

UOB - Premier Regional Bank

Analysts' Briefing Full Year 2003 Results

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Quarter-on-Quarter Profits Trending Upwards

Net Profit After Tax



Higher Profits in 4th Quarter 2003

	4Q03	3Q03	Inc / (Dec)	
	\$m	\$m	\$m	%
Net Interest Income	540	503	37	7.4
Non-Interest Income	291	251	40	16.1
Total Income	831	754	77	10.3
Less: Operating Expenses	290	269	21	7.6
Operating Profit before Goodwill and Provisions	542	485	57	11.7
Less: Goodwill Amortisation	50	50	-	(1.3)
Provisions	41	40	1	2.7
Operating Profit after Goodwill and Provisions	451	394	57	14.3
Share of Profit of Associates	45	32	13	39.5
Profit before Tax & Minority Interests	496	427	69	16.2
Less: Tax & Minority Interests	130	92	38	42.0
Net Profit After Tax	366	335	31	9.2

Higher Profits despite Difficult Economic Conditions in 2003

	2003	2002	Inc / (Dec)	
	\$m	\$m	\$m	%
Net Interest Income	2,071	2,128	(57)	(2.7)
Non-Interest Income	1,089	906	183	20.2
Total Income	3,160	3,034	126	4.1
Less: Operating Expenses	1,095	1,074	21	2.0
Operating Profit before Goodwill and Provisions	2,064	1,960	104	5.3
Less: Goodwill amortisation	202	196	6	3.1
Provisions	362	465	(103)	(22.2)
Operating Profit after Goodwill and Provisions	1,501	1,300	201	15.4
Exceptional Item #	-	(48)	(48)	(100.0)
Share of Profit of Associates	107	123	(16)	(13.1)
Profit before Tax & Minority Interests	1,608	1,376	232	16.9
Less: Tax & Minority Interests	406	370	36	9.9
Net Profit After Tax	1,202	1,006	196	19.5

Comprising restructuring and integration costs as a result of the acquisition and merger of OUB

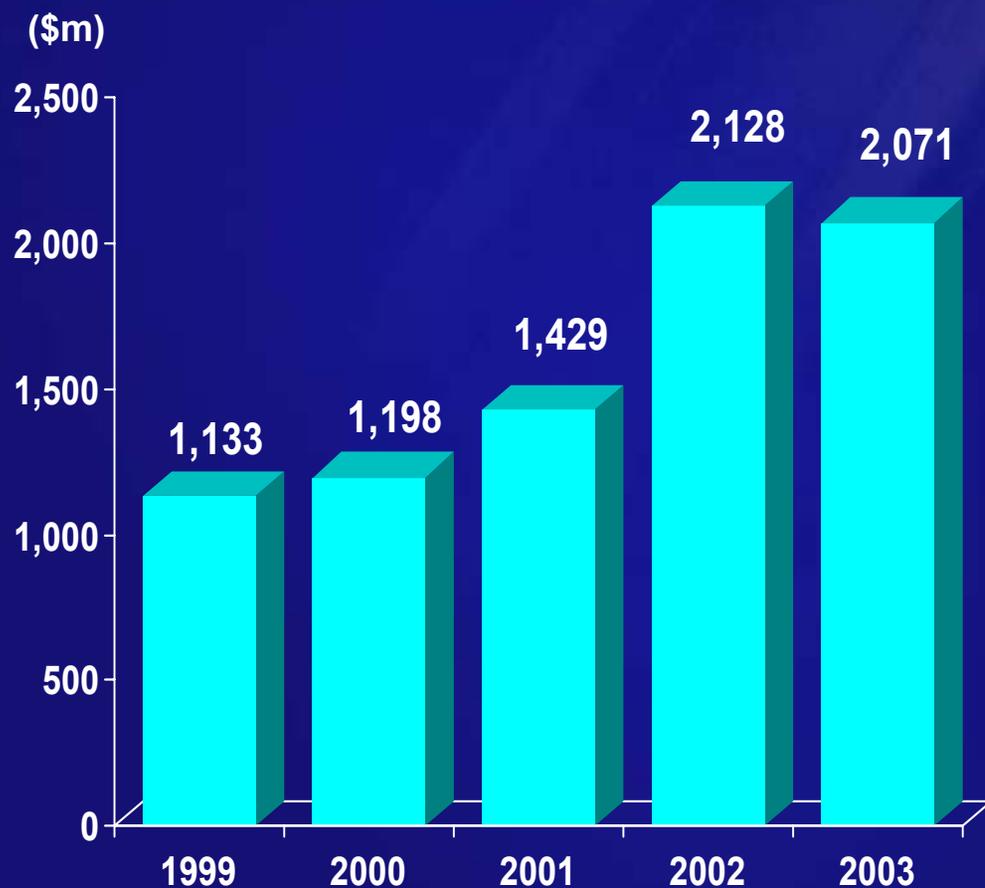
Change in Accounting Policy – Impact to Profits

	Old Policy		New Policy	Inc / (Dec)
<u>Net Profit After Tax - \$m</u>				
2003	1,169	⇒	1,202	33
2002	1,064	⇒	1,006	(58)
Inc / (Dec)	9.9%		19.5%	

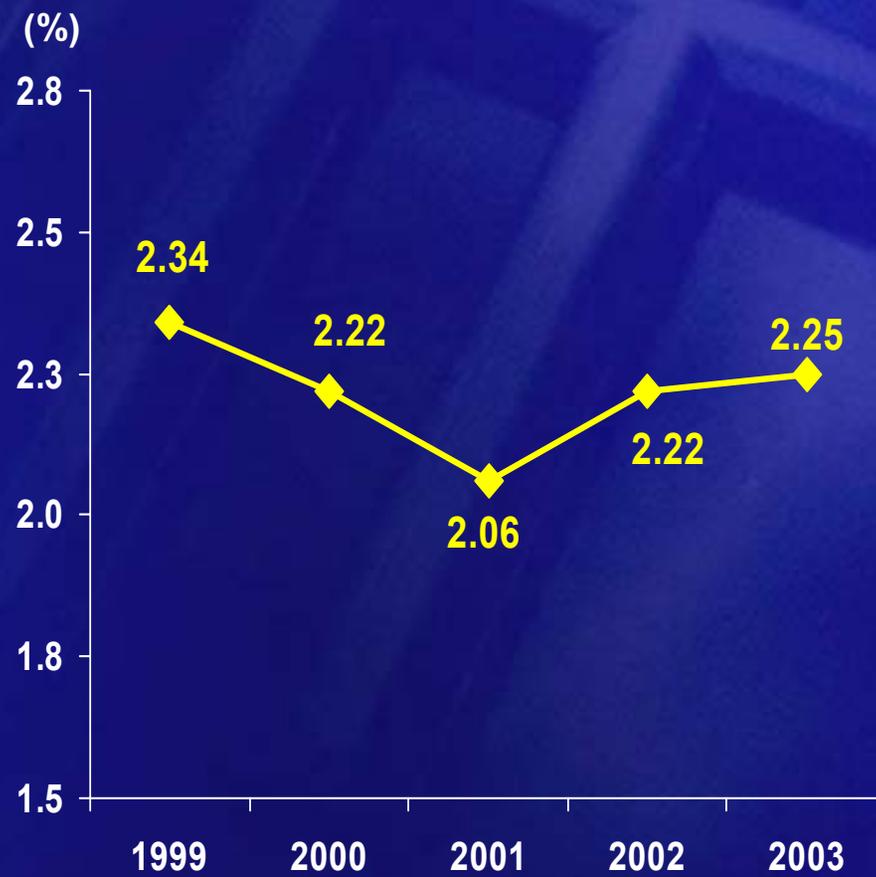
Note: The change in accounting policy has been applied retrospectively and the 2002 figures in this presentation materials had been restated accordingly

