

UOB Group First Half / Second Quarter 2005 Results Briefing

**Presentation by
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Deputy Chairman & President**

29 July 2005



United for Growth

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Panel Members

- Mr Wee Ee Cheong Deputy Chairman & President
- Mr Samuel Poon SEVP, Institutional Financial Services & Operations
- Mr Terence Ong SEVP, Global Treasury & Asset Management
- Mr Francis Lee SEVP, Personal Financial Services & International
- Mr Chong Kie Cheong SEVP, Investment & Private Banking
- Ms Susan Hwee EVP, Information Technology
- Mr Lee Wai Fai Chief Financial Officer

Agenda

- **Overview Of 1st Half 2005 Results**
- **Building Regional Platform**
- **In Summary**



Challenging Operating Environment

- Slower economic growth across the region
- Loan growth in Singapore remains sluggish
- Continued price pressure due to intense competition
- Flattening yield curve limits gapping opportunities

Credible Results Amidst Challenges

	<u>1H05</u>	<u>1H04</u>	<u>2Q05</u>	<u>2Q04</u>
Net Profit After Tax	\$815m	\$705m	\$409m	\$347m
Cash ROE	12.8%	12.0%	13.6%	11.9%
Non-Interest Income / Total Income	36.0%	33.7%	36.8%	31.3%
Offshore Profit Contribution	23.8%	19.5%	25.8%	18.0%
Expense / Income Ratio	36.9%	34.4%	38.3%	36.2%

	<u>Jun 05</u>	<u>Mar 05</u>	<u>Dec 04*</u>	<u>Jun 04</u>
NPL Ratio	6.7%	6.9%	7.6%	7.6%
Impairment Coverage	68.2%	69.1%	68.7%	67.0%

* Restated upon adoption of FRS39 on 1 January 2005

Credible Results Amidst Challenges – Continued Growth In Strategic Businesses

Growth in Core Customer Business

- Gross customer loans rose 7.3% yoy
- Loan margins increased despite drop in NIM

Sustained Momentum in Fee & Commission Income

- Increase of 26.4% in fund management fees
- Trade-related fees up, in tandem with 23.7% growth in trade financing loans
- Loan-related fees rose 36.0%
- 17.0% growth in fees from credit card business

Credible Results Amidst Challenges – Maintain Discipline & Prudence

- Cost under control despite continued investments
- Asset quality remained prudently managed. NPL ratio improved further
- Strong capital position

Building Regional Platform

**Achieved Significant Progress in Laying Groundwork -
Towards 40% Offshore Profit Contribution Target by 2010**

- Established next leg of Southeast Asian platform with additional 30% stake in Bank Buana
 - Opens up access to consumer segment in Indonesia
 - Leverage on Bank Buana's established network to make further inroads in SME business
 - A strategic investment expected to be a key contributor in the long term

Building Regional Platform (Cont'd)

- Progressing well in integrating Thailand's operation
 - Successfully hubbed BOA's credit card system to Singapore
 - Operational integration on track for completion by end-2005
- Further build on Malaysian franchise for growth
- Rationalising Philippines operations

Capital Management

- CAR remains strong
- Renewal of share buy back mandate provides flexibility for further capital management initiatives
- Made progress in non-core asset divestment
 - Initiated divestment of 34.7% stake in UOL
- Maintain high dividend payout
 - Interim dividend of 20.0% on top of 28.5% dividend paid in specie of shares in UOL

In Summary ...

- Held our ground well despite challenging economic backdrop. Maintain leadership position in Singapore
- Remain upbeat in region's long term prospects despite short term uncertainties
- Continue to expand cross-border capabilities & geographical footprint
- Enhanced position & clear strategic focus will place UOB in good stead