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Financial Highlights

	The Group			The Bank		
	1999	1998	% +/-	1999	1998	% +/-
Profit & Loss (\$million)						
Operating profit	772.1	701.5	10.1	570.7	567.2	0.6
Net profit after tax (before extraordinary items)	450.1	176.6	154.8	294.3	142.8	106.0
Balance Sheet (\$million)						
Shareholders' funds	4,720.9	4,306.5	9.6	3,991.1	3,753.0	6.3
Total assets	39,372.0	43,472.0	(9.4)	35,031.9	39,340.1	(11.0)
Non-bank loans & bills	25,003.8	23,966.2	4.3	21,811.9	20,543.6	6.2
Non-bank deposits	24,564.4	25,790.6	(4.8)	21,644.8	22,888.9	(5.4)
Key Ratios						
Return on equity (ROE) (%)	9.9	4.0	147.5	7.5	3.8	97.4
Earnings per share (EPS) (c) *	45.81	18.09	153.2	29.95	14.63	104.7
Net tangible assets (NTA) per share (\$) *	4.76	4.41	7.9	4.03	3.84	4.9
Non-bank loans to non-bank deposits (%)	101.8	92.9	9.6	100.8	89.8	12.2
Gross dividend per share (\$)	0.17	0.15	13.3	0.17	0.15	13.3
Group capital adequacy ratio (CAR) – BIS (%)	18.0	16.3	10.4			

* Adjusted for shares arising from the Bonus Issues in 1999

Corporate Information

Dr Lien Ying Chow
Hon D Litt, PJG
Founder & Honorary Life Counsellor

Board of Directors

Lee Hee Seng
DUBC, PJG, JP
Chairman

Peter Seah Lim Huat
PBM, BBM
President & Chief Executive Officer

Tan Puay Hee

Lim Boon Kheng

Tan Sri Dato Tan Teck Khim
DUBC, PJG, PPA(P), PSM, DPMB

Teo Soo Chuan

Dr Cheong Siew Keong
Hon D Litt, BBM(L)

Tan Kok Quan

Professor Lim Pin
PJG, PPA(E)

Dr Andrew Chew Guan Khuan
PJG, PPA(E)

Mrs Margaret Lien Wen Hsien

Ngiam Tong Dow
DUBC, PJG, PPA(E)

Executive Committee of the Board

Lee Hee Seng
DUBC, PJG, JP
Chairman

Peter Seah Lim Huat
PBM, BBM

Dr Cheong Siew Keong
Hon D Litt, BBM(L)

Tan Puay Hee

Nominating Committee

Tan Kok Quan
Chairman

Lee Hee Seng
DUBC, PJG, JP

Peter Seah Lim Huat
PBM, BBM

Dr Cheong Siew Keong
Hon D Litt, BBM(L)

Dr Andrew Chew Guan Khuan
PJG, PPA(E)

Audit Committee

Tan Kok Quan
Chairman

Lee Hee Seng
DUBC, PJG, JP

Professor Lim Pin
PJG, PPA(E)

Dr Andrew Chew Guan Khuan
PJG, PPA(E)

Group Corporate Secretary
Mrs Jeannie Tng

Management

Peter Seah Lim Huat
PBM, BBM
President & Chief Executive Officer

Nicholas Chong Tjee Teng
Executive Vice President
Information & Systems Services Division

Mrs Gracy Choo
Executive Vice President
National Banking Division

Kung Beng Hong
Executive Vice President
Director & Chief Executive Officer,
Overseas Union Bank (Malaysia) Berhad

Kuo How Nam
Executive Vice President
Operations Division

Victor Liew Cheng San
Executive Vice President
Treasury Division

Alfred Shee Ping Fatt
Executive Vice President
Group Audit & Inspection Division

Dr Tan Ng Chee
Executive Vice President
International Banking Division

Richard Tan Tew Han
Executive Vice President
Investment Banking &
Corporate Finance Division

Philip Tan Yuen Fah
Executive Vice President
Corporate Services Division

Wee Joo Yeow
Executive Vice President
Corporate Banking Division

Senior Vice Presidents

Chew Eng Hwa
Goh-Tan Mui Hong
Koh Chye Seng
Kwik Sam Aik
John Liao Chuan Mout
Loo Heng Sun
Ng Kwan Meng
Soon Boon Siong
David Tan Guan Huat
Yong Siow Ying
Glen Yuen Yuet Fai

Auditors

PricewaterhouseCoopers

Registrars & Share Registration Office

KPMG
16 Raffles Quay #23-01
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Singapore 048581
Tel: 3210647/2276660

Registered Office

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Singapore 048616
Tel: 5338686

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OVERSUNION
Singapore

Telex Number

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RS 23060 OUBSING

Swift Address

OUBKSGSG

Facsimile Number

5332293

Website

www.oub.com.sg

On behalf of the Board of Directors, I present the Annual Report and Accounts of the Bank and its Group of Companies for the year ended 31 December 1999.



ECONOMIC & BANKING ENVIRONMENT

1999 has turned out to be a better year for the world economy than the most optimistic forecasts. A year ago, the International Monetary Fund predicted world growth would slow further to 2.3% in 1999, from 2.5% in 1998. Instead, world gross domestic product (GDP) growth accelerated to 3%. Another positive factor was that widespread fear of computer problems with the date change at the end of the millennium did not materialize.

The key to the performance of the world economy has been the US economy which almost single-handedly kept the world afloat for the last two years. Driven by productivity-enhancing technology, the US economic expansion has set a record for longevity and vigour, helped by a coordinated easing of monetary policy in the US and Europe in the closing months of 1998.

After an uncertain start, East Asian economies have surprised both by the speed and vigour of recovery. The cyclical turnaround began as balance of payments current accounts of the crisis-hit countries swung from huge deficits to record surpluses in 1998, in part reflecting their high savings rates. The surplus, initially due to import compression with the precipitous decline in domestic demand, has been sustained by stronger exports this year, spurred by depreciated currencies, a global electronics boom and recovery in intra-regional trade.

The external payments surplus has delivered two beneficial effects. First, rising foreign currencies helped stabilize currencies (albeit generally at significantly lower nominal levels than before the crisis), provided the foreign exchange to buy needed imports and to finance government deficit spending. Second, it enabled central banks to lower interest rates to well below pre-crisis levels in several countries, fuelling domestic demand recovery.

All countries in the region saw solid growth in 1999, except Indonesia. South Korea is leading the recovery race with 10% GDP growth. In Thailand, a cyclical recovery is under way but structural reform has been burdened by onerous banking and corporate debt problems. In contrast, Malaysia has made considerable progress in the rebuilding of its financial sector while fears that accompanied the introduction of capital controls in September 1998 have proved exaggerated. In Indonesia, the appointment of the country's first democratically elected President, Abdurrahman Wahid, last October, which has restored a greater degree of political stability, marks an important step forward on Indonesia's recovery path.

Hongkong has also turned around despite its difficulties with deflation and the deterioration in external competitiveness as a result of its currency peg to the US dollar. China's still robust economy and a stable yuan exchange rate have helped.



Mr Lee Hee Seng
Chairman



Mr Peter Seah
Lim Huat



Mr Tan Puay Hee



Dr Cheong Siew Keong



Mr Tan Kok Quan



Mr Lim Boon Kheng

The China-US historic trade agreement which will pave the way for China's entry into the World Trade Organisation, will have spill-over benefits for the region.

Along with GDP growth, most stock markets have rallied, signalling a return of investor confidence and foreign capital. Rising stock prices are also generating wealth effects and helping to revive domestic demand.

In Singapore, the recession was mild and short. The economy rebounded in 1999, after contracting 1.6% year-on-year in the second half of 1998, as falling asset prices, a weaker Singapore dollar and the Government's cost cutting measures improved competitiveness. In the second half of 1999, real GDP climbed 7% from the previous year's level, lifting growth for the year to 5.4%, up from 0.4% in 1998. Stocks and home prices have risen in tandem with the economy.

The Bank and Group achieved strong profit growth as the favourable macroeconomic backdrop raised both the quality of banks' balance sheets and profitability, although at the operations level, the environment remained difficult, with credit demand weak and interest rates at historically low levels.

1999 FINANCIAL PERFORMANCE

The Bank and the Group registered record after-tax profit amounting to \$294.3 million and \$450.1 million or an increase of 106.0% and 154.8% respectively. The Group achieved a growth of 11.2% in its operating income with significant increase from fees and commission which rose by 56.2%. These, together with the substantially lower provision of \$186.1 million and \$211.2 million for the Bank and Group respectively, contributed to the creditable performance. Consequently, earnings per share rose by 153.2% to 45.81 cents and return on equity increased to 9.9% from 4.0% last year.

As at 31 December 1999, the Group's total net exposure to the region, covering Malaysia, Indonesia, Thailand, South Korea and Philippines, amounted to \$3.15 billion, down 14.5% from 31 December 1998. Non-bank loans to the region also declined by 13.9% to \$2.59 billion, of which, \$2.22 billion or 86% was from Malaysia.



Tan Sri Dato
Tan Teck Khim



Mr Teo Soo Chuan



Prof Lim Pin



Dr Andrew Chew
Guan Khuan



Mrs Margaret Lien
Wen Hsien



Mr Ngiam Tong Dow

The Group's non-performing loans stood at \$2.99 billion or 7.6% of total assets, of which, \$806 million was from the region. For the non-performing loans, 73.0% were in the substandard category and 63.9% were secured.

The Group's shareholders' funds rose 9.6% to \$4.72 billion as at 31 December 1999. Gross loans and bills went up 4.8% to \$26.3 billion. Total assets and total deposits, however, fell 9.4% to \$39.4 billion and 12.6% to \$32.9 billion respectively. This was due primarily to lower inter-bank placements/deposits in the market towards the end of the year as Year 2000 considerations set in. The Group's capital adequacy ratio based on Bank of International Settlements' guidelines improved from 16.3% to 18.0% as at 31 December 1999.

The Group's banking subsidiary, Overseas Union Bank (Malaysia) Bhd, registered a sharp increase in after-tax profit of 208.9% to RM100.3 million (\$44.0 million) mainly attributed to higher interest and commission income as well as lower loan loss provision. Profit of Overseas Union Trust Ltd, the listed finance company, surged from \$2.0 million to \$53.7 million mainly due to a gain from capital reduction by an associated company and lower loan loss provision. Profit of the stockbroking arm, OUB Securities Pte Ltd, rose by \$16.5 million to \$31.1 million on the back of higher stock market activities. OUB Bullion & Futures Ltd and OUB Asset Management Ltd contributed profits of \$4.3 million and \$4.1 million respectively.

The Group adopted equity accounting for its associated companies with effect from the 1999 financial year. Its share of the after-tax profits of these companies amounted to \$34.3 million as compared to \$2.2 million last year. Major contributions were from Overseas Union Enterprise Ltd (\$20.1 million), Overseas Union Insurance Ltd (\$5.3 million) and Vertex Asia Ltd (\$4.2 million).

DIVIDENDS

The Board of Directors is recommending the payment of a final dividend of 7% and a special dividend of 5% in view of the good performance for the year. This, together with the 5% interim dividend already paid, brings total dividend distribution in 1999 to 17%, compared to 15% (including a special 50th Anniversary dividend of 3%) in the previous year.

ACCOLADES, RANKINGS & RATINGS

Over the years, the Bank has earned for itself a strong reputation, both domestically and regionally, and is regarded as a quality and professionally managed financial institution. In 1999, this reputation was strengthened through a series of accolades and awards.

In *Euromoney's* June 1999 ranking of the world's top 200 banks, OUB was ranked 141. In *The Banker's* July 1999 survey of the world's top 1000 commercial banks, OUB ranked 142 based on Tier One Capital, up from 143 the previous year. In another survey by *The Banker*, this time on Asian banks, OUB was ranked 15 out of 200 banks based on Tier One Capital. Among Singapore companies, OUB ranked eighth of 381 companies in terms of market capitalization, as published by *The Business Times* on 31 December 1999.

Besides the rankings and ratings, the Bank received a number of awards in 1999. The Bank's charity credit card, the OUB Big Hearts Card, won the "Card of the Year" in the Financial Awards 1999 jointly organized by *Financial Planner* and *Channel News Asia*. OUB's website was also singled out for excellence, being rated by *Smart Investor* as the best among banks in Singapore. The Bank also received recognition for its operational efficiency when its Electronic Signature Verification System emerged the winner in the Operational Efficiency category of the *DHL Asian Banking Awards* 1999. Finally, the Bank won the Charity Investment Race organized by the Stock Exchange of Singapore.

OPERATIONS REVIEW

National Banking

In building the Bank into a premier name in retail and consumer banking, the National Banking Division adopted a customer-centric approach which helped it to achieve several industry "firsts" during the year. Central to this strategy was the OUB2000 vision launched in February, an initiative which continued to propel the Bank towards higher standards of service excellence. Under this initiative, a series of innovative products and services were unveiled, all of which were technology-based and part of a \$300 million IT programme designed to revolutionize the way banking services are delivered.

Among the new products and services introduced were OUB PhoneBanking – the first fully integrated call centre among Singapore banks, OUB Internet Banking, and OUB Global Debit MasterCard – the first global debit card in the Asia Pacific. Other industry firsts included OUBS Online – the first Internet trading service launched by a bank-backed securities house, OUB Mobile Buzz – which provides a comprehensive range of alert services through the mobile phone, and

oub2000.com.sg – the first financial services website offered by a bank in Singapore which enables customization by individual users.

More new ground was broken with the roll-out of the Bank's Customer Relationship Management (CRM) platform. Leveraging on this fully-integrated and sophisticated system which comprises a marketing datawarehouse, datamining capabilities and sales force automation tools, the Bank is now able to provide seamless delivery of customized financial solutions anytime and anywhere. With CRM, the Bank's sales officers are completely mobile, servicing customers with the information stored in their lap-top computers.

In line with the customer-centric approach, and as part of efforts to make service excellence a hallmark of the Bank, the Division was restructured to give it a stronger sales, marketing and service focus. Consequently, the branch network was reconfigured as service and sales centres, with the transformation creating a fully-mobile distribution channel of over 200 mobile bankers equipped with sophisticated sales automation tools.

In the area of lending, strong growth was achieved in housing loans. This was made possible with an aggressive pricing policy and an innovative multi-channel sales approach. Applications were received via PhoneBanking and online via OUB Internet Banking as well as through the mobile sales force. Inroads were also made in the hire purchase business as the Bank continued to build up its portfolio in this area.

Strategic alliances were also formed to exploit market opportunities. In this regard, the Bank has entered into partnerships with StarHub and National Computer Services Pte Ltd (NCS). The former partnership allowed the Bank to introduce mobile telephone banking and will pave the way for the introduction of a co-brand credit card in Year 2000. On the latter alliance, various business-to-business and business-to-consumer e-commerce solutions are being developed jointly with NCS. In addition, through OUB Optimix Funds Management, a joint venture with ING Group, the Bank is well positioned to compete in the unit trust market.

Corporate Banking

In 1999, the total loan portfolio managed by Corporate Banking Division was marginally higher than the previous year. This was despite substantial loan repayments arising from the divestment of investments and raising of equity funds by customers with the recovery in the stock market and residential property market.

During the year, the Division continued to be active in providing credit facilities and acted as lead arranger and underwriter for major infrastructure, technology and communication projects in Singapore being undertaken by government-linked and multi-national companies.

The Division's non-performing loans peaked in May 1999 and the overall quality of the loan portfolio improved over that of the previous year. The Bank continued to adopt a conservative stance in its provision for loan losses.

A significant initiative undertaken by the Division during the year was the completion of a blueprint of a credit transformation programme. Developed with the assistance of an external consultant, the programme aims at establishing the foundation of a superior credit culture in the Division. Among the key changes which have been implemented are the adoption of a portfolio approach to credit management and a customized risk rating system in line with international best practices. Another important change was the centralization of all credit support services, a move which will free up a significant proportion of the loan officers' time. This will enable loan officers to focus on marketing, business development and account planning. With these changes, the Division is now better organized and supported to take advantage of the higher credit demand anticipated with the sustained recovery of the local and regional economies in 2000.

Treasury

In 1999, the Bank's treasury operations registered a creditable performance, despite less favourable market conditions and fewer opportunities for trading and interest gapping activities, compared with 1998. This was made possible by increased participation and favourable conditions in the domestic debt securities market as well as contributions from money market activities.

1999 saw OUB expanding and diversifying its debt securities operations, in line with the Government's plan to further promote and develop the debt capital market in Singapore. Having established itself as one of the primary dealers in Singapore Government Securities since 1987, the Bank is now poised to be a leading player in the domestic debt securities market. It has leveraged on this experience and expertise to become actively involved as a dealer and market maker in the domestic debt securities market.

During the year, the Bank was an active participant in numerous issues, including the inaugural foreign corporate Singapore dollar issue by General Electric Capital Corporation. OUB was a co-lead manager or co-manager in 10 bond issues by statutory boards and foreign corporates.

The Bank shares the Government's vision of a vibrant, broad and deep bond market, and is positioned to add more value in this exciting prospect. The Bank, along with 15 other financial institutions in Singapore, was awarded the "Approved Bond Intermediary" status last year.

Treasury Division also made a concerted effort to diversify into new growth areas. It is developing expertise and positioning itself to be a major local player in the new growth area of asset securitization. In October 1999, OUB marked a milestone in the development of the local debt market with the launch of Singapore's first Asset-Backed Commercial Paper (ABC) Programme – Archer I Limited's ABC. This pioneer effort opened an investment avenue to meet the demand of corporations, fund managers and sophisticated individuals for attractive-yielding short-term securities.

The rapidly changing international banking landscape, domestic deregulation and liberalization, and advances in information and computer technology, all combine to pose new challenges as well as opportunities for Treasury Division. In view of these, Treasury Division has strived to constantly review its fundamental strategies and to upgrade itself where required, in order to meet the greater demands posed by the fast-evolving business environment. During the year, the Division stepped up efforts to capitalize on trading, arbitrage and product structuring opportunities made possible by the rapidly changing financial market.

The compelling force of electronic commerce – reducing information asymmetry; facilitating price discovery – is expected to accelerate the transformation of banks' traditional role in credit intermediation. Going forward, Treasury Division will continue to ensure that it measures up to the challenge by leveraging on the Internet, in line with the Bank's overall IT thrust. The first phase of the e-content enhancement has been completed and Web visitors now have access to a wide array of information on Treasury services.

International & Regional Operations

The Bank's international and regional business continued to be an important growth engine. Through a concerted and focused approach, the Bank has established a name for itself not only in the markets of the immediate region but also further away in Australia, New Zealand, the United States and the United Kingdom.

The Bank's Malaysian subsidiary, Overseas Union Bank (Malaysia) Bhd, turned in a credible performance and was a major contributor to overseas earnings. With a genuine "local" franchise, Overseas Union Bank (Malaysia) Bhd is active in the middle market and also focuses on the consumer banking business and the market for large corporates.



Mr Nicholas Chong
Tjee Teng



Dr Tan Ng Chee



Mrs Gracy Choo



Mr Richard Tan Tew Han



Mr Wee Joo Yeow

Overseas operations were focused principally on syndications, commercial lending, structured and project finance and trade finance, with the Hongkong and Australian operations being very active and important contributors to profits. In these two locations, the Bank is building a strong skill-based franchise for structured finance and it will continue to grow such expertise to strengthen its market position.

Consistent with the Bank's strategy to grow its presence in locations which will facilitate its business and growth, the Bank opened a Shanghai branch at the end of the year. Located in Pudong, the new branch will provide the Bank with a central strategic anchor for its activities in China and help it to broaden its revenue base in the vast Chinese market.

Investment Banking & Corporate Finance

In 1999, the Bank firmly established itself as a leading player in the corporate finance and fund management business.

In the area of corporate finance, the Bank strengthened its presence in the Initial Public Offering (IPO) market, successfully managing 13 (including two foreign issues) out of a total of 51 IPOs launched in Singapore during the year. Of these 51 IPOs, the Bank also had the distinction of lead-managing the two largest issues, giving it a 40% market share in terms of gross proceeds raised. With this record, OUB topped the local IPO league table in terms of volume and is now a natural choice for companies seeking a public listing in Singapore.

The Bank's Corporate Finance Department further distinguished itself in 1999 when it introduced book-building, an innovative method of underwriting, for both retail and institutional investors. This, and the first concurrent dual primary listing of a company on NASDAQ and the Singapore Exchange, were among the various innovations introduced by the Bank. Other activities during the year included private placement exercises, the management of rights issues and the provision of financial advisory services to various corporates.

With the improvement in economic sentiments around the region, the Capital Markets/Syndications Department was active in the syndications market, lead



Mr Philip Tan Yuen Fah



Mr Victor Liew Cheng San



Mr Kung Beng Hong



Mr Alfred Shee Ping Fatt



Mr Kuo How Nam

arranging four major loan syndications which raised over US\$2.1 billion for companies in Australia, New Zealand and Singapore. This effort earned the Bank the distinction of being the top local bank for arranging Singapore syndicated loans in 1999 by the *International Financial Review*. At the same time, the Bank emerged as the only ASEAN bank amongst the top 25 arrangers of Asian syndicated loans.

In fund management, the Bank further cemented its leading position in the market through its wholly-owned subsidiary, OUB Asset Management Ltd (OUBAM). With over \$3.7 billion under its management, OUBAM is the largest local bank-backed fund management company in Singapore.

Playing an active role in the growing Singapore bond market, OUBAM followed up with its success of the previous year by launching its second Collateralized Bond Obligation (CBO) issue – OUB Sovereign Emerging Markets CBO II Limited in 1999. This second CBO issue of US\$300.23 million makes OUBAM the largest collateral manager of CBOs in Singapore. With the launch of a third CBO – OUB EURO Emerging Capital CBO I Limited – the first EURO-denominated CBO in the world substantially backed by sovereign emerging market bonds, OUBAM marked a milestone in raising Singapore's profile as an international fund management centre.

OUBAM also launched its first money market fund – Global Currency Fund (GCF) in 1999. The GCF is Singapore's first money market unit trust under the umbrella fund structure and its five sub-funds are the USD Fund, AUD Fund, GBP Fund, EURO Fund and Yen Fund.

During the year, OUBAM teamed up with ING Investment Management to form a joint venture company called OUB Optimix Funds Management Ltd. Engaged in the business of launching, promoting and managing unit trusts and other mutual funds, the joint venture company will strengthen the Bank's position in the unit trust business considerably.

Risk Management

The Bank places great emphasis on risk management, and regards it as an integral part of its business and operations. In addressing risk management, the Bank has

created a structured risk management framework where there is clear risk management responsibilities and reporting lines. This framework involves the entire spectrum of people in the Bank from the Board of Directors at the highest level down to the business units and staff. Apart from the Board Risk Committee, which sets strategic risk objectives and standards, there are three senior management committees focusing on Market Risk, Credit Risk and Operational Risk respectively. These committees look at total bank-wide risks – across products, counterparties, geographical distribution, on-balance sheet and off-balance sheet activities.

On a day-to-day basis, the Bank's business units are primarily responsible for managing the risks they generate. At the same time, the Risk Management Unit of the Bank, which supports the senior management risk committees, measures, monitors and reports consolidated risk information to all the Risk Committees on a regular basis.

Operations

The Operations Division remained focused on operational efficiency and excellence in 1999. During the year, added responsibilities were given to the Credit Operations Department, which is responsible for both credit control and credit operation functions. The Branch Operations Centre continued to take on more backroom functions from service centres, a move which has enabled the service centres to concentrate on sales and service. The Division also continued to improve on various processes to the Bank's front-end systems to give added flexibility and convenience to the Bank's customers.

The Division was responsible for a number of strategic projects which were rolled out successfully during the year. It is also the key driver in the development of the Bank's management information systems. In addition, the Division played a key role in initiating and managing various alliances which the Bank has with other parties for e-commerce ventures.

