



BANKING IN THE NEW MILLENNIUM



UNITED OVERSEAS BANK GROUP

UNITED OVERSEAS BANK LIMITED

ANNUAL REPORT 1998

BANKING IN THE NEW MILLENNIUM

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Exchange Conversion: US\$1.00 = S\$1.6605

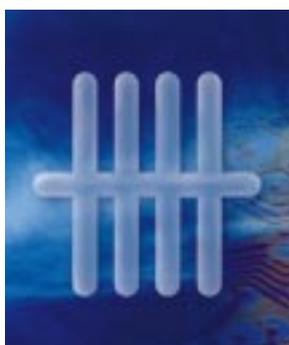
All figures in this Annual Report are in Singapore dollars unless otherwise specified.

Cover: The new millennium will herald change and opportunity for the United Overseas Bank Group. Increasingly, technology will be the key to our strategy in an extremely competitive business environment.

We are embracing new interactive network technologies, putting them to work for us and our customers. A new IT platform strengthens customer relationships while our Internet banking offers customers flexibility, easier access to, and more control of their finances.

The United Overseas Bank (UOB) Group, comprising United Overseas Bank, Chung Khiaw 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, insurance, fund management, derivatives trading, precious metals trading, factoring, hire purchase and life assurance. Through our subsidiaries, and associated companies (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 140 bank offices worldwide, including 74 domestic bank branches, represent one of the largest networks among Singapore-incorporated banks.

The UOB Group had Total Assets of \$50,469 million (US\$30,394 million) and Capital and Reserves of \$5,559 million (US\$3,348 million) as at 31 December 1998 and achieved Net Profit After Tax of \$367.8 million (US\$221.5 million) for 1998. Except for profits from rentals, and dividends from associated companies, the UOB Group's income is derived almost 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.

The United Overseas Bank Group is committed to maintaining and enhancing our leadership in banking, providing the highest level of customer service both locally and internationally.

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.



140 Offices in

SINGAPORE [74]

MALAYSIA [27]

JAKARTA

BANDUNG

SURABAYA

BATAM

BANGKOK

AYUDHAYA

CHONBURI

YANGON

HO CHI MINH CITY

MANILA

TAIPEI

HONG KONG S.A.R.

GUANGZHOU

XIAMEN

SHANGHAI

BEIJING

SEOUL

TOKYO

SYDNEY

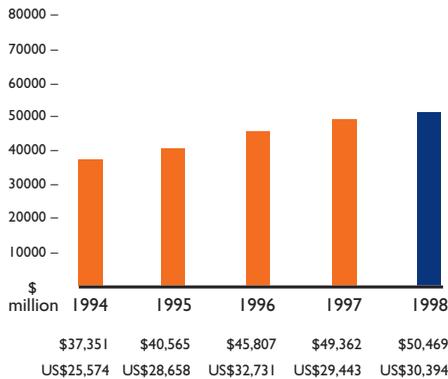
LONDON

PARIS

NEW YORK

LOS ANGELES

VANCOUVER

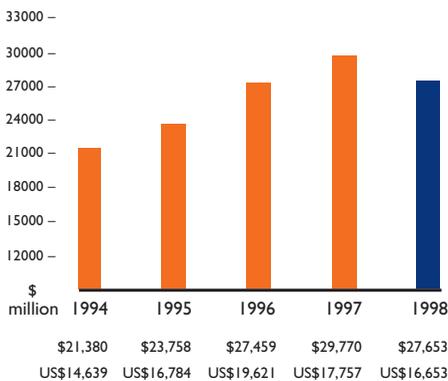


GROUP ASSETS

Group Assets expanded by 2.2% or \$1,107 million to reach \$50,469 million at the end of 1998.

1998: \$50,469 million ■ + 2.2%

1997: \$49,362 million

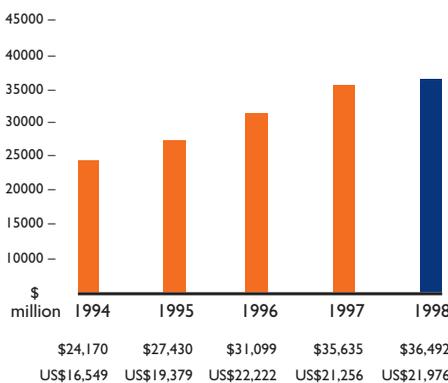


GROUP LOANS AND ADVANCES INCLUDING TRADE BILLS

Group Loans and Advances (including trade bills) decreased to \$27,653 million in 1998, representing a decline of \$2,117 million or 7.1% over 1997. The growth in 1997 was \$2,311 million or 8.4%.

1998: \$27,653 million ■ - 7.1%

1997: \$29,770 million



GROUP NON-BANK DEPOSITS

Group Non-Bank Deposits in 1998 reached \$36,492 million, reflecting an increase of \$857 million or 2.4% over Group Non-Bank Deposits of \$35,635 million achieved in 1997. Non-Bank Deposits accounted for about 86% of Group Deposits.

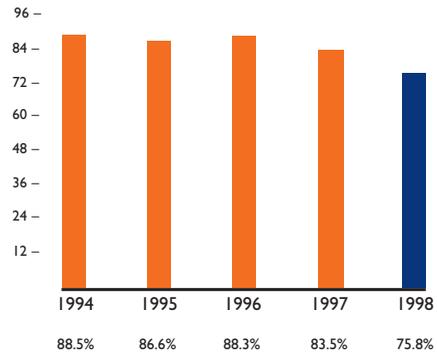
1998: \$36,492 million ■ + 2.4%

1997: \$35,635 million

GROUP LOANS/NON-BANK DEPOSITS RATIO

With a growth of 2.4% for non-bank deposits and a negative growth of 7.1% for loans as at 31 December 1998, the Group posted a Loans/Non-Bank Deposits Ratio of 75.8% as compared with 83.5% for 1997.

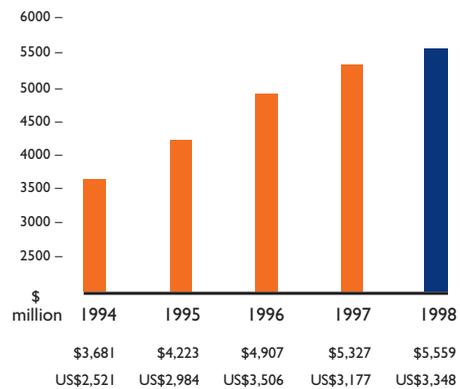
1998: 75.8% ■ - 7.7% points
 1997: 83.5%



GROUP CAPITAL AND RESERVES

Group Capital and Reserves grew to \$5,559 million as at the end of 1998. This represented an increase of 4.3% over the previous year.

1998: \$5,559 million ■ + 4.3%
 1997: \$5,327 million

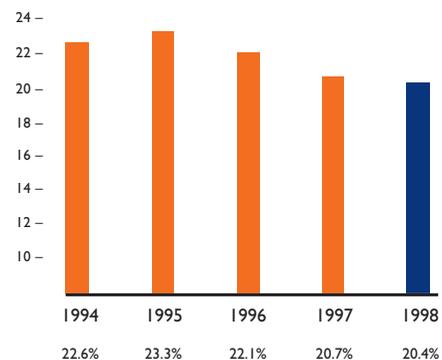


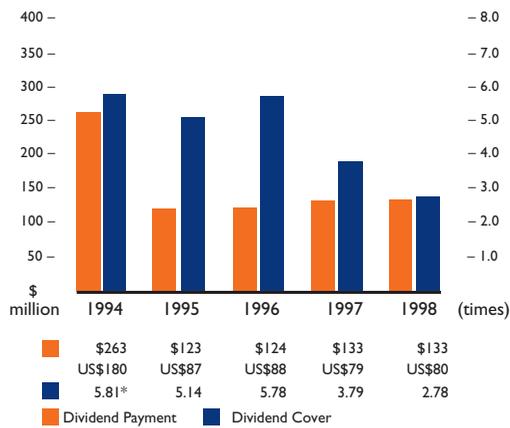
GROUP CAPITAL ADEQUACY RATIO

As at end-1998, Group Capital Adequacy Ratio and its components as defined by the Bank for International Settlements (BIS) were as follows:

- Tier 1 Capital: \$5,817 million
- Tier 2 Capital: \$632 million
- Total Capital Ratio: 20.4%
- Risk Weighted Assets: \$31,653 million

1998: 20.4% ■ - 0.3% points
 1997: 20.7%



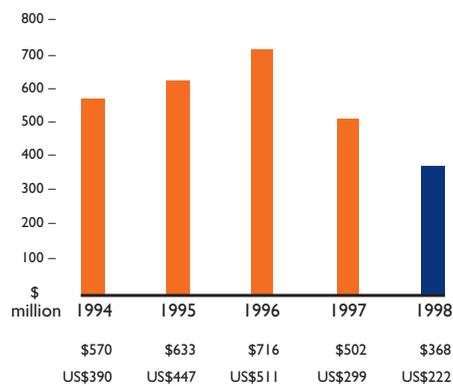


DIVIDEND PAYMENT

A final dividend of 10% less 26% income tax was proposed for 1998. Together with the interim dividend of 8%, the Total Dividend for 1998 amounted to 18%, the same as for 1997. Dividend Cover remained at a healthy 2.78 times.

1998: \$132.5 million

1997: \$132.5 million

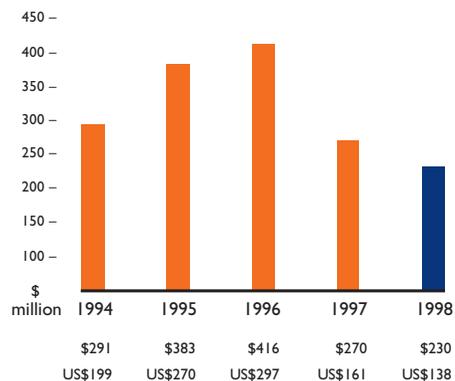


GROUP NET PROFIT AFTER TAX

For the year under review, Group Net Profit After Tax was \$367.8 million, down by 26.7% from \$502 million in 1997. Net interest income continued to be the major contributor of total income, accounting for about 69% of total income.

1998: \$367.8 million ■ - 26.7%

1997: \$502.0 million



BANK NET PROFIT AFTER TAX

For the financial year ended 31 December 1998, Bank Net Profit After Tax reached \$229.9 million, down 14.9% from 1997.

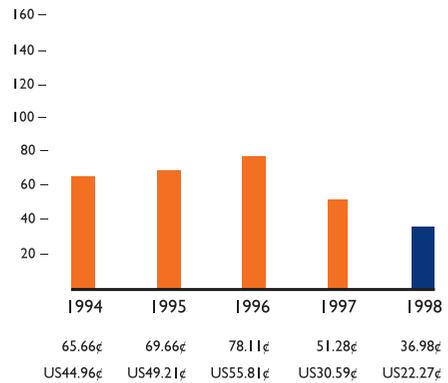
1998: \$229.9 million ■ - 14.9%

1997: \$270.2 million

GROUP ADJUSTED EARNINGS PER SHARE

Group Adjusted Earnings Per Share decreased from 51.28 cents in 1997 to 36.98 cents in 1998.

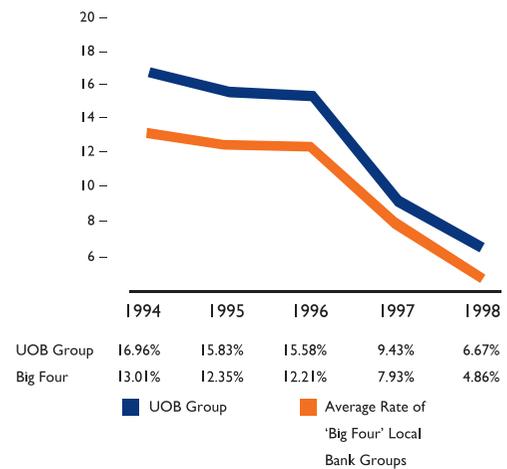
1998: 36.98 cents ■ - 27.9%
 1997: 51.28 cents



GROUP RETURN ON AVERAGE EQUITY

Group Return On Average Equity (ROE) decreased from 9.43% in 1997 to 6.67% in 1998.

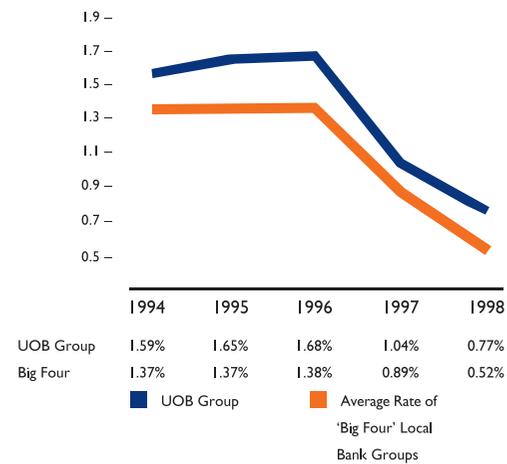
1998: 6.67% ■ - 2.76% points
 1997: 9.43%



GROUP RETURN ON AVERAGE TOTAL ASSETS

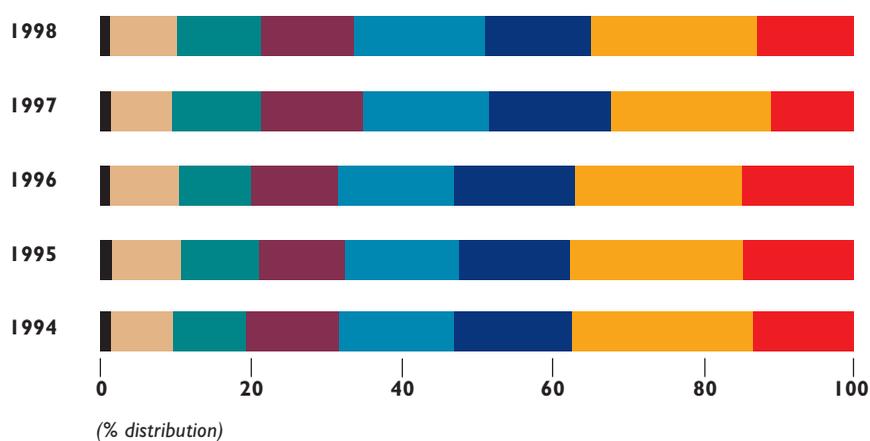
Group Return On Average Total Assets (ROA) decreased from 1.04% in 1997 to 0.77% in 1998.

1998: 0.77% ■ - 0.27% points
 1997: 1.04%



▶ **GROUP LOANS & ADVANCES (BY INDUSTRY)**

LOANS & ADVANCES TO: (% distribution)	1994	1995	1996	1997	1998
TRANSPORT, STORAGE & COMMUNICATION	1.5	1.5	1.3	1.4	1.3
MANUFACTURING	8.1	9.2	9.1	8.1	8.9
BUILDING & CONSTRUCTION	9.7	10.3	9.5	11.7	11.1
PROFESSIONALS & PRIVATE INDIVIDUALS	12.4	11.4	11.6	13.5	12.3
FINANCIAL INSTITUTIONS	15.1	15.1	15.4	16.8	17.3
GENERAL COMMERCE	15.7	14.6	16.0	16.0	14.1
HOUSING LOANS	23.9	22.9	22.0	21.2	21.9
OTHERS	13.6	15.0	15.1	11.3	13.1
TOTAL	100.0	100.0	100.0	100.0	100.0



- Transport, Storage & Communication
- Manufacturing
- Building & Construction
- Professionals & Private Individuals
- Financial Institutions
- General Commerce
- Housing Loans
- Others

AS AT 31 DECEMBER 1998

\$ million

	1998						NET EXPOSURE		
	LOANS			INVESTMENTS	TOTAL	LESS: LOANS/INVESTMENTS IN OUR FINANCIAL SUBSIDIARIES AND BRANCHES	TOTAL		% OF GROUP TOTAL ASSETS
	NON-BANK	CENTRAL BANKS & GOVERNMENT SECURITIES	BANK				1998	1997	
	(a)	(b)	(c)	(d)	(e)= (a+b+c+d)	(f)	(g)= (e-f)		
MALAYSIA	3,028	1,072	1,081	23	5,204	565	4,639	6,798	9.2
INDONESIA	362	50	132	7	551	30	521	999	1.0
THAILAND	155	-	49	4	208	22	186	386	0.4
SOUTH KOREA	27	-	1	-	28	-	28	172	0.1
PHILIPPINES	2	-	8	-	10	2	8	98	-
TOTAL	3,574	1,122	1,271	34	6,001	619	5,382	8,453	10.7

The UOB Group's exposure, both local and cross-border, to the five regional countries of Malaysia, Indonesia, Thailand, South Korea and the Philippines amounted to \$5,382 million. This represented 10.7% of Group Total Assets. On a country basis, 86.2% of the regional exposure was to Malaysia where we have a long-standing presence. This represented 9.2% of Group Total Assets. Exposure to Indonesia and the remaining three regional countries accounted for 1.0% and 0.5% of Group Total Assets respectively.

Our country exposures are risk managed centrally. Country limits are set and reviewed regularly to take into account changes in transfer as well as credit and political risks, and to avoid concentration of these risks.

1998 PERFORMANCE The financial crisis continued to take its toll on the regional economies in 1998. Although the operating profits of the Group and Bank improved over 1997, these were negated by higher provisions for Non-Performing Loans.

