



UNITED OVERSEAS BANK GROUP



UNITED OVERSEAS BANK LIMITED



ANNUAL REPORT 1999

GROWING WITH ASIA



UNITED OVERSEAS BANK GROUP

UNITED OVERSEAS BANK LIMITED

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GROWING WITH ASIA

▶ *We aim to be a premier bank in the Asia-Pacific region. The cover pictures depict the countries where we have already established a strong presence – Indonesia, Malaysia, the Philippines, Thailand, China and Australia. In the new millennium, we will continue to expand regionally as and when the opportunities arise. We will also focus on expanding our regional capability in the products and services we offer.*

C O N T E N T S

OUR BUSINESS	1
OUR MISSION STATEMENT	2
FINANCIAL HIGHLIGHTS	4
OUR CORE VALUES	7
CHAIRMAN'S STATEMENT	8
CORPORATE INFORMATION	11
BOARD OF DIRECTORS	12
CORPORATE GOVERNANCE	14
MANAGING OUR RISKS	16
OPERATIONS REVIEW	18
GROUP FINANCIAL REVIEW (CONSOLIDATED)	27
FINANCIAL STATEMENTS	45
INVESTOR REFERENCE	89
SUBSIDIARIES AND ASSOCIATES	99
OUR INTERNATIONAL NETWORK	103
NOTICE OF ANNUAL GENERAL MEETING	110

Exchange Conversion: US\$1.00 = S\$1.6665

All figures in this Annual Report are in Singapore dollars unless otherwise specified.



The United Overseas Bank (UOB) Group, comprising United Overseas Bank, Far Eastern Bank and Industrial & Commercial Bank, offers the full range of commercial banking services.

Other financial services include private banking, trust services, venture capital investment, merchant banking, stockbroking, fund management, capital market activities, precious metals trading, factoring, hire purchase, general insurance and life assurance. Through our subsidiaries, and associates (principally the United Overseas Land Group and Haw Par Group), the UOB Group has diversified interests in travel, leasing, property development, hotel management, healthcare, manufacturing and general trading. The UOB Group is, effectively, a universal banking group.

The UOB Group's 305 offices worldwide, comprising 71 bank branches in Singapore and 234 offices overseas, represent one of the largest networks among Singapore-incorporated banks.

The UOB Group had Total Assets of \$56,499 million (US\$33,903 million) and Capital and Reserves of \$6,191 million (US\$3,715 million) as at 31 December 1999 and achieved Net Profit After Tax of \$760.2 million (US\$456.2 million) for 1999. Except for rental income and profits from the sale of properties and from associates, the UOB Group's income is derived entirely from the provision of financial services.

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- and short-term deposits respectively.

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

- ▶ This is a commitment we embrace throughout our organisation to guide our future growth and development as Singapore's leading international bank.
- ▶ We believe leadership means not only providing superior products and quality service to our customers, but also dedicating ourselves to best meeting the current and future needs of our customers in everything that we do.
- ▶ We will strive to be innovators, by harnessing the latest technologies for the benefit of our customers and fostering creativity and excellence among our employees.
- ▶ We will invest in the best people and provide an environment which encourages and rewards their superior performance and enterprise.
- ▶ We will maximise the performance of the individual by always encouraging the team, thereby maintaining a united and productive workforce.
- ▶ We will sustain a strong and well-balanced growth in earnings to maximise our returns to our shareholders.
- ▶ We will accept the responsibility of leadership, by making a positive contribution to the economic and social well-being of Singapore and of every country in which we operate.
- ▶ We are committed to market leadership throughout our organisation and this will continue to guide our future growth and development.

305 OFFICES IN ▶ SINGAPORE
(71 offices)
PHILIPPINES
(98 offices)
THAILAND
(73 offices)
MALAYSIA
(27 offices)
JAKARTA
BANDUNG
SURABAYA

BINTAN
BATAM
YANGON
HO CHI MINH CITY
TAIPEI
HONG KONG S.A.R.
GUANGZHOU
XIAMEN
SHANGHAI

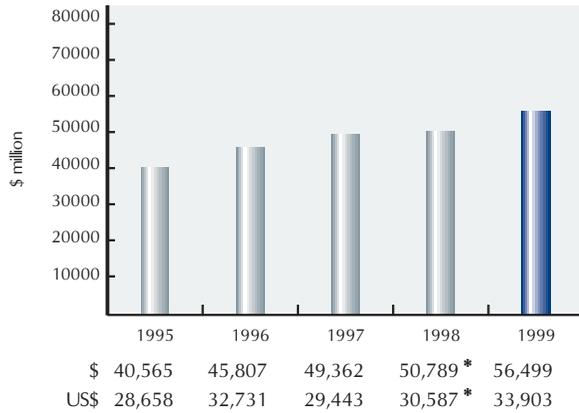
BEIJING
SEOUL
TOKYO
SYDNEY
LONDON
PARIS
NEW YORK
LOS ANGELES
VANCOUVER



FINANCIAL HIGHLIGHTS

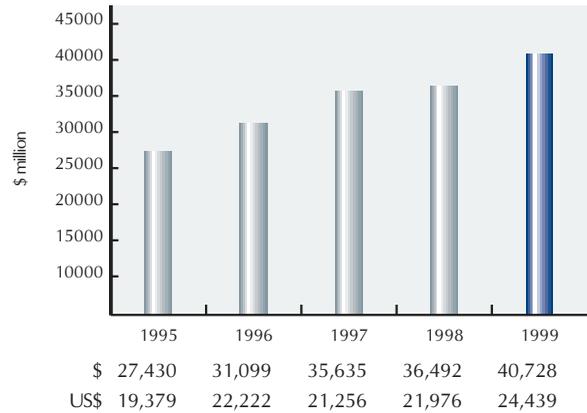
GROUP ASSETS

1999: \$56,499 million ■■ +11.2%
 1998: \$50,789 million



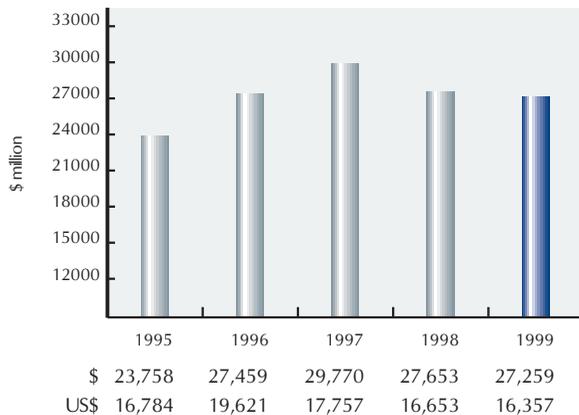
GROUP NON-BANK DEPOSITS

1999: \$40,728 million ■■ +11.6%
 1998: \$36,492 million



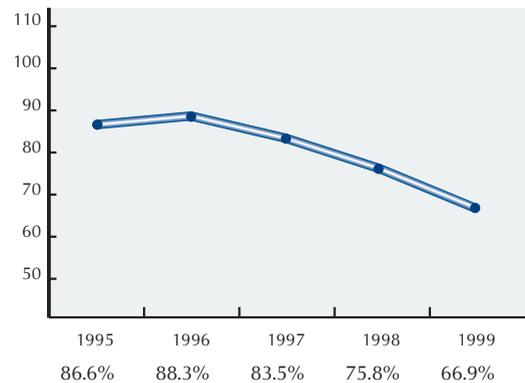
GROUP LOANS AND ADVANCES INCLUDING TRADE BILLS

1999: \$27,259 million ■■ -1.4%
 1998: \$27,653 million



GROUP LOANS/NON-BANK DEPOSITS RATIO

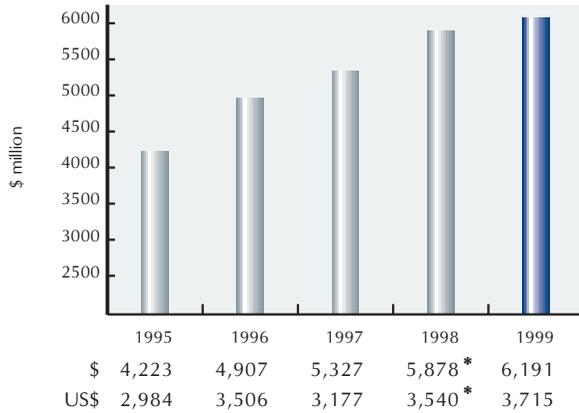
1999: 66.9% ■■ -8.9% points
 1998: 75.8%



GROUP CAPITAL AND RESERVES

1999: \$6,191 million ■■ + 5.3%

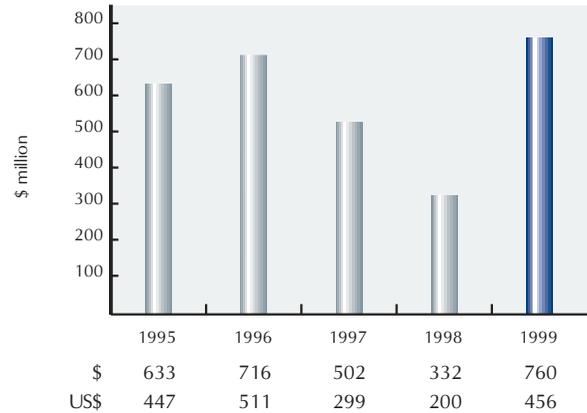
1998: \$5,878 million



GROUP NET PROFIT AFTER TAX

1999: \$760.2 million ■■ + 129.2%

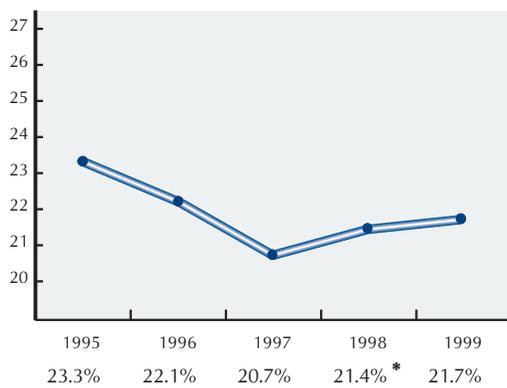
1998: \$331.7 million



GROUP CAPITAL ADEQUACY RATIO

1999: 21.7% ■■ + 0.3% point

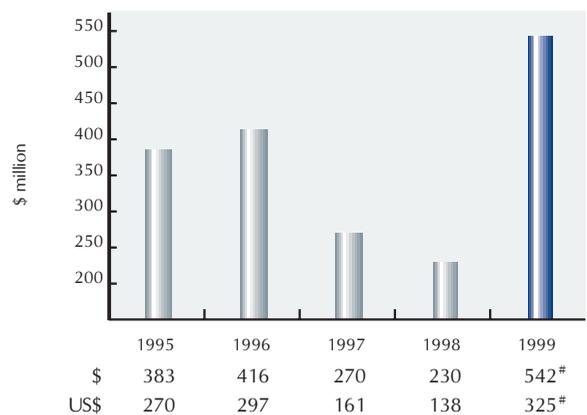
1998: 21.4%



BANK NET PROFIT AFTER TAX

1999: \$541.5 million ■■ + 135.5%

1998: \$229.9 million



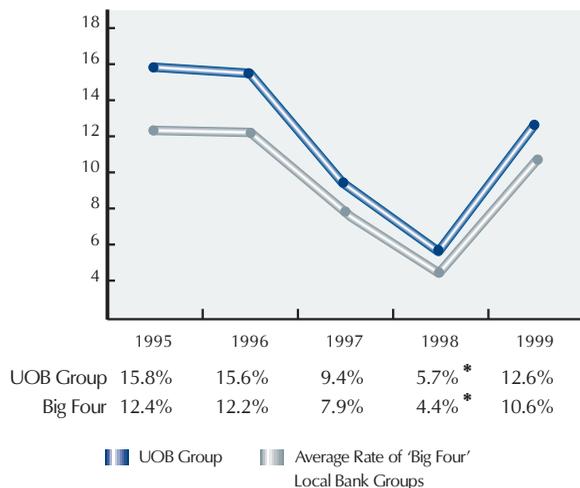
Excludes extraordinary items.

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

FINANCIAL HIGHLIGHTS

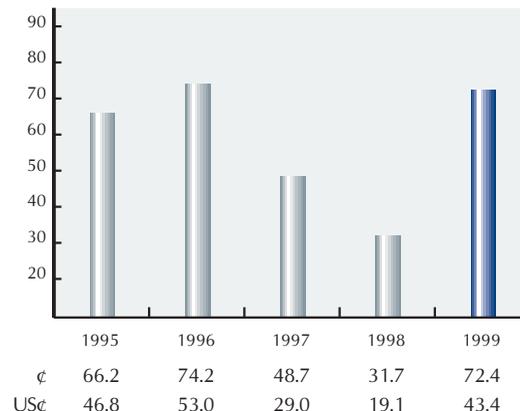
GROUP RETURN ON AVERAGE EQUITY

1999: 12.6% ■■ + 6.9% points
 1998: 5.7%



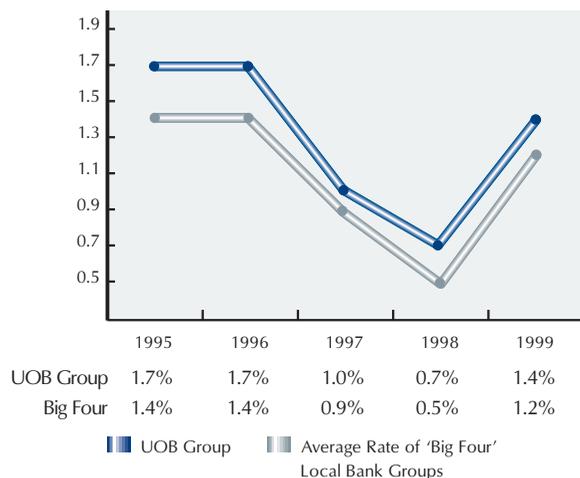
GROUP ADJUSTED EARNINGS PER SHARE

1999: 72.4 cents ■■ + 128.4%
 1998: 31.7 cents



GROUP RETURN ON AVERAGE TOTAL ASSETS

1999: 1.4% ■■ + 0.7% point
 1998: 0.7%



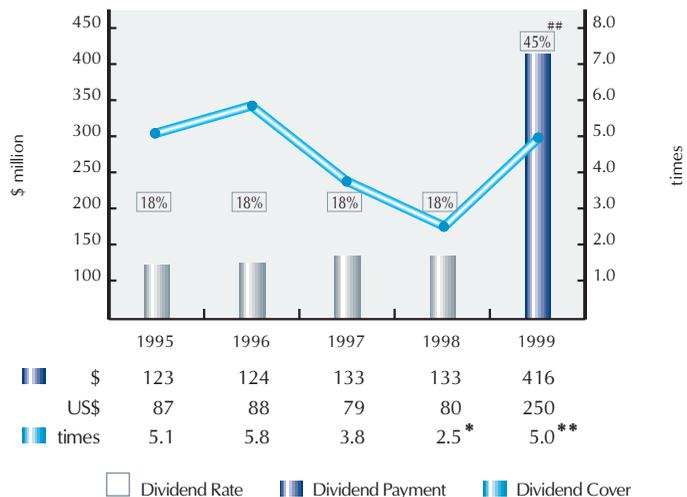
DIVIDENDS

DIVIDEND PAYMENT

1999: \$416.1 million ■■ + 214.0%
 1998: \$132.5 million

DIVIDEND COVER

1999: 5.0 times ■■ + 100.0%
 1998: 2.5 times



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

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

We are guided by our four Core Values in all that we do.

▶ ***INTEGRITY***

We maintain the highest standards – ethical, moral and legal – in all our dealings with our customers and with each other, without compromise.

▶ ***TEAMWORK***

We work as a team in which everyone, even the most brilliant, is united to reach our personal and corporate goals through cooperation and mutual loyalty.

▶ ***TRUST & RESPECT***

We earn the trust and respect of our customers and colleagues by being open, honest and honourable in all we say and do.

▶ ***PERFORMANCE EXCELLENCE***

We strive to do better every day because we are committed to market leadership throughout our organisation and this will continue to guide our future growth and development.

PERFORMANCE IN 1999

The Asian financial crisis retreated as quickly as it had descended on the region. By the first quarter of 1999, many countries in Asia were enjoying an economic turnaround and, by the end of the year, all the major countries reported positive growth except for China, which witnessed a marginal drop, from 7.8% in 1998 to 7% in 1999.

Propelled by an exceptional growth of 7.1% in the fourth quarter of 1999, Singapore closed the last millennium with a GDP growth of 5.4%. This was a vast improvement over the December 1998 forecast of between minus and plus 1% for 1999. The economic recovery was largely led by a surge in electronic exports, and reinforced by the reduction of operating costs following the cost-cutting measures implemented by the Government in 1998.

In tandem with the regional economic recovery, the Group's 1999 performance improved significantly. After-Tax Profit for the Group increased by 129.2%, from \$331.7 million to \$760.2 million. For the Bank, After-Tax Profit (excluding extraordinary items of \$772.8 million) improved by 135.5%, from \$229.9 million to \$541.5 million. The better result is attributable to increased income from Investment and Commercial Banking as well as lower provisions for Non-Performing Loans (NPLs). Specific and general provisions dropped from \$653.6 million to \$253.5 million at the end of 1999.

The Board of Directors proposes that \$400 million be transferred to General Reserve, and recommends a final dividend of 12% less 25.5% income tax and a special tax exempt bonus dividend of 25%. Together with the interim dividend of 8%, the Total Dividend for 1999 is 45%.

The Group's subsidiaries also benefited from the economic upturn. Far Eastern Bank's After-Tax Profit improved from \$3.8 million to \$8.7 million in 1999, while that of United Overseas Insurance rose from \$1.7 million to \$7.4 million. However, Industrial & Commercial Bank achieved an After-Tax Profit (excluding extraordinary items of \$111.6 million) of \$14.9 million, compared to \$34.3 million in 1998.

Malaysia had a good 1999, and our wholly-owned subsidiary, United Overseas Bank (Malaysia) Bhd achieved a growth of 58.1% in After-Tax Profit, from RM140.9 million to RM222.7 million.

MAJOR ACHIEVEMENTS IN 1999

In my Report last year, I had stated that the Bank would be looking for business opportunities outside Singapore. To this end, we have acquired majority interests in a bank in Thailand and another bank in the Philippines. UOB purchased a 75% interest in UOB Radanasin Bank for a consideration of \$650.6 million, and a 60% interest in United Overseas Bank Philippines for a consideration of \$124.5 million. The two new subsidiaries are being re-organised and we expect them to be profitable soon.

We have also fully acquired a Thai stockbroking company. UOB Securities (Thailand) Co. Ltd will enhance our stockbroking operations in the region where we already have a presence in Singapore, Hong Kong S.A.R., Indonesia, Malaysia and the Philippines.

In line with our objective of expanding our overseas business, our joint venture subsidiary, P T United Overseas Bank Bali opened a sub-branch in Tanjung Pinang (Bintan), its sixth office in Indonesia. Including the branches of our regional subsidiaries, the Group's worldwide network of offices now stands at 305.

UOB Asset Management has also spread its wings in the past year. It obtained three mandates, from Banque du Louvre of France, Tokai Bank of Japan and Union Bancaire Privée of Switzerland to manage their Nouvelle Croissance Asie Fund, Asia Stock Portfolio Fund and South Pacific & Asia Fund respectively.

I am also pleased to report that the Group had a very smooth crossover into the new millennium. At the same time, the Bank's introduction of Internet trading for equities and unit trusts through UOB Securities and UOB Asset Management respectively received good response from our customers. During the year, we also implemented Internet trading for foreign exchange.

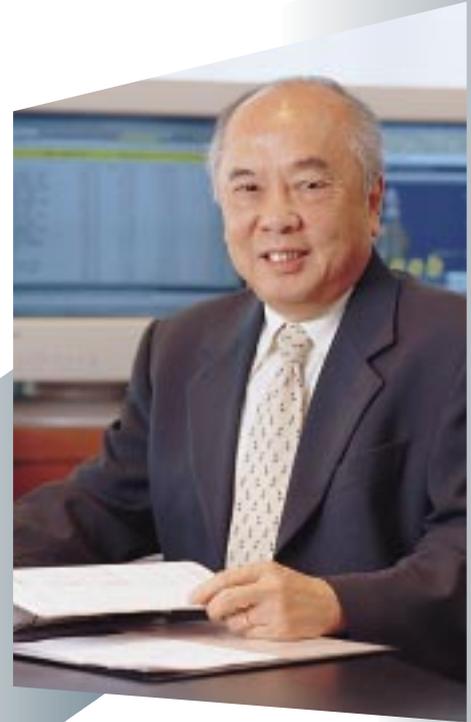
CORPORATE DEVELOPMENTS IN 1999

The Group's corporate structure was further rationalised during the year under review.

Our wholly-owned subsidiary, Chung Khiaw Bank was merged into UOB, thus reducing the Group's banking subsidiaries to three – UOB, Far Eastern Bank and Industrial & Commercial Bank.

United Overseas Finance, a listed subsidiary, was privatised with effect from 2 February 2000. Steps are now being taken to save costs by merging its operations with the Bank, thus eliminating product duplication and wastage of resources.

The Bank has also signed an agreement to form a new company by merging our stockbroking arm, UOB Securities with Kay Hian Holdings, a stockbroking, research and management services company, and to transfer our stockbroking interests in Hong Kong S.A.R., Indonesia, Malaysia, the Philippines and Thailand to the new company. The merger will lead to a bigger and more efficient stockbroking group.



Wee Cho Yaw
Chairman & Chief Executive Officer

In line with the Singapore Government's policy to lift the restriction on foreign ownership of bank shares, UOB merged the foreign and local counters of its shares listed on the Singapore Exchange.

2000 PROSPECTS AND PLANS

Barring a crash in the equities market in the United States and political instability in the region, the Asian economic recovery should continue to gather momentum in 2000. The Asian Development Bank has forecast a growth rate of 5% for the region.

The Singapore economy is expected to improve by 4.5% to 6.5% this year. But with further liberalisation of the financial sector, competition in the domestic market will intensify. This will inevitably lead to a pressure on margins and profitability. The Group intends to meet the challenges with a three-pronged approach.

In Singapore, we will strive for market share and to maintain our margins by improving our Service Quality and introducing more customer-driven products and services, especially through our Internet delivery channel. Our work processes will be improved and upgraded with one fundamental objective – to effectively meet the needs of our customers in every way.

Secondly, we will continue to expand our regional capability in such areas as consumer banking, trade financing and treasury products and services. Within the Association of South East Asian Nations (ASEAN), we now have banking subsidiaries in Malaysia, Indonesia, the Philippines and Thailand. We are also present in Vietnam and Myanmar. In the rest of the Asia-Pacific, we have branches in China, Taiwan, Japan, South Korea and Australia. With this strong presence, and our branches and offices in the rest of the world, we are well positioned to maximise the business opportunities offered by the economic recovery.

To energise the Group to meet our objectives in the 21st century, our Human Resource philosophy will be based on *ownership* and *accountability*. Members of the Group, whether they be Management or staff of business and backroom units, must consider themselves as co-owners of the corporation. They will be encouraged to manage their units as their own businesses and will be rewarded/held accountable according to the achievement of their set targets.

As the environment changes, so must our corporate culture evolve to keep pace with the new developments. Management will focus on career development and equitable rewards based on performance. Staff members are expected to give their best to the Group and to work together as a concerted team.

BOARD DIRECTORS

We are pleased to welcome three distinguished gentlemen to our Board of Directors, Mr Wong Meng Meng, Senior Counsel with Wong Partnership; Mr John C Dean Jr, President & Chief Executive Officer of Silicon Valley Bancshares and Chairman of Silicon Valley Bank; and Mr Sim Wong Hoo, Chairman, Chief Executive Officer & Co-Founder of Singapore-based Creative Technology. All three bring with them invaluable expertise and experience that will help the Group meet the many challenges in the new millennium. Mr Wong Meng Meng has also kindly agreed to serve as the Chairman of our Nominating Committee.

Mr Wee Ee Cheong has been appointed Deputy Chairman & President of the Group. The Group now has two Presidents reporting to the Chairman, the other being Mr Ernest Wong Yuen Weng.

