



CERTIFICATE OF REGISTRATION
The Quality Management System
of
UNITED OVERSEAS BANK GROUP
OPERATIONS SECTOR
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Singapore 048616



United Overseas Bank (“UOB”)

Investor Update

November 2003



Overview and Outlook

Operating Performance

Technology and Operations

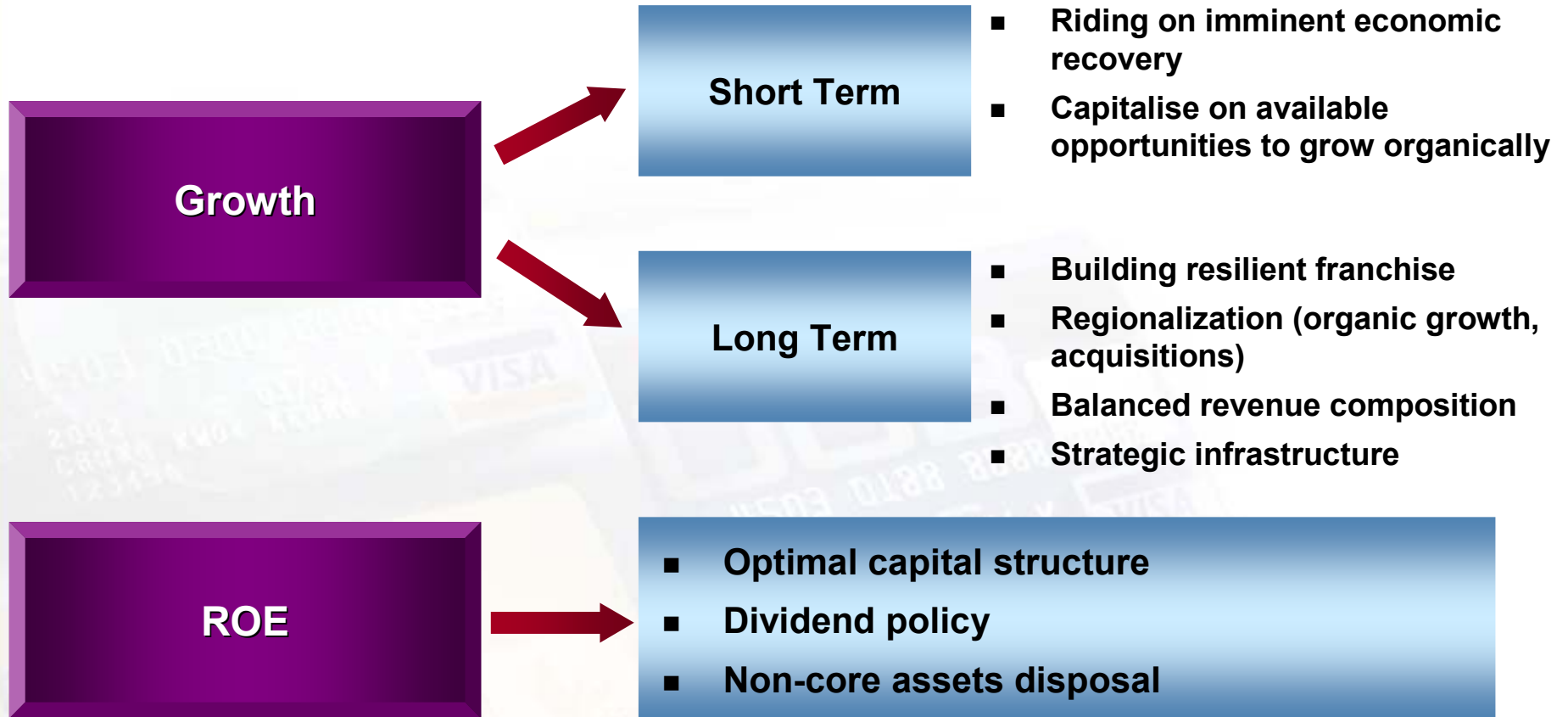


Financial Highlights

(\$mm)	1Q 2003	2Q 2003	3Q 2003
Income Statement			
Net profit	281	240	281
Cash ROA (%)	1.25	1.08	1.24
Cash ROE (%)	10.4	9.0	10.3
Cost to income ratio (%)	33.8	34.3	35.5
		Dec 2002	Sep 2003
Balance Sheet			
Total assets		107,469	108,016
Customer loans and advances (net of cumulative provisions)		58,884	59,248
Customer deposits		67,919	66,092
Total shareholders' funds		12,653	12,929
Asset Quality			
NPLs		5,679	5,343
Cumulative provisions		3,504	3,438
Cumulative provisions/NPLs (%)		61.7	64.3
NPLs Ratio (%)		9.0	8.4
Capital Adequacy			
Tier 1 ratio (%)		12.2	12.5