Lower Net Interest Income from Inter-bank Money Market Activities

Net Interest Income

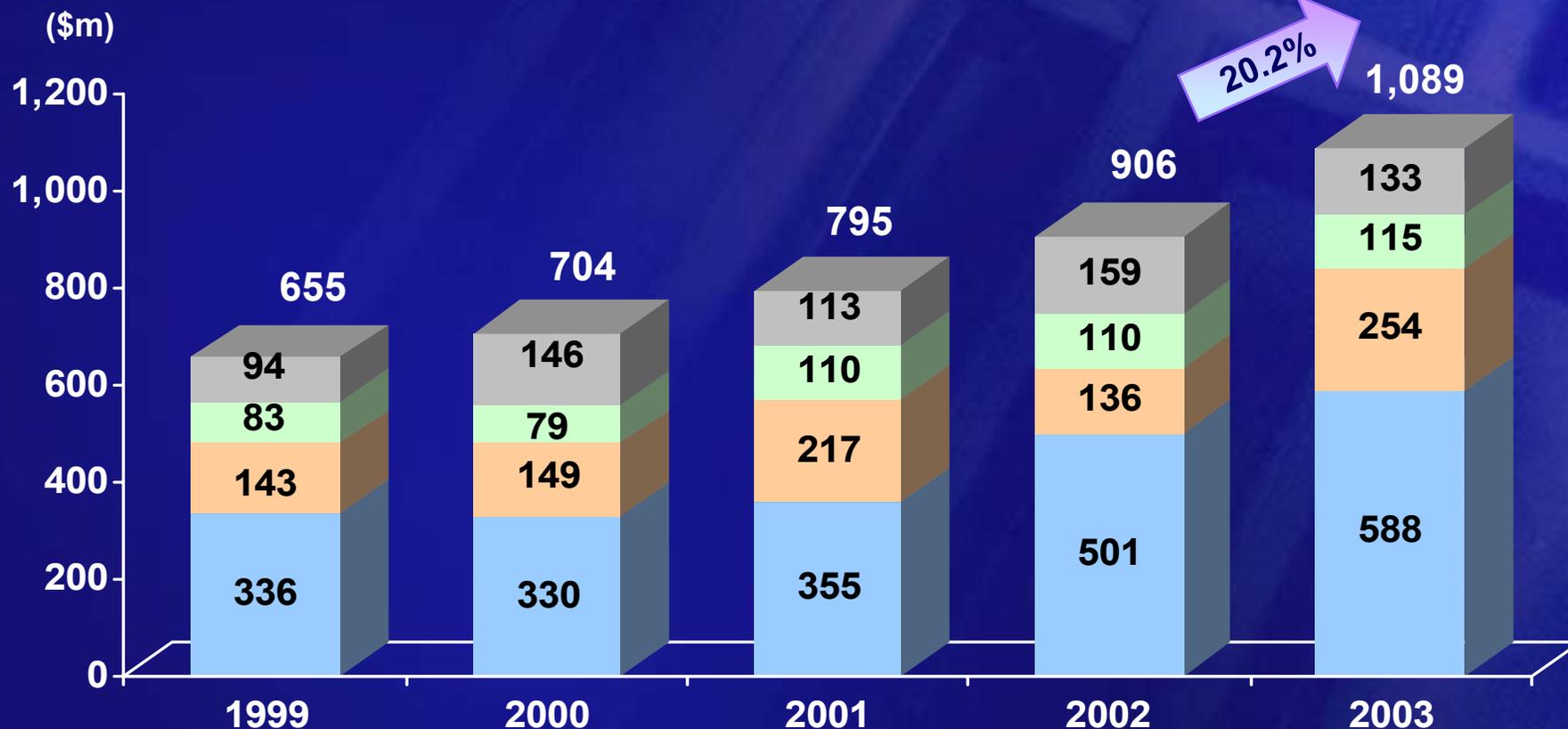


Net Interest Margin



Robust Growth in Non-Interest Income

Non-Interest Income (Non-NII)



20.2%

Non-NII / Total Income :