Board Directors, Dr Richard Eu Keng Mun, Mr Wee Chong Jin and Mr Tan Keong Choon will be retiring at the forthcoming Annual General Meeting. On behalf of the Board, I thank them for their invaluable contributions to the Group and wish them every success for the future.

ACKNOWLEDGEMENTS

I wish to record my deep appreciation to my fellow Directors for their wise counsel during the year. I also thank Management and staff members for their dedication and contributions.

Wee Cho Yaw
Chairman & Chief Executive Officer
March 2000

ADVISER (RESEARCH)**Dr Goh Keng Swee****GENERAL MANAGEMENT****Wee Cho Yaw**Chairman &
Chief Executive Officer**Wee Ee Cheong**

Deputy Chairman & President

Wong Yuen Weng Ernest

President

Gn Hiang MengSenior Executive Vice President
Investment Banking**Poon Hon Thang Samuel**Senior Executive Vice President
Commercial Banking**Ong Sea Eng Terence**Senior Executive Vice President
International Banking**Yeo Eng Cheong**Executive Vice President
Commercial Banking**Lim Bak Wee**Executive Vice President
Information Technology**Kuek Tong Au**Executive Vice President
Finance & Administration**Sim Puay Suang (Ms)**Executive Vice President
Commercial Banking**SECRETARY****Chan Vivien (Mrs)**Senior Vice President
Legal & Secretariat**SHARE REGISTRAR**

Lim Associates (Pte) Ltd

10 Collyer Quay
#19-08 Ocean Building
Singapore 049315**AUDITORS**

PricewaterhouseCoopers

8 Cross Street
#17-00 PWC Building
Singapore 048424

Partner-in-charge : Dr Chew Kia Ngee

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Telex : RS 21539 TYEHUA

SWIFT : UOVBSGSG



Tan Keong Choon



Wong Yuen Weng Ernest
President



Dr Eu Keng Mun Richard



Wee Cho Yaw
Chairman &
Chief Executive Officer



Wee Chong Jin



Wee Ee Cheong
Deputy Chairman & President



Prof Lim Chong Yah



Ho Sim Guan

New Board Members
(appointed on 14 March 2000)
Wong Meng Meng
John C Dean Jr
Sim Wong Hoo

Executive Committee
Wee Cho Yaw *(Chairman)*
Wee Ee Cheong
Wong Yuen Weng Ernest
Dr Eu Keng Mun Richard
Ho Sim Guan

Audit Committee
Wee Chong Jin *(Chairman)*
Wong Yuen Weng Ernest
Prof Lim Chong Yah

Nominating Committee
Wong Meng Meng *(Chairman)*
Wee Cho Yaw
Wong Yuen Weng Ernest
John C Dean Jr
Sim Wong Hoo

**The Administering Committee
(Share Option Scheme)**
Wee Cho Yaw *(Chairman)*
Wee Ee Cheong
Dr Eu Keng Mun Richard
Ho Sim Guan

United Overseas Bank Limited strives to achieve best practices in corporate governance and business conduct.

It has complied with the Best Practices Guide with respect to Audit Committees issued by the Singapore Exchange Ltd (SGX). In this regard, the Company had ensured that the Audit Committee, when making decisions, had the benefit of the views of members who were independent of management. The Audit Committee had full access to and the cooperation of management, including internal auditors, and had full discretion to invite any director and executive officer to attend its meetings. The Audit Committee was given adequate resources to enable it to discharge its functions.

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

BOARD OF DIRECTORS

The United Overseas Bank Limited Board is responsible for the corporate governance of the Company. It oversees the business and affairs of the Company and establishes the strategies and financial objectives to be implemented by management. Through board meetings and various committees appointed by the Board, the Board monitors the performance of the Company and safeguards the Company's assets.

EXECUTIVE COMMITTEE

The Board has established an executive committee of directors (Exco) to assist the Board. The members of the Exco are Dr Eu Keng Mun Richard, Mr Ho Sim Guan and the three executive directors. Certain authority and functions of the Board, such as the formulation and review of policies, overall planning and review of strategy, dealing with business of an

urgent, important or extraordinary nature, have been delegated to the Exco. The Exco meets monthly while the Board meets at least four times a year.

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

AUDIT COMMITTEE

The Audit Committee comprises three members, two of whom are non-executive directors. Mr Wee Chong Jin, an independent director, chairs the Audit Committee. The Committee holds at least three meetings a year. 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 accounting 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 finding of internal investigations;
- nominates a person or persons as external auditor;
- reviews the assistance given by the Company's officers to the internal and external auditors; and
- reviews interested person transactions.

NOMINATING COMMITTEE

A Nominating Committee was formed on 14 March 2000 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 key management positions of the Chief Executive Officer, Deputy 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 Nominating Committee comprises the following directors:

- Wong Meng Meng
Chairman of the Committee
(appointed as director on 14 March 2000)
- Wee Cho Yaw
- Wong Yuen Weng Ernest
- John C Dean Jr
(appointed as director on 14 March 2000)
- Sim Wong Hoo
(appointed as director on 14 March 2000)

BUSINESS RISKS/INTERNAL CONTROLS

The Board considers the management of key business risks to be an important and integral part of the Company's overall internal control framework. The Company identifies business and operational risks and manages such risks. The Company's risk framework covers four key areas, namely, counterparty, credit and country risks, managed through the Credit Committee; balance sheet, market and liquidity risks, managed through the Asset Liability Committee; equity risks, managed through the Investment Committee; and operational risks, managed through the Management Committee.

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

PERFORMANCE PLANNING AND MONITORING

The Company 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.

OTHER GOVERNANCE PROCESSES

The Board has been kept informed of the efforts made by the Computer Committee in ensuring that the Group's investments in IT are in line with the Group's business strategy and that its operating systems are Year 2000 compliant.

ETHICAL STANDARDS

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

The Company has also adopted the SGX'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.

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 and managed, and the returns must commensurate with the risks taken.

There is a strong, centralised and independent risk management governance structure on:

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

The risk management governance structure takes the form of overall responsibility by the Board of Directors, review and approval by top management, as well as operational responsibility and control by our risk management and risk control teams.

COUNTERPARTY, CREDIT AND COUNTRY 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. These obligations may arise from lending, trade finance, treasury and other activities undertaken by the Bank.

The Bank has in place policies, guidelines and procedures to control and monitor such risks. The risk parameters for accepting credit risks are clearly defined and complemented by policies and processes to maintain a well-diversified and high quality credit portfolio.

Regular review and reporting are conducted on the Bank's asset concentrations and portfolio quality using internal credit ratings, industry exposures, level of non-performing loans and adequacy of provisioning requirements.

Credit review/audit is performed regularly to ensure that credit quality is maintained and that credit

policies/procedures are complied with.

In respect of country risk, this is the risk that the Bank 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 might not have been impaired.

Country and cross-border obligations are monitored and managed through a system of country limits, based on internal country credit gradings, to avoid concentration of transfer, economic or political risks. These limits are regularly reviewed and reported.

BALANCE SHEET RISK

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 Bank which is not of a trading nature.

Balance sheet risk is managed through a framework of approved policies and limits and reported regularly.

The balance sheet interest rate risk exposure is calculated using a combination of simulation modelling techniques and analysis tools. Stress and scenario tests depicting shifts and tilts in yield curves are performed regularly on the banking book. In addition, the structural foreign exchange risk in the balance sheet arising from the Bank's capital and earnings in our foreign branches and subsidiaries are dynamically managed and stress tested periodically. These 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.

Risk arising from the trading book in interest rate, foreign exchange and equity prices are managed and controlled under the market risk framework which is discussed under 'Market Risk'.

LIQUIDITY RISK

Liquidity risk is defined as the potential loss arising from the Bank's inability to meet its own contractual obligations when due.

Liquidity risk is managed through a framework of liquidity policies, controls and limits. These policies, controls and limits ensure that the Bank maintains well-diversified sources of funding, as well as sufficient liquidity to meet all its contractual obligations when due.

Contingency funding plans have been drawn up to ensure that alternative funding strategies are in place to meet any unexpected liquidity needs of the Bank.

MARKET RISK

Market risk is defined as the potential loss arising from changes in market prices, namely, foreign exchange, interest rates and equity prices. Market risks are calculated using Value-at-Risk methodologies – variance/covariance and simulation models.

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 annually.

Transactions undertaken for trading purposes are marked-to-market and the resulting gains and losses are taken up in the profit and loss accounts. Transactions designated as hedges are accounted for in a manner consistent with the accounting treatment of hedged items.

Stress and scenario tests are performed on the trading and investment portfolios to provide early warning of potential worst case losses so as to facilitate proactive management of these risks in the rapidly changing financial markets.

A risk-reward measure of Earnings-at-Risk is used as a

standard measurement of the risks against related rewards across different products and business types.

OPERATIONAL RISK

Operational risk is defined as the potential loss arising from a breakdown in the Bank's internal control or corporate governance that results in error, fraud, failure/delay to perform, or compromise of the Bank'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 Bank's credibility and ability to transact, maintain liquidity and obtain new business.

Operational risk is managed through an integral framework designed to assess, monitor, control and report such risks. The framework employs a variety of operational risk techniques and methodologies like risk profiling, operational risk self-assessment, monitoring of key operational risk indicators and, where appropriate, through risk transfer mechanisms such as insurance. Included in this framework is a disciplined product programme process. This requires business units to detail the procedures, controls and types of risks associated with each new product as well as how these risks are managed.

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 of and consultation of the Bank's legal and external counsel to ensure that legal advice is appropriately taken within established guidelines.

In addition, our Group Internal Audit monitors compliance by business and operation units with these operational control standards.

OUR VISION

Our vision for the new millennium is to be a premier bank in the Asia-Pacific region. To achieve this, we have expanded our regional presence and adopted a strategy that places quality products and excellent customer service at the centre of everything that we do.

REGIONAL EXPANSION

In November 1999, we purchased a 60% stake in Westmont Bank of the Philippines and a 75% interest in Radanasin Bank Public Company Limited of Thailand. Both joint venture banks have been renamed United Overseas Bank Philippines and UOB Radanasin Bank Public Company Limited respectively. United Overseas Bank Philippines has a network of 97 branches operating throughout the Philippines while UOB Radanasin Bank has 68 branches in Thailand.

We have also fully acquired a Thai stockbroking company, Ocean Securities Co. Limited. The company, which has been renamed UOB Securities (Thailand) Co. Ltd, also has an underwriting licence to engage in corporate finance activities. This will enhance the strengths and capabilities of our business in Thailand. UOB Securities (Thailand) Co. Ltd, with four offices in Thailand, will also add significant weight to our stockbroking operations in the region where we already have a presence in Singapore, Hong Kong S.A.R., Indonesia, Malaysia and the Philippines.

These acquisitions, together with the opening of our P T United Overseas Bank Bali (UOBB) Bintan Sub-Branch in Riau, Indonesia in December 1999, have enlarged our overseas network to 234 offices, and our international network to 305 in 17 countries.

We were acknowledged for our expertise in Asian equities when our global asset management subsidiary, UOB Global Capital LLC, successfully clinched mandates from Banque du Louvre of France, Tokai Asset Management of Japan and Union Bancaire Privée Asset Management of Switzerland. These mandates to manage the Asian equity funds of these prestigious institutions were awarded to UOB Asset Management Ltd, our fund management arm.

During the year, UOB Global Capital LLC also forged a joint venture with London-based Greenoak Capital Management Ltd to manage private equities. Its first fund, the UOB Greenoak European Private Equity Fund, was introduced to investors worldwide and aims to raise Euro 300 million in commitments by 2000.

In line with our strategy to invest in high technology companies, our venture capital arm, UOB Venture Management Private Limited (UOBVM), established an office in San Francisco in 1999 so as to be closer to developments in Silicon Valley. Recognising the immense potential of technology ventures in Greater China, UOBVM also signed several Memorandums Of Understanding to manage various local venture funds in China.

Acquisitions and expansion dominated the second half of 1999 when our joint venture bank in Indonesia opened a sub-branch in Bintan, and we purchased majority interests in a bank each in Thailand and the Philippines, since renamed UOB Radanasin Bank and United Overseas Bank Philippines respectively.

CONSOLIDATION

While growing regionally, we continued to consolidate our operations in tandem with the constantly changing financial landscape.

As part of our rationalisation process, we merged Chung Khiaw Bank Limited, our wholly-owned banking subsidiary, into UOB in September 1999.

We have also privatised our finance arm, United Overseas Finance Limited (UOF), to allow for better integration of similar businesses between UOF and the Bank and to achieve greater efficiency.

Following the Monetary Authority of Singapore's announcement in May 1999 on the lifting of the limit on foreign shareholdings in Singapore-incorporated banks, we merged our local and foreign share counters which commenced trading on the Singapore Exchange as a single counter on 15 November 1999. Consequently, we expect our investor base to expand and the trading liquidity of UOB shares to increase.

The share merger will also facilitate capital enlargement.

During the year, three of our branches in Singapore were consolidated to improve productivity. Our domestic branch network now stands at 71.

NEW DELIVERY CHANNELS, NEW SERVICES

We continue to develop new ways of delivering our banking services to our customers. The focus in the new millennium would be to seek out new business growth opportunities on the Internet in our quest to develop a virtual bank and, at the same time, deepen customer relationships by offering a wider range of products and services through both new and traditional delivery channels.

Reinforcing our aim to be a leading player in the business-to-consumer and business-to-business arenas, we simultaneously launched four new Internet innovations in September 1999.



Through our fund management arm, UOB Asset Management Ltd, we were the first bank in Singapore to offer online transactions in unit trusts with the UOBAM ONLINE service. UOB Securities Pte Ltd, our stockbroking subsidiary, was also among the first bank-backed broking companies in Singapore to provide Internet stock trading through its UOBS trader service. UOB e-Treasury, a revolutionary real-time online foreign exchange trading web site, is yet another first in the Singapore banking industry.

Our b2b hub is an end-to-end business-to-business e-commerce solution that not only provides the workflow engine to facilitate seamless transactions between suppliers and buyers but also gives businesses the added advantage of online payment facilities.

Efforts are now underway to expand the geographical scope of our b2b services to countries in the region, including Malaysia, Hong Kong S.A.R. and China. This is in line with our ultimate vision of building an Asian Business Portal.

During the year, we launched UOB Mobile Banking Plus, a service that allows customers to do their banking and credit card transactions via their mobile phones, using advanced and intelligent wireless technology. This marks the first step in our creation of a one-stop mobile lifestyle portal that will eventually allow our customers to perform exciting e-commerce

transactions like fast food ordering, restaurant reservations, and movie and concert bookings.

Service enhancements were also made to our Internet banking web site, UOB CyberBank. These included an enhanced security technology for the web site, and the launch of a co-branded personal finance web site through a tie-up with Yahoo! Singapore. Visitors to the UOB CyberBank web site can now check out the latest financial news and real-time stock prices while UOB customers can also perform their banking transactions, all from one secure, convenient location.

Other new features available on UOB CyberBank include the ability of UOB CPF Investment Account holders and UOB Credit Cardmembers to make enquiries and perform transactions on their UOB CPF Investment and UOB Credit Card Accounts respectively. Yet another enhancement is CyberDebit which gives customers the option to pay for their online purchases made from a variety of lifestyle web sites by directly debiting their UOB accounts on UOB CyberBank.

Total unit trust assets managed by UOB Asset Management Ltd, surpassed the \$1 billion mark in 1999, making it the first fund management company in Singapore to achieve such a milestone.

In 1999, we broadened our range of banking and financial products – from debit and credit cards to mobile banking and new unit trusts – to meet the diverse needs of our customers.

In 1999 alone, UOB Asset Management Ltd launched six new unit trust funds, namely, the United Millennium Trusts – Millennium I, Millennium II and Millennium III, United Global Telecoms Fund, United Asia Top 50 Fund and United Global UNIFEM Singapore Fund. The United Global Telecoms Fund received overwhelming endorsement from investors, with its fund size reaching \$425 million by end-1999, thus earning the distinction of being the largest unit trust fund in Singapore.

Besides the 23 wide-ranging unit trusts under the management of UOB Asset Management Ltd, we also launched seven third party unit trusts during the year. These unit trusts invest mainly in equities and bonds in the European and/or global markets.

During the year, we added to our consumer business a financing programme for new passenger cars. We intend to expand the business to include the second-hand car and commercial vehicle markets.

In the card business, we extended our credit card range by launching the UOB VISA Platinum Smart

Card and the SingTel-UOB VISA Card. While the former accords exceptional purchasing power and a totally new dimension in service to those who enjoy greater success in life, the latter is a co-branded credit card that bundles together innovative and relevant value-added services to Cardmembers who are SingTel Mobile phone users.

We also became the first bank in Singapore to launch the UOB VISA Electron Card, an international debit card. This was quickly followed by two co-branded VISA Electron programmes in our pursuit to provide outstanding customer value.

In our continuing move to bring greater convenience to our customers, we installed 22 Passbook Updating Machines during the year. These machines give our customers the flexibility to update their passbooks without the hassle of queuing at the bank counters.



MERCHANT BANKING

Our capital market activities were given a boost when UOB Asia Limited, our merchant banking subsidiary, was accorded Approved Bond Intermediary status by the Monetary Authority of Singapore, thus allowing us to qualify for tax incentives.

In 1999, UOB Asia Limited successfully arranged a \$300 million financing package comprising a five-year Term Loan, Bonds and Warrants Issue for United Overseas Land Limited and, together with our UOB Labuan Branch, it completed a HK\$900 million three-year Negotiable Floating Rate Certificates of Deposit for Public Bank Bhd. UOB Asia Limited also jointly arranged a \$250 million Transferable Loan Facility for Singapore Cable Vision Limited.

In 1999, UOB Asia Limited also successfully lead managed five initial public offerings (IPOs) in Singapore and Hong Kong S.A.R., raising proceeds totalling about \$134 million.

Two of the IPOs, managed jointly with UOB Asia (Hong Kong) Limited, were dual listings on both the Singapore Exchange and the Hong Kong Stock Exchange, while one was on the Main Board of the Singapore Exchange and two on SESDAQ. We were the first to sponsor IPOs involving simultaneous listing on the Singapore Exchange and the Hong Kong Stock Exchange.

VENTURE MANAGEMENT

As at end-1999, UOB Venture Management Private Limited (UOBVM), our venture capital arm, had four funds exceeding \$240 million under its management, and had invested into more than 20 diverse companies in Singapore and overseas. Seven of the portfolio companies under the funds that it managed were publicly listed either on the Singapore Exchange or NASDAQ, while two companies were acquired by NASDAQ-listed companies.

TREASURY

Treasury activities continue to be a key area of growth for the Bank, even as we strengthen our capability to deliver quality customer service and to diversify our range of treasury products.

We remained a dominant player and market maker in Singapore Dollar treasury instruments as well as a major primary dealer in Singapore Government Securities. We also maintained our leading position as Singapore's premier correspondent bank for Singapore Dollar cheque clearing services. In addition, we lead arranged a US\$170 million 364-day Transferable Term Loan Facility for KorAm Bank of Seoul.

Executing our regional growth strategy relies heavily on state-of-the-art technology. Our technology thrust for the new millennium is to introduce new technology-based products and new delivery channels, such as the Internet and mobile commerce, to expand our reach and take us to the forefront of electronic banking and e-commerce.

Our futures broking arm, UOB Bullion and Futures Limited, now offers rubber and coffee contracts to customers following its successful application to be a commodity futures broker under the Commodity Futures Act.

TECHNOLOGY

During the year, we continued to invest in state-of-the-art technology to expand our reach, to understand our customers and their needs better, to improve process efficiency and to take us to the forefront of electronic banking and e-commerce.

In 1999, much work was undertaken in the areas of communicating with our customers via the Internet, in data warehousing and in data mining.

We achieved a milestone in the local banking industry when our enterprise data warehouse crossed into the Terabyte league. This significantly increases our

capacity to market products and services that are specific to the lifestyle needs of our customers.

YEAR 2000

Preparations for a smooth transition into the new millennium began as early as 1996. Those preparations included the performance of extensive tests to ensure that all our systems were Year 2000 (Y2K) compliant. Our bankwide event management infrastructure met the challenges of the Y2K crossover as well as the leap month crossover with no disruption to either our customers or to our own operations in Singapore and across the globe. For this, credit must go to the commitment of over 1,300 staff who worked around the clock over the New Year holidays.



In the year 2000, we will continue to closely monitor any further development on issues relating to the Y2K dates and we are confident that all our computer systems and business services will function without interruption as we crossover into the year 2001 on 31 December 2000.

ACCOLADES

The strength of the Bank was recognised during the year when Asiamoney voted us Singapore's Best Bank for the fourth year running as well as Asia's 3rd Best Bank.

Our fund management capability too was well recognised when four unit trust funds managed by UOB Asset Management Ltd bagged the Best Fund Performance Awards for 1999 in their respective categories at the Standard & Poor's Investment Funds Performance Awards 2000 ceremony. At the 1999 Investment Fund Awards, UOB Asset Management Ltd also clinched top and special awards for four of its unit trusts.

Our custody services in Singapore earned a 'Commended' rating for the fifth successive year from the US-based Global Custodian magazine in its 1999 Agent Bank Review, and a 'Star' rating for its safekeeping standards from the UK-based

GSCS Benchmarks magazine in its 1999 Review of Subcustodian Services. In addition, Global Custodian also awarded a 'Commended' rating for our custody service capabilities in Malaysia in its 1999 Emerging Markets Agent Bank Review.

For the second consecutive year, UOB Bullion and Futures Limited, our futures broking arm, was conferred the Top Clearer Award 1998/1999 for customers' trades in contracts executed on the Singapore International Monetary Exchange (now known as the Singapore Exchange).

PEOPLE

For us to provide excellent customer service and thus satisfied customers, we need first to demand excellence of ourselves. Our training, therefore, focuses on the creation of a strong service culture. It also emphasises the development of information technology and e-commerce skills to support our business strategy and objective to be a premier regional bank. To this end, more than 9,000 training places were created in 1999.

*Left to right:
Part of our profile as a corporate citizen involves our support for the development of the arts. Accolades received for the year testify to our strengths in fund management, and in both the local and regional banking arenas. In a highly competitive banking environment, our training increasingly places emphasis on the value of Quality – in service and in products – that will set us apart from the competition.*

COMMUNITY SUPPORT

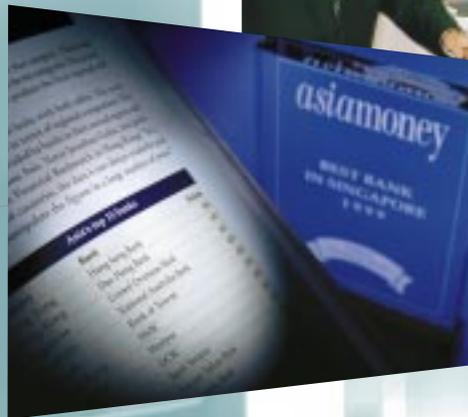
During the year, we maintained our support for cultural, educational and charitable activities and, in particular, on promoting the growth of the arts in Singapore.

Our annual Painting Of The Year Competition and Exhibition is growing from strength to strength. In its 18th year, it is now recognised as the enriching platform for some of the best creative talents in Singapore.

Our other arts initiatives included supporting productions by TheatreWorks and Toy Factory Theatre Ensemble, two local theatre companies.

In recognition of our strong commitment to the arts in Singapore, we were conferred the Friend Of The Arts Award 1999 by the National Arts Council.

In education, we supported the Lim Chong Yah Professorship Fund at the Faculty of Arts and Social Sciences in the National University of Singapore. Local undergraduates also continue to benefit from our Scholarship To Assist and Reward Talented Students (STARTS) Scheme, now in its 26th year.