Information & Systems Services

Information & Systems Services Division, as a service provider, remained committed to delivering quality information technology to the business and support units of the Bank. The Division enabled the Bank to deliver new business capabilities through a series of innovative and advanced products and services. These advanced products and services were made possible by the Bank's new IT infrastructure, whose sophistication has allowed the Bank to take advantage of the newest and latest technologies as and when they become available. With its enhanced IT infrastructure, the Bank is well positioned to harness technology for strategic advantage.

Apart from partnering the business divisions to develop new products and services, the Division worked on new ways of managing its resources better, including the outsourcing of certain activities. In this regard, the Bank signed an agreement with SingTel to provide facility management of the Bank's Disaster Recovery Data Centre.

The Division put in substantial effort during the year to prepare the Bank for the millennium crossover. A large portion of the effort was spent on participating in industry-wide testing, working on contingency planning/testing, setting up a Command Centre and rolling out the Y2K versions of the application systems to all the Bank's overseas branches. By being prepared, the transition to the year 2000 was accomplished smoothly without hitches.

Human Resource

The Bank continued to build up its human resources to meet strategic business needs. Overall, staff strength grew by about 1% and the Bank had 2,926 employees at the end of 1999.

In line with national wage policy, and with the co-operation of all staff and the support of the unions, the Bank implemented a salary freeze in 1999. Together with the reduction in Central Provident Fund, increase in overall wage cost was moderated for the year.

The Bank continued to invest heavily in its people, and to place emphasis on the training and development of its staff. These efforts were recognised at the highest national level when the Bank was awarded the prestigious National Training Award in the Service Sector category, the second time it has clinched the Award. With this award, OUB is the only local bank to have won the Award and the only financial institution in Singapore to have won it twice.

Outlining its commitment to training and development, the Bank also participated in the tripartite Integrated Management of Productivity Activities programme. This was a national productivity effort to raise the skills and productivity level of the workforce as Singapore evolves into a knowledge-based economy.

In striving to raise service standards and productivity, the Quality Service teams of the Bank continued to be active. As part of this effort, the Bank participated in a joint Work Improvement Team (WIT) with Board of Commissioners of Currency Singapore and HSBC to work on projects beneficial to the local banking community. The team presented its first project at the 1999 PS21 Public Sector WITS Convention and won a Gold Award.

Much effort continued to be expended to ensure a high standard of customer service. Bank-wide customer service programmes were regularly fine-tuned and implemented to reinforce a service-oriented mindset among staff and to motivate them to excel in service delivery. Amongst other programmes, a new initiative called 'Think Like Your Customer' was piloted to help business units to conduct service audits.

Community Service

As a responsible corporate citizen, OUB continued to support a cross-section of deserving community and charitable projects during the year. Support was also given to the performing arts with contributions made to the Singapore Symphony Orchestra. The Bank also participated in raising awareness of the natural environment through contributions to the Singapore Botanic Gardens and the Singapore Zoological Gardens for the adoption of the golden lion tamarins. Additionally, the Bank sponsored and participated in the national Millennium Time Capsule and the senior citizens annual walk of the People's Association.

BANK'S 50TH ANNIVERSARY

OUB marked a major milestone in 1999 with the celebration of its 50th Anniversary. A dinner, attended by about 4,000 staff and guests, was held at the Singapore International Convention & Exhibition Centre on 5 February 1999. Gracing the event was the guest-of-honour, Prime Minister Mr Goh Chok Tong and Senior Minister Mr Lee Kuan Yew. Other distinguished guests included Deputy Prime Minister & Minister for Defence, Dr Tony Tan, the Chief Justice, the Speaker, Ministers, other members of the judiciary, senior government officials, diplomats, industry leaders and corporate clients.

Vanda Overseas Union Bank, a striking orchid crossbred by the Singapore Botanic Gardens, was adopted as OUB's Golden Anniversary emblem. To commemorate the special occasion, the Bank donated \$2 million to the newly established Singapore Management University to sponsor a Professorship in Banking.

PROSPECTS FOR 2000

Forecasters are optimistic about the global economy in the year 2000. In the December 1999 *Economic Outlook*, OECD economists have predicted faster global growth of 3.5% and an acceleration in world trade volume growth to 7.1% from 4.9% in 1999. Growing momentum in Continental Europe and Japan, for some years the most sluggish regions of the developed world, will enable them to sustain global growth as the US adjusts to a slower pace of growth and narrower external deficit.

For East Asia, this is good news, as their economies are strongly leveraged to global economic growth. Sturdy external growth is likely to be complemented in 2000 by a broadening of growth to private demand. Forecasters see faster growth for the region, although this is contingent on progress in reforms and corporate restructuring for the crisis-hit countries. For Singapore, the Ministry of Trade & Industry has forecast 4.5 – 6.5% growth.

The operating environment should improve with the swift end of Asia's crisis and prospects for stronger global output and trade growth, which will support regional economic expansion.

Barring unforeseen circumstances, the Board of Directors is optimistic that the Bank and Group will enjoy another year of satisfactory growth.

ACKNOWLEDGMENT

Mr Tan Puay Hee, Tan Sri Dato Tan Teck Khim and Mr Teo Soo Chuan, members of the Board of the Bank, have expressed their wish to retire from the Board on 4 May 2000 after having served the Bank with dedication for 44 years, 20 years and 15 years respectively. Their wise counsel and support over the years have been invaluable in the development and growth of the OUB Group. On behalf of my fellow members of the Board, I would like to express our profound appreciation and gratitude for their many years of contribution and wish them all the best in their retirement.

I am taking this opportunity to welcome our new Board members, Mrs Margaret Lien Wen Hsien and Mr Ngiam Tong Dow who joined our Board on 1 February 2000. The Board looks forward to their contributions. I also wish to express my appreciation for the support and counsel of fellow Board members during the year.

On behalf of the Board, I thank our clients and shareholders for their continued support and the management and staff for their commitment, hard work and contributions.



LEE HEE SENG
Chairman

The Bank is committed to good standards of corporate governance and to developing procedures and policies in accordance with best practice. For effective corporate governance, the Bank has put in place various self-regulatory and monitoring mechanisms in addition to compliance with statutory requirements.

Board of Directors

The Board comprises 12 directors and holds a minimum of three meetings a year. Additional meetings are held as and when necessary. Other than Mr Lee Hee Seng (Chairman) and Mr Peter Seah Lim Huat (President/Chief Executive Officer), the rest are non-executive directors.

The Board supervises the management of the business and affairs of the Bank and Group. Apart from its statutory responsibilities, the Board approves the Bank's strategic plans, key operational initiatives, investments, major credit and funding proposals, identifies principal risks of the Bank's business, ensures that appropriate systems are in place to manage these risks and reviews the financial performance of the Bank and Group. Certain functions have been delegated by the Board to the various Board Committees to facilitate effective management of the Bank.

Nominating Committee

The Board has established a Nominating Committee comprising five members of the Board of Directors. Apart from Mr Lee Hee Seng and Mr Peter Seah Lim Huat, the other three members are independent directors. The Committee is chaired by Mr Tan Kok Quan, an independent director. The primary function of the Committee is to identify candidates and review all nominations for appointment of :-

- members of the Board of Directors and alternate directors including their re-appointments,
- members of the Executive Committee,
- members of the Compensation Committee,
- members of the Audit Committee, and
- Chief Executive Officer, Deputy Chief Executive Officer, President, Deputy President and Chief Financial Officer including any other officer by whatever name called who has responsibilities and functions similar to any of these officers.

Executive Committee

The Executive Committee has four members comprising Chairman of the Board as Chairman, President/Chief Executive Officer and two non-executive directors. The Committee usually meets at least twice a month. As part of its key responsibilities,

the Committee provides overall direction to the management and operations of the Bank, formulates and approves corporate objectives, policies and strategies for the Bank. In addition, the Committee establishes policies for investments, credit, liability management, treasury operations, finance and approves delegation of discretionary authority and powers to senior Management and other officers and staff. It also reviews reports and other submissions for monitoring the performance and progress of the Bank and initiates such special reviews and actions as are appropriate for the prudential management of the Bank.

Audit Committee

The Directors of the Bank have adopted the principles of corporate governance under the Best Practices Guide with respect to Audit Committees as formulated by the Singapore Exchange (“SGX”).

The Bank’s Audit Committee comprises four members. Other than Mr Lee Hee Seng, the rest are independent directors. The Committee meets at least twice a year and holds additional meetings, whenever necessary. Its main functions are to :-

- review the annual audit plans of the external and internal auditors,
- review the external and internal auditors’ findings on their evaluation of the system of internal controls including accounting controls,
- review the reports of the inspectors of banking authorities including their evaluation of the system of internal accounting controls, where applicable,
- review the scope and results of the internal audit procedures,
- review the half-year and full-year balance sheets and profit and loss accounts of the Bank and the Group,
- review the assistance given by the Bank’s officers to the Audit Committee, external auditors and internal auditors, where applicable,
- review interested person transactions when required under Chapter 9A of the SGX Listing Manual, and
- nominate the Bank’s external auditor(s) and approve their fees.

Compensation Committee

The Compensation Committee comprises three members namely Dr Cheong Siew Keong (Chairman), Mr Lee Hee Seng and Dr Andrew Chew Guan Khuan. Dr Cheong Siew Keong and Dr Andrew Chew Guan Khuan are non-executive directors. The Committee’s main functions are to approve the compensation of all executive directors of the Bank, and all fees and allowances to be paid to the directors of the Board, to review and approve bank-wide organisation structure and manpower establishment, formulate policies in respect of staff recruitment, promotions, training and compensation.

Share Option Scheme Committee

The Committee consists of three members, all of whom are non-executive directors. Members of the Committee are Dr Cheong Siew Keong (Chairman), Mr Tan Puay Hee and Tan Sri Dato Tan Teck Khim. It was established to administer the Bank's share option scheme in accordance with the objectives and regulations thereof and to determine participation eligibility, option offers, share allocations and to attend to such other matters as may be required.

Risk Management Framework

In line with best practice standards in risk management, the Bank has designed its organizational structure to provide for Board and senior management level responsibility in risk management and a centralized risk management function. This structure, with its clear risk management responsibilities and reporting lines, allows the Bank to systematically address the entire range of risks; that is, market risk, credit risk, operational risk and liquidity risk; that it faces. The risk management framework of the Bank consists of the Board Risk Committee; three senior management committees, namely Market Risk Committee, Credit Risk Committee and Operational Risk Committee; and the Risk Management Unit. The three senior management committees report to the Board Risk Committee which in turn reports to the Board of Directors while the Risk Management Unit reports to the President.

1. Board Risk Committee

The Board Risk Committee consists of four members comprising Chairman of the Board as Chairman, President/Chief Executive Officer and two non-executive directors. The Committee provides Board oversight of risk by setting strategic risk objectives and standards. It keeps the Board informed of the total risks of the Bank and ensures that risks are appropriately managed.

2. Market Risk Committee

The Market Risk Committee provides a bank-wide forum to address market risk, balance sheet management, funding strategies and liquidity management. It ensures that business strategies and operational plans are aligned to market risk management policies.

3. Credit Risk Committee

The Credit Risk Committee enables credit risk management to be addressed on a bank-wide basis. It ensures alignment of business strategies and operational plans with credit risk policies.

4. Operational Risk Committee

The Operational Risk Committee co-ordinates a bank-wide approach to operational risks.

5. Risk Management Unit

The Risk Management Unit is responsible for the independent assessment, monitoring and reporting of various types of business risks and provides consolidated risk management information to all the Risk Management Committees. To ensure that major risk issues are addressed in a timely manner, it will also escalate serious issues and/or crisis to both the President and the Chairman.

Dealings in Bank's Securities

The Bank has adopted internal codes pursuant to the SGX Best Practices Guide applicable to the Directors of the Bank and its subsidiaries as well as employees of the Bank in relation to dealings in the Bank's securities.

Spotlight on 1999





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Founder and Honorary Life Counsellor, Dr Lien Ying Chow, Chairman, Mr Lee Hee Seng, President & CEO, Mr Peter Seah and guest-of-honour Prime Minister Mr Goh Chok Tong cut the beautiful six-tier birthday cake. Looking on are OUB directors, Professor Lim Pin and Dr Cheong Siew Keong.



Vanda Overseas Union Bank was adopted as the Bank's 50th Anniversary emblem.



As part of the celebrations, OUB produced a video and a book tracing the history of the Bank, a unique pewter savings box and a TransitLink farecard featuring the Anniversary emblem.

It was an eventful year for OUB as it celebrated 50 years of banking excellence. To mark our Golden Anniversary, the Bank held a gala dinner attended by Singapore's elite; made a two million dollar donation to fund banking education and research; and had a beautiful orchid christened after it. Strategic business alliances were forged to spearhead our initiatives in the field of info-communications and e-commerce. The Bank continued to be ranked among the top performing companies and garnered a host of accolades and awards for its efforts in training, Internet services, consumer banking, fund management and contributions to the growth and development of Singapore's banking and finance sector.

To mark its 50th Anniversary, OUB hosted a lavish dinner attended by the who's-who of Singapore society on 5 February 1999. Among the distinguished guests were Prime Minister Mr Goh Chok Tong, Senior Minister Mr Lee Kuan Yew, Deputy Prime Minister and Minister for Defence Dr Tony Tan and other VIP guests.

Among the evening's highlights were the debut screening of a specially commissioned corporate video tracing the Bank's history and development; the cutting of a beautifully decorated six-tier cake; and performances by singing sensations, Frances Yip and Kit Chan.

Chairman, Mr Lee Hee Seng also presented a golden spray of Vanda Overseas Union Bank to Founder and Honorary Life Counsellor, Dr Lien Ying Chow in recognition of his invaluable contributions to the Bank.

Vanda Overseas Union Bank is a striking hybrid orchid presented to the Bank by the Singapore Botanic Gardens. Taking three years to breed, the orchid blooms



Founder and Honorary Life Counsellor, Dr Lien Ying Chow receives a golden spray of Vanda Overseas Union Bank from Chairman, Mr Lee Hee Seng in appreciation of his pioneering efforts and invaluable contributions.

in eight different hues and was adopted as the Bank's Anniversary emblem. Blessed with a distinguished parentage, the orchid stands out for its beauty, radiant colours and sweet scent.

President and Chief Executive Officer (CEO), Mr Peter Seah also took to the stage to receive his 21 Years Long Service Award from Chairman, Mr Lee. Having joined the Bank as a Senior Manager in 1977, Mr Seah has risen up the corporate ladder to become President and CEO in 1991. He was presented with a plaque for his years of dedication and loyalty to the Bank.

In his speech on banking in a changing global environment, Prime Minister Mr Goh said that OUB's success was attributed to the "vision and leadership" of Dr Lien and the "acumen and competence" of Chairman, Mr Lee and President, Mr Seah.

Staff and guests also received an exclusive gift set, comprising a uniquely-crafted pewter savings box in the mould of the OUB logo, a specially-designed commemorative TransitLink farecard featuring Vanda Overseas Union Bank and the 136-page hardcover coffee-table book tracing OUB's history and development, entitled "Building A Singapore Bank : The OUB Story".

Also marking 50 golden years of banking was OUB's donation of SGD2 million to the Singapore Management University (SMU) to sponsor a Professorship in Banking. This is SMU's first such sponsorship and will be appropriately matched by the Government. The funds from the endowed sum will be used to fund a Chair to be occupied by an eminent full-time professor or visiting professor by supplementing the incumbent's emolument, research grants and other academic activities.



President & CEO, Mr Peter Seah and SingTel President & CEO, BG Lee Hsien Yang shake hands on the forging of a strategic partnership.



OUB was among the first group of 16 financial institutions to be awarded the Approved Bond Intermediary status from the Minister for Health and Second Minister for Finance, Mr Lim Hng Kiang (first row, centre) at a special ceremony.

During the year, tactical alliances were formed with industry specialists and innovators to spearhead the Bank's move into exciting new areas. In June, the Bank signed a Memorandum of Understanding with StarHub – Singapore's newest info-communications company and the first in Asia to offer fixed and mobile converged services on a fully-integrated platform – to develop the first comprehensive mobile banking service. OUB mobile phone banking will give customers access to a menu of services and allow them to conduct transactions whilst viewing information on their phone screens. They will also enjoy a host of privileges with the launch of a co-branded loyalty card programme. As a start, a survey was undertaken to better understand consumer needs with participants given a limited edition Commemorative Card where "Stars" points were redeemed for gifts and privileges.

We also entered into a multi-million dollar partnership by taking a stake in newly-formed e-commerce company, SESAMi.com Pte Limited. The company, which is wholly-owned by the National Computer Systems and fully-backed by Singapore Telecom Group (SingTel), operates SESAMi.NET, Asia's first full-service, real-time Internet commerce portal which allows companies to trade online with one another across the globe.

As a major partner, OUB is the preferred payment and settlements gateway for transactions conducted on SESAMi.NET.

We were part of the first group of 16 local and foreign financial institutions to be awarded the Approved Bond Intermediary (ABI) status by the Monetary Authority of Singapore. Under the scheme, qualifying debt securities enjoy relevant bond market tax incentives. Tax is also exempt on fee income earned from arranging,



The Big Hearts, Little Ones credit card was named The Card of the Year in the Financial Awards 1999.



President & CEO, Mr Peter Seah receives the National Training Award (Service) – the second such win for the Bank – from Minister Without Portfolio and PSB Chairman, Mr Lim Boon Heng.

underwriting and distributing these securities. Being awarded ABI status is recognition of the Bank's significant debt arranging and trading capabilities and its commitment towards the growth of Singapore's debt market.

Our dedication to excellence also won OUB several awards in 1999. We were awarded the National Training Award (NTA) in the Service Sector Category for the second time, having received the inaugural award in 1988. The Awards, organised by the Singapore Productivity and Standards Board (PSB), gives recognition to organisations with outstanding achievements in employee training and development and is a testimony to the high standards of our comprehensive, intensive and business-driven training programmes.

The Bank also made it to the top ranks in the first ever Financial Awards 1999 organised by Channel News Asia and personal investor magazine, Financial Planner. The Bank's Big Hearts, Little Ones Credit Card was voted The Card Of The Year for "making a major contribution to the credit card industry with the most innovative menu of privileges and facilities." The Card which has raised over SGD200,000 for the Children's Charities Association, is part of the Bank's 10-year commitment to the Association.

OUB clinched the Best Website Award in a survey of bank websites conducted by financial magazine, Smart Investor. Our website was commended for being comprehensive, informative, well-structured and user-friendly with a strong brand identity and image.



OUB clinched the Best Website Award in a survey of bank websites by Smart Investor magazine.



OUB is the first bank to win the Most Improved Annual Report Award. Our 1998 Annual Report was commended for its attractive design and greater disclosure standards.

The Bank's Signature Verification System (SVS) clinched top honours for operational efficiency by beating 142 other projects in the DHL Asian Banking Awards. The SVS, first introduced in 1997, stores a customer's signature electronically in a central server. It enables staff at all Service Centres to access information and has helped facilitate centralisation of cheque cutting.

In recognition of the attractive design and our commitment for greater disclosure standards and transparency, OUB became the first bank to win the Most Improved Annual Report Award. The annual awards, jointly organised by the Institute of Certified Public Accountants of Singapore, Singapore Institute of Management and the Singapore Exchange, is open to statutory boards and companies listed on the Singapore Exchange and SESDAQ.

We also continued to be amongst the top picks of international rating agencies like Standard & Poor's (S&P). OUB was one of two banks in a select group of 12 Singapore blue chip companies featured in the S&P Asia-Pacific 100 Index which forms part of the Global 1200 Index. The Index includes highly liquid securities from key economic sectors of major Asia-Pacific equity markets and features companies from seven countries. Together, they represent 70% of the investable market capitalisation in the region.

Also garnering awards for his dedication, commitment and contribution to the banking and finance sector was our President and CEO. Mr Seah was awarded the Public Service Star (Bintang Bakti Masyarakat) for his role as Chairman of the Government-appointed Subcommittee on Finance and Banking, which was formed as part of the high-powered Committee on Singapore's Competitiveness chaired by Minister for Trade and Industry, Mr Lee Yock Suan. Thirty-three of the



President & CEO, Mr Peter Seah receives a congratulatory handshake from Deputy Prime Minister, BG (NS) Lee Hsien Loong for being voted the 1999 Outstanding Chief Executive Officer in the Singapore Business Awards.

Subcommittee's 55 proposals to help strengthen Singapore's competitiveness as a regional financial centre were accepted by the Government.

Mr Seah was also voted the 1999 Outstanding Chief Executive Officer in the Singapore Business Awards organised by Business Times and DHL Worldwide Express. The Award, given to a CEO who has made outstanding contributions to his company's financial performance and growth, was presented by Deputy Prime Minister Brigadier-General (NS) Lee Hsien Loong.

Mr Seah was also lauded for making the "most outstanding individual contribution to Singapore's financial services sector", and promoting its growth and image. For this, he was voted the Financial Personality Of The Year in the Financial Awards 1999.




The first 24-hour, fully-integrated PhoneBanking and Call Centre gives customers access to the Bank wherever they may be.

The National Banking Division unveiled its OUB 2000 vision to be the Premier Consumer Bank in the new millennium and the Consumers' Bank Of Choice. OUB provides one-stop banking services and personalised financial solutions enabled by leading-edge technology, coupled with a passion to serve, to set benchmarks of excellence in the industry.

Under the OUB2000 platform, many industry "firsts" were achieved, from the fully-integrated PhoneBanking and Call Centre and Global Debit Card to the Customer Relationship Management Platform with sales force automation and a fully-customisable financial services website. In addition, we also reinforced our position as a leading provider of innovative and competitive housing loan packages. Our aim to become customer-centric could not be more evident when the whole Division was restructured to focus on three main thrusts – sales, service and business development.

By February, the first 24-hour, fully-integrated Call Centre was up and running and customers were able to have access to the Bank by calling one toll-free number (1800-224-2000) anytime, anywhere. Even our increasingly sophisticated and well-travelled customers are able to enjoy this seamless delivery channel when they are overseas and have access to banking and credit card facilities. They can choose the Interactive Voice Response or speak to a PhoneBanking Officer, 24-hours a day, seven days a week.



OUB is driven by its vision to be a Premier Consumer Bank and Consumers' Bank Of Choice in the new millennium.

In March, OUB Internet Banking made its debut, offering services ranging from enquiries on accounts and loan applications to transaction requests, including funds transfers and post-dated bill payments from the convenience of a customer's home, office, or hotel – in fact, anywhere in the world with Internet access. By December, corporate customers were also able to access Internet banking facilities which were built to cater to their special needs.

To enhance personalised one-to-one service, OUB launched the first fully-customisable financial services website in Singapore, oub2000.com.sg, allowing users to tailor the website to suit their individual needs, interests and lifestyles. Visitors are able to choose colour options and the type of information they wish to view by linking to their favourite websites. Based on user profiles, we were able to offer personalised and customised financial information.

Our website oub2000.com.sg also offered the unique e-Rewards programme – the first online rewards programme to be introduced by a bank in Singapore. Customers can redeem a range of attractive prizes through the Net by accumulating e-points when they utilise their credit cards, Global Debit Card and CreditLink, or make deposits to their MultiLink, Current, Savings or Fixed Deposit accounts.



OUB Global Debit MasterCard – the first launched by a bank in the Asia-Pacific – is targeted at the upwardly mobile Internet generation.



Mobile Buzz is the first comprehensive mobile phone alert messaging system launched by a local bank.

In August, another new service, Mobile Buzz was introduced. It is the first comprehensive mobile phone alert messaging service to be offered by a bank in Singapore. This service alerts customers by “buzzing” them on their mobile phones and sending messages to give them the latest information on their accounts, credit cards and the status of Initial Public Offer applications and GIRO transactions. Customers can also select their preferred service alerts – for instance, when their shares reach a certain price level.