Specific and general provisions increased from \$335.3 million in 1997 to \$653.7 million. The Banking Group's After-Tax Profit declined by 26.7%, from \$502 million to \$367.8 million. The Bank's After-Tax Profit was reduced from \$270.2 million to \$229.9 million.



We recognise that, in an increasingly competitive environment within a sophisticated market, banking products and services need dedicated officers with a strong service culture, cost-effective processes, specialised delivery channels and very creative marketing.

Wee Cho Yaw
Chairman &
Chief Executive Officer

The Board of Directors proposes that \$120 million be transferred to General Reserve, and recommends a final dividend of 10% less 26% income tax for the year ended 31 December 1998. Together with the interim dividend of 8%, the Total Dividend for the year is 18%.

The Group's subsidiaries were also affected by the regional crisis. Chung Khiaw Bank's After-Tax Profit decreased from \$65.6 million to \$53 million, while that of Far Eastern Bank dropped from \$7.1 million to \$3.8 million, and that of Industrial & Commercial Bank from \$55.5 million to \$34.3 million.

United Overseas Insurance achieved an After-Tax Profit of \$1.7 million (1997: \$0.3 million) while United Overseas Finance saw its After-Tax Profit drop from \$9.7 million to \$3.7 million.

Our Malaysian subsidiary, United Overseas Bank (Malaysia) Bhd (UOBM), was adversely affected by the economic downturn in Malaysia which culminated in the imposition of capital controls in September 1998. Higher provisions offset the operating profit

for the year. However, UOBM's After-Tax Profit showed an increase from RM108.0 million in 1997 to RM140.9 million in 1998 because, after the merger of Chung Khiaw Bank (Malaysia) Bhd (CKBM) with UOBM in June 1997, UOBM's After-Tax Profit in 1998 included the full year contribution from CKBM as against only seven months for 1997. In line with the Malaysian Government's policy to rationalise the financial sector, UOBM merged the business of United Overseas Finance (Malaysia) Bhd with that of the bank with effect from 6 December 1998.

During the year under review, we focused our attention and efforts on upgrading our information technology (IT) systems to further improve our processes, delivery channels, product range and service quality. We successfully migrated the Group's retail banking operations to a new IT platform which provides us with a powerful customer database for enhanced customer relationships.

I am also pleased to report that considerable efforts, at great expense, have been made to ensure that the whole UOB Group is Y2K ready. We have achieved very satisfactory progress and a report of this is provided as an addendum to this statement.

1999 PROSPECTS AND PLANS The regional outlook is still very uncertain. Although the financial markets have recovered and stabilised, the real economies in the region have not. Much depends on the United States maintaining its existing growth path and on Europe and Japan reviving their economies to lead the region out of its current recession.

Given the many uncertainties that abound, it is not surprising that estimates for Singapore's growth in 1999 have ranged from a high of 2% to a low of a negative 2%, with the Government assessing it as plus or minus 1%.

It would be prudent to err on the side of conservatism. Tight cost control and effective risk management will, therefore, continue to be emphasised.

We have also restructured the organisation to better reflect the changed environment and our new business emphasis. We recognise that, in an increasingly competitive environment within a sophisticated market, banking products and services need dedicated officers with a strong service culture, cost-effective processes, specialised delivery channels and very creative marketing. The new structure will enable the Bank to be more focused in catering to the diverse needs of our customers in Singapore as well as overseas.

We will continue to look for opportunities outside Singapore. In 1998, we set up Affin-UOB Securities, a joint venture stockbroking company with Affin Holdings in Malaysia; and UOB Global Capital, a fund management company with offices in New York and Paris. We also opened a branch in Shanghai, our third in China.

UOB Asset Management has established a strong reputation among fund managers in Singapore. We will be extending our asset management activities overseas by cooperating with investment banks in the United States and Europe.

ACKNOWLEDGEMENTS I thank my fellow Directors for their invaluable counsel, and shareholders and customers for their support during the preceding year. I also thank management and staff for their steadfast contributions and understanding during these turbulent times.

Wee Cho Yaw
Chairman & Chief Executive Officer
March 1999

The risks associated with the Year 2000 (Y2K) problem have been well publicised. The UOB Group is aware of these risks. To mitigate such risks, we have embarked on a Y2K programme. With the implementation of the programme, the Y2K issue is not expected to have any significant impact on the business of the Group.

The Group adopts the British Standards Institution (DISC PD 2000-1) Definition Of Year 2000 Conformity Requirements which states that neither performance nor functionality is affected by dates prior to, during and after the Year 2000.

Y E A R 2 0 0 0



The Group adopts the British Standards Institution (DISC PD 2000-1) Definition Of Year 2000 Conformity Requirements which states that neither performance nor functionality is affected by dates prior to, during and after the Year 2000.

Our Y2K programme covers our operations in Singapore and overseas and has two components, IT and non-IT. The Y2K IT Project Committee is led by the Group's Executive Vice President of Information Technology, while the Y2K Coordination Committee undertakes the non-IT areas and is headed by the Group's Executive Vice President of Corporate Services.

Both Committees report to the Group's Computer Committee whose members include the Chairman & Chief Executive Officer, President and Deputy President of the UOB Group. The Committees also give regular reports on the progress of the Group's Y2K programme at meetings of the Board of Directors and the Audit Committee.

Although the Y2K IT Project commenced in April 1997, we had already begun addressing the Y2K issue as early as June 1996 when we included Y2K compliance in the specifications for the replacement of some of our major systems. All our business applications used by our offices in Singapore and overseas are now Y2K compliant. In addition, we have completed upgrading our host and server operating platforms, operating systems and

telecommunications network to achieve Y2K compliance. Although these modified systems have been tested, they will be subjected to further internal and external testing in 1999.

To date, we have spent approximately \$22 million and invested about 20,000 man-days of in-house IT effort on our Y2K programme. Depending on the nature of these costs, they have been capitalised or absorbed as operating expenses in accordance with the Group's accounting policy.

The work of the Y2K Coordination Committee covers a number of key areas that include embedded systems in buildings, the assessment of customers' and counterparties' Y2K risks, legal risks, contingency planning, crisis management, training and awareness, and communication with external parties.

Embedded systems such as building management systems, telecommunications, elevators and fire prevention systems in all properties either occupied or owned by the Group have been assessed for Y2K compliance. We aim to have the testing of these systems completed by the middle of 1999. We have engaged a firm of engineering consultants to assist in the verification and testing of these embedded systems.

To assess the Y2K risks from customers and counterparties, questionnaires were sent out in 1998 to our borrowing customers and counterparties. We also informed them of our Y2K compliance plan. We have formulated a Y2K credit policy and provided training to a core team of officers on Y2K risk assessment.

By end-1998, all our business units had drawn up contingency plans that would eventually facilitate the continued operation of our banking services in the event of any unexpected Y2K-related failure. Towards building Y2K awareness among staff, we held a bank-wide seminar and we will continue to reinforce this awareness with internal dissemination of Y2K communication materials and write-ups.

Despite our best efforts, we recognise that our Y2K compliance may be affected by the Y2K compliance status of our counterparties, trading partners and other external systems. We are monitoring their compliance so as to minimise any risk to the Group.



Awarded to UOB Group by
National Computer Board
for our commitment
to resolving
the Year 2000 issue

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.

The United Overseas Bank Group is committed to maintaining our leadership in banking. We believe in a firm commitment to our four core values in all that we do.

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.



Wee Cho Yaw
 Chairman &
 Chief Executive Officer
 Executive Committee (Chairman)

Wong Yuen Weng Ernest
 President
 Executive Committee (Member)
 Audit Committee (Member)

Wee Ee Cheong
 Deputy President
 Executive Committee (Member)

Dr Eu Keng Mun Richard
 Executive Committee (Member)

Ho Sim Guan
 Executive Committee (Member)

Wee Chong Jin
 Audit Committee (Chairman)

Prof Lim Chong Yah
 Audit Committee (Member)

Tan Keong Choon

From left to right

Tan Keong Choon
 Prof Lim Chong Yah
 Wee Chong Jin
 Wee Cho Yaw
 Wong Yuen Weng Ernest
 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 Stock Exchange of Singapore Ltd (SES). 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 co-operation of the 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.

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, capital expenditure, budgeting, treasury and investment activities 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.

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, credit and country risks, managed through the Credit Committee; balance sheet, market risk and liquidity, 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

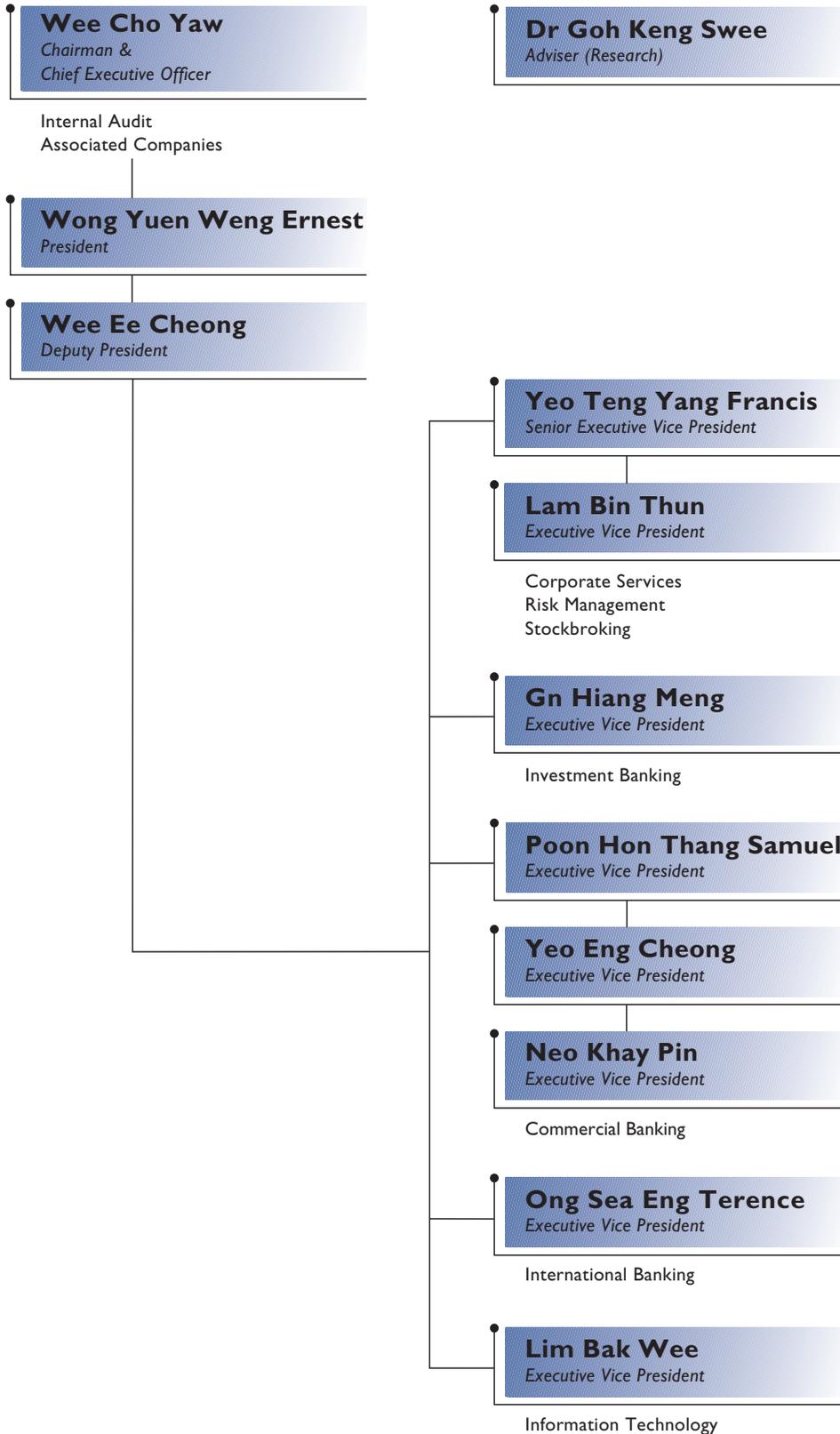
The Board has been kept informed of the efforts made by the Computer Committee in ensuring that the Group's IT and other operating systems are Year 2000 compliant by the next millennium.

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 SES Best Practices Guide with respect to dealings in securities and has a Code On Dealings In Securities for the guidance of directors and officers.

▶ CORPORATE INFORMATION
GENERAL MANAGEMENT



SECRETARY**Chan Vivien (Mrs)**

Senior Vice President
Legal & Secretariat

REGISTERED OFFICE

80 Raffles Place
UOB Plaza
Singapore 048624
Telephone : 65-5339898
Facsimile : 65-5342334
Cable : TYEHUABANK
Telex : RS 21539 TYEHUA
SWIFT : UOVBSGSG

SHARE REGISTRAR

Lim Associates (Pte) Ltd
10 Collyer Quay
#19-08 Ocean Building
Singapore 049315

AUDITORS

Coopers & Lybrand
9 Penang Road
#12-00 Park Mall
Singapore 238459

SENIOR MANAGEMENTChairman's Office**Pang Cheng Lian (Ms)**

First Vice President/
Special Assistant to the Chairman

Commercial Banking**Sim Puay Suang (Ms)**

Senior Vice President
Consumer

Leong Mun Keong

Senior Vice President
Corporate Banking

Lim Cheng Aun Ronald

Senior Vice President
Commercial Lending -
Middle Market

Sng Thian Hock John

Senior Vice President
Commercial Lending -
Industrial & Commercial Bank
Limited

Hsu Francis

First Vice President
Consumer - Card Centre/
General Manager
UOB Travel Planners Pte Ltd

Teo Gim Choo Wendy (Mrs)

First Vice President
Consumer -
Privilege/Private Banking

Lee Mong Seng Patrick

First Vice President
Corporate Banking

Ngeo Swee Guan Steven

First Vice President
Corporate Banking/Consumer -
United Overseas Finance Limited

Ong Seng Gee

First Vice President
Commercial Lending -
Industrial & Commercial Bank
Limited

Tan Ket Kiong

First Vice President
Corporate Banking

Tan Soek Khim Alice (Ms)

First Vice President
Corporate Banking

Corporate Services**Heng Yan Soon Peter**

First Vice President
Public Relations & Advertising/
General Services

Finance & Administration**Kuek Tong Au**

Senior Vice President
Finance & Administration

Heng Cher Joo

First Vice President
Investor Relations/Projects

Tey Swee Nai Nancy (Ms)

First Vice President
Tax

Human Resources**Tan Hee Huan Ronald**

First Vice President
Human Resources

Information Technology**Leong Hon Wha Herbert**

First Vice President
Business Solutions

Sng Chen Kee

First Vice President
Technical Services

Chan Yew Koy Joseph

First Vice President
Business Solutions

Poh Sin Hock Robert

First Vice President
Data Security

Internal Audit

Harvey Kenyon Bruce

First Vice President
Technology Audit

Lam Chi Keung Larry

First Vice President
General Audit

International Banking

Chan Tze Leung Robert

Senior Vice President
International Branches
(UOB & CKB Hong Kong Branches)

Chen Seow Chan Joseph

Senior Vice President
Treasury - Money Markets &
Fixed Income

Choo Chin Kok Frank

Senior Vice President
Treasury -
Correspondent Banking

Kou James

First Vice President
Treasury - Derivatives Trading

Lee Kim Soon

First Vice President
Treasury - FX/Treasury Services

Quek Cher Teck

Division Head
International Branches/
Managing Director
UOB Venture Management Private
Limited

Tong Yap Seng Francis

First Vice President
Treasury -
Planning & Support Services

Chua Eng Lee

First Vice President
Treasury - FX/Treasury Services

Seah Kok Thye

First Vice President
International Branches
(UOB Tokyo Branch)

Teo Lye Hock

First Vice President
Treasury
(UOB Hong Kong Branch)

Teo Tiat Chye

First Vice President
International Branches
(UOB Shanghai Branch)

Wang Lian Khee

First Vice President
International Branches
(UOB Sydney Branch)

Investment Banking

Wong Pui Yuen Edmund

Senior Vice President
Investment Management

Malaysia

Wong Kim Choong

First Vice President
United Overseas Bank
(Malaysia) Bhd

Yeo Lawrence

First Vice President
United Overseas Bank
(Malaysia) Bhd

Processing & Distribution

Chua Teng Hui

Senior Vice President
International Trade Services
& Remittances/Custody Services

Chua Hwee Pheng Iris (Ms)

First Vice President
CyberBank

Ho Thian Sun Danny

First Vice President
Custody Services

Lee Wai Fai

First Vice President
Policy & Planning

Lim Say Tai

First Vice President
Settlements

Good Lawrence Bradley

First Vice President
Branches (Singapore) & ACU

Ng Cher Chye

First Vice President
Branches (Singapore) & ACU

Wong Yen Siang

First Vice President
Branches (Singapore) & ACU

Risk Management

Gwee Choon Guan Paul

Senior Vice President
Risk Management

Lee Shi Kai Eddie

Senior Vice President
Risk Management

Wong Ai Mui Agnes (Ms)

First Vice President
Credit & Country Risk Management/
Group Credit Control & Documentation

Subsidiaries (Singapore)

Chan Choong Seng Daniel

Managing Director &
Chief Investment Officer
UOB Asset Management Ltd

Chan Mun Wai David

Managing Director
United Overseas Insurance Limited

Kwok Chong See Raymond

Managing Director
UOB Life Assurance Limited

Neo Chin Sang

Chief Executive Officer
UOB Securities Pte Ltd

Sng Beng Hock Michael

Managing Director
UOB Asia Limited



- ▶ ACHIEVING A COMPETITIVE EDGE WITH TECHNOLOGY
- ▶ OFFERING INNOVATIVE CHOICES TO CUSTOMERS
- ▶ BUILDING BUSINESS PARTNERSHIPS
- ▶ VENTURING INTO NEW TERRITORIES
- ▶ MAKING OUR MARK
- ▶ MANAGING OUR RISKS
- ▶ INVESTING IN OUR PEOPLE
- ▶ SUPPORTING THE COMMUNITY



Offering the UOB VISA Purchasing Card that lets businesses manage and control their expenses. Meeting the challenges of the new millennium through interactive network technologies like the Internet.