Total capital ratio (%)		15.3	17.9



Management Approach





Near Term Outlook



Early signs of economic pickup

Modest asset growth in Singapore, but profitability stronger due to stability in asset quality

Thailand and Malaysia present potential outperformance opportunities



Committed to Manage for Long Term Growth

	<u>1999</u>	<u>2002</u>	<u>Sep 03</u>	<u>2006</u>	<u>2010</u>
Cash ROE (%)	12.6	9.8	9.9	15.0	20.0
Overseas profit contribution* (%)	8.6	22.4	23.4		40.0
Non-interest income contribution (%)	36.6	29.6	31.8		50.0



Our Vision: To be a Premier Bank in the Asia Pacific Region

* Excludes ACU



Going Forward

Maintain market dominance in Singapore

Strengthen fee-based income

Poised to grow regional business more aggressively

Capital Management Balanced with Growth



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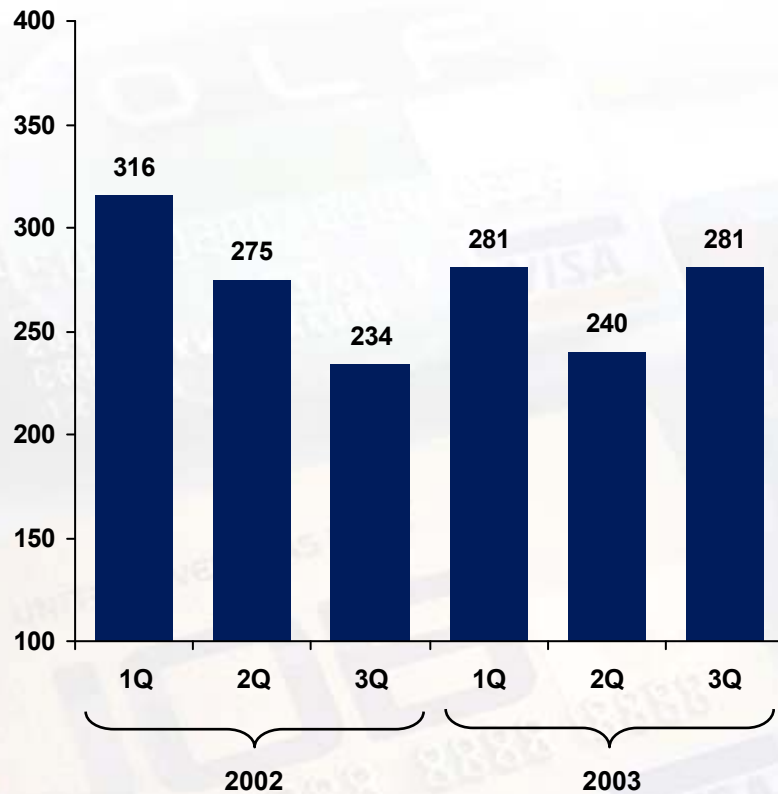
Technology and Operations



Earnings Resilience

Net Profit After Tax

(\$mm)



(\$mm)