In support of the move towards a cashless society, OUB became the first bank in the Asia-Pacific to launch a Global Debit Card. Targeted at the young, upwardly mobile and technologically-savvy Internet generation, the OUB Global Debit MasterCard offered cardmembers who have yet to meet the minimum income requirements, an alternative to the credit card. The Global Debit Card can be used to pay for purchases at over 16 million merchant outlets worldwide, and allows cardholders to shop on the Internet and access funds from more than 160,000 ATMs globally.

The customer experience at OUB is decidedly different. With the implementation of Customer Relationship Management, all our sales officers are mobile and equipped with intelligent laptops which carry customer and product information and allow for better interaction with customers at a time and venue convenient to them. The Bank’s sales force is assisted by sales force automation tools which monitor sales activities of the teams in the five regional centres which were restructured to enable closer rapport with customers.



Bringing banking to customers at a time and venue of their choice is OUB's team of laptop bearing mobile sales officers.

The Division is committed to customer-centricity when developing its products and services. The structural changes in October converted branches into sales and service centres. Service Centres were tasked with providing high service standards for over-the-counter transactions. Sales Centres were divided into five regions covering the whole of Singapore with mobile sales teams catering to and serving customers at their convenience.

In response to the strong demand for housing loans, OUB boosted its market share by introducing the Enhanced and Premier Housing Loan packages which were launched in September. With aggressive pricing and the use of an innovative multi-channel sales approach, the results of the campaign turned out to be more than satisfactory.



Thistle Hotels (left) and Air New Zealand (right) are amongst Brierley's diverse investments which also includes a stake in James Hardie. OUB participated in the USD600 million Syndicated Loan Facility for BIL Asia Group Treasury.



In Melbourne, Envestra delivers natural gas to some 420,000 customers. OUB was a Lead Arranger, Underwriter and Bookrunner for its Syndicated Senior Debt Acquisition Finance Facility

With 71 offices in 16 countries spanning Asia, Australia, Europe and the United States, the International Division continues to capitalise on business opportunities and forge strategic business partnerships with clients globally. We have arranged and participated in multi-billion dollar loan syndications – including the best syndicated deal in Australia for 1999 – which helped fuel the growth of key sectors, including the infrastructure, communications and power industries. We also extended our business presence with the opening of a new branch in Shanghai, one of China's most vibrant and cosmopolitan cities.

OUB Sydney Branch played a pivotal role in four major deals involving some AUD3.5 billion, the proceeds of which were used to finance development projects by companies in Australia and New Zealand.

We were Joint Lead Arranger, Underwriter and Bookrunner for Envestra Victoria Pty Limited's (Envestra) AUD980 million Syndicated Senior Debt Acquisition Finance Facility. The company recently acquired the Stratus network, a keenly contested gas distribution network, for AUD1.22 billion. With a customer base of 420,000, the Stratus network comprises pipelines measuring some 8,000 kilometres in length which span over 2,400 square kilometres across Melbourne. In total, 18 international financial institutions participated in the deal.

The Bank was also the Co-Arranger and Sub-Underwriter for the AUD1.46 billion Syndicated Project Financing for Millmerran Power Project. The deal, distinguished as the largest infrastructure financing deal in Australia in 1999 has been voted the best syndicated lending deal of the year by the Australian Financial Review, attracting participation from 22 financial institutions. Proceeds



OUB has forged an extensive network of offices and business contacts around the world.

were used to finance the construction and operation of a twin coal-fired power plant in Queensland. This merchant plant is sponsored by InterGen (Australia) Pty Limited, a major player in the power and energy industry, and jointly-owned by Bechtel Enterprises Incorporated and Shell Generating Limited.

Working in collaboration with a major bank, OUB was Joint Arranger and Underwriter for BIL Asia Group Treasury Limited's USD600 million Syndicated Loan Facility. The Facility, guaranteed by Brierley Investments Limited (BIL) and BIL Australia Finance Limited (Brierley), was used to re-finance existing borrowings and provide working capital for Brierley. With investments in Thistle Hotels, Air New Zealand and James Hardie Industries, Brierley has a market capitalisation of over SGD1.1 billion and counts Temasek Holdings (Pte) Limited, US investment house Franklin Resources, Inc. and the Camerlin Group Berhad, amongst its shareholders. Currently listed in Australia and New Zealand, Brierley has also mandated the Bank to seek a primary listing on the Singapore Exchange.

The Bank also participated in a seven-year AUD113 million Senior Debt Facility for Huntsman Corporation Australia Pty Limited and Huntsman Surfactants Technology Corporation. Proceeds were used to finance the purchase of a specialty surfactants and chemicals business.

In the Philippines, OUB was Lead Manager for a USD400 million Syndicated Loan Facility to the Central Bank, Bangko Sentral Ng Pilipinas (BSP). With the Philippines economy chalking up strong growth in 1999, the Facility was well-received and attracted the participation of 33 financial institutions. Proceeds were used for re-financing BSP's existing indebtedness and supplement its foreign currency reserves.



OUB client Hudson Waterfront Company developed a 40-storey apartment building in Manhattan, New York.



OUB has four offices in China following the opening of its Shanghai Branch located in China's tallest building, Jinmao Tower.

Our Hong Kong branch participated in key deals involving over HKD1.2 billion. In two separate four-year Term Loans, the Bank extended HKD438.5 million to Claude Associates Limited and Get Luck Development Limited, both the development arms of the Hong Kong listed property developer, the Concord Land Group. The funds are being used to finance the redevelopment of the Tai Uk Wai New Village at Tsuen Wan in the New Territories. The site will be transformed into a residential and commercial development featuring a shopping arcade and a 30-storey residential unit and is targeted for completion in 2002.

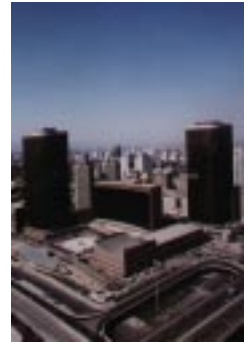
OUB also arranged a HKD700 million Convertible Loan Note Issue to Mandarin Communications Limited (MCL), an operator of the Personal Communication Service mobile phone network, SUNDAY. MCL has launched an initial public offering of SUNDAY in both Hong Kong and NASDAQ in the United States and aims to be a key player in Hong Kong's wireless Internet-related services sector in the long-run.

The property front was also an active one for the Bank in 1999. Our London office extended a GBP39 million five-year secured partially amortised Term Loan to Ravencroft Investments Incorporated, a company established in the British Virgin Islands. Proceeds will help re-finance a loan for the development of the 687 room St. Giles Hotel in Central London.

In the United States, OUB's New York Agency participated in a USD125 million loan syndication to property development company, Hudson Waterfront Company D LLC, to help finance a construction loan for a 40-storey apartment building in Manhattan, New York, which was completed two years ago.



The Bank was Lead Manager for a USD400 million Syndicated Loan Facility to Bangko Sentral Ng Pilipinas.



OUB's Beijing Representative Office has been relocated to the modern China World Trade Centre.

OUB's presence in China received a double boost in August. Our Beijing Representative Office moved into its spanking new premises at the China World Trade Centre. We also obtained approval to open a branch in Shanghai in Jinmao Tower – the tallest building in China – located in the heart of the Pudong New Area. The establishment of the Branch which commenced operations in mid-December, brings the total number of OUB offices in China to four.

Staff of our Jakarta Representative Office also relocated to better premises at Wisma GKBI in the centre of the financial district, whilst the San Francisco Agency was officially closed on 1 November.



OUB was Lead Arranger for Silicon Manufacturing Partners' USD450 million (approximate) Credit Facility.



OUB was a Lead Arranger for StarHub's SGD825.26 million Syndication Facility which is distinguished as one of the largest in Singapore.

The Corporate Banking Division stood by its steadfast commitment to nurture and support the growth of homegrown companies and those with strong Singapore connections, from budding new enterprises to well-established blue chip firms and government-linked companies. In 1999, the Bank participated in major loan facilities to four companies whose activities help fuel Singapore's push to become a regional technology, communications and business hub.

OUB was one of four Lead Arrangers in Singapore's largest project financing transaction to date. Proceeds of StarHub Pte Limited's SGD825.26 million Syndication Facility will be used for the design, procurement, installation and operation of the second fixed-line telecommunications network and the third cellular mobile phone network in Singapore. The company, which also signed a Memorandum of Understanding with the Bank to develop co-branded mobile phone banking services, is targeting to begin operations on 1 April 2000. Distinguished as the first info-communications company in the Asia-Pacific region to offer fixed and mobile converged services on a fully-integrated platform using state-of-the-art communications technology, StarHub is also involved in Internet related services through its wholly-owned subsidiary, StarHub Internet which was formerly known as CyberWay. It is owned by a consortium comprising Singapore Technologies Telemedia, Singapore Power, Nippon Telegraph & Telephone Corporation and British Telecom.

We were one of three Lead Arrangers for a USD450 million (approximate) Credit Facility to semiconductor wafer manufacturer, Silicon Manufacturing Partners Pte Limited (SMP), a joint venture between Chartered Semiconductor Manufacturing Limited (Chartered) and Lucent Technologies Microelectronics Pte Limited (Lucent).



OUB is driven by its commitment to build and nurture business relationships with companies from a cross-section of industries.

Proceeds from the Facility will be used to finance equipment purchases and the installation and operation of a wafer fabrication plant located at Chartered's premises in Woodlands Industrial Park. OUB already has a longstanding working relationship with Chartered.

Also in keeping with our tradition of continuously strengthening existing business relationships, the Bank participated in two Term Loan facilities amounting to SGD294 million to SembCorp Utilities & Terminals Pte Limited (SUT). The special purpose company incorporated to develop and manage a network of plants and storage facilities on Pulau Sakra, supplies utilities, storage handling terminalling and chemical waste water treatment facilities to chemical and petrochemical companies operating on the island. It is backed by four companies, including SembCorp Industries Group, an existing Bank client. Proceeds from the facilities will be used to finance a four-phase development which has already seen the construction and installation of steam generators, storage tanks, water and waste water treatment plants, interconnecting pipelines and a jetty.

Working in collaboration with two other banks, OUB was a Lead Arranger and Underwriter for a eight-year SGD525 million Revolving Credit Facility cum Medium Term Note Issuance Programme for Tuas Power Limited, one of five licensed power suppliers in Singapore.

The financing package allows the wholly-owned Temasek Holdings subsidiary, the flexibility of a bonds issuance – a feature which is in line with the Government's efforts to promote and build up an active and sizeable fixed-income bond market. Funds will be used for the development of two combined cycle gas powered units due to be completed by 2001. Tuas Power also recently completed the construction of two oil-fired power plants.



Chartered Semiconductor Manufacturing raised SGD961.4 million from its IPO, one of the largest in the market. OUB was the Lead Manager and Underwriter for the Singapore retail offering.



China Toll Bridges & Roads was just one of several bank clients who used a book-building exercise for its IPO.

It was an eventful year for the Investment Banking & Corporate Finance Division. Buoyed by improving economic conditions and renewed market confidence, OUB was able to reinforce its position as a lead player in the Initial Public Offer (IPO) market. Of the 51 IPOs in 1999, OUB was the Lead or Joint Lead Manager for 13 issues, including two of the largest IPOs of the year. We also completed various rights issues, share placements and advisory jobs. Our wholly-owned fund management arm fortified its position as one of Singapore's largest fund managers, winning two awards and introducing three "firsts" in the retail market.

It was a busy year for IPOs with OUB playing a leading role in the listing of 13 companies. We captured 25 per cent of the IPO market share and 40 per cent of gross proceeds, having been involved in two of the biggest IPOs for Golden Agri-Resources Limited (GAR) and Chartered Semiconductor Manufacturing Limited (Chartered) which raised USD360.2 million and SGD961.4 million in gross proceeds, respectively.

The Bank was also the first to conduct a book-building exercise for an IPO in connection with the listing of CSE Systems & Engineering Limited. This book-building mode of IPO pricing was subsequently used in other issues managed by OUB, including those of Chartered, Singapore Food Industries Limited and China Toll Bridges & Roads Limited (CTBR).

Chartered was also the first IPO to have a concurrent dual primary listing on NASDAQ and the Singapore Exchange. It also ranked as the first IPO to conduct book-building for retail investors.



OUB is a recognised player in the IPO market, playing a key role in the listing of companies like Manufacturing Integration Technology (above).

OUB also established itself in cross-border listings when it led the IPOs for GAR and CTBR. GAR is one of the largest private producers of crude palm oil and one of the biggest private integrated plantation and manufacturing companies of oil palm-based products and edible fats in Indonesia. CTBR is an infrastructural company with operations based in China.

Besides our strong presence in the IPO market, we also completed various rights issues, share placements and advisory jobs. We were involved in the rights issues for AsiaMedic Limited, Armstrong Industrial Corporation Limited and Excel Machine Tools Limited.

The Bank also acted as an independent financial adviser in the takeover offer of British American Tobacco Company (Singapore) Limited. This takeover was the first recommended takeover offer in Singapore where the independent financial adviser's recommendation on the takeover was published in the offer document issued by the offerer.

In the general offer for Delifrance Asia Limited, OUB was appointed as the Financial Adviser to the offerer.

Reinforcing its position as Singapore's leading bank-backed fund manager with over SGD3.7 billion funds under management, OUB Asset Management (OUBAM), the wholly-owned fund management arm of the Bank, launched three first-of-its-kind products in 1999. The Euro 100 Million Collateralised Bond Obligation (CBO), launched in December, is the world's first Euro-denominated CBO backed substantially by sovereign emerging market bonds. It invests in Euro-denominated sovereign bond issues, credit derivative instruments and high-yielding corporate bonds from Europe and the United States. Some 90% of the



As the leading bank-backed fund manager, OUBAM launched the Global Currency Fund which is distinguished as Singapore's first umbrella money market open-ended unit trust.

notes have been successfully placed out to institutions like insurance firms and pension funds in the US, whilst the remaining 10% was placed in Asia.

The Global Currency Fund – Singapore's first umbrella money market open-ended unit trust which allows the man-in-the-street to invest in up to five foreign currencies – was launched in May. The Fund which comprises five sub-funds, invests in a diverse portfolio of liquid short-term instruments in the money market. The Fund's investment objective is to provide investors with a reasonable cash return which matches or is better than ACU deposit interest rates.

OUBAM is also Principal Collateral Manager of the OUB Sovereign Emerging Markets CBO II – the largest CBO in Singapore amounting to USD300.23 million. The notes, backed by a globally diversified portfolio of bonds, are categorised into six tranches. The CBO was the first in Singapore with no guarantor for its note-holders – a reflection of investors' confidence in OUBAM's fund management abilities. The Class A Notes were rated AAA by Standard & Poor's (S&P) and Aaa by Moody's Investors Service.

OUBAM won two awards for its unit trusts. The Union Gold Fund was commended as the Best Performing Fund over a period of one year in the Specialist Sector at the Investment Fund Awards held in February, whilst the Union Investment Fund, emerged tops in S&P's Investment Funds Performance Awards for the Far East Ex-Japan category for a three-year period ending December 1999. The fund, whose investment focus is centred on Asian equities and benchmarked to the MSCI Far East Ex-Japan, chalked up a gross performance of 48.91 per cent, with dividends reinvested. It was the only unit trust to be awarded five stars in Micropal's ranking of over 150 unit trusts.



Mr Lim Choo Peng, Chairman of the Organising Committee for the Charity Investment Race, congratulates Mrs Goh Mui Hong OUBAM's Executive Director and CEO, on their first place win.

Despite the difficult trading environment in 1997 and 1998, OUBAM raised SGD80,000 in the first lap of the Charity Investment Race and another SGD128,000 in the second lap, making it the winner for the third successive time. Mrs Goh Mui Hong, Executive Director and Chief Executive Officer (CEO) received the Challenge Trophy in a special ceremony in September. The Charity Investment Race is an investment game organised by the Stock Exchange of Singapore to raise funds for 55 charities under the Community Chest umbrella.



Living with the bulls and bears of the stock market are our dedicated team of traders (left) at the Singapore Exchange, and bank customers (right) who regularly monitor their share prices on the television screens at the Raffles Place Service Centre.



Archer I Limited's SGD1 billion Asset-Backed Commercial Paper Programme is a first of its kind launched by a bank in Singapore.

The Treasury Division continued with its creditable performance in spite of the regional economic crisis and forged ahead in the burgeoning debt market which received a new lease of life with a series of bond issues. OUB launched the first ever Asset-Backed Commercial Paper Programme and played a lead role in four bond issues for private and public sector companies. Our focus on broadening and deepening our institutional client business continued as we moved to expand our role in financial engineering.

Archer I Limited's SGD1 billion Asset-Backed Commercial Paper Programme (ABCP) was a pioneering effort by the Bank and one which marked another milestone in the development of the Singapore debt market. OUB developed and managed the programme – the first of its kind launched by a bank in Singapore – and was also the Arranger and Dealer. Archer I Limited, a special purpose company, issues commercial papers on a demand basis. These are collateralised by a pool of debt securities with a maximum expected tenor of 10 years, including high credit quality corporate bonds and supranational bonds.

The ABCP programme brought a new dimension to asset securitisation and presented a new investment option to sophisticated individuals, corporations and fund managers wanting short-term, high yielding investments with tenors of no more than one year.



OUB continued to expand and diversify its debt securities operations to help promote and nurture the growth of Singapore's debt market.

In line with our role as a primary dealer in the Singapore Government bond market, OUB was Co-Lead Manager and Dealer for four SGD bond issues by Jurong Town Corporation (JTC), the Housing & Development Board, John Hancock Global Funding Limited and General Electric Capital Corporation. We were also Co-Manager in five other bond issues.

Our focus on broadening and deepening our institutional client business gained momentum during the year. Treasury was well-positioned to take advantage of market conditions to offer clients risk management solutions based on the use of derivatives like interest rate swaps. Activity in this area intensified as we catered to increased demand on the part of clients to hedge their exposure in an environment of potentially higher interest rates.

As clients became more receptive to yield enhancement products and risk management solutions in the wake of the recent economic turbulence, we expanded our role in financial engineering to reflect a more extensive and integrated value chain incorporating idea generation, product structuring and customisation, marketing and sales, client advisory services and support and risk management. In our drive to enhance and expand treasury operations, we strengthen our capabilities for providing innovative applications of derivatives for proprietary portfolio management, credit risk management and for structuring products for customers.

The Treasury team also moved into a state-of-the-art dealing room in 1999. The new facilities have allowed the Bank to increase capabilities in terms of dealing positions and in its utilisation of information and communications technology. It also allows for future expansion of dealing and customer-based activities.



Bankwide Y2K briefings and talk-through sessions were held throughout the year to keep staff informed of the latest developments.



Concerted efforts were made to respond to customer queries and assure them that the Bank was Y2K ready.

The Bank continued to harness state-of-the-art technology to drive business strategies and meet the challenges of a rapidly transforming competitive environment. Our multi-million dollar investment in information technology (IT) supported the introduction of a series of groundbreaking consumer banking products. Time, energy and resources were also devoted to fortifying and testing computer systems against the dreaded Y2K bug – initiatives which helped ensure our smooth, glitch-free crossover into the year 2000.

The Bank pushed ahead with its final efforts and preparations to ensure the Y2K readiness of the Bank. Conversion of mission critical systems, including internal testing of processes for business and operating units were successfully completed. External tests with service providers, vendors and relevant third parties were also conducted to ensure Y2K compliance and readiness.

Providing a testing ground was the “four nines” or 9.9.99 computer bug, a programming practice which uses four nines in a row to stop data processing. A core group of staff were mobilised to monitor the performance of critical operations and perform wellness checks on systems bankwide. As expected, the Bank’s systems continued to operate without problems.

Y2K Contingency Plans and Business Continuity Plans were refined and tested by service centres and departments to deal with various failure scenarios and minimise inconvenience to customers. A series of briefings and talk-through sessions were also held for staff to exchange and share ideas.



OUB crossed over into the year 2000 without problems and continued to bring state-of-the-art technology-enabled products and services to customers.

We also worked in partnership with other local banks to reassure customers that Singapore banks were Y2K ready. A multi-pronged publicity drive, incorporating print and media advertisements, written assurances and Y2K bank brochures, was implemented to reinforce the message that customer deposits were safe and contingency plans in place. Such efforts were complemented by a comprehensive list of Questions-and-Answers posted on OUB's website and published in our newsletters.

A Command Centre was set up in OUB Tampines Centre to monitor systems over the critical crossover period. Operations in Singapore and overseas which crossed various time zones, were monitored and checked with staff working around the clock to ensure a smooth transition. More than 70 officers were also mobilised to man telephone lines to attend to public enquiries.

Our team of IT professionals also provided critical support for the Bank's OUB2000 initiatives which included the introduction of Internet Banking and a Customised Financial Planning Solutions Platform.



Key functions continued to be centralised in 1999 to help streamline operations and boost efficiency and effectiveness.



OUB is the first Singapore bank to offer the Trade Finance Service which allows customers to conduct a range of online trade services transactions.



A Special Review Unit rolled out a series of programmes to ensure that key control standards and procedures were adhered to.

The Operations Division has expanded considerably since its inception in August 1998 and continues to provide critical back-up services bankwide. In 1999, it spearheaded moves to centralise key backroom functions; helped set up a central data warehouse; and instituted various computerisation and online initiatives to boost operational efficiency and customer service, including the launch of the two “firsts” web-based facilities. Also established, was a special unit to review and manage operational risks.

In line with our efforts to provide service excellence, foster a stronger sales and service culture and streamline operations, more functions were centralised and systems enhanced. Service Centres and our team of mobile sales officers were able to tap into a wealth of customer information with the establishment of a central data warehouse. Our Branch Operations Centre continued to centralise functions including all account applications and changes to personal data.

Enhancements were also made to the Bank's electronic signature storage system, the Signature Verification System, which won an Asian banking award; our Retail System which allows more customers, which now includes Fixed Deposit customers, to transact at any OUB Service Centre instead of just the account opening Service Centre; and our settlement functions which resulted in faster and more efficient processing capabilities.

The launch of the Trade Finance Service distinguished OUB as the first Singapore bank to offer such a unique web-based service. Customers are now able to conduct a range of electronic transactions on the Net, including application for letters of credit, telegraphic transfers and demand drafts.



Systems enhancements and centralisation boosted efficiency and customer service excellence.

The Operations team also played a pivotal role in establishing the Bank's award winning Internet Banking service, targeted first at individual customers and enhanced later to support the special needs of corporate and business clients. It also played a major role in the launch of OUBS Online – the first bank-backed, web-based online trading service. OUB Securities customers are now able, amongst other things, to place and check status on orders, view live stock prices, check account balances and even create personal watchlists to track selected stocks.

The start of the year also saw the establishment of a Special Review Unit tasked with identifying, reviewing and managing operational risks and ensuring that key control standards are observed and adhered to. As part of these efforts, a series of self-assessment programs were implemented at Service Centres to ensure compliance standards were met and to help prevent, identify and rectify operational lapses should they occur.

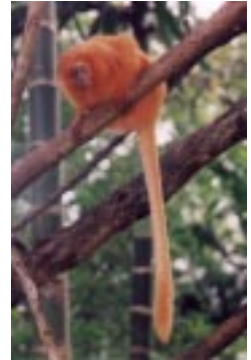
Also on the organisation front, our Credit Administration Department was renamed Credit Operations to better reflect its enlarged and added responsibilities which now includes loan activations, insurance management and the administration of the Share Margin Financing Scheme. The move is part of the Bank's on-going efforts to improve operational efficiency and effectiveness.



The Bank continued its support of longstanding events like the National University of Singapore's Academic Week 1999 where staff gave talks to students.



As a sponsor of Asia's Premier Teddy Bears Picnic, OUB donated proceeds raised from souvenir sales to the Children's Charities Association.



The adoption of the Golden Lion Tamarins at the Singapore Zoological Gardens was one of several new sponsorship projects undertaken by the Bank in 1999.

Being a responsible corporate citizen is strongly infused into the Bank's organisation culture and values. We continued to give our wholehearted support to the needs of children and the elderly, youth and education and music and the arts. This same altruistic spirit is also shared by our subsidiary companies which also raised funds for beneficial causes.