ACHIEVING A COMPETITIVE EDGE WITH TECHNOLOGY

To meet the challenges of the new millennium, we have embraced state-of-the-art technology to improve our marketing and operational efficiency, and to add breadth to our customer reach and depth to our businesses.

The successful migration of our core retail and peripheral systems to a new computer platform together with the launch of our new bank-wide customer information system mean more than just a quicker response to a dynamic banking environment. It also means being able to have a total banking relationship with each and every of our customers.

The completion of the first phase of our data warehousing project has laid the foundation for an enterprise-wide data warehouse that uses relational and multi-dimensional database technologies as well as on-line analytical processing techniques to optimise productivity and enhance customer service. Our next step is to exploit database marketing technologies and data mining techniques to create platforms for building positive and satisfying relationships with our

customers, providing them with the appropriate mix of products and services to meet their needs.

A new custody services system has resulted in higher efficiency. Customer service, in terms of settlement and reporting, has improved significantly as a consequence.

In 1998, we enhanced our electronic delivery channels like self-service machines (ATMs, Cash Deposit Machines and Open Banking Terminals), phone banking, PC-based banking and Internet banking to improve customer access. This endeavour has met with success. We have seen the percentage share of retail transactions done at our branches decline from 48% to 33% over the past five years. This trend will allow our front-line staff to focus on sales and marketing and on delivering higher value-added service at the branch level. At the same time, it is our intent to continue to use technology to enhance and expand our electronic delivery channels.

Central to our work now is the development of new delivery channels like Internet stock trading and e-commerce that will bring us to the forefront of electronic banking.



Enjoying easier access to and more control of your finances with UOB CyberBank, our Internet banking service.

OFFERING INNOVATIVE CHOICES TO CUSTOMERS

In 1998, we offered more investment choices to our customers with the introduction of three new open-ended unit trusts from our fund management arm, UOB Asset Management Ltd (UOBAM). The launch of the United Principal Guaranteed Fund, United Global Bond Fund (S\$) and United Global Bond Fund (US\$) brought the number of unit trusts under UOBAM's management to 17 as at end-1998.

Despite increased market competition and the slowdown in the economy, UOBAM remains the undisputed market leader among unit trust managers in Singapore, managing funds of \$680 million by end-1998.

During the year, we also started distributing third party unit trusts through our local branch network and Invest Shops. By end-1998, we had three such unit trusts in our stable, namely, the BT Select Global Equity Fund, Schroder International Balanced Growth Fund and Templeton Investment Funds – US Mutual Beacon Fund.

With the setting up of UOB Venture Technology Investments Limited by UOB Venture Management Private Limited, our venture capital arm now has four funds under its management with a total fund size exceeding \$220 million by the end of 1998.

The launch of our UOB VISA Purchasing Card was a breakthrough for companies looking to achieve cost effectiveness. By replacing the traditional procurement process, the Card lets businesses realise significant savings in cost and resources.

We achieved a milestone in our credit card merchant

acquiring business in Vietnam when, through our UOB Ho Chi Minh City Branch, we became the first foreign bank in the country to acquire the four major credit cards, namely, VISA, MasterCard, American Express and JCB. With these partnerships, we have provided our merchants in the country with the most comprehensive range of card services to meet their customers' payment preferences.

BUILDING BUSINESS PARTNERSHIPS

In 1998, we worked with a range of companies in structuring financing packages that matched their needs. We also expanded our capabilities in the areas of project financing and capital market transactions.

Our project financing deals included the financing of two major commercial-cum-retail developments. We were the Arranger and Lender of a \$500 million project financing package for Novena Square Development Pte Ltd and Novena Square Investment Pte Ltd for the development of Novena Square. We were also a participant in a \$300 million Club Deal for HKL (Esplanade) Pte Ltd for the development of One Raffles Link.

Capital market transactions included a \$4 billion Medium Term Note Programme for Jurong Town Corporation for which we were a Dealer, and a \$200 million Term Loan-cum-Note Issuance Facility each for DBS Land Limited and SL Properties Ltd in which we were the Arranger and Lender.

Fund-raising activities were affected by the weak stock market conditions in 1998. Despite this, we lead-managed two Initial Public Offerings (IPOs) on the Main Board, raising \$40 million. We also lead-

managed the rights issue for Pacific Century Regional Developments Limited, the second largest rights issue in Singapore for 1998. The rights issue of ordinary shares and redeemable cumulative preference shares raised \$101 million and US\$88 million respectively. We were a Co-Manager for the rights issue of The Development Bank of Singapore Limited. We also provided advisory services to SM Summit Holdings Ltd for its upgrading to the Main Board on the Stock Exchange of Singapore Ltd.

In Hong Kong S.A.R., UOB Asia (Hong Kong) Limited, our merchant banking subsidiary, co-sponsored an IPO and underwrote two IPOs, raising over HK\$300 million. Both IPOs were oversubscribed. UOB Asia (Hong Kong) Limited also scored a first for the Group when it participated as an underwriter in a China B-share issue.

In the area of Singapore dollar cheque clearing services, our focus on relationship marketing has reaped rewards. In 1998, we became the global Singapore dollar clearer for the international branch network of Australia and New Zealand Banking Group Limited.

VENTURING INTO NEW TERRITORIES

With 140 bank offices worldwide, we are well positioned to exploit new business opportunities which will enhance our future performance.

Our overseas network expanded to 66 when UOB Shanghai Branch became our third full-licensed branch to offer commercial banking and treasury services in China. With three branches and a representative office in China as well as seven branches and offices in Hong Kong S.A.R., we have greatly increased our



Expanding in China with a branch in Shanghai. Providing a more comprehensive array of card services for our merchants in Vietnam.

competitiveness in the financing of trade and investments between China and the ASEAN region.

We also expanded our stockbroking presence into Malaysia. Our 45%-owned stockbroking associate, Affin-UOB Securities Sdn Bhd, commenced operations on 1 December 1998. We now have stockbroking operations in five countries, namely, Singapore, Hong Kong S.A.R., Indonesia, the Philippines and Malaysia. We will continue to seek new stockbroking ventures in the region in line with our strategy of expanding our regional presence in key businesses.

We are also globalising our asset management business. We started with the formation of UOB Global Capital, our new global asset management venture, in 1998. The new venture comprises two companies, UOB Global Capital Limited and UOB Global Capital LLC which are incorporated in Singapore and the US respectively.

While UOB Global Capital Limited together with our fund management arm, UOB Asset Management Ltd, serve institutional clients and mutual fund customers in the ASEAN region, UOB Global Capital LLC provides its expertise and experience to clients in the US, Europe and the Middle East through its offices in New York and Paris. With its presence in New York, UOB Global Capital LLC also facilitates



Offering a wider range of unit trusts to investors. Making our mark by being voted 'Singapore Commercial Bank Of The Year 1998' by Asiamoney and being the first ever local Singapore International Monetary Exchange (SIMEX) clearing member to win two SIMEX awards.

the development of our strategic alliance in asset management with the US-based Mellon Bank Corporation.

MAKING OUR MARK

In 1998, we were voted 'Singapore Commercial Bank Of The Year' by Asiamoney, a leading financial publication, for the third consecutive year. Far Eastern Economic Review also ranked us as one of the top five leading companies in Singapore and one of Asia's top 200 companies in its fifth annual survey of corporate leadership.

Our fund management arm, UOB Asset Management Ltd (UOBAM), continued to win awards for its funds. At Singapore's 1998 Investment Fund Awards, UOBAM clinched commendations for three of its unit trusts. Two of UOBAM's unit trusts also won the Fund Of The Year Award 1998 organised by BENCHMARK, Asia's fund magazine.

We created history on the Singapore International Monetary Exchange (SIMEX) when we became the first ever local SIMEX clearing member to win two

SIMEX awards through our wholly-owned subsidiary, UOB Bullion and Futures Limited. We received the Top Volume Awards for Proprietary and Customers' Trades as well as for Customers' Trades. UOB Bullion and Futures Limited is also the only authorised broker to clear SIMEX futures contracts for Taiwanese investors.

In addition, we retained our top spot as the leading bank in Singapore for Singapore dollar cheque clearing services.

Our custody services in Singapore were commended for the fourth successive year by the US-based Global Custodian magazine, and awarded a 'Star' rating for the third year running by the UK-based GSCS Benchmarks magazine.

MANAGING OUR RISKS

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

Seven principal features define our risk management framework:

- I. There is a strong, centralised and independent risk management governance structure – from overall responsibility by the Board of Directors, reviews and approvals by top management to operational responsibility and control by our risk management and risk control teams on:
 - credit and country risks (through the Credit Committee);

- balance sheet, market risk and liquidity (through the Asset Liability Committee); and
 - equity risks (through the Investment Committee).
2. There is a formal definition of risk management policies and risk control procedures.
 3. We centrally manage country and cross-border obligations through a system of country limits that are regularly reviewed to avoid concentrations of transfer, economic or political risks.
 4. There is an operational risk framework that provides a consistent basis to identify, measure, assess and control key product and services risks by setting minimum control standards with which business functions must comply. In addition, our Group Internal Audit monitors compliance with these operational control standards.
 5. All our trading activities use a risk versus reward measure (Earnings At Risk) to allow for standardisation when comparing between different product and business types. Market risk is quantified using Value-At-Risk methodologies.
 6. 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.
 7. Annual reviews and approvals are performed on all trading risks and loss limits.

In the daily course of business, we use trading assets and liabilities as well as derivatives to meet the financial needs of our customers, generate revenue through our four fundamental trading activities of customer sales, wholesale market-making, arbitrage and positioning, as well as manage our exposure to interest and exchange rate fluctuations.

We apply similar types of risk limits and control mechanisms to monitor and manage our derivatives activities as, like non-derivatives treasury transactions, they also involve market, credit, liquidity and operational risks. Our derivatives financial instruments include futures, forwards, swaps and options.

INVESTING IN OUR PEOPLE

At UOB, we recognise people as our prime asset. As such, we constantly focus on training and developing our staff so as to equip them with the skills, knowledge and expertise to do their jobs well.

OSCAR, a scheme that calls for Open Minds, Suggestions, Creativity, Answers and Resourcefulness, was launched during the year. OSCAR encourages staff to take a proactive approach to doing their work better and smarter for the overall improvement of our business performance.



Investing in our people through continuous training.



Promoting artistic excellence in Singapore with our annual Painting Of The Year Competition and Exhibition. Receiving the National Arts Council's Distinguished Patron Of The Arts Award for the second year running.

SUPPORTING THE COMMUNITY

Our community support programme focuses on cultural, educational and charitable activities and, in particular, on promoting the growth of the arts in Singapore.

For the 17th year, our Painting Of The Year Competition and Exhibition enriched the local art scene.

In keeping with our leadership of supporting the arts, we were, for the fourth consecutive year, the presenter of the Singapore International Film Festival. We also supported the 1998 Singapore Festival Of Arts and sponsored productions by TheatreWorks, a local theatre company.

In recognition of our strong commitment to the arts in Singapore, we were proud to receive the Distinguished Patron Of The Arts Award from the National Arts Council for the second year running.

In education, local undergraduates continue to benefit from our Scholarship To Assist and Reward Talented Students (STARTS) Scheme.



Gracing the Singapore River front is Fernando Botero's 'Bird, 1990'. This bronze sculpture is part of the UOB Group Art Collection.

SINGAPORE

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SWIFT : UOVBSGSG

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Telex : RS 22027 CKBANK

Branches

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Facsimile : 65-2242263
Cable : FAIRBANK
Telex : RS 23029 FEBANK

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Facsimile : 65-2259777
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Telex : RS 21112 ICBANK
SWIFT : ICBSSGSG

Branches

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MALAYSIA

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Facsimile : 60-87-424389
Telex : MA 085096 TYEHUA
General Manager : Wong Siew Ling Cherie (Ms)

UOB-OSK Asset Management Sdn Bhd

(a joint venture asset management company)
Menara UOB, Level 13
Jalan Raja Laut
50350 Kuala Lumpur
Telephone : 60-3-4698181
Facsimile : 60-3-4695100
Chief Executive Officer : Tan Kok Kheng

UNITED OVERSEAS BANK (MALAYSIA) BHD

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50738 Kuala Lumpur
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Facsimile : 60-3-2910281
Cable : BANKUOBM KUALA LUMPUR
Telex : MA 31877 UOBM HO
SWIFT : UOVBMKLA
Chief Executive Officer : Lee Chin Yong Francis

Northern Region

North Regional Centre

4072 Jalan Bagan Luar
12700 Butterworth
Telephone : 60-4-3235761
Facsimile : 60-4-3244408
Manager : Low Beng Chye

Kedah

Sungai Petani Branch

177 & 178 Jalan Kelab Cinta Sayang
Taman Ria Jaya
08000 Sungai Petani
Telephone : 60-4-4429818
Facsimile : 60-4-4429828
Manager : Lee Gim See Julie (Ms)

Penang

Butterworth Branch

4072 Jalan Bagan Luar
12700 Butterworth
Telephone : 60-4-3334375
Facsimile : 60-4-3324300
Manager : Sim Meow Hui

Lebuh Bishop Branch

64E-H Lebuh Bishop
10200 Pulau Pinang
Telephone : 60-4-2622386
Facsimile : 60-4-2610868
Manager : Tan Yip Hean Tony

Perak

Ipoh Branch

1-5 Jalan Sultan Iskandar
30000 Ipoh
Telephone : 60-5-2540008
Facsimile : 60-5-2549092
Manager : Foo Tek Lam

Southern Region

South Regional Centre

2 Jalan Ah Fook
80000 Johor Bahru
Telephone : 60-7-2241344
Facsimile : 60-7-2243706
Manager : Khoo Wah Sun

Federal Territory

Kuala Lumpur Main Branch

Menara UOB, Level 2
Jalan Raja Laut
50350 Kuala Lumpur
Telephone : 60-3-2924511
Facsimile : 60-3-2913110
Manager : Yap Kok Tee

Jalan Pudu Branch

462-464 Jalan Pudu
55100 Kuala Lumpur
Telephone : 60-3-2225135
Facsimile : 60-3-2216667
Manager : Yap Kok Tee

Medan Pasar Branch

10-12 Medan Pasar
50050 Kuala Lumpur
Telephone : 60-3-2388344
Facsimile : 60-3-2019387
Manager : Yong Yen Ee

Johor

Johor Bahru Branch

2 Jalan Ah Fook
80000 Johor Bahru
Telephone : 60-7-2234150
Facsimile : 60-7-2243706
Manager : Khoo Wah Sun

Kluang Branch

14-16 Jalan Dato Kapt Ahmad
86007 Kluang
Telephone : 60-7-7721967
Facsimile : 60-7-7721977
Manager : Loh Bee Heng Sam

Kulai Branch

31-1 & 31-2 Jalan Raya
Kulai Besar
81000 Kulai
Telephone : 60-7-6631232
Facsimile : 60-7-6635287
Manager : Chai Mok Nei (Ms)

Kelantan

Kota Bharu Branch

3999 Jalan Tok Hakim
15000 Kota Bharu
Telephone : 60-9-7482699
Facsimile : 60-9-7484307
Manager : Tan Ah Ng

Malacca

Malacca Branch

33 Lorong Hang Jebat
75200 Malacca
Telephone : 60-6-2838840
Facsimile : 60-6-2838868
Manager : Siow Chat Ming

Negeri Sembilan

Seremban Branch

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70000 Seremban
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Facsimile : 60-6-7635303
Manager : Teo Kang Seng

Pahang

Bentong Branch

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28700 Bentong
Telephone : 60-9-2221600
Facsimile : 60-9-2225882
Manager : Wee Hock Kiong

Kuantan Branch

2 Jalan Besar
25000 Kuantan
Telephone : 60-9-5144155
Facsimile : 60-9-5138266
Manager : Koo Siong Cheng

Raub Branch

14 & 16 Jalan Tun Razak
27600 Raub
Telephone : 60-9-3551187
Facsimile : 60-9-3555955
Manager : Wee Hock Kiong

Sabah

Kota Kinabalu Branch

70 Gaya Street
88806 Kota Kinabalu
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Facsimile : 60-88-222438
Manager : Liang Sie Wey

Sandakan Branch

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90008 Sandakan
Telephone : 60-89-212028
Facsimile : 60-89-226577
Manager : Lee Khoi Min

Tuaran Branch

9 & 10 Jalan Datuk Dusing
89208 Tuaran
Telephone : 60-88-788567
Facsimile : 60-88-788979
Manager : Liang Sie Wey

Sarawak

Kuching Branch

Bangunan Yayasan Sarawak
Ground Floor
Jalan Masjid
93400 Kuching
Telephone : 60-82-237900
Facsimile : 60-82-237891
Manager : Chen Fu Kiong Sebastian

Selangor

Jalan Dato Hamzah Branch

42 Jalan Dato Hamzah
41000 Klang
Telephone : 60-3-3328828
Facsimile : 60-3-3314975
Manager : Kuek Hooi Tong

Jalan Meru Branch

2108 Jalan Meru
41050 Klang
Telephone : 60-3-3420712
Facsimile : 60-3-3421135
Manager : Seow Hooi Choon James

Jalan Othman Branch

41-45 Jalan Othman
46000 Petaling Jaya
Telephone : 60-3-7929695
Facsimile : 60-3-7918541
Manager : Tan Kian Huat

Jalan Tengah Branch

2-6 Jalan Tengah
46200 Petaling Jaya
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Manager : Tan Kian Huat

Terengganu

Kuala Terengganu Branch

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20200 Kuala Terengganu
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General Manager : Wang Lian Khee

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Director & General Manager : Wang Lian Khee

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Director & General Manager : Tong Wai Tuck Terence

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FRANCE

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HONG KONG S.A.R.

