

INDUSTRIAL & COMMERCIAL BANK LIMITED

(Incorporated in the Republic of Singapore)

Announcement

To: All Shareholders

The Board of Directors of Industrial & Commercial Bank Limited wishes to make the following announcement:-

1. AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 1999

	GROUP			BANK		
	<u>31.12.99</u> S\$'000	<u>31.12.98</u> S\$'000	<u>Incr/ (Decr)</u> %	<u>31.12.99</u> S\$'000	<u>31.12.98</u> S\$'000	<u>Incr/ (Decr)</u> %
Interest income	188,921	273,159	(30.8)	187,802	271,658	(30.9)
Less: Interest expense	73,449	132,902	(44.7)	73,478	132,924	(44.7)
Net interest income	115,472	140,257	(17.7)	114,324	138,734	(17.6)
Dividends	731	1,048	(30.2)	1,450	5,990	(75.8)
Fee and commission income	9,959	9,512	4.7	9,959	9,512	4.7
Rental income	477	150	218.0	477	150	218.0
Other operating income	31,921	11,158	186.1	13,316	6,297	111.5
Income before operating expenses	158,560	162,125	(2.2)	139,526	160,683	(13.2)
Less: Staff expenses	12,017	16,750	(28.3)	11,838	16,476	(28.2)
Other operating expenses	21,661	22,219	(2.5)	19,584	19,516	0.3
	33,678	38,969	(13.6)	31,422	35,992	(12.7)
Operating profit	124,882	123,156	1.4	108,104	124,691	(13.3)
Less: Provisions	84,476	74,398	13.5	85,534	77,660	10.1
Profit before tax	40,406	48,758	(17.1)	22,570	47,031	(52.0)
Less: Taxation	9,316	11,842	(21.3)	7,686	12,690	(39.4)
Net profit after taxation	31,090	36,916	(15.8)	14,884	34,341	(56.7)
Minority interests	458	1,934	(76.3)	-	-	-
Net profit before extraordinary items	31,548	38,850	(18.8)	14,884	34,341	(56.7)
Extraordinary items	-	-	-	111,642	-	NM
Net profit attributable to members	31,548	38,850	(18.8)	126,526	34,341	268.4

Note : NM = Not Meaningful

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2. SELECTED BALANCE SHEET DATA

	GROUP			BANK		
	<u>31.12.99</u> S\$'000	<u>31.12.98</u> S\$'000	<u>Incr/ (Decr)</u> %	<u>31.12.99</u> S\$'000	<u>31.12.98</u> S\$'000	<u>Incr/ (Decr)</u> %
(a) Assets						
Total Assets	3,858,681	4,006,147	(3.7)	3,915,358	3,996,120	(2.0)
Loans and advances including trade bills (non-bank customers)	2,246,155	2,387,479	(5.9)	2,246,111	2,387,411	(5.9)
(b) Liabilities						
Deposits (non-bank customers)	2,681,378	2,787,205	(3.8)	2,681,358	2,787,104	(3.8)
Total deposits including bankers' deposits	2,975,826	3,142,042	(5.3)	2,982,414	3,179,634	(6.2)
(c) Capital and Reserves						
Issued and paid-up capital	168,293	168,293	-	168,293	168,293	-
Total shareholders' funds	762,805	741,248	2.9	832,865	716,335	16.3

3. OTHER INFORMATION

	GROUP			BANK		
	<u>31.12.99</u> S\$'000	<u>31.12.98</u> S\$'000	<u>Incr/ (Decr)</u> %	<u>31.12.99</u> S\$'000	<u>31.12.98</u> S\$'000	<u>Incr/ (Decr)</u> %
(a) Net profit attributable to members						
6 months ended 30 June	20,192	25,925	(22.1)	17,405	24,220	(28.1)
6 months ended 31 December	11,356	12,925	(12.1)	109,121	10,121	978.2
Total for the year	31,548	38,850	(18.8)	126,526	34,341	268.4
(b) Depreciation (S\$'000)	1,840	2,360	(22.0)	1,029	1,126	(8.6)
(c) Net profit as a percentage of average issued capital & reserves (%)	4.2	5.3		16.3	4.8	
(d) Earnings per share (cents)	18.7	23.1		75.2	20.4	
(e) Net tangible asset backing per share (S\$)	4.53	4.40		4.95	4.26	
(f) The Bank did not issue any new share between 1 July 1999 and 31 December 1999.						

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4. REVIEW OF PERFORMANCE

The Group's operating profit increased by 1.4% to reach \$125 million (1998: \$123 million). This increase was mainly due to the gains on sale of dealing securities, higher profit recognised on sale of the Singapore Exchange Centre which is currently under development and lower staff expenses. These were partly offset by lower net interest income due to lower loans volume and lower average interest margin.

The growth in the Group's operating profit was negated by the higher provisions made in 1999 of \$84 million (1998 : \$74 million). As a result, the Group's net profit after tax decreased by 18.8% to \$32 million (1998 : \$39 million).

As at 31 December 1999, total Non-Performing Loans (NPL) for the Group were \$424 million as compared with \$382 million at 30 June 1999 and \$262 million at 31 December 1998. Total cumulative Specific and General Provisions for the Group amounted to \$280 million (1998: \$187 million), covering 66.0% of the Group's NPL and 125.7% of the Group's NPL classified as Doubtful and Loss.

Extraordinary gains of the Bank of \$112 million comprised the special dividends from a wholly-owned subsidiary, Industrial & Commercial Realty Limited (ICR), prior to its liquidation and the surplus arising from the excess of the net assets of ICR over the Bank's cost of investment as at the date of liquidation.

5. DIVIDEND

The Directors recommend the payment of a final dividend of 4% or 4 cents per share less 25.5% Singapore income tax (1998: 4% or 4 cents per share less 26% Singapore income tax) in respect of the financial year ended 31 December 1999. Together with the interim payment of 4% or 4 cents per share less 26% Singapore income tax paid previously, the total dividend for the financial year would amount to \$10.0 million (1998: \$10.0 million). If approved at the Annual General Meeting, the final dividend will be paid on 16 June 2000.

6. CLOSURE OF BOOKS

Notice is hereby given that, subject to shareholders' approval of the payment of the aforementioned dividend at the Annual General Meeting to be held on 24 May 2000, the Share Transfer Books and Register of Members of the Company will be closed from 6 June 2000 to 7 June 2000, both dates inclusive. Duly completed transfers received by the Company's Registrar, Lim Associates (Pte) Ltd at No. 10 Collyer Quay, #19-08 Ocean Building, Singapore 049315 up to 5 pm on 5 June 2000, will be registered to determine shareholders' entitlement to the proposed dividend. In respect of ordinary shares in securities accounts with The Central Depository (Pte) Limited (CDP), the final dividend will be paid by the Bank to CDP which will in turn distribute the dividend entitlements to shareholders.

7. YEAR 2000

We met challenges of the Year 2000 crossover with no disruptions to either our customer service or to our own operations in Singapore and across the globe. The integrity and security of our systems and also our customer records and balances were preserved without any compromise whatsoever throughout the exercise.

BY ORDER OF THE BOARD

MRS VIVIEN CHAN
SECRETARY

Dated this 23rd day of March 2000