

UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR 1999

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UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR 1999

I) Highlights & Performance Indicators

	Full Year 1999	Full Year 1998	FY99/FY98 Variance (%)
● <u>Profit & Loss Items (\$'m)</u>			
Net Interest Income (NII)	1,133	1,201	- 5.7
Non Interest Income	655	514	+ 27.4
Total Income	1,788	1,715	+ 4.3
Total Expenses	581	567	+ 2.5
Operating Profits	1,207	1,148	+ 5.1
<u>Provisions made:-</u>			
- Specific	234	361	- 35.2
- General	19	293	- 93.5
Total Provisions	253	654	- 61.2
Net Profit After Tax (NPAT)	760	332	+ 129.2
● <u>Key Indicators</u>			
❖ Income Mix:-			
- Net Interest Income/Total Income (%)	63.4	70.0	- 6.6 % pts
- Non Interest Income/Total Income (%)	36.6	30.0	+ 6.6 % pts
	100.0	100.0	-
❖ Profit Contribution:-			
- Onshore (%)	84.8	61.5	+ 23.3 % pts
- Offshore including ACU (%)	15.2	38.5	- 23.3 % pts
	100.0	100.0	-
❖ Return On Average Shareholders' Funds (ROE) (%)	12.6	5.7	+ 6.9 % pts
❖ Earnings Per Share (EPS) (¢)	72.4	# 31.7	+ 128.4
❖ Return On Average Assets (ROA) (%)	1.4	0.7	+ 0.7 % pt
❖ NII / Average Interest-bearing Assets (%)	2.3	2.6	- 0.3 % pt
❖ Operating Profits / Average Assets (%)	2.3	2.3	0.0 % pt
❖ Expense / Income ratio (%)	32.5	33.0	- 0.5 % pt

Adjusted for impact of bonus issue and equity accounting.

UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR 1999

1) Highlights & Performance Indicators

	Full Year 1999	Full Year 1998	FY99/FY98 Variance (%)
● <u>Other Indicators</u>			
❖ Non-Performing Loans (NPL) (\$'m)	2,993	2,191	+ 36.6
❖ Cumulative Provisions (\$'m)	1,933	1,637	+ 18.1
❖ Gross Non-Bank Loans (\$'m)	29,039	29,171	- 0.5
❖ Non-Bank Loans, net of provisions (\$'m)	27,259	27,653	- 1.4
❖ Non-Bank Deposits (\$'m)	40,728	36,492	+ 11.6
❖ Cumulative Provisions / NPL (%)	64.6	74.8	- 10.1 % pts
❖ NPL / Gross Non-Bank Loans (%)	10.3	7.5	+ 2.8 % pts
❖ Loans / Deposits Ratio (%) [@]	66.9	75.8	- 8.9 % pts
❖ Total Assets (\$'m)	56,499	50,789	+ 11.2
❖ Shareholders' Funds (\$'m)	6,191	5,878	+ 5.3
❖ Unrealised Surplus from Revaluation (\$'m) *	1,587	1,497	+ 6.0
❖ Net Tangible Asset (NTA) Backing Per Share (\$)	5.89	# 5.62	+ \$ 0.27
❖ Capital Adequacy Ratio (CAR) - BIS (%)	21.7	## 21.4	+ 0.3 % pt
❖ Dividend Rates (%)			
■ Interim & Final	20.0	18.0	+ 2.0 % pts
■ Special Bonus (tax exempt)	25.0	-	+ 25.0 % pts
❖ Manpower (number)	9,064	6,551	+ 2,513 no.

@ Loans refer to net non-bank loans while Deposits refer to non-bank deposits.

* Not incorporated into the accounts and exclude the revaluation surplus/deficit from investment in associates.

Adjusted for impact of bonus issue and equity accounting.

Adjusted for impact of equity accounting.

UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR 1999

I) Highlights & Performance Indicators

Impact of Subsidiaries Acquired - UOB Radanasin (UOBR) & UOB Philippines (UOBP)

The results of the two newly acquired subsidiary banks did not have any impact on the Group's profit and loss statement for the year ended 31 December 1999, as they were treated as pre-acquisition profits and had been included in the computation of Goodwill. Goodwill amounting to \$164 million was written off to reserves.

	UOBR	UOBP	Total
	<u>S\$m</u>	<u>S\$m</u>	<u>S\$m</u>
Cost of acquisition	* 651	124	775
Goodwill written off to reserve	115	49	164

* The capital structure of UOBR will be re-organised and the net cost to the Bank after the re-organisation will be Baht 6.5 billion (approximately S\$280 million)

Impact of the acquisitions of UOBR and UOBP on the major balance sheet items and performance indicators for the year ended **31 December 1999**, are summarised below.

	WITH UOBR & UOBP	WITHOUT UOBR & UOBP	Variance
	(a)	(b)	(a) - (b)
● <u>Key Indicators</u>			
❖ NPAT (\$'m)	760	760	-
❖ ROE (%)	12.6	12.4	+ 0.2 % pt
❖ ROA (%)	1.4	1.5	- 0.1 % pt
❖ NII / Average Interest-bearing Assets (%)	2.3	2.4	- 0.1 % pt
❖ Operating Profits / Average Assets (%)	2.3	2.3	-
● <u>Other Indicators</u>			
❖ NPL (\$'m)	2,993	2,788	+ 205
❖ Cumulative Provisions (\$'m)	1,933	1,855	+ 78
❖ Gross Non-Bank Loans (\$'m)	29,039	28,577	+ 462
❖ Non-Bank Loans, net of provisions (\$'m)	27,259	26,875	+ 384
❖ Non-Bank Deposits (\$'m)	40,728	38,166	+ 2,562
❖ Cumulative Provisions / NPL (%)	64.6	66.5	- 1.9 % pts
❖ NPL / Gross Non-Bank Loans (%)	10.3	9.8	+ 0.5 % pt
❖ Loans / Deposits Ratio (%) [@]	66.9	70.4	- 3.5 % pts
❖ Total Assets (\$'m)	56,499	53,080	+ 3,419
❖ Shareholders' Funds (\$'m)	6,191	6,355	- 164
❖ NTA Backing Per Share (\$)	5.89	6.04	- 0.15
❖ CAR - BIS (%)	21.7	22.3	- 0.6 % pt
❖ Manpower (number)	9,064	6,723	+ 2,341 no.

UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR 1999

II) Review of Performance

Overview of Group's Profit

The Group achieved a record profit for 1999 with net profit after tax reaching \$760 million. This represented a growth of \$428 million or 129.2% over the \$332 million recorded in 1998. The growth was due mainly to lower provisions, higher fee and commission income from increased unit trust and credit card activities, higher income from stockbroking and investments banking businesses as a result of the improved regional markets, as well as higher profits from associates. These were partially offset by lower net interest income, due mainly to lower interest earned on the Group's excess funds because of low interbank rates in 1999, and lower outstanding loan balances partly negated by a better loan spread.

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

Shareholders' Ratios

- 1) Earnings per share increased by 128.4%, from 31.7¢ to 72.4¢. The price over earnings per share (P/E) ratio, based on the Bank's last done share price of \$10.30 on 23 March 2000 was 14.2.
- 2) Return on average shareholders' funds at 12.6%, increased by 6.9% points from 5.7% in 1998.
- 3) NTA backing per share rose by \$0.27 from \$5.62 in 1998 to \$5.89 in 1999.
- 4) Total dividends of 45% [1998: 18%] was 1.8 times covered by net profit [1998: 2.5 times covered]. Dividend coverage would be 5.0 times if the special bonus dividend is excluded.

UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR 1999

II) Review of Performance

A) Profit & Loss Statement

UOB GROUP
PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 1999

	Note	Full Year 1999 (S\$m)	Full Year 1998 (S\$m)	Increase/ (Decrease) (%)
Interest Income		2,459	3,031	(18.9)
Less: Interest Expense		1,326	1,830	(27.6)
Net Interest Income	1	1,133	1,201	(5.7)
<u>Non-Interest Income</u>				
Dividends		6	8	(14.4)
Fee and commission income		336	230	45.9
Rental income		76	91	(16.2)
Other operating income	3	237	185	28.0
Total Non-Interest Income	2	655	514	27.4
Total Income		1,788	1,715	4.3
Less: Staff expenses	5	285	294	(3.1)
Other operating expenses	6	296	273	8.4
Total Operating Expenses	4	581	567	2.5
Operating Profit	7	1,207	1,148	5.1
Less: Provisions	8	253	654	(61.2)
Profit Before Tax		954	495	92.8
Share of profit of associated companies		72	(12)	NM
Total Profit Before Tax		1,026	483	112.4
Less: Taxation				
- The Group		231	133	73.4
- Associated companies		20	12	68.9
Profit After Tax		775	338	129.4
Less: Minority Interests		15	6	138.9
Net Profit attributable to members		760	332	129.2
Expense / Income ratio (%)		32.5 %	33.0 %	(0.5)% pt
Earnings Per Share (¢)		72.4 ¢	31.7 ¢	128.4

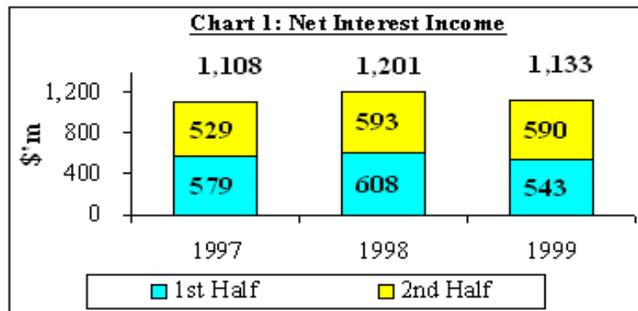
UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR 1999

II) Review of Performance

A) Profit & Loss Items - Explanatory Notes

1. Net Interest Income

Net interest income for the Group decreased by \$68 million or 5.7% from \$1,201 million in 1998 to \$1,133 million in 1999. Net interest income continued to be the major contributor of total income, accounting for about 63.4% (1998: 70.0%) of total income.



Drop: 5.7% from 1998

The decrease in net interest income was mainly due to lower Group average interest margin and to a lesser extent a lower loan volume. This was partly offset by a better loan spread. The drop in overall interest margin by 0.3% point from 2.6% in 1998 to 2.3% in 1999 was primarily resulted from the lower interest earned on the Group's excess funds because of the low interbank rates in 1999.

Group Average Interest Margin

	1999			1998		
	Average Balance \$'m	Average Interest \$'m	Average Rate %	Average Balance \$'m	Average Interest \$'m	Average Rate %
Interest bearing assets	48,289	2,459	5.1	45,392	3,031	6.7
Interest bearing liabilities	44,889	1,326	3.0	42,093	1,830	4.3
Net interest income		1,133			1,201	
Group Average Interest Margin*			2.3			2.6

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

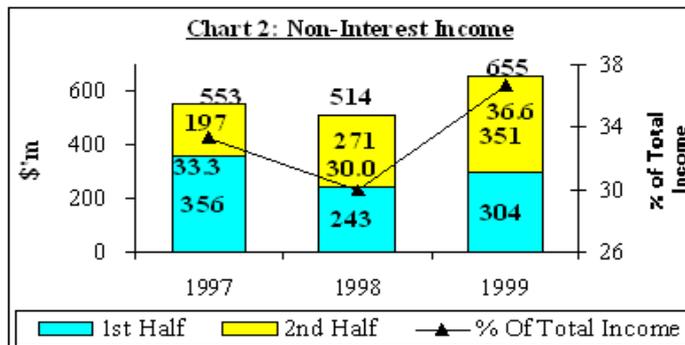
UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR 1999

