



UNITED OVERSEAS BANK LIMITED

# 70 Years

and Growing

ANNUAL REPORT 2004

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*All figures in this Annual Report are in Singapore dollars unless otherwise specified.*

## The Group

	2004	2003	Increase/ decrease
<b>Profit for the year (\$'000)</b>			
Profit before tax	1,916,865	1,608,328	19.2%
Net profit after tax	1,451,769	1,202,086	20.8%
<b>Selected balance sheet items as at year-end (\$'000)</b>			
Customer loans (net of provisions)	64,300,016	59,296,556	8.4%
Customer deposits	79,018,770	69,862,961	13.1%
Total assets	134,878,566	113,446,399	18.9%
Shareholders' funds	13,438,752	13,282,035	1.2%
<b>Financial ratios</b>			
Basic earnings per share (cents)			
– Including goodwill amortisation	92.6	76.5	21.0%
– Excluding goodwill amortisation	106.3	89.3	19.0%
Return on average shareholders' funds (ROE) (%)			
– Including goodwill amortisation	10.8	9.3	1.5% points
– Excluding goodwill amortisation	12.4	10.9	1.5% points
Return on average total assets (ROA) (%)			
– Including goodwill amortisation	1.19	1.10	0.09% point
– Excluding goodwill amortisation	1.36	1.29	0.07% point
Expense to income ratio (%)	37.6	34.7	2.9% points
Dividend rates (%)			
– Interim	20.0	20.0	–
– Final	40.0	40.0	–
Net asset value per share (\$)	8.75	8.45	3.6%
Capital adequacy ratios (%)			
– Tier 1 capital	11.0	13.2	-2.2% points
– Total capital	15.6	15.2	0.4% point

# 70 Years and Growing

United Overseas Bank was incorporated on 6 August 1935 as the United Chinese Bank. Founded by Datuk Wee Kheng Chiang, the Bank catered mainly to the Fujian community in its early years. The change of name was effected in 1965.

Over the past 70 years, UOB has grown with Singapore. Through a series of acquisitions it is now a leading bank in Singapore with banking subsidiaries in Malaysia, Indonesia, Thailand and the Philippines. Today, the UOB Group has a network of 385 offices in 18 countries and territories in Asia-Pacific, Western Europe and North America.

Besides Far Eastern Bank in Singapore, UOB's banking subsidiaries include United Overseas Bank (Malaysia), PT Bank UOB Indonesia, UOB Radanasin Bank and Bank of Asia in Thailand, and United Overseas Bank Philippines. It also has an associate, PT Bank Buana Indonesia.

UOB provides a wide range of financial services through its global network of branches/offices and subsidiaries/associates: personal financial services, private banking, trust services, commercial and corporate banking, investment banking,

## Our Mission

To be a premier bank in the Asia-Pacific region, committed to providing quality products and excellent customer service.

corporate finance, capital market activities, treasury services, futures broking, asset management, venture capital management, general insurance, life assurance and stockbroking services.

In Singapore, UOB is a recognised leader in the personal loans business and its total card base of over 1.3 million firmly places it in the top position in credit and debit cards. It is also the market leader in loans to small and medium-sized enterprises. Its fund management arm, UOB Asset Management, has the distinction of being Singapore's most awarded fund manager.

Through other subsidiaries, as well as associates, UOB also has diversified interests in travel, leasing, property development and management, hotel operations and general trading.

UOB is rated among the world's top banks by Moody's Investors Service, receiving B+ for Bank Financial Strength, and Aa2 and Prime-1 for long-term and short-term deposits respectively.

In 2004, UOB was again awarded recognition by leading publications, organisations and the investment community. They include: The Bank Of The Year – Singapore (The Banker), Best Domestic Commercial Bank – Singapore (Asiamoney), Best Financial Borrower in Asia (Euromoney), and Most Valuable Singapore Brand (International Enterprise Singapore).

