

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

To : All Shareholders

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

1. AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 1999

	Group		Incr / (Decr) %	Bank		Incr / (Decr) %
	31.12.99 S\$'000	31.12.98 S\$'000		31.12.99 S\$'000	31.12.98 S\$'000	
Interest Income	2,458,534	3,031,493	(18.9)	1,801,047	2,107,316	(14.5)
Less: Interest Expense	1,325,853	1,830,341	(27.6)	1,075,718	1,441,120	(25.4)
Net Interest Income	1,132,681	1,201,152	(5.7)	725,329	666,196	8.9
Dividends	6,565	7,665	(14.4)	168,378	70,703	138.1
Fee and Commission income	335,559	229,959	45.9	146,769	111,870	31.2
Rental Income	76,315	91,119	(16.2)	40,503	47,166	(14.1)
Other income	236,755	185,005	28.0	180,924	172,251	5.0
Income before operating expenses	1,787,875	1,714,900	4.3	1,261,903	1,068,186	18.1
Less : Staff Expenses	285,175	294,170	(3.1)	187,028	194,300	(3.7)
Other Operating expenses	295,353	272,463	8.4	192,369	186,538	3.1
	580,528	566,633	2.5	379,397	380,838	(0.4)
Operating profit	1,207,347	1,148,267	5.1	882,506	687,348	28.4
Less : Provisions	253,475	653,573	(61.2)	132,251	380,593	(65.3)
Profit before taxation	953,872	494,694	92.8	750,255	306,755	144.6
Share of profit before tax of associated companies	72,345	(11,647)	NM	-	-	-
Total profit before tax	1,026,217	483,047	112.4	750,255	306,755	144.6
Less: Taxation						
- The Group/Bank	231,460	133,450	73.4	208,706	76,810	171.7
- Associated companies	19,936	11,803	68.9	-	-	-
Profit after taxation	774,821	337,794	129.4	541,549	229,945	135.5
Less: Minority Interests	14,607	6,115	138.9	-	-	-
Net Profit before extraordinary items	760,214	331,679	129.2	541,549	229,945	135.5
Extraordinary items	-	-	-	772,791	-	NM
Net Profit attributable to members	760,214	331,679	129.2	1,314,340	229,945	471.6

Note: NM = Not Meaningful

2. SELECTED BALANCE SHEET DATA

	Group			Bank		
	<u>31.12.99</u> S\$'000	<u>31.12.98</u> S\$'000	<u>Incr /</u> <u>(Decr)</u> %	<u>31.12.99</u> S\$'000	<u>31.12.98</u> S\$'000	<u>Incr /</u> <u>(Decr)</u> %
(a) Assets						
Total Assets	56,499,389	50,789,252	11.2	44,305,063	37,952,398	16.7
Loans and advances including trade bills (non-bank customers)	27,259,114	27,653,369	(1.4)	20,686,047	18,729,234	10.4
(b) Liabilities						
Deposits (non-bank customers)	40,728,491	36,491,777	11.6	30,587,855	26,105,127	17.2
Total deposits including bankers' deposits	47,180,712	42,597,727	10.8	38,141,516	33,036,378	15.5
(c) Capital and Reserves						
Issued and paid-up capital	1,051,862	994,736	5.7	1,051,862	994,736	5.7
Total shareholders' funds	6,191,047	5,878,495	5.3	4,627,820	3,859,878	19.9

3. OTHER INFORMATION

(a) Net profit attributable to shareholders:-

6 months ended 30 June	319,694	256,688	24.5	199,555	172,590	15.6
6 months ended 31 December	440,520	74,991	487.4	1,114,785	57,355	NM
	<u>760,214</u>	<u>331,679</u>	129.2	<u>1,314,340</u>	<u>229,945</u>	471.6
(b) Depreciation	62,905	60,611	3.8	37,979	34,611	9.7
(c) Net profit as a percentage of average issued capital & reserves (%)	12.6	5.7		31.0	5.9	
(d) Earnings per share (cents)						
- Basic	72.4	31.7*		125.3	22.0*	
- Fully Diluted	72.4	31.7*		125.3	22.0*	
(e) Net tangible asset backing per share (S\$)	5.89	5.62*		4.40	3.69*	

* Adjusted for bonus shares issued in 1999

(f) Details of new shares of the Bank are as follows:-

<u>Particulars of Issue</u>	<u>No. of new shares issued between 1.7.99 and 31.12.99</u>	<u>No. of new shares that would have been issued upon the exercise of all outstanding options</u>	
		<u>At 31.12.99</u>	<u>At 30.6.99</u>
Exercise of: UOB Executive Share Options	2,485,000	2,924,000	3,702,000
Bonus issue of 50 shares for every 1,000 local shares held and 56 shares for every 1,000 foreign shares held	52,322,837	-	-

