

our mission

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



### 273 offices around the world

Singapore	87	Australia	2
Philippines	68	Brunei	2
Malaysia	40	Canada	1
Thailand	38	France	1
Indonesia	10	Japan	1
China	6	Myanmar	1
Hong Kong S.A.R.	6	South Korea	1
USA	4	United Kingdom	1
Taiwan	3	Vietnam	1

United Overseas Bank (UOB) is a leading bank in Singapore with an international network that comprises 273 offices in 18 countries in the Asia-Pacific region, Western 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: personal financial services, private banking, trust services, commercial and corporate banking, corporate finance, capital market activities, treasury services, asset management, venture capital management, proprietary investments, general insurance and life assurance. It also offers stockbroking services through its associate, UOB-Kay Hian Holdings. Today, UOB is the largest credit card issuer in Singapore with a card base that exceeds 730,000. It is also the market leader in loans to small and medium-sized enterprises and a recognised leader in the personal loans business.

Through its other subsidiaries and 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.

	2001	The Group 2000	Increase/ Decrease
<b>Profit For The Year (\$'000)</b>			
Profit before taxation	<b>1,197,562</b>	1,185,876	1.0%
Net profit after tax	<b>924,579</b>	912,895	1.3%
<b>Selected Balance Sheet Items As At Year-End (\$'000)</b>			
Customer loans (net of provisions)	<b>60,892,094</b>	30,045,283	102.7%
Customer deposits	<b>74,451,684</b>	43,405,504	71.5%
Total assets	<b>113,310,330</b>	66,324,052	70.8%
Shareholders' funds	<b>12,653,706</b>	6,968,173	81.6%
<b>Financial Ratios</b>			
Basic earnings per share (cents)	<b>77.3</b>	86.8	-10.9%
Return on average shareholders' funds (%)	<b>10.8</b>	13.5	-2.7% points
Return on average total assets (%)	<b>1.2</b>	1.5	-0.3% point
Expense to income ratio (%)	<b>39.3</b>	39.5	-0.2% point
Dividend rates (%)			
– Interim and final	<b>40.0</b>	40.0	–
Net tangible asset backing per share (\$)	<b>5.65</b>	6.62	-14.7%
Capital adequacy ratio (BIS) (%)			
– Tier 1 capital	<b>11.8</b>	17.1	-5.3% points
– Total capital	<b>18.5</b>	19.8	-1.3% points



Wee Cho Yaw  
Chairman & Chief Executive Officer

### 2001 Review

It has been a momentous and challenging year for the UOB Group. Even as we wrestled with the attendant problems of the global economic downturn, we emerged as the largest banking group in the Singapore domestic market with the acquisition of Overseas Union Bank (OUB).

From a high growth rate of 9.9% in 2000, Singapore ended 2001 with a negative 2%. The sharp reversal was largely attributable to the slowdown in the American economy, the slump in the electronics industry and business contraction in the regional economies. The terrorist attacks in New York on 11 September further aggravated the world economy.

While China continued to enjoy creditable growth of 7.3% in 2001, its attractiveness to foreign investors, following its entry to the World Trade Organisation, cast a pall on foreign investments into South-East Asia.

On 29 June, UOB and OUB jointly held a press conference to announce a friendly takeover offer by UOB, with the support of the principal shareholders of OUB. This followed an earlier unsolicited offer made by DBS Bank for OUB. UOB's conditional offer priced each OUB share at \$4.02 cash and 0.52 UOB share.

On 26 October, OUB became a wholly-owned subsidiary of the Bank when all its issued share capital was acquired. OUB was delisted from the Singapore Exchange and, on 2 January 2002, the legal merger of the two banks was effected.

Effective cost of the purchase of OUB amounted to \$9 billion. At 31 December 2001, the combined UOB Group had total assets of \$113 billion, loans outstanding of \$61 billion and non-bank deposits of \$74 billion. UOB's leadership position in consumer banking has also been further enhanced and we now have the largest loan portfolio for Small and Medium-sized Enterprises (SMEs).

## 2001 Performance And Dividend

Including OUB Group's three-month contributions, the UOB Group achieved an After-Tax Profit of \$925 million in 2001, representing a 1.3% growth over our 2000 profit. Return on equity dropped from 13.5% to 10.8%, while basic earnings per share fell from 86.8 cents to 77.3 cents.

The growth in profit was mainly due to higher net interest income resulting from an increased loan volume, higher fee and commission income and higher profit on foreign exchange. These were partially offset by higher operating expenses, lower contribution from associates and higher specific provisions for doubtful debts.

Excluding OUB Group's contributions and the takeover costs, the Group's After-Tax Profit amounted to \$836 million, compared with \$913 million in 2000. For UOB, After-Tax Profit increased from \$710 million to \$747 million. The higher profit was mainly attributable to higher gains from disposal of properties and lower provision for investments, partly offset by higher provision for loans.

Far Eastern Bank's After-Tax Profit fell from \$11.2 million to \$7.9 million, while for Industrial & Commercial Bank (ICB), After-Tax Profit improved from \$74 million to \$84.4 million. United Overseas Insurance's After-Tax Profit fell from \$10.3 million to \$9.9 million.

As for our regional banking subsidiaries, United Overseas Bank (Malaysia) suffered from a squeeze in margins and flat corporate loans, which were offset by growth in personal loans and fee-based activities. Net Profit After Tax fell from \$93.4 million to \$72.3 million. Boosted by income from its housing loans and credit cards, UOB Radanasin Bank reduced its loss in 2001 from \$51.3 million to \$28 million. PT Bank UOB Indonesia improved its After-Tax Profit from \$10.4 million to \$13.8 million while United Overseas Bank Philippines increased its loss marginally from \$32.2 million to \$33.9 million.

The UOB Board 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 2001 is 40%.

## Corporate Developments

Following the acquisition of OUB, Dr Lien Ying Chow has been appointed as Honorary Life Counsellor of UOB. Mr Lee Hee Seng, former Chairman of OUB, has joined UOB as our Senior Deputy Chairman.

Integrating the two banks to facilitate business synergies was the top priority in the fourth quarter of 2001. As advisors, we appointed Accenture (for IT and operations integration) and Towers Perrin (for human resource issues). An Integration Steering Committee, comprising the top four members of the management team (Chairman & CEO, Senior Deputy Chairman, Deputy Chairman & President and Deputy President), sets the policies and directs the strategy of the integration process.

To strengthen the Group's and the Bank's capital structure upon the acquisition of OUB, the Bank issued \$1.3 billion 4.95% Subordinated Notes due in 2016 with a call option after 10 years, and US\$1.268 billion Subordinated Floating Rate Notes due in 2011 but callable in 2002. These notes qualify as Upper Tier 2 regulatory capital.

Progress on the division-by-division integration has generally been smooth, and full integration of the two banks is targeted for end-July this year, ahead of our original schedule. By then, all customers will be able to transact their banking needs seamlessly through the Group's various delivery channels and enjoy the benefits arising from the business synergies of the combined Group.

As a consequence of redundancies resulting from integration, our staff strength would have to be reduced by 2,000 worldwide. As at 6 March 2002, 1,273 staff had left the Bank through retrenchments and voluntary separation schemes in Singapore and our overseas locations.