36.6%

37.0%

35.7%

29.9%

34.5%



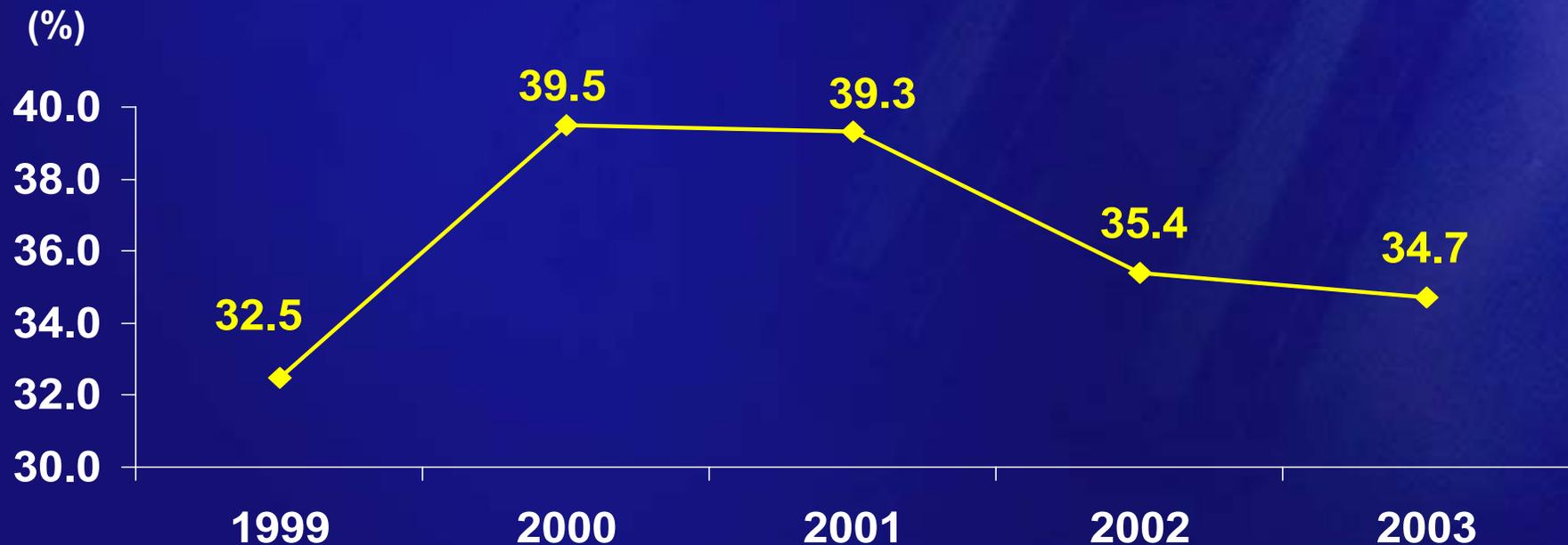
Stronger Fee and Commission Income

	2003	2002	Increase / (Decrease)	
	\$m	\$m	\$m	%
Credit card	94	96	(2)	(2.3)
Fund management	78	74	4	4.6
Futures broking & stockbroking	35	49	(14)	(27.5)
Investment-related	98	29	69	235.9
Loan-related	97	86	11	12.0
Service charges	49	44	5	12.0
Trade-related	111	101	10	10.3
Other	26	21	5	23.8
Fee and Commission Income	588	501	87	17.4

Effective Cost Management

	2003 \$m	2002 \$m	Inc / (Dec) \$m	%
Staff Costs	532	536	(4)	(0.9)
Other Operating Expenses	564	538	26	4.8
Total	1,095	1,074	21	2.0