## 385 offices around the world

Singapore 68 • Thailand 164 • Philippines 67 • Malaysia 39 • Indonesia 12 •  
China 10 • Hong Kong 7 • USA 4 • Taiwan 3 • Australia 2 • Brunei 2 • Canada 1 •  
France 1 • Japan 1 • Myanmar 1 • South Korea 1 • United Kingdom 1 • Vietnam 1

# Our Corporate Milestones

over the last 70 years



**1935**  
Kuching-born Datuk Wee Kheng Chiang founded the United Chinese Bank (UCB) together with six other Chinese businessmen. The paid-up capital was Straits \$1 million.

**1965**  
UCB changed its name to United Overseas Bank (UOB).  
UOB's first overseas branch opened in Hong Kong.

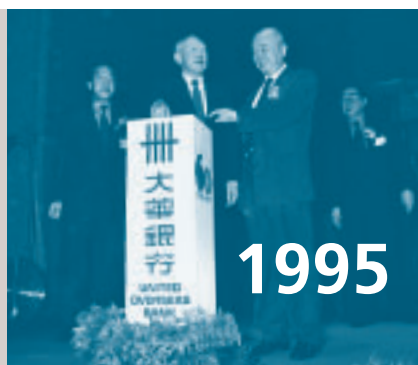
**1973**

UOB acquired 100% shareholding in Lee Wah Bank (LWB), expanding its branch network in Singapore and Malaysia.



**1974**  
Mr Wee Cho Yaw succeeded his father, Datuk Wee Kheng Chiang, as Chairman of the UOB Group.

The UOB Group moved into the new 30-storey UOB Building at 1 Bonham Street.



**1995**  
UOB celebrated 60 years of banking in Singapore.

Singapore's Senior Minister Mr Lee Kuan Yew officially opened the UOB Plaza, the Bank's new headquarters at 80 Raffles Place.

**1997**

CKB's operations in Malaysia were merged into UOBM.

**2000**

The operations of UOF were merged into UOB.

UOB merged its stockbroking arm, UOB Securities, and its wholly-owned subsidiaries, UOB Research in Malaysia and UOB Securities Nominees, with Kay Hian Holdings to form a new associate, UOB-Kay Hian Holdings.



**2001**  
UOB acquired Overseas Union Bank (OUB), making it the largest Singapore bank in terms of domestic customer loans, credit cards and market capitalisation.



**1966** United Overseas Finance (UOF) was incorporated as an investment holding company. UOF's business activities were later changed to those of a finance company in 1970.

**1970** UOB obtained a listing on the then Joint Stock Exchange of Singapore and Malaysia.



**1971**

UOB acquired a majority interest in Chung Khiaw Bank (CKB), thereby extending its branch network in Singapore, Malaysia and Hong Kong. In 1988, CKB became a wholly-owned subsidiary of UOB.

UOB introduced its distinctive red five-barred logo that is derived from the traditional Chinese 'five-barred gate' system of counting in fives.

United Overseas Insurance, with principal activities in underwriting of general insurance and reinsurance, was incorporated.

**1984** UOB acquired a majority interest in Far Eastern Bank (FEB).

**1991** UOB Life Assurance, the Group's life assurance subsidiary, commenced operations.

**1987** UOB acquired a majority interest in Industrial & Commercial Bank (ICB).

**1994** LWB's operations in Singapore and Malaysia were merged into those of UOB and UOB's Malaysian banking subsidiary, United Overseas Bank (Malaysia) [UOBM], respectively.



**1999**

CKB's operations were merged into UOB as part of the Bank's rationalisation process.

UOB acquired a majority interest in Westmont Bank, Philippines, which was renamed United Overseas Bank Philippines.

UOB acquired a majority interest in Radanasin Bank, Thailand, which was renamed UOB Radanasin Bank.

UOB's local and foreign share counters were merged and commenced trading on the Singapore Exchange as a single counter.

**2002** UOB and OUB became one legal entity. ICB was legally merged into UOB following its delisting from the Singapore Exchange.

**2003** The operations of Overseas Union Trust were merged into UOB.



**2004**

UOB acquired a 23% interest in PT Bank Buana Indonesia, making it an associate of UOB.