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Officer-In-Charge : Law Sin Ming Simmy (Ms)

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Managing Director : Witts A Richard

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Chief Executive Officer : Chan Tze Leung Robert
Officer-In-Charge : Woo Sau Mei Sharon (Ms)

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Officer-In-Charge : Law Sin Ming Simmy (Ms)

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Facsimile : 852-28105773
Chief Executive Officer : Chan Tze Leung Robert

INDONESIA

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Facsimile : 62-21-372863
Telex : 46776 TYEHUA IA
Secretary : Suhadi Utami Dewi (Ms)

P T United Overseas Bank Bali

(a joint venture bank)

Head Office

Gedung Pelni, Lantai II & III
Jalan Gajah Mada No. 14
Jakarta 10130
Telephone : 62-21-3852870
Facsimile : 62-21-3852848
Telex : 46426 UOBB IA
SWIFT : UOBBIDJA
President Director : Chua Kim Hay
Deputy President Director : Lim Tian Pher James

Bandung Branch

Jalan Abdul Rifai No. 2A
Bandung 40116
West Java
Telephone : 62-22-4209980
Facsimile : 62-22-4209970
Telex : 24239 UOBB IA
Manager : Berlian Joanes S.

Batam Branch

Kompleks New Holiday
Blok B No. 14
Lubuk Baja
Batam
Telephone : 011-778-454206
Facsimile : 011-778-454205
Telex : 58198 UOBB IA
Manager : Soh Ek Chor

Surabaya Branch

Ekonomi Centre, Lantai V
Jalan Embong Malang 61-65
Surabaya 60261
Telephone : 62-31-5325166
Facsimile : 62-31-5325220
Telex : 36519 UOBB IA
Manager : Chong Desmond

Pluit Megamal Sub-Branch

Pluit Megamal No. MG 8-9
Taman Tirta Loka
Jalan Pluit Permai Raya
Jakarta 14450
Telephone : 62-21-6683682
Facsimile : 62-21-6683692
Manager : Djajasaputra Betty (Mrs)

P T UOBB Securities

(a joint venture stockbroking company)

Gedung Pelni, Lantai X
Jalan Gajah Mada No. 14
Jakarta 10130
Telephone : 62-21-2310280
Facsimile : 62-21-3852783
Director : Cheong Sam

PT UOB Life - Sun Assurance

(a joint venture life assurance company)

Head Office

Wisma BSG
Jalan Abdul Muis 40 Lt 6
Jakarta 10160
Telephone : 62-21-3516566/7/8
Facsimile : 62-21-3451119
General Manager : Tioniwar Suarmin

Bandung Office (Sales)

Jalan Dr Abdul Rivai No. 2B
Bandung 40116
Telephone : 62-22-4219891
Facsimile : 62-22-4219894
General Manager : Tioniwar Suarmin

JAPAN

UNITED OVERSEAS BANK LIMITED

Tokyo Branch

Shin Kokusai Building, 3-4-1
Marunouchi, Chiyoda-ku
Tokyo 100
Telephone : 81-3-32164251
Facsimile : 81-3-32164254
Cable : TYEHUABANK
Telex : J22178 TYEHUA J
SWIFT : UOVBJPJT
General Manager : Seah Kok Thye

MYANMMAR

UNITED OVERSEAS BANK LIMITED

Yangon Representative Office

FMI Centre
Room 2, Ground Floor
380 Bogyoke Aung San Road
Pabedan Township
Yangon
Telephone : 95-1-240278
Facsimile : 95-1-240279
Representative : U Hla Thaung

PHILIPPINES

UNITED OVERSEAS BANK LIMITED

UOB Securities (Philippines), Inc.

(a wholly-owned stockbroking subsidiary)
Chatham House
Unit 9C
Valero corner Herrera Streets
Salcedo Village, Makati City
Metro Manila
Telephone : 63-2-8871066/7/8
Facsimile : 63-2-8877972
President & Chief Executive Officer : Huang Michael

SOUTH KOREA

UNITED OVERSEAS BANK LIMITED

Seoul Branch

Suite 1508, Kyobo Building I, I-Ka
Chongro, Chongro-ku
Seoul 110-714
Telephone : 82-2-7393916
Facsimile : 82-2-7309570
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 : 886-2-27150125
Facsimile : 886-2-27137456
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 : 886-2-25456163
Facsimile : 886-2-27199434
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 : 886-2-27197005
Facsimile : 886-2-25456591
General Manager : 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 : 66-2-2311196/7/8
Facsimile : 66-2-2311321
Telex : 20509 UOBBIBF TH
General Manager : Tay Chong Keng

Provincial International Banking Facility Ayudhaya Branch

Provincial International Banking Facility Chonburi Branch

For enquiries, please contact our Bangkok International Banking Facility

UNITED KINGDOM

UNITED OVERSEAS BANK LIMITED

London Branch

19 Great Winchester Street
London EC2N 2BH
Telephone : 44-171-6283504
Facsimile : 44-171-6283433
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
48th Street, 10th Floor
592 Fifth Avenue
New York, NY 10036
Telephone : 1-212-3820088
Facsimile : 1-212-3821881
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 : 1-213-6238042
Facsimile : 1-213-6233412
Cable : TYHUABANK LOS ANGELES
Telex : 6831011 TYHUA
Agent & General Manager : Teo Lye Soon

UOB Global Capital LLC

(a global asset management subsidiary)
UOB Building
48th Street, Suite 602
592 Fifth Avenue
New York, NY 10036
Telephone : 1-212-3986633
Facsimile : 1-212-3984030
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 I
Ho Chi Minh City
Telephone : 84-8-8251424
Facsimile : 84-8-8251423
Telex : 813221 UOBHCM VT
SWIFT : UOVBNVX
General Manager : Voon Tai Yok Gary

CORRESPONDENTS

In all principal cities of the world



UNITED OVERSEAS BANK LIMITED

(Incorporated in Singapore)

AND ITS SUBSIDIARIES

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DIRECTORS' REPORT

for the financial year ended 31 December 1998

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 1998, 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 1998, 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 Wong Yuen Weng Ernest
Mr Wee Ee Cheong
Dr Eu Keng Mun Richard
Mr Ho Sim Guan
Mr Wee Chong Jin
Prof Lim Chong Yah
Mr Tan Keong Choon

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 87 to 90. There have been no significant changes in the nature of these activities during the financial year.

Acquisitions and Disposals of Subsidiaries

(a) During the financial year, the following subsidiary was incorporated:

Name of Subsidiary	Total Share Capital, Issued At Par for Cash	Group's Interest Therein %	Consideration Paid by the Group \$'000
UOB Global Capital Limited	\$400,000	70	280

(b) There was no disposal of subsidiaries during the financial year.

Results for the Financial Year

	The Group \$'000	The Bank \$'000
The net profit for the year after providing for taxation amounted to	373,934	229,945
From which is deducted an amount attributable to minority shareholders in subsidiaries of	6,115	–
Giving a net profit for the year attributable to members of the Bank of	<u>367,819</u>	<u>229,945</u>
To which must be added profits unappropriated brought forward from the previous year of	1,627,086	644,664
Giving an amount available for appropriation of	<u>1,994,905</u>	<u>874,609</u>
From which the directors:		
Have transferred to general reserves an amount of	181,942	120,000
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	2	2
Have paid an interim dividend of 8% less income tax at 26% amounting to	58,888	58,888
Propose, subject to the approval of members, to pay a final dividend of 10% less income tax at 26% which will amount to	73,611	73,611
Totalling	<u>314,443</u>	<u>252,501</u>
Which leaves an amount of profit unappropriated to be carried forward to next year of	<u>1,680,462</u>	<u>622,108</u>

Movements in Reserves

Material movements in reserves were as follows:

	The Group and The Bank \$'000	
(a) Share Premium		
Balance at 1 January 1998		798,366
Premium on issue of shares		135
Balance at 31 December 1998		<u>798,501</u>
	The Group \$'000	The Bank \$'000
(b) General Reserves		
Balance at 1 January 1998	1,842,013	1,319,661
Exchange translation adjustment	(3,980)	4,872
Amounts transferred from profit and loss accounts	181,942	120,000
Balance at 31 December 1998	<u>2,019,975</u>	<u>1,444,533</u>

Issue of Shares and Debentures

(a) During the financial year, the issued ordinary share capital was increased to \$994,735,994 (1997: \$994,702,994) by the issue of the following ordinary shares of \$1 each:

	Subscription Price Per Share, Paid by Cash	Number of Ordinary Shares of \$1 each in the Bank
	\$	
To holders of share options issued in connection with the UOB Executives' Share Option Scheme	5.08	<u>33,000</u>

(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
UOB Investment Advisor (Taiwan) Ltd	1,528,500	Ordinary	NT10	NT10
UOB Securities (Philippines), Inc.	250,000	Ordinary	100 Peso	100 Peso
UOB-OSK Asset Management Sdn Bhd	2,000,000	Ordinary	RM1	RM1
United Investments Limited	200	Redeemable Convertible Preference	\$100,000	\$1
UOB Realty (USA) Inc	87,854	Ordinary	US\$1	US\$1

(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 as disclosed under the heading "Share Options" 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 who had interests 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 (unless otherwise stated)			
	Shareholdings registered in the name of directors		Shareholdings in which directors are deemed to have an interest	
	At 31.12.1998	At 1.1.1998	At 31.12.1998	At 1.1.1998
The Bank				
Mr Wee Cho Yaw	15,743,380	15,743,380	138,236,028	137,987,028
Mr Wong Yuen Weng Ernest	103,000	103,000	103,000	203,000
Mr Wee Ee Cheong	2,642,762	2,642,762	135,921,176	135,691,390
Dr Eu Keng Mun Richard	–	18,620	2,955,071	4,476,451
Mr Ho Sim Guan	5,395,374	5,395,374	67,598,749	67,769,523
Mr Tan Keong Choon	939	939	1,191,055	1,191,055
Far Eastern Bank Limited				
Mr Wee Cho Yaw	–	–	–	18,057,168
Industrial & Commercial Bank Limited				
Mr Wee Cho Yaw	–	–	–	147,173,247
Mr Wee Ee Cheong	–	–	303,000	303,000
Mr Ho Sim Guan	7,000	–	57,000	50,000
United Overseas Finance Limited				
Mr Wee Cho Yaw	27,500	27,500	–	44,246,185
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	–	20,790,000
Mr Ho Sim Guan	9,300	9,300	–	–

	Number of Ordinary Shares of \$1 each (unless otherwise stated)			
	Shareholdings registered in the name of directors		Shareholdings in which directors are deemed to have an interest	
	At 31.12.1998	At 1.1.1998	At 31.12.1998	At 1.1.1998
Industrial & Commercial Insurance Limited				
Mr Wee Cho Yaw	-	-	-	3,629,500
Chung Khiaw Realty, Limited				
Mr Wee Cho Yaw	-	-	-	59,700,000
P T United Overseas Bank Bali (Ordinary shares of Rp1,000,000 each)				
Mr Wee Cho Yaw	-	-	-	39,950
United Overseas Bank Trustee Limited (Ordinary shares of \$10 each of which \$5 has been called and paid up)				
Mr Wee Cho Yaw	-	-	-	100,000
UOB Life Assurance Limited (Ordinary shares of \$1 each)				
Mr Wee Cho Yaw	-	-	-	40,500,000
(Redeemable convertible cumulative preference shares of \$1 each)				
Mr Wee Cho Yaw	-	-	-	410
P T UOBB Securities (Ordinary shares of Rp1,000,000 each)				
Mr Wee Cho Yaw	-	-	-	9,350
PT UOB Life - Sun Assurance (Ordinary shares of Rp1,000 each)				
Mr Wee Cho Yaw	-	-	-	5,250,000
UOB-OSK Asset Management Sdn Bhd (Ordinary shares of RMI each)				
Mr Wee Cho Yaw	-	-	-	1,400,000
UOB Travel (General Sales Agent) Pte Ltd				
Mr Wee Cho Yaw	-	-	-	150,000
UOB-Walden Capital Management Pte Ltd (In members' voluntary liquidation)				
Mr Wee Cho Yaw	-	-	-	125,000
Dahua Xiamen Development Ltd (Paid-up capital stated in US dollars)				
Mr Wee Cho Yaw	-	-	-	US\$7,100,000

- (b) No director held any share options (issued in connection with the UOB Executives' Share Option Scheme) in the Bank as at 31 December 1998 and 1 January 1998, except for Mr Wong Yuen Weng Ernest who held 372,000 share options as at 31 December 1998 and 312,000 share options as at 1 January 1998.
- (c) The Companies (Amendment) Act 1998 which came into force on 18 November 1998 had raised the shareholding threshold in a body corporate from 15% to 20% for the purpose of determining directors' deemed interests. As a result, the directors' deemed interests as at 31 December 1998 had been arrived at based on legislative provisions which differ from those applicable as at 1 January 1998. Mr Wee Cho Yaw's deemed interests in the above-related corporations of United Overseas Bank Limited as at 1 January 1998 were by virtue of his having an interest of not less than 15% in the issued share capital of United Overseas Bank Limited.
- (d) There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 1999 (being the 21st day after the end of the financial year), except as follows:

(i)	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 21.1.1999	At 21.1.1999
United Overseas Bank Limited		
Dr Eu Keng Mun Richard	–	2,505,071
Mr Wong Yuen Weng Ernest	93,000	–

- (ii) As at 21 January 1999, the number of share options (issued in connection with the UOB Executives' Share Option Scheme) in the Bank held by Mr Wong Yuen Weng Ernest was 294,000.

Dividends

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

	\$'000
A final dividend of 10%, less tax at 26%, was paid on 23 June 1998 in respect of the financial year ended 31 December 1997:	
As proposed in the Report of the Directors for that financial year	73,608
In respect of new shares issued upon the exercise of share options before book closure date	2
	73,610
An interim dividend of 8%, less tax at 26%, was paid on 28 August 1998 in respect of the financial year ended 31 December 1998	58,888
	58,888
A proposed final dividend, recommended by the directors, of 10% less tax at 26% in respect of the financial year ended 31 December 1998	73,611
	73,611



DIRECTORS' REPORT

for the financial year ended 31 December 1998

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 or provided for doubtful debts in the consolidated financial statements 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 charge on the assets of the Bank or any other corporation in the Group has arisen since the end of the financial year which secures the liabilities of any other person and no contingent liability of the Bank or any other corporation in the Group has 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 the Group to meet their obligations as and when they fall due.

Other Circumstances Affecting 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 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.

Unusual Items after the Financial Year

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 ("the Scheme") in respect of unissued ordinary shares of \$1 each to officers of the Bank and its subsidiaries who are of Vice President rank and above and are not substantial shareholders of the Bank. Particulars of the share options granted under this Scheme in 1994, 1995, 1996 and 1997 (hereinafter called "Options 1994", "Options 1995", "Options 1996" and "Options 1997" respectively) have been set out in the Reports of the Directors for the years ended 31 December 1994, 1995, 1996 and 1997 respectively.
- (b) During the year, options were granted pursuant to the Scheme in respect of 1,236,000 unissued ordinary shares of \$1 each of the Bank ("Options 1998").
- (c) Statutory and other information regarding the Options are as follows:

(i) Options	Option Period	Offer Price \$
1994	15 April 1995 to 14 January 1999	8.25
1995	5 May 1996 to 4 February 2000	9.25
1996	9 May 1997 to 8 February 2001	9.65
1997	5 May 1998 to 4 February 2002	8.68
1998	14 September 1999 to 13 June 2003	3.30

- (ii) The Options expire at the end of the respective option periods unless such options cease by reason of Clause 13 of the Scheme which relates to death or employment termination of a grantee, and in the event of the liquidation of the Bank.

Further details of the Scheme are set out in the circular to shareholders dated 18 January 1990.

- (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, whether granted before or during the financial year.

(e) Unissued shares under option at 31 December 1998 comprise the following:

Options Granted To Executives in Connection with the UOB Executives' 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
1994	8.25	14.1.1999	776,000
1995	9.25	4.2.2000	1,585,000
1996	9.65	8.2.2001	1,633,000
1997	8.68	4.2.2002	1,707,000
1998	3.30	13.6.2003	1,235,000
			6,936,000

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, Coopers & Lybrand, 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 1998. The financial statements of the Bank and the consolidated financial statements of the Group for the year ended 31 December 1998 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 Coopers & Lybrand.

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

Auditors

Coopers & Lybrand have expressed their willingness to accept re-appointment.