Expense-to-Income Ratio



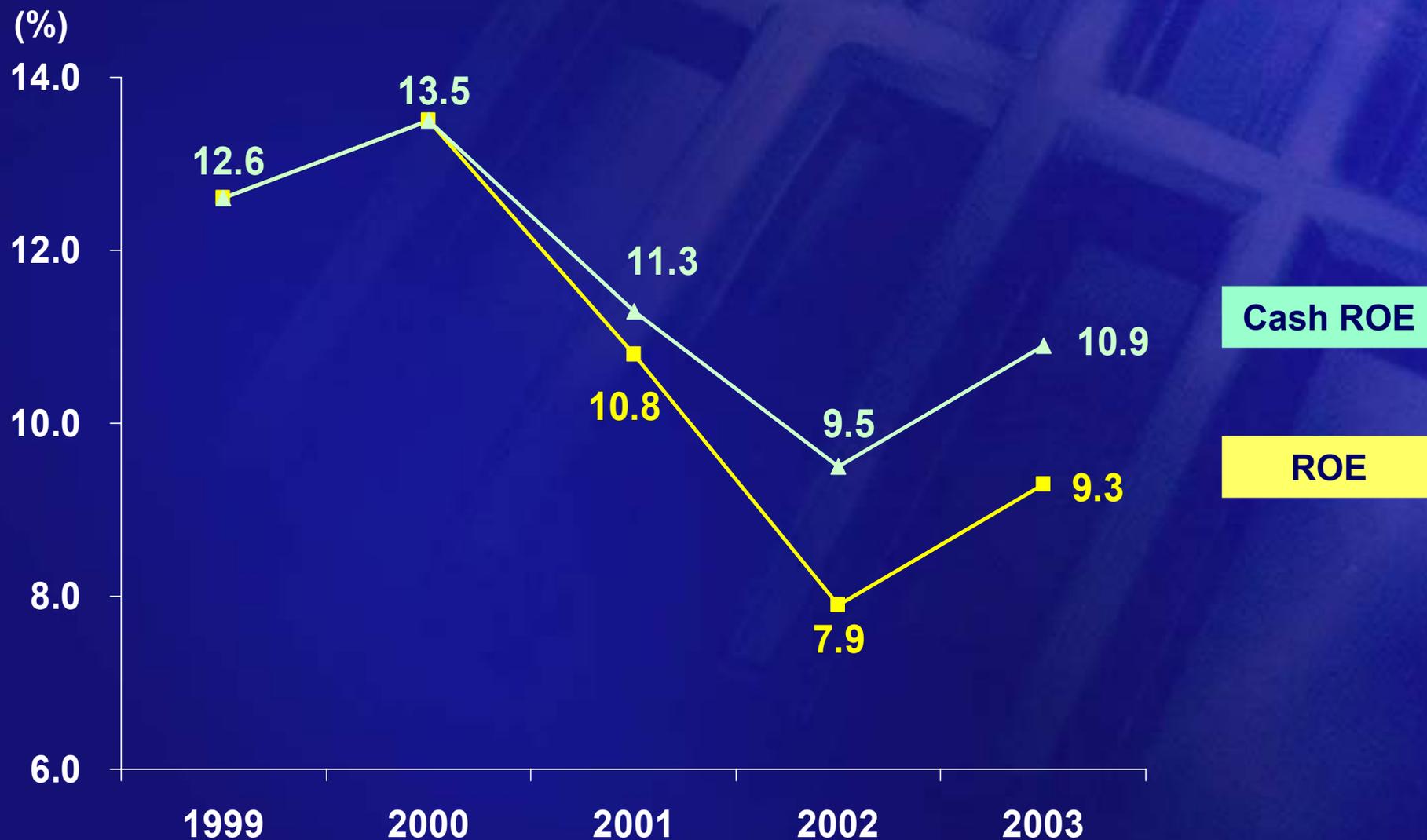
Lower Provision Charges

Provisions Charged to Income Statement

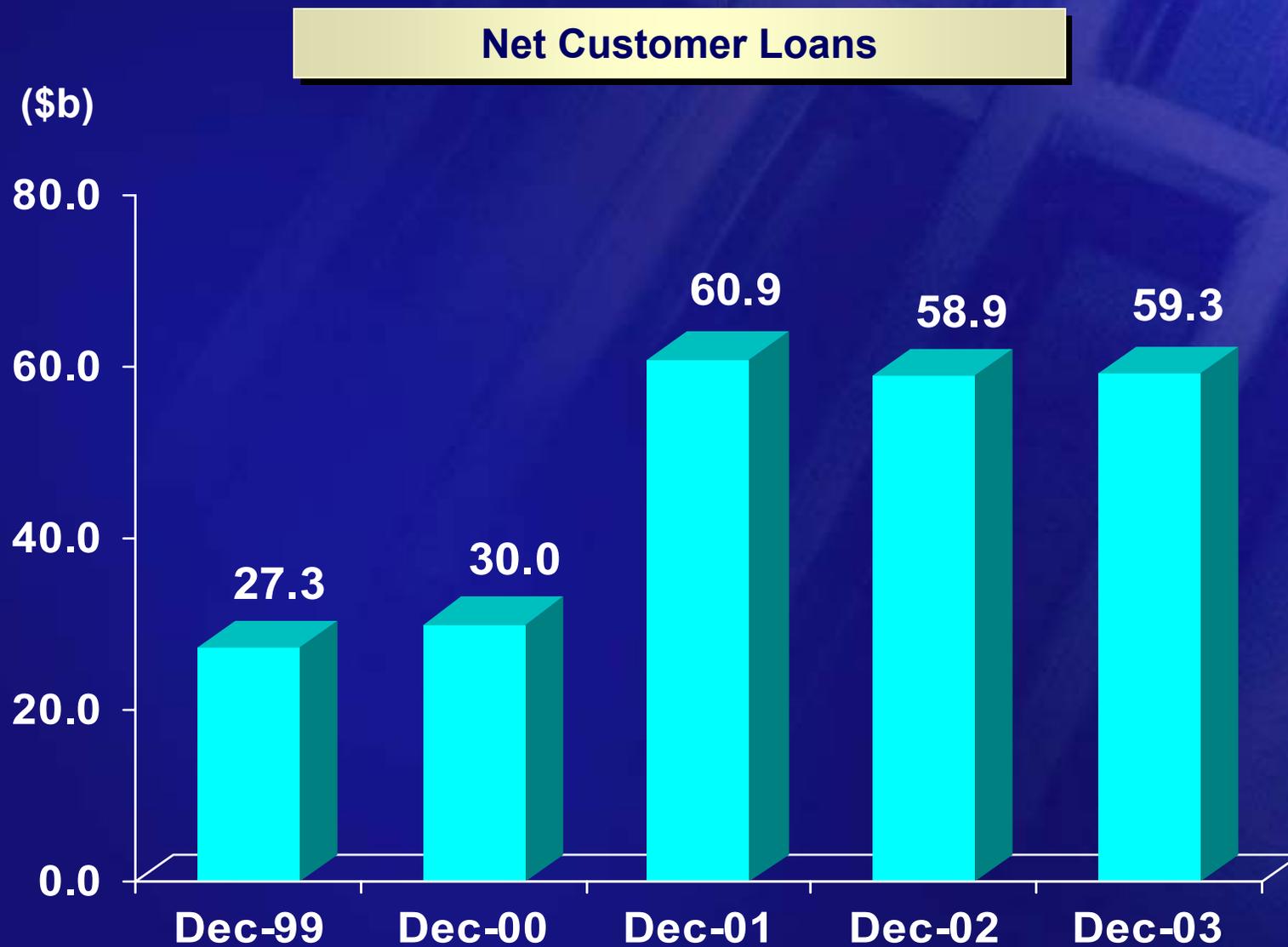


	1999	2000	2001	2002	2003
	\$m	\$m	\$m	\$m	\$m
Specific provisions for loans	239	69	165	422	345
Specific provisions for investments and other assets	(4)	74	70	43	16
General provisions	19	(53)	(70)	-	-
Total provisions	253	91	165	465	362

Higher Return on Average Shareholders' Funds (ROE)