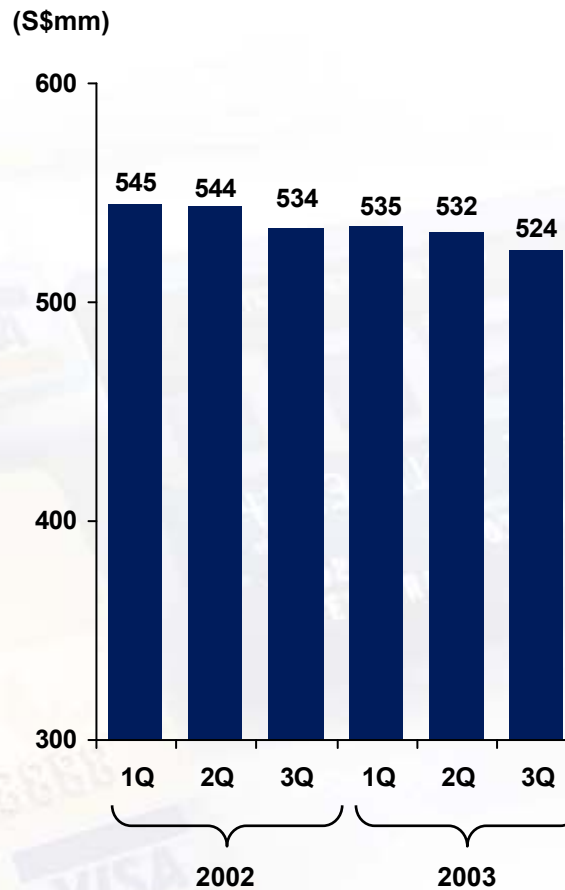
	<u>1Q03</u>	<u>2Q03</u>	<u>3Q03</u>
Net Interest Income	535	532	524
Non-Interest Income	249	259	235
Total Income	785	791	758
Operating Expenses	(266)	(271)	(269)
Operating Profit (before goodwill amortisation & provisions)	519	520	489
Goodwill Amortisation	(51)	(51)	(50)
Provision Charges	(90)	(175)	(101)
Pre-Tax Associates' Profit	3	27	32
Tax And MI	(100)	(81)	(90)
Net Profit	281	240	281



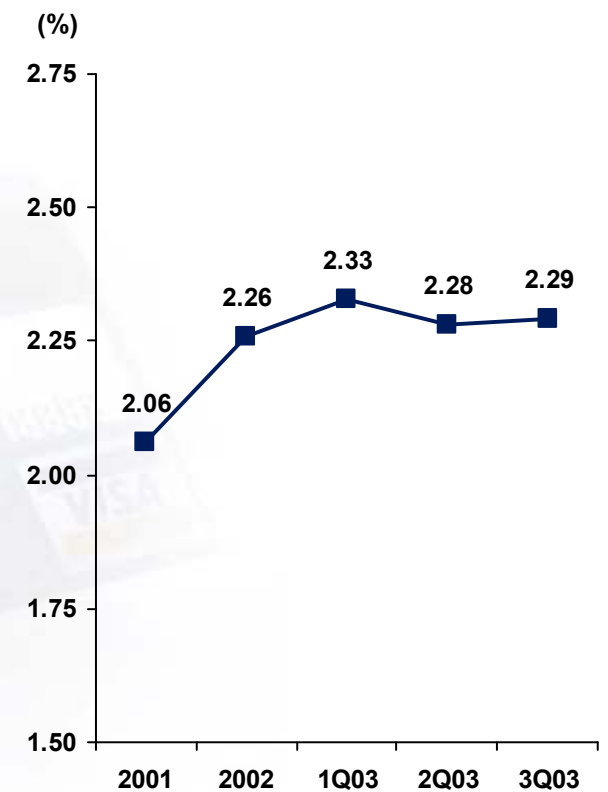
Margin Pressure Starting to Ease

- Margins maintained despite intense competition
- Stable interest rates is easing off pressure on margins

