

KEPPEL TATLEE BANK

The Board of Directors of Keppel TatLee Bank Limited is pleased to announce the following:-

1 Audited Results For The Year Ended 31 December 1999

	The Group			The Bank		
	1999 \$'000	1998 \$'000	Incr/ (Decr) %	1999 \$'000	1998 \$'000	Incr/ (Decr) %
Interest income	1,032,858	941,171	9.7	905,891	693,363	30.7
Less: Interest expense	568,637	678,082	(16.1)	524,586	534,535	(1.9)
Net interest income	464,221	263,089	76.5	381,305	158,828	140.1
Fee and commission income	87,691	42,699	105.4	24,980	11,004	127.0
Dividend income	4,918	3,220	52.7	7,690	22,631	(66.0)
Rental income	6,498	2,346	177.0	5,496	1,832	200.0
Other operating income	74,501	38,846	91.8	49,985	30,075	66.2
Total non-interest income	173,608	87,111	99.3	88,151	65,542	34.5
Income before operating expenses	637,829	350,200	82.1	469,456	224,370	109.2
Less : Staff costs	102,311	79,603	28.5	75,513	45,203	67.1
Other operating expenses	106,357	83,047	28.1	81,070	40,546	99.9

Total operating expenses	208,668	162,650	28.3	156,583	85,749	82.6
Operating Profit	429,161	187,550	128.8	312,873	138,621	125.7
Less : Provision for possible loan losses and diminution in value of other assets	96,418	105,254	(8.4)	86,170	96,242	(10.5)
	332,743	82,296	304.3	226,703	42,379	434.9
Share of results of associates	9,306	1,737	435.8	-	-	-
Net Profit before taxation	342,049	84,033	307.0	226,703	42,379	434.9
Less : Taxation	69,213	20,891	231.3	40,000	11,001	263.6
Net Profit after taxation	272,836	63,142	332.1	186,703	31,378	495.0
Less : Minority interests	13,136	10,131	29.7	-	-	-
Net Profit before extraordinary items	259,700	53,011	389.9	186,703	31,378	495.0
Add : Extraordinary items	-	377,068	n.m.	-	377,068	n.m.
Net profit attributable to members	259,700	430,079	(39.6)	186,703	408,446	(54.3)

n.m. : not meaningful

2 Other Information

		The Group			The Bank		
		<u>1999</u> \$'000	<u>1998</u> \$'000	Incr/ (Decr) %	<u>1999</u> \$'000	<u>1998</u> \$'000	Incr/ (Decr) %
(a)	Other operating income	74,501	38,846	91.8	49,985	30,075	66.2
	<ul style="list-style-type: none"> ● Net gain from trading in foreign exchange 	18,518	11,373	62.8	12,879	12,222	5.4
	<ul style="list-style-type: none"> ● Net gain from trading in equity and debt securities 	10,015	16,806	(40.4)	3,513	13,303	(73.6)
	<ul style="list-style-type: none"> ● Net gain from disposal of long-term investments 	28,470	12	n.m.	17,970	-	n.m.
	<ul style="list-style-type: none"> ● Others 	17,498	10,655	64.2	15,623	4,550	243.4
(b)	Depreciation	20,995	30,441	(31.0)	17,781	11,784	50.9
(c)	Net profit after tax (before extraordinary items)						
	- First half year	113,825	28,988	292.7	81,932	24,976	228.0
	- Second half year	145,875	24,023	507.2	104,771	6,402	1536.5
(d)	Net profit (before extraordinary items) as a percentage of average shareholders' funds	10.2	2.9	251.7	8.4	2.1	300.0

(e)	Earnings per share (cents)						
	- based on existing share capital	23.9	6.6	262.1	17.2	3.9	341.0
	- on a fully diluted basis	23.5	6.6	256.1	16.9	3.9	333.3
(f)	Net tangible asset backing per share (\$)	2.36	2.24	5.4	2.03	1.97	3.0
(g)	Issued and paid-up capital	1,094,993	1,083,705	1.0	1,094,993	1,083,705	1.0
(h)	Shareholders' funds	2,581,480	2,424,920	6.5	2,219,785	2,133,639	4.0
(i)	Total loans and advances to non-bank customers (net of provisions)	12,367,342	11,530,597	7.3	10,891,936	10,051,363	8.4
(j)	Total deposits	19,070,741	15,891,635	20.0	18,080,580	14,739,211	22.7
	- Bank deposits	6,142,420	3,802,408	61.5	6,116,448	3,746,795	63.2
	- Non-bank customers	12,928,321	12,089,227	6.9	11,964,132	10,992,416	8.8
(k)	Total assets	24,233,995	20,199,854	20.0	22,406,634	18,348,273	22.1

3 1999 Performance

The Group's net profit before extraordinary items for 1999 rose by a substantial 390% to \$259.7 million. Return on average shareholders' funds improved from 2.9% to 10.2% and basic earnings per share rose from 6.6 cents to 23.9 cents.

