

# UOB Group Full Year / Fourth Quarter 2005 Results Briefing

## RESULTS OVERVIEW

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Deputy Chairman & President

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# Panel Members

- Mr Wee Ee Cheong Deputy Chairman & President
- 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

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# Strong Operating Performance

	2002	2003	2004	2005	2005 / 2004
Operating Profit *	\$1,960m	\$2,064m	\$2,032m	\$2,337m	↑ 15.0%
Net Profit After Tax	\$1,006m	\$1,202m	\$1,452m	\$1,709m	↑ 17.7%
Earnings Per Share	\$0.64	\$0.77	\$0.93	\$1.11	↑ 20.1%
Cash ROE	9.5%	10.9%	12.4%	12.9%	↑ 0.5% pt
Non-Interest Income / Total Income	29.9%	34.5%	33.9%	37.6%	↑ 3.7% pt
Offshore Profit Contribution	22.0%	24.4%	21.2%	22.4%	↑ 1.2% pt

\* Before amortisation and impairment charges

# Strengthening Regional Franchise

- Established 3 key Southeast Asia pillars
  - Successfully completed Thailand integration
  - Took controlling stake in Bank Buana with 61%
- Promote transfer of best of breed systems, processes, expertise, products across region. Tapping established network to serve customers on a regional basis.
- Strategic focus on consumer and SME segments regionally
- Focus on sustainable growth and recurring income

# Maintain Market Leadership in Singapore

- Highest brand value among all Singapore financial institutions
- Remain as #1 credit card issuer and acquirer in Singapore
- Market leader in private property segment. Financed about one-third of new loans in 2005 based on caveats lodged.
- Leading SME player. Profitability up 18%, 33% if include one-time impairment write-back.
- Focus on customer-related business for sustainable Treasury growth
- Built up investment banking capabilities and extend into the region

# Growing Our Franchise in Malaysia

- Strong growth in operating profits of 19%. Net profits flat due to higher impairment charges.
- Liberalisation moves increase opportunities in consumer banking and wealth management, eg. successful structured deposits campaigns.
- Enhanced consumer sales channels and banking offerings with launch of innovative mortgage and unsecured credit products, new investment-linked insurance products.
- Strong growth in wealth management business, sales grew almost 150% from 2004.
- To further leverage on distribution strength to enhance products and services and entrench customer relationships.
- Build on our recent success in the corporate bond market to establish a strong franchise in the capital market

# Full Steam Ahead in Thailand

- 2005 net profit grew 34% to THB1,238m on back of 12% growth in operating profits\*. Key contributors include SME and Treasury businesses.
- Completion of merger in November. Re-branded as UOB (Thai).
- Put in place operating infrastructure for enhanced risk control and management, and cross border transfer of products and expertise.
- Focus now on business growth and revenue generation
- Will also begin to focus on Basel II project in 2006

\* Based on proforma figures for UOB (Thai) (2005 & 2004)

# Laying Groundwork For Expansion in Indonesia

- Indonesia business grew 29% in both operating and net profits\*
- Acquired 61% in Bank Buana. UOBI continued organic growth with opening of tenth office amidst acquisition.
- Made good progress in building a consumer platform, eg. home loans, credit card programmes.
- To leverage on knowledge and relationships built to make further inroads in existing successful SME segment
- Focus on infrastructure building in aligning systems and processes to the Group. Build on knowledge and experience for future expansion.

\* Based on proforma figures for Bank Buana & UOBI (2005 & 2004)

# Beyond ASEAN

- China
  - Deepen market understanding through existing network and possible future tie-ups. Continue with organic growth and branch expansion but keep eye for strategic alliances and merger & acquisition.
  - Expanding capability in Renminbi banking services and capturing opportunities that come with them.
  - Expanded structured trade and commodity finance team in Hong Kong to provide financing for growing commodity trade in Greater China region
- India
  - Intend to be discipline and prudent by focusing on selective segments as we build understanding of the market
- OECD
  - Will continue to be a meaningful overseas contributor

# Improved Capital Efficiency

- Rebalanced capital mix with issuance of Hybrid Tier 1 capital
- Executed \$600m share buyback program which will improve ROE
- Completed divestment of 34.7% in UOL. Exploring options for OUE and Hotel Negara.
- Maintain high dividend payout. With final dividend of \$0.40 per share proposed, total dividend for the year remains high at \$0.885 per share.

# In Summary

- We are pleased with our progress to date
- Strategy remains intact
  - Continue to build market leadership in Singapore
  - Strengthen regional franchise while explore expansion opportunities in other markets
- By 2010, UOB will be an established regional bank.