Net Interest Income



Net Interest Margin





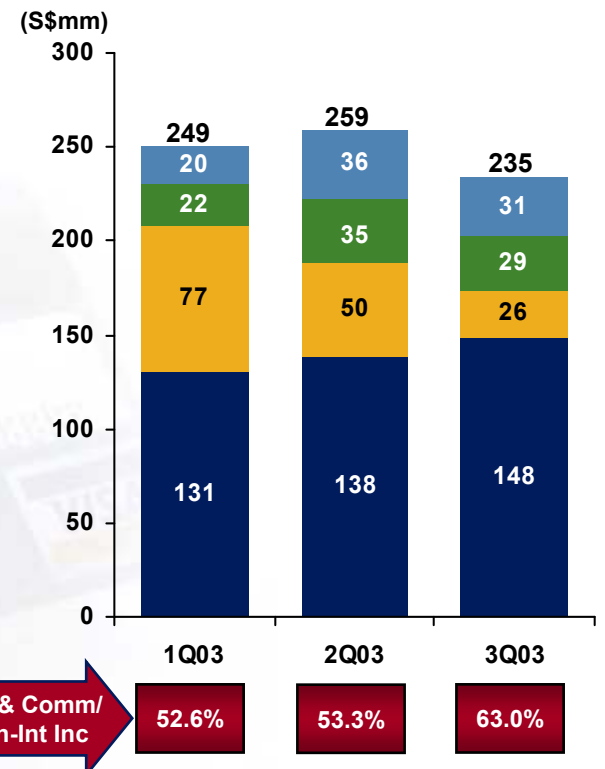
Growing Fee & Commission Income

- Contributed 63% to non-interest income
- Improved contribution from credit card, fund management and investment-related activities
- To step up activities in wealth management, treasury, credit cards and trade-related areas

Fee and Commission Income

(S\$m)	1Q03	2Q03	3Q03
Credit Card	20	20	24
Fund Management	16	16	21
Futures Broking & Stockbroking	8	9	10
Investment-related	17	12	23
Loan-related	27	35	21
Service Charges	12	12	13
Trade-related	27	27	27
Others	4	7	10
Fee and Commission Income	131	138	148