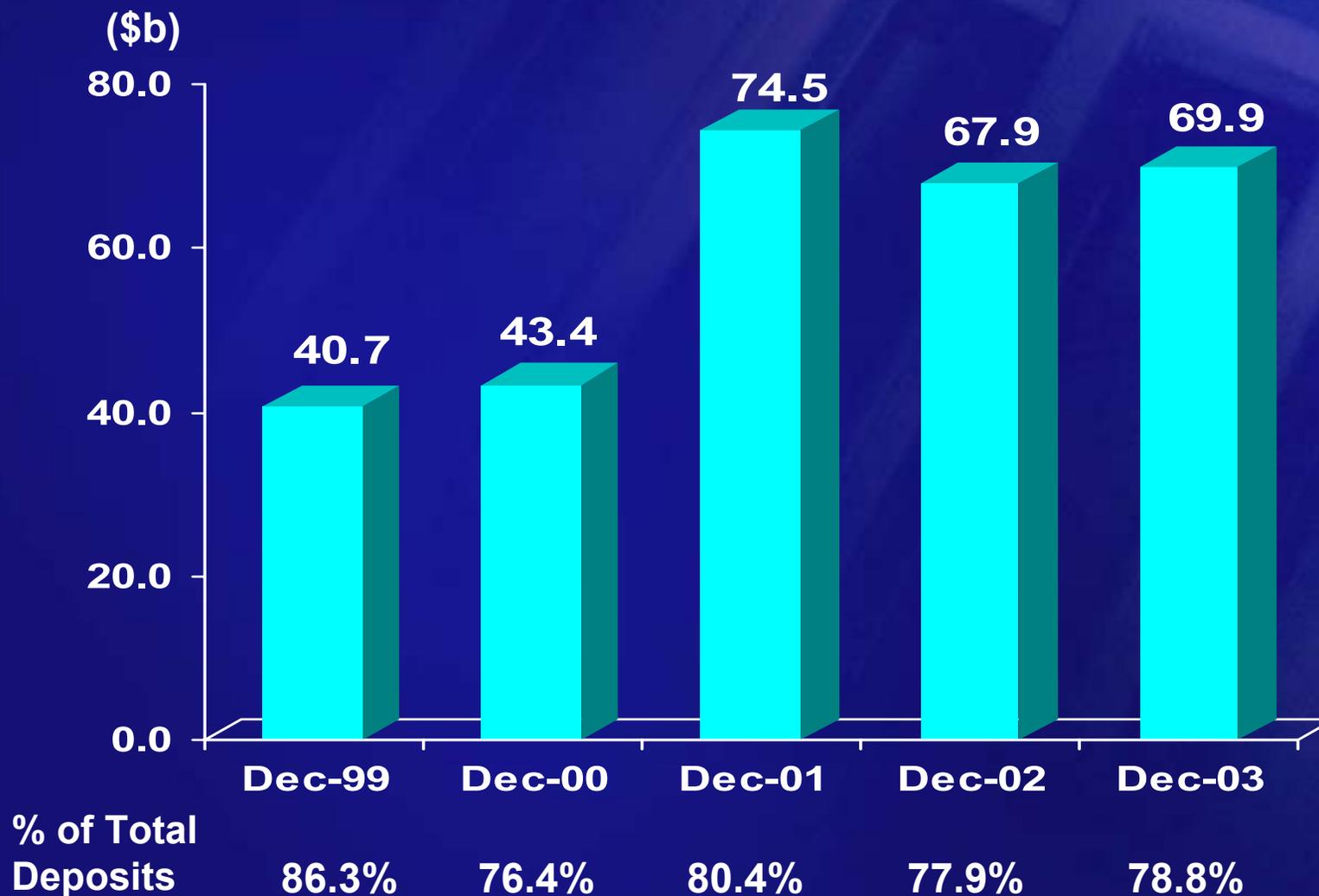


Improved Loans Demand



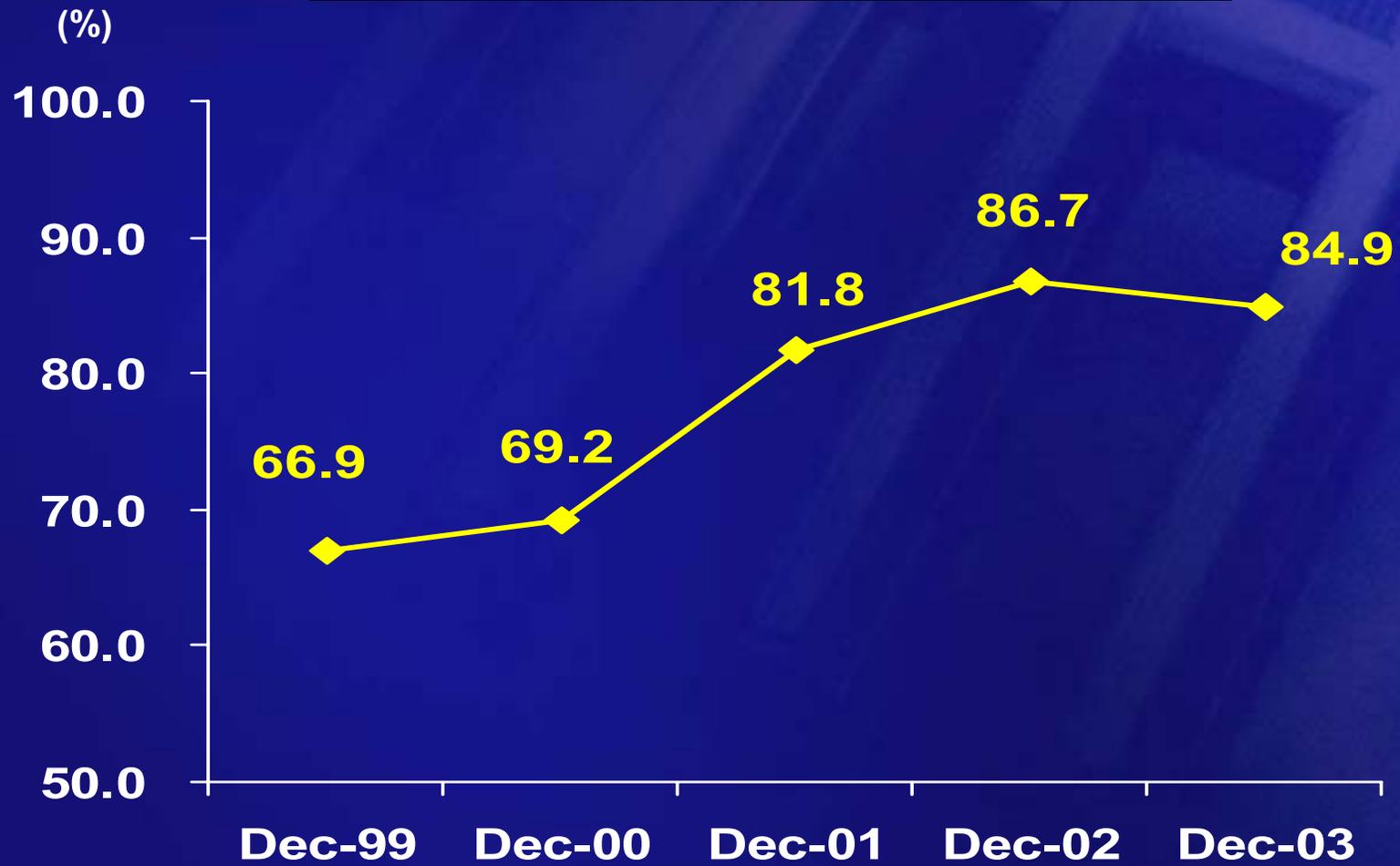
Increase in Customer Deposits

Customer Deposits

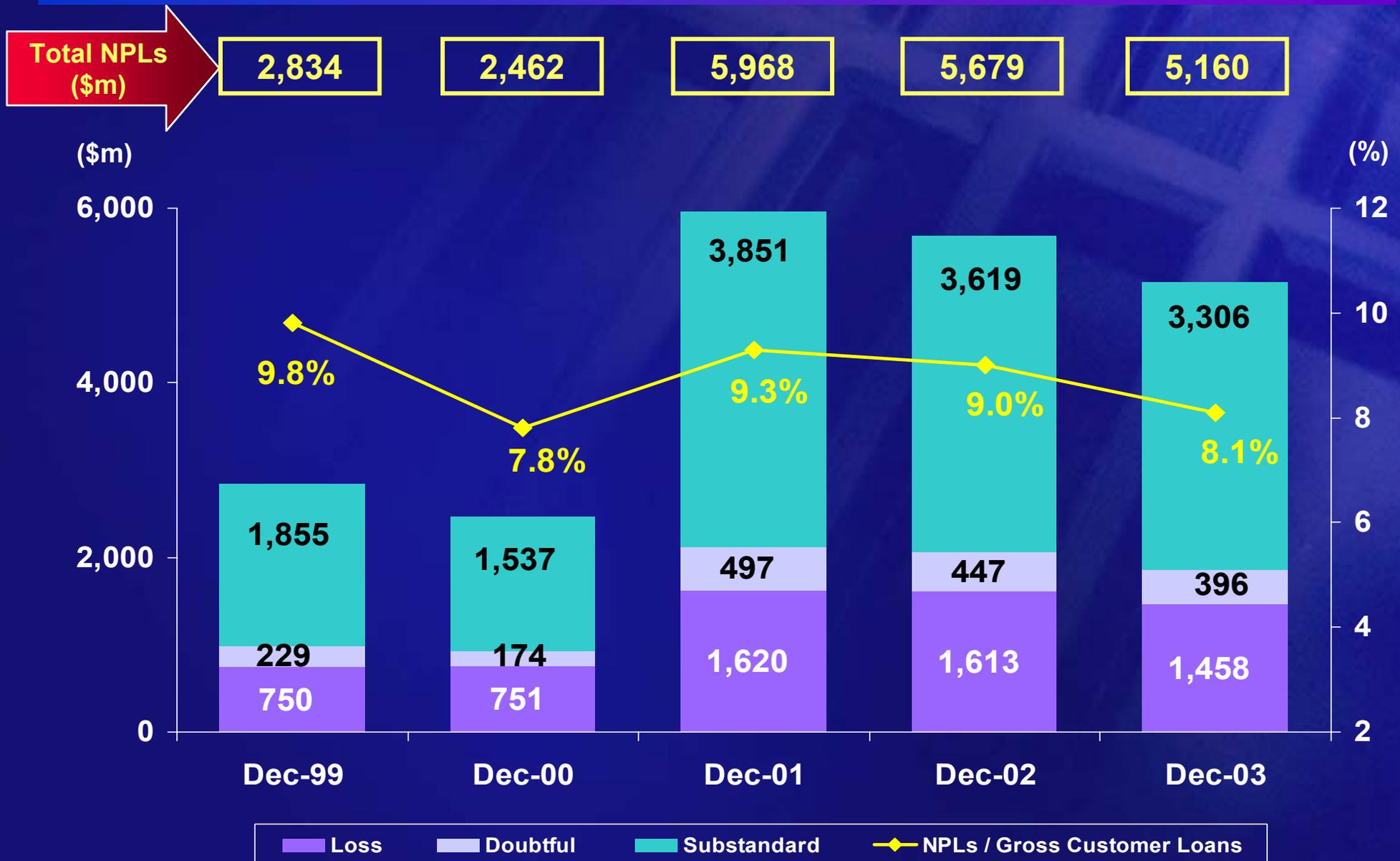


Lower L/D Ratio

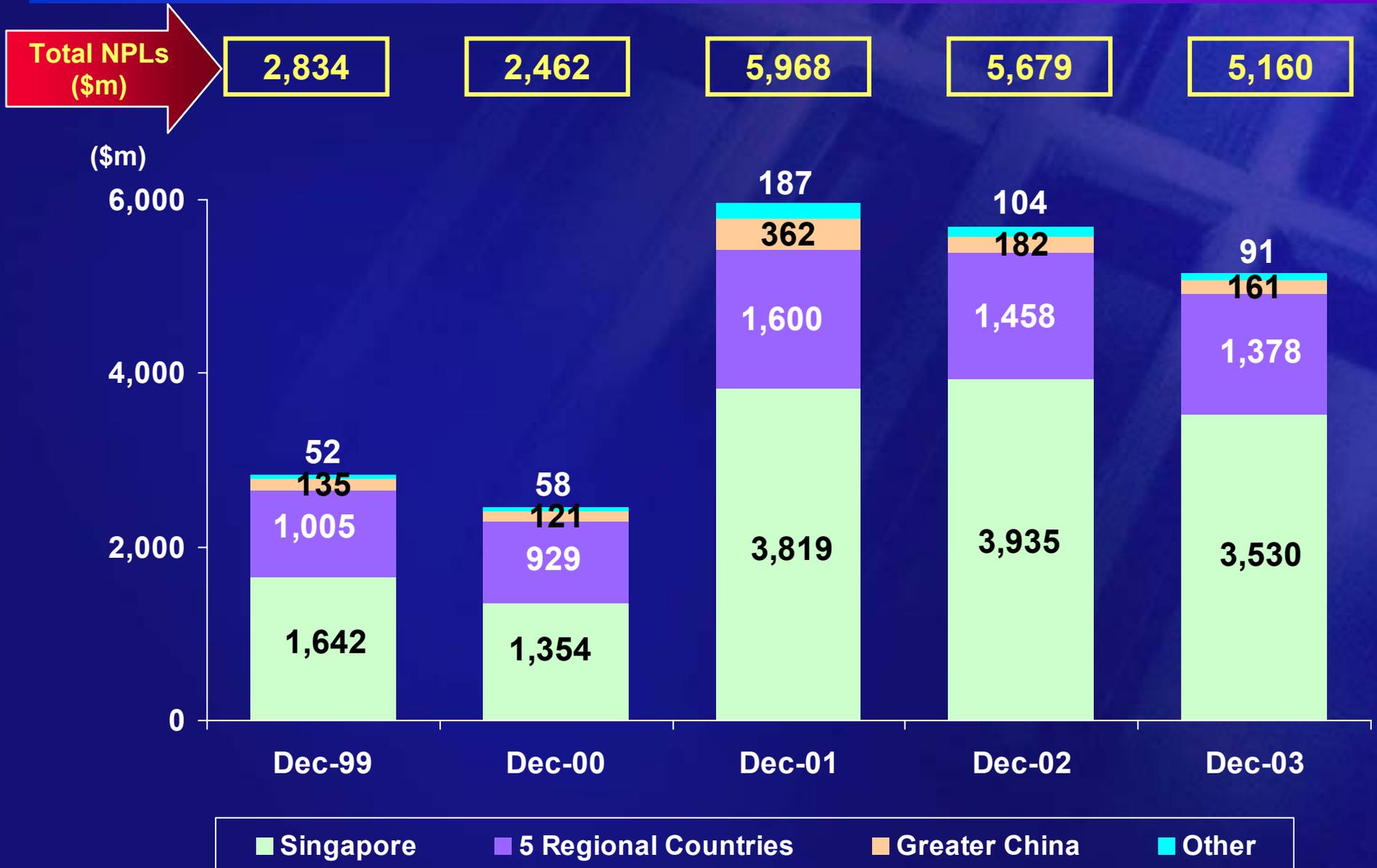
Loans / Deposits Ratio



Declining Non-Performing Loans (NPLs)



Reduction in NPLs across Regions



Reduction in NPLs across Sectors

NPLs By Industrial Classification

	<u>Dec-03</u> \$m	<u>Dec-02</u> \$m	<u>Inc / (Dec)</u>	
			\$m	%
Transport, storage and communication	105	124	(19)	(15.3)
Building and construction	756	843	(87)	(10.3)
Manufacturing	745	874	(129)	(14.8)
Non-bank financial institutions	984	1,029	(45)	(4.4)
General commerce	702	769	(67)	(8.7)
Professionals and private individuals	926	1,014	(88)	(8.7)
Housing loans	632	668	(36)	(5.4)
Other	231	294	(63)	(21.4)
Sub-total	<u>5,081</u>	<u>5,615</u>	<u>(534)</u>	<u>(9.5)</u>
Debt securities	79	64	15	23.4
Total NPLs	<u><u>5,160</u></u>	<u><u>5,679</u></u>	<u><u>(519)</u></u>	<u><u>(9.1)</u></u>