We continued to support two longstanding events. The People's Association Senior Citizens Sports Fiesta attracted some 10,000 supporters, including an enthusiastic contingent of OUB Club 55Plus members.

Senior staff also shared their views, experiences and knowledge with youth at the National University of Singapore's Academic Week 1999, an event which the Bank has supported for the past decade.

Also on the education front, OUB sponsored SGD15,000 to establish in perpetuity, the OUB Gold Medal Award. This is given to the top graduating student in the Institute for Defence and Strategic Studies' Master of Science course.

As part of our outreach efforts to raise awareness of protecting precious lives, the Bank adopted the Golden Lion Tamarins at the Singapore Zoological Gardens. Financial contributions will go towards the maintenance of the tamarin enclosure which is landscaped to replicate the animals' natural habitat.



OUB continued to support a range of deserving causes and charities as part of its community outreach efforts.

Our support of the Children's Charities Association (CCA) continued with the Bank raising over SGD200,000 so far, as part of its 10-year commitment. We produced and sold cute teddy bear tee-shirts at Asia's Premier Teddy Bears Picnic at the Singapore Botanic Gardens, the proceeds of which went to the CCA. Children of the six member CCA charities were also able to enjoy free zoo excursions as part of our sponsorship of the Golden Lion Tamarins.

OUB contributed SGD50,000 once again to the Singapore Symphony Orchestra to sponsor a Musician's Chair. In recognition of our support towards the arts, the Bank was presented with an Associate of the Arts Award by the National Arts Council.

Departments also took initiatives to bring cheer to the less fortunate. Trade Services gave their full and generous support to a week-long internal fundraising effort for the Singapore Children's Society (SCS). Goody bags and proceeds were given to a convalescent home in Woodlands, one of five homes under the SCS.

Doing their part for the nation, were eight OUB NSMen who re-affirmed their commitment to Singapore's defence in the annual SAF Rededication Ceremony for employers within the Central Business District. The Bank also signed a declaration of support and received a token of appreciation from Dr Tony Tan, Deputy Prime Minister and Minister for Defence.

Also doing its part was our Malaysian subsidiary, OUB (Malaysia) Berhad which donated MYR100,000 to the Trust Account for Livestock Epidemic. Set up by the Malaysian Government, the trust account helps victims of the Japanese Encephalitis epidemic which struck pig farms in Negri Sembilan, Perak and Selangor.

Staff Welfare & Training



Chairman Mr Lee Hee Seng presents OUB Recreation Club President Mr Ho Lik Khui, the Lien Ying Chow Trophy at the annual OUB Group Cross-Country Run 1999.



Working and playing together – a host of activities were organised for staff and their families throughout the year.



The IBF diploma course taken by staff was just one of many sponsored by the Bank which conducted and organised over 790 courses in 1999.

The Bank places a high premium on skills upgrading and enhancement for its staff. Our team of training professionals conducted a host of courses and continued to work with external parties to better equip staff with vital technology, customer service, managerial and specialists skills. A series of social and recreational activities also helped strengthen staff bonding, camaraderie and togetherness.

Training is proactive, intensive and business-driven in OUB, playing a key role in helping it meet its business objectives. Our 21 member team housed at our state-of-the-art Training Centre in Tampines conducted and organised over 790 courses for staff in 1999. These ranged from customer service skills and department sessions to information technology and managerial skills courses. Also introduced in 1999 were a series of training programmes to support the initiatives under OUB2000. These included those related to the Customer Relationship Management and Marketing Project, Internet Banking and e-commerce.

Staff also attended a host of external courses. Among this group, were 21 who graduated with their diplomas from the Institute of Banking & Finance (IBF), including two staff who topped the class with the highest aggregate scores in their exams.

Twenty-three staff were honoured for their loyalty and commitment to the Bank when they received their 21 Years Long Service Award. President and Chief Executive Officer, Mr Peter Seah, presented the awards in a special ceremony held at Mandarin Singapore.



OUB is guided by its commitment to build and nurture a skilled and productive team through relevant training and staff welfare initiatives.

Much of the teamwork and fellowship evident at work also extended beyond office boundaries with a series of social and leisure activities organised by the OUB Recreation Club. These included the ever-popular OUB Group Cross-Country Run at MacRitchie Reservoir which brought together Bank staff and those from our subsidiaries and associate companies; a fun-filled Family Day at Sentosa's Siloso Beach where some 1,800 staff and their families enjoyed a day of games, shows and competitions; and the annual Children's Christmas Fair at Mandarin Singapore, with its presents, game stalls and fun competitions.

Also organised were netball, bowling, beach volleyball, golf and street soccer tournaments and overseas trips to destinations like Australia, Japan and Malaysia.

We also ushered in the New Year with an age-old tradition. Over 1,000 staff and their families gathered at Mandarin Singapore for a party hosted by Overseas Union Enterprise Chairman and Managing Director and Overseas Union Bank Founder and Honorary Life Counsellor, Dr Lien Ying Chow and Mrs Lien and OUB Chairman, Mr Lee Hee Seng and Mrs Lee.



The Customer Service Highlight Event marked the culmination of the year's customer service excellence initiatives and programmes.

1999 marked five decades of Customer Service Excellence in OUB. Our Quality Service Teams (QST) identified and implemented innovative ideas to improve efficiency and effectiveness in the workplace – efforts which were duly recognised in the Bank's annual QST Awards. We were also part of a team which clinched a gold award in a national convention and one of 16 companies to participate in a programme to boost productivity. Our annual series of initiatives to nurture and enhance service excellence continued to receive enthusiastic support and culminated in a celebratory event shared by all.

OUB was the only financial institution amongst 16 corporations to participate in the Integrated Management of Productivity Activities Programme (IMPACT). Spearheaded by the National Trades Union Congress, IMPACT is part of the fourth Productivity Push Programme, a tripartite national effort focused on education and training, business consultancy, action programmes and worker participation to raise productivity. Under the Memorandum of Understanding, participating companies like OUB, have pledged to actively promote productivity action programmes.

It was another active year for the Bank's QSTs. Three teams, hailing from Grange Road Service Centre, Training Centre and Beach Road Service Centre, were awarded the QST Of The Year Award for their outstanding efforts, achievements and contributions in tapping the potential of staff and motivating them to take greater ownership of their work.



Quality service is an integral part of OUB's corporate culture with staff playing an active role in improving efficiency and effectiveness in the workplace.

FOCUS of Personnel Department won the Double "I" Award for their continuous stream of ideas to bring improvements to the workplace. It was also one of 10 teams to receive the 1999 Active QST Award. The other winners were from Grange Road, Robinson Road, Hougang, Clementi, World Trade Centre, Toa Payoh, Selegie Road and Ang Mo Kio service centres and Training Centre.

OUB was also part of a Work Improvement Team (WIT) which clinched the Gold Award in the 1999 PS21 Public Sector WITS Convention. Together with representatives from The Hongkong & Shanghai Banking Corporation Limited and the Board of Commissioners of Currency Singapore (BCCS), two OUB staff worked on a project to reduce the time taken to pack high denomination loose notes for return to BCCS.

This year's customer service excellence programmes received enthusiastic support from staff at all levels. These included initiatives and contests for telephone excellence, courtesy, projecting a professional image, star service and service ideas.

The efforts culminated with the Customer Service Highlight Event at the Mandarin Singapore. It was a fun-filled night where the Bank reflected on 50 years of customer service, where games were played and recognition given to those who had contributed to promoting quality service in the Bank.



Financial Review



Group Profit

In 1999, after-tax profit of the OUB Group soared to a record high of \$450.1 million, an increase of 154.8%, a fitting performance to cap the celebrations of the Group's 50th Anniversary of its founding. Good growth in operating income where solid gains were made in the consumer and investment banking businesses, helped to drive the record performance. The profit was given a further boost by a lower level of provisioning required in line with the significant improvement in the region's economies and financial markets.

Operating profit of the Group grew strongly by 10.1% to \$772.1 million despite a 13.1% increase in total operating expenses. There was positive growth of 1% in net interest income while fee and commission income surged by 56.2% to \$232.0 million due mainly to higher contribution from stockbroking, investment banking and loan-related fees.

Operating Expenses

The increase in total operating expenses by 13.1% to \$437.4 million was attributable to higher staff costs, up 8.9% to \$227.5 million while other operating expenses rose by 18.1% to \$209.9 million mainly due to sustained spending on information technology.

Key Indicators

Return on equity of the Group registered significant improvement from 4.0% to 9.9%. Earnings per share were up by 27.72 cents to 45.81 cents. Net tangible assets per share increased by 7.9% from \$4.41 to \$4.76 as at 31 December 1999.

Segmental Contribution

Contributions by geographic segments were based on the locations where the transactions were booked. Operations in Singapore contributed to the bulk of the Group's pre-tax profit (81.8%), with Other Asean (2.3%), Other Asia Pacific (11.4%) and Rest of the World (4.5%).

Loans & Advances

The Group was able to draw the full benefits from an improved economic environment by having correctly positioned itself for the Asian recovery. On the area of lending, our commitment to long-term relationships with customers helped to grow our loan portfolio. Gross loans to non-bank customers increased by a healthy 4.8% or \$1.2 billion to \$26.3 billion. This was achieved despite a 13.9% or \$0.4 billion decrease in regional non-bank customer loans.

Growths were registered in most sectors. In particular, the launch of the OUB

2000 initiatives which targeted the consumer market paid-off with an increase of 35.1% or \$859 million to \$3.31 billion in housing loans. Loans to professionals and private individuals also saw strong growth of \$393 million or 11.8% to \$3.73 billion, a good reflection of OUB's strengthening consumer banking franchise. Manufacturing registered growth of \$321 million or 18.4% whilst transport and communication grew by \$253 million or 36.7%. Exposure to building & construction, however, fell by \$1.2 billion or 17.2% which constituted 22.3% (1998 : 28.2%) of the Group's total loan exposure.

Regional Exposure

The Group's net exposure to the five regional countries namely Malaysia, Indonesia, Thailand, South Korea and Philippines, stood at \$3.15 billion, a reduction of 14.5% from net exposure of \$3.68 billion at end 1998. The net exposure as at end 1999 represented 8.0% of Group total assets. On a country basis, 83.6% of the regional net exposure was to Malaysia, representing 6.7% of Group total assets. Exposure to the remaining regional countries accounted for 1.3% of Group total assets.

Group Exposure to Regional Countries

\$million

	Loans				Total Exposure (e=a+b+c+d)	Less : Loans To/ Investments In Financial Subsidiaries (f)	Net Exposure	
	Non-Bank (a)	Central Banks & Govt Securities (b)	Bank (c)	Investments (d)			Amount (g = e - f)	% of Total Assets (h)
Malaysia								
31 Dec 1999	2,216	364	394	255	3,229	598	2,631	6.7
31 Dec 1998	2,358	470	613	229	3,670	792	2,878	6.6
Indonesia								
31 Dec 1999	147	-	40	-	187	-	187	0.5
31 Dec 1998	182	-	40	-	222	-	222	0.5
Thailand								
31 Dec 1999	103	-	141	1	245	70	175	0.4
31 Dec 1998	264	-	190	-	454	90	364	0.9
South Korea								
31 Dec 1999	121	-	29	-	150	13	137	0.4
31 Dec 1998	200	-	27	-	227	12	215	0.5
Philippines								
31 Dec 1999	-	17	15	-	32	15	17	-
31 Dec 1998	-	2	-	-	2	-	2	-
Total								
31 Dec 1999	2,587	381	619	256	3,843	696	3,147	8.0
31 Dec 1998	3,004	472	870	229	4,575	894	3,681	8.5

Provisioning

Global provision for the year amounted to \$211.2 million of which provision for the regional countries declined substantially to \$20.6 million from \$241.4 million in 1998. This lower provisioning requirement was in line with the marked improvement in the region's economies and financial markets as well as a decrease in exposure to the region.

Non-Performing Loans (NPLs) & Cumulative Provisions

The Group's global NPLs increased marginally from \$2.89 billion to \$2.99 billion, of which 27% or \$806 million (1998 : \$819 million) was from the region. Global NPLs constituted 7.6% of global assets with 73.0% in the substandard category and 63.9% fully secured. NPLs appeared to have peaked in 1999. A loan is automatically classified as non-performing once the interest or principal payments are three months or more in arrears.

Total global cumulative specific and general provisions increased by \$179 million to \$1.33 billion as at 31 December 1999. This represented a significant increase in coverage to 44.6% (1998 : 39.9%) of global NPLs and 123.3% (1998 : 104.9%) of global unsecured NPLs. Cumulative provision for the region grew by \$8 million to \$606 million which provided coverage of 75.2% (1998 : 73.0%) of regional NPLs and 136.8% (1998 : 122.0%) of regional unsecured NPLs.

Total Assets & Total Deposits

The Group's total assets and total deposits decreased by 9.4% and 12.6% to \$39.4 billion and \$32.9 billion respectively on account of lower inter-bank activities in the market towards the end of the year due to Year 2000 considerations.

Subsidiary & Associated Companies

Subsidiaries of the Group registered strong growth in total after-tax profit reaching \$150.1 million, an increase of 183.7% over last year.

The Group adopted equity accounting for its investments in associated companies with effect from 1999. Its share of the associated companies' after-tax profits amounted to \$34.3 million as compared to \$2.2 million last year.

Capital Adequacy Ratio (CAR)

The Group's CAR based on Bank of International Settlements (BIS) guidelines improved from 16.3% to 18.0%, more than twice the minimum BIS requirement. Overall capital increased by \$566 million or 12%, out of which \$409 million was Tier 1 and \$157 million Tier 2.

The Monetary Authority of Singapore (MAS) required Singapore incorporated banks to maintain CAR of 12% of which 10% must be Tier 1 capital. The Group's CAR is in excess of these requirements.

Group Capital Adequacy Ratio

	31 Dec 1999	31 Dec 1998	+ / (-)
	\$m	\$m	%
Capital			
Tier 1	4,733	4,324	9.5
Tier 2	565	408	38.4
	5,298	4,732	12.0
Risk weighted assets (including market risk)	29,379	29,080	1.0
Capital adequacy ratio			
Tier 1	16.1%	14.9%	8.1
Total (Tier 1 & Tier 2)	18.0%	16.3%	10.4

Capital Resources

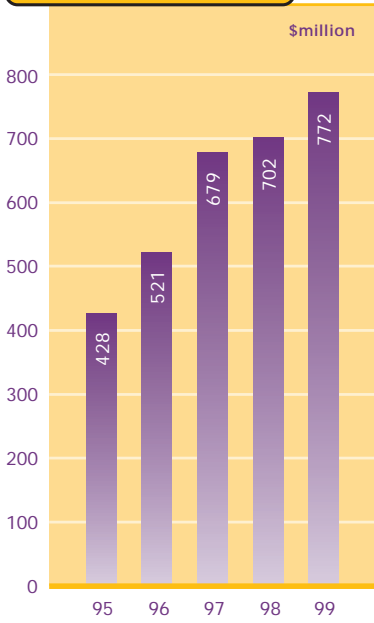
Total shareholders' funds of the Group rose by \$0.4 billion or 9.6% to reach \$4.72 billion as at 31 December 1999. Unrealised surplus on revaluation of properties and securities amounted to \$0.7 billion, an increase of 40.2% over last year.

Five-Year Group Financial Summary

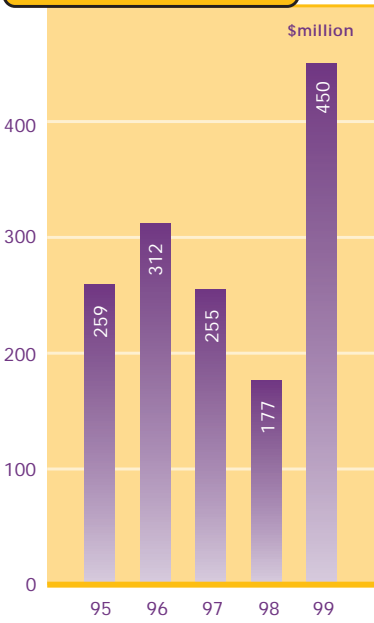
	1999	1998	1997	1996	1995
Profit & Loss (\$'000)					
Operating profit	772,104	701,487	678,443	520,899	428,148
Net profit before tax	606,160	242,725	361,480	437,687	370,404
Net profit attributable to members	450,069	176,615	255,005	311,900	259,333
Balance Sheet (\$'000)					
Assets					
Total assets	39,372,025	43,472,048	38,860,666	33,519,337	25,614,563
Non-bank loans & bills	25,003,797	23,966,225	22,938,238	18,905,822	14,744,923
Securities held	4,696,060	4,010,827	2,789,554	2,202,350	1,775,562
Liabilities					
Non-bank deposits	24,564,360	25,790,596	22,350,987	18,062,412	14,175,982
Total deposits	32,876,375	37,608,012	33,577,325	29,140,702	21,532,946
Debt securities issued	50,000	50,000	50,000	50,000	141,360
Capital and Reserves					
Issued and paid-up capital	990,790	816,988	816,949	680,056	679,510
Shareholders' funds	4,720,935	4,306,501	4,041,758	3,188,325	2,937,779
Financial Ratios					
Dividend cover (number of times)	3.7	1.9	3.5	5.3	4.6
Net tangible assets (NTA) per share (\$) *	4.76	4.41	4.12	3.90	3.58
Return on equity (ROE) (%)	9.9	4.0	7.0	10.1	10.5
Expense-to-income ratio (%)	36.2	35.5	35.8	40.3	42.4
Capital adequacy ratio (CAR) – BIS (%)	18.0	16.3	16.1	15.6	19.1

* Adjusted for shares arising from the Bonus Issues in 1999

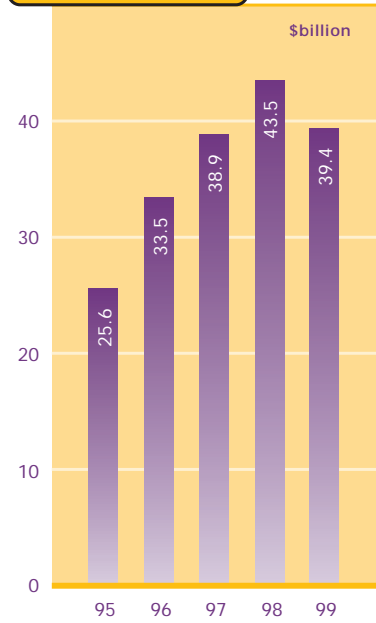
Group Operating Profit



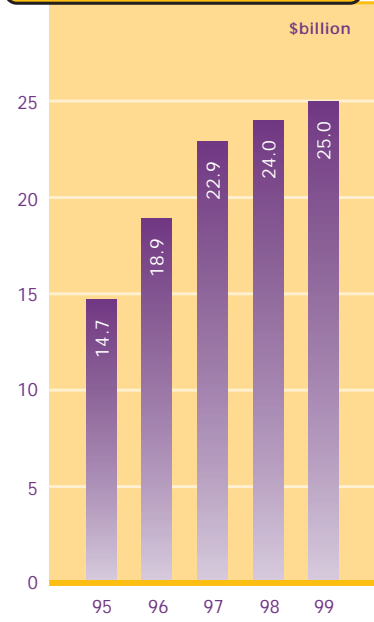
Group Net Profit Attributable to Members



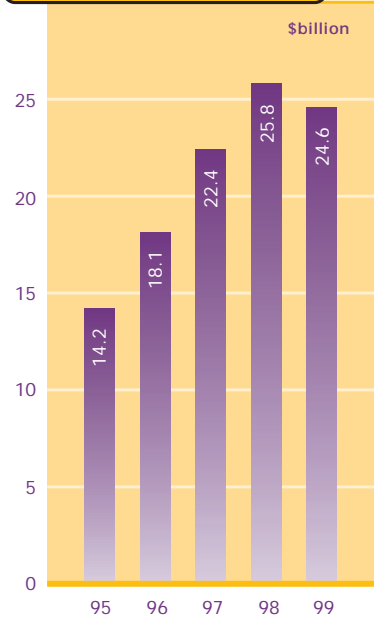
Group Total Assets



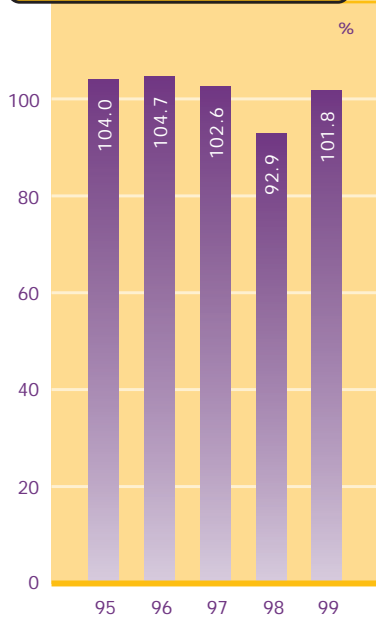
Group Non-Bank Loans & Bills



Group Non-Bank Deposits



Group Non-Bank Loans to Non-Bank Deposits Ratio



1000



Financial Statements₁₉₉₉



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	Proxy Form

The Directors of the Bank present their report and statement to the members together with the audited financial statements of the Bank and of the Group for the financial year ended 31 December 1999 which have been prepared in accordance with the provisions of the Companies Act, Cap. 50 with such modifications and exceptions as have been determined by the Monetary Authority of Singapore.

Directors

(a) The Directors holding office at the date of this report are :

Lee Hee Seng
Peter Seah Lim Huat
Tan Puay Hee
Lim Boon Kheng
Tan Sri Dato Tan Teck Khim
Teo Soo Chuan
Dr Cheong Siew Keong
Tan Kok Quan
Professor Lim Pin
Dr Andrew Chew Guan Khuan
Margaret Lien Wen Hsien (*Appointed on 1 February 2000*)
Ngiam Tong Dow (*Appointed on 1 February 2000*)

- (b) Mr Lee Hee Seng, Dr Cheong Siew Keong and Dr Andrew Chew Guan Khuan retire pursuant to Section 153(2) of the Companies Act, Cap. 50 and resolutions will be proposed for their re-appointment as Directors under Section 153(6) of the Act, to hold office until the next Annual General Meeting of the Bank.
- (c) In accordance with Article 93 of the Articles of Association, Mrs Margaret Lien Wen Hsien and Mr Ngiam Tong Dow retire from the Board at the Annual General Meeting and, being eligible, offer themselves for re-election.
- (d) In accordance with Article 102 of the Articles of Association, Mr Peter Seah Lim Huat retires by rotation from the Board at the Annual General Meeting and, being eligible, offers himself for re-election.
- (e) Mr Tan Puay Hee, Tan Sri Dato Tan Teck Khim and Mr Teo Soo Chuan will be retiring as Directors of the Bank pursuant to Section 153(2) of the Companies Act, Cap. 50 at the forthcoming Annual General Meeting of the Bank and will not be seeking re-appointment as Directors.

Principal Activities

The Bank carries on all the normal activities of a commercial bank whilst the principal activities of its subsidiaries are listed in Note 29. There have been no significant changes in the nature of these activities during the financial year.

Acquisition and Disposal of Subsidiaries

Following the merger of the Bank and its wholly-owned subsidiary, International Bank of Singapore Limited ("IBS") and pursuant to the provisions of Article 9(1) of the Fifth Schedule of the Banking Act and Section 344 of the Companies Act, IBS was deregistered on 30 April 1999.