Notwithstanding the integration efforts, we continued to focus on improving our services and products through IT and rationalisation of our work processes. As more of our customers use the Internet to conduct their banking transactions, we have enhanced the security features of our Internet banking channel, [www.uobgroup.com](http://www.uobgroup.com). Our Call Centre's range of functionalities has also been widened to cater to the needs of our corporate customers.

## chairman's statement

Following the acquisition of OUB, the UOB Group has acquired substantial interests in Overseas Union Enterprise, Overseas Union Securities, Overseas Union Trust and OUB Manulife.

On 15 March 2002, Tye Hua Investments Pte. Ltd., a wholly-owned subsidiary of UOB, announced that it intends to make a voluntary conditional cash offer to acquire all the issued and fully paid-up ordinary shares of ICB at an offer price of \$5.60 in cash for each share ('Offer'). UOB owns 87.45% of the issued ordinary share capital of ICB and has given an irrevocable undertaking to accept the Offer in respect of all the shares held by UOB. The Offer is being made to enable UOB to privatise ICB.

Also on 15 March 2002, UOB and Overseas Union Trust (OUT), a 52.86% subsidiary of UOB, jointly announced a proposed scheme of arrangement under Section 210 of the Companies Act, Chapter 50 ('Scheme') to privatise OUT. Under the Scheme, UOB will offer \$4.60 for each OUT share that it does not already own.

Upon the completion of the privatisation of ICB and OUT pursuant to the Offer and the Scheme respectively, UOB will proceed to delist them from the SGX-ST. The takeover Offer and the Scheme of arrangement are part of UOB's on-going exercise to consolidate its subsidiaries for greater efficiency of resources.

### 2002 Prospects

The Singapore Government's preliminary estimate for 2002 is a growth rate of between 1% and 3%. While there appears to be consensus that the worst is over for the US and Western Europe, a strong economic rebound in Singapore is likely to take place only in the second half of the year. Much will depend on the strength of the American recovery and the upturn in the electronics industry.

With full integration of OUB later this year, however, we should be able to start harvesting the fruits of our business synergies. We now have a larger talent pool, a bigger local and international network and more product offerings for our enlarged customer base. Our senior management team has been further strengthened with the addition of four new Executive Vice Presidents, who bring with them a wealth of banking experience.

Within the region, China will continue to be the engine of growth. The Bank will continue to focus on our strategy of expanding our business activities in Greater China. To date, we have signed Memorandums of Understanding with two Chinese banks for closer cooperation, established a venture capital fund in Shenzhen, obtained a licence to trade in 'B' shares for UOB Asia (Hong Kong), and started issuing credit cards in Hong Kong S.A.R. We intend to develop more strategic alliances with Chinese institutions in the areas of venture capital, fund management and capital market activities.

With the largest branch network among foreign banks in the country, United Overseas Bank (Malaysia) is well positioned to grow its corporate and personal banking activities in tandem with Malaysia's economic upturn. We are also optimistic that UOB Radanasin Bank will break-even this year.

### Acknowledgements

The Board has been further strengthened with six additional members, namely, Mrs Margaret Lien and Messrs Lee Hee Seng, Ngiam Tong Dow, Tan Kok Quan, Ng Boon Yew and Prof Lim Pin. I am confident that, with their rich and varied experience, the new Directors will be invaluable assets to the Bank and the Group.

Mr Ho Sim Guan, who has been a Director since 1971, has decided not to seek re-election at the forthcoming Annual General Meeting. An entrepreneur with a wide range of business interests, Mr Ho has provided invaluable advice and guidance in the last 31 years. The Board expresses its deep appreciation to Mr Ho for his contributions.

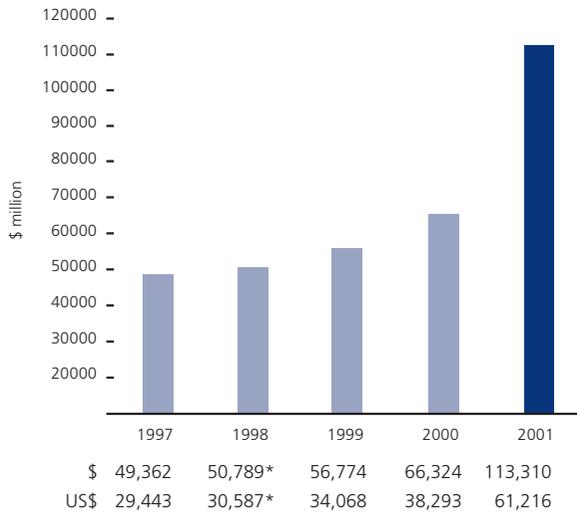
I thank all Directors for their wise counsel, and management and staff for their contributions during the year under review. My appreciation also goes to UOB shareholders and the Group's customers for their support in 2001.