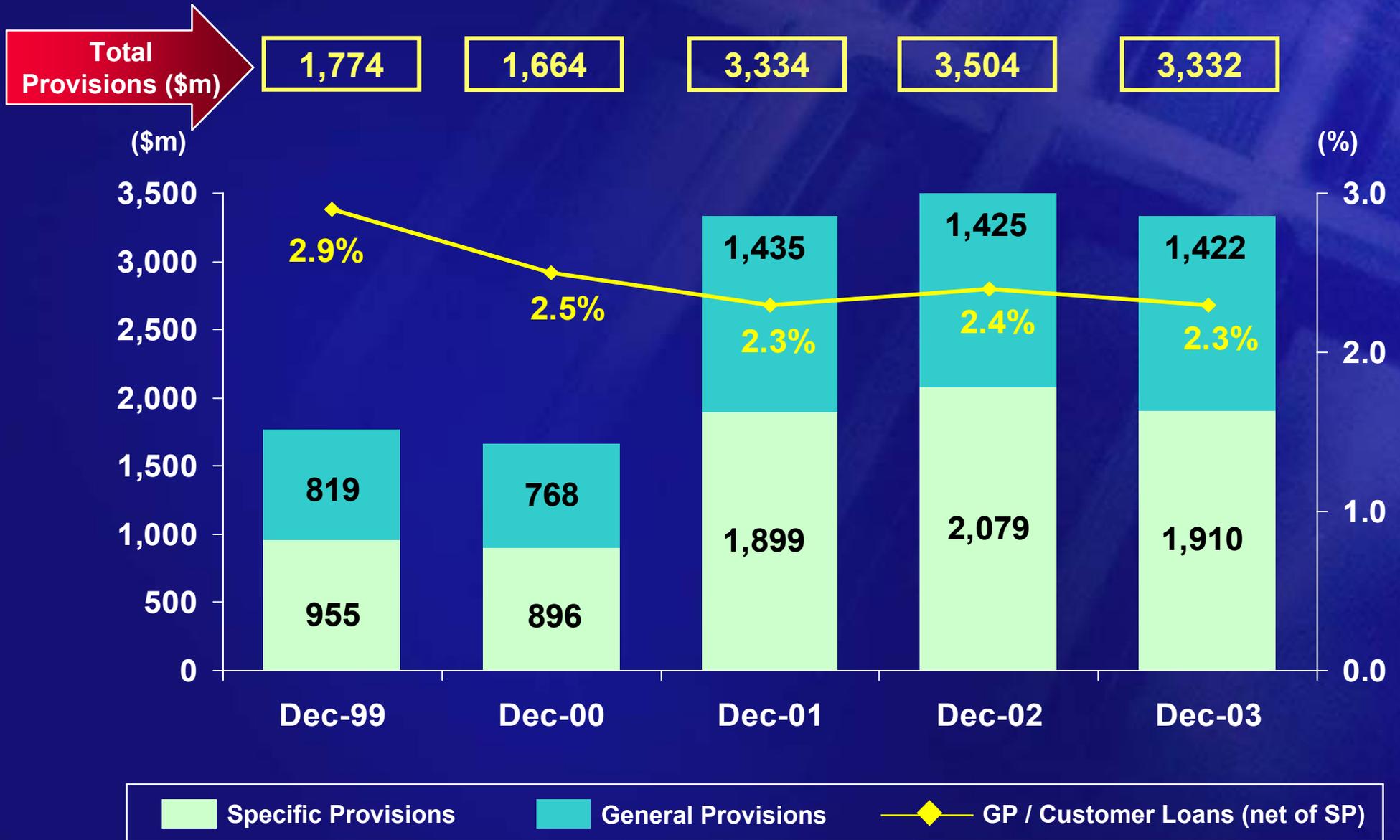
Improved NPLs Ratio for Major Sectors

NPLs Ratio By Industrial Classification

	<u>Dec-03</u> %	<u>Dec-02</u> %	<u>Inc / (Dec)</u> % pts
Transport, storage and communication	5.0	6.0	(1.0)
Building and construction	10.3	9.2	1.1
Manufacturing	12.7	16.2	(3.5)
Non-bank financial institutions	9.5	9.5	-
General commerce	11.4	12.4	(1.0)
Professionals and private individuals	9.6	10.9	(1.3)
Housing loans	4.3	4.8	(0.5)
Other	3.7	5.3	(1.6)
NPLs* /			
Gross Customer Loans	<u>8.1</u>	<u>9.0</u>	<u>(0.9)</u>

