

UOB - Premier Regional Bank

Analysts' Briefing Full Year 2003 Results

**Address by
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Deputy Chairman & President**

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Panel Members

- **Mr Wee Ee Cheong** Deputy Chairman & President
- **Mr Samuel Poon** SEVP, Institutional & Individual Financial Services
- **Mr Terence Ong** SEVP, Global Treasury / Asset Management
- **Mr Francis Lee** SEVP, International
- **Mr Kuek Tong Au** EVP, Corporate Services
- **Ms Susan Hwee** EVP, Information Technology

Agenda

Steady Operating Performance

Robust Growth in Non-Interest Income

Non-Performing Loans Continue to Improve

Cost Discipline Maintained

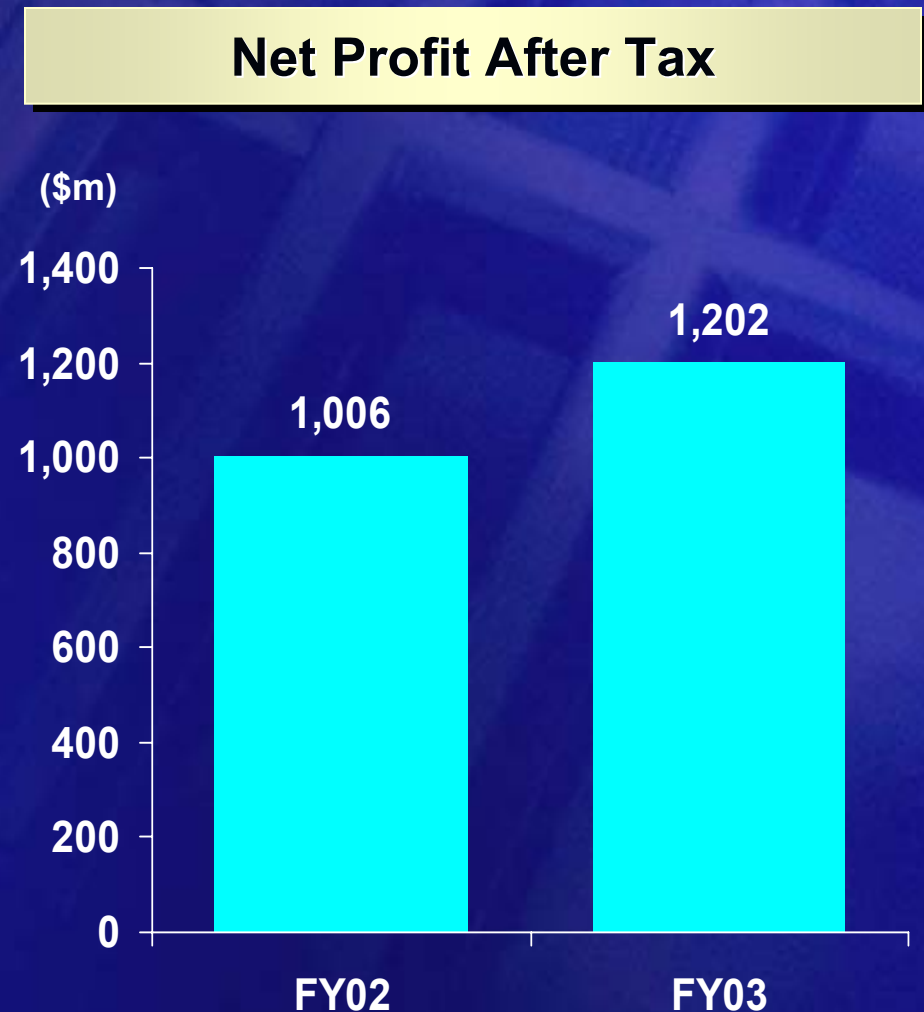
Ongoing Capital Management

Focused Business Strategy



Moving Forward

Steady Operating Performance

- NPAT increased by 19.5% to \$1,202m
- Operating profit grew 5.3% from \$1,960m to \$2,064m
- Achieved better balance of interest & non-interest income
- NIM improved from 2.22% to 2.25% despite intense price competition & low interest rate environment for larger part of 2003