Results

	The Group \$'000	The Bank \$'000
Net profit after tax	476,064	294,268
Less : Minority interests	25,995	–
Net profit attributable to members of the Bank	450,069	294,268
Profit unappropriated brought forward from previous year		
As previously stated	583,238	368,913
Change in accounting policy with respect to equity accounting for associated companies	10,397	–
As restated	593,635	368,913
Less : Share of associated companies' results	25,434	–
Dividends paid less tax in respect of shares issued under OUB Share Option Schemes after previous year end	90	90
	568,111	368,823
Amount available for appropriation	1,018,180	663,091
Less : Transfer to capital reserves	(1)	–
Transfer to general reserves	107,008	73,588
Interim dividend of 5% less Singapore income tax at 26%	33,556	33,556
Proposed final dividend of 7% less Singapore income tax at 25.5%	51,670	51,670
Proposed special dividend of 5% less Singapore income tax at 25.5%	36,907	36,907
	229,140	195,721
Profit unappropriated carried forward to next year	789,040	467,370

Movements in Reserves

	The Group \$'000	The Bank \$'000	
(a) Capital reserves			
At 1 January 1999	40,679	107	
Exchange translation adjustments	(1)	–	
Transfer from profit and loss accounts	(1)	–	
At 31 December 1999	<u>40,677</u>	<u>107</u>	
(b) Share premium			
At 1 January 1999	1,867,984	1,867,984	
Premium on shares exercised under OUB Share Option Schemes	50,668	50,668	
Net premium utilised for bonus issues	(160,196)	(160,196)	
Expenses in connection with bonus issues	(1,340)	(1,340)	
At 31 December 1999	<u>1,757,116</u>	<u>1,757,116</u>	
(c) General reserves			
At 1 January 1999	803,276	698,959	
Exchange translation adjustments	6,299	3,168	
Adjustment for decrease in shareholdings in a subsidiary arising from employee share options exercised	(179)	–	
Transfer from profit and loss accounts	107,008	73,588	
At 31 December 1999	<u>916,404</u>	<u>775,715</u>	
(d) Share of associated companies' reserves			
	The Group		
	Distributable \$'000	Non-Distributable \$'000	Total \$'000
At 1 January 1999			
As previously stated	–	–	–
Share of associated companies' reserves on initial adoption of equity accounting	47,682	136,257	183,939
As restated	47,682	136,257	183,939
Exchange translation adjustments	500	1,563	2,063
Net movements during the year	15,053	25,853	40,906
At 31 December 1999	<u>63,235</u>	<u>163,673</u>	<u>226,908</u>

Issue of Shares and Debentures

The Bank

- (a) During the financial year, the Bank issued 81,821,253 ordinary shares of \$1.00 each by way of a bonus issue on the basis of 1 new ordinary share for every 10 shares held by shareholders of the Bank as at 15 May 1999.
- (b) During the financial year, the Bank issued 78,399,537 ordinary shares of \$1.00 each by way of a bonus issue on the bases of 50 new ordinary shares for every 1,000 local shares held by shareholders of the Bank and 142 new ordinary shares for every 1,000 foreign shares held by shareholders of the Bank as at 16 September 1999 at 5.00 p.m. for the purpose of removing the restrictions on foreign ownership of the Bank's shares pursuant to a scheme of arrangement under Section 210 of the Companies Act.
- (c) During the financial year, the Bank issued the following ordinary shares of \$1.00 each, fully paid up in cash, pursuant to the OUB Share Option Schemes upon the exercise of options by eligible officers under the Schemes :
 - (i) 435,314 ordinary shares of \$1.00 each at the price of \$6.17 for the 1994 Options;
 - (ii) 1,781,157 ordinary shares of \$1.00 each at the price of \$5.61 for the 1994 Options;
 - (iii) 38,552 ordinary shares of \$1.00 each at the price of \$5.34 for the 1994 Options;
 - (iv) 91,592 ordinary shares of \$1.00 each at the price of \$6.09 for the 1995 Options;
 - (v) 2,530,286 ordinary shares of \$1.00 each at the price of \$5.54 for the 1995 Options;
 - (vi) 350,378 ordinary shares of \$1.00 each at the price of \$5.28 for the 1995 Options and 83,856 ordinary shares of \$1.00 each at the price of \$5.28 for the Replacement Options granted in substitution thereof;
 - (vii) 77,508 ordinary shares of \$1.00 each at the price of \$6.14 for the 1996 Options;
 - (viii) 1,806,741 ordinary shares of \$1.00 each at the price of \$5.58 for the 1996 Options;
 - (ix) 378,429 ordinary shares of \$1.00 each at the price of \$5.31 for the 1996 Options and 127,636 ordinary shares of \$1.00 each at the price of \$5.31 for the Replacement Options granted in substitution thereof;
 - (x) 620,000 ordinary shares of \$1.00 each at the price of \$5.82 for the 1997 Options;
 - (xi) 1,730,497 ordinary shares of \$1.00 each at the price of \$5.29 for the 1997 Options;
 - (xii) 253,632 ordinary shares of \$1.00 each at the price of \$5.04 for the 1997 Options and 323,741 ordinary shares of \$1.00 each at the price of \$5.04 for the Replacement Options granted in substitution thereof; and
 - (xiii) 2,173,470 ordinary shares of \$1.00 each at the price of \$1.89 for the 1998 Options and 778,730 ordinary shares of \$1.00 each at the price of \$1.89 for the Replacement Options granted in substitution thereof.

Subsidiaries

During the financial year :

- (a) Overseas Union Trust Limited issued :
 - (i) 6,225 ordinary shares of \$1.00 each at the price of \$1.33 arising from the conversion of warrants in accordance with the Deed Poll;
 - (ii) 94,000 ordinary shares of \$1.00 each at the price of \$2.14 for the 1997 Options upon the exercise of options by eligible officers under the OUT Share Option Scheme; and
 - (iii) 104,000 ordinary shares of \$1.00 each at the price of \$1.00 for the 1998 Options upon the exercise of options by eligible officers under the OUT Share Option Scheme.

- (b) OUB Investments Pte Ltd issued 20,000,000 ordinary shares of \$1.00 each at par for cash in order to provide additional working capital.
- (c) Securities Investments Pte Ltd issued 20,000,000 ordinary shares of \$1.00 each at par for cash in order to acquire 24,500,000 new shares in PJB Pacific Securities Sdn Bhd.

Arrangements to Enable Directors to Acquire Benefits

Neither during nor at the end of the financial year was the Bank a party to any arrangement whose objects were, or one of whose objects was to enable the Directors of the Bank to acquire benefits through the acquisition of shares in, or debentures of, the Bank or any other body corporate, other than as disclosed in this Report under the heading "Share Options".

Directors' Interests in Shares or Debentures

- (a) The Directors holding office at 31 December 1999 and their interests in the share capital of the Bank, as recorded in the register of Directors' shareholdings, were as follows :

	No. of Ordinary Shares of \$1.00 each			
	Shares held by Directors and their immediate families		Shares in which Directors are deemed to have an interest	
	At 31 December 1999	At 1 January 1999	At 31 December 1999	At 1 January 1999
Lee Hee Seng	1,081,426	936,300	429,429	371,800
Peter Seah Lim Huat	166,220	334,437	–	–
Tan Puay Hee	725,340	628,000	–	–
Lim Boon Kheng	4,110,341	3,272,044	–	–
Tan Sri Dato Tan Teck Khim	59,598	51,600	–	–
Teo Soo Chuan	165,396	143,200	2,385,860	2,085,180
Dr Cheong Siew Keong	–	–	–	–
Tan Kok Quan	30,000	–	12,705	11,000
Professor Lim Pin	–	–	–	–
Dr Andrew Chew Guan Khuan	–	–	–	–

OUB Share Option Schemes No. of Unissued Ordinary Shares of \$1.00 each under Options held by Directors

	At	At
	31 December 1999	1 January 1999
Lee Hee Seng	1,035,114	768,084
Peter Seah Lim Huat	812,090	622,977

- (b) According to the register of Directors' shareholdings, other than their interests in the share capital of a partly-owned subsidiary company, Overseas Union Trust Limited, which are shown below, the Directors did not hold any beneficial interests in the share capital or debentures of any of the subsidiaries at the beginning and end of the financial year :

	No. of Ordinary Shares of \$1.00 each			
	Shares held by Directors and their immediate families		Shares in which Directors are deemed to have an interest	
	At 31 December 1999	At 1 January 1999	At 31 December 1999	At 1 January 1999
Lee Hee Seng	66,000	66,000	–	–
Tan Puay Hee	66,000	66,000	–	–
Teo Soo Chuan	35,200	35,200	–	–

	No. of Warrants expiring in 2001 to subscribe for Ordinary Shares of \$1.00 each			
	Warrants held by Directors and their immediate families		Warrants in which Directors are deemed to have an interest	
	At 31 December 1999	At 1 January 1999	At 31 December 1999	At 1 January 1999
Lee Hee Seng	8,000	8,000	–	–
Tan Puay Hee	7,500	7,500	–	–
Teo Soo Chuan	4,000	4,000	–	–

- (c) There was no change in any of the interests set out in sub paragraphs (a) and (b) above between the end of the financial year and 21 January 2000.

Dividends

Dividends paid, declared or proposed since the end of the Bank's last financial year were as follows :

	\$
(a) in respect of the year ended 31 December 1998, as proposed in the Directors' Report for that year, a final dividend of 7% and a special dividend of 3% less Singapore income tax at 26%, paid on 28 May 1999, amounting to	60,547,726
(b) in respect of the year ended 31 December 1999, an interim dividend of 5%, less Singapore income tax at 26%, paid on 10 September 1999, amounting to	33,555,796
a proposed final dividend of 7% less Singapore income tax at 25.5%, amounting to	51,669,721
a proposed special dividend of 5% less Singapore income tax at 25.5%, amounting to	36,906,944

Bad and Doubtful Debts

- (a) Before the financial statements of the Bank were made out, the Directors took reasonable steps to ascertain the action taken in relation to the writing off of bad debts and providing for doubtful debts and have caused all known bad debts to be written off and adequate provision to be made for doubtful debts; and
- (b) At the date of this Report, the Directors are not aware of any circumstances which would render the amounts written off for bad debts or provided for doubtful debts in the Group inadequate to any substantial extent.

Current Assets

- (a) Before the financial statements of the Bank were made out, the Directors took reasonable steps to ascertain that any 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.
- (b) At the date of this Report, the Directors are not aware of any circumstances which would render the values attributed to current assets in the consolidated financial statements misleading.

Charges and Contingent Liabilities

At the date of this Report, no charges have arisen since the end of the financial year on the assets of the Bank or any corporation in the Group which secure the liability of any other person nor have any contingent liabilities arisen since the end of the financial year in the Bank or any corporation in the Group other than those normally undertaken in the course of the activities and those disclosed in the notes to the financial statements 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

- (a) 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.
- (b) In the interval between the end of the financial year and the date of this Report, no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the Directors, would substantially affect 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 except for an outstanding housing loan granted by the Bank to Mr Peter Seah Lim Huat in accordance with the Staff Loan Scheme, no Director has received or become entitled to receive a benefit (other than as disclosed in this Report or in the consolidated financial statements) by reason of contracts made by the Bank or by 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

1. OUB Share Option Schemes

OUB Share Option Scheme 1989

- (a) The OUB Share Option Scheme (the "1989 Scheme") was approved by the members of the Bank at an Extraordinary General Meeting held on 26 May 1989.
- (b) Particulars of and statutory information regarding the options granted in 1989, 1990, 1991, 1992, 1993 and 1994 under the 1989 Scheme (herein called "the 1989 Options", "the 1990 Options", "the 1991 Options", "the 1992 Options", "the 1993 Options" and "the 1994 Options" respectively) and adjustments made pursuant to the 1989 Scheme have been set out in the Reports of the Directors for the years ended 31 December 1989, 1990, 1991, 1992, 1993 and 1994 respectively.
- (c) With the expiry of the 1994 Options on 30 September 1999, the 1989 Scheme has ceased.

OUB Share Option Scheme 1995

- (a) The OUB Share Option Scheme 1995 (the "1995 Scheme") was approved by the members of the Bank at an Extraordinary General Meeting held on 11 May 1995 to replace the 1989 Scheme and amendments to the 1995 Scheme were approved by the members of the Bank at an Extraordinary General Meeting held on 6 May 1999.
- (b) Particulars of and statutory information regarding the options granted in 1995, 1996, 1997 and 1998 under the 1995 Scheme (herein called "the 1995 Options", "the 1996 Options", "the 1997 Options" and "the 1998 Options" respectively) have been set out in the Reports of the Directors for the years ended 31 December 1995, 1996, 1997 and 1998 respectively.
- (c) During the year, options were granted pursuant to the 1995 Scheme in respect of 8,684,000 unissued ordinary shares of \$1.00 each of the Bank (hereinafter called "the 1999 Options") to officers of the Bank and certain of its subsidiaries in the corporate grade of or equivalent to Assistant Vice President and above including executive directors of the Bank and certain of its subsidiaries.
- (d) Statutory information regarding the 1999 Options is as follows :
 - (i) The date of expiration of the 1999 Options is 19 September 2009 unless any such option has ceased prior thereto by reason of Regulation 21 of the Regulations of the Scheme (relating to the resignation or the termination of employment or appointment of the grantee, or where the grantee is adjudged a bankrupt or enters into composition with his creditors, after the grant of the option).
 - (ii) The grantee may exercise a 1999 Option during the option period relating thereto by notice in writing accompanied by a remittance for the full amount of the offering price.
 - (iii) The offering price was equal to the market value of the Bank's shares based on the average of the last dealt price per share of the Bank on the Singapore Exchange Securities Trading Limited ("SGX"), formerly known as the Stock Exchange of Singapore, as determined by reference to the daily official list published by the SGX for a period of 3 market days, on each of which there was trading of the Bank's shares, immediately prior to the offering date on 20 September 1999.

- (iv) The number of shares which may be acquired on the exercise of a 1999 Option, par value, class and/or the offering price shall, in accordance with the Regulations of the 1995 Scheme, be adjusted in such manner as the Committee appointed to administer the 1995 Scheme, on the written confirmation of the auditors of the Bank for the time being that such adjustment is fair and reasonable (except in relation to a capitalisation issue), shall determine to be appropriate, in the event of any variation in the issued share capital of the Bank (whether by way of capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation or otherwise howsoever).
- (v) The persons to whom the 1999 Options have been granted have no right to participate by virtue of such options in any share issue of any other company.
- (e) On 1 November 1999, replacement options were granted pursuant to the 1995 Scheme (as amended) in respect of 12,327,653 unissued ordinary shares of \$1.00 each of the Bank (hereinafter called “the Replacement Options”) to holders of outstanding options granted under the 1995 Scheme and who, on that date, satisfied the eligibility criteria specified in Regulation 6 of the Regulations of the 1995 Scheme. Each Replacement Option comprises such number of shares, and can be exercisable into shares at such offering price, as was applicable to the outstanding option to which such Replacement Option relates. However, such Replacement Option has an option period equivalent to the aggregate of (i) the remaining option period of the outstanding option to which it relates and (ii) sixty months, after taking into account the remaining moratorium period (if any) in respect of such outstanding option. The grantee can exercise the Replacement Option during the option period by notice in writing accompanied by a remittance for the full amount of the offering price. Existing options held by grantees who elected not to accept Replacement Options in substitution thereof continue to have full force and effect in accordance with the terms of the 1995 Scheme. The persons to whom the Replacement Options have been granted have no right to participate by virtue of such options in any share issue of any other company.
- (f) Particulars of options granted to, and exercised by, the following Directors under the 1995 Scheme during the financial year are as follows :

Name of participant	Options granted during financial year	Aggregate options granted since commencement of scheme to end of financial year	Aggregate options exercised since commencement of scheme to end of financial year	Aggregate options outstanding as at end of financial year
Lee Hee Seng	320,000	1,035,114	–	1,035,114
Peter Seah Lim Huat	240,000	812,090	–	812,090

Adjustments Under OUB Share Option Schemes

- (a) In accordance with the provisions of the 1989 Scheme and the 1995 Scheme, the following adjustments (which took effect from 20 May 1999) were made to outstanding options granted in 1994, 1995, 1996, 1997 and 1998 as a consequence of the 1 for 10 bonus issue which was implemented in May 1999 :

Year in which options were granted	No. of shares under outstanding options as at 20 May 1999	No. of additional shares arising from adjustment	Offering price per share before adjustment	Offering price per share after adjustment
1994	1,652,665	165,218	\$6.17	\$5.61
1995	4,161,409	415,925	\$6.09	\$5.54
1996	4,680,779	467,861	\$6.14	\$5.58
1997	4,395,000	439,500	\$5.82	\$5.29
1998	5,786,000	578,600	\$2.18	\$1.98

- (b) Mr Lee Hee Seng and Mr Peter Seah Lim Huat, Directors of the Bank, had their respective options adjusted as follows at the abovementioned offering prices :

Name	Year in which options were granted	No. of shares under outstanding options as at 20 May 1999	No. of additional shares arising from adjustment
Lee Hee Seng	1994	148,936	14,893
	1995	159,574	15,957
	1996	159,574	15,957
	1997	150,000	15,000
	1998	150,000	15,000
Peter Seah Lim Huat	1995	127,659	12,765
	1996	127,659	12,765
	1997	120,000	12,000
	1998	120,000	12,000

Note : The 1994 Options, to the extent unexercised, expired on 30 September 1999.

- (c) In accordance with the provisions of the 1995 Scheme, the following adjustments (which took effect from 20 September 1999) were made to outstanding options granted in 1994, 1995, 1996, 1997 and 1998 as a consequence of the 50 for 1,000 local shares and 142 for 1,000 foreign shares bonus issue which was implemented in September 1999 :

Year in which options were granted	No. of shares under outstanding options as at 20 September 1999	No. of additional shares arising from adjustment	Offering price per share before adjustment	Offering price per share after adjustment
1994	36,726	1,832	\$5.61	\$5.34
1995	2,047,048	102,295	\$5.54	\$5.28
1996	3,341,899	167,002	\$5.58	\$5.31
1997	3,099,603	154,979	\$5.29	\$5.04
1998	6,321,700	316,085	\$1.98	\$1.89

- (d) Mr Lee Hee Seng and Mr Peter Seah Lim Huat, Directors of the Bank, had their respective options adjusted as follows at the abovementioned offering prices :

Name	Year in which options were granted	No. of shares under outstanding options as at 20 September 1999	No. of additional shares arising from adjustment
Lee Hee Seng	1995	175,531	8,776
	1996	175,531	8,776
	1997	165,000	8,250
	1998	165,000	8,250
Peter Seah Lim Huat	1995	140,424	7,021
	1996	140,424	7,021
	1997	132,000	6,600
	1998	132,000	6,600

Note : The 1994 Options, to the extent unexercised, expired on 30 September 1999.

Unissued Shares Under the 1995 Scheme

Statutory information regarding the unissued shares of the Bank under options which were granted pursuant to the 1995 Scheme as at 31 December 1999 is as follows :

	1999 Options		1998 Options		1997 Options		1996 Options		1995 Options	
	Out-standing options (not replaced)	Replace-ment Options	Out-standing options (not replaced)	Replace-ment Options	Out-standing options (not replaced)	Replace-ment Options	Out-standing options (not replaced)	Replace-ment Options	Out-standing options (not replaced)	Replace-ment Options
(i) Ordinary shares of \$1.00 each	8,489,000	55,515	3,629,850	58,015	2,619,194	80,407	2,922,427	65,590	1,649,518	
(ii) Offering price per \$1.00 share	\$7.88	\$1.89	\$1.89	\$5.04	\$5.04	\$5.31	\$5.31	\$5.28	\$5.28	
(iii) Option period	20.9.2000 to 19.9.2009	1.10.1999 to 30.9.2003	1.11.1999 to 30.9.2008	6.10.1998 to 5.10.2002	1.11.1999 to 5.10.2007	1.10.1997 to 30.9.2001	1.11.1999 to 30.9.2006	2.10.1996 to 1.10.2000	1.11.1999 to 1.10.2005	

2. OUT Share Option Scheme

- (a) The OUT Share Option Scheme (the scheme as amended or modified from time to time hereinafter called the "OUT Scheme") was approved by the members of Overseas Union Trust Limited ("OUT") at an Extraordinary General Meeting held on 11 May 1995.
- (b) Particulars of and statutory information regarding the options granted in 1995, 1996, 1997 and 1998 under the OUT Scheme (herein called "the OUT 1995 Options", "the OUT 1996 Options", "the OUT 1997 Options" and "the OUT 1998 Options" respectively) and adjustments made thereto pursuant to the Scheme

have been set out in the Reports of the Directors for the financial years ended 31 December 1995, 1996, 1997 and 1998 respectively.

- (c) During the year, options were granted pursuant to the OUT Scheme in respect of 171,000 unissued ordinary shares of \$1.00 each of OUT (hereinafter called “the OUT 1999 Options”) to officers of OUT in the corporate grade of or equivalent to Assistant Manager and above and an executive director of OUT.
- (d) Statutory information regarding the OUT 1999 Options is as follows :
- (i) The date of expiration of the OUT 1999 Options is 30 September 2009 unless any such option has ceased prior thereto by reason of Regulation 21 of the Regulations of the OUT Scheme (relating to the resignation or the termination of employment or appointment of the grantee, or where the grantee is adjudged a bankrupt or enters into composition with his creditors, after the grant of option).
 - (ii) The grantee may exercise an OUT 1999 Option during the option period relating thereto by notice in writing accompanied by a remittance for the full amount of the offering price.
 - (iii) The offering price was equal to the market value of OUT’s shares based on the average of the last dealt price per share of OUT on the SGX as determined by reference to the daily official list published by the SGX for a period of 3 market days, on each of which there was trading of OUT’s shares, immediately prior to the offering date on 1 October 1999.
 - (iv) The number of shares which may be acquired on the exercise of an OUT 1999 Option, par value, class and/or the offering price shall, in accordance with the Regulations of the OUT Scheme, be adjusted in such manner as the Committee appointed to administer the OUT Scheme, on the written confirmation of the auditors of OUT for the time being that such adjustment is fair and reasonable (except in relation to a capitalisation issue), shall determine to be appropriate, in the event of any variation in the issued share capital of OUT (whether by way of capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation or otherwise howsoever).
 - (v) The persons to whom the OUT 1999 Options have been granted have no right to participate by virtue of such options in any share issue of any other company.
- (e) Statutory information regarding the unissued shares of OUT under options which were granted pursuant to the OUT Scheme as at 31 December 1999 is as follows :

	1999 OUT Options	1998 OUT Options	1997 OUT Options	1996 OUT Options	1995 OUT Options
(i) Ordinary shares of \$1.00 each	171,000	75,000	63,000	100,000	170,434
(ii) Offering price per \$1.00 share	\$2.27	\$1.00	\$2.14	\$2.61	\$2.49
(iii) Option period	1.10.2000 to 30.9.2009	5.10.1999 to 4.10.2003	1.10.1998 to 30.9.2002	3.10.1997 to 2.10.2001	2.10.1996 to 1.10.2000

The persons to whom the above options have been granted have no right to participate by virtue of such options in any share issue of any other company.

(3) OUT Warrants

(a) Particulars of and statutory information regarding the warrants issued by OUT pursuant to a Prospectus dated 30 September 1996 (the "Warrant Issue") have been set out in the Report of the Directors for the year ended 31 December 1996.

(b) Statutory information regarding the unissued shares of OUT under warrants which were issued pursuant to the Warrant Issue as at 31 December 1999 is as follows :

(i) Ordinary shares of S\$1.00 each	7,016,025
(ii) Exercise price per S\$1.00 share	\$1.33
(iii) Exercise period	5 November 1996 to 3 October 2001

Issue of Shares Under Options

Save as disclosed in this Report under the heading "Issue of Shares and Debentures", no shares of the Bank or any corporation in the Group were issued during the financial year to which this Report relates by virtue of the exercise of options (including warrants) to take up unissued shares of the Bank or corporations in the Group, whether granted before or during the financial year.

Share Options – Others

Except as disclosed in this Report, there were no outstanding options granted by the Bank or any corporation in the Group.

Audit Committee

(a) The Audit Committee carried out its functions in accordance with Section 201B(5) of the Companies Act, Cap. 50 and the requirements of the SGX Listing Manual, including a review of the financial statements of the Bank and of the Group for the financial year and the auditors' report thereon.