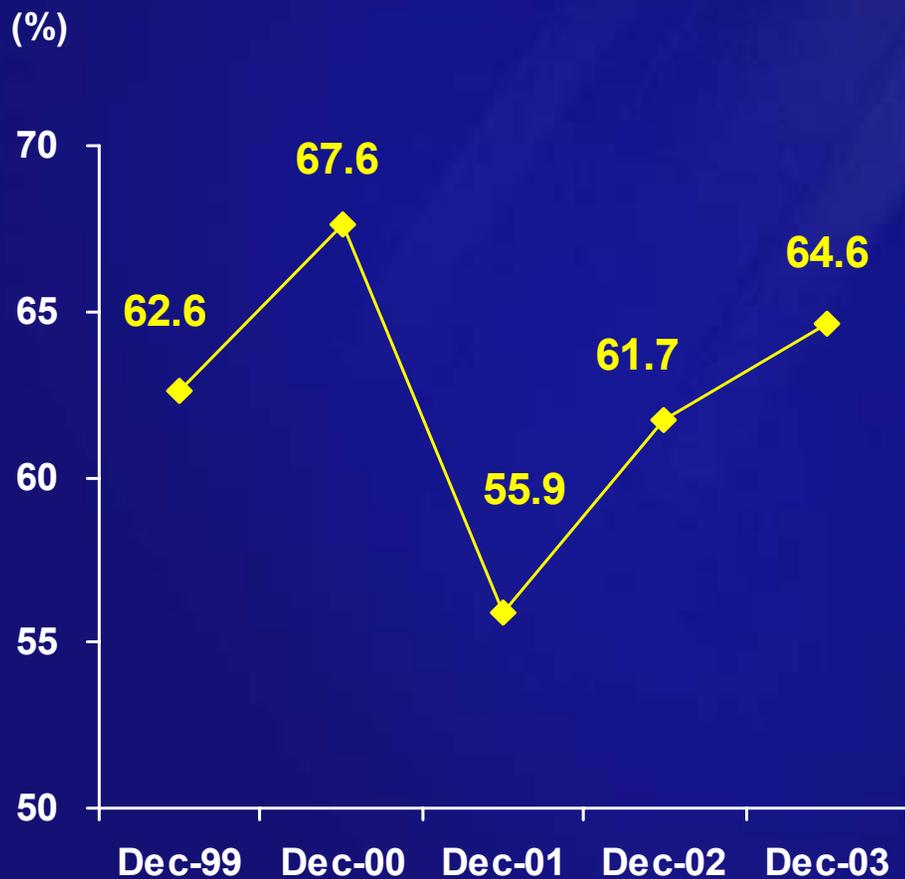
* Excluding debt securities

Decrease in Cumulative Provisions in Tandem with the Drop in NPLs



Increase in Provision Coverage

**Cumulative Provisions /
Total NPLs Ratio**

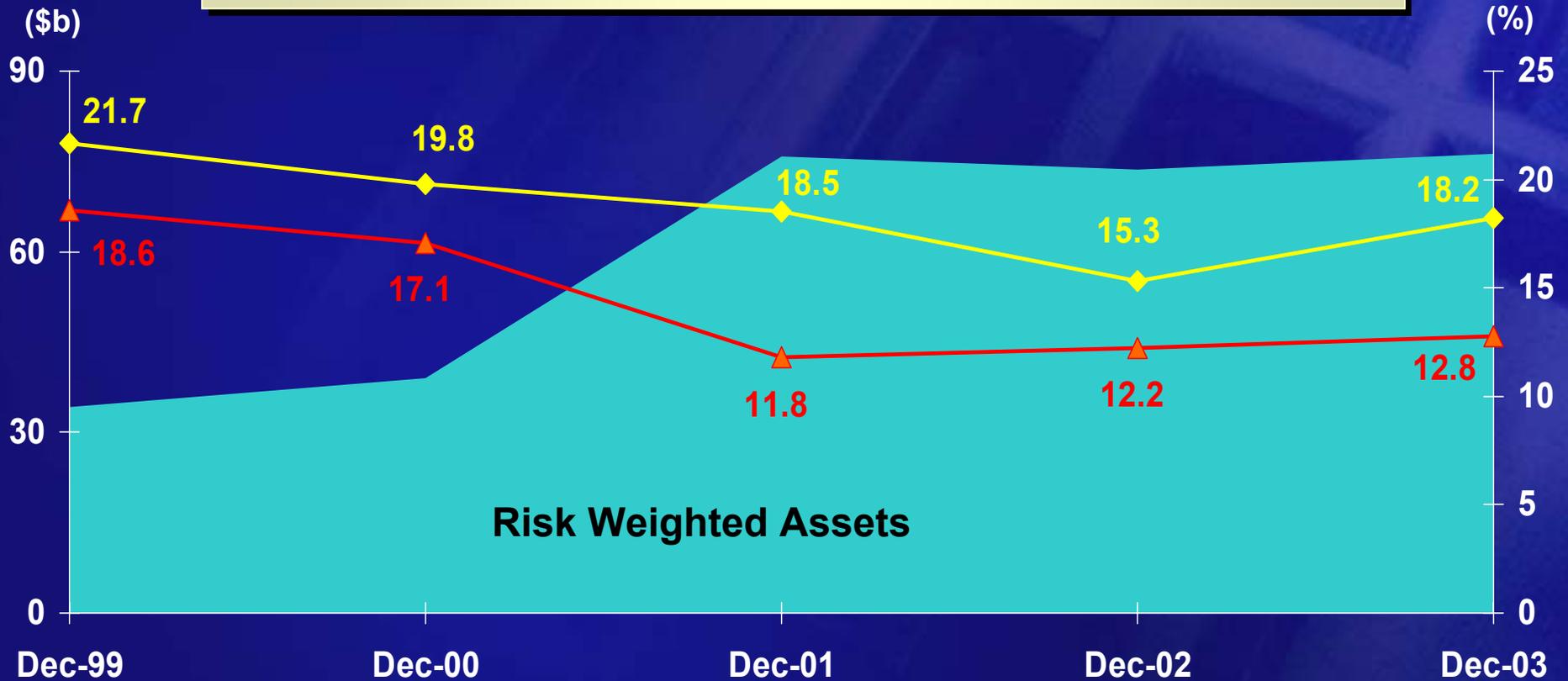


**Cumulative Provisions /
Unsecured NPLs Ratio**



Strong Capital Position

Capital Adequacy Ratio (BIS)

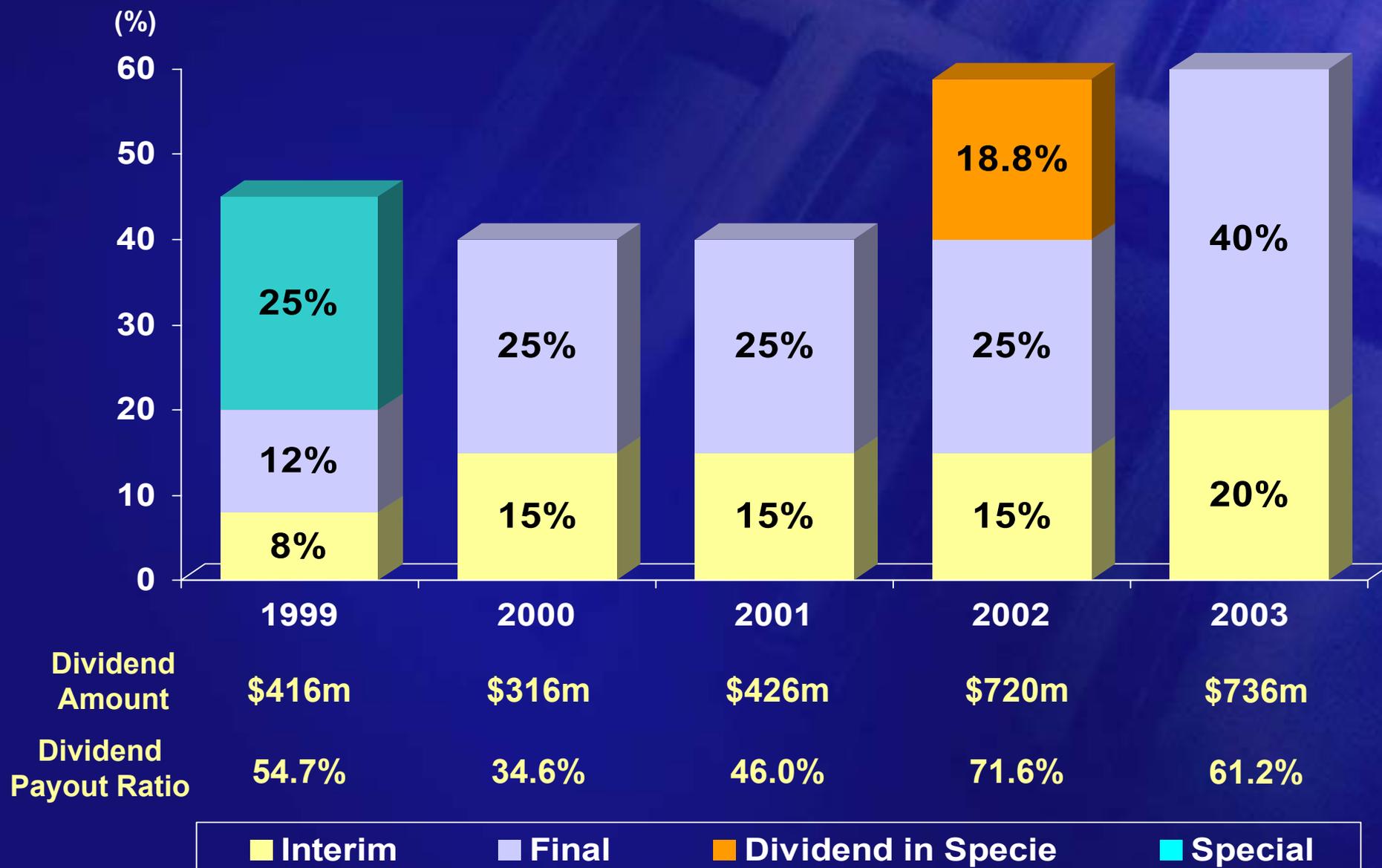


Risk Weighted Assets

Total CAR

Tier 1 CAR

Higher Dividend Payout to Reward Shareholders



In Conclusion...

- **NPAT grew 19.5% to reach \$1,202 million in 2003**
- **ROE (excluding goodwill) increased to 10.9% from 9.5% in 2002**
- **Expense-to-income ratio improved 0.7% point to 34.7%**
- **NPLs ratio declined to 8.1% in 2003 from 9.0% in 2002**
- **Dividend rate of 60.0% for 2003 is higher compared to 58.8% in 2002**