On behalf of the directors

Wee Cho Yaw
Chairman

Wong Yuen Weng Ernest
Director

Signed on 26 March 1999

 **STATEMENT BY DIRECTORS**
for the financial year ended 31 December 1998

In the opinion of the directors, the financial statements set out on pages 50 to 75 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 1998 and of the results of the business of the Bank and of the Group and cash flows of the Group for the 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 26 March 1999

We have audited the financial statements of United Overseas Bank Limited and the consolidated financial statements of the Group set out on pages 50 to 75. 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. These Standards require that we plan and perform the 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 financial statements and consolidated financial statements are properly drawn up 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 and on such basis give a true and fair view of:
 - (i) the state of affairs of the Bank and of the Group as at 31 December 1998, the profit of the Bank and of the Group and 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 and consolidated financial statements.
- (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.

Without qualifying our audit opinion, we draw attention to Note 31 to the financial statements which provides further information on the extent of the Group's exposures to certain countries in the East Asian region which continue to be affected by the volatile regional economic environment, and the basis upon which the assessment of the valuation and recoverability of these exposures has been made.

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 87 to 90.

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.

Coopers & Lybrand
Certified Public Accountants

Partner: Dr Chew Kia Ngee

Singapore, 26 March 1999

	Notes	The Group		The Bank	
		1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'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	994,736	994,703	994,736	994,703
CAPITAL RESERVES					
Share Premium	4	798,501	798,366	798,501	798,366
Others	5	64,907	64,907	–	–
REVENUE RESERVES					
General	6	2,019,975	1,842,013	1,444,533	1,319,661
Unappropriated Profit		1,680,462	1,627,086	622,108	644,664
Total Capital and Reserves		5,558,581	5,327,075	3,859,878	3,757,394
INTERESTS OF MINORITY SHAREHOLDERS					
		258,428	259,971	–	–
LIABILITIES					
Current, fixed, savings accounts and other deposits of customers		36,491,777	35,635,104	26,105,127	25,110,474
Deposits and balances of banks and agents		6,105,950	5,952,654	5,529,640	5,117,965
Deposits from subsidiaries	7	–	–	1,401,611	750,028
		42,597,727	41,587,758	33,036,378	30,978,467
Bills and drafts payable		354,392	375,603	119,883	77,964
Other liabilities	8	1,626,599	1,737,575	862,648	893,609
Proposed dividend		73,611	73,608	73,611	73,608
		44,652,329	43,774,544	34,092,520	32,023,648
		50,469,338	49,361,590	37,952,398	35,781,042
OFF-BALANCE SHEET ITEMS					
Contingent liabilities	19	3,810,367	5,193,865	2,502,921	3,427,042
Off-balance sheet financial instruments	20	22,411,210	21,842,360	21,836,776	19,750,596
Commitments	21	19,636,364	24,879,450	14,169,422	18,816,137

	Notes	The Group		The Bank	
		1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
ASSETS					
Cash and balances					
with central banks		1,553,459	1,934,539	613,629	999,644
Singapore Government					
treasury bills and securities	9	3,226,415	2,506,544	2,461,601	1,723,879
Other Government					
treasury bills and securities	9	3,360,439	425,072	2,944,263	48,566
Dealing securities	9	210,873	265,443	138,490	133,616
Placements and balances with banks, agents and other financial institutions	10	11,468,644	11,440,454	9,780,197	9,552,482
Trade bills	11-13	492,912	1,161,428	188,027	717,768
Advances to customers	11-13	27,160,457	28,608,334	18,541,207	18,795,250
Other accounts	14	774,078	962,784	470,751	546,320
		48,247,277	47,304,598	35,138,165	32,517,525
Other long-term investments	15	1,042,992	866,132	696,177	597,171
SUBSIDIARIES					
Quoted investments	16	-	-	406,675	406,675
Unquoted investments		-	-	636,538	634,912
Amounts owing		-	-	459,356	1,002,935
		-	-	1,502,569	2,044,522
Fixed assets	17	1,179,069	1,190,860	615,487	621,824
		50,469,338	49,361,590	37,952,398	35,781,042

The notes on pages 54 to 75 form an integral part of these financial statements.

PROFIT AND LOSS ACCOUNTS
for the financial year ended 31 December 1998

	Notes	The Group		The Bank	
		1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
Interest income		3,031,493	2,778,460	2,107,316	1,948,549
Less:					
Interest expense		1,830,341	1,670,475	1,441,120	1,332,505
Net interest income		1,201,152	1,107,985	666,196	616,044
Dividend income	22	23,887	54,029	70,703	103,317
Fee and commission income		229,959	286,892	111,870	146,656
Rental income		91,119	89,418	47,166	47,944
Other operating income	23	185,005	122,392	172,251	79,707
Income before operating expenses		1,731,122	1,660,716	1,068,186	993,668
Less:					
Staff expenses		294,170	309,315	194,300	198,577
Other operating expenses	24	272,463	286,662	186,538	202,389
	25	566,633	595,977	380,838	400,966
Operating profit before provisions		1,164,489	1,064,739	687,348	592,702
Less:					
Provisions	26	653,659	335,270	380,593	203,848
PROFIT BEFORE TAXATION		510,830	729,469	306,755	388,854
Less:					
TAXATION	27	136,896	216,660	76,810	118,626
PROFIT AFTER TAXATION		373,934	512,809	229,945	270,228
Less:					
MINORITY INTERESTS		6,115	10,835	-	-
PROFIT ATTRIBUTABLE TO MEMBERS		367,819	501,974	229,945	270,228
RETAINED PROFITS AT					
1 JANUARY		1,627,086	1,459,582	644,664	626,936
PROFITS AVAILABLE FOR					
APPROPRIATION		1,994,905	1,961,556	874,609	897,164
TRANSFER TO GENERAL RESERVES	6	(181,942)	(201,970)	(120,000)	(120,000)
DIVIDENDS	28	(132,501)	(132,500)	(132,501)	(132,500)
RETAINED PROFITS AT					
31 DECEMBER		1,680,462	1,627,086	622,108	644,664
Basic earnings per ordinary share					
of \$1 each (cents)	29	37	51		

The notes on pages 54 to 75 form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT 
for the financial year ended 31 December 1998

	1998 \$'000	1997 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before taxation and minority interests	510,830	729,469
Adjustments for:		
Depreciation	60,611	56,223
Amortisation of discount on issue of Bonds 1992/1997	–	533
Operating profit before working capital changes	<u>571,441</u>	<u>786,225</u>
Working capital changes:		
Deposits	1,009,969	3,369,005
Bills and drafts payable	(21,211)	(49,429)
Other liabilities	(66,396)	61,473
Dealing securities	54,570	172,110
Trade bills and advances to customers	2,116,393	(2,310,482)
Other accounts	<u>188,706</u>	<u>64,608</u>
Cash generated from operations	<u>3,853,472</u>	<u>2,093,510</u>
Income taxes paid	<u>(181,476)</u>	<u>(263,070)</u>
Net Cash From Operating Activities	3,671,996	1,830,440
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in other long-term investments	(176,860)	(35,254)
Net increase in fixed assets	(48,820)	(103,511)
Change in minority interests of subsidiaries	(2,259)	(10,369)
Net Cash Used In Investing Activities	(227,939)	(149,134)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	168	183,087
Redemption of 5% Unsecured Bonds 1992/1997	–	(200,000)
Dividends paid by the Bank	(132,498)	(128,457)
Dividends paid by subsidiaries to minority shareholders	(5,399)	(5,342)
Net Cash Used In Financing Activities	(137,729)	(150,712)
Exchange translation adjustment	<u>(3,980)</u>	<u>(132,121)</u>
Net Increase In Cash And Cash Equivalents	3,302,348	1,398,473
Cash And Cash Equivalents At 1 January	16,306,609	14,908,136
Cash And Cash Equivalents At 31 December (see Note)	<u>19,608,957</u>	<u>16,306,609</u>

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

Cash and balances with central banks	1,553,459	1,934,539
Placements and balances with banks, agents and other financial institutions	11,468,644	11,440,454
Singapore Government treasury bills and securities	3,226,415	2,506,544
Other Government treasury bills and securities	3,360,439	425,072
	<u>19,608,957</u>	<u>16,306,609</u>

The notes on pages 54 to 75 form an integral part of these financial statements.

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 87 to 90.

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 treasury 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 16(b) 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) Associated Companies

The Group treats as associated companies those companies in which a long-term equity interest of between 20 to 50 percent is held and where there is management participation through Board representation. The share of results of associated companies is not included in the profit and loss accounts, except insofar as dividends have been received. Investments held in associated companies are included in the balance sheets at cost and provision is made for any diminution in value, other than temporary, of such investments determined on an individual basis.

(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 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 associated companies are stated at cost and provision is made for any diminution in value, other than temporary, of the investments determined on an individual basis.
- (v) The accounting policies set out in (i), (ii) and (iii) above were adopted on 1 January 1998 and represent changes to the accounting policies adopted prior to that date. Prior to 1 January 1998, the accounting policies in respect of treasury bills, government securities and dealing securities were to state them at the lower of cost and market value determined on an individual basis. The changes were made to comply with the recommendations of the Committee on Banking Disclosure.

No prior year adjustment has been accounted for as the retrospective application of the new accounting policies has no significant impact on the financial position of the Bank and the Group as at 31 December 1997 and their results for the year then ended. The application of the new accounting policies in the current year also has no significant impact on the financial position of the Bank and the Group as at 31 December 1998 and their results for the year then ended.

(f) Revenue Recognition

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

Dividend income from subsidiaries is included gross in the 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) 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, the balance sheets and results of foreign subsidiaries and branches 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.

3 Share Capital of the Bank

(a)

	The Bank	
	1998	1997
	\$'000	\$'000
Issued and fully paid ordinary shares of \$1 each:		
Balance at 1 January	994,703	940,066
Shares issued to holders of warrants and options who exercised their rights	33	54,637
Balance at 31 December	<u>994,736</u>	<u>994,703</u>

(b) During the year, the Bank issued 33,000 (1997: 54,636,975) ordinary shares of \$1 each to warrant and option holders. The details of the issue 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	
	1998	1997
	\$'000	\$'000
Balance at 1 January	798,366	644,894
Share premium arising from the issue of shares to holders of warrants and options who exercised their rights	135	128,450
Transfer from Other Capital Reserves in respect of the exercise of Warrants 1997 to subscribe for new ordinary shares	—	25,022
Balance at 31 December	<u>798,501</u>	<u>798,366</u>

5 Other Capital Reserves

	The Group		The Bank	
	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
Balance at 1 January	64,907	89,929	-	25,022
Transfer to Share Premium in respect of the exercise of Warrants 1997 to subscribe for new ordinary shares	-	(25,022)	-	(25,022)
Balance at 31 December	<u>64,907</u>	<u>64,907</u>	<u>-</u>	<u>-</u>

6 General Reserves

(a)

	The Group					
	1998			1997		
	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	1,491,163	350,850	1,842,013	1,413,867	358,297	1,772,164
Transfer to General Reserves	-	-	-	(52,368)	52,368	-
Amounts transferred from profit and loss accounts	50,420	131,522	181,942	129,664	72,306	201,970
Net translation difference arising during the year	-	(3,980)	(3,980)	-	(132,121)	(132,121)
Balance at 31 December	<u>1,541,583</u>	<u>478,392</u>	<u>2,019,975</u>	<u>1,491,163</u>	<u>350,850</u>	<u>1,842,013</u>

	The Bank					
	1998			1997		
	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	1,029,300	290,361	1,319,661	957,300	248,934	1,206,234
Amounts transferred from profit and loss accounts	13,000	107,000	120,000	72,000	48,000	120,000
Net translation difference arising during the year	-	4,872	4,872	-	(6,573)	(6,573)
Balance at 31 December	1,042,300	402,233	1,444,533	1,029,300	290,361	1,319,661

(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 SIMEX Regulations. These are non-distributable reserves or in the case of a subsidiary, distribution is subject to approval by the relevant authorities.

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

	The Group		The Bank	
	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
Analysed by remaining maturity:				
Within 1 year	42,428,103	41,144,489	32,960,497	30,649,163
Over 1 year but within 3 years	168,376	338,935	75,105	225,183
Over 3 years but within 5 years	728	103,707	256	103,494
Over 5 years	520	627	520	627
Total	42,597,727	41,587,758	33,036,378	30,978,467

8 Other Liabilities

	The Group		The Bank	
	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
Provision for current taxation	241,122	287,194	157,547	166,698
Provision for deferred taxation	47,051	45,559	30,837	31,637
Accrued interest payable	397,714	377,424	252,897	243,695
Provision for other liabilities and charges	74,049	83,304	38,421	42,003
Obligations on securities sold under repurchase agreements	23,854	32,810	6,134	3,000
Other liabilities	842,809	911,284	376,812	406,576
	<u>1,626,599</u>	<u>1,737,575</u>	<u>862,648</u>	<u>893,609</u>

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

(a)	The Group		The Bank	
	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
Singapore Government treasury bills and securities				
At cost	3,226,492	2,519,532	2,461,601	1,732,021
Provision for diminution in value	(77)	(12,988)	-	(8,142)
	<u>3,226,415</u>	<u>2,506,544</u>	<u>2,461,601</u>	<u>1,723,879</u>
Market value at 31 December	<u>3,243,080</u>	<u>2,511,300</u>	<u>2,473,933</u>	<u>1,727,062</u>
(b)				
Other Government treasury bills and securities				
At cost	3,360,750	431,272	2,944,428	48,566
Provision for diminution in value	(311)	(6,200)	(165)	-
	<u>3,360,439</u>	<u>425,072</u>	<u>2,944,263</u>	<u>48,566</u>
Market value at 31 December	<u>3,362,530</u>	<u>425,227</u>	<u>2,944,855</u>	<u>48,608</u>

(c)	The Group		The Bank	
	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
Dealing securities				
Quoted equities, at cost	137,992	237,793	88,769	109,763
Quoted debt securities, at cost	88,914	95,005	56,656	51,406
Total quoted dealing securities	226,906	332,798	145,425	161,169
Provision for diminution in value	(16,033)	(67,355)	(6,935)	(27,553)
	210,873	265,443	138,490	133,616
Market value at 31 December:				
Quoted equities	125,375	179,553	82,694	89,777
Quoted debt securities	88,056	93,240	55,828	50,857
	213,431	272,793	138,522	140,634

(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 \$'000	The Bank \$'000
Balance at 1 January 1998	86,543	35,695
Exchange differences	448	659
	86,991	36,354
Write back to profit and loss account	(70,570)	(29,254)
Balance at 31 December 1998	16,421	7,100

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

	The Group		The Bank	
	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
Analysed by remaining maturity:				
Within 1 year	11,383,206	11,375,096	9,694,759	9,519,623
Over 1 year but within 3 years	68,833	65,358	68,833	32,859
Over 3 years but within 5 years	16,605	—	16,605	—
Total	11,468,644	11,440,454	9,780,197	9,552,482

11 Trade Bills and Advances to Customers

(a)	The Group		The Bank	
	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
Gross trade bills	492,912	1,163,092	188,027	719,432
Less: Specific provision	-	(1,664)	-	(1,664)
	<u>492,912</u>	<u>1,161,428</u>	<u>188,027</u>	<u>717,768</u>
Gross advances to customers	28,678,050	29,415,066	19,420,078	19,248,094
Less: Specific provision	(645,650)	(242,725)	(334,461)	(163,025)
Interest in suspense	(88,744)	(74,107)	(41,231)	(30,577)
General provision	(783,199)	(489,900)	(503,179)	(259,242)
	<u>27,160,457</u>	<u>28,608,334</u>	<u>18,541,207</u>	<u>18,795,250</u>
Total gross trade bills and advances to customers	<u>29,170,962</u>	<u>30,578,158</u>	<u>19,608,105</u>	<u>19,967,526</u>

(b)	The Group		The Bank	
	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
Total gross trade bills and advances to customers analysed by remaining maturity:				
Within 1 year	18,012,953	19,116,677	11,765,272	12,271,130
Over 1 year but within 3 years	3,175,180	4,007,987	2,468,148	2,567,830
Over 3 years but within 5 years	2,514,760	2,135,878	1,944,707	1,653,885
Over 5 years	5,468,069	5,317,616	3,429,978	3,474,681
Total	<u>29,170,962</u>	<u>30,578,158</u>	<u>19,608,105</u>	<u>19,967,526</u>

12 Non-Performing Loans

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.

	The Group		The Bank	
	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
Gross amount	<u>2,190,833</u>	<u>990,508</u>	<u>1,219,176</u>	<u>625,100</u>

13 Provision for Loan Losses and Interest in Suspense

The movements in provisions are as follows:

	The Group				The Bank			
	1998				1998			
	Specific Provision \$'000	Interest in Suspense \$'000	General Provision \$'000	Total \$'000	Specific Provision \$'000	Interest in Suspense \$'000	General Provision \$'000	Total \$'000
Balance at 1 January	244,389	137,223	489,900	871,512	164,689	61,237	259,242	485,168
Exchange differences	(383)	931	436	984	2,119	313	975	3,407
Write off against provision	(38,712)	(35,541)	–	(74,253)	(24,536)	(17,891)	–	(42,427)
Charge to profit and loss accounts	440,356	–	292,863	733,219	192,189	–	242,962	435,151
Interest suspended	–	105,429	–	105,429	–	53,839	–	53,839
Balance at 31 December	645,650	208,042	783,199	1,636,891	334,461	97,498	503,179	935,138

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 14.