Operating profit grew 128.8% from \$187.6 million to \$429.2 million. Net interest income increased by 76.5% to \$464.2 million on an enlarged asset base and better interest spreads due to lower funding costs given the prevailing interest rate environment. Non-interest income grew by 99.3% to \$173.6 million. Fee-based activities increased with the broader customer base while strong growth was registered in stockbroking commission. Other operating income increased by 91.8% mainly due to the exceptional profit of \$28.5 million from the divestment of the Group's stake in TLB Land and share in the former Stock Exchange of Singapore.

Against the strong income growth of 82.1%, expenses of the enlarged group rose by a slower rate of 28.3% to \$208.7 million. Compared to the combined expenses of Keppel Bank and Tat Lee Bank (TLB) prior to the merger, the Group's recurring expenses recorded a decline of 20% or approximately \$50 million. This is in line with the cost reduction target announced at the time of merger. As a result of the cost savings, expense-to-income ratio improved significantly from 46.4% in the previous year to 32.7% in 1999.

In 1999, the Group continued to set aside a prudent amount of \$96.4 million in total provisions compared to \$105.3 million in 1998, reflecting the improved economic climate in the Asian countries. Total cumulative specific and general provisions which amounted to \$1,155 million at end of December 1999 covered 65% of total non-performing loans.

The effective tax rate of 20.2% for the Group was lower than the statutory tax rate of 26% mainly due to the utilisation of tax credit from losses carried forward from TLB.

Extraordinary items in 1998 comprise (i) dividends from TLB prior to the merger; and (ii) net surplus from merger with TLB, representing the excess of share capital and reserves of TLB over the Bank's cost of investment.

Loans and advances including bills receivable (net of provisions) of the Group increased by 7.3% to \$12.4 billion while total deposits of the Group grew by 20% to \$19.1 billion.

Total assets of the Group rose by 20% to \$24.2 billion. Shareholders' funds increased by 6.5% to \$2.6 billion and capital adequacy ratio of the Group based on Bank for International Settlements (BIS) guidelines was 18.8% (1998 : 18.5%).

4 Year 2000 ("Y2K") issue

The Group successfully entered the new millennium without any Y2K issue.

5 Dividends

The Directors are pleased to recommend a final dividend of 6% or 6 cents per share less 26% tax (1998 : 3% or 3 cents per share less 26% tax) amounting to \$48,617,674 (1998 : \$24,073,621) in respect of the financial year ended 31 December 1999.

In addition, the Directors are pleased to recommend a special dividend of 5% or 5 cents per share less 26% tax (1998 : Nil) amounting to \$40,514,728 in respect of the same period in view of the underlying strong performance.

The dividends, totalling 11% less tax represent 34% of the 1999 net attributable profit and are subject to approval being obtained at the next Annual General Meeting to be convened.

6 Share Issue

From 1 July 1999 to 31 December 1999 (both dates inclusive), the Bank issued :

- (i) 278,875 ordinary shares of \$1.00 each upon the exercise of share options;
- (ii) 5,750 ordinary shares of \$1.00 each upon the exercise of subscription rights in 5,750 Warrants 2000;
- (iii) 3,522 ordinary shares of \$1.00 each upon the exercise of subscription rights in 3,522 Warrants 00;
- (iv) 3,962 ordinary shares of \$1.00 each upon the exercise of subscription rights in 3,962 Warrants 02;
- (v) 10,280,000 ordinary shares of \$1.00 each issued to Allied Irish Banks, p.l.c.

As at 31 December 1999, there were 576,553,955 shares (31 December 1998 : 225,213,541) that can be issued upon the exercise of subscription rights in all the outstanding warrants and share options.

BY ORDER OF THE BOARD

LYNETTE TAN / ANNA YU
Secretaries
Singapore, 14 February 2000