(b) The Audit Committee has nominated PricewaterhouseCoopers for re-appointment as auditors of the Bank at the forthcoming Annual General Meeting.

Auditors

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

On behalf of the Board

LEE HEE SENG
Chairman

PETER SEAH LIM HUAT
Director

Signed on 15 March 2000

Statement by Directors

We state that, in the opinion of the Directors :

- (a) the financial statements set out on pages 81 to 111 are drawn up, with such modifications and exceptions as have been determined by the Monetary Authority of Singapore, so as to give, on such basis, a true and fair view of the state of affairs of the Bank and of the Group as at 31 December 1999, the results of the business of the Bank and of the Group and the cash flows of the Group for the year then ended; and
- (b) 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 Board

LEE HEE SENG
Chairman

PETER SEAH LIM HUAT
Director

Signed on 15 March 2000

We have audited the financial statements of Overseas Union Bank Limited and the consolidated financial statements of the Group for the financial year ended 31 December 1999 set out on pages 81 to 111. These financial statements are the responsibility of the Bank's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform our audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the accompanying financial statements of the Bank and consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Singapore Companies Act ("Act") and Singapore Statements of Accounting Standard with such modifications and exceptions pursuant to section 201 (19) of the Act as have been determined by the Monetary Authority of Singapore, and on such basis give a true and fair view of :
 - (i) the state of affairs of the Bank and of the Group at 31 December 1999, the profit of the Bank and of the Group, and the cash flows of the Group for the financial year ended on that date; and
 - (ii) the other matters required by section 201 of the Act to be dealt with in the financial statements of the Bank and the consolidated financial statements of the Group; and
- (b) the accounting and other records, and the registers required by the Act to be kept by the Bank and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and auditors' report 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 in note 29 to the financial statements.

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 purpose of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and in respect of subsidiaries incorporated in Singapore did not include any comment made under section 207(3) of the Act.

PricewaterhouseCoopers
Certified Public Accountants
Partner – Ms Ooi Chee Kar

Singapore, 15 March 2000

Profit and Loss Accounts

For the year ended 31 December 1999

	Note	The Group		The Bank	
		1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
Interest income	3	1,979,337	2,687,194	1,715,506	2,293,728
Less : Interest expense	4	1,128,010	1,843,849	1,005,561	1,610,059
Net interest income		851,327	843,345	709,945	683,669
Fees and commissions		231,984	148,481	122,686	89,025
Dividends	5	4,355	6,926	18,969	20,668
Rental		3,755	3,826	3,840	4,512
Other income	6	118,033	85,495	61,042	69,727
Income before operating expenses		1,209,454	1,088,073	916,482	867,601
Less : Staff costs		227,462	208,933	170,764	148,606
Other operating expenses		209,888	177,653	174,979	151,761
Total operating expenses	7	437,350	386,586	345,743	300,367
Operating profit		772,104	701,487	570,739	567,234
Less : Provision for possible loan losses and diminution in value of other assets	8	211,218	471,663	186,144	385,407
Net profit before share of associated companies' results		560,886	229,824	384,595	181,827
Share of associated companies' results		45,274	12,901	-	-
Net profit before tax		606,160	242,725	384,595	181,827
Less : Tax	9	130,096	64,844	90,327	39,000
Net profit after tax		476,064	177,881	294,268	142,827
Less : Minority interests		25,995	1,266	-	-
Net profit before extraordinary items		450,069	176,615	294,268	142,827
Add : Extraordinary items		-	-	-	31,394
Net profit attributable to members		450,069	176,615	294,268	174,221
Earnings (excluding extraordinary items) per share (cents)	10				
Basic		45.81	18.09	29.95	14.63
Diluted		45.57	18.08	29.80	14.62

The accompanying notes form an integral part of the financial statements.

Balance Sheets

As at 31 December 1999

Note	The Group		The Bank		
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000	
Share Capital and Reserves					
Share capital	11	990,790	816,988	990,790	816,988
Reserves					
Share premium	12	1,757,116	1,867,984	1,757,116	1,867,984
Capital	13	40,677	40,679	107	107
General	14	916,404	803,276	775,715	698,959
Unappropriated profit	15	789,040	593,635	467,370	368,913
Share of associated companies' reserves	16	226,908	183,939	-	-
		3,730,145	3,489,513	3,000,308	2,935,963
Total Shareholders' Funds		4,720,935	4,306,501	3,991,098	3,752,951
Minority Interests		126,137	100,553	-	-
Liabilities					
Certificates of deposit issued	17,18	136,757	225,279	114,843	225,279
Deposits and balances of banks	18	8,175,258	11,592,137	7,980,045	11,381,881
Deposits of non-bank customers	18	24,564,360	25,790,596	21,644,842	22,888,903
Bills payable		106,148	93,613	89,958	75,299
Other liabilities	19	1,403,853	1,252,912	636,346	748,742
Proposed dividend		88,577	60,457	88,577	60,457
Debt securities	20	50,000	50,000	-	-
Due to subsidiaries		-	-	486,239	206,614
Total Shareholders' Funds & Liabilities		39,372,025	43,472,048	35,031,948	39,340,126

The accompanying notes form an integral part of the financial statements.

Note	The Group		The Bank	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
Assets				
Balances with central banks	729,996	610,117	638,128	509,660
Cash, bullion and balances with banks and agents	281,571	188,998	199,877	131,112
Certificates of deposit held	504,424	478,984	504,424	452,757
Singapore government securities	21 3,411,550	2,885,533	3,255,961	2,758,270
Other government securities	22 198,573	239,129	63,240	77,137
Dealing securities	23 290,068	204,626	181,229	118,875
Placements with and loans to banks	24 7,042,657	13,128,339	6,993,617	13,017,920
Bills receivable	25 213,909	195,117	169,195	163,158
Loans to non-bank customers	25 24,789,888	23,771,108	21,642,677	20,380,427
Investment securities	26 209,608	156,630	180,713	137,580
Other assets	27 743,159	725,625	186,158	277,063
Associated companies	28 586,261	524,909	217,192	222,410
Subsidiaries	29 –	–	560,197	853,991
Fixed assets	35 370,361	362,933	239,340	239,766
Total Assets	39,372,025	43,472,048	35,031,948	39,340,126
Off-Balance Sheet Items				
Contingent liabilities	37 2,343,587	2,363,257	1,780,329	1,762,085
Financial instruments	38 13,369,361	12,512,022	13,277,448	12,244,436
Commitments	39 13,192,066	12,327,176	12,277,419	11,347,082

The accompanying notes form an integral part of the financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 1999

	1999 \$'000	1998 \$'000
Cash flows from operating activities		
Profit before tax and share of associated companies' results	560,886	229,824
Adjustments for :		
Depreciation and goodwill amortisation	39,085	35,774
Provision for possible loan losses and diminution in value of other assets	211,218	471,663
Operating profit before working capital changes	811,189	737,261
Increase/(Decrease) in :		
Certificates of deposit issued	(88,522)	(50,166)
Deposits of non-bank customers	(1,226,236)	3,222,260
Deposits and balances of banks	(3,416,879)	862,027
Bills payable and other liabilities	100,560	327,964
(Increase)/Decrease in :		
Government and dealing securities	(549,323)	(917,786)
Bills receivable and loans to non-bank customers	(1,257,491)	(1,470,747)
Placements with and loans to banks	6,085,712	(2,839,502)
Other assets	(27,786)	(73,528)
Cash provided by/(used in) operating activities	431,224	(202,217)
Tax paid	(59,408)	(95,986)
Net cash provided by/(used in) operating activities	371,816	(298,203)
Cash flows from investing activities		
Net (increase)/decrease in investment securities	(55,633)	(46,971)
Net increase in investments in associated companies	(18,460)	(92,110)
Dividends received from associated companies	12,042	12,033
Acquisition of subsidiaries, net of cash acquired	-	(2,348)
Change in minority interests	401	478
Net increase in fixed assets	(46,514)	(80,599)
Net cash provided by/(used in) investing activities	(108,164)	(209,517)
Cash flows from financing activities		
Net proceeds from issue of shares	62,934	184
Dividends paid	(94,992)	(74,483)
Net cash provided by/(used in) financing activities	(32,058)	(74,299)
Net foreign exchange translation adjustment	6,298	(4,865)
Net change in cash and cash equivalents	237,892	(586,884)
Cash and cash equivalents at 1 January	1,278,099	1,864,983
Cash and cash equivalents at 31 December	1,515,991	1,278,099
Cash and cash equivalents		
Balances with central banks	729,996	610,117
Cash, bullion and balances with banks and agents	281,571	188,998
Certificates of deposit held	504,424	478,984
	1,515,991	1,278,099

The accompanying notes form an integral part of the financial statements.

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

1. Principal Activities

The Bank, which is incorporated in the Republic of Singapore, carries on all the normal activities of a commercial bank whilst the principal activities of its subsidiaries are listed in Note 29. There have been no significant changes in the nature of these activities during the financial year. The financial statements are expressed in Singapore dollars.

2. Principal Accounting Policies

2.1 Basis of Accounting

The financial statements of the Bank and its subsidiaries are prepared in accordance with the historical cost convention, modified by the revaluation of certain off-balance sheet financial instruments to market value at the balance sheet date, the inclusion of certain fixed assets at a valuation, and is in accordance with the provisions of the Companies Act and Statements of Accounting Standard with such modifications and exceptions pursuant to Section 201(19) of the Act as have been determined by the Monetary Authority of Singapore.

2.2 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Bank and its subsidiaries. The results of subsidiaries acquired or disposed of during the financial year are included in or excluded from the consolidated financial statements from the date of their acquisition or disposal. All internal profits have been eliminated on consolidation and the Group results relate to external transactions only. Goodwill arising from the acquisition of subsidiaries is written off against capital reserves in the year of acquisition. Negative goodwill arising from the acquisition of subsidiaries is treated as capital reserves in the year of acquisition.

2.3 Foreign Currencies

Foreign currency monetary assets and liabilities are translated into Singapore dollars at the rates of exchange ruling at the balance sheet date. Foreign currency transactions of the Singapore incorporated subsidiaries and of the Bank's domestic operations during the year are translated into Singapore dollars at the rates of exchange ruling on the transaction dates. The results of foreign subsidiaries and of the Bank's Asian Currency Unit and overseas branch operations are translated at the rates of exchange ruling at the balance sheet date.

All exchange differences are taken up in the profit and loss accounts except for translation differences arising from the opening net investments in foreign subsidiaries, foreign associated companies and overseas branches regarded as foreign entities (as defined in Statement of Accounting Standard 20) which are taken directly to general reserves.

2.4 Off-Balance Sheet Financial Instruments

Off-balance sheet financial instruments including forwards, swaps, futures and options are valued at market prices if they are for trading or general hedging purposes, and the resultant profits and losses are taken up in the profit and loss accounts. Transactions entered into for specific hedging purposes are accounted for in a manner consistent with the accounting treatment of the item being hedged.

2.5 Basis of Valuation of Assets

a) Loans and Bills Receivable

Loans and bills receivable are stated after deduction of provisions for possible losses. These provisions comprise specific provision, interest-in-suspense and general provision. Specific provision is based on the borrowers' debt servicing ability and adequacy of securities. In addition, a general provision on total loans is made to cover unexpected losses which have not been specifically identified. Known bad debts are written off.

b) Government Securities

Government securities are stated at the lower of cost and market value determined on a portfolio basis to take into account the effect of portfolio diversification. Premium and discount on government securities are treated as part of the cost of the securities.

c) Dealing Securities

Securities held for dealing or non-strategic holding purpose are stated at the lower of cost and market value (for quoted securities) or net tangible asset value (for unquoted securities) determined on a portfolio basis to take into account the effect of portfolio diversification.

d) Investment Securities

Long-term investments and investments in subsidiaries and associated companies are stated at cost and provision is made for any diminution in value considered to be other than temporary determined on an individual investment basis. Cost of debt securities is adjusted for the amortisation of premium and discount.

e) Associated Companies

Associated companies are companies in which the Group has a long-term equity interest of between 20% and 50% and over whose financial and operating policy decisions the Group exercises significant influence.

The Group has adopted equity accounting for its investments in associated companies effective 1999 with retrospective effect. Its share of the associated companies' results and reserves are included in the Group's financial statements and comparative figures have been adjusted as follows :

	The Group \$'000
Included as a restatement of :	
Results for the financial year ended 31 December 1998	(3,775)
Unappropriated profit at 1 January 1998	7,603
Share of associated companies' reserves at 1 January 1998	236,337

Where the accounting policies of associated companies do not conform with those of the Group, adjustments are made for amounts considered significant to the Group.

2.6 Depreciation of Fixed Assets

The basis of depreciation is as follows :

- a) Freehold land and leasehold land with leases having more than 99 years to run are not amortised. Buildings and other leasehold land are amortised on a straight line basis over the period of the lease or over 50 years whichever is the shorter.
- b) Other fixed assets are depreciated on a straight line basis over their estimated useful lives as follows :

	<u>No. of years</u>
Computer software and hardware	3 to 5
Motor vehicles	3
Office equipment, furniture & fittings and others	4 to 10

2.7 Recognition of Income

Interest income is recognised on an accrual basis. Interest income on hire purchase loans is brought into the profit and loss account on instalment due date.

Fee income relating to loans is recognised over the period during which the related service is provided or credit risk undertaken.

Dividends are taken to the profit and loss accounts on an accrual basis if the right to receive them can be established, otherwise on a cash basis.

2.8 Tax

Tax expense is determined based on tax effect accounting using the liability method. Deferred tax 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 benefits are not recognised unless there is reasonable expectation of their realisation.

2.9 Repurchase and Reverse Repurchase Agreements ('Repos' and 'Reverse repos')

Repos are treated as collateralised borrowings and the amount borrowed is shown as a liability under deposits and balances of banks. Securities sold under repos continue to be recognised as an asset. Reverse repos are treated as collateralised lendings.

The difference between the amount received and the amount paid under repos and reverse repos is amortised as interest expense and interest income respectively.

3. Interest Income

Interest received by the Bank from its subsidiaries amounted to \$25,215,000 (1998 : \$64,295,000).

4. Interest Expense

Interest paid by the Bank to its subsidiaries amounted to \$6,916,000 (1998 : \$25,744,000).

5. Dividends

	The Group		The Bank	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
Dividends from :				
Quoted subsidiaries	-	-	2,955	2,955
Unquoted subsidiaries	-	-	7,118	7,819
Quoted associated companies	-	-	7,003	6,637
Unquoted associated companies	-	-	1,368	1,743
Other quoted investments	4,272	6,371	525	1,402
Other unquoted investments	83	555	-	112
	4,355	6,926	18,969	20,668

6. Other Income

	The Group		The Bank	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
Net gains/(losses) from :				
Dealing				
Foreign exchange	20,513	48,816	15,135	39,419
Securities	18,872	16,923	14,884	14,588
Others	9,314	511	6,270	(2,108)
Disposal of investment securities	48,960	2,312	6,784	2,009
Disposal of fixed assets	(37)	(514)	159	30
Others	20,411	17,447	17,810	15,789
	118,033	85,495	61,042	69,727

Included in the gains from disposal of investment securities at the Group and Bank were gains of \$48.2 million and \$6.5 million from disposal of shares received from a capital reduction exercise of an associated company respectively.

7. Total Operating Expenses

a) The following items are included in total operating expenses :

	The Group		The Bank	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
Directors' fees and remuneration				
Remuneration of Bank's directors *	3,012	3,107	3,012	3,107
Remuneration of other directors	2,086	2,099	-	-
Fees of Bank's directors	474	433	333	321
Fees of other directors	185	200	-	-
	5,757	5,839	3,345	3,428
Remuneration of auditors				
Bank auditors				
Audit	685	688	439	438
Advisory and consulting	446	544	389	543
Other auditors	502	453	256	223
	1,633	1,685	1,084	1,204
Depreciation				
Bank premises and other properties	4,632	4,072	3,308	2,960
Other fixed assets	34,453	29,308	27,796	22,594
	39,085	33,380	31,104	25,554
Professional fees paid to a firm of which a director of the Bank is a member				
	34	14	34	14
Goodwill amortisation	-	2,394	-	-
Maintenance and hire of fixed assets				
including buildings	19,663	15,750	16,013	12,442
Rental of premises	26,172	29,353	23,573	25,744

* Included in the remuneration of Bank's directors for 1998 is an adjustment of \$420,000 being underprovision in respect of 1997. Therefore, the remuneration for 1998 would have been \$2,687,000.

b) The number of directors of the Bank, including those appointed, resigned and retired during the year in the respective remuneration bands is as follows :

	1999	1998
\$500,000 and above	2	2
\$250,000 to \$499,999	-	-
Below \$250,000	8	8
Total	10	10

8. Provision for Possible Loan Losses and Diminution in Value of Other Assets

	The Group		The Bank	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
Specific provision for loan losses (Note 31)	248,091	291,068	212,233	209,963
Specific provision/(write-back) for diminution in value of other assets (Note 33)	(8,681)	28,903	(6,715)	29,723
Bad debts written off	20,088	9,091	19,770	6,214
General provision/(write-back) for possible loan losses, contingencies and other banking risks (Note 34)	(48,280)	142,601	(39,144)	139,507
	211,218	471,663	186,144	385,407

9. Tax

	The Group		The Bank	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
Current tax	118,968	56,533	90,327	43,128
Share of associated companies' taxes	10,804	10,352	-	-
Deferred tax	(790)	515	-	-
Prior year adjustments	1,114	(2,556)	-	(4,128)
	130,096	64,844	90,327	39,000

The resulting tax rates of the Group and of the Bank for the year were lower than the Singapore corporate tax rate of 26% as certain overseas income was not taxable and offshore income from the Asian Currency Unit was either tax-exempted or taxed at a concessionary rate of 10%.

10. Earnings Per Share

	The Group		The Bank	
	1999	1998	1999	1998
Net profit before extraordinary items (\$'000)	450,069	176,615	294,268	142,827
Weighted average number of ordinary shares ('000)				
For basic earnings per share	982,383	976,283	982,383	976,283
Adjustment for assumed conversion of share options	5,249	597	5,249	597
For diluted earnings per share	987,632	976,880	987,632	976,880

	The Group		The Bank	
	1999	1998	1999	1998
Earnings (excluding extraordinary items) per share (cents)				
Basic	45.81	18.09	29.95	14.63
Diluted	45.57	18.08	29.80	14.62

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the financial year.

For the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted for the number of shares that could have been acquired at the average market price during the year based on the exercise price of the outstanding share options.

11. Share Capital

	The Group & The Bank	
	1999 \$'000	1998 \$'000
Authorised ordinary shares of \$1 each	2,000,000	2,000,000
Issued and fully paid ordinary shares of \$1 each :		
At 1 January	816,988	816,949
Shares issued under OUB Share Option Schemes	13,581	39
Bonus issues	160,221	-
At 31 December	990,790	816,988

a) During the year, the Bank issued :

- (i) 81,821,253 ordinary shares of \$1.00 each pursuant to its 1 for 10 Bonus Issue;
- (ii) 78,399,537 ordinary shares of \$1.00 each pursuant to its special bonus issue of 50 for 1,000 local shares and 142 for 1,000 foreign shares for the purpose of removing the restrictions on foreign ownership of its shares; and
- (iii) 13,581,519 ordinary shares of \$1.00 each, fully paid up in cash, pursuant to the OUB Share Option Schemes at the offering prices ranging from \$1.89 to \$6.17 according to the terms of the options granted.

b) At 31 December 1999, 19,569,516 (1998 : 21,923,777) shares of the Bank were unissued under the OUB Share Option Scheme at offering prices ranging from \$1.89 to \$7.88 (1998 : \$2.18 to \$6.17) per share, with option periods ranging from 2 October 1996 to 19 September 2009.

12. Share Premium

	The Group & The Bank	
	1999 \$'000	1998 \$'000
At 1 January	1,867,984	1,867,839
Premium on shares exercised under OUB Share Option Schemes	50,668	145
Net premium utilised for bonus issues	(160,196)	-
Expenses in connection with bonus issues	(1,340)	-
At 31 December	1,757,116	1,867,984

13. Capital Reserves

	The Group		The Bank	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
At 1 January	40,679	39,071	107	107
Exchange translation adjustments	(1)	(14)	-	-
Transfer from profit and loss accounts (Note 15)	(1)	130	-	-
Surplus on acquisition of subsidiaries	-	1,492	-	-
At 31 December	40,677	40,679	107	107

14. General Reserves

	The Group			
	1999			
	Statutory \$'000	Exchange Translation \$'000	Others \$'000	Total \$'000
At 1 January	803,276	(110,464)	110,464	803,276
Exchange translation adjustments	166	5,975	158	6,299
Adjustment for decrease in shareholdings in a subsidiary arising from employee share options exercised	(179)	-	-	(179)
Transfer from profit and loss accounts (Note 15)	106,988	-	20	107,008
At 31 December	910,251	(104,489)	110,642	916,404

	1998			
	Statutory	Exchange Translation	Others	Total
	\$'000	\$'000	\$'000	\$'000
At 1 January	696,974	(105,819)	105,819	696,974
Exchange translation adjustments	8,769	(4,645)	(8,975)	(4,851)
Transfer from profit and loss accounts (Note 15)	97,533	–	29,726	127,259
Goodwill written-off upon merger with a subsidiary	–	–	(16,106)	(16,106)
At 31 December	803,276	(110,464)	110,464	803,276

	The Bank			
	1999			
	Statutory	Exchange Translation	Others	Total
\$'000	\$'000	\$'000	\$'000	
At 1 January	607,088	(38,156)	130,027	698,959
Exchange translation adjustments	–	3,010	158	3,168
Transfer from profit and loss accounts (Note 15)	73,568	–	20	73,588
At 31 December	680,656	(35,146)	130,205	775,715

	1998			
	Statutory	Exchange Translation	Others	Total
	\$'000	\$'000	\$'000	\$'000
At 1 January	519,929	(22,618)	98,166	595,477
Exchange translation adjustments	–	(6,758)	74	(6,684)
Net transfer from a subsidiary upon merger	1,704	(8,780)	2,061	(5,015)
Transfer from profit and loss accounts (Note 15)	85,455	–	29,726	115,181
At 31 December	607,088	(38,156)	130,027	698,959

General reserves include amounts transferred from profit and loss accounts in accordance with the Banking Act, Finance Companies Act, Cap. 108, Malaysian Banking and Financial Institutions Act, 1989, Securities Industry Act, Cap. 289 and Rules of Singapore Exchange Derivatives Trading Ltd.

15. Unappropriated Profit

	The Group		The Bank	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
At 1 January				
As previously stated	583,238	620,925	368,913	395,546
Change in accounting policy with respect to equity accounting for associated companies	10,397	7,603	-	-
As restated	593,635	628,528	368,913	395,546
Add : Transfer from a subsidiary upon merger	-	-	-	5,015
Profit attributable to members	450,069	176,615	294,268	174,221
Less : Share of associated companies' results	25,434	(6,569)	-	-
Dividends paid less tax in respect of shares issued under OUB Share Option Schemes after previous year end	90	2	90	2
Profit available for appropriation	1,018,180	811,710	663,091	574,780
Less : Transfer to capital reserves (Note 13)	(1)	130	-	-
Transfer to general reserves (Note 14)	107,008	127,259	73,588	115,181
Interim dividend paid : 5% (1998 : 5%) less income tax at 26% (1998 : 26%)	33,556	30,229	33,556	30,229
Proposed final dividend : 7% (1998 : 7%) less income tax at 25.5% (1998 : 26%)	51,670	42,320	51,670	42,320
Proposed special dividend : 5% (1998 : 3%) less income tax at 25.5% (1998 : 26%)	36,907	18,137	36,907	18,137
At 31 December	789,040	593,635	467,370	368,913

16. Share of Associated Companies' Reserves

	The Group		
	1999		
	Distributable	Non-Distributable	Total
	\$'000	\$'000	\$'000
At 1 January			
As previously stated	-	-	-
Share of associated companies' reserves on initial adoption of equity accounting	47,682	136,257	183,939
As restated	47,682	136,257	183,939
Exchange translation adjustments	500	1,563	2,063
Net movements during the year	15,053	25,853	40,906
At 31 December	63,235	163,673	226,908
	1998		
	Distributable	Non-Distributable	Total
	\$'000	\$'000	\$'000
At 1 January			
As previously stated	-	-	-
Share of associated companies' reserves on initial adoption of equity accounting	61,510	174,827	236,337
As restated	61,510	174,827	236,337
Net movements during the year	(13,828)	(38,570)	(52,398)
At 31 December	47,682	136,257	183,939

17. Certificates of Deposit Issued

	The Group		The Bank	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
HK\$100 million floating rate certificates of deposit due 2000	21,441	21,441	21,441	21,441
Others (maturing within 1 year)	115,316	203,838	93,402	203,838
	136,757	225,279	114,843	225,279

The HK\$100 million floating rate certificates of deposit were issued at par on 6 January 1995 and are redeemable at par on 6 January 2000. Interest is payable quarterly in arrears at the rate of 0.45% above the Hong Kong interbank offer rate for 3-month Hong Kong dollar deposits.