GROUP FINANCIAL REVIEW (CONSOLIDATED)

OVERVIEW OF GROUP PROFITS	28
SHAREHOLDER RATIOS (INCLUDING ROE)	28
NET INTEREST INCOME	29
NON-INTEREST INCOME	30
OPERATING EXPENSES	31
PROFIT AND PROVISIONS	32
EXPOSURE TO THE FIVE REGIONAL COUNTRIES, CHINA AND HONG KONG S.A.R.	37
TOTAL ASSETS	38
LOANS AND ADVANCES TO NON-BANK CUSTOMERS	39
DEPOSITS	40
SHAREHOLDERS' FUNDS	41
UNREALISED SURPLUS FROM REVALUATION	41
CAPITAL ADEQUACY RATIO	42

OVERVIEW OF GROUP PROFITS

The Group achieved a record profit for 1999 with net profit after tax reaching \$760 million. This represented a growth of \$428 million or 129.2% over the \$332 million recorded in 1998. The growth was due mainly to lower provisions, higher fee and commission income from increased unit trust and credit card activities, higher income from stockbroking and investment banking businesses as a result of the improved regional markets, as well as higher profits from associates. These were partially offset by lower net interest income due mainly to

lower interest earned on the Group's excess funds as a result of the low inter-bank rates in 1999, and lower outstanding loan balances, which were partially negated by a better loan spread.

In view of the exceptional surplus arising from the merger of Chung Khiaw Bank Limited into the Bank, the Directors of the Bank have proposed a special bonus dividend (tax exempt) of 25% and a higher final dividend of 12% (1998: 10%). Together with the interim dividend of 8% (1998: 8%), the total dividend for 1999 will amount to 45% (1998: 18%).

SHAREHOLDER RATIOS (INCLUDING ROE)

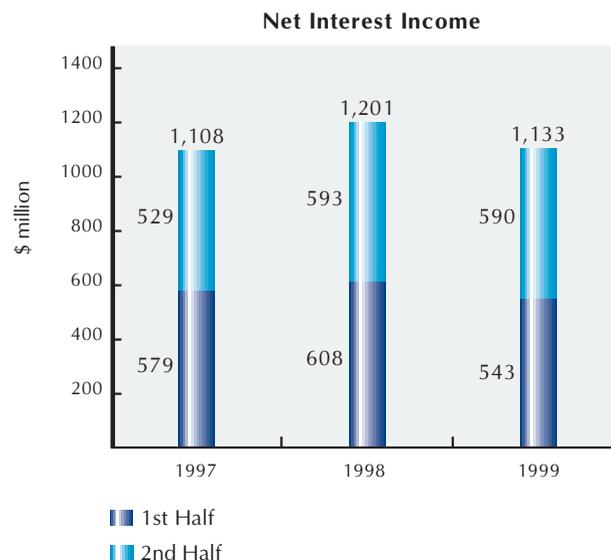
- (1) Earnings per share increased by 128.4%, from 31.7 cents in 1998 to 72.4 cents in 1999. The price over earnings per share (P/E) ratio, based on the Bank's last done share price of \$10.30 on 23 March 2000, was 14.2.
- (2) Return on average shareholders' funds, at 12.6%, increased by 6.9% points from 5.7% in 1998.

- (3) Net tangible asset backing per share rose by \$0.27, from \$5.62 in 1998 to \$5.89 in 1999.
- (4) Total dividends of 45% (1998: 18%) were 1.8 times covered by net profit (1998: 2.5 times). Dividend coverage would be 5 times if the special bonus dividend is excluded.

NET INTEREST INCOME

Net interest income for the Group decreased by \$68 million or 5.7%, from \$1,201 million in 1998 to \$1,133 million in 1999. Net interest income continued to be the major contributor of total income, accounting for about 63.4% (1998: 70%) of total income.

The decrease in net interest income was due mainly to lower Group average interest margin and, to a lesser extent, a lower loan volume. This was partially offset by a better loan spread. The drop in overall interest margin by 0.3% point, from 2.6% in 1998 to 2.3% in 1999, was primarily attributable to lower interest earned on the Group's excess funds as a result of the low inter-bank rates in 1999.



Group Average Interest Margin

	1999			1998		
	Average Balance \$ million	Average Interest \$ million	Average Rate %	Average Balance \$ million	Average Interest \$ million	Average Rate %
Interest-bearing assets	48,289	2,459	5.1	45,392	3,031	6.7
Interest-bearing liabilities	44,889	1,326	3.0	42,093	1,830	4.3
Net interest income		<u>1,133</u>			<u>1,201</u>	
Group average interest margin*			<u>2.3</u>			<u>2.6</u>

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

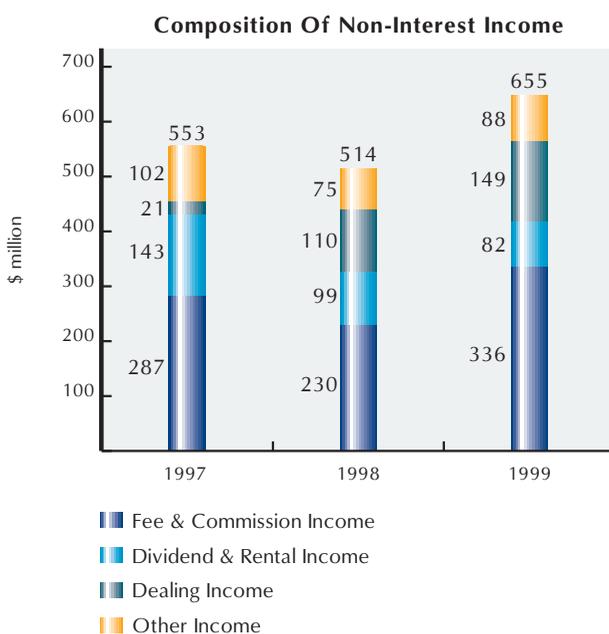
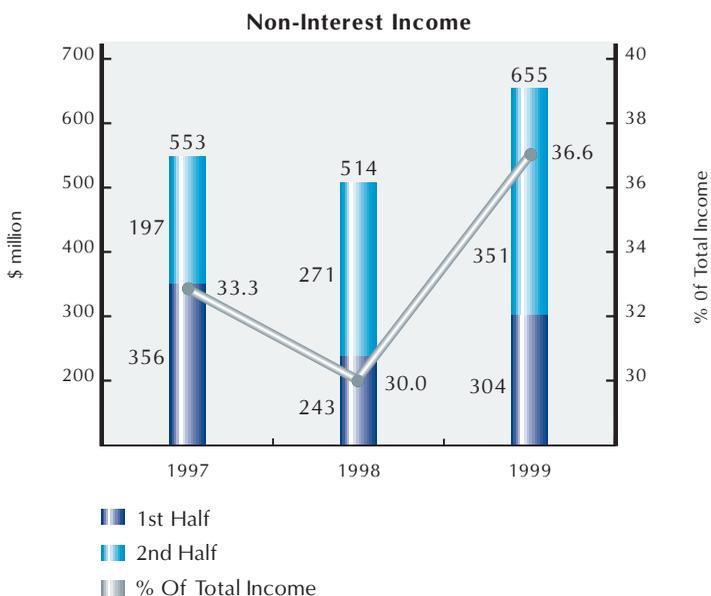
NON-INTEREST INCOME

The Group's non-interest income for 1999 made up 36.6% of total income, higher than the 30% registered in 1998. Total non-interest income was \$655 million in 1999, up \$141 million or 27.5% from \$514 million in 1998.

The increase in non-interest income was due to:

- an increase of \$106 million or 45.9% in fee and commission income, arising from higher income from stockbroking, credit card and unit trust activities;
- a growth in dealing income by \$39 million, derived mainly from gains on dealing securities; and
- a higher other income which rose by \$13 million, from \$75 million in 1998 to \$88 million in 1999. The increase was mainly attributable to net gains earned on the disposal of investment securities as opposed to losses suffered in the previous year, as well as to a higher profit recognised from the sale of the Singapore Exchange Centre.

These increases were partially offset by lower dividend and rental income which declined by \$17 million, from \$99 million in 1998 to \$82 million in 1999, mainly as a result of lower rental income arising from lower rental and occupancy rates.



OPERATING EXPENSES

Total Group operating expenses rose by 2.5% or \$14 million to \$581 million in 1999. This was due to an increase in other operating expenses that was partly negated by lower staff expenses.

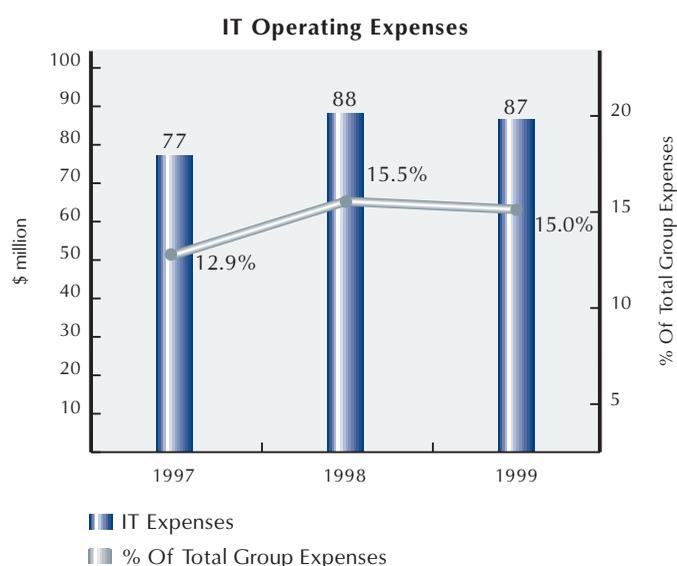
(a) Staff Expenses

Total staff costs were down by 3.1%, from \$294 million in 1998 to \$285 million in 1999 as a result of the reduction in the CPF contribution rate. Manpower, excluding that of United Overseas Bank Philippines and UOB Radanasin Bank Pcl., rose by 172 to reach 6,723 as at 31 December 1999.

(b) Other Operating Expenses

The increase in other operating expenses by 8.4% to \$296 million in 1999 reflected higher brokerage fees and commissions as well as increased marketing and advertising activities, partially offset by a decrease in property tax, lower rental of premises and lower maintenance costs for fixed assets.

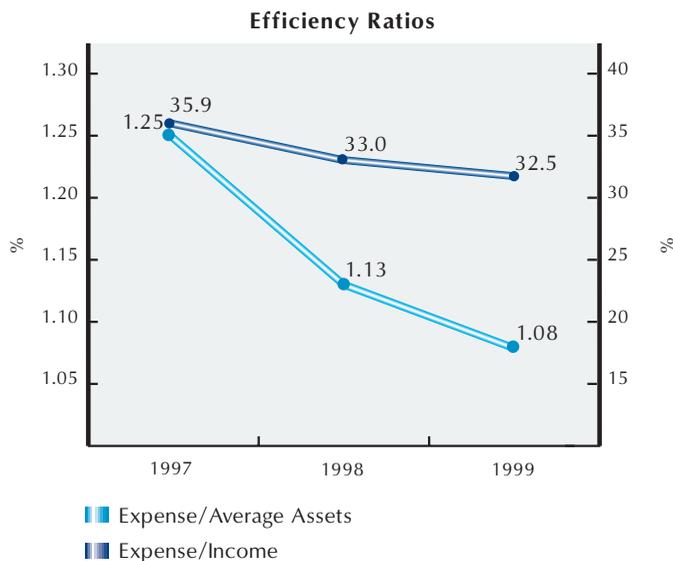
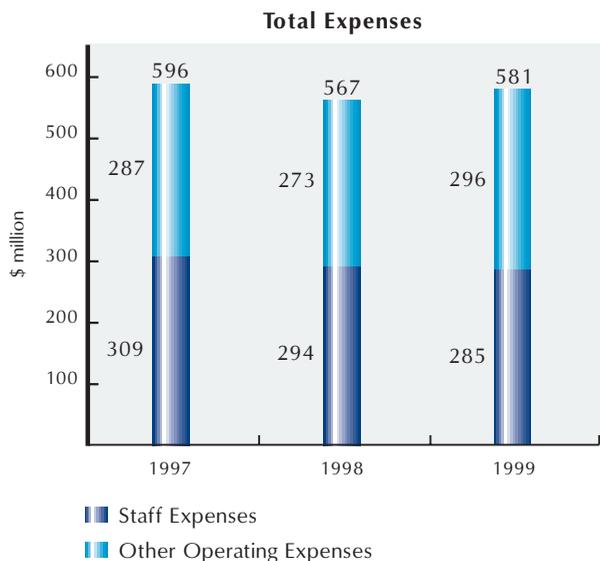
IT operating expenses for the year remained almost unchanged from the previous year, and accounted for 15% of total Group expenses.



(c) Efficiency Ratios

- Expense/Income ratio improved to 32.5% in 1999 (1998: 33%); while

- Expense/Average Assets ratio improved to 1.08% in the same year (1998: 1.13%)

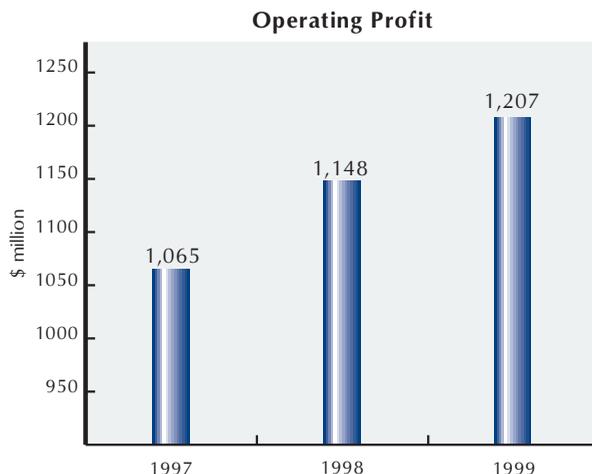


PROFIT AND PROVISIONS

The Group made a profit before tax of \$954 million in 1999, up 92.8% from \$495 million recorded in 1998. Higher operating profit and lower provisions led to the better earnings.

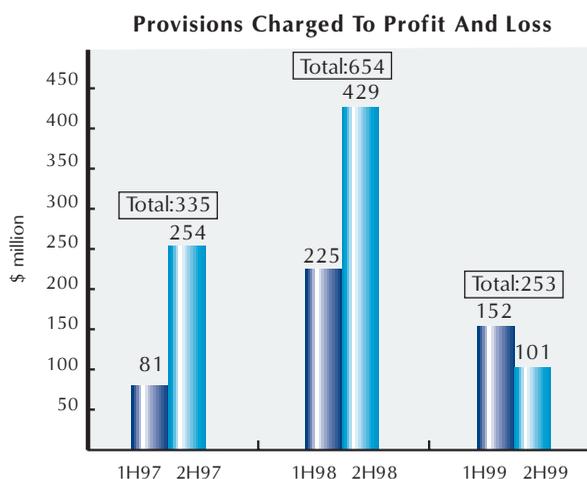
(a) Operating Profit

The total operating profit for the Group grew by 5.1%, from \$1,148 million in 1998 to \$1,207 million in 1999, primarily attributable to higher fee and commission income and higher other income. These were partially offset by lower net interest income.



(b) Provisions

Total provisions made in 1999 amounted to \$253 million. Compared to the charge for provisions of \$654 million in 1998, there was a significant reduction of \$401 million or 61.2%. A lower provision of \$101 million was charged for the second half of 1999 as compared to the first half charge of \$152 million, reflecting improving economic conditions in the region and declining loan defaults.



	First Half 1999 \$ million	Second Half 1999 \$ million	For Year 1999 \$ million	First Half 1998 \$ million	Second Half 1998 \$ million	For Year 1998 \$ million
The Group						
Specific provision for loans	144	94	238	149	296	445
General provision for loans	18	1	19	104	189	293
Specific provision for diminution in value of other assets	(10)	6	(4)	(28)	(56)	(84)
Total provisions	152	101	253	225	429	654
Provisions Charged						
By Major Region:						
Specific Provision						
Five Regional Countries	26	44	70	90	106	196
China and Hong Kong S.A.R.	55	28	83	14	17	31
Singapore and other countries	63	22	85	45	173	218
	144	94	238	149	296	445
General Provision						
Five Regional Countries	6	(9)	(3)	90	132	222
China and Hong Kong S.A.R.	—	(1)	(1)	—	9	9
Singapore and other countries	12	11	23	14	48	62
	18	1	19	104	189	293
Specific provision for diminution in value of other assets	(10)	6	(4)	(28)	(56)	(84)
Total provisions	152	101	253	225	429	654

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

(c) Cumulative Provisions And Non-Performing Loans

(i) Group Non-Performing Loans (NPLs) And Cumulative Provisions

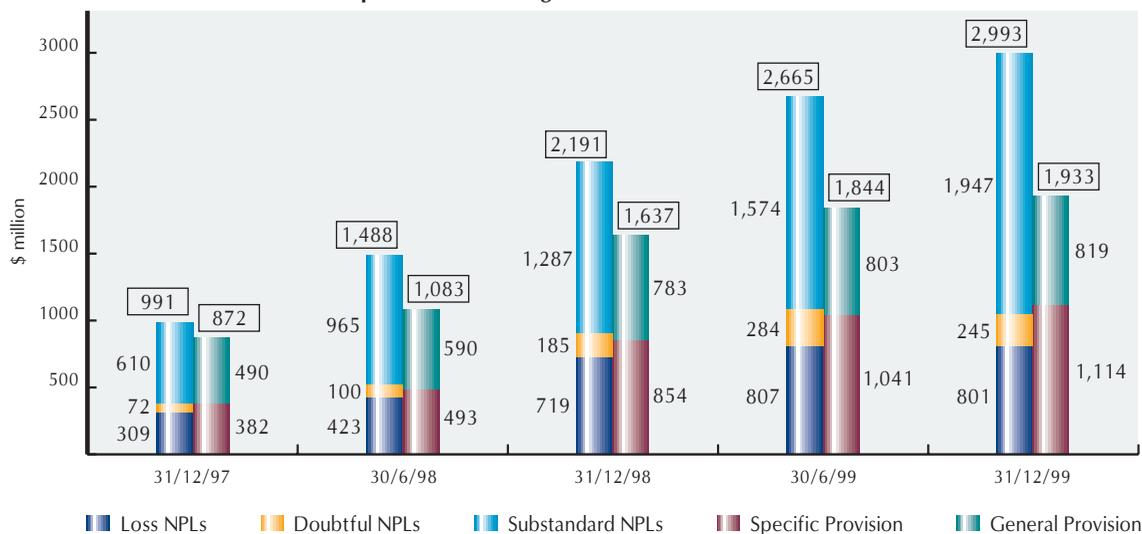
NPLs (worldwide) rose from \$2,191 million as at end of 1998 to \$2,993 million as at the end of 1999. The increase in NPLs in 1999 had slowed down significantly when compared to the increase in 1998. Excluding the increase in NPLs of \$205 million from United Overseas Bank Philippines and UOB Radanasin Bank Pcl., the increase in 1999 would have been \$597 million as compared to the increase of \$1,200 million in 1998.

Total cumulative specific and general provisions

for the Group (worldwide) as at 31 December 1999 amounted to \$1,933 million compared to \$1,844 million as at 30 June 1999 and \$1,637 million as at 31 December 1998. Out of the total cumulative provisions of \$1,933 million, general provision amounted to \$819 million. The total cumulative provisions represented 64.6% of the Group's (worldwide) NPLs of \$2,993 million.

Unsecured NPLs accounted for 49.6% or \$1,484 million of the Group's (worldwide) NPLs of \$2,993 million (1998: 45.8% or \$1,004 million). This amount of unsecured NPLs was 130.3% covered by the total cumulative provisions of \$1,933 million (1998: 163%).

Group Non-Performing Loans And Cumulative Provisions



	31.12.97	30.6.98	31.12.98	30.6.99	31.12.99
Ratios (%)					
NPLs/Gross non-bank (NB) loans	3.2	5.0	7.5	9.3	10.3
Cumulative provisions/NPLs	88.0	72.8	74.7	69.2	64.6
Cumulative provisions/Doubtful & Loss NPLs	228.9	207.1	181.1	169.0	184.8
Cumulative provisions/Gross NB loans	2.9	3.7	5.6	6.5	6.7
Specific provision/Gross NB loans	1.3	1.7	2.9	3.7	3.9
General provision/Gross NB loans	1.6	2.0	2.7	2.8	2.8
NPLs/Total assets	2.0	3.1	4.3	5.0	5.3

	For Year 1997 \$ million	First Half 1998 \$ million	Second Half 1998 \$ million	First Half 1999 \$ million	Second Half 1999 \$ million
Increase In NPLs					
Five Regional Countries	+168	+223	+127	+70	+275
China and Hong Kong S.A.R.	+14	+17	+15	+104	-15
Singapore and other countries	+49	+257	+561	+300	+68
Group	+231	+497	+703	+474	+328

The increase in NPLs for the second half of 1999 would only be \$70 million for the Five Regional Countries and \$123 million for the Group if we excluded \$205 million of NPLs in

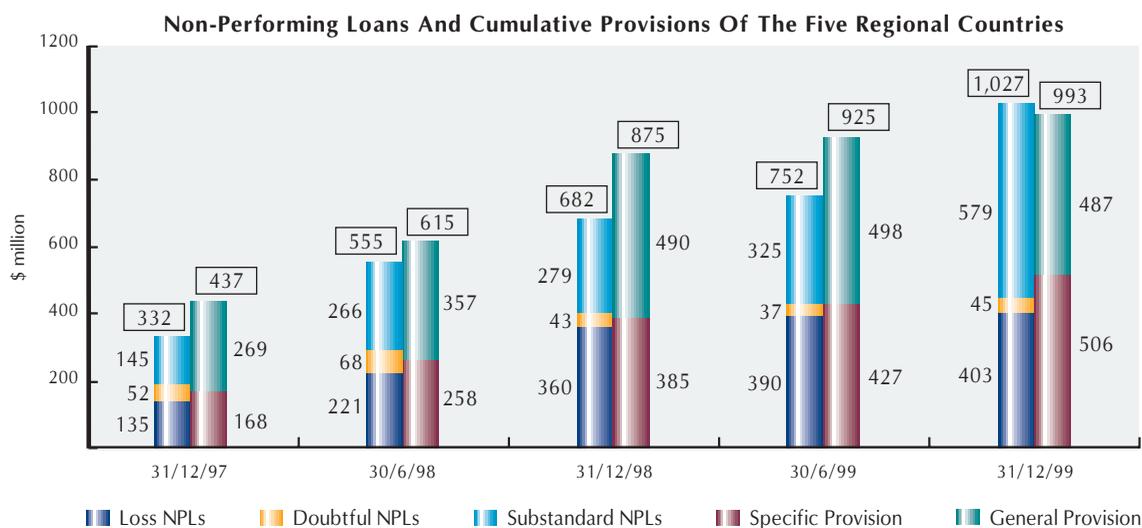
the books of the two subsidiary banks, United Overseas Bank Philippines and UOB Radanasin Bank Pcl. (in Thailand), both of which were acquired in November 1999.

(ii) NPLs And Cumulative Provisions Of The Five Regional Countries

NPLs of the Five Regional Countries (5 RCs) stood at \$1,027 million as at 31 December 1999 compared to \$752 million as at 30 June 1999 and \$682 million as at 31 December 1998. The rise in NPLs was primarily due to the inclusion, for the first time, of NPLs of \$205 million for United Overseas Bank Philippines and UOB Radanasin Bank Pcl. for which adequate provisions had been made and included in the pre-acquisition profits.

These provisions formed part of the goodwill which was written off against the reserve account.

Total cumulative provisions for the 5 RCs amounted to \$993 million as at 31 December 1999 compared to \$925 million as at 30 June 1999 and \$875 million as at 31 December 1998. Out of the total cumulative provisions of \$993 million, general provision accounted for \$487 million. The NPLs of the 5 RCs were 96.7% covered by cumulative provisions.