14 Other Accounts

	The Group		The Bank	
	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
Interest receivable	386,329	352,700	265,970	272,103
Interest in suspense (Note 13)	(119,298)	(63,116)	(56,267)	(30,660)
	267,031	289,584	209,703	241,443
Government securities bought under reverse repo agreements	10,824	83,330	10,824	58,000
Other assets	496,223	589,870	250,224	246,877
	774,078	962,784	470,751	546,320

15 Other Long-Term Investments

(a) Associated Companies

The major associated companies of the Group as at 31 December 1998 are set out on page 90.

	The Group		The Bank	
	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
Quoted equities, at cost	634,386	613,948	497,879	489,585
Quoted warrants, at cost	14,985	27,859	14,127	23,742
Unquoted equities, at cost	93,903	62,974	13,363	1,676
	<u>743,274</u>	<u>704,781</u>	<u>525,369</u>	<u>515,003</u>
Provision for diminution in value	(746)	(667)	(746)	(625)
Net book value	<u>742,528</u>	<u>704,114</u>	<u>524,623</u>	<u>514,378</u>
Market value at 31 December:				
Quoted equities	475,994	543,724	367,498	433,480
Quoted warrants	7,382	13,008	6,963	10,753
	<u>483,376</u>	<u>556,732</u>	<u>374,461</u>	<u>444,233</u>

(b) Investment Securities

(i) Quoted Investment Securities

Equities, at cost	71,630	64,224	69,570	62,163
Debt securities, at cost	46,048	3,326	46,048	–
Total quoted investment securities	<u>117,678</u>	<u>67,550</u>	<u>115,618</u>	<u>62,163</u>
Provision for diminution in value	(77)	(26,336)	–	(25,449)
Net book value	<u>117,601</u>	<u>41,214</u>	<u>115,618</u>	<u>36,714</u>
Market value at 31 December:				
Quoted equities	48,433	37,891	47,381	36,784
Quoted debt securities	50,243	3,886	50,242	–
	<u>98,676</u>	<u>41,777</u>	<u>97,623</u>	<u>36,784</u>

(ii) Unquoted Investment Securities

Equities, at cost	63,314	72,605	34,512	35,956
Debt securities, at cost	126,009	49,494	26,639	10,211
Total unquoted investment securities	<u>189,323</u>	<u>122,099</u>	<u>61,151</u>	<u>46,167</u>
Provision for diminution in value	(6,460)	(1,295)	(5,215)	(88)
Net book value	<u>182,863</u>	<u>120,804</u>	<u>55,936</u>	<u>46,079</u>
Total net book value of other long-term investments	<u>1,042,992</u>	<u>866,132</u>	<u>696,177</u>	<u>597,171</u>

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

	The Group \$'000	The Bank \$'000
Balance at 1 January 1998	28,298	26,162
Exchange differences	(1,900)	(1,908)
	<u>26,398</u>	<u>24,254</u>
Write back to profit and loss account	(19,115)	(18,293)
Balance at 31 December 1998	<u>7,283</u>	<u>5,961</u>

- (d) The Group and the Bank hold the following warrants in its associated companies at the balance sheet date:

	Number of Shares in Associated Company which can be Subscribed For				Subscription Price		Expiry Date
	The Group		The Bank		1998 \$	1997 \$	
	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000			
United Overseas Land Limited							
Warrants 2001	13,015	19,015	12,233	15,233	1.60	1.60	28.5.2001
Haw Par Corporation Limited							
Warrants 1998	–	13,859	–	13,128	–	1.91	30.6.1998
Warrants 2001	6,911	7,053	6,546	6,688	1.84	1.84	18.7.2001

16 Subsidiary Companies

- (a) The subsidiaries of the Group as at 31 December 1998 are set out on pages 87 to 90.



- (b) 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:

	1998 \$'000	1997 \$'000
Assets		
Fixed assets	556	596
Quoted investments	168,096	141,456
Loans and advances	20,614	24,413
Deposits and balances with holding and related companies	20,373	32,825
Other accounts	20,014	42,654
Fixed deposits	17,063	26,674
Cash and bank balances	266	174
	246,982	268,792
Liabilities		
Amount owing to Shareholders' Fund	395	375
Other liabilities	10,977	4,074
	(11,372)	(4,449)
	235,610	264,343
Represented by Life Fund	235,610	264,343

- (c) Investments in subsidiaries are as follows:

	The Bank	
	1998 \$'000	1997 \$'000
(i) Quoted equities, at cost	416,675	416,675
Less: Provision for diminution in value	(10,000)	(10,000)
	406,675	406,675
Market value at 31 December	468,701	628,811
(ii) Unquoted shares, at cost	708,376	714,028
Less: Provision for diminution in value	(71,838)	(79,116)
	636,538	634,912

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

	The Bank \$'000
Balance at 1 January 1998	89,116
Exchange differences	(174)
	88,942
Write back to profit and loss account	(7,104)
Balance at 31 December 1998	81,838

17 Fixed Assets

	1998			1997		
	Properties \$'000	Office Equipment, Computers, Furniture and Fixtures \$'000	Total \$'000	Properties \$'000	Office Equipment, Computers, Furniture and Fixtures \$'000	Total \$'000
The Group						
Balances at						
1 January:						
Cost/Valuation	1,109,569	482,220	1,591,789	1,055,604	460,216	1,515,820
Accumulated depreciation	(107,953)	(290,410)	(398,363)	(94,617)	(275,057)	(369,674)
Provision for diminution in value	(2,566)	–	(2,566)	(2,574)	–	(2,574)
Net book value	999,050	191,810	1,190,860	958,413	185,159	1,143,572
Movements during the financial year:						
Exchange differences	(2,914)	(523)	(3,437)	11,540	(1,959)	9,581
Additions	20,107	35,260	55,367	60,326	44,395	104,721
Disposals	(490)	(1,517)	(2,007)	(5,784)	(4,986)	(10,770)
Depreciation charge	(17,003)	(43,608)	(60,611)	(14,832)	(41,391)	(56,223)
Additional provision for diminution in value	(1,103)	–	(1,103)	(21)	–	(21)
Reclassification	(106)	106	–	(10,592)	10,592	–
Net book value at 31 December	997,541	181,528	1,179,069	999,050	191,810	1,190,860
Balances at						
31 December:						
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



	1998			1997		
	Properties \$'000	Office Equipment, Computers, Furniture and Fixtures \$'000	Total \$'000	Properties \$'000	Office Equipment, Computers, Furniture and Fixtures \$'000	Total \$'000
The Bank						
Balances at 1 January:						
Cost/Valuation	572,558	276,003	848,561	571,900	267,940	839,840
Accumulated depreciation	(60,384)	(165,450)	(225,834)	(52,964)	(150,492)	(203,456)
Provision for diminution in value	(903)	-	(903)	(882)	-	(882)
Net book value	<u>511,271</u>	<u>110,553</u>	<u>621,824</u>	<u>518,054</u>	<u>117,448</u>	<u>635,502</u>
Movements during the financial year:						
Exchange differences	(1,549)	(53)	(1,602)	2,270	217	2,487
Additions	4,848	27,568	32,416	3,517	22,988	26,505
Disposals	(472)	(965)	(1,437)	(5,010)	(3,849)	(8,859)
Depreciation charge	(7,555)	(27,056)	(34,611)	(7,539)	(26,251)	(33,790)
Additional provision for diminution in value	(1,103)	-	(1,103)	(21)	-	(21)
Net book value at 31 December	<u>505,440</u>	<u>110,047</u>	<u>615,487</u>	<u>511,271</u>	<u>110,553</u>	<u>621,824</u>
Balances at 31 December:						
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>

- (a) Based on Directors' valuation, the estimated market values of the properties of the Group and the Bank as at 31 December 1998 were \$2,512,777,000 and \$1,282,095,000 respectively (1997: \$3,054,953,000 and \$1,589,696,000 respectively). The excess of the estimated market value over the net book value of the properties has not been recognised in the financial statements.
- (b) Certain freehold and leasehold properties 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 properties of Chung Khiaw Realty, Limited December 1969
 - (iii) Certain freehold properties of United Overseas Bank (Malaysia) Bhd November 1965
- (c) Provisions for diminution in value are in respect of certain properties in Singapore, Malaysia and Hong Kong which were written down to their market values as determined by the Bank's internal professionally qualified valuers.

18 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	%
1998				
Singapore (including ACU)	376,576	73.7	37,207,875	73.7
ASEAN	89,013	17.4	4,660,477	9.2
Other Asia Pacific	28,571	5.6	6,563,115	13.0
Rest of the world	16,670	3.3	2,037,871	4.1
Total	<u>510,830</u>	<u>100.0</u>	<u>50,469,338</u>	<u>100.0</u>
	Profit Before Taxation		Total Assets	
	\$'000	%	\$'000	%
1997				
Singapore (including ACU)	546,078	74.9	36,875,043	74.7
ASEAN	127,049	17.4	5,609,834	11.4
Other Asia Pacific	38,104	5.2	4,295,083	8.7
Rest of the world	18,238	2.5	2,581,630	5.2
Total	<u>729,469</u>	<u>100.0</u>	<u>49,361,590</u>	<u>100.0</u>

(b) Loans and Advances by Industry Groups

The Group	Loans and Advances			
	1998		1997	
	\$'000	%	\$'000	%
Manufacturing	2,595,447	8.9	2,485,981	8.1
Building and construction	3,226,287	11.1	3,578,425	11.7
Housing loans	6,396,902	21.9	6,473,381	21.2
General commerce	4,096,655	14.1	4,877,397	16.0
Transport, storage and communication	375,201	1.3	418,482	1.4
Financial institutions	5,057,906	17.3	5,129,025	16.8
Professionals and private individuals (except housing loans)	3,599,665	12.3	4,143,123	13.5
Others	3,822,899	13.1	3,472,344	11.3
	29,170,962	100.0	30,578,158	100.0

19 Contingent Liabilities

	The Group		The Bank	
	1998	1997	1998	1997
	\$'000	\$'000	\$'000	\$'000
Direct credit substitutes	1,110,587	1,346,463	918,768	1,052,707
Transaction-related contingencies	621,811	847,403	483,544	614,414
Trade-related contingencies	1,453,219	2,299,230	871,130	1,486,567
Other contingent liabilities	624,750	700,769	229,479	273,354
	3,810,367	5,193,865	2,502,921	3,427,042

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.

20 Off-Balance Sheet Financial Instruments

(a)

	The Group					
	1998			1997		
	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	2,599,112	45,690	13,716	5,120,219	150,988	142,997
Swaps	19,044,235	143,708	158,305	16,177,047	486,928	463,065
Futures	-	-	-	20,835	38	-
Options						
purchased	50,864	-	-	850	-	-
Options written	50,864	-	-	850	-	-
Interest Rate						
Contracts						
Forwards	15,282	-	-	-	-	-
Swaps	289,977	46	-	139,381	22	-
Futures	312,044	97	380	190,828	8	55
Options						
purchased	-	-	-	123,162	252	103
Options written	-	-	-	59,338	44	-
Equity-Related						
Contracts						
Futures	46,654	979	874	2,462	-	16
Options						
purchased	2,178	-	12	3,694	-	-
Options written	-	-	-	3,694	-	-
	<u>22,411,210</u>	<u>190,520</u>	<u>173,287</u>	<u>21,842,360</u>	<u>638,280</u>	<u>606,236</u>

	The Bank					
	1998			1997		
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	2,426,739	43,650	12,105	4,338,378	100,014	101,166
Swaps	18,795,545	143,138	155,929	14,985,560	475,003	454,922
Options						
purchased	50,864	-	-	850	-	-
Options written	50,864	-	-	850	-	-
Interest Rate Contracts						
Forwards	15,282	-	-	-	-	-
Swaps	289,977	46	-	139,381	22	-
Futures	160,851	-	380	93,227	-	55
Options						
purchased	-	-	-	123,162	252	103
Options written	-	-	-	59,338	44	-
Equity-Related Contracts						
Futures	46,654	979	874	2,462	-	16
Options						
purchased	-	-	-	3,694	-	-
Options written	-	-	-	3,694	-	-
	21,836,776	187,813	169,288	19,750,596	575,335	556,262

21 Commitments

	The Group		The Bank	
	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
Capital commitments contracted but not provided for on development of property and purchase of fixed assets	128,246	140,944	7,141	12,228
Undrawn credit facilities	14,477,159	17,413,768	9,821,260	12,000,956
Undrawn foreign exchange lines	4,560,924	6,742,199	3,989,034	6,363,950
Others	470,035	582,539	351,987	439,003
	19,636,364	24,879,450	14,169,422	18,816,137

22 Dividend Income

Dividends from investment in equity shares comprise the following:

	The Group		The Bank	
	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
From subsidiaries	–	–	54,274	60,694
From associated companies	16,222	40,182	12,541	33,592
From other quoted investments	5,305	10,288	1,954	6,897
From other unquoted investments	2,360	3,559	1,934	2,134
	23,887	54,029	70,703	103,317

23 Other Operating Income

	The Group		The Bank	
	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
Net losses on disposal of dealing securities, and Government treasury bills and securities	(53,629)	(65,062)	(13,446)	(44,206)
Net (loss)/profit on disposal of investment securities and long-term investments	(9,047)	18,067	(7,811)	9,417
	(62,676)	(46,995)	(21,257)	(34,789)
Net profit on foreign exchange dealings	163,335	85,779	110,242	50,523
Net profit on disposal of fixed assets	1,000	2,330	1,160	360
Profit on sale of development properties	10,162	–	–	–
Other income	73,184	81,278	82,106	63,613
	185,005	122,392	172,251	79,707

24 Other Operating Expenses

	The Group		The Bank	
	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
Premises and equipment				
Depreciation	60,611	56,223	34,611	33,790
Rental	31,533	30,224	36,181	35,898
Repairs and upkeep	28,161	26,223	18,751	16,329
Others	26,888	32,429	15,480	19,003
	147,193	145,099	105,023	105,020
Auditors' remuneration	1,541	1,708	612	664
Fees payable for non-audit services rendered by the auditors of the Bank	71	64	10	39
Other expenses	123,658	139,791	80,893	96,666
	272,463	286,662	186,538	202,389

25 Directors' Remuneration

Included in total expenses is remuneration paid to the Bank's directors as follows:

	The Group		The Bank	
	1998	1997	1998	1997
	\$'000	\$'000	\$'000	\$'000
	<u>7,668</u>	<u>9,465</u>	<u>7,306</u>	<u>9,043</u>

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

	1998	1997
\$500,000 and above	3	3
\$250,000 to \$499,999	—	—
Below \$250,000	6	7
Total	<u>9</u>	<u>10</u>

26 Provisions for Possible Loan Losses and Diminution in Value of Other Assets

	The Group	The Bank
	1998	1998
	\$'000	\$'000
Specific and general provisions	733,219	435,151
Advances to customers written off	4,150	3,838
Provision/(write back of provision) for diminution in value of investments and other assets:		
Subsidiaries	—	(7,104)
Other investments and other assets	(83,710)	(51,292)
	<u>(83,710)</u>	<u>(58,396)</u>
Total charged to profit and loss account	<u>653,659</u>	<u>380,593</u>

27 Taxation

	The Group		The Bank	
	1998	1997	1998	1997
	\$'000	\$'000	\$'000	\$'000
The taxation charge to the profit and loss accounts comprise the following:				
On the profit of the year:				
Current taxation	135,779	210,374	76,837	118,592
Deferred taxation	3,084	4,942	212	739
	<u>138,863</u>	<u>215,316</u>	<u>77,049</u>	<u>119,331</u>
(Over)/under provision of tax in respect of prior years	<u>(1,967)</u>	<u>1,344</u>	<u>(239)</u>	<u>(705)</u>
	<u>136,896</u>	<u>216,660</u>	<u>76,810</u>	<u>118,626</u>

28 Dividends

	The Group and The Bank	
	1998	1997
	\$'000	\$'000
Final dividend paid in respect of previous year on new shares issued upon the exercise of share options before book closure date	(2)	(8)
Interim dividend paid 8% less income tax of 26% (1997: 8% less income tax of 26%)	(58,888)	(58,884)
Proposed final dividend 10% less income tax of 26% (1997: 10% less income tax of 26%)	(73,611)	(73,608)
Total	<u>(132,501)</u>	<u>(132,500)</u>

29 Earnings Per Ordinary Share

(a) Basic earnings per \$1 ordinary share is based on the Group profit after taxation and minority interests of \$367,819,000 (1997: \$501,974,000) divided by the weighted average number of 994,735,994 (1997: 978,819,892) shares in issue during the year.

(b) The exercise of existing share options would not materially dilute the earnings per share.

30 Unsecured Contingent Liability

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

(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 experiencing economic difficulties. The valuation and recoverability of these exposures as at 31 December 1998 are based on conditions prevailing and information available at the date of these financial statements.

As at 31 December 1998, the Group has exposures to Malaysia, Indonesia, Thailand, South Korea and the Philippines, amounting to approximately \$5,382 million (1997: \$8,453 million). These exposures are determined based on the country where the risk resides regardless of where the transactions are booked.

32 Comparative Figures

Certain comparative figures have been reclassified to conform with the presentation of the current year.