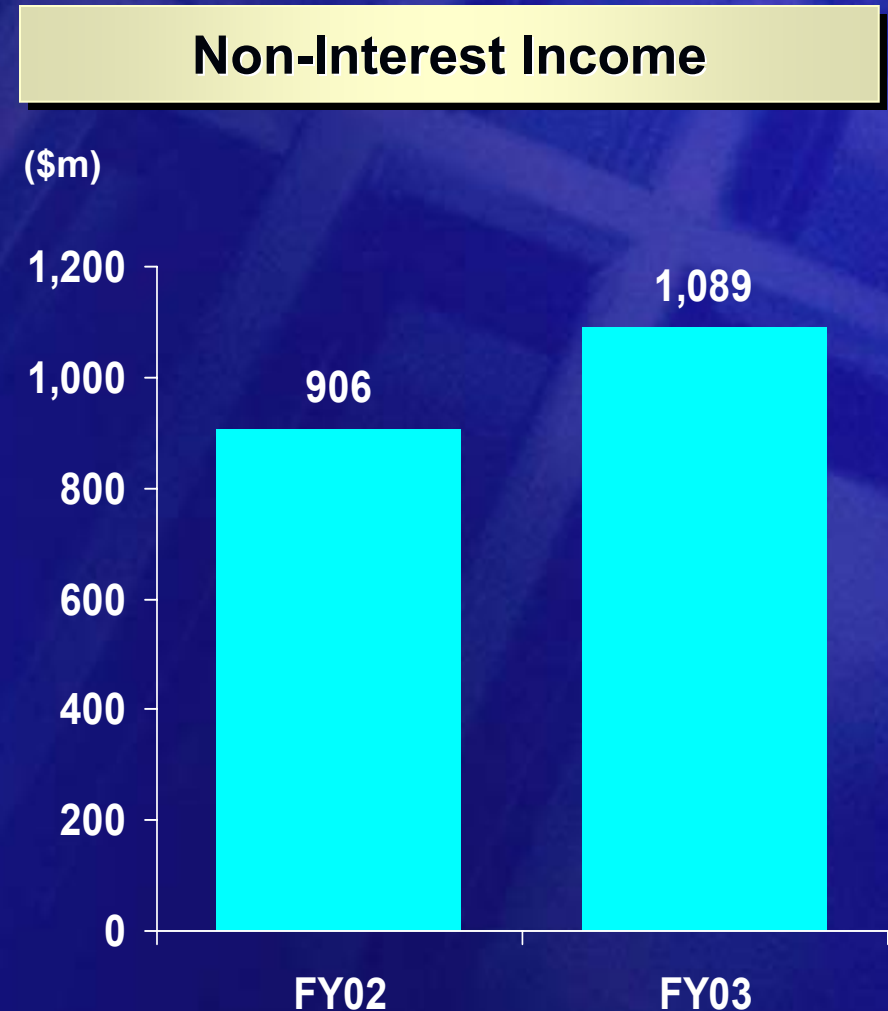


Steady Operating Performance

	2002	2003	2006	2010
Cash ROE (%)	9.5	10.9	15.0	20.0
Overseas profit contribution (%)	22.0	24.4		40.0
Non-interest income contribution (%)	29.9	34.5		50.0

Robust Growth in Non-Interest Income

- Achieved 20.2% growth, progressing towards long term target
- Improved contribution from investment-related and loan-related fees & commissions, and capital market activities
- Maintain leading presence in CDO activities & fund management



Non-Performing Loans Continue to Improve

- **NPLs have trended down from \$5.7bn in 2002 to \$5.2bn in 2003**
- **NPLs ratio improved from 9.0% to 8.1%**
- **Loan loss coverage up from 61.7% to 64.6%**
- **NPLs and provisions expected to improve with economic recovery and firming of property prices**

Cost Discipline Maintained

- **Operating expenses contained at \$1.1bn**
- **Expense to income ratio improved from 35.4% in 2002 to 34.7% in 2003**
- **In 2003, UOB continued to invest in strategic infrastructure including IT systems, CRM, branch renovations & branding**
- **Exploring ways to improve operational efficiency, but not at the expense of infrastructure investments**

Ongoing Capital Management

- **Current capital position provides strategic flexibility with intent to build assets**
- **Continue with high dividend policy**
 - **Rewarding shareholders with final dividend of 40%, making a total dividend of 60% for 2003**
- **Continue to work on non-core divestment despite deadline extension by MAS**

Focused Business Strategy

- **Customer-centric approach; build long term relationship**
- **Grow Consumer & SME businesses in target segments domestically & across region**
- **Strengthen fee-based activities to increase non-interest income**
- **Regionalisation remains key focus, growth on track**
 - **Malaysia: Key contributor, strong growth, improved bottomline**
 - **Thailand: UOBR turned around, significant contributor in 3-5 yrs**
 - **Greater China: Continue to make strategic inroads**
- **Active pursuit of organic growth & acquisition strategy regionally**

Moving Forward

- **Long term player with intimate understanding of the business & region. Well positioned to seize opportunities for growth.**
- **Committed to domestic leadership while aggressively expanding into region**
- **Actively seek to grow assets & increase non-interest income**
- **Continue with investments in strategic infrastructure to support business growth**
- **Delivering high returns to shareholders**
 - **Maintain high dividend policy**
 - **Pursue growth with efficient capital management**