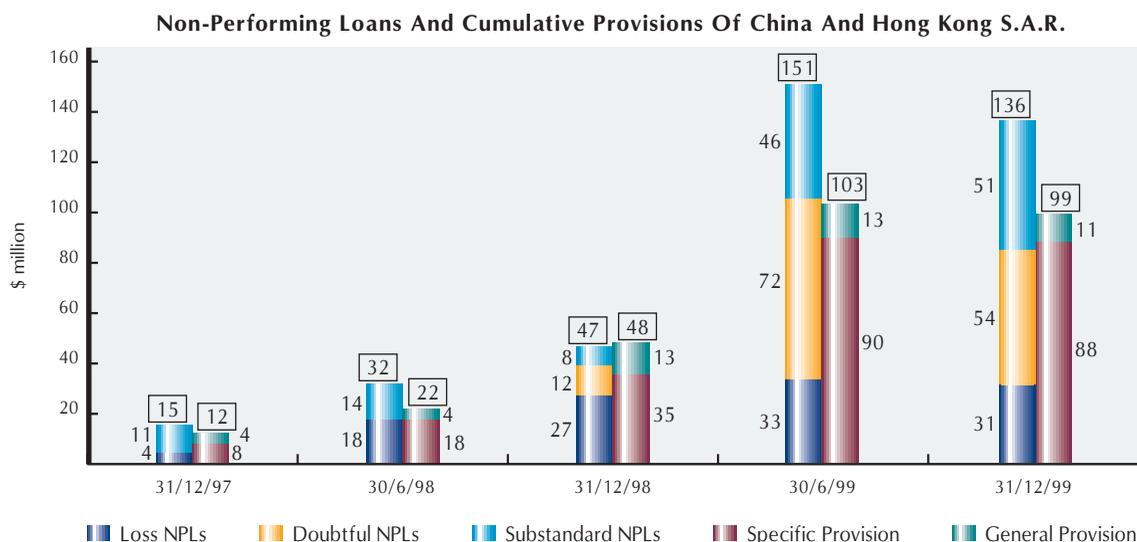


	31.12.97	30.6.98	31.12.98	30.6.99	31.12.99
Ratios (%)					
NPLs/Gross non-bank (NB) loans	6.3	16.2	19.1	24.5	28.3
Cumulative provisions/NPLs	131.6	110.8	128.3	123.0	96.7
Cumulative provisions/Doubtful & Loss NPLs	233.7	212.8	217.1	216.6	221.7
Cumulative provisions/Gross NB loans	8.3	17.9	24.5	30.1	27.4
Specific provision/Gross NB loans	3.2	7.5	10.8	13.9	14.0
General provision/Gross NB loans	5.1	10.4	13.7	16.2	13.4
NPLs/Gross RCs exposure	3.4	10.7	11.4	12.1	10.2

(iii) NPLs And Cumulative Provisions Of China And Hong Kong S.A.R.

As at 31 December 1999, NPLs of China and Hong Kong S.A.R. amounted to \$136 million and cumulative provisions, including general provision, were \$99 million.

These cumulative provisions represented 72.8% of the NPLs of China and Hong Kong S.A.R., and 116.5% of the NPLs of China and Hong Kong S.A.R. that were classified as Doubtful and Loss.



	31.12.97	30.6.98	31.12.98	30.6.99	31.12.99
Ratios (%)					
NPLs/Gross non-bank (NB) loans	1.2	3.2	5.2	18.1	15.8
Cumulative provisions/NPLs	80.0	68.8	102.1	68.2	72.8
Cumulative provisions/Doubtful & Loss NPLs	300.0	122.2	123.1	98.1	116.5
Cumulative provisions/Gross NB loans	1.0	2.2	5.3	12.4	11.5
Specific provision/Gross NB loans	0.7	1.8	3.9	10.8	10.2
General provision/Gross NB loans	0.3	0.4	1.4	1.6	1.3
NPLs/Gross China & HK exposure	0.5	1.0	2.1	8.5	7.8

EXPOSURE TO THE FIVE REGIONAL COUNTRIES, CHINA AND HONG KONG S.A.R.

The Group's net exposure to the Five Regional Countries (5 RCs) amounted to \$8,682 million in 1999 compared to \$5,382 million as at 31 December 1998. The increase of \$3,300 million was due mainly to the acquisition of United Overseas Bank Philippines and UOB Radanasin Bank Pcl.

On a country basis, \$4,175 million or 48.1% of the exposure of \$8,682 million was to Malaysia where the Group has a long-standing presence. This represented 7.4% of Group total assets. Net exposure to Thailand rose to \$2,696 million, representing 4.8% of Group total assets. The

exposure booked in UOB Radanasin Bank Pcl. amounted to \$2,566 million, out of which \$2,323 million was from government securities. Net exposure to the Philippines increased to \$598 million or 1% of Group total assets. The exposure booked in United Overseas Bank Philippines was \$594 million and came principally from loans to non-bank customers and from government securities held.

The Group's net exposure to China and Hong Kong S.A.R. as at 31 December 1999 amounted to \$1,091 million, or 1.9% of Group total assets. Non-bank loan exposure to China and Hong Kong S.A.R. remained low in 1999, standing at \$861 million (1998: \$909 million).

\$ million

	31 December 1999						Net Exposure			
	Loans						Total		% Of Group Total Assets	% Of Group Total Assets
	Non-Bank	Central Banks & Government Securities	Bank	Investments	Total	Less: Loans/Investments In Our Subsidiaries And Branches	31.12.99	31.12.98	31.12.99	31.12.98
(a)	(b)	(c)	(d)	(e)= (a+b+c+d)	(f)	(g)= (e-f)				
Malaysia	2,595	961**	695	431	4,682	507	4,175	4,639	7.4	9.1
Indonesia	297	96	95	36	524	34	490	521	0.9	1.0
Thailand	259	2,323	41	738	3,361	665	2,696	186	4.8	0.4
South Korea	20	28	691	40	779	56	723	28	1.3	0.1
Philippines	307	286	3	128	724	126	598	8	1.0	0.0
Total RCs	3,478	3,694	1,525	1,373	10,070	1,388	8,682	5,382	15.4	10.6
China	99	12	421	3	535	363	172	231	0.3	0.4
Hong Kong S.A.R.	762	43	299	112	1,216	297	919	957	1.6	1.9
Total China And Hong Kong S.A.R.	861	55	720	115	1,751	660	1,091	1,188	1.9	2.3
Total	4,339	3,749	2,245	1,488	11,821	2,048	9,773	6,570	17.3	12.9

** Include loans to government which were classified as non-bank loans in the accounts.

TOTAL ASSETS

Total assets of the Group grew by 11.2% or \$5,710 million, from \$50,789 million in 1998 to \$56,499 million in 1999. The increase came primarily from growth in balances, placements with, and loans and advances to banks.

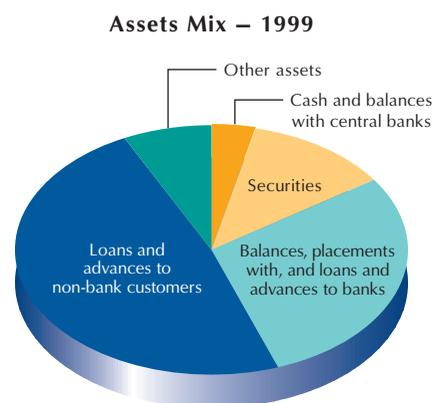
During the years of the regional crisis until the first quarter of 1999, the Group had adopted an Asset-Quality Preservation strategy.

In the first quarter of 1999, the Group resumed its loan expansion programme. However, due to the time

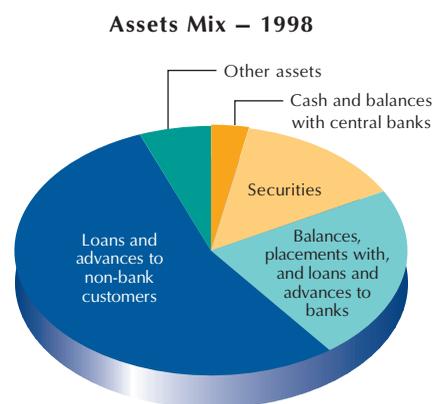
lag for loan commitments to be drawn down and the repayment of loans, Group loans and advances to non-bank customers dropped marginally by 1.4% in 1999. As a result, the percentage contribution of loans and advances to non-bank customers fell by 6.2% points, from 54.4% of total assets in 1998 to 48.2% in 1999.

Excluding the total asset balances of \$3,419 million of United Overseas Bank Philippines and UOB Radanasin Bank Pcl., the growth in total assets for the Group would have been reduced to 4.5%.

	1999	
	\$ million	%
Cash and balances with central banks	2,013	3.6
Securities [#]	6,737	11.9
Balances, placements with, and loans and advances to banks	16,365	29.0
Loans and advances to non-bank customers	27,259	48.2
Other assets	4,125	7.3
Total assets	56,499	100.0



	1998	
	\$ million	%
Cash and balances with central banks	1,556	3.1
Securities [#]	7,098	14.0
Balances, placements with, and loans and advances to banks	11,466	22.6
Loans and advances to non-bank customers	27,653	54.4
Other assets	3,016	5.9
Total assets	50,789	100.0



[#] Comprise Singapore and other government securities and treasury bills, dealing and investment securities.

LOANS AND ADVANCES TO NON-BANK CUSTOMERS

Despite the regional recovery, the take-up of loans continued to be slow during the year. For the Singapore banking industry as a whole, loans booked in the Domestic Banking Unit (DBU) and the Asian Currency Unit (ACU) declined by 2.9% and 16% respectively.

The Group's net loans to non-bank customers decreased by 1.4% from \$27,653 million as at end-1998 to \$27,259 million as at end-1999.

Excluding the net loans and advances in the books of United Overseas Bank Philippines and

UOB Radanasin Bank Pcl., loans and advances for the Group would have dropped by 2.8%.

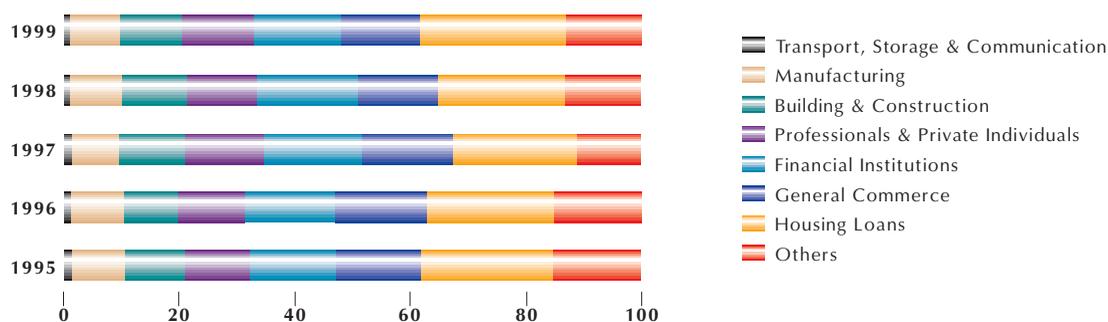
(a) By Industry

The Group's portfolio of loans and advances is widely distributed over the various industries. The highest concentration comes from the housing loan sector, accounting for more than 20% over the past five years. The percentage distribution of Group loans and advances across the major industries had remained more or less consistent over the years.

(b) Other Information On Loans And Advances

For a breakdown of Group loans and advances by remaining maturity, please refer to page 70 of the notes to the financial statements.

Loans & Advances To: (% distribution)	1995	1996	1997	1998	1999
Transport, Storage & Communication	1.5	1.3	1.4	1.3	1.0
Manufacturing	9.2	9.1	8.1	8.9	8.8
Building & Construction	10.3	9.5	11.7	11.1	10.6
Professionals & Private Individuals	11.4	11.6	13.5	12.3	12.6
Financial Institutions	15.1	15.4	16.8	17.3	15.1
General Commerce	14.6	16.0	16.0	14.1	13.6
Housing Loans	22.9	22.0	21.2	21.9	25.3
Others	15.0	15.1	11.3	13.1	13.0
Total	100.0	100.0	100.0	100.0	100.0



DEPOSITS

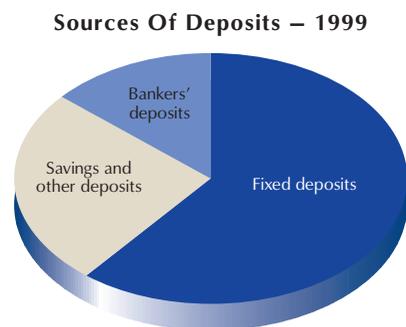
Total Group deposits grew from \$42,598 million in 1998 to \$47,181 million in 1999. Non-bank deposits accounted for about 86.3% of Group deposits. The 10.8% increase in 1999 over 1998 reflected the growth recorded in all categories of deposits. The largest increase came from savings and other deposits which expanded by 27.1% to reach \$12,008 million. This, coupled with the negative growth in non-bank loans, resulted in the Group being flushed with liquidity.

Excluding the deposit balances of United Overseas Bank Philippines and UOB Radanasin Bank Pcl., the total deposits for the Group would have increased by only 4.7%.

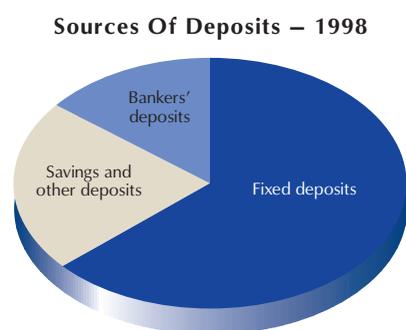
Other Information On Deposits

For a breakdown of deposits by remaining maturity, please see page 67 of the notes to the financial statements.

	1999	
	\$ million	%
Bankers' deposits	6,452	13.7
Non-bank deposits:		
Fixed deposits	28,721	60.9
Savings and other deposits	12,008	25.4
	40,729	86.3
Total deposits	47,181	100.0

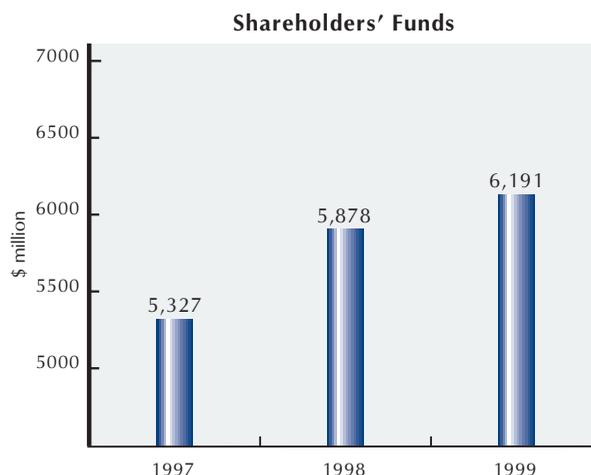


	1998	
	\$ million	%
Bankers' deposits	6,106	14.3
Non-bank deposits:		
Fixed deposits	27,041	63.5
Savings and other deposits	9,451	22.2
	36,492	85.7
Total deposits	42,598	100.0



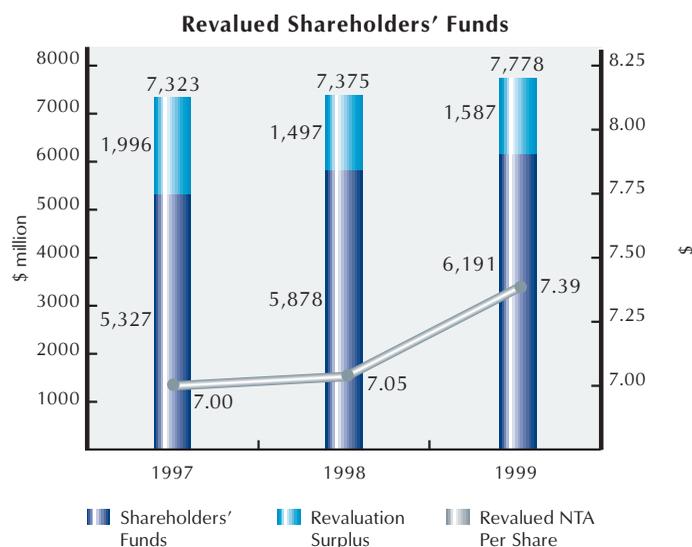
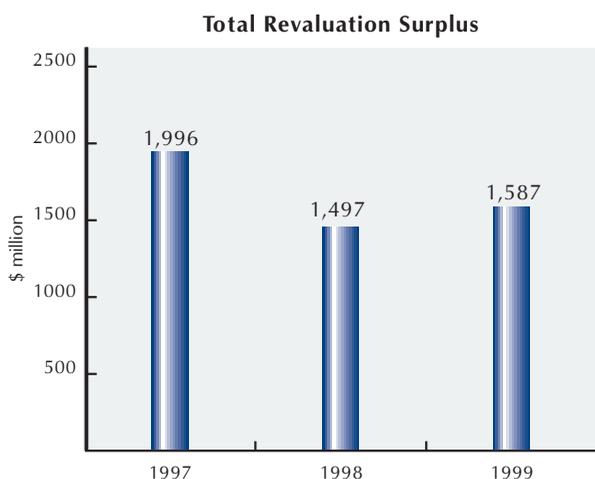
SHAREHOLDERS' FUNDS

Group shareholders' funds rose by \$313 million to \$6,191 million in 1999. The increase was a result of the retention of Group's profits, the issue of shares under options, and a higher share of the reserves of associates. These were partially offset by the write-off of goodwill in respect of the two newly-acquired subsidiary banks, namely, United Overseas Bank Philippines and UOB Radanasin Bank Pcl.



UNREALISED SURPLUS FROM REVALUATION

Unrealised revaluation surpluses in long-term investments and properties amounted to \$1,587 million for 1999.



	31.12.99	31.12.98
	\$ million	\$ million
Shareholders' funds per book	6,191	5,878
Add: Surplus On Revaluation		
Properties	1,575	1,515
Long-term investments ⁺	12	(18)
Total surplus on revaluation	1,587	1,497
Shareholders' funds including revaluation surplus	7,778	7,375
NTA Per Share (in S\$)		
NTA per book	5.89	5.62
Revaluation surplus	1.50	1.43
Total revalued NTA	7.39	7.05 ^{##}

⁺ Exclude the revaluation surplus/deficit from investment in associates.

^{##} Adjusted for impact of bonus issue and equity accounting.

CAPITAL ADEQUACY RATIO

As at 31 December 1999, the Group Capital Adequacy Ratio (CAR) computed under the Bank for International Settlements (BIS) basis increased by 0.3% point to 21.7%, reflecting the strong capital position

of the Group. The increase was attributable to a higher Tier 1 – Core Capital and a higher Tier 2 – Supplementary Capital. These were partially offset by higher Risk Weighted Assets. The CAR of 21.7% was more than twice the minimum BIS requirement.

	31.12.99	31.12.98 ⁺⁺
	\$ million	\$ million
Capital		
Tier 1 – Core Capital	6,362	5,960
Tier 2 – Supplementary Capital	1,056	884
Overall Capital	7,418	6,844
Risk Weighted Assets		
Total risk weighted assets adjusted to include market risk	34,137	31,973
Capital Adequacy Ratios		
Tier 1	18.6%	18.6%
Total Capital	21.7%	21.4%

⁺⁺ Adjusted for impact of equity accounting.

Tier 1 – Core Capital of \$6,362 million in 1999 primarily comprised the share capital, disclosed reserves and minority interests. The increase of \$402 million was due mainly to shares issued under options, retained profits, and a higher share of reserves of associates. These were partially offset by the write-off of goodwill in respect of the two newly-acquired subsidiary banks.

Tier 2 – Supplementary Capital, consisting of general loan loss reserves and revaluation reserves on investments and properties

held for investment purposes, increased by \$172 million to \$1,056 million in 1999. The increase was mainly attributable to a higher share of revaluation reserves of associates from the improvement in the stock and property markets.

The increase in the Risk Weighted Assets by \$2,164 million to \$34,137 million in 1999 was mainly a result of higher on-balance sheet items as well as higher market risk charges on interest rate related instruments.



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

FINANCIAL STATEMENTS

DIRECTORS' REPORT	46
STATEMENT BY DIRECTORS	56
AUDITORS' REPORT TO THE MEMBERS	57
BALANCE SHEETS	58
PROFIT AND LOSS ACCOUNTS	60
CONSOLIDATED CASH FLOW STATEMENT	61
NOTES TO THE FINANCIAL STATEMENTS	62

DIRECTORS' REPORT

for the financial year ended 31 December 1999

The directors present their report to the members together with the audited financial statements comprising the balance sheets of the Bank and of the Group as at 31 December 1999, the profit and loss accounts of the Bank and of the Group and cash flow statement of the Group for the financial year ended 31 December 1999 and notes thereto, which have been prepared in accordance with the provisions of the Companies Act, Cap. 50 with such modifications and exceptions pursuant to Section 201(19) of the Act as have been determined by The Monetary Authority of Singapore.

Directors

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

Mr Wee Cho Yaw

Mr Wee Ee Cheong

Mr Wong Yuen Weng Ernest

Dr Eu Keng Mun Richard

Mr Ho Sim Guan

Mr Wee Chong Jin

Prof Lim Chong Yah

Mr Tan Keong Choon

Mr Wong Meng Meng (*appointed on 14 March 2000*)

Mr John C Dean Jr (*appointed on 14 March 2000*)

Mr Sim Wong Hoo (*appointed on 14 March 2000*)

Principal Activities

The Bank is principally engaged in the business of banking in all its aspects. The principal activities of its subsidiaries are shown on pages 99 to 102. There have been no significant changes in the nature of these activities during the financial year except that on 6 September 1999, Chung Khiaw Bank Limited ("CKB"), a wholly-owned subsidiary, was merged into the Bank under Section 14A of the Banking Act, Cap. 19. As a result of the merger, the businesses, assets, liabilities, interests, rights, privileges, obligations and commitments of CKB were transferred to and vested in the Bank. The banking licence of CKB was cancelled on that date and it has been dormant since then. At the appropriate time, the Bank will apply to the Registrar of Companies for CKB to be dissolved by striking its name off the register under Section 344 of the Companies Act, Cap. 50.

Acquisitions and Disposals of Subsidiaries

(a) Incorporation of Subsidiaries

During the financial year, the following subsidiaries were incorporated:

Name of Subsidiaries	Group's Effective Interest %	Consideration Paid by the Group \$'000
UOB Global Capital LLC	70	7,745
UOB Global Capital SARL	70	74

(b) Acquisition of Subsidiaries

During the financial year, the following subsidiaries were acquired:

Name of Subsidiaries	Group's Share of Net Tangible Assets at Date of Acquisition \$'000	Group's Effective Interest %	Consideration Paid by the Group \$'000
UOB Radanasin Bank Public Company Limited	535,787	75	650,613
United Overseas Bank Philippines	75,642	60	124,465

(c) Disposal and Liquidation of Subsidiaries

During the year, the following subsidiaries were disposed of/liquidated:

Name of Subsidiaries	Group's Share of Net Tangible Assets at Date of Disposal/ Liquidation \$'000	Group's Effective Interest %	Group's Share of the Consideration Received \$'000
Industrial Imex Pte Ltd (disposed of)	576	44	908
Industrial & Commercial Realty Limited (in members' voluntary liquidation)	83,744	87	83,744

DIRECTORS' REPORT
for the financial year ended 31 December 1999

Results for the Financial Year

	The Group \$'000	The Bank \$'000
The profit for the year after providing for taxation amounted to	774,821	541,549
From which is deducted an amount attributable to minority shareholders in subsidiaries of	<u>14,607</u>	<u>—</u>
Giving a net profit before extraordinary items of	760,214	541,549
And to which is added extraordinary items amounting to	<u>—</u>	<u>772,791</u>
Giving a net profit for the year attributable to members of the Bank of	760,214	1,314,340
To which must be added profits unappropriated brought forward from the previous year of	<u>1,644,322</u>	<u>622,108</u>
Giving an amount available for appropriation of	2,404,536	1,936,448
From which the directors:		
Have transferred to general reserves an amount of	457,697	400,000
Have paid a final dividend in respect of the previous year, representing the excess of the dividend paid over that proposed in that year as a result of the issue of ordinary shares in the Bank upon the exercise of share options	100	100
Have paid an interim dividend of 8% less income tax at 26% amounting to	59,039	59,039
Propose, subject to the approval of members, to pay a final dividend of 12% less income tax at 25.5% which will amount to	94,036	94,036
Propose, subject to the approval of members, to pay a special tax exempt bonus dividend of 25% which will amount to	262,966	262,966
Totalling	<u>873,838</u>	<u>816,141</u>
Which leaves an amount of profits unappropriated to be carried forward to next year of	<u>1,530,698</u>	<u>1,120,307</u>

Material Transfers To or From Reserves and Provisions

Material movements in reserves were as follows:

	The Group and The Bank \$'000
(a) Share Premium	
Balance at 1 January 1999	798,501
Premium on issue of shares	33,364
Transfer to share capital upon issue of bonus shares	<u>(52,323)</u>
Balance at 31 December 1999	<u>779,542</u>

	The Group	The Bank
	\$'000	\$'000
(b) General Reserves		
Balance at 1 January 1999	2,019,975	1,444,533
Exchange differences	4,105	(4,775)
Goodwill arising from acquisition of subsidiaries	(163,649)	(163,649)
Transfer from profit and loss accounts	457,697	400,000
Balance at 31 December 1999	2,318,128	1,676,109

Material movements in provisions are set out in the notes to the financial statements.