**Wee Cho Yaw**  
**Chairman & Chief Executive Officer**  
**March 2002**

### Group Assets

2001: \$113,310 million ■ + 70.8%

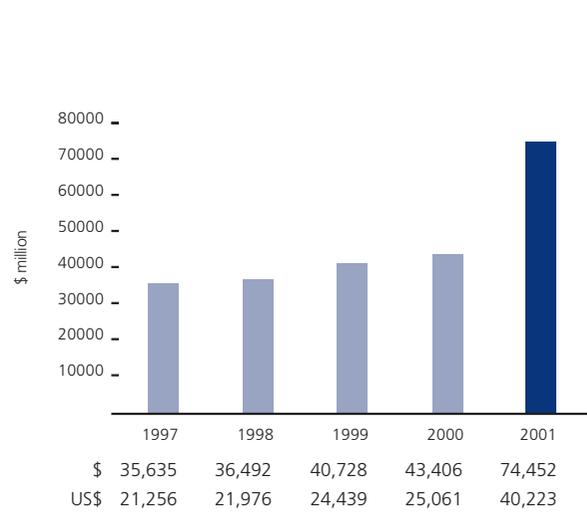
2000: \$66,324 million



### Group Customer Deposits

2001: \$74,452 million ■ + 71.5%

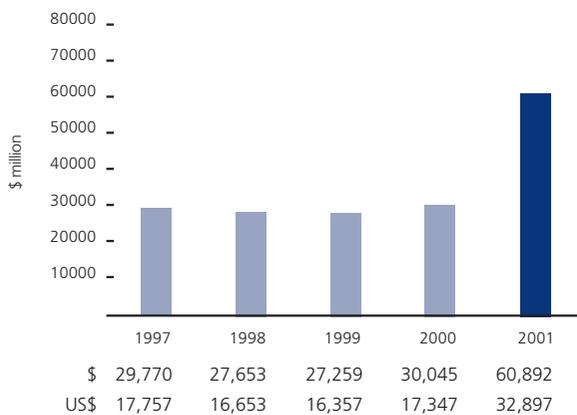
2000: \$43,406 million



### Group Customer Loans

2001: \$60,892 million ■ + 102.7%

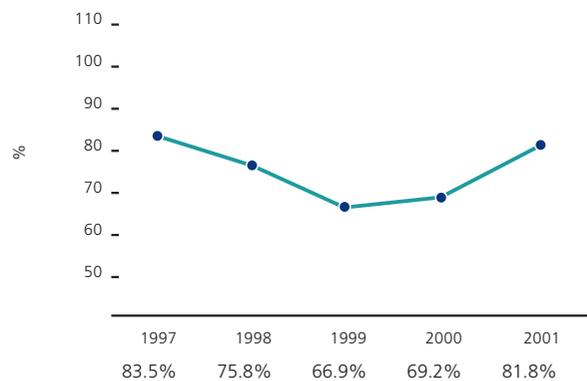
2000: \$30,045 million



### Group Loans/Customer Deposits Ratio

2001: 81.8% ■ + 12.6% points

2000: 69.2%

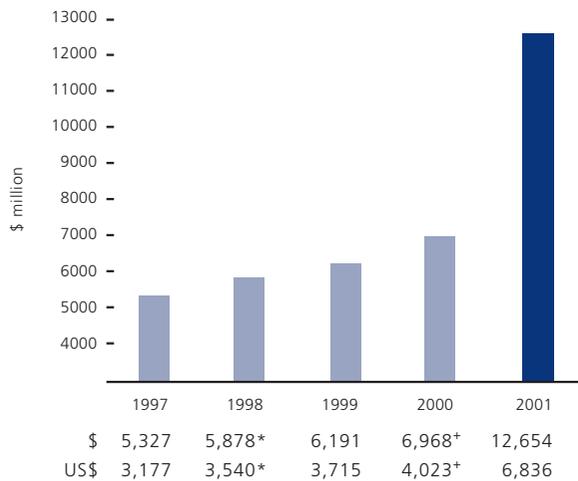


\* Figures/ratios have been adjusted for impact of equity accounting.

## financial highlights

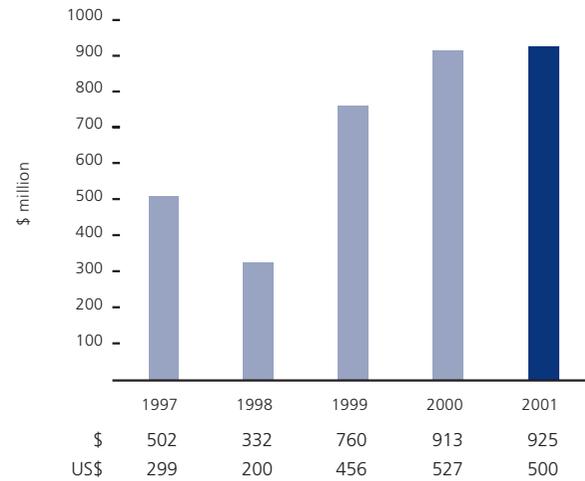
### Group Shareholders' Funds

2001: \$12,654 million ■ + 81.6%  
 2000: \$6,968 million



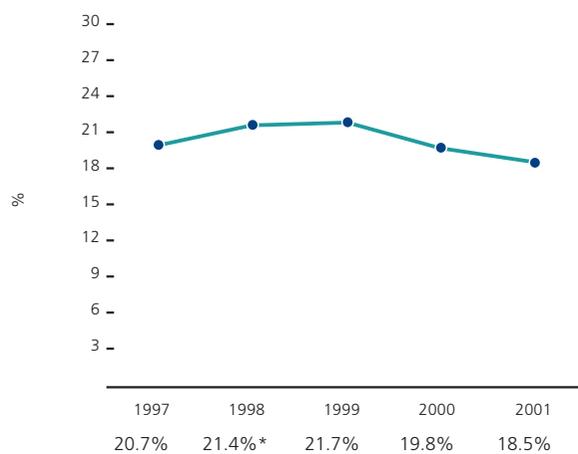
### Group Net Profit After Tax

2001: \$924.6 million ■ + 1.3%  
 2000: \$912.9 million



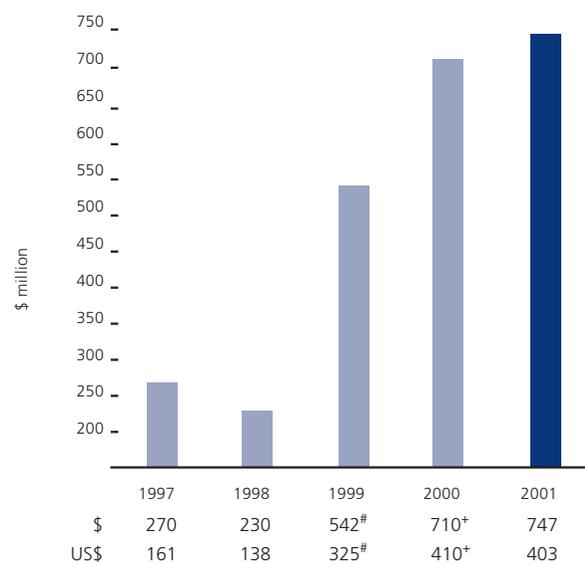
### Group Capital Adequacy Ratio

2001: 18.5% ■ - 1.3% points  
 2000: 19.8%



### Bank Net Profit After Tax

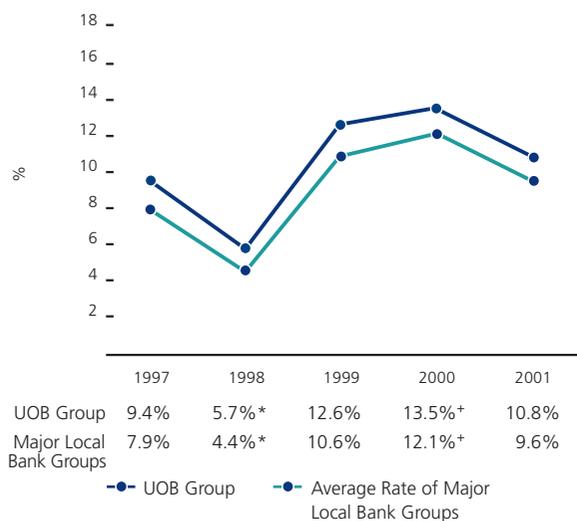
2001: \$746.6 million ■ + 5.1%  
 2000: \$710.1 million



<sup>#</sup> Excludes extraordinary items.

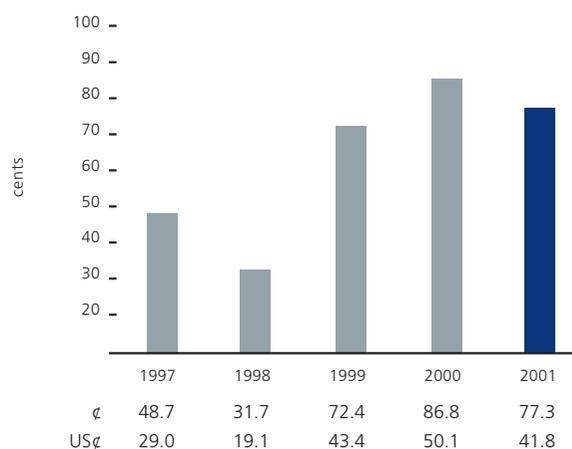
### Group Return On Average Shareholders' Funds