REVIEW OF PERFORMANCE

- a. The Group achieved a record profit for 1999 with net profit after tax reaching \$760 million. This represents a growth of \$428 million or 129.2% over last year's profit of \$332 million. The substantial increase in profit was mainly due to lower provisions, higher fee and commission income from increased unit trust, credit card and stockbroking activities, higher dealing income from investments arising from the improved regional markets, and higher profits from associated companies. These were partly offset by lower net interest income due mainly to lower interest earned on the Group's excess funds because of low interbank rates in 1999, and lower outstanding loan balances partially negated by better loan spread.
- b. The acquisitions of the subsidiary banks, UOB Radanasin and UOB Philippines, did not have any impact on the Group's profit for the year ended 31 December 1999. The results for the year ended 31 December 1999 of these subsidiaries were treated as pre-acquisition profits and was included in the computation of goodwill. Goodwill arising from these acquisitions of \$164 million was written off to the reserve account.
- c. The Bank's extraordinary gains of \$773 million comprised the special dividends from Chung Khiaw Bank Limited (CKB) prior to its merger with the Bank and the surplus arising from the excess of the net assets of CKB over the Bank's cost of investment as at the date of merger. These were fully eliminated at the Group level.
- d. Total cumulative specific and general provisions for the Group as at 31 December 1999 amounted to \$1,933 million as against \$1,844 million at 30 June 1999 and \$1,637 million at 31 December 1998. Out of the total provisions of \$1,933 million, general provision amounted to \$819 million. Non-performing loans (NPL) at 31 December 1999 amounted to \$2,993 million (which included \$205 million from UOB Radanasin and UOB Philippines) as compared with \$2,665 million as at 30 June 1999 and \$2,191 million at 31 December 1998. Total provisions represent 64.6% of the Group NPL and 184.8% of the Group NPL classified as Doubtful and Loss.

4. REVIEW OF PERFORMANCE - continued

- e. Total cumulative specific and general provisions for the Group's exposure to the 5 Regional Countries totalled \$993 million as against \$925 million at 30 June 1999 and \$875 million at 31 December 1998. Out of the total provisions of \$993 million, general provision amounted to \$487 million. The provisions represent 96.7% of the 5 Regional Countries' NPL of \$1,027 million, and 221.7% of the 5 Regional Countries' NPL classified as Doubtful and Loss.

5. CHANGE IN ACCOUNTING POLICY

With effect from 1999, The Group adopted equity accounting to account for its share of the results and reserves of its associated companies. This change in policy increased the net profit after tax of the Group by \$69 million (1998 : a decrease of \$36 million) and the total shareholders' funds of the Group by \$479 million (1998 : an increase of \$320 million). Comparative figures were adjusted accordingly to facilitate comparison with the current year's figures.

6. FINAL AND BONUS DIVIDENDS

The Directors recommend the payment of a final dividend of 12% or 12 cents per share less 25.5% Singapore income tax (1998: 10% or 10 cents per share less 26% Singapore income tax). In view of the exceptional surplus from the merger with Chung Khiaw Bank Limited, the Directors also recommend a special bonus dividend (tax exempt) of 25% or 25 cents per share (1998: nil).

Together with the interim payment of 8% or 8 cents per share paid previously, the total dividend for the financial year ended 31 December 1999 would be 45% (1998: 18%) amounting to a total net dividend payment of \$416.0 million (1998: S\$132.5 million). The total net dividend payment may be greater if before the books closure date, options under the UOB Executives' Share Option Scheme are exercised for shares.

All existing holders of options granted under the UOB Executives' Share Option Scheme who exercise their options for shares by the books closure date will be entitled to the final dividend and special bonus dividend, in accordance with the terms of the UOB Executives' Share Option Scheme.

If approved at the Annual General Meeting, the dividend will be paid on 16 June 2000.

7. 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 Registers of Members of the Bank will be closed from 06 June 2000 to 08 June 2000, both dates inclusive. Duly completed transfers received by the Bank's Registrar, Lim Associates Pte Ltd, at 10 Collyer Quay #19-08 Ocean Building, Singapore 049315 up to 5.00 p.m. on 05 June 2000 will be registered to determine shareholders' entitlement to the proposed ordinary and special bonus dividends. In respect of ordinary shares in securities accounts with The Central Depository (Pte) Ltd (CDP), the final and special bonus dividends will be paid by the Bank to CDP which will in turn distribute the dividend entitlements to shareholders.

8. YEAR 2000

We met the 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 24th day of March 2000