18. Total Deposits

	The Group		The Bank	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
Analysed by remaining maturity :				
Within 1 year	32,714,921	37,350,150	29,609,840	34,267,559
Over 1 year but within 3 years	144,892	208,295	114,890	180,504
Over 3 years but within 5 years	16,562	49,567	15,000	48,000
	32,876,375	37,608,012	29,739,730	34,496,063

19. Other Liabilities

	The Group		The Bank	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
Revaluation loss on off-balance sheet financial instruments (Note 38)	5,354	8,631	5,178	3,143
Provision for tax	155,537	91,831	121,954	75,137
Provision for deferred tax	4,684	5,474	4,996	4,996
Interest payable	192,227	235,310	168,831	192,302
Trade creditors	612,193	329,730	–	–
Sundry creditors	209,939	219,103	179,746	174,807
Others	223,919	362,833	155,641	298,357
	1,403,853	1,252,912	636,346	748,742

20. Debt Securities

	The Group	
	1999 \$'000	1998 \$'000
\$50 million bonds due 2001	50,000	50,000

The bonds are redeemable at par on 10 October 2001 and interest is payable annually in arrears at a fixed rate of 1.85%.

In Singapore, the generally accepted accounting treatment for an issue of bonds with warrants is to record the bonds at their principal value. Interest on the bonds is charged to the profit and loss accounts annually. The Institute of Certified Public Accountants of Singapore has not yet adopted an accounting standard on this matter.

Under the International Accounting Standard ("IAS32") on Financial Instruments Disclosure and Presentation issued by the International Accounting Standards Committee in June 1995, the accounting treatment for an issue of bonds with warrants is to allocate the proceeds of the issue separately between the value of the bonds and the value of the warrants. The difference between the principal amount of the bonds and its allocated value is amortised and charged to the profit and loss accounts of the Group over the life of the bonds. The value of the warrants is capitalised as a general reserve. Expenses of the issue are set-off against the general reserve.

For information purposes, had IAS32 been applied in preparing these financial statements, profit before tax would have been reduced by approximately \$1,336,000 (1998 : \$1,274,000) for the Group. The net tangible assets of the Group would have been increased by approximately \$2,527,000 (1998 : \$3,863,000) representing the difference between the principal amount of the bonds of \$50 million and the net present value of the bonds at the time of issue less the bond discount that would have been amortised to date.

21. Singapore Government Securities

	The Group		The Bank	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
Cost	3,411,732	2,885,533	3,255,961	2,758,270
Less : Provision for diminution in value	182	-	-	-
Net book value	3,411,550	2,885,533	3,255,961	2,758,270
Market value	3,425,001	2,906,533	3,268,063	2,778,504

22. Other Government Securities

	The Group		The Bank	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
Cost	199,116	241,814	63,643	79,677
Less : Provision for diminution in value	543	2,685	403	2,540
Net book value	198,573	239,129	63,240	77,137
Market value	200,980	244,876	63,389	78,788

23. Dealing Securities

	The Group		The Bank	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
Quoted equity securities				
Cost	59,556	47,074	25,743	42,071
Less : Provision for diminution in value	2,665	28,514	2,242	26,617
Net book value	56,891	18,560	23,501	15,454
Market value	65,042	18,995	31,480	15,774
Quoted debt securities				
Cost	213,959	163,761	138,471	81,110
Less : Provision for diminution in value	12,951	7,127	12,912	7,121
Net book value	201,008	156,634	125,559	73,989
Market value	201,823	157,830	125,559	74,780
Unquoted debt securities				
Cost	48,863	45,721	48,863	45,721
Less : Provision for diminution in value	16,694	16,289	16,694	16,289
Net book value	32,169	29,432	32,169	29,432
Total net book value	290,068	204,626	181,229	118,875

24. Placements with and Loans to Banks

	The Group		The Bank	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
Analysed by remaining maturity :				
Within 1 year	6,987,343	13,104,823	6,938,303	12,994,404
Over 1 year but within 3 years	11,658	9,966	11,658	9,966
Over 3 years but within 5 years	38,288	13,550	38,288	13,550
Over 5 years	5,368	–	5,368	–
	7,042,657	13,128,339	6,993,617	13,017,920

25. Bills Receivable and Loans to Non-Bank Customers

	The Group		The Bank	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
Analysed by remaining maturity :				
Within 1 year	10,753,093	12,093,046	10,040,888	10,572,523
Over 1 year but within 3 years	5,523,634	3,832,319	4,380,155	3,501,519
Over 3 years but within 5 years	2,518,923	3,086,217	2,145,091	2,570,929
Over 5 years	7,492,311	6,075,171	6,274,481	4,792,815
Gross loans and bills	26,287,961	25,086,753	22,840,615	21,437,786
Less : Provision	1,284,164	1,120,528	1,028,743	894,201
Net loans and bills	25,003,797	23,966,225	21,811,872	20,543,585

	The Group		The Bank	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
Analysed by industry :				
Manufacturing	2,063,506	1,742,984	1,584,842	1,288,134
Building & construction	5,854,259	7,070,205	4,967,931	6,269,594
Housing	3,308,080	2,449,267	2,934,898	2,032,044
General commerce	1,985,423	2,933,512	1,560,725	2,548,463
Transport, storage and communication	944,190	690,639	794,227	564,802
Financial institutions	5,237,025	4,354,535	4,973,333	4,130,731
Professional and private individuals (excluding housing loans)	3,733,398	3,340,422	3,318,809	3,000,968
Others	3,162,080	2,505,189	2,705,850	1,603,050
	26,287,961	25,086,753	22,840,615	21,437,786
Less : Provisions	1,284,164	1,120,528	1,028,743	894,201
Net loans and bills	25,003,797	23,966,225	21,811,872	20,543,585

26. Investment Securities

	The Group		The Bank	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
Quoted equity securities				
Cost	25,233	27,359	8,320	8,241
Less : Provision for diminution in value	2,294	6,831	745	3,289
Net book value	22,939	20,528	7,575	4,952
Market value	80,310	60,437	12,147	6,732
Unquoted equity securities				
Cost	47,767	46,376	42,838	42,288
Less : Provision for diminution in value	2,149	2,331	2,000	2,000
Net book value	45,618	44,045	40,838	40,288
Quoted debt securities				
Cost, adjusted for premium and discount	87,488	28,947	78,736	33,463
Less : Provision for diminution in value	40	286	-	239
Net book value	87,448	28,661	78,736	33,224
Market value	89,723	28,779	80,627	33,224
Unquoted debt securities				
Cost, adjusted for premium and discount	67,774	71,351	67,735	67,071
Less : Provision for diminution in value	14,171	7,955	14,171	7,955
Net book value	53,603	63,396	53,564	59,116
Total net book value	209,608	156,630	180,713	137,580

27. Other Assets

	The Group		The Bank	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
Revaluation gain on off-balance sheet financial instruments (Note 38)	18,439	17,638	9,316	10,910
Interest receivable	157,496	198,116	156,237	196,806
Trade debtors	493,637	235,749	-	-
Sundry debtors	46,580	74,157	7,272	16,000
Others	27,007	199,965	13,333	53,347
	743,159	725,625	186,158	277,063

28. Associated Companies

	The Group	
	1999 \$'000	1998 \$'000
Quoted associated companies (at cost)	259,965	256,131
Unquoted associated companies (at cost)	99,388	84,839
	359,353	340,970
Add : Share of associated companies' reserves	226,908	183,939
	586,261	524,909

	The Bank	
	1999 \$'000	1998 \$'000
Quoted associated companies		
Cost and net book value	152,971	152,971
Market value	328,624	194,071
Unquoted associated companies		
Cost	76,461	79,036
Less : Provision for diminution in value	12,240	9,597
Net book value	64,221	69,439
Total net book value	217,192	222,410

Details of the Group's direct associated companies are as follows :

	Principal Activity	Country of Incorporation	Group Interest	
			1999 %	1998 %
Quoted associated companies				
Hotel Negara Limited	Hotel	Singapore	45.33	45.33
Overseas Union Enterprise Limited	Hotel	Singapore	44.62	44.57
Overseas Union Securities Limited	Investment	Singapore	46.00	46.00

28. Associated Companies (cont'd)

	Principal Activity	Country of Incorporation	Group Interest	
			1999 %	1998 %
Unquoted associated companies				
Asian-American Merchant Bank Limited	Merchant Banking	Singapore	37.00	37.00
Vertex Asia Limited	Investment	Singapore	20.55	20.55
Meritco Development Pte Ltd	Investment	Singapore	25.00	25.00
Overseas Union Facilities (Private) Limited	Investment	Singapore	49.00	49.00
OUB Manulife Pte Ltd	Life Insurance	Singapore	50.00	50.00
Overseas Union Insurance, Limited	General Insurance	Singapore	47.85	47.86
Overseas Union Garden Sdn Berhad	Property	Malaysia	20.20	20.26
Overseas Union Land Pte Ltd	Property	Singapore	49.50	49.50
Weslia Pty Limited	Property	Australia	50.00	50.00
Okemore Pty Limited	Property	Australia	40.00	40.00
85 Spring Street Properties Pty Limited	Property	Australia	50.00	50.00
Network for Electronic Transfers (Singapore) Pte Ltd	Electronic Funds Transfer	Singapore	20.00	–
PJB Pacific Securities Sdn Bhd	Stockbroking	Malaysia	49.00	–
Singapore Consortium Investment Management Ltd	Investment	Singapore	20.00	–

29. Subsidiaries

	The Bank	
	1999 \$'000	1998 \$'000
Quoted subsidiaries		
Cost and net book value	54,413	54,413
Market value	96,404	53,452
Unquoted subsidiaries		
Cost	346,297	306,300
Less : Provision for diminution in value	2,641	2,488
Net book value	343,656	303,812
Total net book value	398,069	358,225
Amount due from subsidiaries	162,128	495,766
	560,197	853,991

Details of the subsidiaries are as follows :

	Principal Activity	Country of Incorporation	Group Interest		Cost of Bank's Investment	
			1999 %	1998 %	1999 \$'000	1998 \$'000
Quoted subsidiaries						
Overseas Union Trust Limited	Finance Company	Singapore	52.88	53.06	50,719	50,719
Unquoted subsidiaries						
1 Overseas Union Bank (Malaysia) Berhad	Commercial Banking	Malaysia	100.00	100.00	201,157	201,157
1 OUB Australia Ltd	Merchant Banking	Australia	100.00	100.00	14,670	14,670
OUB Factors Pte Ltd	Factoring	Singapore	76.91	77.00	2,550	2,550
1 OUB Finance (H.K.) Limited	Finance Company	Hong Kong	100.00	100.00	4,558	4,561
1 OUB Credit Bhd	Leasing	Malaysia	100.00	100.00	-	-
1 OUL Sdn Bhd	Leasing	Malaysia	100.00	100.00	907	907
OUB Bullion & Futures Ltd	Bullion & Futures Dealing	Singapore	100.00	100.00	4,000	4,000
OUB Securities Pte Ltd	Stockbroking	Singapore	100.00	100.00	-	-
1 OUB Securities (H.K.) Limited	Stockbroking	Hong Kong	100.00	100.00	-	-
Overseas Union Holdings Private Limited	Investment	Singapore	100.00	100.00	5,000	5,000
Securities Investments Pte Ltd	Investment	Singapore	100.00	100.00	50,000	30,000
OUB Investments Pte Ltd	Investment	Singapore	100.00	100.00	21,521	1,521
1 Overseas Union Holdings Sdn Bhd	Investment	Malaysia	100.00	100.00	-	-
1, 2 Overseas Union Facilities Sdn Bhd	Investment	Malaysia	100.00	100.00	-	-
1 Overseas Union Facilities (H.K.) Limited	Investment	Hong Kong	100.00	100.00	1,454	1,454
1 Overseas Union Holdings (Aust) Pty Limited	Investment	Australia	100.00	100.00	-	-
1 OUB (Australia) Securities Pty Ltd	Investment	Australia	100.00	100.00	-	-
OUB Asset Management Ltd	Asset Management	Singapore	100.00	100.00	10,913	10,913
1 OUB-TA Asset Management Sdn Bhd	Asset Management	Malaysia	51.00	51.00	-	-
Overseas Union Garden (Private) Limited	Property	Singapore	100.00	100.00	-	-
OUB Towers Pte Ltd	Property	Singapore	100.00	100.00	17,500	17,500
Overseas Union Developments (Private) Limited	Property Management	Singapore	100.00	100.00	12,000	12,000
Overseas Union Project Management Pte Ltd	Property Management	Singapore	100.00	100.00	-	-
Overseas Union Realty Services Pte Ltd	Property Management	Singapore	100.00	100.00	-	-
1 Overseas Union Developments Sdn Bhd	Property Management	Malaysia	100.00	100.00	-	-
Overseas Union Management Services Pte Ltd	Management Services	Singapore	100.00	100.00	10	10
1 Overseas Union Management Services Sdn Bhd	Management Services	Malaysia	100.00	100.00	10	10
Overseas Union Bank Trustees Ltd	Trustee Services	Singapore	50.58	50.61	30	30
Overseas Union Bank Nominees (Private) Limited	Nominee Services	Singapore	100.00	100.00	10	10
2 IBS Nominees (Private) Ltd	Nominee Services	Singapore	100.00	100.00	-	-
Mandarin Nominees Pte Ltd	Nominee Services	Singapore	100.00	100.00	-	-
Overseas Union Trust (Nominees) Pte Ltd	Nominee Services	Singapore	52.88	53.06	-	-
1 OUB Nominees (Tempatan) Sdn Bhd	Nominee Services	Malaysia	100.00	100.00	-	-
1 OUB Nominees (Asing) Sdn Bhd	Nominee Services	Malaysia	100.00	100.00	-	-
1 Overseas Union Bank Nominees (H.K.) Limited	Nominee Services	Hong Kong	100.00	100.00	4	4
3 Overseas Union Bank Nominees (U.K.) Limited	Nominee Services	United Kingdom	100.00	100.00	3	3
1 OUB Australia Nominees Pty Ltd	Nominee Services	Australia	100.00	100.00	-	-
1 OUB Research Sdn Bhd	Research Services	Malaysia	100.00	100.00	-	-

Notes :

- 1 Audited by other members of PricewaterhouseCoopers
- 2 Cost of investment is below \$500
- 3 Corporation is dormant and its financial statements are not subject to statutory audit in U.K.

30. Exposures, Non-Performing Loans and Provision

As at 31 December 1999, the Group's total net exposures to the region, covering Malaysia, Indonesia, Thailand, South Korea and Philippines amounted to \$3.15 billion (1998 : \$3.68 billion). Non-bank loans to the region stood at \$2.59 billion (1998 : \$3.00 billion), of which, \$2.22 billion (1998 : \$2.36 billion) was to Malaysia.

Global non-performing loans of the Group was \$2.99 billion as at 31 December 1999 (1998 : \$2.89 billion), of which, \$806 million (1998 : \$819 million) was from the region. The global non-performing loans constituted 7.6% of Group's global assets with 73.0% in the substandard category and 63.9% secured. Non-performing loans (including bills, debt securities and contingent assets) are those classified as Substandard, Doubtful and Loss in accordance with MAS Notice 612. A loan is automatically classified as non-performing once the interest or principal payments are three months or more in arrears. Foreseeable losses relating to these non-performing loans have been provided for in the financial statements.

As at 31 December 1999, the Group's global provision for possible loan losses amounted to \$1.33 billion (1998 : \$1.15 billion) which covered 44.6% (1998 : 39.9%) of the global non-performing loans and 123.3% (1998 : 104.9%) of the global unsecured non-performing loans. Loan provision for the region was \$606 million (1998 : \$598 million) which formed 75.2% (1998 : 73.0%) of regional non-performing loans and 136.8% (1998 : 122.0%) of regional unsecured non-performing loans.

31. Specific Provision for Loan Losses

	The Group		The Bank	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
At 1 January	402,260	114,898	303,093	75,807
Exchange translation adjustments	382	4,066	183	3,789
Transfer from a subsidiary upon merger	-	-	-	20,256
Provision utilised	(99,077)	(7,772)	(75,588)	(6,722)
Net provision for the year (Note 8)	248,091	291,068	212,233	209,963
At 31 December	551,656	402,260	439,921	303,093

32. Interest-in-Suspense

	The Group		The Bank	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
At 1 January	212,819	67,047	178,136	56,814
Exchange translation adjustments	(1,833)	(374)	(1,900)	(462)
Transfer from a subsidiary upon merger	-	-	-	3,626
Provision utilised	(14,655)	(4,152)	(9,847)	(2,648)
Net interest suspended for the year	147,691	150,298	117,376	120,806
At 31 December	344,022	212,819	283,765	178,136

33. Specific Provision for Diminution in Value of Other Assets

	The Group		The Bank	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
At 1 January	80,132	51,222	78,223	74,364
Exchange translation adjustments	-	(35)	-	-
Transfer from a subsidiary upon merger	-	-	-	179
Transfer from a subsidiary acquired	-	42	-	-
Provision utilised	(2,870)	-	(1,404)	-
Charge/(write-back) for the year (Note 8)	(8,681)	28,903	(6,715)	29,723
Write-back of provision for a subsidiary to extraordinary account upon merger	-	-	-	(26,043)
At 31 December	68,581	80,132	70,104	78,223

34. General Provision for Possible Loan Losses, Contingencies and Other Banking Risks

	The Group		The Bank	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
At 1 January	626,846	483,594	534,368	371,118
Exchange translation adjustments	330	651	243	153
Transfer from a subsidiary upon merger	-	-	-	23,590
Charge/(write-back) for the year (Note 8)	(48,280)	142,601	(39,144)	139,507
At 31 December	578,896	626,846	495,467	534,368

35. Fixed Assets

	The Group					
	1999			1998		
	Properties \$'000	Others \$'000	Total \$'000	Properties \$'000	Others \$'000	Total \$'000
Cost or valuation						
At 1 January	286,358	259,930	546,288	255,852	224,700	480,552
Exchange translation adjustments	(10)	254	244	(28)	188	160
Reclassification	(176)	176	–	(8,638)	8,638	–
Additions	14,014	40,766	54,780	39,420	43,982	83,402
Disposals	(270)	(17,875)	(18,145)	(248)	(17,578)	(17,826)
At 31 December	299,916	283,251	583,167	286,358	259,930	546,288
Less : Accumulated depreciation						
At 1 January	21,491	161,864	183,355	17,642	147,197	164,839
Exchange translation adjustments	–	185	185	6	137	143
Charge to profit and loss accounts (Note 7)	4,632	34,453	39,085	4,072	29,308	33,380
Disposals	–	(14,304)	(14,304)	(229)	(14,778)	(15,007)
At 31 December	26,123	182,198	208,321	21,491	161,864	183,355
Less : Provision for diminution in value of properties	4,485	–	4,485	–	–	–
Net book value	269,308	101,053	370,361	264,867	98,066	362,933

Included in the properties of \$269.3 million were leasehold properties of \$150.7 million (1998 : \$154.4 million). Market value of the properties as at 31 December 1999 was estimated to be \$570.8 million (1998 : \$522.0 million) by the Directors of the Group. Provision for diminution in value was made for properties with estimated market value below their net book value. Excess of estimated market value over net book value of properties is not recognised in the financial statements.

	The Bank					
	1999			1998		
	Properties \$'000	Others \$'000	Total \$'000	Properties \$'000	Others \$'000	Total \$'000
Cost or valuation						
At 1 January	183,631	209,981	393,612	148,592	182,774	331,366
Exchange translation adjustments	(38)	198	160	(137)	(23)	(160)
Transfer from a subsidiary upon merger	-	-	-	3,079	2,157	5,236
Additions	3	38,459	38,462	32,097	34,656	66,753
Disposals	(9)	(16,185)	(16,194)	-	(9,583)	(9,583)
At 31 December	183,587	232,453	416,040	183,631	209,981	393,612
Less : Accumulated depreciation						
At 1 January	18,035	135,811	153,846	14,932	121,388	136,320
Exchange translation adjustments	(4)	144	140	(12)	26	14
Transfer from a subsidiary upon merger	-	-	-	155	1,186	1,341
Charge to profit and loss accounts (Note 7)	3,308	27,796	31,104	2,960	22,594	25,554
Disposals	-	(12,875)	(12,875)	-	(9,383)	(9,383)
At 31 December	21,339	150,876	172,215	18,035	135,811	153,846
Less : Provision for diminution in value of properties	4,485	-	4,485	-	-	-
Net book value	157,763	81,577	239,340	165,596	74,170	239,766

Included in the properties of \$157.8 million were leasehold properties of \$75.3 million (1998 : \$78.1 million). Market value of the properties as at 31 December 1999 was estimated to be \$383.9 million (1998 : \$379.9 million) by the Directors of the Bank. Provision for diminution in value was made for properties with estimated market value below their net book value. Excess of estimated market value over net book value of properties is not recognised in the financial statements.

36. Segmental Analysis

	The Group			
	1999		1998	
	Profit before tax	Total assets	Profit before tax	Total assets
	\$'000	\$'000	\$'000	\$'000
Singapore (including Asian Currency Unit)	495,980	30,581,747	141,386	34,715,272
Other ASEAN	14,470	2,699,997	21,148	2,971,424
Other Asia Pacific	69,007	4,110,869	54,715	3,941,113
Rest of the world	26,703	1,979,412	25,476	1,844,239
	606,160	39,372,025	242,725	43,472,048

The analysis by geographical segment is based on the location where the transactions or assets are booked.

37. Contingent Liabilities

	The Group		The Bank	
	1999	1998	1999	1998
	\$'000	\$'000	\$'000	\$'000
Direct credit substitutes	1,444,618	1,203,273	1,123,107	1,093,073
Transaction-related contingencies	568,054	656,954	441,567	488,856
Trade-related contingencies	231,193	191,737	204,292	158,351
Other contingent liabilities	99,722	311,293	11,363	21,805
	2,343,587	2,363,257	1,780,329	1,762,085

The contingent liabilities include acceptances, guarantees, performance bonds and indemnities, the majority of which are offset by corresponding obligations of third parties.