2001: 10.8% ■ – 2.7% points  
2000: 13.5%



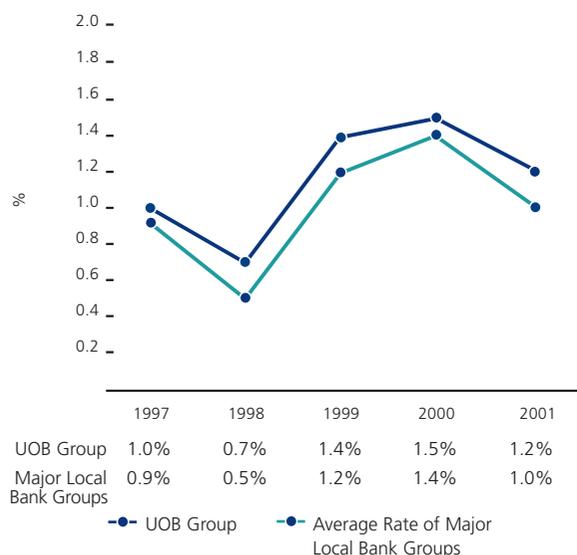
### Group Adjusted Earnings Per Share

2001: 77.3 cents ■ – 10.9%  
2000: 86.8 cents



### Group Return On Average Total Assets

2001: 1.2% ■ – 0.3% point  
2000: 1.5%



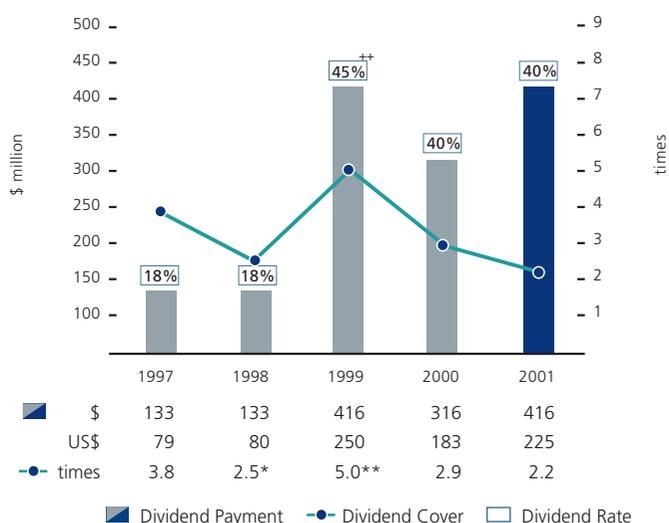
### Dividends

#### Dividend Payment

2001: \$415.8 million ■ + 31.5%  
2000: \$316.3 million

#### Dividend Cover

2001: 2.2 times ■ – 24.1%  
2000: 2.9 times



\*\* Dividend cover is 1.8 times if the special tax exempt bonus dividend is included.  
<sup>++</sup> Includes special tax exempt bonus dividend of 25%.

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

\* Figures/ratios have been adjusted for impact of adopting Singapore Statement of Accounting Standard (SAS) 10: Events After Balance Sheet Date.

# financial highlights

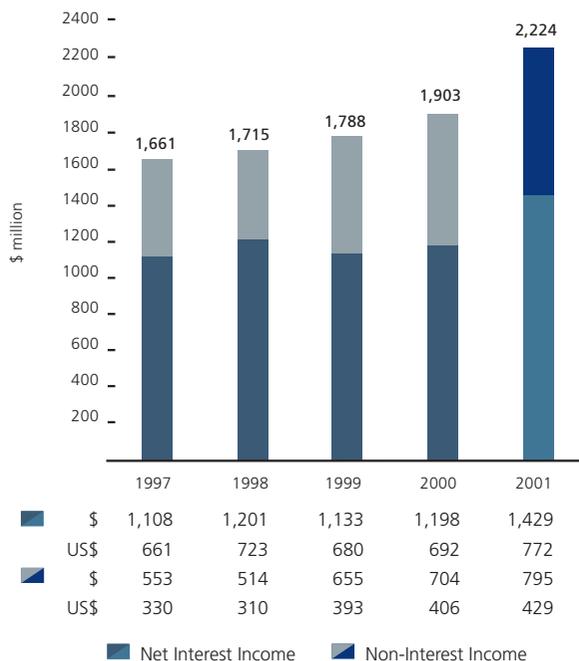
## Group Total Income

### Net Interest Income

2001: \$1,429 million ■ + 19.3%  
2000: \$1,198 million

### Non-Interest Income

2001: \$795 million ■ + 12.9%  
2000: \$704 million



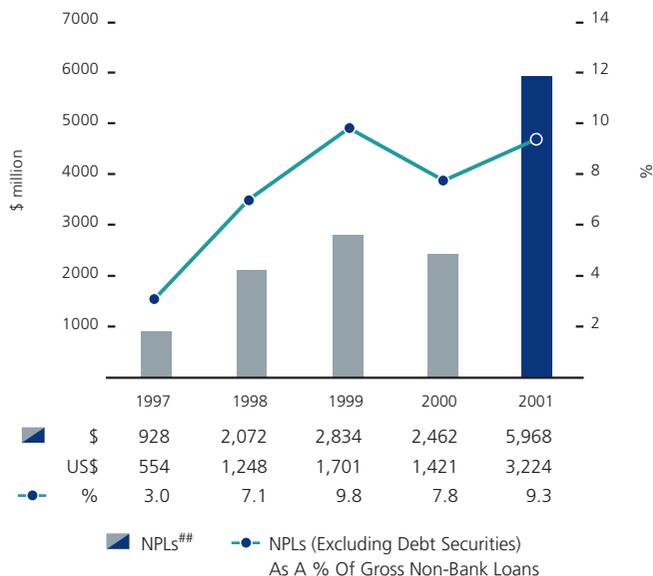
## Group Total Non-Performing Loans (NPLs)

### NPLs

2001: \$5,968 million ■ + 142.4%  
2000: \$2,462 million

### NPLs As A % Of Gross Non-Bank Loans

2001: 9.3% ■ + 1.5% points  
2000: 7.8%



## Group Total Cumulative Provisions

### Cumulative Specific Provision

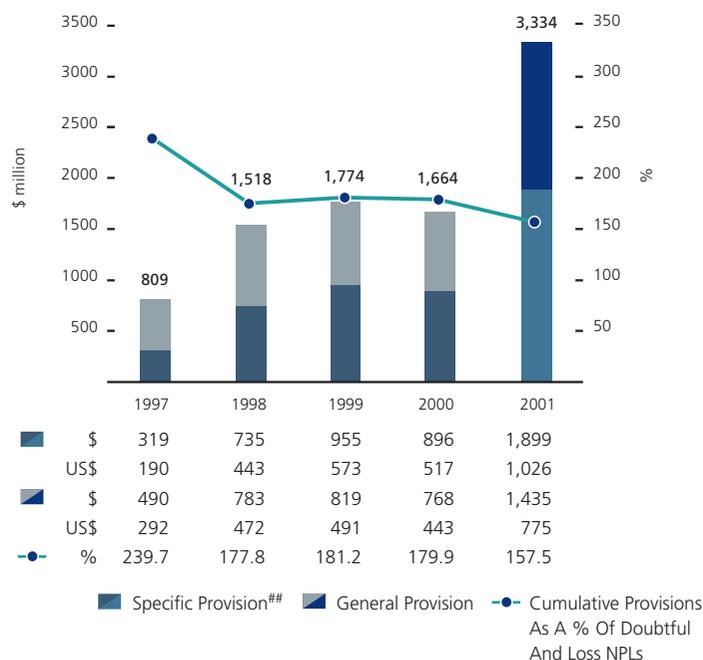
2001: \$1,899 million ■ + 111.9%  
2000: \$896 million

### Cumulative General Provision

2001: \$1,435 million ■ + 86.8%  
2000: \$768 million

### Total Cumulative Provisions As A % Of Doubtful And Loss NPLs

2001: 157.5% ■ - 22.4% points  
2000: 179.9%



## Prior years' figures have been restated to conform with the current year's presentation.

**Honorary Life Counsellor**

Dr Lien Ying Chow

**Board Of Directors**

Wee Cho Yaw (Chairman & Chief Executive Officer)