II) Review of Performance

A) Profit & Loss Items - Explanatory Notes

2. Non-Interest Income

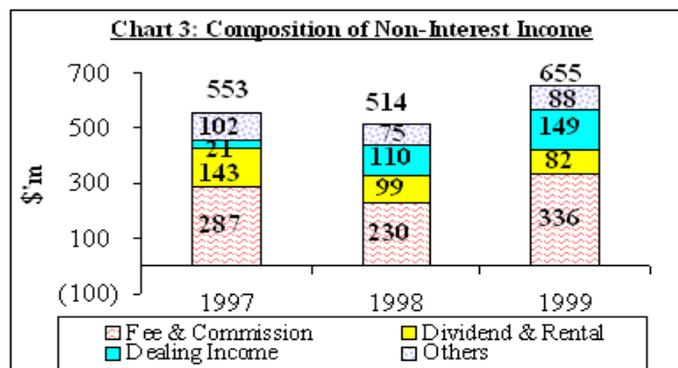
The Group's non-interest income for 1999 made up 36.6% of total income, higher than the 30% for 1998. Total non-interest income was \$655 million in 1999, up \$141 million or 27.4% from \$514 million for 1998.



The increase in non-interest income was due to:

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

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



UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR 1999

II) Review of Performance

A) Profit & Loss Items - Explanatory Notes

3. Other Operating Income

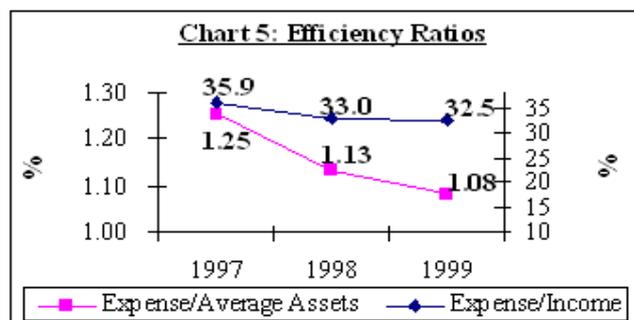
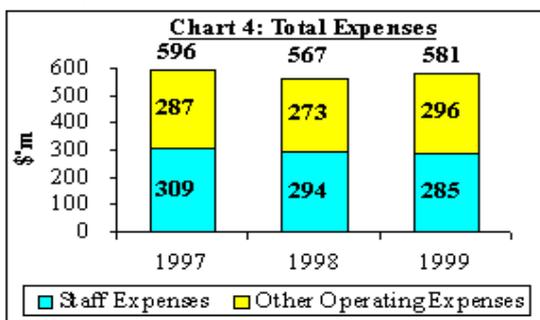
	<u>1st Half</u>	<u>2nd Half</u>	<u>1999</u>	1998	Incr/ (Decr)
	<u>\$'m</u>	<u>\$'m</u>	<u>Full Yr</u>	Full Year	%
			<u>\$'m</u>	<u>\$'m</u>	
Gains/(Losses) from:					
- dealing in securities, government treasury bills & securities	37	26	63	(53)	NM
- dealing in foreign exchange	42	44	86	163	(47.2)
Dealing Income	79	70	149	110	35.5
- sale of investment securities	(2)	3	1	(9)	NM
- sale of properties and other fixed assets	8	11	19	11	72.7
- others	23	45	68	73	(6.8)
Others	29	59	88	75	17.3
	108	129	237	185	28.0

4. Operating Expenses

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

Efficiency Ratios:

- ♦ Expense/Income ratio improved to 32.5% (1998: 33.0%)
- ♦ Expense/Average Assets improved to 1.08% (1998: 1.13%)



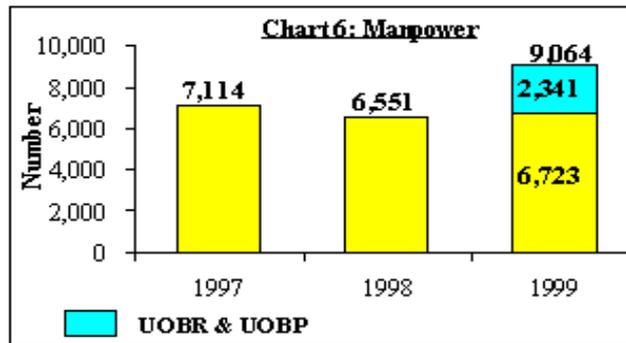
UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR 1999

II) Review of Performance

A) Profit & Loss Items - Explanatory Notes

5. Staff Expenses

Total staff costs declined 3.1% from \$294 million in 1998 to \$285 million in 1999 as a result of the reduction in CPF contribution rate. Manpower, excluding UOBR and UOBP, increased by 172 to reach 6,723 as at 31 December 1999.



6. Other Operating Expenses

	<u>1st Half</u>	<u>2nd Half</u>	<u>1999 Full Yr</u>	<u>1998 Full Year</u>	<u>Incr/ (Decr) %</u>
	\$'m	\$'m	\$'m	\$'m	
Depreciation					
- Land and buildings	9	8	17	17	0.0
- Office equipment, computer, fixtures and other fixed assets	23	23	46	44	4.5
	32	31	63	61	3.3
Rental of premises and equipment	14	15	29	32	(9.4)
Maintenance of premises and other fixed assets	12	12	24	28	(14.3)
Other expenses	72	108	180	152	18.4
Total other operating expenses	130	166	296	273	8.4

UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR 1999

II) Review of Performance

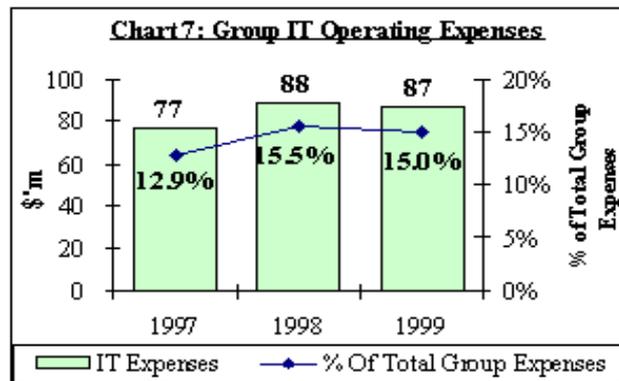
A) Profit & Loss Items - Explanatory Notes