UOB acquired a 97% interest in Bank of Asia, Thailand and its network of 133 offices.

## Chairman's Statement



**Wee Cho Yaw**  
*Chairman & Chief Executive Officer*

### 2004 Performance

It was an eventful year for the region, for Singapore and for the UOB Group.

Even as regional economies were rebounding from the effects of SARS (Severe Acute Respiratory Syndrome), they were hit by outbreaks of the avian influenza. The year closed dramatically when almost 300,000 lost their lives in a tsunami following a major earthquake off the coast of Sumatra.

In Singapore, GDP grew by a phenomenal 8.4%, its highest in the preceding four years, buoyed by strong exports of the electronics and pharmaceutical sectors. We also saw a smooth transition of government leadership, as Mr Lee Hsien Loong became the Republic of Singapore's third Prime Minister.

For the UOB Group, 2004 saw a significant advance in our regional expansion. In May, we purchased a 23% interest in PT Bank Buana Indonesia and in July, we acquired 81% of Bank of Asia (BOA). Our interest in BOA was raised to 97% at year-end 2004 when the other minority shareholders accepted our offer to purchase their shareholdings in the bank. As a consequence of these two acquisitions, the Group's assets increased by 18.9% to \$134.9 billion at end of 2004 (2003: \$113.4 billion).

The Group's after-tax profit grew by 20.8% to \$1.5 billion (2003: \$1.2 billion). Our return on shareholders' funds grew from 9.3% to 10.8%.

The record earnings was due to higher operating income of \$3.3 billion (2003: \$3.2 billion), lower provisions of \$209 million (2003: \$362 million), and higher after-tax contributions from associated companies of \$241 million (2003: \$81 million). Our total expense to income ratio rose from 34.7% to 37.6%.

During the year under review, the Group's shareholders' funds rose by 1.2% to \$13.4 billion (2003: \$13.3 billion). Total non-bank loans increased from \$59.3 billion to \$64.3 billion, while non-bank deposits rose from \$69.9 billion to \$79 billion. Our Non-Performing Loans (NPLs) increased by 6.3% to \$5.5 billion (2003: \$5.2 billion) and its ratio to gross loans (NPL ratio) was reduced from 8.1% to 8% due to the acquisition of BOA. Excluding BOA's NPLs of \$1 billion, the Group's NPLs would have edged down by 13.7% to \$4.5 billion and the NPL ratio would have been lowered to 6.9%.

Although overseas' contributions to total profits dropped from 24.4% to 21.2%, the pre-tax profit of our International sector actually improved by 5.6%. The Institutional & Individual Financial Services sectors in Singapore performed strongly in tandem with the robust Singapore economy, and their net profit before tax improved by 10.7%.

Among our overseas banking subsidiaries, the United Overseas Bank (Malaysia) group achieved an after-tax profit of \$162.2 million (2003: \$160.1 million). UOB Radanasin Bank (UOBR) in Thailand contributed after-tax profit of



## While maintaining our market share in Singapore, the Group will focus on growing our regional business activities.

\$6.8 million (2003: \$3.7 million), while BOA recorded a profit of \$31.9 million for the full year. PT Bank UOB Indonesia achieved a lower profit of \$8.5 million (2003: \$11.6 million). UOB Philippines recorded a higher loss of \$21.2 million (2003: \$19.7 million) because of the poor business environment.

Among our Singapore subsidiaries, Far Eastern Bank (FEB) continued to be hamstrung by its small capital base. After-tax profit decreased to \$6.2 million (2003: \$6.6 million), partly due to a drop in property income.

Despite intense competition, the United Overseas Insurance group managed to put up a better performance. After-tax profit of the group rose to \$12.1 million (2003: \$9.9 million) boosted by business transferred from Overseas Union Insurance, new business generated from cross-selling activities, higher premiums and investment returns.

The Board proposes that \$300 million be transferred to reserves. It also recommends a final dividend of 40% (40 cents per share) less 20% income tax. Together with the interim dividend of 20%, the total dividend for 2004 would amount to 60% (60 cents per share).