Lee Hee Seng (Senior Deputy Chairman)

Wee Ee Cheong (Deputy Chairman & President)

Koh Beng Seng (Deputy President)

Ho Sim Guan

Ngiam Tong Dow

Ernest Wong Yuen Weng

Wong Meng Meng

John C Dean Jr

Sim Wong Hoo

Philip Yeo Liat Kok

Dr Cham Tao Soon

Tan Kok Quan

Prof Lim Pin

Mrs Margaret Lien Wen Hsien

Ng Boon Yew

**Executive Committee**

Wee Cho Yaw (Chairman)

Lee Hee Seng (Deputy Chairman)

Wee Ee Cheong

Koh Beng Seng

Ho Sim Guan

Ngiam Tong Dow

**Audit Committee**

Ernest Wong Yuen Weng (Chairman)

Wee Ee Cheong

Philip Yeo Liat Kok

Dr Cham Tao Soon

Tan Kok Quan

**Nominating Committee**

Wong Meng Meng (Chairman)

Wee Cho Yaw

Lee Hee Seng

John C Dean Jr

Sim Wong Hoo

**Compensation Committee**

Wee Cho Yaw (Chairman)

Lee Hee Seng

Ho Sim Guan

Dr Cham Tao Soon

Philip Yeo Liat Kok

Prof Lim Pin

**Secretary**

Vivien Chan

**Share Registrar**

Lim Associates (Pte) Ltd

10 Collyer Quay

#19-08 Ocean Building

Singapore 049315

Telephone: (65) 6536 5355

Facsimile: (65) 6536 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) 6533 9898

Facsimile: (65) 6534 2334

Telex: RS 21539 TYEHUA

SWIFT: UOVBSGSG

Website: [www.uobgroup.com](http://www.uobgroup.com)

**Investor Relations**

80 Raffles Place

#16-22 UOB Plaza 2

Singapore 048624

Telephone: (65) 6539 4439/6539 4416

Facsimile: (65) 6538 0270

Email: [InvestorRelations@UOBgroup.com](mailto:InvestorRelations@UOBgroup.com)

## board of directors

1. Wee Cho Yaw
2. Lee Hee Seng
3. Wee Ee Cheong



### **Wee Cho Yaw**

#### *Chairman & Chief Executive Officer*

Age 73. A career banker with more than 40 years of experience. Chairman & CEO of UOB since 1974.

Appointed to the Board on 14 May 1958. Last re-appointed as a Director on 24 May 2001. Executive Director since 1958. Chairman of the Executive Committee since 1976. Chairman of the Bank's Compensation Committee and member of its Nominating Committee. Chairman of UOB subsidiaries – Far Eastern Bank, Industrial & Commercial Bank and United Overseas Insurance. Chairman of United International Securities, Haw Par Corporation, Haw Par Healthcare, Hotel Plaza, United Industrial Corporation, United Overseas Land 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.

### **Lee Hee Seng**

#### *Senior Deputy Chairman*

Age 75. An accountant and banker by qualification, with 24 years of experience in finance and management before joining OUB as Director in 1972. Spent 27 years with OUB culminating with his appointment as Chairman from May 1995 to October 2001. Appointed Senior Deputy Chairman of UOB in November 2001.

Appointed to the Board on 31 October 2001. An Executive Director and Deputy Chairman of the Bank's Executive Committee. Member of its Nominating Committee and Compensation Committee. Chairman of UOB subsidiary, Overseas Union Trust. Chairman of Overseas Union

Enterprise. Director of Singapore Press Holdings and Marina Centre Holdings. Former Chairman of Housing & Development Board, Public Service Commission, the Presidential Elections Committee and the Lee Kuan Yew Exchange Fellowship.

Fellow of the Chartered Institute of Bankers, Australian Society of Certified Practising Accountants, Institute of Certified Public Accountants of Singapore and Institute of Chartered Secretaries and Administrators, and Companion of the Institute of Management, UK.

### **Wee Ee Cheong**

#### *Deputy Chairman & President*

Age 49. A professional banker who joined the Bank in 1979. Deputy Chairman & President of UOB since 2000.

Appointed to the Board on 3 January 1990. Executive Director since 1990. Member of the Bank's Executive Committee and Audit Committee. Director of several UOB subsidiaries and affiliates, including Far Eastern Bank, Industrial & Commercial Bank, United Overseas Insurance, Overseas Union Trust, United International Securities, Hotel Plaza and United Overseas Land. Director of VISA International (Asia Pacific Regional Association) and the Institute of Banking & Finance. Council Member of the Association of Banks in Singapore and Singapore Chinese Chamber of Commerce & Industry. Served as Deputy Chairman, Housing & Development Board (1995 – 2000) and Director, Port of Singapore Authority (1997 – 2000).

Holds a Bachelor of Science (Business Administration) and Master of Arts (Applied Economics) from The American University, Washington DC.

- 4. Koh Beng Seng
- 5. Ho Sim Guan
- 6. Ngiam Tong Dow



### **Koh Beng Seng**

#### *Deputy President*

Age 51. Joined UOB as Deputy President in 2000. 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.

Appointed to the Board on 26 May 2000. Last re-elected as a Director on 24 May 2001. Executive Director since 2000. Member of the Bank's Executive Committee. Director of UOB subsidiaries – Far Eastern Bank and Industrial & Commercial Bank. Director of Chartered Semiconductor Manufacturing and ST Assembly Test Services. Served as Advisor (part-time) to the International Monetary Fund (1998 – 2001).

Holds a Bachelor of Commerce (Honours) from Nanyang University and Master of Business Administration from Columbia University, USA.

### **Ho Sim Guan**

Age 76. 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.

Appointed to the Board on 15 June 1971. Last re-appointed as a Director on 24 May 2001. An independent and non-executive Director. Member of the Bank's Executive Committee and Compensation Committee. Director of UOB subsidiaries – Far Eastern Bank, Industrial & Commercial Bank and United Overseas Insurance.

### **Ngiam Tong Dow**

Age 64. Chairman of Housing & Development Board. Has a distinguished public service career, having served as Permanent Secretary of the Prime Minister's Office, Ministries of Finance, Trade & Industry, National Development, and Communications.

Appointed to the Board on 1 October 2001. An independent and non-executive Director. Member of the Bank's Executive Committee. Director of Singapore Press Holdings and Yeo Hiap Seng. Has served as Chairman of Central Provident Fund Board, Development Bank of Singapore, Economic Development Board and Telecommunication Authority of Singapore.

Holds a Bachelor of Arts (Economics, Honours) from the University of Malaya, Singapore and Master of Public Administration from Harvard University, USA.

## board of directors

7. Ernest Wong Yuen Weng

8. Wong Meng Meng

9. John C Dean Jr

10. Sim Wong Hoo

11. Philip Yeo Liat Kok



### **Ernest Wong Yuen Weng**

Age 56. Group CEO and Director of MediaCorp (Media Corporation of Singapore). 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 to 2000 when he left to take up his current appointment at MediaCorp. Has served as Chairman of the Association of Banks in Singapore and Board Member of Economic Development Board.

