712	408,274	11.1	472,977	402,015	17.7
Less: Minority interests	(858)	(92)	832.6	-	-	-
Net Profit attributable to members	454,570	408,366	11.3	472,977	402,015	17.7

Note: (1) This represents the special dividend from United Overseas Finance Limited (UOF) prior to its merger with the Bank in 2000. This was fully eliminated at the Group level.

2. SELECTED BALANCE SHEET DATA

	<u>Group</u>			<u>Bank</u>		
	<u>30.6.01</u> <u>S\$'000</u>	<u>30.6.00</u> <u>S\$'000</u>	<u>Incr /</u> <u>(Decr)</u> <u>%</u>	<u>30.6.01</u> <u>S\$'000</u>	<u>30.6.00</u> <u>S\$'000</u>	<u>Incr /</u> <u>(Decr)</u> <u>%</u>
(a) Assets						
Total assets	68,431,646	58,461,583	17.1	55,829,798	46,846,585	19.2
Loans and advances including trade bills (non-bank customers)	31,249,331	28,627,993	9.2	24,374,636	22,375,336	8.9
(b) Liabilities						
Deposits (non-bank customers)	44,052,518	37,799,144	16.5	34,546,325	28,794,735	20.0
Total deposits including bankers' deposits	58,588,412	49,732,256	17.8	48,753,612	40,733,330	19.7
(c) Capital and reserves						
Issued and paid-up capital	1,052,794	1,052,201	0.1	1,052,794	1,052,201	0.1
Total shareholders' funds	7,262,028	6,562,892	10.7	5,434,439	4,969,520	9.4

3. OTHER INFORMATION

	<u>Group</u>			<u>Bank</u>		
	<u>30.6.01</u> <u>S\$'000</u>	<u>30.6.00</u> <u>S\$'000</u>	<u>Incr /</u> <u>(Decr)</u> <u>%</u>	<u>30.6.01</u> <u>S\$'000</u>	<u>30.6.00</u> <u>S\$'000</u>	<u>Incr /</u> <u>(Decr)</u> <u>%</u>
(a) Depreciation	40,741	37,120	9.8	22,726	19,798	14.8
(b) Annualised net profit as a percentage of average total shareholders' funds (%)	12.8	12.5	2.4	17.9	16.3	9.8
(c) Annualised earnings per share (cents)						
- Basic	86.4	77.6	11.3	89.9	76.4	17.7
- Fully diluted	86.4	77.6	11.3	89.8	76.4	17.5
(d) Net tangible asset backing per share (S\$)	6.90	6.24	10.6	5.16	4.72	9.3

(e) In 2001, the Group has adopted revised Statements of Accounting Standard (SAS) where applicable and certain comparatives have been restated accordingly.

4. DETAILS OF NEW SHARES OF THE BANK

<u>Particulars of Issue</u>	<u>No. of new shares issued between</u>	<u>No. of new shares that would have been issued upon the exercise of all outstanding options</u>	
		<u>At 30.6.01</u>	<u>At 1.1.01</u>
Exercise of : UOB Executive Share Options	343,000	3,170,000	3,807,000

5. REVIEW OF PERFORMANCE

- a. The Group's net profit after tax for the first half of 2001 grew by S\$46.2 million or 11.3% to S\$455 million. The growth was mainly due to a marginally higher net interest income resulting from an increase in loans volume, higher dealing income from sale of government securities and higher profit on foreign exchange, lower operating expenses and lower provisions. These were partially offset by lower fee and commission income, primarily from stockbroking and fund management activities, as well as lower contribution from associates.
- b. The Group's total operating expenses for the first half of 2001 decreased by S\$5.5 million or 1.5% over the same period last year. The merger of the stockbroking subsidiaries with Kay Hian Holdings resulted in a drop in total operating expenses of about S\$14 million, as these companies are now part of the new associate, UOB-Kay Hian Holdings. The decrease was partially offset by the increase in information technology expenditure of S\$7 million.
- c. Year-on-year, total Non-Performing Loans (NPLs) of the Group fell by 14.9% or S\$439 million to S\$2,507 million. NPLs as a percentage of gross customer loans improved from 9.7% as at 30 June 2000 to 7.6% as at 30 June 2001. Total cumulative specific and general provisions for the Group as at 30 June 2001 amounted to S\$1,674 million as against S\$2,018 million as at 30 June 2000. Out of the total provisions of S\$1,674 million, general provision amounted to S\$756 million. Total provisions represent 66.8% of the Group's NPLs of S\$2,507 million and 157.9% of the Group's unsecured NPLs.
- d. Weakening conditions were experienced in the domestic, regional as well as Japanese and US economies. Despite the challenging market conditions, the Group's non-bank loans continued to grow steadily by 9.2% from S\$28,628 million as at 30 June 2000 to S\$31,249 million.
- e. The Group's total shareholders' funds increased by 10.7% on a year-on-year basis. As a result, net tangible asset backing per share improved from S\$6.24 as at 30 June 2000 to S\$6.90 as at 30 June 2001. Including the revaluation surplus on the Group's property and long term investment of S\$1,487 million which were not incorporated in the accounts, the net tangible asset backing per share as at 30 June 2001 would have been S\$8.31.

6. DIVIDENDS

The Directors are pleased to declare an interim dividend of 15% or 15 cents per share less 24.5% Singapore income tax (2000 interim: 15% or 15 cents per share less 25.5% Singapore income tax) in respect of the financial year ending 31 December 2001. The dividend will be paid on 31 August 2001.

7. CLOSURE OF BOOKS

Notice is hereby given that, the Share Transfer Books and Register of Members of the Bank will be closed from 21 August 2001 to 22 August 2001, both dates inclusive, to determine shareholders' entitlement to the interim dividend. Duly completed transfers received by the Bank's Registrar, Lim Associates Pte Ltd, at 10 Collyer Quay #19-08 Ocean Building, Singapore 049315 up to 5.00 p.m. on 20 August 2001 will be registered to determine shareholders' entitlement to the interim dividend. In respect of ordinary shares in securities accounts with The Central Depository (Pte) Ltd (CDP), the interim dividend will be paid by the Bank to CDP which will in turn distribute the dividend entitlements to shareholders.

BY ORDER OF THE BOARD

Mrs Vivien Chan
Secretary

Dated this 3rd day of August 2001