6. (cont'd)

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

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

Total IT operating expenses for the last 3 years were as follows:



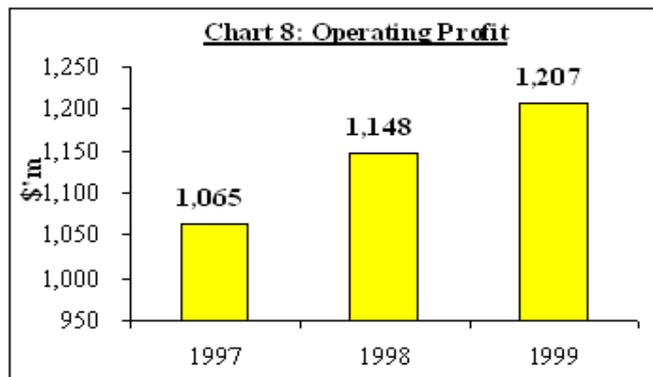
UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR 1999

II) Review of Performance

A) Profit & Loss Items - Explanatory Notes

7. Operating Profit

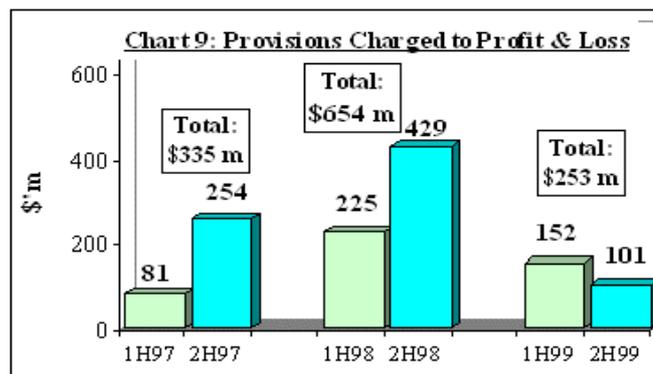
The total operating profit for the Group grew by 5.1% from \$1,148 million in 1998 to \$1,207 million in 1999, primarily attributable to higher fee and commission income and higher other income. These were partially offset by lower net interest income.



Increase: 5.1% from 1998

8. Provisions

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



UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR 1999

II) Review of Performance

A) Profit & Loss Items - Explanatory Notes

8. (cont'd)

	<u>1H99</u>	<u>2H99</u>	<u>FY1999</u>	<u>1H98</u>	<u>2H98</u>	<u>FY1998</u>
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
<u>The Group</u>						
- Specific provision for loans	144	94	238	149	296	445
- General provision for loans	18	1	19	104	189	293
- Specific provision for diminution in value of other assets	(10)	6	(4)	(28)	(56)	(84)
Total Provisions	152	101	253	225	429	654

Provisions Charged By Major Region:

Specific Provision

- 5 Regional Countries *	26	44	70	90	106	196
- China & Hong Kong	55	28	83	14	17	31
- Singapore & other countries	63	22	85	45	173	218
	144	94	238	149	296	445

General Provision

- 5 Regional Countries *	6	(9)	(3)	90	132	222
- China & Hong Kong	-	(1)	(1)	-	9	9
- Singapore & other countries	12	11	23	14	48	62
	18	1	19	104	189	293

Specific provisions for diminution

in value of other assets	(10)	6	(4)	(28)	(56)	(84)
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Total Provisions

	152	101	253	225	429	654
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* Regional Countries comprise Indonesia, Malaysia, Thailand, The Philippines and South Korea.

UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR 1999

II) Review of Performance

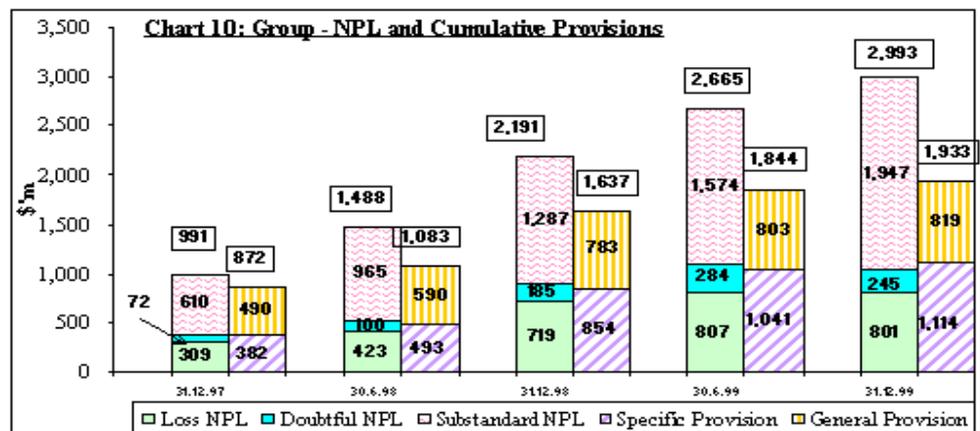
B) Cumulative Provisions & Non Performing Loans

(1) Group's Non-Performing Loans (NPL) and Cumulative Provisions

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

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

Unsecured NPL accounted for 49.6% or \$1,484 million of the Group's NPL of \$2,993 million (1998: 45.8% or \$1,004 million). This amount of unsecured NPL is therefore 130.3% covered by total cumulative provisions of \$1,933 million (1998: 163.0%).