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(Figures in millions of Singapore dollars)

	1998	1997	1996	1995
Net Profit After Tax	367.8	502.0	715.5	632.7
Dividends	132.5	132.5	123.8	123.1
Cash, placements and balances with bankers and agents, Government treasury bills and securities	19,608.9	16,306.6	14,908.1	13,743.8
Investments including associated companies	1,253.9	1,131.6	1,268.4	1,071.3
Loans (advances & trade bills)	27,653.4	29,769.8	27,459.3	23,758.4
Fixed and other assets	1,953.1	2,153.6	2,171.0	1,991.9
Total Assets	50,469.3	49,361.6	45,806.8	40,565.4
Represented by:				
Deposits	42,597.7	41,587.8	38,218.8	33,758.6
Bills and drafts payable, and other liabilities	2,313.0	2,446.7	2,481.9	2,385.6
Debentures, certificates of deposits, unsecured loan stock and bonds	—	—	199.5	197.8
Shareholders' funds	5,558.6	5,327.1	4,906.6	4,223.4
Total Liabilities and Shareholders' Funds	50,469.3	49,361.6	45,806.8	40,565.4

(Figures in millions of United States dollars)

Net Profit After Tax	221.5	299.4	511.3	447.0
Dividends	79.8	79.0	88.5	87.0
Cash, placements and balances with bankers and agents, Government treasury bills and securities	11,809.0	9,726.6	10,652.4	9,709.5
Investments including associated companies	755.1	675.0	906.3	756.9
Loans (advances & trade bills)	16,653.7	17,757.1	19,620.8	16,784.4
Fixed and other assets	1,176.2	1,284.6	1,551.3	1,407.2
Total Assets	30,394.0	29,443.3	32,730.8	28,658.0
Represented by:				
Deposits	25,653.5	24,806.3	27,308.8	23,849.2
Bills and drafts payable, and other liabilities	1,393.0	1,459.5	1,773.4	1,685.3
Debentures, certificates of deposits, unsecured loan stock and bonds	—	—	142.6	139.8
Shareholders' funds	3,347.5	3,177.5	3,506.0	2,983.7
Total Liabilities and Shareholders' Funds	30,394.0	29,443.3	32,730.8	28,658.0
Exchange Conversion of US\$1.00	S\$1.6605	S\$1.6765	S\$1.3995	S\$1.4155

+ Excludes extraordinary item.

Includes special tax exempt bonus dividend of 22% amounting to \$164,768,000 (US\$112,816,159).

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)

1994	1993	1992	1991	1990	1989	1988
570.1 ⁺ 262.9 [#]	456.6 131.2 ^{##}	300.8 74.2	261.6 70.1	226.0 69.3	239.6 62.2	172.2 48.4
13,337.3	11,870.1	10,963.6	9,994.4	9,531.1	7,390.3	6,450.1
891.2	853.6	713.4	641.1	626.0	643.4	552.8
21,379.6	18,469.5	14,717.7	13,299.1	12,179.2	9,152.1	6,872.2
1,743.3	3,028.9	1,481.0	1,286.7	1,097.6	916.5	672.1
37,351.4	34,222.1	27,875.7	25,221.3	23,433.9	18,102.3	14,547.2
31,255.2	27,654.7	23,063.2	20,984.7	19,127.2	14,446.3	11,672.0
2,218.7	3,154.6	1,788.2	1,632.9	1,902.1	1,420.6	994.9
196.2	372.3	371.0	277.6	277.5	277.6	100.0
3,681.3	3,040.5	2,653.3	2,326.1	2,127.1	1,957.8	1,780.3
37,351.4	34,222.1	27,875.7	25,221.3	23,433.9	18,102.3	14,547.2

(Figures in millions of United States dollars)

390.4 ⁺ 180.0 [#]	283.9 81.5 ^{##}	183.2 45.2	160.7 43.1	130.0 39.8	126.1 32.7	88.6 24.9
9,132.0	7,379.6	6,677.0	6,137.2	5,483.8	3,889.6	3,319.7
610.2	530.7	434.4	393.7	360.2	338.6	284.5
14,638.6	11,482.4	8,963.3	8,166.4	7,007.6	4,816.9	3,536.9
1,193.6	1,883.1	902.0	790.1	631.6	482.4	345.9
25,574.4	21,275.8	16,976.7	15,487.4	13,483.2	9,527.5	7,487.0
21,400.3	17,192.9	14,045.8	12,885.9	11,005.3	7,603.3	6,007.2
1,519.1	1,961.2	1,089.0	1,002.7	1,094.4	747.7	512.0
134.4	231.5	226.0	170.4	159.6	146.1	51.5
2,520.6	1,890.2	1,615.9	1,428.4	1,223.9	1,030.4	916.3
25,574.4	21,275.8	16,976.7	15,487.4	13,483.2	9,527.5	7,487.0
S\$1.4605	S\$1.6085	S\$1.6420	S\$1.6285	S\$1.7380	S\$1.9000	S\$1.9430

(Figures in millions of Singapore dollars)

	1998	1997	1996	1995
Net Profit After Tax	229.9	270.2	415.8	382.6
Dividends	132.5	132.5	123.8	123.1
Cash, placements, balances with bankers and agents, including group companies, Government treasury bills and securities	15,799.7	12,324.6	11,598.5	11,058.4
Investments including subsidiaries and associated companies	2,337.2	2,775.3	1,912.8	1,723.3
Loans (advances & trade bills)	18,729.2	19,513.0	17,340.6	14,609.5
Fixed and other assets	1,086.3	1,168.2	1,309.9	1,119.9
Total Assets	37,952.4	35,781.1	32,161.8	28,511.1
Represented by:				
Deposits	33,036.4	30,978.5	27,486.0	24,317.8
Bills and drafts payable, and other liabilities	1,056.1	1,045.2	1,033.2	939.6
Debentures, certificates of deposits, unsecured loan stock and bonds	—	—	199.4	197.8
Shareholders' funds	3,859.9	3,757.4	3,443.2	3,055.9
Total Liabilities and Shareholders' Funds	37,952.4	35,781.1	32,161.8	28,511.1

(Figures in millions of United States dollars)

Net Profit After Tax	138.5	161.2	297.1	270.0
Dividends	79.8	79.0	88.5	87.0
Cash, placements, balances with bankers and agents, including group companies, Government treasury bills and securities	9,515.0	7,351.4	8,287.6	7,812.3
Investments including subsidiaries and associated companies	1,407.5	1,655.4	1,366.8	1,217.5
Loans (advances & trade bills)	11,279.3	11,639.1	12,390.5	10,321.0
Fixed and other assets	654.2	696.8	936.0	791.2
Total Assets	22,856.0	21,342.7	22,980.9	20,142.0
Represented by:				
Deposits	19,895.5	18,478.1	19,639.8	17,179.6
Bills and drafts payable, and other liabilities	636.0	623.4	738.3	663.8
Debentures, certificates of deposits, unsecured loan stock and bonds	—	—	142.5	139.7
Shareholders' funds	2,324.5	2,241.2	2,460.3	2,158.9
Total Liabilities and Shareholders' Funds	22,856.0	21,342.7	22,980.9	20,142.0
Exchange Conversion of US\$1.00	S\$1.6605	S\$1.6765	S\$1.3995	S\$1.4155

+ Excludes extraordinary items.

Includes special tax exempt bonus dividend of 22% amounting to \$164,768,000 (US\$112,816,159).

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

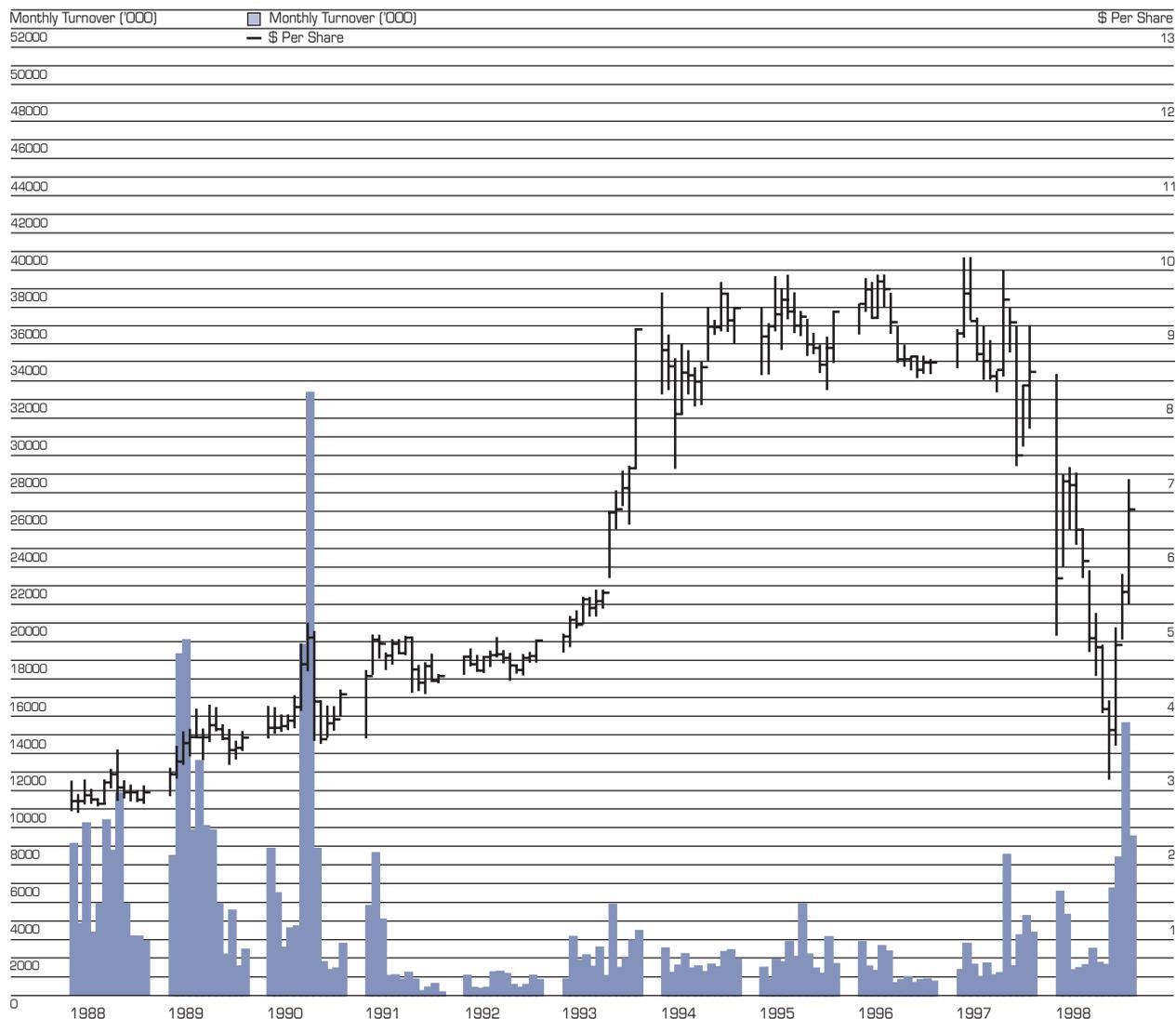
(Figures in millions of Singapore dollars)

1994	1993	1992	1991	1990	1989	1988
291.0 ⁺	232.5	169.2	156.4	147.3	139.5	122.2
262.9 [#]	131.2 ^{##}	74.2	70.1	69.3	62.2	48.4
11,215.1	9,464.4	8,952.0	7,370.0	6,969.7	5,621.4	5,062.5
1,588.6	1,451.0	1,155.6	1,141.4	1,145.7	1,060.7	918.4
12,922.3	10,619.0	8,249.9	8,038.3	7,888.4	5,610.5	4,112.8
1,058.5	874.1	796.1	723.4	663.4	433.5	343.6
26,784.5	22,408.5	19,153.6	17,273.1	16,667.2	12,726.1	10,437.3
22,825.2	19,049.7	16,209.7	14,632.5	13,946.6	10,405.9	8,458.9
1,011.5	874.5	713.2	699.4	875.0	565.0	468.6
196.2	362.8	361.4	268.0	268.0	268.0	100.0
2,751.6	2,121.5	1,869.3	1,673.2	1,577.6	1,487.2	1,409.8
26,784.5	22,408.5	19,153.6	17,273.1	16,667.2	12,726.1	10,437.3

(Figures in millions of United States dollars)

199.2 ⁺	144.5	103.0	96.1	84.8	73.4	62.9
180.0 [#]	81.5 ^{##}	45.2	43.1	39.8	32.7	24.9
7,678.8	5,884.0	5,451.9	4,525.7	4,010.1	2,958.6	2,631.3
1,087.7	902.1	703.8	700.9	659.2	558.3	472.7
8,847.9	6,601.8	5,024.3	4,936.0	4,538.8	2,952.9	2,116.7
724.8	543.4	484.8	444.2	381.7	228.2	151.1
18,339.2	13,931.3	11,664.8	10,606.8	9,589.8	6,698.0	5,371.8
15,628.3	11,843.1	9,871.9	8,985.3	8,024.5	5,476.8	4,353.6
692.6	543.7	434.3	429.5	503.5	297.4	241.1
134.3	225.5	220.1	164.5	154.1	141.0	51.5
1,884.0	1,319.0	1,138.5	1,027.5	907.7	782.8	725.6
18,339.2	13,931.3	11,664.8	10,606.8	9,589.8	6,698.0	5,371.8
S\$1.4605	S\$1.6085	S\$1.6420	S\$1.6285	S\$1.7380	S\$1.9000	S\$1.9430

UOB SHARE PRICE AND TURNOVER



Share Price ⁺	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Highest (\$)	3.29	3.89	5.00	4.86	4.80	8.99	9.58	9.70	9.70	9.90	8.30
Lowest (\$)	2.46	2.70	3.41	3.47	4.24	4.59	7.04	8.15	8.30	7.15	2.93
Average (\$)	2.88	3.30	4.21	4.17	4.52	6.79	8.31	8.93	9.00	8.53	5.62
Last Done (\$)	2.74	3.47	4.07	4.31	4.76	8.99	9.25	9.20	8.50	8.35	6.55
Ratios											
Dividend Cover (no. of times)	3.56	3.85	3.26	3.73	4.05	5.52 [#]	5.81 [#]	5.14	5.78	3.79	2.78
Adjusted Net Tangible Asset Backing Per Share (\$)*	2.38	2.62	2.83	3.08	3.42	3.82	4.10	4.63	5.22	5.36	5.59
Adjusted Earnings Per Share (cents)**	21.65	30.03	28.24	32.46	36.69	54.60	65.66	69.66	78.11	51.28	36.98
Dividends Per Share (cents) – Taxable	16.00	18.00	18.00	18.00	18.00	28.00	18.00	18.00	18.00	18.00	18.00
– Tax Exempt	–	–	–	–	–	–	22.00	–	–	–	–
Net Dividend Yield (%)**	3.75	3.74	2.95	3.00	2.85	3.01	4.23	1.48	1.48	1.56	2.37
Price Earning Ratio**	13.30	10.99	14.91	12.85	12.32	12.44	12.66	12.82	11.52	16.63	15.20

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

* Net tangible asset backing per share has been adjusted for bonus issues in 1989, 1990, 1993 and 1995.

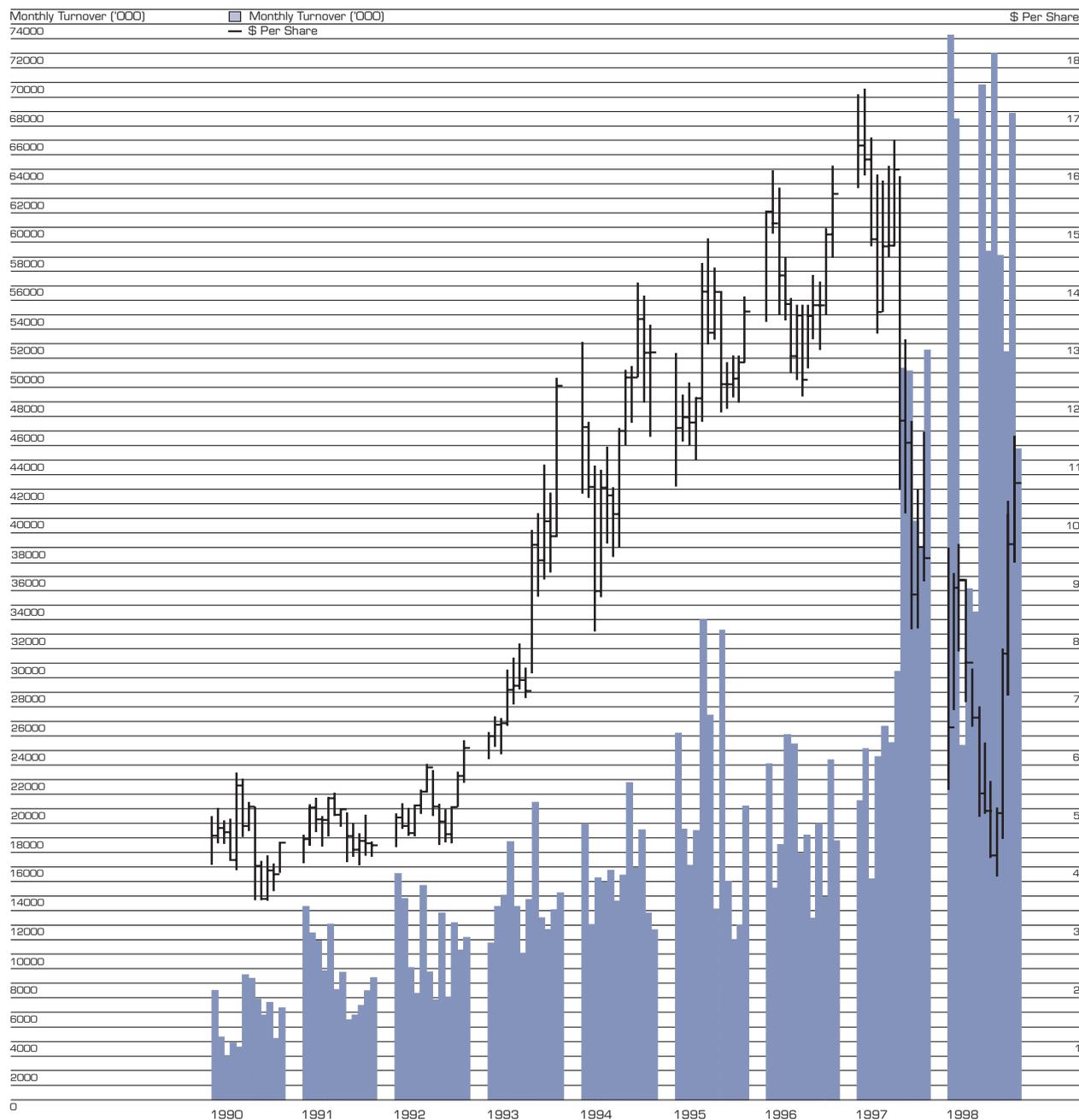
** Earnings per share has been adjusted for bonus issues in 1989, 1990, 1993 and 1995, and rights issue in 1994.