Issue of Shares and Debentures

- (a) During the financial year, the issued ordinary share capital of the Bank was increased to \$1,051,861,831 (1998: \$994,735,994) by the issue of the following ordinary shares of \$1 each:

	Subscription Price	Number of Ordinary Shares
	Per Share, Paid by Cash	of \$1 each in the Bank
	\$	
To holders of share options issued in connection with the UOB Executives' Share Option Scheme	8.79	1,459,000
	9.17	1,096,000
	8.25	1,254,000
	3.14	994,000
		4,803,000
Bonus issue of 50 shares for every 1,000 local shares held and 56 shares for every 1,000 foreign shares held by the capitalisation of the Bank's share premium, pursuant to a Scheme of Arrangement to reorganise the Bank's share capital		52,322,837
		57,125,837

The newly-issued bonus shares rank pari passu in all respects with the previously-issued shares.

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

Subsidiaries	Number of Shares Issued	Type of Shares	Issue Price Paid in Cash	Par Value of Shares
PT UOB Life - Sun Assurance	4,000,000	Ordinary	IDR1,000	IDR1,000
UOB Global Capital Limited	560,000	Ordinary	\$1	\$1
UOB Holdings (USA) Inc	3,630,000	Preference	US\$1	US\$1

DIRECTORS' REPORT

for the financial year ended 31 December 1999

(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 Executives' 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 31.12.1999	At 1.1.1999	At 31.12.1999	At 1.1.1999
The Bank				
Mr Wee Cho Yaw	16,530,548	15,743,380	145,856,026	138,236,028
Mr Wee Ee Cheong	2,774,899	2,642,762	143,084,731	135,921,176
Mr Wong Yuen Weng Ernest	186,000	103,000	—	103,000
Dr Eu Keng Mun Richard	35,386	—	1,286,493	2,955,071
Mr Ho Sim Guan	5,665,142	5,395,374	70,978,684	67,598,749
Mr Tan Keong Choon	985	939	1,213,769	1,191,055
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 Finance Limited				
Mr Wee Cho Yaw	27,500	27,500	—	—
Mr Wee Ee Cheong	—	—	3,750	3,750
Dr Eu Keng Mun Richard	7,500	7,500	—	—
Mr Ho Sim Guan	5,000	5,000	—	—
United Overseas Insurance Limited				
Mr Wee Cho Yaw	25,400	25,400	—	—
Mr Ho Sim Guan	9,300	9,300	—	—

- (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 Wong Yuen Weng Ernest, 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 1999			Number of Options Outstanding As At	
	Granted	Exercised	Lapsed	31.12.1999	1.1.1999
75,000	741,000	432,000	78,000	156,000*	372,000

* Excludes 75,000 options granted in December 1999 but which were accepted after 31 December 1999.

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 prices of the options outstanding at 31 December 1999 range from \$8.25 to \$9.17 per share.

- (c) There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2000 (being the 21st day after the end of the financial year), except that as at 21 January 2000, the number of share options (issued in connection with the UOB Executives' Share Option Scheme and the UOB 1999 Share Option Scheme) in the Bank held by Mr Wong Yuen Weng Ernest was 231,000 after he accepted 75,000 options under the UOB 1999 Share Option Scheme subsequent to the end of the financial year.

Dividends

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

	\$'000
A final dividend net of tax at 26% was paid on 18 June 1999 in respect of the financial year ended 31 December 1998:	
As proposed in the Directors' Report for that financial year	73,611
In respect of new shares issued upon the exercise of share options before book closure date	100
	<u>73,711</u>
An interim dividend net of tax at 26% was paid on 3 September 1999 in respect of the financial year ended 31 December 1999	<u>59,039</u>
A proposed final dividend recommended by the directors, net of tax at 25.5%, in respect of the financial year ended 31 December 1999	<u>94,036</u>
A proposed special tax exempt bonus dividend recommended by the directors in respect of the financial year ended 31 December 1999	<u>262,966</u>

DIRECTORS' REPORT

for the financial year ended 31 December 1999

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 profit and loss account and the balance sheet 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 and Contingent Liabilities

At the date of this report, no charges on the assets of the Bank or any other corporation in the Group have arisen since the end of the financial year which secure the liabilities of any other person and no contingent liabilities of the Bank or any other corporation in the Group have arisen since the end of the financial year 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 items arising from the merger of Chung Khiaw Bank 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' 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 in the consolidated financial statements and in this report) 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.

Share Options

- (a) Since 1990, share options have been 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 the rank of Vice President and above and are not substantial shareholders of the Bank. Particulars of the share options granted under this scheme in 1995, 1996, 1997 and 1998 (hereinafter called "Options 1995", "Options 1996", "Options 1997" and "Options 1998" respectively) have been set out in the Reports of the Directors for the years ended 31 December 1995, 1996, 1997 and 1998 respectively.
- (b) At the Extraordinary General Meeting held on 6 October 1999, shareholders approved the adoption of the UOB 1999 Share Option Scheme to replace the existing 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. During the financial year, options were granted pursuant to the UOB 1999 Share Option Scheme in respect of 1,721,000 unissued ordinary shares of \$1 each of the Bank ("Options 1999").
- (c) Statutory and other information regarding the Options are as follows:

(i) Options	Option Period	Offer Price \$
UOB Executives' Share Option Scheme		
1995	5 May 1996 to 4 February 2000	8.79
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

- (ii) The 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.

DIRECTORS' REPORT

for the financial year ended 31 December 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 Wong Yuen Weng Ernest, whose options are disclosed under "Directors' Interests in Shares and Share Options".
- (d) 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 UOB Executives' Share Option Scheme and the UOB 1999 Share Option Scheme, whether granted before or during the financial year.
- (e) Unissued shares under option as at 31 December 1999 comprise the following:

Options Granted to Executives

in connection with the UOB

Executives' Share Option Scheme/ UOB 1999 Share Option Scheme 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
1995	8.79	4.2.2000	93,000
1996	9.17	8.2.2001	486,000
1997	8.25	4.2.2002	417,000
1998	3.14	13.6.2003	207,000
1999	14.70	26.12.2004	1,721,000
			<u>2,924,000</u>

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.

Audit Committee

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

Mr Wee Chong Jin (*Chairman*)

Mr Wong Yuen Weng Ernest

Prof Lim Chong Yah

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 1999. The financial statements of the Bank and the consolidated financial statements of the Group for the year ended 31 December 1999 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

Our auditors, Coopers & Lybrand, have merged their practice with Price Waterhouse and now practise in the name of PricewaterhouseCoopers. PricewaterhouseCoopers, being eligible, have expressed their willingness to accept re-appointment at the Annual General Meeting.

On behalf of the directors

Wee Cho Yaw
Chairman

Wong Yuen Weng Ernest
Director

Signed on 24 March 2000

STATEMENT BY DIRECTORS

for the financial year ended 31 December 1999

In the opinion of the directors, the financial statements set out on pages 58 to 87 are drawn up with such modifications and exceptions as have been determined by The Monetary Authority of Singapore so as to exhibit, on such basis, a true and fair view of the state of affairs of the Bank and of the Group at 31 December 1999 and of the results of the business of the Bank and of the Group and 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

Wong Yuen Weng Ernest

Director

Signed on 24 March 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 1999 set out on pages 58 to 87. 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 with such modifications and exceptions as have been determined by The Monetary Authority of Singapore and on such basis give a true and fair view of:
 - (i) the state of affairs of the Bank and of the Group at 31 December 1999, the profit 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;
- (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 on pages 99 to 102.

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 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, 24 March 2000

BALANCE SHEETS
as at 31 December 1999

	Notes	The Group		The Bank	
		1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
SHARE CAPITAL					
Ordinary shares of \$1 each					
Authorised		2,000,000	2,000,000	2,000,000	2,000,000
Issued and fully paid	3	1,051,862	994,736	1,051,862	994,736
CAPITAL RESERVES					
Share premium	4	779,542	798,501	779,542	798,501
Others		64,907	64,907	–	–
REVENUE RESERVES					
General reserves	5	2,318,128	2,019,975	1,676,109	1,444,533
Unappropriated profits		1,530,698	1,644,322	1,120,307	622,108
		5,745,137	5,522,441	4,627,820	3,859,878
Share of reserves of associates	6	445,910	356,054	–	–
Total capital and reserves		6,191,047	5,878,495	4,627,820	3,859,878
INTERESTS OF MINORITY SHAREHOLDERS		436,564	258,428	–	–
LIABILITIES					
Current, fixed, savings accounts and other deposits of customers		40,728,491	36,491,777	30,587,855	26,105,127
Deposits and balances of banks and agents		6,452,221	6,105,950	6,288,054	5,529,640
Deposits from subsidiaries		–	–	1,265,607	1,401,611
	7	47,180,712	42,597,727	38,141,516	33,036,378
Bills and drafts payable		430,170	354,392	153,935	119,883
Other liabilities	8	1,903,894	1,626,599	1,024,790	862,648
Proposed dividends		357,002	73,611	357,002	73,611
		49,871,778	44,652,329	39,677,243	34,092,520
		56,499,389	50,789,252	44,305,063	37,952,398
OFF-BALANCE SHEET ITEMS					
Contingent liabilities	17	3,824,241	3,810,367	2,712,255	2,502,921
Off-balance sheet financial instruments	18	20,725,811	22,411,210	20,089,215	21,836,776
Commitments	19	15,987,141	15,075,440	11,661,904	10,180,388

BALANCE SHEETS
as at 31 December 1999

	Notes	The Group		The Bank	
		1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
ASSETS					
Cash and balances					
with central banks		2,013,189	1,555,889	1,161,308	615,992
Singapore Government treasury					
bills and securities	9	3,366,684	3,226,415	3,021,247	2,461,601
Other government treasury bills					
and securities	9	2,558,458	3,360,439	130,561	2,944,263
Dealing securities	9	357,933	210,873	271,436	138,490
Placements and balances with banks,					
agents and other financial institutions	10	16,364,836	11,466,214	14,632,052	9,777,834
Trade bills	11	577,256	492,912	209,704	188,027
Advances to customers	11	26,681,858	27,160,457	20,476,343	18,541,207
Other accounts	12	1,662,418	774,078	680,796	470,751
		53,582,632	48,247,277	40,583,447	35,138,165
Other long-term investments	13				
Investments in associates		1,227,492	1,062,442	680,853	524,623
Quoted investment securities		250,568	117,601	190,918	115,618
Unquoted investment securities		203,120	182,863	65,511	55,936
		1,681,180	1,362,906	937,282	696,177
Subsidiaries	14				
Quoted investments		—	—	416,377	406,675
Unquoted investments		—	—	1,300,332	636,538
Amounts owing		—	—	443,529	459,356
		—	—	2,160,238	1,502,569
Fixed assets	15	1,235,577	1,179,069	624,096	615,487
		56,499,389	50,789,252	44,305,063	37,952,398

The accompanying notes form an integral part of these financial statements. The Auditors' Report is on page 57.

PROFIT AND LOSS ACCOUNTS
for the financial year ended 31 December 1999

	Notes	The Group		The Bank	
		1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
Interest income		2,458,534	3,031,493	1,801,047	2,107,316
Less: Interest expense		1,325,853	1,830,341	1,075,718	1,441,120
Net interest income		1,132,681	1,201,152	725,329	666,196
Dividend income	20	6,565	7,665	168,378	70,703
Fee and commission income		335,559	229,959	146,769	111,870
Rental income		76,315	91,119	40,503	47,166
Other operating income	21	236,755	185,005	180,924	172,251
Income before operating expenses		1,787,875	1,714,900	1,261,903	1,068,186
Less: Staff expenses		285,175	294,170	187,028	194,300
Other operating expenses	22	295,353	272,463	192,369	186,538
	23	580,528	566,633	379,397	380,838
Operating profit before provisions		1,207,347	1,148,267	882,506	687,348
Less: Provisions	24	253,475	653,573	132,251	380,593
OPERATING PROFIT		953,872	494,694	750,255	306,755
SHARE OF PROFIT/(LOSS)					
BEFORE TAX OF ASSOCIATES		72,345	(11,647)	—	—
PROFIT BEFORE TAXATION		1,026,217	483,047	750,255	306,755
Less: TAXATION	25	251,396	145,253	208,706	76,810
PROFIT AFTER TAXATION		774,821	337,794	541,549	229,945
Less: MINORITY INTERESTS		14,607	6,115	—	—
PROFIT BEFORE EXTRAORDINARY ITEMS		760,214	331,679	541,549	229,945
EXTRAORDINARY ITEMS	26	—	—	772,791	—
PROFIT ATTRIBUTABLE TO MEMBERS		760,214	331,679	1,314,340	229,945
RETAINED PROFITS AT 1 JANUARY:					
As previously reported		1,680,462	1,627,086	622,108	644,664
Prior year adjustment for change in accounting policy with respect to investment in associates	2(c)	(36,140)	—	—	—
As restated		1,644,322	1,627,086	622,108	644,664
PROFITS AVAILABLE FOR APPROPRIATION		2,404,536	1,958,765	1,936,448	874,609
TRANSFER TO GENERAL RESERVES	5	(457,697)	(181,942)	(400,000)	(120,000)
DIVIDENDS	27	(416,141)	(132,501)	(416,141)	(132,501)
RETAINED PROFITS AT 31 DECEMBER		1,530,698	1,644,322	1,120,307	622,108
Earnings per share	28				
Basic		72 cents	32 cents		
Diluted		72 cents	32 cents		

The accompanying notes form an integral part of these financial statements. The Auditors' Report is on page 57.

CONSOLIDATED CASH FLOW STATEMENT
for the financial year ended 31 December 1999

	1999 \$'000	1998 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before tax and share of profit/(loss) of associates	953,872	494,694
Adjustments for:		
Depreciation	62,905	60,611
Operating profit before working capital changes	1,016,777	555,305
Working capital changes:		
Deposits	1,999,268	1,009,969
Bills and drafts payable	75,778	(21,211)
Other liabilities	125,889	(66,396)
Dealing securities	(147,060)	54,570
Trade bills and advances	778,221	2,116,393
Other accounts	(403,195)	188,706
Cash generated from operations	3,445,678	3,837,336
Income taxes paid	(132,046)	(178,030)
Net cash from operating activities	3,313,632	3,659,306
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in other long-term investments	(115,690)	(176,946)
Net dividends received	20,940	12,776
Net increase in fixed assets	(47,682)	(48,820)
Change in minority interests of subsidiaries	575	(2,259)
Net cash flow from acquisition of subsidiaries	(382,562)	—
Net cash used in investing activities	(524,419)	(215,249)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	38,167	168
Dividends paid by the Bank	(132,750)	(132,498)
Dividends paid by subsidiaries to minority shareholders	(4,525)	(5,399)
Net cash used in financing activities	(99,108)	(137,729)
Exchange translation adjustment	4,105	(3,980)
Net increase in cash and cash equivalents	2,694,210	3,302,348
Cash and cash equivalents at beginning of the year	19,608,957	16,306,609
Cash and cash equivalents at end of the year (see Note 29)	22,303,167	19,608,957

The accompanying notes form an integral part of these financial statements. The Auditors' Report is on page 57.

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

1 General

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

The Bank is principally engaged in the business of banking in all its aspects. The principal activities of its subsidiaries are shown on pages 99 to 102.

2 Significant Accounting Policies

(a) Basis of Accounting

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, and in accordance with the provisions of the Companies Act and Statements of Accounting Standard with such modifications and exceptions as have been determined by The Monetary Authority of Singapore.

(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. These are disclosed under Note 14(d) to the financial statements. The results of subsidiaries acquired or disposed of during the year are included in or excluded from the consolidated profit and loss account 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 profit and loss account 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.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 1999

The accounting policy set out above was adopted on 1 January 1999 and represents a change to the accounting policy adopted prior to that date. Prior to 1 January 1999, the accounting policy in respect of associates was to exclude the share of results of associates in the profit and loss accounts, except insofar as dividends have been received. Investments held in associates were included in the consolidated balance sheet at cost and provisions were made for diminution in value, other than temporary, of such investments determined on an individual basis. The change was made to comply with the requirements of MAS Notice 608.

The change in accounting policy has been accounted for retrospectively and the comparative figures restated to conform with the changed policy. The Group's share of the associates' unappropriated profits at 1 January 1998 is included in share of reserves of associates in the consolidated balance sheet and not in the Group's unappropriated profits as the amount cannot be reasonably determined. The effects of the change in accounting policy is to increase the Group profit attributable to members by \$69,055,000 for the year ended 31 December 1999 (1998: reduce by \$36,140,000). The effects of the change on the consolidated balance sheet at 31 December 1999 and 31 December 1998 are as follows:

	Increased/(Decreased) By	
	1999	1998
	\$'000	\$'000
Group unappropriated profits	32,915	(36,140)
Group's share of reserves of associates	445,910	356,054
Investment in associates	478,825	319,914

(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) Long-term investments, and investments in subsidiaries and associates are stated at cost and provisions are made for any diminution in value, other than temporary, of the investments determined on an individual basis.

(f) **Revenue Recognition**

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

Dividend income from subsidiaries is included gross in the respective profit and loss account of the accounting period in which the dividend is proposed. Other dividend income is taken up gross in the profit and loss accounts of the accounting period in which the dividend is received. Profits or losses on disposal of investments are taken to the profit and loss accounts.

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

(g) **Fixed Assets and 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, where applicable, over the period of the respective leases, whichever is shorter.

(h) **Taxation**

Tax expense for the year 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.

(i) **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 profit and loss accounts.

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.

(j) **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 profit and loss accounts.

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

(k) **Goodwill**

On acquisition of a subsidiary or an associate, the excess between the cost of acquisition and 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 Share Capital of the Bank

(a)

	The Bank	
	1999	1998
	\$'000	\$'000
Issued and fully paid ordinary shares of \$1 each:		
Balance at 1 January	994,736	994,703
Shares issued to option holders who exercised their rights	4,803	33
Bonus shares issued	52,323	—
Balance at 31 December	<u>1,051,862</u>	<u>994,736</u>

(b) During the year, the Bank issued 4,803,000 (1998: 33,000) ordinary shares of \$1 each to option holders who exercised their rights. The Bank also issued 52,322,837 (1998: Nil) bonus ordinary shares of \$1 each credited as fully paid by the capitalisation of the requisite amount out of the share premium of the Bank. The details of the issues are set out under the heading "Issue of Shares and Debentures" in the Directors' Report.

Details of the unissued shares of the Bank and of the Group under option at the end of the financial year are set out under the heading "Share Options" in the Directors' Report.

4 Share Premium

	The Group And The Bank	
	1999	1998
	\$'000	\$'000
Balance at 1 January	798,501	798,366
Share premium arising from the issue of shares to option holders who exercised their rights	33,364	135
Transfer to share capital upon issue of bonus shares	(52,323)	—
Balance at 31 December	<u>779,542</u>	<u>798,501</u>

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 1999

5 General Reserves

(a) The Group

	1999			1998		
	Statutory Reserves \$'000	General Reserves and Foreign Currency Translation Reserve \$'000	Total \$'000	Statutory Reserves \$'000	General Reserves and Foreign Currency Translation Reserve \$'000	Total \$'000
Balance at 1 January	1,541,583	478,392	2,019,975	1,491,163	350,850	1,842,013
Goodwill arising from acquisition of subsidiaries	–	(163,649)	(163,649)	–	–	–
Transfer from profit and loss accounts	370,234	87,463	457,697	50,420	131,522	181,942
Exchange differences	–	4,105	4,105	–	(3,980)	(3,980)
Balance at 31 December	<u>1,911,817</u>	<u>406,311</u>	<u>2,318,128</u>	<u>1,541,583</u>	<u>478,392</u>	<u>2,019,975</u>

(b) The Bank

	1999			1998		
	Statutory Reserve \$'000	General Reserve and Foreign Currency Translation Reserve \$'000	Total \$'000	Statutory Reserve \$'000	General Reserve and Foreign Currency Translation Reserve \$'000	Total \$'000
Balance at 1 January	1,042,300	402,233	1,444,533	1,029,300	290,361	1,319,661
Goodwill arising from acquisition of subsidiaries	–	(163,649)	(163,649)	–	–	–
Transfer from profit and loss accounts	331,000	69,000	400,000	13,000	107,000	120,000
Exchange differences	–	(4,775)	(4,775)	–	4,872	4,872
Balance at 31 December	<u>1,373,300</u>	<u>302,809</u>	<u>1,676,109</u>	<u>1,042,300</u>	<u>402,233</u>	<u>1,444,533</u>

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

6 Share of Reserves of Associates

	The Group	
	1999	1998
	\$'000	\$'000
Balance at 1 January, as previously reported	—	—
Prior year adjustment for change in accounting policy with respect to investments in associates <i>[Note 2(c)]</i>	356,054	518,729
Balance at 1 January, as restated	356,054	518,729
Movements in other reserves of associates, net of goodwill arising from acquisitions during the year	89,856	(162,675)
Balance at 31 December	445,910	356,054

The balance represents the Group's share of associates' post-acquisition unappropriated profits at 1 January 1998 and other reserves, adjusted for goodwill arising on acquisition of associates. The Group's share of results after 1 January 1998 is included under "Unappropriated Profits" of the Group.