Ratios (%)

	31.12.97	30.6.98	31.12.98	30.6.99	31.12.99
NPL/Gross Non-Bk (NB) Loans	3.2	5.0	7.5	9.3	10.3
Cum Provs/NPL	88.0	72.8	74.7	69.2	64.6
Cum Provs/Doubtful & Loss NPL	228.9	207.1	181.1	169.0	184.8
Cum Provs/Gross NB Loans	2.9	3.7	5.6	6.5	6.7
- Spec Provs/Gross NB Loans	1.3	1.7	2.9	3.7	3.9
- Gen Provs/Gross NB Loans	1.6	2.0	2.7	2.8	2.8
NPL/Total Assets	2.0	3.1	4.3	5.0	5.3

UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR 1999

II) Review of Performance

B) Cumulative Provisions & Non Performing Loans

(1) Group's Non-Performing Loans (NPL) and Cumulative Provisions (cont'd)

	<u>FY1997</u>	<u>1H98</u>	<u>2H98</u>	<u>1H99</u>	<u>2H99</u>
<u>Increase in NPL</u>					
- 5 RC	+168	+223	+127	+70	+275
- China & Hong Kong	+14	+17	+15	+104	-15
- Singapore & others	+49	+257	+561	+300	+68
- Group	+231	+497	+703	+474	+328

The increase in NPL for the second half of 1999 would only be \$70 million for the 5 RC and \$123 million for the Group if we exclude \$205 million of NPL in the books of the two subsidiary banks, UOB Radanasin (in Thailand) and UOB Philippines (in The Philippines) which were acquired in November 1999.

UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR 1999

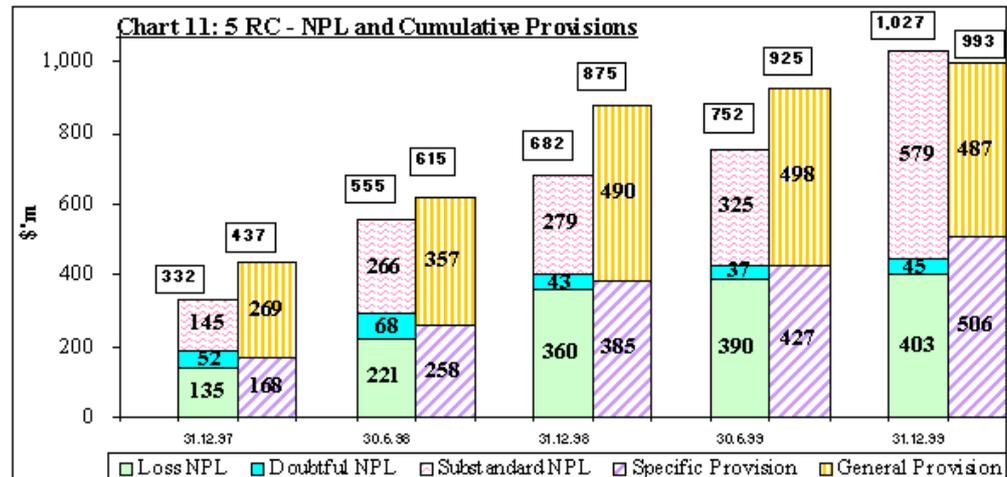
II) Review of Performance

B) Cumulative Provisions & Non Performing Loans

(2) 5 Regional Countries (RC)* NPL and Cumulative Provisions

NPL of the 5 RC stood at \$1,027 million as at 31 December 1999 compared to \$752 million as at 30 June 1999 and \$682 million as at 31 December 1998. The rise in NPL was primarily due to the inclusion, for the first time, of NPL of \$205 million for UOB Radanasin and UOB Philippines for which adequate provisions had been made and included in the pre-acquisition profits. This formed part of the goodwill which was written off against the reserve account.

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



Ratios (%)

	31.12.97	30.6.98	31.12.98	30.6.99	31.12.99
NPL/Gross Non-Bk (NB) Loans	6.3	16.2	19.1	24.5	28.3
Cum Provs/NPL	131.6	110.8	128.3	123.0	96.7
Cum Provs/Doubtful & Loss NPL	233.7	212.8	217.1	216.6	221.7
Cum Provs/Gross NB Loans	8.3	17.9	24.5	30.1	27.4
- Spec Provs/Gross NB Loans	3.2	7.5	10.8	13.9	14.0
- Gen Provs/Gross NB Loans	5.1	10.4	13.7	16.2	13.4
NPL/Gross RC Exposure	3.4	10.7	11.4	12.1	10.2

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

UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR 1999

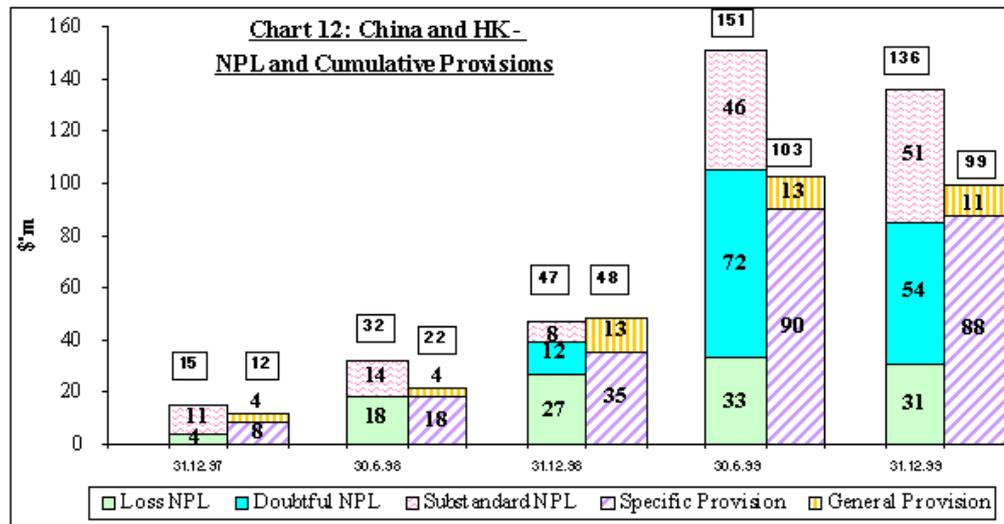
II) Review of Performance

B) Cumulative Provisions & Non Performing Loans

(3) China & HK NPL and Cumulative Provisions

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

These cumulative provisions represented 72.8% of the NPL of China and Hong Kong and 116.5% of the NPL of China and Hong Kong that were classified as Doubtful and Loss.