38. Financial Instruments

Financial instruments outstanding as at 31 December were as follows :

	The Group					
	1999			1998		
	Principal Amount	Positive Fair Value	Negative Fair Value	Principal Amount	Positive Fair Value	Negative Fair Value
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Foreign exchange						
Spot and forward	542,487	9,685	2,802	819,047	9,319	7,016
Swaps	10,192,466	506	51	10,864,908	-	-
Futures	35,910	34	38	10,485	13	72
Options purchased	40,239	-	306	22,237	-	223
Options written	64,680	56	-	32,561	30	-
	10,875,782	10,281	3,197	11,749,238	9,362	7,311
Interest rate						
Forward rate agreements	20,000	2	-	24,374	9	-
Swaps	2,264,561	4,945	1,673	471,564	3,702	327
Futures	153,447	-	82	157,870	-	324
	2,438,008	4,947	1,755	653,808	3,711	651
Equity						
Futures	7,261	-	123	1,036	10	-
Options purchased	1,980	-	-	-	-	-
Options written	561	61	-	-	-	-
	9,802	61	123	1,036	10	-
Bullion						
Spot and forward	34,717	3,004	232	95,963	4,443	667
Swaps	7,344	146	-	-	-	-
Futures	3,708	-	47	11,977	112	2
	45,769	3,150	279	107,940	4,555	669
Total	13,369,361	18,439	5,354	12,512,022	17,638	8,631
		(Note 27)	(Note 19)		(Note 27)	(Note 19)

38. Financial Instruments (cont'd)

	The Bank					
	1999			1998		
	Principal Amount	Positive Fair Value	Negative Fair Value	Principal Amount	Positive Fair Value	Negative Fair Value
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Foreign exchange						
Spot and forward	463,224	3,715	2,767	644,509	7,159	2,364
Swaps	10,234,095	506	51	10,890,405	-	-
Options purchased	40,239	-	306	22,117	-	128
Options written	64,680	56	-	32,561	30	-
	10,802,238	4,277	3,124	11,589,592	7,189	2,492
Interest rate						
Forward rate agreements	20,000	2	-	24,374	9	-
Swaps	2,291,961	4,976	1,849	471,564	3,702	327
Futures	153,447	-	82	157,870	-	324
	2,465,408	4,978	1,931	653,808	3,711	651
Equity						
Futures	7,261	-	123	1,036	10	-
Options purchased	1,980	-	-	-	-	-
Options written	561	61	-	-	-	-
	9,802	61	123	1,036	10	-
Total	13,277,448	9,316	5,178	12,244,436	10,910	3,143
		(Note 27)	(Note 19)		(Note 27)	(Note 19)

39. Commitments

The Group and the Bank had the following commitments as at 31 December :

	The Group		The Bank	
	1999	1998	1999	1998
	\$'000	\$'000	\$'000	\$'000
Lease commitments	19,449	46,728	17,629	43,702
Capital commitments	38,386	42,371	17,784	22,912
Forward asset purchases/sales and deposits placed	86,709	48,546	86,709	48,546
Undrawn credit facilities	13,034,589	12,184,067	12,150,297	11,231,922
Undrawn note issuance facilities and revolving underwriting facilities	12,933	5,464	5,000	-
	13,192,066	12,327,176	12,277,419	11,347,082

40. Other Contingent Liabilities

At 31 December, the Group had unsecured contingent liabilities as follows :

	The Group		The Bank	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
Letters of credit to an exchange	24,650	14,644	-	-

41. Assets Pledged

Assets pledged in the normal course of business to secure the liabilities of the Group and of the Bank as at 31 December were as follows :

	The Group		The Bank	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
Assets pledged (at book value)	64,790	73,330	26,648	19,932
Related liabilities	7,358	26,097	7,358	10,797

42. Comparative Figures

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

Shareholdings Statistics

As at 24 March 2000

Authorised Share Capital	-	\$2,000,000,000
Issued and Fully Paid-up Capital	-	\$992,485,822
Class of Shares	-	Ordinary Shares of \$1.00 each fully paid

BREAKDOWN OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
1 - 1,000	7,323	35.85	5,625,454	0.57
1,001 - 10,000	10,988	53.80	37,104,702	3.74
10,001 - 1,000,000	2,073	10.15	97,840,674	9.86
1,000,001 and above	41	0.20	851,914,992	85.83
Total	20,425	100.00	992,485,822	100.00

TWENTY LARGEST SHAREHOLDERS

	No. of Shares	% of Issued Share Capital
1. Wah Hin & Company (Pte) Ltd	156,195,715	15.74
2. DBS Nominees Pte Ltd	133,529,426	13.45
3. Overseas Union Enterprise Limited	92,957,171	9.37
4. Raffles Nominees Pte Ltd	78,876,277	7.95
5. Oversea-Chinese Bank Nominees Pte Ltd	52,950,900	5.33
6. Citibank Nominees Singapore Pte Ltd	40,495,055	4.08
7. Overseas Union Bank Nominees Pte Ltd	38,623,098	3.89
8. United Overseas Bank Nominees Pte Ltd	38,546,845	3.88
9. HSBC (Singapore) Nominees Pte Ltd	33,895,354	3.42
10. DB Nominees (S) Pte Ltd	23,590,064	2.38
11. Tee Teh Sdn Bhd	16,590,298	1.67
12. Overseas Union Insurance Ltd	13,459,214	1.36
13. BNP Nominees Singapore Pte Ltd	12,750,194	1.28
14. Temasek Holdings (Pte) Ltd	11,033,715	1.11
15. Keppel Bank Nominees Pte Ltd	10,829,591	1.09
16. NTUC Income Insurance Co-operative Limited	9,275,787	0.93
17. See Hoy Chan (S) Pte Ltd	9,184,791	0.93
18. Lo Kwang Pheng Deceased Estate of	8,327,279	0.84
19. Kota Trading Company Sdn Bhd	7,357,333	0.74
20. Tropical Produce Company Pte Ltd	6,726,503	0.68
Total	795,194,610	80.12

SUBSTANTIAL SHAREHOLDERS

as shown in the Company's Register of Substantial Shareholders

	Beneficial Interests		Deemed Interests	
	No. of Shares	% of Issued Share Capital	No. of Shares	% of Issued Share Capital
Dr Lien Ying Chow	711,480	0.07	156,195,715	15.74*
Lien Ying Chow (Pte) Ltd	–	–	156,195,715	15.74*
Wah Hin & Company (Pte) Ltd	156,195,715	15.74	–	–
Overseas Union Enterprise Limited	92,957,171	9.37	–	–

* Comprises a deemed interest in an aggregate of 156,195,715 shares beneficially held by Wah Hin & Company (Pte) Ltd.

VOTING RIGHTS OF ORDINARY SHAREHOLDERS

Every Member of the Company present in person or by proxy or represented by attorney shall have one vote on a show of hands and in case of a poll shall have one vote for every share of which he is the holder.

Singapore Service Centres

Raffles Place

Service :

Magdalene Lau Lee Hwa
*VP & Area Service Manager,
Head Office Region*

Shireen Wee Hui Ying
AVP & Manager

Admiralty

Sales :

Steven Ong Siong Chuan
VP & Manager, Personal Banking

Service :

Aw Ann Beng
AVP & Manager

Aljunied

Sales :

Lim Cheng Boon
VP & Manager, Sales

Service :

Irene Yeo Sok Choo
AVP & Manager

Ang Mo Kio

Sales :

Ho Lik Khui
VP & Manager, Sales

Service :

Chan Yoke Sim
AVP & Manager

Beach Road

Service :

Jackson Low Teo Chuah
AVP & Manager

Bedok

Sales :

Wong Bay Kwong
VP & Manager, Personal Banking

Service :

Michelle Koh Jiak Hoon
AVP & Manager

Bukit Merah

Sales :

Neo Siew Hong
AVP & Manager, Personal Banking

Service :

Alvin Ng Chin Suan
AVP & Manager

Bukit Timah

Sales :

Lawrence Lim Hin Teck
AVP & Manager, Personal Banking

Service :

Frances Puah Siok Lian
Manager

Clementi

Sales :

Francis Wong Poh Chong
VP & Manager, Sales

Service :

Yip Ho Moon
AVP & Manager

Geylang

Sales :

Wong Bay Kwong
VP & Manager, Personal Banking

Service :

Maureen Tan Pui Hong
AVP & Manager

Grange Road

Sales :

Tan Kia Meng
VP & Area Head, Sales, South Region

Lynn Chang

VP & Manager, Sales

Service :

Christine Tham Yock Ying
VP & Area Service Manager, South Region

William Kee Chun Tang
AVP & Manager

Great World City

Sales :

Yap Phin Leong
VP & Manager, Sales

Service :

Ang Ah Bah
AVP & Manager

Hougang

Sales :

Koh Han Kek
VP & Manager, Sales

Service :

Lee Kim Yong
AVP & Manager

Jurong East

Sales :

Lawrence Lim Hin Teck
AVP & Manager, Personal Banking

Service :

Thomas Jen Kim Cheok
AVP & Manager

Jurong Town

Sales :

Tan Kay Song
VP & Area Head, Sales, West Region

Roland Yeo Pek Heng
VP & Manager, Sales

Service :

Ng Seng Giap
VP & Area Service Manager, West Region

Sabrina Woo Wai Yee
AVP & Manager

Jurong West

Sales :

Lawrence Lim Hin Teck
AVP & Manager, Personal Banking

Service :

Tan Joon Meng
AVP & Manager

Kallang

Sales :

Poh Foo Quee Yiap
VP & Manager, Sales

Service :

Christine Lai Yuen Lee
AVP & Manager

Katong

Service :

Ong Ah Tin
Manager

King George's Avenue*Sales :***Ko Seow Pin***VP & Manager, Sales**Service :***Linda Siau Kim Jee***AVP & Manager***Lau Pa Sat***Service :***Ivan Kang Wee Khiang***Manager***MacPherson Road***Sales :***Choo Yew Meng***VP & Manager, Sales**Service :***Por Haw Yik***VP & Manager***Marina***Sales :***Ong Ah Bee***VP & Manager, Sales**Service :***Fong Seng Cheong***AVP & Manager***New Bridge Road***Service :***Tay Gek Lan***AVP & Manager***North Bridge Road***Sales :***Philip Tham Fook Foo***VP & Manager, Sales**Service :***Mary Lee***AVP & Manager***Queenstown ****Service :***Rosalind Ng Boon***AVP & Manager***River Valley Road***Sales :***Stella Han-Lim Kwee Ching***VP & Manager, Personal Banking**Service :***Peter Lim Chee Huat***AVP & Manager***Robinson Road***Sales :***Stella Han-Lim Kwee Ching***VP & Manager, Personal Banking**Service :***Cecilia Lim Meow Thoi***AVP & Manager***Scotts Road ****Service :***Maureen Ooi-Tan Puay Hong***AVP & Manager***Selegie Road***Sales :***Sunny Chua***AVP & Manager, Personal Banking**Service :***James Chia Eng Kiat***AVP & Manager***South Bridge Road***Sales :***Allan Ng Nee Kee***AVP & Manager, Sales**Service :***Yeo Hock Cheong***AVP & Manager***Tampines ****Service :***Dexter Sng Chwee Teck***AVP & Manager***Tampines Central***Sales :***Steven Poh Puay Hoo***VP & Area Head, Sales, East Region***Eunice Kee Lik Yong***VP & Manager, Sales**Service :***Hong Choy Leong***VP & Area Service Manager, East Region***Wan Yuk Wah***AVP & Manager***Toa Payoh***Sales :***Seah Mui Seng***VP & Area Head, Sales, North Region***Stanley Tan Kah Peck***VP & Manager, Sales**Service :***Lim Hock Guan***VP & Area Service Manager, North Region***Phan Siew Leong***AVP & Manager***Upper Serangoon Road ****Service :***Francis Wee Chin Hock***AVP & Manager***Upper Thomson Road***Sales :***Sunny Chua***AVP & Manager, Personal Banking**Service :***Peggy Khoo Chian Hiang***AVP & Manager***World Trade Centre***Service :***Patrick Lim Thiong Eng***VP & Manager***Yishun***Sales :***Steven Ong Siong Chuan***VP & Manager, Personal Banking**Service :***Nicholas Wong Hui Cheng***AVP & Manager*

* These service centres will be merged with existing service centres from end-April.

Overseas Branches/Offices

Bandar Seri Begawan Branch

Saw Beng
VP & Manager
 Unit G5, RBA Plaza, Jalan Sultan,
 Bandar Seri Begawan 2085
 Negara Brunei Darussalam
 Tel : (673) 2-225477/225476
 Cable : OVERSUNION BSB
 Telex : 2256
 Fax : (673) 2-240792

Bangkok International Banking Facility

Sia Kee Heng
VP & General Manager
 9th Floor, Regent House
 183 Rajdamri Road
 Lumpini, Pathumwan
 Bangkok 10330
 Thailand
 Tel : (66) 2-2549400/1
 Telex : 20081
 Fax : (66) 2-2549402

Beijing Representative Office

Raymond Chong Kai Lung
Chief Representative
 Unit 1409 China World Tower
 No. 1 Jian Guo Men Wai Avenue
 Beijing 100004
 The People's Republic of China
 Tel : (86) 10-65051398/7/6
 Fax : (86) 10-65051395

Chengdu Representative Office

John Ang Wee Pheng
Chief Representative
 No. 1807 Shudu Mansion Hotel
 20 Shu Wa Bei Han Street
 Chengdu, Sichuan Province
 Postal Code 610016
 The People's Republic of China
 Tel : (86) 28-6747353
 (86) 28-6510481 ext 51915
 Fax : (86) 28-6747353

Hong Kong Main Branch

Chow Yew Hon
VP & General Manager
 5/F Edinburgh Tower
 15 Queen's Road Central
 Hong Kong
 Tel : (852) 25211521/25236691
 Cable : OVERSUNION HX
 Telex : 73258
 Fax : (852) 28105506

Hong Kong Bonham Strand Branch

Tsang Kwok Chun
VP
 38-40 Bonham Strand West
 Hong Kong
 Tel : (852) 25458001/25418503
 Fax : (852) 28540675

Ho Chi Minh City Representative Office

Andrew Loh Siew Meng
Chief Representative
 65 Nguyen Du Street
 District 1
 Unit 5C2 Han Nam Officetel
 Ho Chi Minh City
 Vietnam
 Tel : (848) 8221529
 Fax : (848) 8221528

Jakarta Representative Office

Wong Soon
Chief Representative
 Suite 904B Wisma GKB1
 Jalan Jend. Sudirman No. 28
 Jakarta 10210
 Indonesia
 Tel : (62) 21-5722202/03
 Cable : INTBANK
 Telex : 45445
 Fax : (62) 21-5722207

Kuala Belait Branch

Monica Zaiton Bte Mahadi
Branch Manager
 Ground Floor
 Chinese Chamber of
 Commerce Building
 Lot 104, Jalan Bunga Raya
 Kuala Belait 6082
 Negara Brunei Darussalam
 Tel : (673) 3-331889/341012
 Fax : (673) 3-331391

Labuan Branch

Daniel Low Thien Su
General Manager
 Level 13(B), Main Office Tower
 Financial Park Labuan, Jalan Merdeka
 87000 Labuan F.T.
 Malaysia
 Tel : (02) 087-418909/419909
 Telex : 85030
 Fax : (02) 087-411909

London Branch

George Lim Phoon Seng
VP & General Manager
 61-62 Coleman Street
 London EC2R 5BU
 United Kingdom
 Tel : (44) 20-76280361/4 (General)
 (44) 20-77820053 (Dealing)
 Cable : OVERSUNION LDN EC2
 Telex : 884413 (General)
 887570 (Dealing)
 Fax : (44) 20-77820025

Los Angeles Agency

Chen Hoong
VP & Agent
 Suite 3988
 777 South Figueroa Street
 Los Angeles
 CA 90017, USA
 Tel : (1) 213-6243187
 Cable : OVERSUNION LSA
 Telex : 4720554
 Fax : (1) 213-6236407

Manila Offshore Banking Unit

Tan Lye Oon
Branch Manager
7th Floor, Corinthian Plaza
Paseo De Roxas, Makati
Metro Manila
Philippines
Tel : (63) 2-8179951
Cable : INTBANK
Telex : 64073
Fax : (63) 2-8113168

New York Agency

Low Beng Bak
VP & Agent
One World Trade Center
Suite 3955, New York
NY 10048, USA
Tel : (1) 212-4329482/4
(1) 212-4329397
(1) 212-4329461
Cable : OVERSUNION NYA
Telex : 424385
Fax : (1) 212-4329297

Seoul Branch

Ooi Kooi Keat
VP & General Manager
8th Floor, Suite 806, Kyobo Building
1-1 Chongro, 1-Ka, Chongro-ku
Seoul, Republic of Korea
Tel : (82) 2-7393441
Cable : INTBANK
Telex : 26485
Fax : (82) 2-7329004

Shanghai Branch

Kwik Sam Aik
SVP & General Manager
Room 2201, Jin Mao Tower
88 Century Boulevard
Pudong New Area
Shanghai 200121
The People's Republic of China
Tel : (86) 21-50473688
Telex : 33121
Fax : (86) 21-50478688

Shenzhen Branch

Lim Tow Meng
VP & Manager
Room 305, 3rd Floor
Century Plaza Hotel
Kin Chit Road, Shenzhen
Postal Code 518001
The People's Republic of China
Tel : (86) 755-2322755
(86) 755-2344970
Telex : 420385
Fax : (86) 755-2343512

Sydney Branch

Peter H Mackinlay
Regional Head - Australia & New Zealand
Overseas Union Bank Building
12th Floor, 53 Martin Place
Sydney, NSW 2000
Australia
Tel : (61) 2-92334211
Telex : 75872
Fax : (61) 2-92336492

Taipei Branch

Eric Yeo Aik Leng
VP & General Manager
1907 International Trade Building
Taipei World Trade Center
No. 333 Keelung Road, Section 1
Taipei, Taiwan
Republic of China
Tel : (886) 2-27209555
Cable : INTBANK
Telex : 25530
Fax : (886) 2-27576090

Tokyo Branch

Leow Min Siong
VP & General Manager
Shin Tokyo Building
3-1 Marunouchi, 3-Chome
Chiyoda-ku, Tokyo 100
Japan
Tel : (81) 3-32120958
(81) 3-32130403
Cable : OVERSUNION TKY
Telex : 26470 (General)
33961 (Dealing)
Fax : (81) 3-32013369

Yangon Representative Office

Teh Wee Jin
Chief Representative
Shop Unit 5 & 7
Summit Parkview
350 Ahlone Road
Dagon Township, Yangon
Myanmar
Tel : (95) 1-226677/226688
Fax : (95) 1-225544

Banking Subsidiaries

OUB Australia Ltd

Peter H Mackinlay
Director
Overseas Union Bank Building
12th Floor, 53 Martin Place
Sydney, NSW 2000
Australia
Tel : (61) 2-92334211
Telex : 75872
Fax : (61) 2-92336492

Overseas Union Bank (Malaysia) Berhad

Kung Beng Hong
Director & Chief Executive Officer
2nd Floor, OUB Building
Leboh Pasar Besar
50050 Kuala Lumpur
Wilayah Persekutuan
Tel : (02) 03-2305005
Cable : OVERSUNION
Telex : 30356
Fax : (02) 03-2309696

Alor Setar Branch

Leong Yew Fook
VP & Manager
Jalan Raja
05000 Alor Setar
Kedah
Tel : (02) 04-7321366
Cable : OVERSUNION
Telex : 42065
Fax : (02) 04-7330621

Butterworth Branch

Pak Yew Pun
VP & Manager
 4092/4093 Jalan Bagan Luar
 12000 Butterworth
 Penang
 Tel : (02) 04-3232105
 Telex : 47503
 Fax : (02) 04-3314616

Ipoh Branch

Saw Ki Liong
VP & Manager
 110/112 Jalan Sultan Yussuf
 30000 Ipoh
 Perak
 Tel : (02) 05-2551588
 Cable : OVERSUNION
 Telex : 44526
 Fax : (02) 05-2545396

Kuala Lumpur Main Branch

Chan Siew Hoong
VP
 OUB Building
 Leboh Pasar Besar
 50050 Kuala Lumpur
 Wilayah Persekutuan
 Tel : (02) 03-2328642
 Cable : OVERSUNION
 Telex : 30356
 Fax : (02) 03-2307540

Jalan Imbi Branch

Pua Kah Ho
VP & Manager
 197/199 Jalan Imbi
 55100 Kuala Lumpur
 Wilayah Persekutuan
 Tel : (02) 03-2438722
 Fax : (02) 03-2489725

Jalan Pudu Branch

Kan Wing Yin
VP & Manager
 408/410 Jalan Pudu
 55100 Kuala Lumpur
 Wilayah Persekutuan
 Tel : (02) 03-2229022
 Fax : (02) 03-2216336

Kuching Branch

Chua Chai Hua
VP & Manager
 1 Main Bazaar
 93000 Kuching
 Sarawak
 Tel : (02) 082-421291
 Cable : OVERSUNION
 Telex : 70968
 Fax : (02) 082-428546

Malacca Branch

Sneah Thean Keng
VP & Manager
 124 Jalan Bunga Raya
 75100 Malacca
 Tel : (02) 06-2831405
 Cable : OVERSUNION
 Telex : 62972
 Fax : (02) 06-2847440

Penang Main Branch

Lee Hong Chye
VP & Manager
 86 Lebuhr Pantai
 10300 Penang
 Tel : (02) 04-2611511
 Cable : OVERSUNION
 Telex : 40700
 Fax : (02) 04-2611712

Penang Road Branch

Beh Hong Thiew
VP & Manager
 525 Penang Road
 10000 Penang
 Tel : (02) 04-2626112
 Fax : (02) 04-2617220

PJ Uptown Branch *

Paul Lim Pang Kiam
VP & Manager
 Ground Floor, Uptown 1
 1 Jalan SS21/58
 Damansara Uptown
 47400 Petaling Jaya
 Selangor
 Tel : (02) 03-77262299
 Fax : (02) 03-77275566

Sandakan Branch

Chua Chai Hua
VP & Manager
 Ground Floor, Wisma Sandakan
 Leboh Empat
 90000 Sandakan
 Sabah
 Tel : (02) 089-215887
 Cable : OVERSUNION
 Telex : 82776
 Fax : (02) 089-216826

* Opening end-April.

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Fifty-First Annual General Meeting of Overseas Union Bank Limited will be held at Mandarin Ballroom 3, 6th Floor, South Tower, Mandarin Singapore, 333 Orchard Road, Singapore 238867 on **Thursday, 4 May 2000 at 11.00 a.m.** to transact the following business :

1. To receive and, if approved, to adopt the Report of the Directors and Financial Statements for the year ended 31 December 1999.
2. To declare a Final Dividend and a Special Dividend in respect of the year 1999.
3. To approve Directors' Fees for 1999.
4. To pass the following resolutions separately under Section 153(6) of the Companies Act, Cap. 50 :
“That pursuant to Section 153(6) of the Companies Act, Cap. 50, _____ be and is hereby re-appointed a Director of the Company to hold such office until the next Annual General Meeting of the Company.”
in respect of :
 - (a) Mr Lee Hee Seng
 - (b) Dr Cheong Siew Keong
 - (c) Dr Andrew Chew Guan Khuan
5. To re-elect Directors :
 - (a) Mr Peter Seah Lim Huat – retiring by rotation
 - (b) Mrs Margaret Lien Wen Hsien – retiring under Article 93
 - (c) Mr Ngiam Tong Dow – retiring under Article 93
6. To re-appoint Auditors and to authorise Directors to fix their remuneration.

7. As Special Business

To consider and, if thought fit, to pass the following Ordinary Resolutions :

- (a) “That pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited, authority be and is hereby given to the Directors of the Company to issue shares in the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 50 per cent of the issued share capital of the Company for the time being, of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20 per cent of the issued share capital of the Company for the time being, and, unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.”
- (b) “That approval be and is hereby given to the Directors to offer and grant options in accordance with the Regulations of the OUB Share Option Scheme (1995) (“the 1995 Scheme”) and to allot and issue such shares as may be required to be issued pursuant to the exercise of options under the 1995 Scheme, provided always that the aggregate number of shares to be issued pursuant to the 1995 Scheme shall not exceed 5 per cent of the issued share capital of the Company from time to time.”

8. To transact any other business of an Annual General Meeting.

By Order of the Board

JEANNIE TNG
Group Corporate Secretary

Singapore, 17 April 2000

Note :

A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote in his stead and the proxy need not be a member of the Company. The instrument appointing a proxy must be deposited at the Company's Registered Office, 1 Raffles Place, OUB Centre, Singapore 048616, at least 48 hours before the time fixed for the Meeting.