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

	The Group		The Bank	
	1999	1998	1999	1998
	\$'000	\$'000	\$'000	\$'000
Analysed by remaining maturity:				
Within 1 year	47,010,732	42,428,103	38,023,010	32,960,497
Over 1 year but within 3 years	87,017	168,376	36,007	75,105
Over 3 years but within 5 years	771	728	307	256
Over 5 years	82,192	520	82,192	520
	47,180,712	42,597,727	38,141,516	33,036,378

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 1999

8 Other Liabilities

	The Group		The Bank	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
Provision for current taxation	341,740	241,122	288,166	157,547
Provision for deferred taxation	45,065	47,051	26,774	30,837
Accrued interest payable	313,518	397,714	245,471	252,897
Provision for other liabilities and charges	95,986	74,049	53,130	38,421
Obligations on securities sold under repurchase agreements	26,292	23,854	—	6,134
Other liabilities	1,081,293	842,809	411,249	376,812
	<u>1,903,894</u>	<u>1,626,599</u>	<u>1,024,790</u>	<u>862,648</u>

9 Singapore Government Treasury Bills and Securities, Other Government Treasury Bills and Securities, and Dealing Securities

(a) Singapore Government Treasury Bills and Securities

	The Group		The Bank	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
At cost	3,366,684	3,226,492	3,021,247	2,461,601
Provision for diminution in value	—	(77)	—	—
	<u>3,366,684</u>	<u>3,226,415</u>	<u>3,021,247</u>	<u>2,461,601</u>
Market value at 31 December	<u>3,375,682</u>	<u>3,243,080</u>	<u>3,029,118</u>	<u>2,473,933</u>

(b) Other Government Treasury Bills and Securities

	The Group		The Bank	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
At cost	2,561,678	3,360,750	132,314	2,944,428
Provision for diminution in value	(3,220)	(311)	(1,753)	(165)
	<u>2,558,458</u>	<u>3,360,439</u>	<u>130,561</u>	<u>2,944,263</u>
Market value at 31 December	<u>2,559,042</u>	<u>3,362,530</u>	<u>130,561</u>	<u>2,944,855</u>

The Group's other government treasury bills and securities include an amount of \$2,000 million (1998: \$Nil) 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.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 1999

(c) **Dealing Securities**

	The Group		The Bank	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
Quoted equities, at cost	183,171	132,757	131,965	86,484
Quoted debt securities, at cost	158,937	81,418	139,998	56,656
Provision for diminution in value	<u>(1,291)</u>	<u>(13,624)</u>	<u>(527)</u>	<u>(4,650)</u>
	<u>340,817</u>	<u>200,551</u>	<u>271,436</u>	<u>138,490</u>
Unquoted equities, at cost	13,102	5,235	2,245	2,285
Unquoted debt securities, at cost	6,259	7,496	–	–
Provision for diminution in value	<u>(2,245)</u>	<u>(2,409)</u>	<u>(2,245)</u>	<u>(2,285)</u>
	<u>17,116</u>	<u>10,322</u>	<u>–</u>	<u>–</u>
	<u>357,933</u>	<u>210,873</u>	<u>271,436</u>	<u>138,490</u>
Market value at 31 December:				
Quoted equities	224,305	122,699	148,102	82,694
Quoted debt securities	<u>159,136</u>	<u>80,727</u>	<u>138,900</u>	<u>55,828</u>
	<u>383,441</u>	<u>203,426</u>	<u>287,002</u>	<u>138,522</u>

(d) The movements in the provisions for diminution in value of Singapore Government treasury bills and securities, other government treasury bills and securities, and dealing securities during the year are as follows:

	The Group		The Bank	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
Balance at 1 January	16,421	86,543	7,100	35,695
Exchange differences	43	395	2	659
Transfer from a subsidiary upon merger	–	–	786	–
Write back to profit and loss accounts	<u>(9,708)</u>	<u>(70,517)</u>	<u>(3,363)</u>	<u>(29,254)</u>
Balance at 31 December	<u>6,756</u>	<u>16,421</u>	<u>4,525</u>	<u>7,100</u>

10 Placements and Balances with Banks, Agents and Other Financial Institutions

	The Group		The Bank	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
Analysed by remaining maturity:				
Within 1 year	16,336,200	11,380,776	14,610,532	9,692,396
Over 1 year but within 3 years	21,520	68,833	21,520	68,833
Over 3 years but within 5 years	<u>7,116</u>	<u>16,605</u>	<u>–</u>	<u>16,605</u>
	<u>16,364,836</u>	<u>11,466,214</u>	<u>14,632,052</u>	<u>9,777,834</u>

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 1999

11 Trade Bills and Advances to Customers

(a)

	The Group		The Bank	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
Gross trade bills	582,798	492,912	209,704	188,027
Specific provisions	(5,542)	—	—	—
	<u>577,256</u>	<u>492,912</u>	<u>209,704</u>	<u>188,027</u>
Gross advances to customers	28,456,456	28,678,050	21,539,572	19,420,078
Specific provisions	(841,839)	(645,650)	(395,665)	(334,461)
Interest in suspense	(113,287)	(88,744)	(52,394)	(41,231)
General provisions	(819,472)	(783,199)	(615,170)	(503,179)
	<u>26,681,858</u>	<u>27,160,457</u>	<u>20,476,343</u>	<u>18,541,207</u>
Total gross trade bills and advances to customers	<u>29,039,254</u>	<u>29,170,962</u>	<u>21,749,276</u>	<u>19,608,105</u>

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

	The Group		The Bank	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
Within 1 year	16,911,377	18,012,953	11,955,309	11,765,272
Over 1 year but within 3 years	3,886,221	3,175,180	3,418,861	2,468,148
Over 3 years but within 5 years	1,990,007	2,514,760	1,651,024	1,944,707
Over 5 years	6,251,649	5,468,069	4,724,082	3,429,978
	<u>29,039,254</u>	<u>29,170,962</u>	<u>21,749,276</u>	<u>19,608,105</u>

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

	The Group		The Bank	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
Gross amount	<u>2,993,027</u>	<u>2,190,833</u>	<u>1,649,056</u>	<u>1,219,176</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.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 1999

(d) The movements in provisions are as follows:

	1999				1998			
	Specific	Interest in	General	Total	Specific	Interest in	General	Total
	Provisions	Suspense	Provisions		Provisions	Suspense	Provisions	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
The Group								
Balance at 1 January	645,650	208,042	783,199	1,636,891	244,389	137,223	489,900	871,512
Exchange differences	(376)	40	540	204	(383)	931	436	984
Write off against provisions	(91,400)	(60,034)	–	(151,434)	(38,712)	(35,541)	–	(74,253)
Charge to profit and loss accounts	232,276	–	19,043	251,319	440,356	–	292,863	733,219
Interest suspended	–	118,338	–	118,338	–	105,429	–	105,429
Acquisition of subsidiaries	61,231	–	16,690	77,921	–	–	–	–
Balance at 31 December	<u>847,381</u>	<u>266,386</u>	<u>819,472</u>	<u>1,933,239</u>	<u>645,650</u>	<u>208,042</u>	<u>783,199</u>	<u>1,636,891</u>

	1999				1998			
	Specific	Interest in	General	Total	Specific	Interest in	General	Total
	Provisions	Suspense	Provisions		Provisions	Suspense	Provisions	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
The Bank								
Balance at 1 January	334,461	97,498	503,179	935,138	164,689	61,237	259,242	485,168
Exchange differences	(260)	(235)	150	(345)	2,119	313	975	3,407
Write off against provisions	(57,272)	(43,571)	–	(100,843)	(24,536)	(17,891)	–	(42,427)
Charge to profit and loss accounts	94,276	–	12,346	106,622	192,189	–	242,962	435,151
Interest suspended	–	65,280	–	65,280	–	53,839	–	53,839
Transfer from a subsidiary upon merger	24,460	11,803	99,495	135,758	–	–	–	–
Balance at 31 December	<u>395,665</u>	<u>130,775</u>	<u>615,170</u>	<u>1,141,610</u>	<u>334,461</u>	<u>97,498</u>	<u>503,179</u>	<u>935,138</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 12.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 1999

12 Other Accounts

	The Group		The Bank	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
Interest receivable	478,098	386,329	357,811	265,970
Interest in suspense (Note 11)	(153,099)	(119,298)	(78,381)	(56,267)
	<u>324,999</u>	<u>267,031</u>	<u>279,430</u>	<u>209,703</u>
Government securities bought under reverse repurchase agreements	233,571	10,824	20,088	10,824
Other assets	1,103,848	496,223	381,278	250,224
	<u>1,662,418</u>	<u>774,078</u>	<u>680,796</u>	<u>470,751</u>

13 Other Long-Term Investments

(a) **Investments in Associates**

The associates of the Group as at 31 December 1999 are set out on pages 99 and 102.

	The Group		The Bank	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
Quoted equities, at cost	652,000	634,386	637,030	497,879
Quoted debt securities, at cost	1,241	—	—	—
Quoted warrants, at cost	38,739	14,985	38,429	14,127
Unquoted equities, at cost	95,021	93,903	14,365	13,363
	<u>787,001</u>	<u>743,274</u>	<u>689,824</u>	<u>525,369</u>
Provision for diminution in value	—	—	(8,971)	(746)
Group's share of post acquisition reserves of associates, net of dividends received and goodwill adjustments	440,491	319,168	—	—
	<u>1,227,492</u>	<u>1,062,442</u>	<u>680,853</u>	<u>524,623</u>
Market value at 31 December:				
Quoted equities	725,964	475,994	701,337	367,498
Quoted debt securities	1,263	—	—	—
Quoted warrants	64,274	7,382	63,792	6,963
	<u>791,501</u>	<u>483,376</u>	<u>765,129</u>	<u>374,461</u>

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 1999

(b) **Quoted Investment Securities**

	The Group		The Bank	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
Quoted equities, at cost	117,041	71,630	111,758	69,570
Quoted debt securities, at cost	133,928	46,048	79,545	46,048
	<u>250,969</u>	<u>117,678</u>	<u>191,303</u>	<u>115,618</u>
Provision for diminution in value	(401)	(77)	(385)	—
	<u>250,568</u>	<u>117,601</u>	<u>190,918</u>	<u>115,618</u>
Market value at 31 December:				
Quoted equities	121,010	48,433	115,927	47,381
Quoted debt securities	141,523	50,243	85,596	50,242
	<u>262,533</u>	<u>98,676</u>	<u>201,523</u>	<u>97,623</u>

(c) **Unquoted Investment Securities**

Unquoted equities, at cost	114,043	63,314	49,427	34,512
Unquoted debt securities, at cost	98,880	126,009	20,588	26,639
	<u>212,923</u>	<u>189,323</u>	<u>70,015</u>	<u>61,151</u>
Provision for diminution in value	(9,803)	(6,460)	(4,504)	(5,215)
	<u>203,120</u>	<u>182,863</u>	<u>65,511</u>	<u>55,936</u>

(d) The movements in the provisions for diminution in the value of other long-term investments during the year are as follows:

	The Group		The Bank	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
Balance at 1 January	6,537	27,673	5,961	26,162
Exchange differences	21	(1,894)	21	(1,908)
Acquisition of subsidiaries	2,704	—	—	—
Charge/(write back) to profit and loss accounts	942	(19,242)	7,878	(18,293)
Balance at 31 December	<u>10,204</u>	<u>6,537</u>	<u>13,860</u>	<u>5,961</u>

(e) The Group and the Bank hold the following warrants in its associates at the balance sheet date:

	Number of Shares in Associates Which Can Be Subscribed For				Subscription Price		Expiry Date
	The Group		The Bank		1999 \$	1998 \$	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000			
United Overseas Land Limited							
Warrants 2001	13,015	13,015	13,015	12,233	1.60	1.60	28.5.2001
Warrants 2004	76,628	—	76,628	—	1.25	—	12.6.2004
Haw Par Corporation Limited							
Warrants 2001	6,911	6,911	6,546	6,546	1.84	1.84	18.7.2001

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 1999

14 Subsidiaries

(a) Investments in subsidiaries are as follows:

	The Bank	
	1999	1998
	\$'000	\$'000
(i) Quoted equities, at cost	426,377	416,675
Provision for diminution in value	(10,000)	(10,000)
	<u>416,377</u>	<u>406,675</u>
Market value at 31 December	<u>766,962</u>	<u>468,701</u>
(ii) Unquoted equities, at cost	1,388,491	708,376
Provision for diminution in value	(88,159)	(71,838)
	<u>1,300,332</u>	<u>636,538</u>

The subsidiaries of the Group as at 31 December 1999 are set out on pages 99 to 102.

(b) The movements in the provisions for diminution in value of investments in subsidiaries are as follows:

	The Bank	
	1999	1998
	\$'000	\$'000
Balance at 1 January	81,838	89,116
Exchange differences	51	(174)
Charge/(write back) to profit and loss accounts	16,270	(7,104)
Balance at 31 December	<u>98,159</u>	<u>81,838</u>

(c) In November 1999, the Bank acquired the following subsidiaries:

Name of Subsidiaries	Interest Acquired	Consideration Paid
	%	\$'000
UOB Radanasin Bank Public Company Limited	75	650,613
United Overseas Bank Philippines	60	124,465

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 1999

These acquisitions had no material effect on the Group's results for the current financial year. The fair values of identifiable net assets of these subsidiaries at the date of acquisition are as follows:

	\$'000
Fixed assets	71,731
Long-term investments	81,259
Trade bills and advances to customers	383,966
Other government treasury bills and securities	2,017,613
Placements and balances with banks, agents and other financial institutions	123,639
Cash and balances with central banks	251,264
Other assets	485,145
Current, fixed, savings accounts and other deposits of customers	(2,562,203)
Deposits and balances of bankers and agents	(21,514)
Other liabilities	(51,992)
	778,908
Less: Minority interests	167,479
	611,429
Goodwill on acquisition	163,649
Cash consideration	775,078
Less: Cash and cash equivalents acquired	392,516
Net outflow of cash and cash equivalents on acquisition	382,562

- (d) At the balance sheet date, the assets and liabilities belonging to the Life Funds of the subsidiaries, UOB Life Assurance Limited and PT UOB Life - Sun Assurance, are as follows:

	1999	1998
	\$'000	\$'000
Assets		
Fixed assets	507	556
Quoted investments	227,866	168,096
Loans and advances	49,732	20,614
Deposits and balances with holding and related companies	15,336	20,373
Other accounts	5,763	20,014
Fixed deposits	8,421	17,063
Cash and bank balances	725	266
	308,350	246,982
Liabilities		
Amounts owing to Shareholders' Funds	500	395
Other liabilities	3,200	10,977
	(3,700)	(11,372)
	304,650	235,610
Represented by Life Funds	304,650	235,610

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 1999

15 Fixed Assets

(a)

	1999			1998		
	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
The Group						
Balances at 1 January:						
Cost/Valuation	1,125,925	497,165	1,623,090	1,109,569	482,220	1,591,789
Accumulated depreciation	(124,715)	(315,637)	(440,352)	(107,953)	(290,410)	(398,363)
Provision for diminution in value	(3,669)	—	(3,669)	(2,566)	—	(2,566)
Net book value	997,541	181,528	1,179,069	999,050	191,810	1,190,860
Movements during the financial year:						
Exchange differences	1,764	378	2,142	(2,914)	(523)	(3,437)
Additions	19,790	32,040	51,830	20,001	35,366	55,367
Acquisition of subsidiaries	43,855	27,876	71,731	—	—	—
Disposals	(1,192)	(4,708)	(5,900)	(490)	(1,517)	(2,007)
Depreciation charge	(16,898)	(46,007)	(62,905)	(17,003)	(43,608)	(60,611)
Provision for diminution in value	(390)	—	(390)	(1,103)	—	(1,103)
Net book value at 31 December	1,044,470	191,107	1,235,577	997,541	181,528	1,179,069
Balances at 31 December:						
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

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 1999

	1999			1998		
	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
The Bank						
Balances at						
1 January:						
Cost/Valuation	575,153	287,254	862,407	572,558	276,003	848,561
Accumulated depreciation	(67,708)	(177,207)	(244,915)	(60,384)	(165,450)	(225,834)
Provision for diminution in value	(2,005)	–	(2,005)	(903)	–	(903)
Net book value	<u>505,440</u>	<u>110,047</u>	<u>615,487</u>	<u>511,271</u>	<u>110,553</u>	<u>621,824</u>
Movements during the financial year:						
Exchange differences	1,151	113	1,264	(1,549)	(53)	(1,602)
Additions	5,617	21,510	27,127	4,848	27,568	32,416
Transfer from a subsidiary upon merger	17,936	985	18,921	–	–	–
Disposals	(324)	(287)	(611)	(472)	(965)	(1,437)
Depreciation charge	(7,708)	(30,271)	(37,979)	(7,555)	(27,056)	(34,611)
Provision for diminution in value	(113)	–	(113)	(1,103)	–	(1,103)
Net book value at 31 December	<u>521,999</u>	<u>102,097</u>	<u>624,096</u>	<u>505,440</u>	<u>110,047</u>	<u>615,487</u>
Balances at 31 December:						
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	<u>521,999</u>	<u>102,097</u>	<u>624,096</u>	<u>505,440</u>	<u>110,047</u>	<u>615,487</u>

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 1999

- (b) Based on Directors' valuation, the estimated market values of the land and buildings of the Group and the Bank as at 31 December 1999 were \$2,619 million and \$1,353 million respectively (1998: \$2,513 million and \$1,282 million respectively). The excess of the estimated market values over the net book values of the properties has not been recognised in the financial statements.
- (c) 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 |
- (d) Provisions for diminution in value are in respect of certain properties in Singapore, Malaysia, Hong Kong and Thailand which were written down to their market values as determined by the Bank's internal professionally qualified valuers.

16 Segmental Information

(a) Profit Before Taxation and Total Assets by Geographical Region

Geographical segmental information is based on the location where the assets or transactions are booked.

	The Group			
	Profit Before Taxation		Total Assets	
	\$'000	%	\$'000	%
1999				
Singapore (including Asian Currency Units)	938,073	91.4	43,153,749	76.4
Other ASEAN	106,654	10.4	7,845,003	13.9
Other Asia Pacific	(28,043)	(2.7)	3,245,410	5.7
Rest of the world	9,533	0.9	2,255,227	4.0
	<u>1,026,217</u>	<u>100.0</u>	<u>56,499,389</u>	<u>100.0</u>

	The Group			
	Profit Before Taxation		Total Assets	
	\$'000	%	\$'000	%
1998				
Singapore (including Asian Currency Units)	348,793	72.2	37,527,789	73.9
Other ASEAN	91,987	19.0	4,759,317	9.4
Other Asia Pacific	25,597	5.3	6,464,275	12.7
Rest of the world	16,670	3.5	2,037,871	4.0
	<u>483,047</u>	<u>100.0</u>	<u>50,789,252</u>	<u>100.0</u>

(b) Gross Trade Bills and Advances to Customers by Industry Groups

	The Group			
	1999		1998	
	\$'000	%	\$'000	%
Manufacturing	2,565,606	8.8	2,595,447	8.9
Building and construction	3,087,150	10.6	3,226,287	11.1
Housing	7,340,021	25.3	6,396,902	21.9
General commerce	3,956,339	13.6	4,096,655	14.1
Transport, storage and communication	287,780	1.0	375,201	1.3
Financial institutions	4,381,969	15.1	5,057,906	17.3
Professionals and private individuals (excluding housing loans)	3,651,661	12.6	3,599,665	12.3
Others	3,768,728	13.0	3,822,899	13.1
	<u>29,039,254</u>	<u>100.0</u>	<u>29,170,962</u>	<u>100.0</u>

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 1999

17 Contingent Liabilities

	The Group		The Bank	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
Direct credit substitutes	1,292,761	1,110,587	1,341,296	918,768
Transaction-related contingencies	593,855	621,811	351,820	483,544
Trade-related contingencies	1,159,884	1,453,219	720,790	871,130
Other contingent liabilities	777,741	624,750	298,349	229,479
	<u>3,824,241</u>	<u>3,810,367</u>	<u>2,712,255</u>	<u>2,502,921</u>

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

18 Off-Balance Sheet Financial Instruments

(a) **The Group**

	1999			1998		
	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	2,250,101	48,685	12,770	2,599,112	45,690	13,716
Swaps	15,751,733	144,341	135,632	19,044,235	143,708	158,305
Options purchased	68,899	—	401	50,864	—	—
Options written	54,666	—	—	50,864	—	—
Interest Rate Contracts						
Forwards	—	—	—	15,282	—	—
Swaps	1,971,614	127,381	126,435	289,977	46	—
Futures	602,024	425	36	312,044	97	380
Equity-Related Contracts						
Futures	—	—	—	46,654	979	874
Options purchased	—	—	—	2,178	—	12
Options written	26,774	126	—	—	—	—
	<u>20,725,811</u>	<u>320,958</u>	<u>275,274</u>	<u>22,411,210</u>	<u>190,520</u>	<u>173,287</u>

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 1999

(b) The Bank

	1999			1998		
	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	2,191,903	48,367	12,699	2,426,739	43,650	12,105
Swaps	15,510,143	143,563	133,947	18,795,545	143,138	155,929
Options purchased	68,899	—	401	50,864	—	—
Options written	54,666	—	—	50,864	—	—
Interest Rate Contracts						
Forwards	—	—	—	15,282	—	—
Swaps	1,971,614	127,381	126,435	289,977	46	—
Futures	265,216	405	32	160,851	—	380
Equity-Related Contracts						
Futures	—	—	—	46,654	979	874
Options written	26,774	126	—	—	—	—
	<u>20,089,215</u>	<u>319,842</u>	<u>273,514</u>	<u>21,836,776</u>	<u>187,813</u>	<u>169,288</u>

19 Commitments

	The Group		The Bank	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
Capital commitments contracted but not provided for on development of property and purchase of fixed assets	105,461	128,246	11,771	7,141
Undrawn credit facilities	15,641,321	14,477,159	11,571,158	9,821,260
Others	240,359	470,035	78,975	351,987
	<u>15,987,141</u>	<u>15,075,440</u>	<u>11,661,904</u>	<u>10,180,388</u>

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 1999

20 Dividend Income

Dividends from investment in equity shares comprise the following:

	The Group		The Bank	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
From subsidiaries	–	–	142,190	54,274
From associates	–	–	22,332	12,541
From other quoted investments	3,459	5,305	1,638	1,954
From other unquoted investments	3,106	2,360	2,218	1,934
	<u>6,565</u>	<u>7,665</u>	<u>168,378</u>	<u>70,703</u>

21 Other Operating Income

	The Group		The Bank	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
Net profit/(loss) on disposal of dealing securities, and government treasury bills and securities	63,110	(53,629)	39,228	(13,446)
Net profit/(loss) on disposal of long-term investments	1,324	(9,047)	(1,899)	(7,811)
	<u>64,434</u>	<u>(62,676)</u>	<u>37,329</u>	<u>(21,257)</u>
Net profit on foreign exchange dealings	85,692	163,335	60,127	110,242
Net profit on disposal of fixed assets	2,337	1,000	2,008	1,160
Profit on sale of development properties	16,776	10,162	–	–
Other income	67,516	73,184	81,460	82,106
	<u>236,755</u>	<u>185,005</u>	<u>180,924</u>	<u>172,251</u>

22 Other Operating Expenses

	The Group		The Bank	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
Depreciation	62,905	60,611	37,979	34,611
Rental of premises and equipment	28,718	31,533	32,019	36,181
Maintenance of premises and other assets	24,256	28,161	15,436	18,751
Other expenses of premises	22,964	26,888	13,255	15,480
Auditors' remuneration	1,540	1,541	651	612
Fees payable for non-audit services rendered by the auditors of the Bank	345	71	233	10
Other expenses	154,625	123,658	92,796	80,893
	<u>295,353</u>	<u>272,463</u>	<u>192,369</u>	<u>186,538</u>

23 Directors' Fees and Other Remuneration

Included in total expenses are fees and other remuneration paid to the Bank's directors as follows:

	The Group		The Bank	
	1999	1998	1999	1998
	\$'000	\$'000	\$'000	\$'000
	11,417	7,668	11,085	7,306

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

	1999	1998
\$500,000 and above	3	3
\$250,000 to \$499,999	—	—
Below \$250,000	5	6
	8	9

24 Provisions

	The Group		The Bank	
	1999	1998	1999	1998
	\$'000	\$'000	\$'000	\$'000
Provisions charged/(credited) to the profit and loss accounts during the financial year:				
Specific and general provisions	251,319	733,219	106,622	435,151
Advances to customers written off	6,445	4,150	5,116	3,838
Provisions for diminution in value of:				
Subsidiaries	—	—	16,270	(7,104)
Other investments and other assets	(4,289)	(83,796)	4,243	(51,292)
	253,475	653,573	132,251	380,593

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 1999

25 Taxation

	The Group		The Bank	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
The taxation charge to the profit and loss accounts comprise the following:				
On the profit of the year:				
Current taxation	235,047	132,333	213,229	76,837
Deferred taxation	(2,436)	3,084	(4,651)	212
	232,611	135,417	208,578	77,049
Share of tax of associates	19,936	11,803	—	—
(Over)/under provision of tax in respect of prior years	(1,151)	(1,967)	128	(239)
	251,396	145,253	208,706	76,810

26 Extraordinary Items

	The Bank	
	1999 \$'000	1998 \$'000
Pre-merger dividend from Chung Khiaw Bank Limited, net of tax at 26%	629,899	—
Surplus arising from the merger of Chung Khiaw Bank Limited into the Bank	142,892	—
	772,791	—

On 6 September 1999, Chung Khiaw Bank Limited ("CKB"), a wholly-owned subsidiary, was merged into the Bank under Section 14A of the Banking Act, Cap. 19. As a result of the merger, the businesses, assets, liabilities, interests, rights, privileges, obligations and commitments of CKB were transferred to and vested in the Bank.

The net assets of CKB were partly transferred to the Bank by way of a pre-merger dividend of \$629,899,000, representing a gross dividend of \$851,215,000 less tax at 26% of \$221,316,000. The surplus arising from the merger of \$142,892,000 represents the excess of the net assets of CKB as at 6 September 1999 over the book value of the Bank's investment in CKB.

The assets, liabilities and off-balance sheet items of CKB as at 6 September 1999 transferred to the Bank were \$3,693 million, \$3,355 million and \$153 million respectively.