+ 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.

Note: Share prices and turnover reflect transactions recorded on the Stock Exchange of Singapore.

UOB (FOREIGN) SHARE PRICE AND TURNOVER



Share Price (1998)

Highest (\$)	11.40
Lowest (\$)	3.78
Average (\$)	7.59
Last Done (\$)	10.60

Ratios (1998)

Dividend Cover (no. of times)	2.78
Net Tangible Asset Backing Per Share (\$)	5.59
Earnings Per Share (cents)	36.98
Dividends Per Share (cents)	18.00
– Taxable	18.00
– Tax Exempt	–
Net Dividend Yield (%)	1.75
Price Earning Ratio	20.52

Foreign Shareholding (as at 31 December)

1988	14.38%
1989	20.00%
1990	35.53%
1991	39.72%
1992	40.00%
1993	40.00%
1994	39.96%
1995	40.00%
1996	38.99%
1997	39.51%
1998	39.51%

Note: Share prices and turnover reflect transactions recorded on the Stock Exchange of Singapore.

▶ **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 1998:

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	–

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
13-1-1990 to 15-5-1990	470,963	Exercise of Warrants 1994	504,351,017	470,963	41,501,479	–
28-5-1990	50,435,102	Bonus Issue of 1 for 10	554,786,119	–	41,501,479	–
8-6-1990 to 31-12-1990	2,870,183	Exercise of Warrants 1994	557,656,302	2,870,183	38,631,296	–
15-1-1991 to 31-12-1991	2,101,829 308,000	Exercise of Warrants 1994 Exercise of Executives' Share Options	559,758,131 560,066,131	2,101,829 –	36,529,467 36,529,467	– –
15-1-1992 to 26-6-1992	12,805,838 427,000	Exercise of Warrants 1994 Exercise of Executives' Share Options	572,871,969 573,298,969	12,805,838 –	23,723,629 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 to 31-12-1992	893,597 808,926 33,000	Exercise of Warrants 1994 Exercise of Warrants 1997 Exercise of Executives' Share Options	574,192,566 575,001,492 575,034,492	893,597 808,926 –	22,830,032 22,830,032 22,830,032	71,542,884 70,733,958 70,733,958
21-1-1993 to 17-9-1993	8,530,904 550,762 3,321,000	Exercise of Warrants 1994 Exercise of Warrants 1997 Exercise of Executives' Share Options	583,565,396 584,116,158 587,437,158	8,530,904 550,762 –	14,299,128 14,299,128 14,299,128	70,733,958 70,183,196 70,183,196
28-9-1993	73,429,644	Bonus Issue of 1 for 8	660,866,802	–	–	78,956,095
5-10-1993 to 31-12-1993	1,891,445 181,105 147,000	Exercise of Warrants 1994 Exercise of Warrants 1997 Exercise of Executives' Share Options	662,758,247 662,939,352 663,086,352	1,891,445 181,105 –	12,407,683 12,407,683 12,407,683	78,956,095 78,774,990 78,774,990
13-1-1994 to 9-6-1994	3,100,493 1,460,531 1,654,000	Exercise of Warrants 1994 Exercise of Warrants 1997 Exercise of Executives' Share Options	666,186,845 667,647,376 669,301,376	3,100,493 1,460,531 –	9,307,190 9,307,190 9,307,190	78,774,990 77,314,459 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 to 31-12-1994	8,952,267 3,612,759 166,000	Exercise of Warrants 1994 Exercise of Warrants 1997 Exercise of Executives' Share Options	745,168,707 748,781,466 748,947,466	8,952,267 3,612,759 –	354,923 – –	82,034,979 78,422,220 78,422,220
16-1-1995 to 12-5-1995	9,027,269 1,497,000	Exercise of Warrants 1997 Exercise of Executives' Share Options	757,974,735 759,471,735	9,027,269 –	– –	69,394,951 69,394,951
3-6-1995	151,894,347	Bonus Issue of 1 for 5	911,366,082	–	–	83,273,941
3-7-1995 to 29-12-1995	247,950 44,000	Exercise of Warrants 1997 Exercise of Executives' Share Options	911,614,032 911,658,032	247,950 –	– –	83,025,991 83,025,991
15-1-1996 to 31-12-1996	28,081,987 326,000	Exercise of Warrants 1997 Exercise of Executives' Share Options	939,740,019 940,066,019	28,081,987 –	– –	54,944,004 54,944,004
16-1-1997 to 29-12-1997	54,465,975 171,000	Exercise of Warrants 1997 Exercise of Executives' Share Options	994,531,994 994,702,994	54,465,975 –	– –	478,029 –
1-1-1998 to 15-1-1998	33,000	Exercise of Executives' Share Options	994,735,994	–	–	–

Size of Shareholdings	No. of Shareholders	Percentage of Shareholders	No. of Shares	Percentage of Shares
I – 1,000	7,287	40.66	3,081,545	0.31
1,001 – 10,000	8,247	46.02	29,390,489	2.95
10,001 – 1,000,000	2,332	13.01	126,725,696	12.74
1,000,001 and above	55	0.31	835,541,264	84.00
Total	17,921	100.00	994,738,994	100.00

Twenty Largest Shareholders	No. of Shares	Percentage
United Overseas Bank Nominees (Private) Limited	157,541,649	15.84
DBS Nominees Pte Ltd	117,375,094	11.80
Raffles Nominees Pte Ltd	105,319,373	10.59
Wee Investments Private Ltd	104,552,604	10.51
Tai Tak Estates Sdn Bhd	64,234,038	6.46
HSBC (Singapore) Nominees Pte Ltd	56,064,102	5.64
Oversea-Chinese Bank Nominees Private Limited	32,839,259	3.30
C Y Wee & Co Pte Ltd	30,138,718	3.03
Citibank Nominees Singapore Pte Ltd	25,480,497	2.56
Wee Cho Yaw	15,743,380	1.58
Kwan Tee Holdings Pte Ltd	8,723,945	0.88
DB Nominees (S) Pte Ltd	7,918,542	0.80
NTUC Income Insurance Co-operative Limited	7,855,401	0.79
Overseas Union Bank Nominees (Private) Limited	6,267,176	0.63
Ko Teck Siang	6,103,891	0.61
Prudential Assurance Company Singapore (Pte) Ltd – Prulink Fund	5,740,160	0.58
Ho Sim Guan	5,395,374	0.54
Chew How Teck and Company (Pte) Limited	4,810,910	0.48
Prudential Assurance Company Singapore (Pte) Ltd – Life Fund	4,751,744	0.48
Merrill Lynch (Singapore) Pte Ltd	4,697,000	0.47
Total	771,552,857	77.57

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	–	57,907,256
Ho Sim Guan	5,395,374	67,353,561**
Tai Tak Estates Sdn Bhd	64,234,038	–
United Overseas Land Limited	–	61,801,026
Wee Cho Yaw	15,743,380	135,618,327*
Wee Ee Cheong	2,642,762	135,889,061*
Wee Ee Chao	134,442	108,428,112*
Wee Ee Lim	1,760,340	135,690,226*
Wee Investments Private Ltd	104,552,449	411,878

* Wee Cho Yaw, Wee Ee Cheong, Wee Ee Chao and Wee Ee Lim are deemed to have an interest in 104,964,327 shares held by Wee Investments Private Ltd.

** Ho Sim Guan is deemed to have an interest in 64,234,038 shares held by Tai Tak Estates Sdn Bhd.

S U B S I D I A R I E S & M A J O R A S S O C I A T E D C O M P A N I E S

as at 31 December 1998



Activity	Subsidiaries	Country of Incorporation	Business Carried On In	Percentage of Paid-Up Capital Held				Cost of Bank's Investment	
				By UOB	By Subsidiaries	By UOB	By Subsidiaries	1998 \$'000	1997 \$'000
				1998 %	1997 %	1998 %	1997 %		
Subsidiaries									
Commercial Banking	Chung Khiaw Bank Limited	Singapore	Singapore/ Hong Kong	100	100	-	-	194,767	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) LWB (1995) Limited (<i>Inactive</i>)	Canada Singapore	Canada Inactive	100	100	-	-	18,155	18,155
Merchant Banking	United Merchant Bank Limited	Singapore	Singapore	100	100	-	-	9,747	15,250
	# UOB Australia Limited	Australia	Australia	100	100	-	-	10,865	10,865
	# UOB Asia Limited	Hong Kong	Hong Kong	50	50	50	50	11,687	11,687
Finance Companies	United Overseas Finance Limited	Singapore	Singapore	45	45	16	16	24,690	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	94	94	6	6	76,500	76,500
# PT UOB Life - Sun Assurance	Indonesia	Indonesia	-	-	70	70	-	-	
Investment Companies	# Chung Khiaw Bank (Malaysia) Bhd	Malaysia	Malaysia	-	-	100	100	-	-
	UOB Equity Holdings (Pte) Ltd	Singapore	Singapore	100	100	-	-	9,600	9,600
	United Investments Limited	Singapore	Singapore	100	100	-	-	26,100	26,100
	# UOB Finance (H.K.) Limited	Hong Kong	Hong Kong	100	100	-	-	21,434	21,638
	# 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	-	-	9,963	10,059	
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 & MAJOR ASSOCIATED COMPANIES
as at 31 December 1998

Activity	Subsidiaries	Country of Incorporation	Business Carried On In	Percentage of Paid-Up Capital Held By				Cost of Bank's Investment	
				UOB	Subsidiaries		1998	1997	1998
				1998	1997	1998	1997	1998	1997
				%	%	%	%	\$'000	\$'000
Trustee/	United Overseas Bank								
Investment	Trustee Limited	Singapore	Singapore	20	20	80	80	100	100
Management	UOB Asset Management Ltd	Singapore	Singapore	-	-	100	100	-	-
	UOB Global Capital Limited	Singapore	Singapore	70	-	-	-	280	-
	UOB Venture Management Private Limited	Singapore	Singapore	100	100	-	-	250	250
	* UOB-Walden Capital Management Pte Ltd (<i>in members' voluntary liquidation</i>)	Singapore	Singapore	50	50	-	-	-	-
	# UOB-OSK Asset Management Sdn Bhd	Malaysia	Malaysia	-	-	70	70	-	-
	#### UOB Investment Advisor (Taiwan) Ltd	Republic of China	Republic of China	-	-	100	100	-	-
Nominee	United Overseas Bank Nominees (Private) Limited	Singapore	Singapore	100	100	-	-	10	10
Services	ICB Nominees (Private) Limited	Singapore	Singapore	-	-	100	100	-	-
	Chung Khiaw Bank Nominees (Private) Limited	Singapore	Singapore	-	-	100	100	-	-
	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 [<i>formerly known as Chung Khiaw Nominees (Tempatan) Sdn Bhd</i>]	Malaysia	Malaysia	-	-	100	100	-	-
	# UOBM Nominees (Asing) Sdn Bhd [<i>formerly known as Chung Khiaw Nominees (Asing) Sdn Bhd</i>]	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	-	-
	# Singapore UMB (Hong Kong) Limited (<i>Inactive</i>)	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	-	-

S U B S I D I A R I E S & M A J O R A S S O C I A T E D C O M P A N I E S

as at 31 December 1998



Activity	Subsidiaries	Country of Incorporation	Business Carried On In	Percentage of Paid-Up Capital Held By				Cost of Bank's Investment	
				UOB	1998	1997	By Subsidiaries	1998	1997
				%	%	%	%	\$'000	\$'000
Gold/Futures Dealing	UOB Bullion and Futures Limited	Singapore	Singapore	100	100	-	-	9,000	9,000
Leasing/Rental	Ubin Private Limited (<i>Inactive</i>)	Singapore	Inactive	-	-	100	100	-	-
Computer Services	Unicom Databank Private Limited	Singapore	Singapore	100	100	-	-	*	*
	# UOB InfoTech Sdn Bhd	Malaysia	Malaysia	-	-	100	100	-	-
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	# UOBS 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	-	-
	Industrial & Commercial Realty Limited	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	188
	### UOB Realty (USA) Ltd Partnership	United States of America	United States of America	99	99	1	1	16,438	16,597
	#### Dahua Xiamen Development Ltd	People's Republic of China	People's Republic of China	50	50	-	-	11,824	11,938
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	Singapore	Singapore	-	-	51	51	-	-

SUBSIDIARIES & MAJOR ASSOCIATED COMPANIES
as at 31 December 1998

Activity	Subsidiaries	Country of Incorporation	Business Carried On In	Percentage of Paid-Up Capital Held By				Cost of Bank's Investment	
				UOB	Subsidiaries	UOB	Subsidiaries	1998 \$'000	1997 \$'000
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
								<u>1,125,051</u>	<u>1,130,703</u>
			Less: Provision					<u>(81,838)</u>	<u>(89,116)</u>
								<u>1,043,213</u>	<u>1,041,587</u>

Notes:

- # Companies audited by member firms of the worldwide PricewaterhouseCoopers organisation.
- ## Not required to be audited in country of incorporation.
- ### Companies not audited by Coopers & Lybrand, Singapore or a member firm of the worldwide PricewaterhouseCoopers organisation.
- + 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.

Major Associated Companies

	Principal Activities	Country of Incorporation and Business	Percentage of Class of Shares (Ordinary Shares unless otherwise indicated) Held By The Group	
			1998 %	1997 %
Associated Companies (Quoted)				
United International Securities Limited	Investment	Singapore	43	42
Haw Par Corporation Limited	Conglomerate	Singapore	43	41
United Overseas Land Limited	Property/Hotel	Singapore	43	40
Associated Companies (Unquoted)				
Orix Leasing Singapore Ltd	Leasing/Rental	Singapore	20	20
Novena Square Investment Pte Ltd	Investment	Singapore	20	20
Novena Square Development Pte Ltd	Property	Singapore	20	20
Affin-UOB Securities Sdn Bhd	Stockbroking	Malaysia	45	-

Notice is hereby given that the **Fifty-Seventh 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 Friday, 28 May 1999 at 12.30 pm 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 1998.
- Resolution 2** To declare a Final Dividend of 10% less income tax for the year ended 31 December 1998.
- Resolution 3** To approve Directors' fees of \$220,500 for 1998 (1997: \$270,000).
- Resolution 4** To re-appoint Messrs Coopers & Lybrand as Auditors of the Company and authorise the Directors to fix their remuneration.
- Resolution 5** To re-elect Wong Yuen Weng Ernest as Director.

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 6** Wee Cho Yaw.
- Resolution 7** Dr Eu Keng Mun Richard.
- Resolution 8** Ho Sim Guan.
- Resolution 9** Wee Chong Jin.
- Resolution 10** Tan Keong Choon.

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 Executives' Share Option Scheme ("the 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 Scheme, provided that the aggregate number of shares to be issued pursuant to this resolution shall not exceed 5 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, 9, 11 and 12

Resolution 5 is to re-elect Wong Yuen Weng Ernest who is a non-independent member of the Audit Committee.

Resolution 9 is to re-appoint Wee Chong Jin who is an independent member and chairman of the Audit Committee.

Resolution 11 is to allow the Directors to issue shares pursuant to The UOB Executives' Share Option Scheme ("the Scheme") which was approved at the Extraordinary General Meeting of the Company on 10 February 1990. A copy of the Regulations of the Scheme 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 interests of the Company to do so.

By Order of the Board

Vivien Chan

Secretary

Singapore, 5 May 1999

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.

P R O X Y F O R M F O R A N N U A L G E N E R A L M E E T I N G



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-Seventh Annual General Meeting** of members of the Company, to be held on Friday, 28 May 1999 and at any adjournment thereof.

		For	Against
Resolution 1	Financial Statements, Directors' Report and Auditors' Report		
Resolution 2	Final Dividend		
Resolution 3	Directors' Fees		
Resolution 4	Auditors & their Remuneration		
Resolution 5	Re-election (Wong Yuen Weng Ernest)		
Resolution 6	Re-appointment (Wee Cho Yaw)		
Resolution 7	Re-appointment (Dr Eu Keng Mun Richard)		
Resolution 8	Re-appointment (Ho Sim Guan)		
Resolution 9	Re-appointment (Wee Chong Jin)		
Resolution 10	Re-appointment (Tan Keong Choon)		
Resolution 11	Authority to Issue Shares (Share Option)		
Resolution 12	Authority to Issue Shares (General)		

Dated this _____ day of _____ 1999

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.