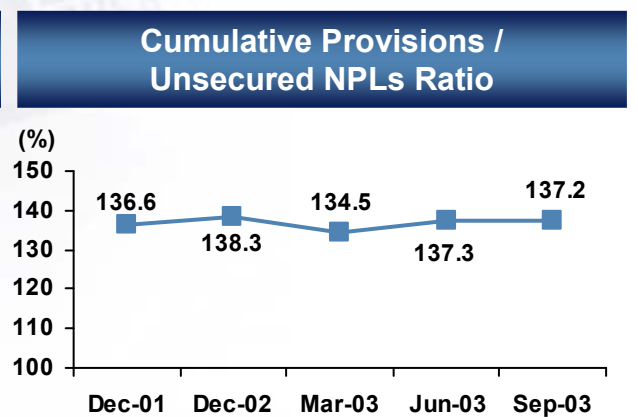
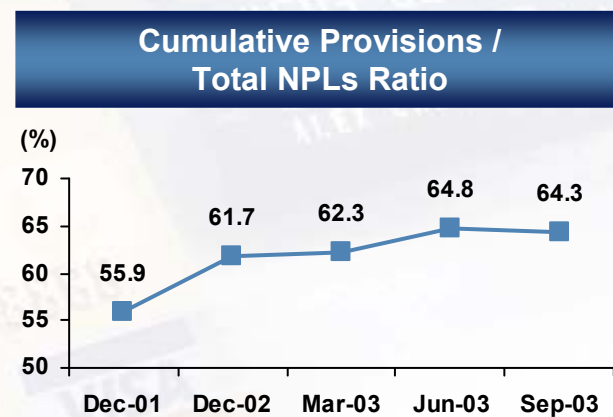
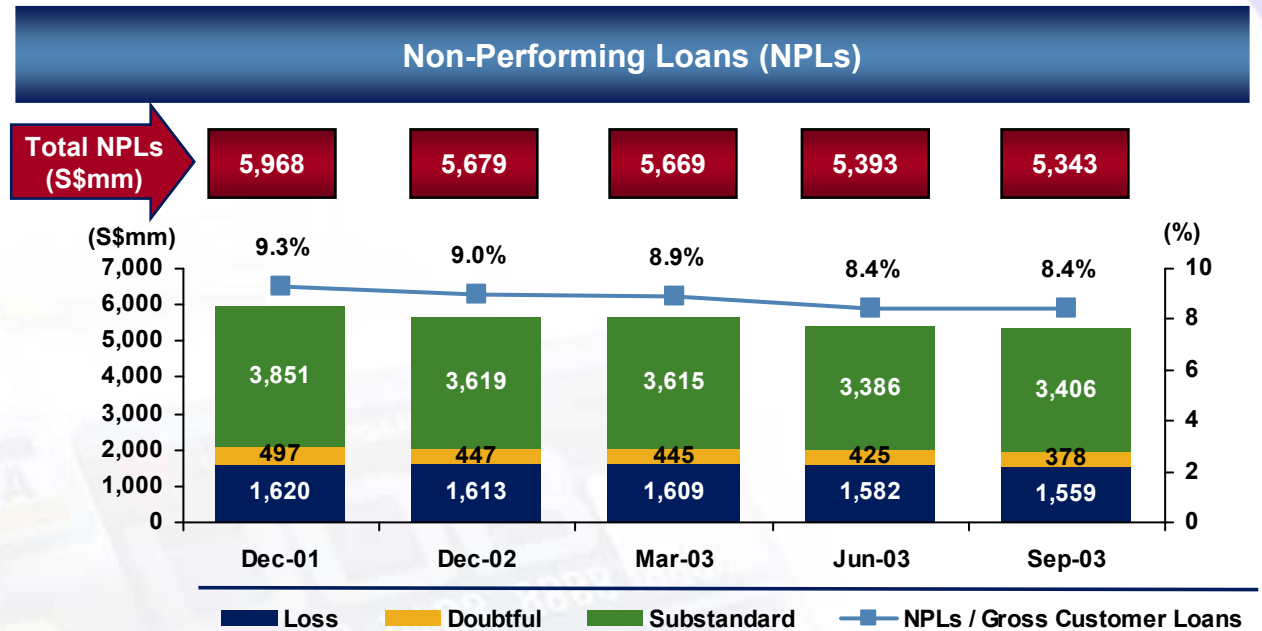
Non-Interest Income



■ Other Income
■ Dividend & Rental
■ Profit from Sec / Derivatives / FX
■ Fee & Commission