Appointed to the Board on 3 January 1990. Last re-elected as a Director on 24 May 2001. An independent and non-executive Director. Chairman of the Bank's Audit Committee. Director of United Overseas Land and Raffles Holdings. Council Member of Nanyang Technological University (NTU) and Chairman of the NTU Endowment Fund Investment Committee.

Holds a Bachelor of Science (Chemical Engineering, Honours) from the University of Surrey, UK.

### **Wong Meng Meng**

Age 53. Senior Partner of Wong Partnership. Notary Public and Senior Counsel, Supreme Court of Singapore.

Appointed to the Board on 14 March 2000. Last re-elected as a Director on 24 May 2000. An independent and non-executive Director. Chairman of the Bank's Nominating Committee. Director of UOB subsidiaries – Far Eastern Bank and Industrial & Commercial Bank. Honorary Legal Advisor to the Real Estate Developers' Association of Singapore.

Holds a Bachelor of Law (Honours) from the University of Singapore. Accredited Arbitrator to the Singapore International Arbitration Centre.

### **John C Dean Jr**

Age 54. A banking professional in the United States with more than 20 years of experience. Chairman of Silicon Valley Bancshares and Silicon Valley Bank.

Appointed to the Board on 14 March 2000. Last re-elected as a Director on 24 May 2001. An independent and

non-executive Director. Member of the Bank's Nominating Committee. Director of UOB subsidiaries – Far Eastern Bank and Industrial & Commercial Bank. Director and Advisor to several US and foreign 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.

Holds a Master of Business Administration in Finance from the University of Pennsylvania, USA.

### **Sim Wong Hoo**

Age 46. Founder, Chairman, Chief Executive Officer and Director of Singapore-based Creative Technology (Nasdaq: CREAM). A prominent technopreneur and pioneer best known for bringing sound, video and digital entertainment technology into the personal computer.

Appointed to the Board on 14 March 2000. Last re-elected as a Director on 24 May 2000. An independent and non-executive Director. Member of the Bank's Nominating Committee. Director of UOB subsidiaries – Far Eastern Bank and Industrial & Commercial Bank. Director of Frontline Technologies Corporation and MediaRing.com.

### **Philip Yeo Liat Kok**

Age 55. Chairman of the Agency for Science, Technology & Research (A\*STAR). Recognised for his contributions to Singapore's economic development and his pioneering role in the development of the country's information technology industry. Brings to the Bank wide government and private sector experience over a 30-year career.

Appointed to the Board on 26 May 2000. Last re-elected as a Director on 24 May 2001. An independent and non-executive Director. Member of the Bank's Audit Committee and Compensation Committee. Director of UOB subsidiaries – Far Eastern Bank and Industrial & Commercial Bank. Co-Chairman of Economic Development Board. Chairman of CapitaLand.

Holds a Bachelor of Science (Industrial Engineering) and Doctorate of Engineering from the University of Toronto,

- 12. Dr Cham Tao Soon
- 13. Tan Kok Quan
- 14. Prof Lim Pin
- 15. Mrs Margaret Lien Wen Hsien
- 16. Ng Boon Yew



Master of Science (Systems Engineering) from the University of Singapore and Master of Business Administration from Harvard University, USA.

**Dr Cham Tao Soon**

Age 62. Professor & President of Nanyang Technological University with more than 30 years of experience in academia.

Appointed to the Board on 4 January 2001. Last re-elected as a Director on 24 May 2001. An independent and non-executive Director. Member of the Bank's Audit Committee and Compensation Committee. Director of UOB subsidiaries – Far Eastern Bank and Industrial & Commercial Bank. Chairman of NatSteel and Singapore Symphonia Company. Director of Adroit Innovations, Ei-Nets, Keppel Corporation, Robinson & Company and WBL Corporation. Board Member of Land Transport Authority.

Holds a Bachelor of Engineering (Civil, Honours) from the University of Malaya, Bachelor of Science (Mathematics, Honours) from the University of London and Doctor of Philosophy (Fluid Mechanics) from the University of Cambridge, UK. Fellow of the Institution of Engineers, Singapore and Institution of Mechanical Engineers, UK.

**Tan Kok Quan**

Age 63. Partner of Tan Kok Quan Partnership. Senior Counsel, Supreme Court of Singapore.

Appointed to the Board on 1 October 2001. An independent and non-executive Director. Member of the Bank's Audit Committee. Director of UOB subsidiary, Overseas Union Trust. Chairman of Network Foods International. Former Deputy Chairman of Public Utilities Board.

Holds a Bachelor of Law (Honours) from the University of Singapore.

**Prof Lim Pin**

Age 66. University Professor & Professor of Medicine at the National University of Singapore. Senior Consultant at the National University Hospital.

Appointed to the Board on 1 October 2001. An independent and non-executive Director. Member of the Bank's Compensation Committee. Director of Raffles Medical Group. Corporate Advisor to Singapore Technologies. Governor of the Institute of Policy Studies and Singapore International Foundation. Chairman of the National Wages Council and Bio-ethics Advisory Committee. Former Vice-Chancellor of the National University of Singapore.

Holds a Master of Arts and Doctor of Medicine from the University of Cambridge, UK. Fellow of the Academy of Medicine of Singapore (FAMS), FRCP (London) and FRACP.

**Margaret Lien Wen Hsien (Mrs)**

Age 59. Appointed to the Board on 1 October 2001. An independent and non-executive Director. Director of Overseas Union Enterprise, Lien Ying Chow Private Limited and Wah Hin & Company. Member of the National Parks Board. Governor of the Lien Foundation.

Holds a Bachelor of Law (Honours) from the London School of Economics and Political Science, University of London.

**Ng Boon Yew**

Age 47. A Certified Public Accountant and Practising Member of the Institute of Certified Public Accountants of Singapore, with more than 20 years of accounting and auditing experience in both the private and public sectors.

Appointed to the Board on 1 October 2001. An independent and non-executive Director. Corporate Advisor to Singapore Technologies. Director of Datapulse Technology, Fischer Tech and Royal Clicks. Member of the Public Accountants Board.

Former Partner in charge of corporate finance services and former Head of Singapore banking practice at major international accounting firm, KPMG. Fellow of the Association of Chartered Certified Accountants. Associate Member of the Institute of Chartered Accountants in England and Wales, Chartered Institute of Management Accountants, Institute of Chartered Secretaries and Administrators and Chartered Institute of Taxation.

## principal officers

### **Terence Ong Sea Eng**

*Senior Executive Vice President,  
Global Treasury and Asset Management*

Mr Ong joined UOB in 1982. He holds a Bachelor of Accountancy from the University of Singapore and has almost 20 years of experience in treasury services and operations. Mr Ong was the Deputy General Manager of the Board of Commissioners of Currency Singapore before joining UOB.

### **Samuel Poon Hon Thang**

*Senior Executive Vice President, Institutional Banking*

Mr Poon joined UOB in 1988. He holds a Bachelor of Commerce (Honours) from Nanyang University and has over 25 years of experience in banking and finance. Prior to joining UOB, Mr Poon worked in Citibank N.A. for nine years.

### **Joseph Chen Seow Chan**

*Managing Director,  
Trading & Institutional Treasury Services, Global Treasury*

Mr Chen joined UOB in 1989. He holds a Bachelor of Science (Honours) from the University of Singapore. Mr Chen has 25 years of experience in the treasury and fixed income business. Before joining UOB, he worked in a number of major foreign banks and the Monetary Authority of Singapore.