	31.12.97	30.6.98	31.12.98	30.6.99	31.12.99
Ratios (%)					
NPL/Gross Non-Bk (NB) Loans	1.2	3.2	5.2	18.1	15.8
Cum Provs/NPL	80.0	68.8	102.1	68.2	72.8
Cum Provs/Doubtful & Loss NPL	300.0	122.2	123.1	98.1	116.5
Cum Provs/Gross NB Loans	1.0	2.2	5.3	12.4	11.5
- Spec Provs/Gross NB Loans	0.7	1.8	3.9	10.8	10.2
- Gen Provs/Gross NB Loans	0.3	0.4	1.4	1.6	1.3
NPL/Gross China & HK Exposure	0.5	1.0	2.1	8.5	7.8

UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR 1999

II) Review of Performance

C) Exposure to Five Regional Countries (5 RC) and China & Hong Kong

The Group's net exposure to the 5 RC amounted to \$8,682 million in 1999 compared to \$5,382 million as at 31 December 1998. The increase of \$3,300 million was mainly due to the acquisition of UOB Radanasin and UOB Philippines. On a country basis, \$4,175 million or 48.1% of the exposure of \$8,682 million was to Malaysia where the Group has a long standing presence. This represented 7.4% of the Group total assets. Net exposure to Thailand rose to \$2,696 million, representing 4.8% of the Group total assets. The exposure booked in UOB Radanasin amounted to \$2,566 million, out of which \$2,323 million was from government securities. Net exposure to The Philippines increased to \$598 million or 1.0% of the Group total assets. The exposure booked in UOB Philippines was \$594 million and came principally from loans to non-bank customers and from government securities held.

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

	31 December 1999						\$'m			
	Loans					Less: Loans/ Investments In Our Subsidiaries & Branches	Net Exposure			
	Non- Bank	Central Banks, Govt. Securities	Bank				Invest- ments	Total	Total	
				31 Dec 1999	31 Dec 1998	31 Dec 1999			31 Dec 1998	
(a)	(b)	(c)	(d)	(e)=(a to d)	(f)	(g)=(e-f)				
Malaysia	2,595	* 961	695	431	4,682	507	4,175	4,639	7.4	9.1
Indonesia	297	96	95	36	524	34	490	521	0.9	1.0
Thailand	259	2,323	41	738	3,361	665	2,696	186	4.8	0.4
South Korea	20	28	691	40	779	56	723	28	1.3	0.1
The Philippines	307	286	3	128	724	126	598	8	1.0	0.0
Total RC	3,478	3,694	1,525	1,373	10,070	1,388	8,682	5,382	15.4	10.6
China	99	12	421	3	535	363	172	231	0.3	0.4
Hong Kong	762	43	299	112	1,216	297	919	957	1.6	1.9
Total China & HK	861	55	720	115	1,751	660	1,091	1,188	1.9	2.3
Total	4,339	3,749	2,245	1,488	11,821	2,048	9,773	6,570	17.3	12.9

* Included loans to government which was classified as non-bank loans in the accounts.

UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR 1999

II) Review of Performance

C) Exposure to Five Regional Countries (5 RC) and China & Hong Kong

Increase in exposure to 5 RC

		<u>Amount</u>	<u>Change</u>
1997 -	31.12.97	8,453	
			(3,820)
1998 -	30.6.98	4,633	
			749
	31.12.98	5,382	
			177
1999 -	30.6.99	5,559	
			3,123 *
	31.12.99	8,682	

Increase in exposure to China & Hong Kong

		<u>Amount</u>	<u>Change</u>
1997 -	31.12.97	1,965	
			(777)
1998 -	30.6.98	1,188	
			0
	31.12.98	1,188	
			(121)
1999 -	30.6.99	1,067	
			24
	31.12.99	1,091	

* Included exposure booked in UOB Radanasin and UOB Philippines totalling \$3,160 million.

UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR 1999

II) Review of Performance

D) Balance Sheet

**UOB GROUP
BALANCE SHEET AS AT 31 DECEMBER 1999**

	31 Dec 1999	31 Dec 1998		31 Dec 1999	31 Dec 1998
Note	(\$m)	(\$m)	Note	(\$m)	(\$m)
SHAREHOLDERS' FUNDS AND TOTAL LIABILITIES			TOTAL ASSETS		
<u>Shareholders' Funds</u>			Cash, balances and place- ments with central banks		
Share Capital	1,052	995		2,013	1,556
Reserves			Singapore government securities and treasury bills		
Share Premium	780	799		3,367	3,226
Capital reserve	65	65	Other government securities and treasury bills		
General reserve	2,318	2,020		2,558	3,360
Revenue reserve	1,977	2,000	Dealing securities		
	<u>5,139</u>	<u>4,884</u>		358	211
Shareholders' Funds	1	6,191	1	16,365	11,466
Minority Interests			Balances, placements with, and loans & advances to banks		
	437	258		27,259	27,653
Liabilities			Loans and advances to non-bank customers (incl. trade bills)		
Deposits and other accounts of non-bank customers	40,728	36,492	3	1,662	774
Deposits and balances of banks	6,452	6,106	Other assets		
Total Deposits	2	47,181		454	300
Bills payable	430	354	Investment securities		
Other liabilities	2,261	1,701		1,227	1,063
Total Liabilities	49,872	44,653		1,236	1,179
Total Shareholders' Funds and Liabilities			Total Assets		
	56,499	50,789		56,499	50,789
OFF BALANCE SHEET ITEMS					
Contingent liabilities	3,824	3,810			
Off-Balance Sheet					
Financial Instruments	20,726	22,411			
Commitments	15,987	15,075			