Asset Quality Stabilizing

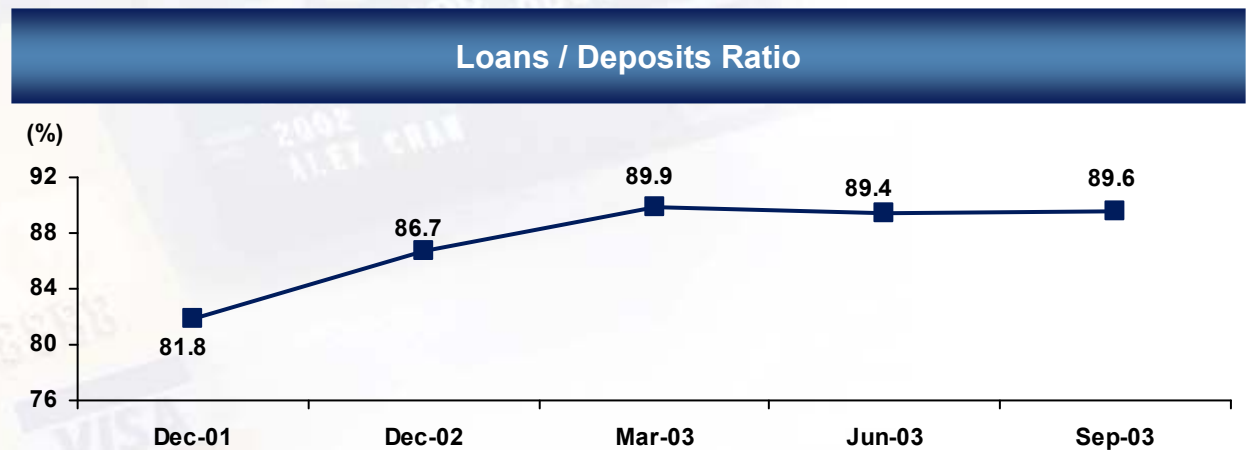
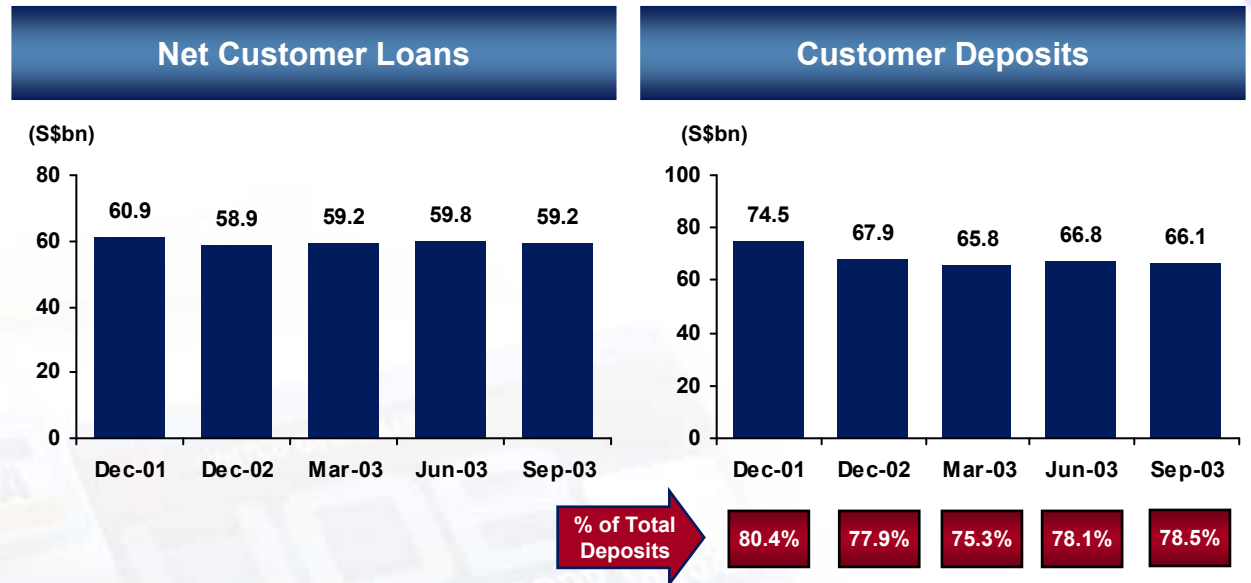
- NPLs broadly stable with no major deterioration in NPLs categories
- Reduction in NPLs across regions
- Improving provision coverage ratio
- General economic outlook key to future asset quality