### **Gracy Choo (Mrs)**

*Executive Vice President & Special Assistant  
to the Deputy Chairman & President*

Mrs Choo joined UOB in January 2002. She holds a Bachelor of Business Administration (Honours) from the University of Singapore. Mrs Choo has over 30 years of banking experience, having worked in OUB and Citibank N.A.

### **Bill Chua Teck Huat**

*Executive Vice President, Operations*

Mr Chua joined UOB in January 2002. He holds a Bachelor of Arts (Economics) and Bachelor of Engineering (Industrial, Honours) from the University of Newcastle, Australia. Mr Chua has more than 20 years of experience in wholesale and consumer banking. Prior to joining UOB, he worked in OUB and Citibank N.A.

### **Susan Hwee (Ms)**

*Executive Vice President, Information Technology*

Ms Hwee joined UOB in 2001. She holds a Bachelor of Science from the National University of Singapore. Ms Hwee, with almost 20 years of experience in information technology, has held appointments in Keppel TatLee Bank, Citibank N.A. and IBM.

### **Kuek Tong Au**

*Executive Vice President, Corporate Services*

Mr Kuek joined UOB in 1970. His key responsibilities include the management of the Bank's corporate affairs, financial control, investor relations, legal and secretariat, property and tax functions. Mr Kuek holds a Bachelor of Accountancy (Honours) from the University of Singapore and has more than 30 years of experience in finance.

### **Michael Lau Hwai Keong**

*Executive Vice President,  
International and Strategic Planning & Research*

Mr Lau joined UOB in 2000. He holds a Bachelor of Business Administration (Honours) from the National University of Singapore. He is also a Chartered Financial Analyst. Mr Lau has more than 16 years of experience in the financial services industry, and previously held senior appointments in the Central Depository and Monetary Authority of Singapore.

**Francis Lee Chin Yong**

*Managing Director & Chief Executive,  
United Overseas Bank (Malaysia) Bhd*

Mr Lee joined UOB in 1980. He was appointed to his current position following the merger of OUB's operations in Malaysia into United Overseas Bank (Malaysia) Bhd on 2 February 2002. Prior to that, he has headed United Overseas Bank (Malaysia) Bhd as its Chief Executive Officer since September 1998. Mr Lee has spent 21 years in UOB, holding senior positions in operations and consumer services.

**David Loh Hong Kit**

*Executive Vice President, Risk Management & Compliance*

Mr Loh joined UOB in 2000. He holds a Bachelor of Science (Honours) from the University of Birmingham, UK and Master of Business Administration from the University of New South Wales. He is also a Chartered Financial Analyst. Mr Loh has more than 18 years of experience in the financial services industry. He was Senior Vice President in the now Singapore Exchange Derivatives Trading/Derivatives Clearing from 1992 to 1999.

**Sim Puay Suang (Ms)**

*Executive Vice President, Personal Financial Services*

Ms Sim joined UOB in 1978. She holds a Bachelor of Arts from the University of Singapore. A 23-year career banker in UOB, Ms Sim has extensive experience and expertise in consumer banking.

**Philip Tan Yuen Fah**

*Executive Vice President & Special Assistant  
to the Senior Deputy Chairman*

Mr Tan joined UOB in January 2002. He holds a Bachelor of Accountancy from the University of Singapore and Bachelor of Law from the University of Wolverhampton, UK. Mr Tan has more than 30 years of experience in finance. He held senior positions in OUB before joining UOB.

**Wee Joo Yeow**

*Executive Vice President, Corporate Banking*

Mr Wee joined UOB in January 2002. He holds a Master of Business Administration from New York University. A career banker with 28 years of corporate banking experience, Mr Wee has held senior appointments in OUB and First National Bank of Chicago prior to joining UOB.

**Wong Chong Fatt**

*Executive Vice President, High Networth Customers &  
Managing Director, Banknotes, Futures &  
Personal Treasury Services, Global Treasury*

Mr Wong joined UOB in 2000. He holds a Bachelor of Commerce from Nanyang University. Mr Wong brings to the Bank more than 20 years of experience in treasury products, having held senior appointments in ABN AMRO Futures, NatWest Futures and HSBC Futures.

**Yeo Eng Cheong**

*Executive Vice President, Commercial Credit*

Mr Yeo joined UOB in 1986. He holds a Bachelor of Business Administration (Honours) from the University of Singapore. Mr Yeo is a career banker with 30 years of experience in credit and marketing, including 10 years with Chase Manhattan Bank (now known as JP Morgan Chase & Co).

**Larry Lam**

*Senior Vice President & Head, Internal Audit*

Mr Lam joined UOB in 1998. He holds a Bachelor of Information Systems and Master of Business Administration from California State Polytechnic University. Mr Lam is a Certified Public Accountant (California License) as well as a Certified Information Systems Auditor. He brings to the Bank 17 years of internal and external auditing and information technology experience from the United States. Mr Lam is currently serving as a Governor of the Institute of Internal Auditors, Singapore.

## corporate governance

The UOB ('the Bank') Group is committed to good standards of corporate governance. This report describes the corporate governance practices of the Bank during the year.

### **Board Of Directors**

The Board of UOB comprises 16 distinguished members, six of whom were from the OUB Board. They joined in October 2001, following the successful acquisition by the Bank of OUB. Of the 16 directors, 12 are independent and non-executive members. The directors have distinguished careers in the banking, finance, law, public, business and management sectors. Detailed information on the directors' experience and qualifications are given under the section 'Board Of Directors' on pages 12 to 15.

The Board 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 meets at least four times a year. The attendance of every Board member at the meetings of the Board and the various Board Committees is given on page 21.

### **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 six-member Exco comprises Ho Sim Guan and Ngiam Tong Dow who are non-executive directors, and four executive directors, namely, Wee Cho Yaw, Lee Hee Seng, Wee Ee Cheong and Koh Beng Seng. The Exco schedules meetings on a monthly basis, and has been given delegated authority to exercise certain of the Board's powers.

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 five members, all of whom, except Wee Ee Cheong, are independent and non-executive directors. Ernest Wong Yuen Weng chairs the Audit Committee. The other members of the Committee are Philip Yeo Liat Kok, Dr Cham Tao Soon and Tan Kok Quan. 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.

In its review of the audited financial statements for the year ended 2001, the Audit Committee discussed with Management and the External Auditors the quality of the accounting principles that were applied and their judgement on the items that might affect the financials. Based on the review and discussions with Management and the External Auditors, the Audit Committee was of the view that the financial statements were fairly presented in conformity with generally accepted accounting principles in all material respects.

The Audit Committee had received the requisite disclosures from the External Auditors evidencing the External Auditors' independence. The Committee had also considered the financial, business and professional relationships between the External Auditors and the Bank, and was of the view that such relationships were not incompatible with maintaining the independence of the External Auditors.

The Committee has the power to conduct or authorise investigations into any matter within its terms of reference. In the opinion of the Committee, the Bank has complied with the Singapore Exchange Securities Trading Limited (SGX-ST) Best Practices Guide On Audit Committee.

### **Nominating Committee**

The Nominating Committee (NC) was established by the Board to assist the Board in identifying individuals and reviewing nominations for appointment and re-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.