27 Dividends

	The Group and The Bank	
	1999	1998
	\$'000	\$'000
Final dividend paid in respect of previous year on new shares issued upon the exercise of share options before book closure date	100	2
Interim dividend paid 8% less income tax of 26% (1998: 8% less income tax of 26%)	59,039	58,888
Proposed final dividend 12% less income tax of 25.5% (1998: 10% less income tax of 26%)	94,036	73,611
Proposed special tax exempt bonus dividend of 25% (1998: Nil)	262,966	—
	416,141	132,501

28 Earnings Per Share

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

	The Group	
	1999	1998
	\$'000	\$'000
Profit attributable to members for computation of basic and diluted EPS	760,214	331,679
	Number	Number
	'000	'000
Weighted average number of ordinary shares in issue:		
For computation of basic EPS	1,049,134	1,046,828
Adjustment for assumed conversion of share options	324	—
For computation of diluted EPS	1,049,458	1,046,828

The weighted average number of shares for both 1999 and 1998 has been adjusted to reflect the bonus issue in 1999.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 1999

29 Cash and Cash Equivalents

Cash and cash equivalents included in the consolidated cash flow statement comprise the following balance sheet amounts:

	The Group	
	1999	1998
	\$'000	\$'000
Cash and balances with central banks	2,013,189	1,555,889
Placements and balances with banks, agents and other financial institutions	16,364,836	11,466,214
Singapore Government treasury bills and securities	3,366,684	3,226,415
Other government treasury bills and securities, less non-cash equivalents of \$2,000 million (1998: \$Nil)	558,458	3,360,439
	<u>22,303,167</u>	<u>19,608,957</u>

30 Unsecured Contingent Liability

The Bank and certain of its subsidiaries ("the Companies") operate a fund under the "Company Welfareism 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:

- (a) 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
- (b) 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.

31 Exposures to East Asian Countries

The Group has exposures to certain countries in the East Asian region which are presently recovering from the economic difficulties experienced in the last few years. The valuation and recoverability of these exposures as at 31 December 1999 are based on conditions prevailing and information available at the date of these financial statements.

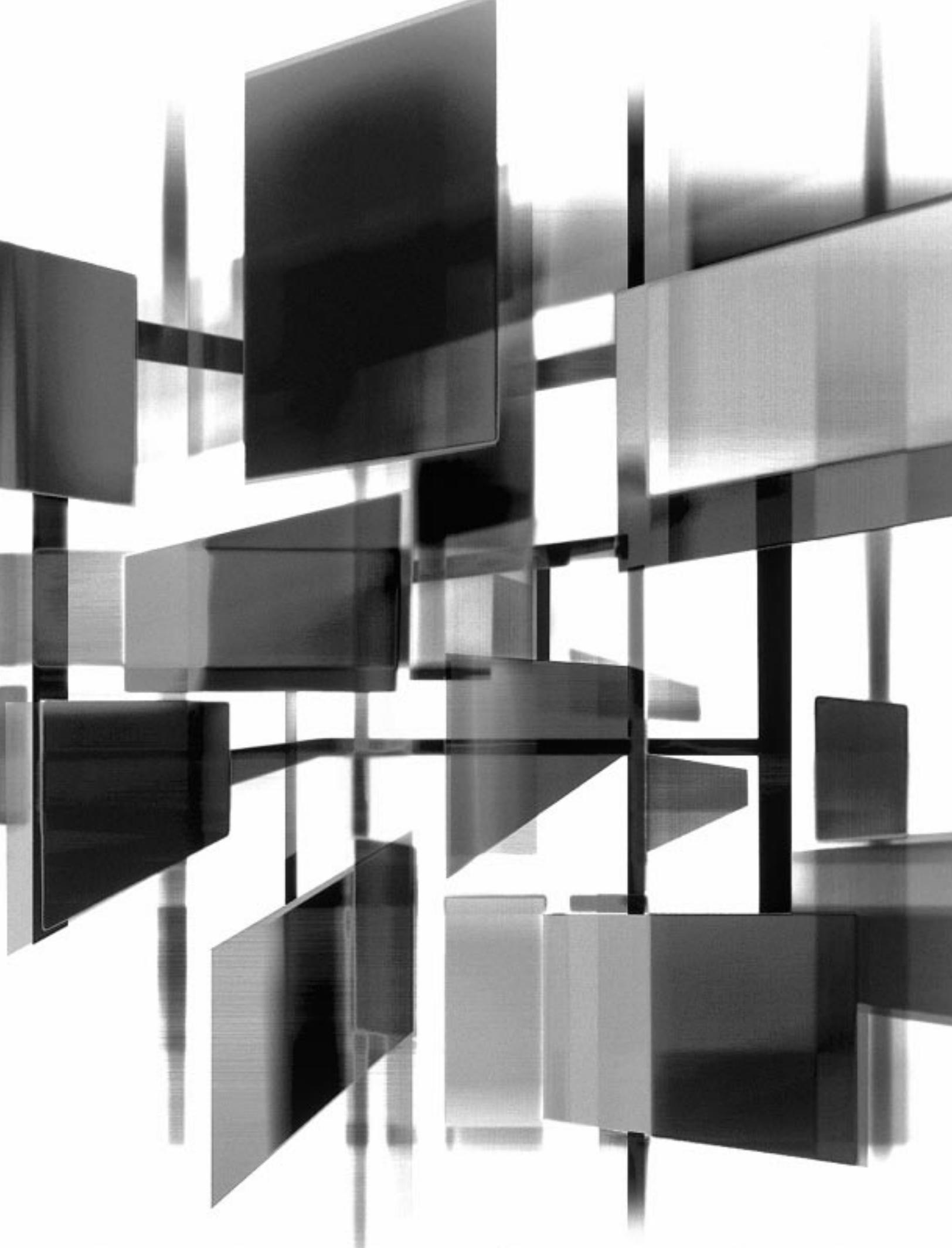
As at 31 December 1999, the Group has exposures to Malaysia, Indonesia, Thailand, South Korea and the Philippines amounting to approximately \$8,682 million (1998: \$5,382 million). These exposures are determined based on the country where the risk resides regardless of where the transactions are booked.

32 Subsequent Event

Subsequent to the balance sheet date, the Bank increased its interest in a subsidiary, United Overseas Finance Limited, from 61% to 100%. The cash consideration paid amounted to \$57.5 million. Following the acquisition, the subsidiary was delisted from the Singapore Exchange on 3 February 2000.

33 Comparative Figures

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



INVESTOR REFERENCE

FINANCIAL HIGHLIGHTS	4
GROUP FINANCIAL REVIEW (CONSOLIDATED)	27
11-YEAR GROUP FINANCIAL SUMMARY (S\$ & US\$)	90
11-YEAR BANK FINANCIAL SUMMARY (S\$ & US\$)	92
UOB SHARE PRICE AND TURNOVER	94
UOB (FOREIGN) SHARE PRICE AND TURNOVER	95
CHANGES IN SHARE CAPITAL	96
STATISTICS OF SHAREHOLDINGS	98
SUBSIDIARIES & ASSOCIATES	99
NOTICE OF ANNUAL GENERAL MEETING	110

11-YEAR GROUP FINANCIAL SUMMARY

(Figures in millions of Singapore dollars)

	1999	1998	1997	1996
Net Profit After Tax*	760.2	331.7	502.0	715.5
Dividends	416.1[#]	132.5	132.5	123.8
Cash, placements and balances with bankers and agents, government treasury bills and securities	24,303.2	19,608.9	16,306.6	14,908.1
Investments including associates*	2,039.1	1,573.8	1,131.6	1,268.4
Loans (advances & trade bills)	27,259.1	27,653.4	29,769.8	27,459.3
Fixed and other assets	2,898.0	1,953.1	2,153.6	2,171.0
Total Assets*	56,499.4	50,789.2	49,361.6	45,806.8
Represented by:				
Deposits	47,180.7	42,597.7	41,587.8	38,218.8
Bills and drafts payable, and other liabilities	3,127.7	2,313.0	2,446.7	2,481.9
Debentures, certificates of deposits, unsecured loan stock and bonds	—	—	—	199.5
Shareholders' funds*	6,191.0	5,878.5	5,327.1	4,906.6
Total Liabilities and Shareholders' Funds*	56,499.4	50,789.2	49,361.6	45,806.8

(Figures in millions of United States dollars)

	1999	1998	1997	1996
Net Profit After Tax*	456.2	199.8	299.4	511.3
Dividends	249.7[#]	79.8	79.0	88.5
Cash, placements and balances with bankers and agents, government treasury bills and securities	14,583.4	11,809.0	9,726.6	10,652.4
Investments including associates*	1,223.6	947.8	675.0	906.3
Loans (advances & trade bills)	16,357.1	16,653.7	17,757.1	19,620.8
Fixed and other assets	1,739.0	1,176.2	1,284.6	1,551.3
Total Assets*	33,903.1	30,586.7	29,443.3	32,730.8
Represented by:				
Deposits	28,311.3	25,653.5	24,806.3	27,308.8
Bills and drafts payable, and other liabilities	1,876.8	1,393.0	1,459.5	1,773.4
Debentures, certificates of deposits, unsecured loan stock and bonds	—	—	—	142.6
Shareholders' funds*	3,715.0	3,540.2	3,177.5	3,506.0
Total Liabilities and Shareholders' Funds*	33,903.1	30,586.7	29,443.3	32,730.8
Exchange Conversion of US\$1.00	S\$1.6665	S\$1.6605	S\$1.6765	S\$1.3995

* Balances in respect of 1989 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).

11-YEAR GROUP FINANCIAL SUMMARY

(Figures in millions of Singapore dollars)

1995	1994	1993	1992	1991	1990	1989
632.7	570.1 ⁺	456.6	300.8	261.6	226.0	239.6
123.1	262.9 ^{##}	131.2 ^{###}	74.2	70.1	69.3	62.2
13,743.8	13,337.3	11,870.1	10,963.6	9,994.4	9,531.1	7,390.3
1,071.3	891.2	853.6	713.4	641.1	626.0	643.4
23,758.4	21,379.6	18,469.5	14,717.7	13,299.1	12,179.2	9,152.1
1,991.9	1,743.3	3,028.9	1,481.0	1,286.7	1,097.6	916.5
40,565.4	37,351.4	34,222.1	27,875.7	25,221.3	23,433.9	18,102.3
33,758.6	31,255.2	27,654.7	23,063.2	20,984.7	19,127.2	14,446.3
2,385.6	2,218.7	3,154.6	1,788.2	1,632.9	1,902.1	1,420.6
197.8	196.2	372.3	371.0	277.6	277.5	277.6
4,223.4	3,681.3	3,040.5	2,653.3	2,326.1	2,127.1	1,957.8
40,565.4	37,351.4	34,222.1	27,875.7	25,221.3	23,433.9	18,102.3

(Figures in millions of United States dollars)

447.0	390.4 ⁺	283.9	183.2	160.7	130.0	126.1
87.0	180.0 ^{##}	81.5 ^{###}	45.2	43.1	39.8	32.7
9,709.5	9,132.0	7,379.6	6,677.0	6,137.2	5,483.8	3,889.6
756.9	610.2	530.7	434.4	393.7	360.2	338.6
16,784.4	14,638.6	11,482.4	8,963.3	8,166.4	7,007.6	4,816.9
1,407.2	1,193.6	1,883.1	902.0	790.1	631.6	482.4
28,658.0	25,574.4	21,275.8	16,976.7	15,487.4	13,483.2	9,527.5
23,849.2	21,400.3	17,192.9	14,045.8	12,885.9	11,005.3	7,603.3
1,685.3	1,519.1	1,961.2	1,089.0	1,002.7	1,094.4	747.7
139.8	134.4	231.5	226.0	170.4	159.6	146.1
2,983.7	2,520.6	1,890.2	1,615.9	1,428.4	1,223.9	1,030.4
28,658.0	25,574.4	21,275.8	16,976.7	15,487.4	13,483.2	9,527.5
S\$1.4155	S\$1.4605	S\$1.6085	S\$1.6420	S\$1.6285	S\$1.7380	S\$1.9000

11-YEAR BANK FINANCIAL SUMMARY

(Figures in millions of Singapore dollars)

	1999	1998	1997	1996
Net Profit After Tax	541.5 ⁺	229.9	270.2	415.8
Dividends	416.1 [#]	132.5	132.5	123.8
Cash, placements, balances with bankers and agents, including group companies, government treasury bills and securities	19,388.7	16,259.0	13,327.5	11,598.5
Investments including subsidiaries and associates	2,925.4	1,877.9	1,772.4	1,912.8
Loans (advances & trade bills)	20,686.0	18,729.2	19,513.0	17,340.6
Fixed and other assets	1,305.0	1,086.3	1,168.2	1,309.9
Total Assets	44,305.1	37,952.4	35,781.1	32,161.8
Represented by:				
Deposits	38,141.5	33,036.4	30,978.5	27,486.0
Bills and drafts payable, and other liabilities	1,535.8	1,056.1	1,045.2	1,033.2
Debentures, certificates of deposits, unsecured loan stock and bonds	—	—	—	199.4
Shareholders' funds	4,627.8	3,859.9	3,757.4	3,443.2
Total Liabilities and Shareholders' Funds	44,305.1	37,952.4	35,781.1	32,161.8

(Figures in millions of United States dollars)

	1999	1998	1997	1996
Net Profit After Tax	324.9 ⁺	138.5	161.2	297.1
Dividends	249.7 [#]	79.8	79.0	88.5
Cash, placements, balances with bankers and agents, including group companies, government treasury bills and securities	11,634.4	9,791.6	7,949.6	8,287.6
Investments including subsidiaries and associates	1,755.4	1,130.9	1,057.2	1,366.8
Loans (advances & trade bills)	12,412.8	11,279.3	11,639.1	12,390.5
Fixed and other assets	783.1	654.2	696.8	936.0
Total Assets	26,585.7	22,856.0	21,342.7	22,980.9
Represented by:				
Deposits	22,887.2	19,895.5	18,478.1	19,639.8
Bills and drafts payable, and other liabilities	921.6	636.0	623.4	738.3
Debentures, certificates of deposits, unsecured loan stock and bonds	—	—	—	142.5
Shareholders' funds	2,776.9	2,324.5	2,241.2	2,460.3
Total Liabilities and Shareholders' Funds	26,585.7	22,856.0	21,342.7	22,980.9
Exchange Conversion of US\$1.00	S\$1.6665	S\$1.6605	S\$1.6765	S\$1.3995

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

[#] 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).

11 - YEAR BANK FINANCIAL SUMMARY

(Figures in millions of Singapore dollars)

1995	1994	1993	1992	1991	1990	1989
382.6	291.0 ⁺	232.5	169.2	156.4	147.3	139.5
123.1	262.9 ^{##}	131.2 ^{###}	74.2	70.1	69.3	62.2
11,058.4	11,215.1	9,464.4	8,952.0	7,370.0	6,969.7	5,621.4
1,723.3	1,588.6	1,451.0	1,155.6	1,141.4	1,145.7	1,060.7
14,609.5	12,922.3	10,619.0	8,249.9	8,038.3	7,888.4	5,610.5
1,119.9	1,058.5	874.1	796.1	723.4	663.4	433.5
28,511.1	26,784.5	22,408.5	19,153.6	17,273.1	16,667.2	12,726.1
24,317.8	22,825.2	19,049.7	16,209.7	14,632.5	13,946.6	10,405.9
939.6	1,011.5	874.5	713.2	699.4	875.0	565.0
197.8	196.2	362.8	361.4	268.0	268.0	268.0
3,055.9	2,751.6	2,121.5	1,869.3	1,673.2	1,577.6	1,487.2
28,511.1	26,784.5	22,408.5	19,153.6	17,273.1	16,667.2	12,726.1

(Figures in millions of United States dollars)

270.0	199.2 ⁺	144.5	103.0	96.1	84.8	73.4
87.0	180.0 ^{##}	81.5 ^{###}	45.2	43.1	39.8	32.7
7,812.3	7,678.8	5,884.0	5,451.9	4,525.7	4,010.1	2,958.6
1,217.5	1,087.7	902.1	703.8	700.9	659.2	558.3
10,321.0	8,847.9	6,601.8	5,024.3	4,936.0	4,538.8	2,952.9
791.2	724.8	543.4	484.8	444.2	381.7	228.2
20,142.0	18,339.2	13,931.3	11,664.8	10,606.8	9,589.8	6,698.0
17,179.6	15,628.3	11,843.1	9,871.9	8,985.3	8,024.5	5,476.8
663.8	692.6	543.7	434.3	429.5	503.5	297.4
139.7	134.3	225.5	220.1	164.5	154.1	141.0
2,158.9	1,884.0	1,319.0	1,138.5	1,027.5	907.7	782.8
20,142.0	18,339.2	13,931.3	11,664.8	10,606.8	9,589.8	6,698.0
S\$1.4155	S\$1.4605	S\$1.6085	S\$1.6420	S\$1.6285	S\$1.7380	S\$1.9000

UOB SHARE PRICE AND TURNOVER



Share Price ⁺	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Highest (\$)	3.68	4.74	4.61	4.54	8.51	9.08	9.19	9.19	9.38	7.86	15.30
Lowest (\$)	2.56	3.22	3.29	4.01	4.34	6.66	7.72	7.86	6.77	2.78	5.97
Average (\$)	3.12	3.98	3.95	4.28	6.43	7.87	8.46	8.53	8.08	5.32	10.64
Last Done (\$)	3.29	3.85	4.08	4.51	8.51	8.76	8.71	8.05	7.91	6.20	14.70

Ratios

Dividend Cover (no. of times)	3.85	3.26	3.73	4.05	5.52 [#]	5.81 [#]	5.14	5.78	3.79	2.50	4.96 [#]
Adjusted Net Tangible Asset Backing Per Share (\$)*	2.49	2.68	2.92	3.25	3.63	3.89	4.40	4.96	5.09	5.62	5.89
Adjusted Earnings Per Share (\$)***	0.23	0.24	0.27	0.31	0.52	0.62	0.66	0.74	0.49	0.32	0.72
Dividends Per Share (cents) – Taxable	18.00	18.00	18.00	18.00	28.00	18.00	18.00	18.00	18.00	18.00	20.00
– Tax Exempt	–	–	–	–	–	22.00	–	–	–	–	25.00
Net Dividend Yield (%)++	3.96	3.12	3.17	3.01	3.18	4.47	1.57	1.56	1.65	2.50	3.75
Price Earning Ratio ⁺⁺	13.57	16.58	14.63	13.81	12.37	12.69	12.82	11.53	16.49	16.63	14.78

[#] 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 1989, 1990, 1993, 1995 and 1999.

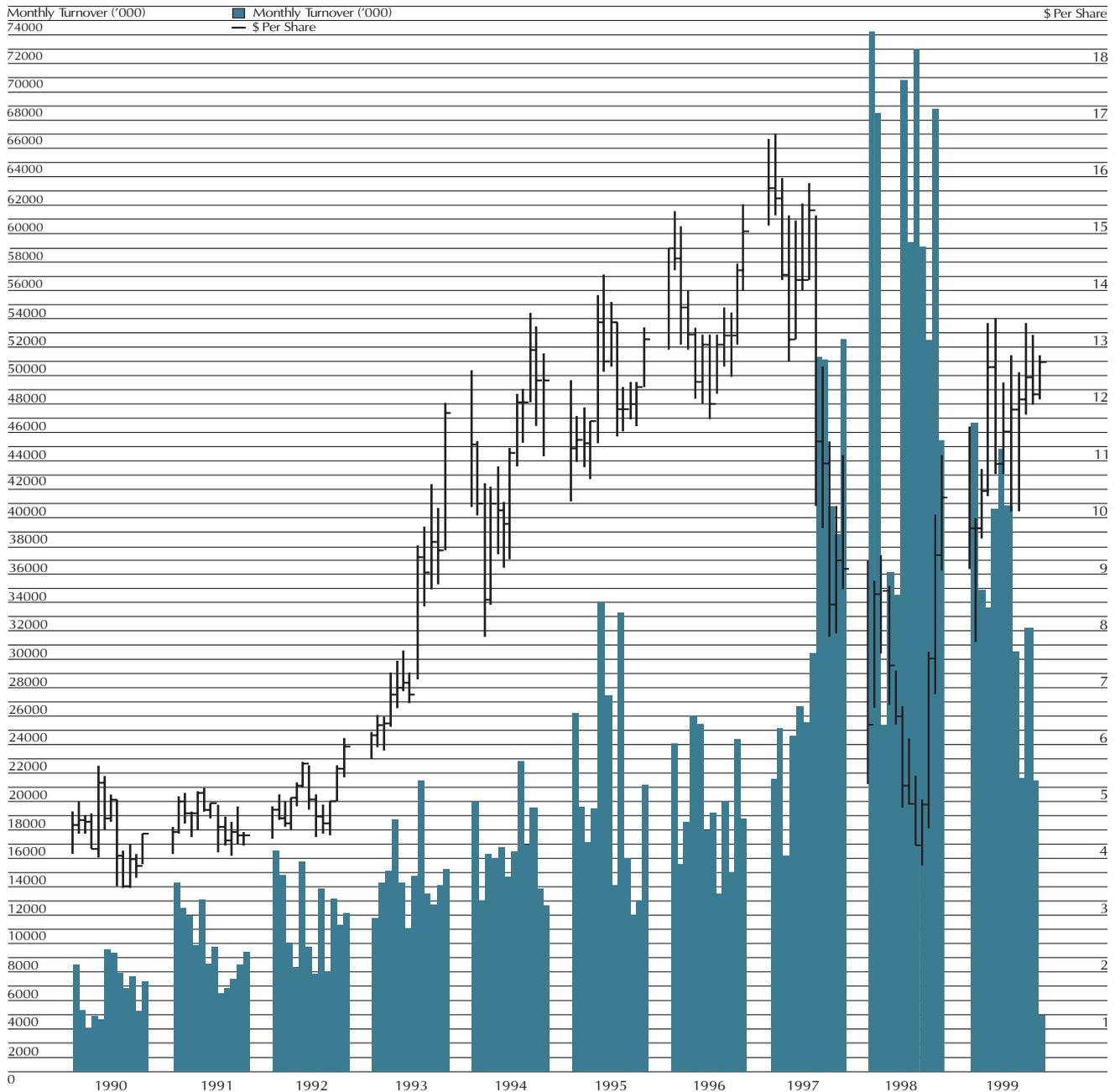
** Earnings per share has been adjusted for bonus issues in 1989, 1990, 1993, 1995 and 1999, and rights issue in 1994.

+ 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.

UOB (FOREIGN) SHARE PRICE AND TURNOVER



Share Price ⁺ (1999)		Ratios (1999)		Foreign Shareholding (as at 31 December)	
Highest (\$)	13.26	Net Dividend Yield (%) [#]	3.83	1989	20.00%
Lowest (\$)	7.58	Price Earning Ratio [#]	14.47	1990	35.53%
Average (\$)	10.42			1991	39.72%
Last Done (\$)	12.50			1992	40.00%
				1993	40.00%
				1994	39.96%
				1995	40.00%
				1996	38.99%
				1997	39.51%
				1998	39.51%
				1999*	39.36%

⁺ Share prices have been adjusted for bonus issue in 1999.

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

* As at 30 September 1999.

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.