Credit Growth Remains Challenging

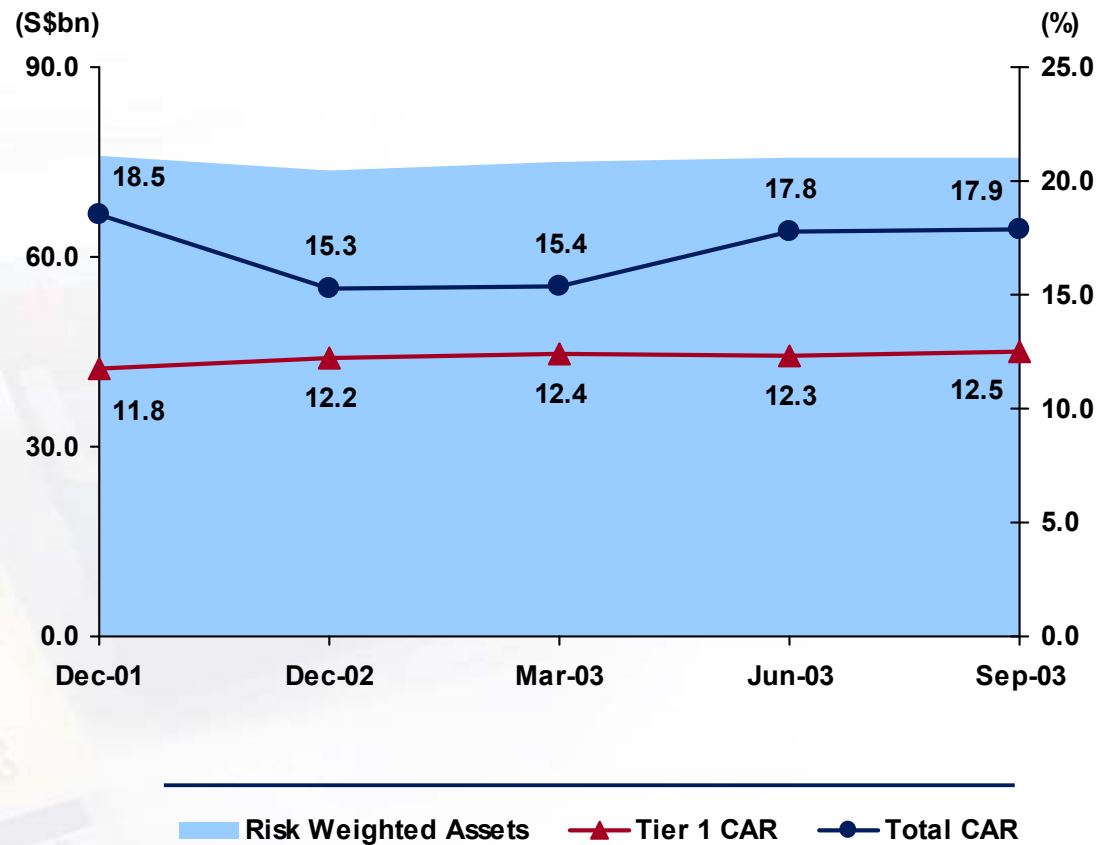
- Credit growth in Singapore remains muted but initial signs of optimism and a pick up
- Leading market share maintained despite increased competition
- Expect growth mainly from region
- Still cautious about specific sectors
- Active asset and liability management ensures continued competitiveness



Strong Capital Position

- Maintain proactive stance in managing capital
- Seek to grow assets through acquisitions or organic growth
- In absence of opportunities, option to return excess capital to shareholders

Capital Adequacy Ratio (BIS)





Progressing in Non-Core Asset Disposal

- **MAS announced 2-year extension till 17 July 06 to complete divestiture of non-core assets**

- **Implications for UOB:**
 - **More flexibility given current difficult economic and market conditions**
 - **More time to evaluate proposals to decide on most beneficial course of action**
 - **Continue to optimize capital structure regardless of extension**

- **Objective remains to maximize shareholder value**



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IT Management Philosophy

Differentiation through customer segmentation and service

Leveraging volume to create infrastructure scale

Fast and measurable benefits



Leveraging IT and Creating Scale

■ Current Status

- **80% of all transaction volume processed in Singapore**
- **70% of IT staff reside in Singapore**
- **Heavy re-engineering of over 70% current processes to become more customer-centric and service differentiated**
- **Centralization of operations into “Processing Centers” and “Middle Office” on top of a robust regional telecommunications infrastructure**

- 1. Further creation of scale by leveraging Processing Centres / Middle Office for regional operations**
- 2. Consolidating core IT skills and processing centers initially to Singapore**

Regional Expansion

- **Bring best practice to**
 - Improve product roll out
 - Improve risk management
 - Create operational efficiency
 - Enhance customer management
- **Create scale and enhance the UOB customer experience**
- **Position for regional expansion and cost management**