UNITED OVERSEAS BANK LIMITED

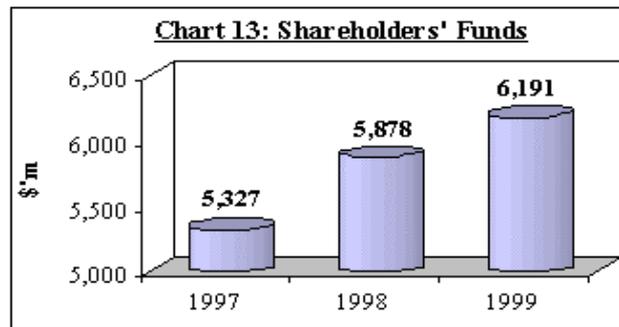
GROUP FINANCIAL PERFORMANCE FOR 1999

II) Review of Performance

D) Balance Sheet Items - Explanatory Notes

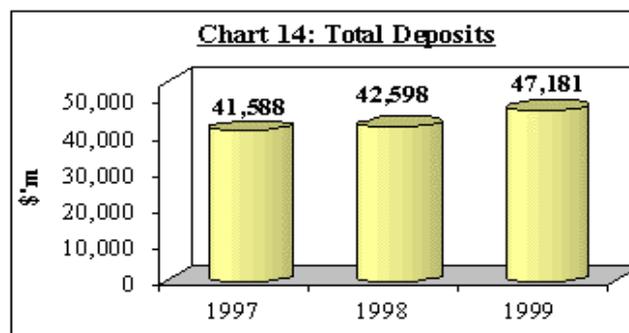
1. Shareholders' Funds

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



2. Total Deposits

Total Group deposits as at end of 1999 amounted to \$47,181 million of which non-bank deposits accounted for \$40,728 million or 86.3%. Non-bank deposits increased by 11.6% from \$36,492 million as at end of 1998 to \$40,728 million. The growth would have been 4.6%, if the impact of UOBR and UOBP was excluded.



	<u>31.12.99</u>		<u>31.12.98</u>	\$'m
<u>Total Outstandings</u>				
Deposits of non-bank customers	40,728	86.3%	36,492	85.7%
Borrowings from banks	6,452	13.7%	6,106	14.3%
Total	47,181	100.0%	42,598	100.0%

UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR 1999

II) Review of Performance

D) Balance Sheet Items - Explanatory Notes

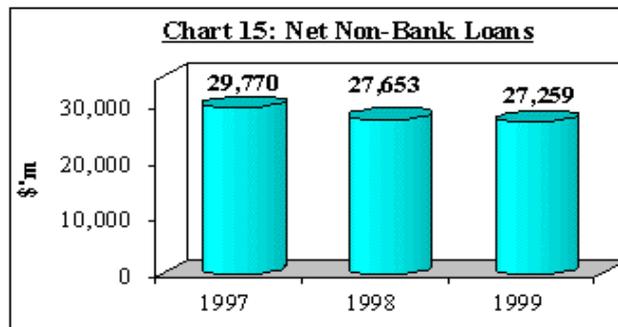
2. (cont'd)

	<u>31.12.99</u>		<u>31.12.98</u>		\$'m
<u>Deposits Balances Analysed By Remaining Maturity</u>					
Within 1 year	47,011	99.6%	42,428	99.6%	
Over 1 year but within 3 years	87	0.2%	168	0.4%	
Over 3 years but within 5 years	1	0.0%	1	0.0%	
Over 5 years	82	0.2%	1	0.0%	
Total	47,181	100.0%	42,598	100.0%	

3. Loans to Non-Bank Customers

Despite the regional recovery, loans take-up continued to be slow during the year. For the Singapore banking industry as a whole, the loans booked in the Domestic Banking Unit (DBU) and the Asian Currency Unit (ACU) declined by 2.9% and 16.0% respectively.

The Group's net loans to non-bank customers decreased by 1.4% to \$27,259 million from \$27,653 million as at end 1998. Total net loans to non-bank customers would decrease by 2.8%, if the impact of UOBR and UOBP was excluded.



	<u>31.12.99</u>	<u>31.12.98</u>	Incr/ (Decr)
	<u>\$'m</u>	<u>\$'m</u>	<u>(%)</u>
Gross Loans and Advances	29,039	29,171	(0.5)
Less: Interest-In-Suspense and Provisions	1,780	1,518	17.3
Net Loans and Advances	27,259	27,653	(1.4)

UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR 1999

II) Review of Performance

D) Balance Sheet Items - Explanatory Notes

3. (cont'd)

	\$'m			
	31.12.99		31.12.98	
<u>Gross Loans and Advances Analysed By</u>				
<u>Remaining Maturity</u>				
Within 1 year	16,911	58.2%	18,013	61.8%
Over 1 year but within 3 years	3,886	13.4%	3,175	10.9%
Over 3 years but within 5 years	1,990	6.9%	2,515	8.6%
Over 5 years	6,252	21.5%	5,468	18.7%
Total	29,039	100.0%	29,171	100.0%
	31.12.99		31.12.98	
<u>Gross Loans and Advances Analysed By</u>				
<u>Industry</u>				
Transport, storage and communication	288	1.0%	375	1.3%
Building and construction	3,087	10.6%	3,226	11.1%
Manufacturing	2,565	8.8%	2,595	8.9%
Financial institutions	4,382	15.1%	5,058	17.3%
General commerce	3,956	13.6%	4,097	14.1%
Professional and individuals	3,652	12.6%	3,600	12.3%
Housing loans	7,340	25.3%	6,397	21.9%
Others	3,769	13.0%	3,823	13.1%
Total	29,039	100.0%	29,171	100.0%
Loans/ Deposits Ratio (%)	66.9%		75.8%	

The increase in non-bank deposits, coupled with the drop in net non-bank loans, brought the loans to non-bank deposits ratio down to 66.9% from 75.8% in 1998.

UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR 1999

II) Review of Performance

E) Impact of Equity Accounting

With effect from 1999, the Group adopted equity accounting to account for its share of the results and reserves of its associates. For 1999, this change in policy increased the net profit after tax of the Group by \$69 million (1998: a decrease of \$36 million) and total shareholders' funds of the Group by \$479 million (1998: \$320 million).

UNITED OVERSEAS BANK LIMITED
GROUP FINANCIAL PERFORMANCE FOR 1999

III) Segmental Analysis

Geographical segmental information is based on the location where the assets or transactions are booked. Profit before tax and total assets are analysed by the following areas:

31 December 1999: \$'m

	Profit Before Tax	Distribution %	Total Assets	Distribution %
Singapore *	938	91.4	43,154	76.4
Other ASEAN	107	10.4	7,845	13.9
Other Asia Pacific	(28)	(2.7)	3,245	5.7
Rest of the World	9	0.9	2,255	4.0
Total Group	1,026	100.0	56,499	100.0

Other ASEAN region contributed about 10.4% of the Group's profits, of which UOB Malaysia accounted for about \$98 million or 9.6% of the Group's profits. On the other hand, Other Asia Pacific region suffered a loss of \$28 million mainly due to higher provision for loans in China.

31 December 1998: \$'m

	Profit Before Tax	Distribution %	Total Assets	Distribution %
Singapore *	349	72.2	37,528	73.9
Other ASEAN	92	19.0	4,759	9.4
Other Asia Pacific	25	5.3	6,464	12.7
Rest of the World	17	3.5	2,038	4.0
Total Group	483	100.0	50,789	100.0

* includes ACU

UNITED OVERSEAS BANK LIMITED

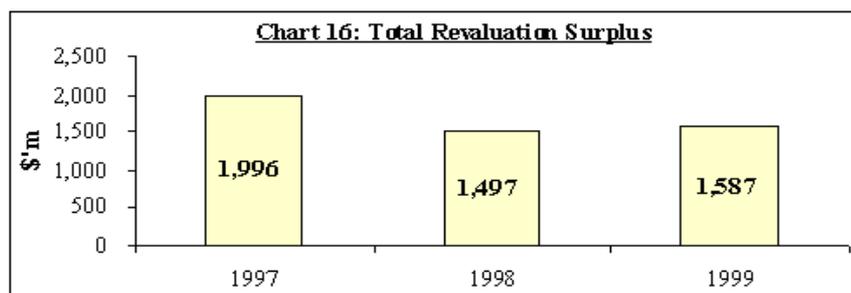
GROUP FINANCIAL PERFORMANCE FOR 1999

IV) Additional Information

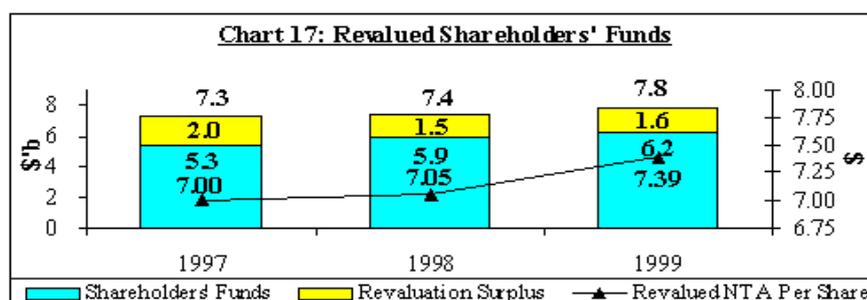
A) Unrealised Surplus from Revaluation

1) Revaluation Surplus

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



2) Shareholders' Funds & Revaluation Reserves



	<u>31.12.99</u>	<u>31.12.98</u>
	\$'m	\$'m
Shareholders' Funds per book	6,191	5,878
<u>Add: Surplus on Revaluation (Not incorporated in the accounts)</u>		
- Properties	1,575	1,515
- Long Term Investments **	12	(18)
Total Surplus on Revaluation	<u>1,587</u>	<u>1,497</u>
Shareholders' Funds including Revaluation Surplus	<u>7,778</u>	<u>7,375</u>
<u>NTA Per Share (In S\$)</u>		
- NTA per book	5.89	5.62
- Revaluation Surplus	1.51	1.43
Total Revalued NTA	<u>7.39</u>	<u># 7.05</u>

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

Adjusted for impact of bonus issue and equity accounting.

UNITED OVERSEAS BANK LIMITED

GROUP FINANCIAL PERFORMANCE FOR 1999

IV) Additional Information

B) Capital Adequacy Ratio (CAR)

As at 31 December 1999, the Group CAR computed under the BIS basis increased by 0.3% points to 21.7%, reflecting the strong capital position of the Group. The increase was attributable to higher Tier 1 - Core Capital and a higher Tier 2 - Supplementary Capital. These were partially offset by higher Risk Weighted Assets. The CAR of 21.7% was more than twice of the minimum BIS requirement.

	<u>31.12.99</u>	## <u>31.12.98</u>
	\$'m	\$'m
Capital		
Tier 1 - Core Capital	6,362	5,960
Tier 2 - Supplementary Capital	1,056	884
Overall capital	<u>7,418</u>	<u>6,844</u>
Risk Weighted Assets		
Total risk weighted assets adjusted to include market risk	<u>34,137</u>	<u>31,973</u>
Capital Adequacy Ratios		
Tier 1	18.6%	18.6%
Total capital	21.7%	21.4%

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

Tier 2 - Supplementary Capital, consisting of general loan loss reserves and revaluation reserves on investments and properties held for investment purposes, increased by \$172 million to \$1,056 million in 1999. The increase was mainly attributable to a higher share of revaluation reserves of associates arising from the improvement in the stock and property markets.

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

Adjusted for impact of equity accounting.