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 1999:

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	—

CHANGES IN SHARE CAPITAL

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						

STATISTICS OF SHAREHOLDINGS

as at 3 April 2000

Size of Shareholdings	No. of Shareholders	Percentage of Shareholders	No. of Shares	Percentage of Shares
1 – 1,000	7,936	40.44	3,845,624	0.37
1,001 – 10,000	9,248	47.13	30,322,281	2.88
10,001 – 1,000,000	2,384	12.15	124,762,849	11.86
1,000,001 & Above	54	0.28	893,194,077	84.89
Total	19,622	100.00	1,052,124,831	100.00

Twenty Largest Shareholders	No. of Shares	Percentage
United Overseas Bank Nominees (Private) Limited	166,161,467	15.79
Raffles Nominees Pte Ltd	151,959,628	14.44
DBS Nominees Pte Ltd	148,106,643	14.08
Wee Investments Private Ltd	109,780,234	10.43
Tai Tak Estates Sdn Bhd	67,445,739	6.41
HSBC (Singapore) Nominees Pte Ltd	45,336,728	4.31
C Y Wee & Co Pte Ltd	31,645,653	3.01
Citibank Nominees Singapore Pte Ltd	29,174,529	2.77
Wee Cho Yaw	16,530,548	1.57
Oversea-Chinese Bank Nominees Private Limited	14,588,613	1.39
Kwan Tee Holdings Pte Ltd	9,112,892	0.87
Prudential Assurance Company Singapore (Pte) Ltd – Life Fund	6,675,600	0.63
DB Nominees (S) Pte Ltd	6,331,431	0.60
NTUC Income Insurance Co-operative Limited	6,085,981	0.58
Prudential Assurance Company Singapore (Pte) Ltd – Prulink Fund	5,700,950	0.54
Ho Sim Guan	5,665,142	0.54
Chew How Teck and Company (Pte) Limited	5,051,455	0.48
Overseas Union Bank Nominees (Private) Limited	4,570,269	0.43
Indosuez Singapore Nominees Pte Ltd	3,236,361	0.31
Ko Teck Siang	3,228,492	0.31
Total	836,388,355	79.49

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	–	61,882,816
Ho Sim Guan	5,665,142	70,721,237**
Tai Tak Estates Sdn Bhd	67,445,739	–
United Overseas Land Limited	–	63,841,115
Wee Cho Yaw	16,530,548	143,607,441*
Wee Ee Cheong	2,774,899	143,551,011*
Wee Ee Chao	141,164	114,402,020*
Wee Ee Lim	1,898,357	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.

SUBSIDIARIES & ASSOCIATES

as at 31 December 1999

Activity	Subsidiaries	Country of Incorporation	Business Carried On In	Percentage of				Cost of Bank's Investment		
				Paid-Up Capital Held By The Bank		Capital Held By Subsidiaries		1999	1998	
				1999	1998	1999	1998	\$'000	\$'000	
				%	%	%	%			
Subsidiaries										
Commercial Banking	Chung Khiaw Bank Limited	Singapore	Singapore/ Hong Kong	—	100	—	—	—	194,767	
	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	
	# P T United Overseas Bank Bali	Indonesia	Indonesia	80	80	—	—	30,562	30,562	
	# United Overseas Bank (Canada)	Canada	Canada	100	100	—	—	18,155	18,155	
	LWB (1995) Limited (<i>Inactive</i>)	Singapore	Inactive	100	100	—	—	—	—	
	# UOB Radanasin Bank Public Company Limited	Thailand	Thailand	75	—	—	—	535,787	—	
### United Overseas Bank Philippines	Philippines	Philippines	60	—	—	—	75,642	—		
Merchant Banking	UOB Asia Limited (<i>formerly known as United Merchant Bank Limited</i>)	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	Hong Kong	50	50	50	50	11,687	11,687	
Finance Companies	United Overseas Finance Limited	Singapore	Singapore	61	45	—	16	34,392	24,690	
	# United Overseas Finance (Malaysia) Bhd	Malaysia	Malaysia	—	—	100	100	—	—	
Insurance	United Overseas Insurance Limited	Singapore	Singapore	51	51	—	—	7,700	7,700	
	Industrial & Commercial Insurance Limited	Singapore	Singapore	—	—	73	73	—	—	
	# UOB Insurance (H.K.) Limited	Hong Kong	Hong Kong	—	—	100	100	—	—	
	UOB Life Assurance Limited	Singapore	Singapore	88	88	12	12	76,500	76,500	
# PT UOB Life - Sun Assurance	Indonesia	Indonesia	—	—	80	70	—	—		
Investment Companies	# Chung Khiaw Bank (Malaysia) Bhd	Malaysia	Malaysia	100	—	—	100	152,403	—	
	UOB Equity Holdings (Pte) Ltd	Singapore	Singapore	100	100	—	—	9,600	9,600	
	United Investments Limited	Singapore	Singapore	100	100	—	—	68,100	26,100	
	# UOB Finance (H.K.) Limited	Hong Kong	Hong Kong	100	100	—	—	21,444	21,434	
	# UOB Realty (H.K.) Limited	Hong Kong	Hong Kong	—	—	100	100	—	—	
	ICB Pte Ltd (<i>Inactive</i>)	Singapore	Inactive	—	—	100	100	—	—	
	# ICB Finance Limited	Hong Kong	Hong Kong	—	—	100	100	—	—	
## UOB Holdings (USA) Inc	United States of America	United States of America	100	100	—	—	16,048	9,963		
Stockbroking	UOB Securities Pte Ltd	Singapore	Singapore	—	—	100	100	—	—	
	# UOB Securities (Philippines), Inc.	Philippines	Philippines	—	—	100	100	—	—	
	# United Mok Ying Kie Limited	Hong Kong	Hong Kong	—	—	55	55	—	—	
	# P T UOBB Securities	Indonesia	Indonesia	—	—	85	85	—	—	

SUBSIDIARIES & ASSOCIATES

as at 31 December 1999

Activity	Subsidiaries	Country of Incorporation	Business Carried On In	Percentage of				Cost of Bank's Investment	
				Paid-Up Capital Held By The Bank		Capital Held By Subsidiaries		1999	1998
				1999 %	1998 %	1999 %	1998 %	\$'000	\$'000
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	—
	UOB Global Capital Limited	Singapore	Singapore	70	70	—	—	672	280
	### UOB Global Capital LLC	United States of America	United States of America	—	—	70	—	—	—
	## UOB Global Capital SARL	France	France	—	—	100	—	—	—
	UOB Venture Management Private Limited	Singapore	Singapore	100	100	—	—	250	250
	+ UOB-Walden Capital Management Pte Ltd (in members' voluntary liquidation)	Singapore	Singapore	—	50	—	—	—	—
	# 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
ICB Nominees (Private) Limited		Singapore	Singapore	—	—	100	100	—	—
Chung Khiaw Bank Nominees (Private) Limited		Singapore	Singapore	100	—	—	100	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	Singapore	—	—	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	Hong Kong	100	100	—	—	4	4
# Chung Khiaw Bank Nominees (H.K.) Limited		Hong Kong	Hong Kong	100	—	—	100	2	—
# Singapore UMB (Hong Kong) Limited (Inactive)		Hong Kong	Inactive	—	—	100	100	—	—
# UOB Nominees (UK) Limited		United Kingdom	United Kingdom	100	100	—	—	2	2
UOB Securities Nominees Pte Ltd		Singapore	Singapore	—	—	100	100	—	—
# UOB Nominees (Australia) Limited	Australia	Australia	—	—	100	100	—	—	
# UMYK Nominees Limited	Hong Kong	Hong Kong	—	—	100	100	—	—	
Gold/Futures Dealing	UOB Bullion and Futures Limited	Singapore	Singapore	100	100	—	—	9,000	9,000
Leasing/Rental	Ubin Private Limited (Inactive)	Singapore	Inactive	—	—	100	100	—	—
Computer Services	Unicom Databank Private Limited	Singapore	Singapore	100	100	—	—	*	*
	# UOB InfoTech Sdn Bhd	Malaysia	Malaysia	—	—	100	100	—	—

SUBSIDIARIES & ASSOCIATES

as at 31 December 1999

Activity	Subsidiaries	Country of Incorporation	Business Carried On In	Percentage of				Cost of Bank's Investment	
				Paid-Up Capital Held By The Bank		Subsidiaries		1999	1998
				1999	1998	1999	1998	1999	1998
				%	%	%	%	\$'000	\$'000
Management Services	UOB Management Services Pte Ltd (<i>Inactive</i>)	Singapore	Inactive	100	100	—	—	*	*
	ICB Management Pte Ltd (<i>Inactive</i>)	Singapore	Inactive	—	—	100	100	—	—
	A.I.M. Services Pte Ltd (<i>Inactive</i>)	Singapore	Inactive	—	—	100	100	—	—
General Services	United General Services (Pte) Ltd	Singapore	Singapore	100	100	—	—	*	*
Consultancy and Research Services	# UOB Research (M) Sdn Bhd	Malaysia	Malaysia	—	—	100	100	—	—
	UOB Investment Research Pte Ltd	Singapore	Singapore	100	100	—	—	500	500
Property/Hotel	UOB Warehouse Private Limited	Singapore	Singapore	100	100	—	—	88,000	88,000
	Chung Khiaw Realty, Limited	Singapore	Singapore/Malaysia	99	—	—	99	60,448	—
	Industrial & Commercial Realty Limited (<i>in members' voluntary liquidation</i>)	Singapore	Singapore	—	—	100	100	—	—
	FEB Realty Company Pte Ltd (<i>Inactive</i>)	Singapore	Inactive	—	—	100	100	—	—
	ICB Enterprises (Private) Limited (<i>Inactive</i>)	Singapore	Inactive	—	—	100	100	—	—
	Industrial & Commercial Property (S) Pte Ltd	Singapore	Singapore	—	—	100	100	—	—
	## UOB Realty (USA) Inc	United States of America	United States of America	100	100	—	—	332	332
	## UOB Realty (USA) Ltd Partnership	United States of America	United States of America	99	99	1	1	16,498	16,438
	#### Dahua Xiamen Development Ltd	People's Republic of China	People's Republic of China	50	50	—	—	11,867	11,824
	Property Management	UOB Property Management Pte Ltd	Singapore	Singapore	100	100	—	—	*
Granite Trading/Quarrying	G H Carriers Private Limited	Singapore	Singapore	—	—	100	100	—	—
	Gim Huat Private Limited (<i>Inactive</i>)	Singapore	Inactive	—	—	100	100	—	—
	Industrial Imex Pte Ltd (<i>disposed of during the year</i>)	Singapore	Singapore	—	—	—	51	—	—
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
								1,814,868	1,125,051
								(98,159)	(81,838)
								1,716,709	1,043,213

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 UOB'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.

SUBSIDIARIES & ASSOCIATES

as at 31 December 1999

Associates

	Principal Activities	Country of Incorporation and Business	Effective Interest Held By The Group	
			1999 %	1998 %
Associates (Quoted)				
United Overseas Land Limited	Property/Hotel	Singapore	44	43
Haw Par Corporation Limited	Conglomerate	Singapore	42	42
United International Securities Limited	Investment	Singapore	40	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
Sprays Shipping (Pte) Ltd.	Dormant	Singapore	25	25
UOB Venture Investments Limited	Venture Capital Investment	Singapore	21	21
Network For Electronic Transfers (Singapore) Pte Ltd	Electronic Funds Transfer	Singapore	20	14
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	17
GTM Global Travel Management Asia Pacific Pte Ltd	Travel Management	Singapore	—	24

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

Branches

Main Branch (UOB Plaza), Alexandra, Aljunied, Ang Mo Kio, Anson Road, Balestier Road, Beach Road, Bedok, Bendemeer Road, Bishan, Boon Lay, Bukit Batok Central, Bukit Panjang, Bukit Timah, Changi, Changi Airport, City Hall MRT, City Plaza, Clementi, Coleman Street, Geylang, Holland Road, Jalan Sultan, Jurong, Katong, MacPherson, Marina Square, Mount Elizabeth, New Bridge Road, Orchard, Parkway Parade, Pasir Ris, Queenstown, Rochor Road, Seletar Hills, Sennett Estate, Serangoon Garden, Siglap, Somerset, Springleaf Garden, Tampines, Tampines Mall, Tanjong Pagar, Thomson Road, Tiong Bahru Plaza, Toa Payoh, United Square, Upper Bukit Timah, Upper Paya Lebar, Upper Serangoon Road, West Coast, Woodlands, Yishun, Zhenghua

FAR EASTERN BANK LIMITED

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

Branches

Main Branch (Far Eastern Bank Building), Ang Mo Kio, Serangoon Road, Upper Serangoon Road

INDUSTRIAL & COMMERCIAL BANK LIMITED

80 Robinson Road #01-01
 Singapore 068898
 Telephone : 65-221 1711
 Facsimile : 65-225 9777
 Cable : INCOMBANK
 Telex : RS 21112 ICBANK
 SWIFT : ICBSSGSG

Branches

Main Branch (Robinson Road), Ang Mo Kio, Bedok, Bukit Merah, Hougang North, Jalan Besar, Jurong East, Middle Road, North, West Coast, Yio Chu Kang, Yishun, Zhujiao

AUSTRALIA

UNITED OVERSEAS BANK LIMITED

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
 General Manager : Yung Kin Man Kevin

UOB Australia Limited

(a wholly-owned merchant banking 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
 Director & General Manager : Yung Kin Man Kevin

OUR INTERNATIONAL NETWORK

CANADA

UNITED OVERSEAS BANK LIMITED

United Overseas Bank (Canada)

(a wholly-owned banking 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

Director & General Manager : Koh Kok Jin

CHINA

UNITED OVERSEAS BANK LIMITED

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

General Manager : Liau Guan Siang Anthony

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 UOBESH CN

General Manager : Teo Tiat Chye

Xiamen Branch

United Overseas Bank Building

Unit 01-01

19 Hubin Bei Road

Xiamen 361012

Telephone : 86-592-508 1601

Facsimile : 86-592-508 1605

Telex : 923079 UOBXM CN

General Manager : Lim Siang Kai

Beijing Representative Office

2802, China World Tower

China World Trade Centre

1 Jian Guo Men Wai Avenue

Beijing 100004

Telephone : 86-10-6505 1863

Facsimile : 86-10-6505 1862

Chief Representative : Liu Bo

FRANCE

UNITED OVERSEAS BANK LIMITED

UOB Global Capital SARL

(a global asset management subsidiary)

40 rue La Perouse

75016 Paris

Telephone : 33-1-5364 8400

Facsimile : 33-1-5364 8409

Managing Director : Landau Michael

HONG KONG S.A.R.

UNITED OVERSEAS BANK LIMITED

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 : UOVBHKHH

Chief Executive Officer : Chan Tze Leung Robert

Landmark Branch

Edinburgh Tower
Suite 2508, 25th Floor
The Landmark
15 Queen's Road Central
Telephone : 852-2532 6888
Facsimile : 852-2868 4598
Chief Executive Officer : Chan Tze Leung Robert
Officer-In-Charge : Woo Sau Mei Sharon (Ms)

Mongkok Branch

794-796 Nathan Road
Ground Floor
Kowloon
Telephone : 852-2381 2292
Facsimile : 852-2397 4564
Chief Executive Officer : Chan Tze Leung Robert
Officer-In-Charge : Law Sin Ming Simmy (Ms)

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
Chief Executive Officer : Chan Tze Leung Robert
Officer-In-Charge : Law Sin Ming Simmy (Ms)

UOB Asia (Hong Kong) Limited

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

United Mok Ying Kie Limited

(a joint venture stockbroking company)
Suite 2102, 21st Floor
Nine Queen's Road Central
Telephone : 852-2522 3508
Facsimile : 852-2845 9719
Telex : 63813 YKMOK HX
Managing Director : Witts A Richard

INDUSTRIAL & COMMERCIAL BANK LIMITED

ICB Finance Limited

(a wholly-owned subsidiary)
United Overseas Bank Building
5th Floor
54-58 Des Voeux Road Central
Telephone : 852-2842 5666
Facsimile : 852-2810 5773
Chief Executive Officer : Chan Tze Leung Robert

INDONESIA

UNITED OVERSEAS BANK LIMITED

Jakarta Representative Office

Gedung Peln, Lantai III
Jalan Gajah Mada No. 14
Jakarta 10130
Telephone : 62-21-6385 7237
Facsimile : 62-21-6385 7221
Telex : 46776 TYEHUA IA
Secretary : Suhadi Utami Dewi (Ms)

OUR INTERNATIONAL NETWORK

P T United Overseas Bank Bali

(a joint venture bank)

Gedung Pelni, Lantai II & III

Jalan Gajah Mada No. 14

Jakarta 10130

Telephone : 62-21-6385 7234

Facsimile : 62-21-6385 7239

Telex : 46426 UOBB IA

SWIFT : UOBBIDJA

Commissioner : Neo Khay Pin

President Director : Chua Kim Hay

Deputy President Director : Lim Tian Pher James

P T United Overseas Bank Bali has 6 branches in Indonesia.

P T UOBB Securities

(a joint venture stockbroking company)

Gedung Pelni, Lantai X

Jalan Gajah Mada No. 14

Jakarta 10130

Telephone : 62-21-6385 7227

Facsimile : 62-21-6385 7236

Director : Cheong Sam

PT UOB Life - Sun Assurance

(a joint venture life assurance company)

Wisma BSG

Jalan Abdul Muis No. 40

Lantai 5

Jakarta 10160

Telephone : 62-21-351 6568

Facsimile : 62-21-345 1119

President Director : Tioniwar Suarmin

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

JAPAN

UNITED OVERSEAS BANK LIMITED

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

General Manager : Seah Kok Thye

MALAYSIA

UNITED OVERSEAS BANK LIMITED

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 085096 TYEHUA

General Manager : Wong Siew Ling Cherie (Ms)

United Overseas Bank (Malaysia) Bhd

(a wholly-owned banking subsidiary)

Menara UOB

Jalan Raja Laut

P O Box 11212

50738 Kuala Lumpur

Telephone : 60-3-292 7722

Facsimile : 60-3-291 0281

Cable : BANKUOBM KUALA LUMPUR

Telex : MA 31877 UOBM HO

SWIFT : UOVBMKLA

Director & Chief Executive Officer :

Lee Chin Yong Francis

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

UOB-OSK Asset Management Sdn Bhd

(a joint venture asset management company)

Menara UOB, Level 13

Jalan Raja Laut

50350 Kuala Lumpur

Telephone : 60-3-469 8181

Facsimile : 60-3-469 5100

Chief Executive Officer : Tan Kok Kheng

Affin-UOB Securities Sdn Bhd

(a stockbroking associate)

Menara Keck Seng, Level 3

203 Jalan Bukit Bintang

55100 Kuala Lumpur

Telephone : 60-3-243 8668

Facsimile : 60-3-243 3663

Managing Director :

To' Puan Siti Norizam bte Mohd Yusoff

MYANMAR

UNITED OVERSEAS BANK LIMITED

Yangon Representative Office

Sakura Tower

#0502, 5th Floor

339 Bogyoke Aung San Road

Kyauktada Township

Yangon

Telephone : 95-1-255 123

Facsimile : 95-1-255 123

Representative : U Hla Thuang

PHILIPPINES

UNITED OVERSEAS BANK LIMITED

United Overseas Bank Philippines

(a joint venture bank)

411 Quintin Paredes Street

Binondo, Manila

Telephone : 63-2-243 0951 to 60

Facsimile : 63-2-243 0968

SWIFT : UOVBPMMM

Chief Executive Officer : Chua Teng Hui

Deputy Chief Executive Officer : Wang Lian Khee

United Overseas Bank Philippines has 97 branches in the Philippines.

UOB Securities (Philippines), Inc.

(a wholly-owned stockbroking subsidiary)

Chatham House

Unit 9C

Valero corner Herrera Streets

Salcedo Village, Makati City

Metro Manila

Telephone : 63-2-887 1066/7/8

Facsimile : 63-2-887 7972/3

President & Chief Executive Officer : Huang Michael

SOUTH KOREA

UNITED OVERSEAS BANK LIMITED

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

General Manager : Liew Chan Harn

TAIWAN

UNITED OVERSEAS BANK LIMITED

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

General Manager : Bak Soo Ha

UOB Bullion and Futures Limited

(a wholly-owned gold/futures dealing subsidiary)

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

Manager : Cheng Chih Jung Vincent

UOB Investment Advisor (Taiwan) Ltd

(a wholly-owned investment advisory subsidiary)

Union Enterprise Plaza, 10th Floor
109 Minsheng East Road

Section 3

Taipei 105

Telephone : 886-2-2719 7005

Facsimile : 886-2-2545 6591

Director : Cheng Chih Jung Vincent

THAILAND

UNITED OVERSEAS BANK LIMITED

Bangkok International Banking Facility

United Center Building

Unit 2002, 20th Floor

323 Silom Road, Bangrak

Bangkok 10500

Telephone : 66-2-231 1196/7/8

Facsimile : 66-2-231 1321

Telex : 20509 UOBBIBF TH

General Manager : Tay Chong Keng

UOB Radanasin Bank Public Company Limited

(a joint venture bank)

690 Sukhumvit Road

Klongton, Klongtoey

Bangkok 10110

Telephone : 66-2-260 0090

Facsimile : 66-2-260 5310/1

Telex : 20805 RSBXBK TH, 20820 RSBX TH

SWIFT : RSBXTHBK

Chief Executive Officer : Poon Hon Thang Samuel

UOB Radanasin Bank Public Company Limited has 68 branches in Thailand.

UOB Securities (Thailand) Co. Ltd

(a wholly-owned stockbroking subsidiary)

163 Surawongse Road

Bangkok 10500

Telephone : 66-2-268 0450

Facsimile : 66-2-238 4183

Executive Director : Homla-Or Somkiat

UOB Securities (Thailand) Co. Ltd has 4 offices in Thailand.

UNITED KINGDOM

UNITED OVERSEAS BANK LIMITED

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
General Manager : Lee Kang Hai Michael

UNITED STATES OF AMERICA

UNITED OVERSEAS BANK LIMITED

New York Agency

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

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
Agent & General Manager : Loh Heng Yuen David

UOB Global Capital LLC

(a global asset management subsidiary)

UOB Building
592 Fifth Avenue
Suite 602
New York, NY 10036
Telephone : 1-212-398 6633
Facsimile : 1-212-398 4030
Managing Director : Goss David

VIETNAM

UNITED OVERSEAS BANK LIMITED

Ho Chi Minh City Branch

Central Plaza Office Building
Ground Floor
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
General Manager : Voon Tai Yok Gary

CORRESPONDENTS

In all principal cities of the world

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **Fifty-Eighth 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 Wednesday, 24 May 2000 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 1999.
- Resolution 2** To declare a Final Dividend of 12% less income tax and a Special Bonus Dividend of 25% tax exempt for the year ended 31 December 1999.
- Resolution 3** To approve Directors' fees of \$235,000 for 1999 (1998: \$220,500).
- 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** Prof Lim Chong Yah.
- Resolution 6** Wong Meng Meng.
- Resolution 7** John C Dean Jr.
- Resolution 8** Sim Wong Hoo.
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 9** Wee Cho Yaw.
- Resolution 10** Ho Sim Guan.

As Special Business

To consider and, if thought fit, pass the following ordinary resolutions:

- Resolution 11** (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 12** (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."

Notes to Resolutions 5, 11 and 12

Resolution 5 is to re-elect Prof Lim Chong Yah who is an independent member of the Audit Committee.

Resolution 11 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 12 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, 2 May 2000

Notes

(1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy 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 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 FOR ANNUAL GENERAL MEETING



Number Of Shares Held

(Please write in Block Capitals)

I/We _____

of _____

being a member/members of the Company, hereby appoint _____

of _____

as my/our proxy, to attend and vote for me/us on my/our behalf at the **Fifty-Eighth Annual General Meeting** of members of the Company, to be held on Wednesday, 24 May 2000 and at any adjournment thereof.

		For	Against
Resolution 1	Financial Statements, Directors' Report and Auditors' Report		
Resolution 2	Final Dividend & Special Bonus Dividend		
Resolution 3	Directors' Fees		
Resolution 4	Auditors & their Remuneration		
Resolution 5	Re-election (Prof Lim Chong Yah)		
Resolution 6	Re-election (Wong Meng Meng)		
Resolution 7	Re-election (John C Dean Jr)		
Resolution 8	Re-election (Sim Wong Hoo)		
Resolution 9	Re-appointment (Wee Cho Yaw)		
Resolution 10	Re-appointment (Ho Sim Guan)		
Resolution 11	Authority to Issue Shares (Share Option)		
Resolution 12	Authority to Issue Shares (General)		

Dated this _____ day of _____ 2000

Signature or Common Seal of Shareholder

Notes

- (1) This Proxy, to be effective, 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. A proxy need not be a member of the Company.
- (2) Please indicate with an "X" in the appropriate box how you wish your proxy to vote. If this Proxy is returned without any indication as to how the proxy shall vote, the proxy shall vote or abstain at his discretion.
- (3) If the member is a corporation, this Proxy must be executed under its common seal or the hand of its duly authorised officer or attorney.
- (4) Any alteration made in this form should be initialled by the person who signs it.