UOB - Premier Regional Bank

Analysts’ Briefing
Full Year 2003 Results

Address by
Mr Wee Ee Cheong
Deputy Chairman & President

20 February 2004

Disclaimer: This material that follows is a presentation of general background information about the Bank’s activities current at the date of the presentation. It is information given in summary form and does not purport to be complete. It is not to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered with or without professional advice when deciding if an investment is appropriate. UOB Bank accepts no liability whatsoever with respect to the use of this document or its content.
<table>
<thead>
<tr>
<th>Panel Members</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mr Wee Ee Cheong</strong></td>
</tr>
<tr>
<td>Deputy Chairman &amp; President</td>
</tr>
<tr>
<td><strong>Mr Samuel Poon</strong></td>
</tr>
<tr>
<td>SEVP, Institutional &amp; Individual Financial Services</td>
</tr>
<tr>
<td><strong>Mr Terence Ong</strong></td>
</tr>
<tr>
<td>SEVP, Global Treasury / Asset Management</td>
</tr>
<tr>
<td><strong>Mr Francis Lee</strong></td>
</tr>
<tr>
<td>SEVP, International</td>
</tr>
<tr>
<td><strong>Mr Kuek Tong Au</strong></td>
</tr>
<tr>
<td>EVP, Corporate Services</td>
</tr>
<tr>
<td><strong>Ms Susan Hwee</strong></td>
</tr>
<tr>
<td>EVP, Information Technology</td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2003</th>
<th>2006</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash ROE (%)</td>
<td>9.5</td>
<td>10.9</td>
<td>15.0</td>
<td>20.0</td>
</tr>
<tr>
<td>Overseas profit</td>
<td>22.0</td>
<td>24.4</td>
<td></td>
<td>40.0</td>
</tr>
<tr>
<td>contribution (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-interest income</td>
<td>29.9</td>
<td>34.5</td>
<td></td>
<td>50.0</td>
</tr>
<tr>
<td>contribution (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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-Interest Income Chart]

- FY02: $906 million
- FY03: $1,089 million
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