The NC is of the view that all directors are independent except for Wee Cho Yaw, Lee Hee Seng, Wee Ee Cheong and Koh Beng Seng who are executives of the Bank. Wong Meng Meng is considered not independent under the Code Of Corporate Governance because his firm provides legal services to the Bank and the UOB Group. Ernest Wong Yuen Weng retired from the Bank as President in 2000 and is also considered not independent under the Code. Notwithstanding their relationship with the UOB Group, the NC is of the opinion (which was arrived at without Wong Meng Meng's participation) that both Wong Meng Meng and Ernest Wong Yuen Weng may be regarded as independent directors because they are able to maintain their objectivity and independence at all times in the discharge of their duties as directors.

The NC (with Wong Meng Meng and Sim Wong Hoo abstaining in respect of their re-nomination) recommended to the Board that Wee Cho Yaw, Lee Hee Seng, Ngiam Tong Dow, Wong Meng Meng, Sim Wong Hoo, Tan Kok Quan, Prof Lim Pin, Margaret Lien Wen Hsien and Ng Boon Yew be nominated for re-appointment at the forthcoming Annual General Meeting.

In making its recommendation, the NC had considered the directors' overall contribution and performance based on various criteria, including attendance and participation at meetings, candour, business judgement, expertise and sense of accountability. The NC accorded different weightage with respect to the criteria to different directors as they have different core competencies. Although the NC has followed the Code's guidance notes and adopted 'attendance' as one of the criteria, the NC was of the view that attendance by itself should not be given undue weightage. Conversely, the absence of any director from most or all meetings should not be counted against him or her as a matter of course. Moreover, a director's individual contribution is sometimes given informally and not in a Board setting. Hence, the NC has decided that little adverse weightage be given to absence from meetings in respect of those directors whose business schedules do not permit their attendance on dates and times suited to the Bank and the majority of directors, but who have, otherwise, contributed their valuable insight and counsel to the Chief Executive Officer and Management of the Bank.

### **Compensation Committee**

The Compensation Committee, comprising six directors, assists the Board in reviewing the executive and non-executive directors' remuneration, 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 current compensation policy emphasises competitive positioning, remuneration with fixed and variable components and incentive payments for achievement of set goals. Various tools are employed to track and measure individual performance.

The members of the Compensation Committee are Wee Cho Yaw who chairs the Committee, and Lee Hee Seng, Ho Sim Guan, Dr Cham Tao Soon, Philip Yeo Liat Kok and Prof Lim Pin. Except for Wee Cho Yaw and Lee Hee Seng, the other members of the Compensation Committee are independent directors. The Board regards Wee Cho Yaw, the Chief Executive Officer with more than 40 years' service in the Bank, as the best person to chair the Compensation Committee.

### **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 Executive Committee and the Board of Directors for approval. The Board receives quarterly management reports which highlight key business indicators and compare actual performance with that of prior periods and with budget. The Executive Committee receives such management reports on a monthly basis.

## corporate governance

### Managing Risks

The management of risk is fundamental to the financial soundness and integrity of the Group. Risk evaluation forms an integral part of our business strategy development. 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.

The Board of Directors has the overall responsibility of determining the type and level of business risks that the Bank undertakes in achieving its corporate objectives. The Board also oversees Group-wide risks and risk management policies.

The Board has delegated to various Committees the authority to formulate, review and approve policies on monitoring and managing risk exposures. The major policy decisions and proposals on risk exposures approved by these Committees are subject to review by the Executive Committee of the Board.

The various Committees comprise top management and senior executives of the Bank who meet regularly to deliberate on matters relating to risk exposures in the areas under their respective supervision.

The Credit Committee deals with all credit as well as country/transfer risk matters, including approval of credit applications, formulation of credit policies and 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 strategy and infrastructure, and ensures that these are in line with the Bank's business strategy.

The Management Committee formulates, reviews and approves policies and strategies relating to the operations of the Bank across all business and support units.

The Risk Management & Compliance Sector, which is independent of the business units, performs the roles of implementing risk policies and procedures and ensuring compliance by the business and operation units. The process by which the Bank's risk exposures are managed is detailed under the section 'Risk Management' on pages 22 to 45.

### Internal Controls

The Bank has a well-established internal audit function. There are formal procedures for both internal and external auditors to report their audit findings to Management and to the Audit Committee.

The Bank's Internal Audit, reporting 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 audit of all the Group's units and operations, including its overseas branches and subsidiaries.

The Bank's banking subsidiaries, United Overseas Bank (Malaysia), UOB Radanasin Bank in Thailand and United Overseas Bank Philippines, each has its own internal audit function and is also subject to its local regulations. However, Internal Audit at the Bank's Head Office gives guidance on standardising the audit charter, practices and annual planning process, reviews audit results across these banking subsidiaries, and provides training to the internal auditors.

Internal Audit participates actively in major systems development activities and project committees to advise on risk management and internal control measures. In addition, Internal Audit audits the various application systems in production, data centres, network security and

the Information Technology Sector, paying special attention to key Internet banking and e-commerce application systems. Internal Audit uses the Control Objectives for Information and Related Technology (COBIT) for evaluating the internal control systems of the Bank.

The audits carried out in 2001 on the Group's units and operations were prioritised based on audit risk assessments. Internal Audit's responsibilities included the audits of operations, financial control, management directives, information technologies and the credit management process of the Group.

Following the acquisition of OUB, the Internal Audit functions of UOB and OUB were integrated in December 2001. The integrated Internal Audit will be focusing its efforts this year on the UOB-OUB integration and data conversion and on auditing the processes that cut across various business units.

Besides implementing Control Self Assessment, Internal Audit is leveraging on technologies to empower auditors.

It is also actively promoting internal control and anti-money laundering awareness through the Bank's intranet and staff training in Singapore and overseas. Having been awarded with the ISO 9001 (2000) Certification by the UK and USA Accreditation Services, Internal Audit will continue to maintain the Certification and to uphold high standards of competence, integrity, service quality and accountability.

The Group's Internal Audit function is carried out by a team of approximately 200 staff worldwide, including 80 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.

#### Directors' Attendance

Name Of Director	Number Of Meetings Attended In 2001			
	Board Of Directors	Executive Committee	Audit Committee	Nominating Committee
Wee Cho Yaw	6	9		2
Lee Hee Seng ( <i>Appointed on 31 October 2001</i> )	1	1		*
Wee Ee Cheong ( <i>Joined Audit Committee on 1 October 2001</i> )	5	9	*	
Koh Beng Seng ( <i>Stepped down from Nominating Committee on 1 October 2001</i> )	6	9		2
Ho Sim Guan	6	8		
Ngiam Tong Dow ( <i>Appointed on 1 October 2001</i> )	1	2		
Ernest Wong Yuen Weng	5		3	
Wong Meng Meng	6			2
John C Dean Jr	3			1
Sim Wong Hoo	2			0
Philip Yeo Liat Kok	4		2	
Dr Cham Tao Soon ( <i>Appointed on 4 January 2001</i> )	5		3	
Tan Kok Quan ( <i>Appointed on 1 October 2001</i> )	1		*	
Prof Lim Pin ( <i>Appointed on 1 October 2001</i> )	1			
Mrs Margaret Lien Wen Hsien ( <i>Appointed on 1 October 2001</i> )	1			
Ng Boon Yew ( <i>Appointed on 1 October 2001</i> )	1			
<b>Number Of Meetings Held In 2001</b>	<b>6</b>	<b>9</b>	<b>3</b>	<b>2</b>

\* No meeting was held subsequent to the Director's appointment.