### Corporate Developments

In compliance with the requirement of the Monetary Authority of Singapore to divest our non-core business activities, the Bank's Board had decided in April 2004 to divest 36.9% of

its then 48% stake in United Overseas Land (UOL) by offering 165 UOL shares at a price of \$1.58 per share for every 1,000 UOB shares held by UOB shareholders. The preferential offer to reward UOB shareholders represented a 15.3% discount on UOL's average share price of \$1.865 per share over the preceding month.

The preferential offer was called off after Tazwell, a Temasek subsidiary, made a hostile bid for UOB's entire stake in UOL. After consultation with our financial advisers, the Board decided to allow Tazwell's offer to lapse, noting that the second offer price was below UOL's revalued net tangible asset and that UOL had declared an intention to unlock shareholder value.

The Bank will continue to work closely with its financial advisers to consider all options to divest its holdings in UOL, Overseas Union Enterprise and Hotel Negara in the best interest of our shareholders.

### 2005 Prospects

While the world economic outlook is generally positive, there are underlying threats which could dampen business prospects. Should the US resort to trade restrictions to correct its current account deficit, there would be considerable impact on those countries, including Singapore, that rely greatly on their exports to the US. Further acts of terrorism and an outbreak of a more virulent avian influenza are other factors which could derail the regional economies.

## Chairman's Statement

Barring these untoward developments, the Asian economies should continue to post good growth this year. China and India will continue to be the engines of growth in the region, while Malaysia, Indonesia and Thailand are expected to maintain their growth momentum through higher exports and domestic consumption. The official estimates for Singapore's growth is between 3% and 5%.

While maintaining our market share in Singapore, the Group will focus on growing our regional business activities. High on our priority is the merger and integration of our two Thai subsidiaries, BOA and UOBR. Work on the integration of the IT systems and works processes of the two banks has begun and is scheduled to complete by the end of the year. With the merger and integration, we will enjoy economies of scale and greater synergies of their business activities.

Drawing upon our strength in consumer banking in Singapore, we intend to introduce more of our personal financial services to the region. For instance, while we remain the biggest card issuer in Singapore with over a million credit and debit accounts, we have also increased our card base in Malaysia, Thailand and Hong Kong by 124% in 2004. We will continue to grow this business in 2005.

Having established our wealth management services in Singapore, we will now extend this to our operations in Malaysia, Thailand and Hong Kong. To specially cater to the high networth customers in Hong Kong, we will be creating a wealth management centre this year.

Our China operations took a step forward with the signing of a joint venture agreement with Beijing Securities. The joint venture is expected to start operations this year. In Shanghai, where the UOB Branch was granted a licence to handle Renminbi transactions, we opened a sub-branch at Nanjing Road in Puxi to focus on consumer banking.

Following the successful hubbing of our Hong Kong operations to Singapore, we will be doing the same for Thailand. This should improve operational efficiency as well as cost management.

In the intensely competitive environment, providing innovative products and services at the lowest cost remains the key to success. To this end, we will continue to invest heavily on IT infrastructure and product development to meet the demands of our discerning customers.

### Acknowledgement

In August 2004, our Honorary Life Counsellor, Dr George Lien Ying Chow passed away peacefully at the ripe old age of 98. He was not only a distinguished banker who founded and developed Overseas Union Bank into one of Singapore's top four banks; Dr Lien was also a well-respected community leader who generously contributed his time and his financial resources to the nation.

My thanks go to the Board of Directors for their wise counsel and guidance, to management and staff members for their dedication and contributions, and to our shareholders and customers for their support.

Two Directors – Mr Sim Wong Hoo and Mr Koh Beng Seng, who was also UOB's Deputy President – resigned during the year under review. I thank both of them for their invaluable contributions and wish them all the best in their endeavours.

**Wee Cho Yaw**

**Chairman & Chief Executive Officer**

February 2005

## Group total income

### Net interest income

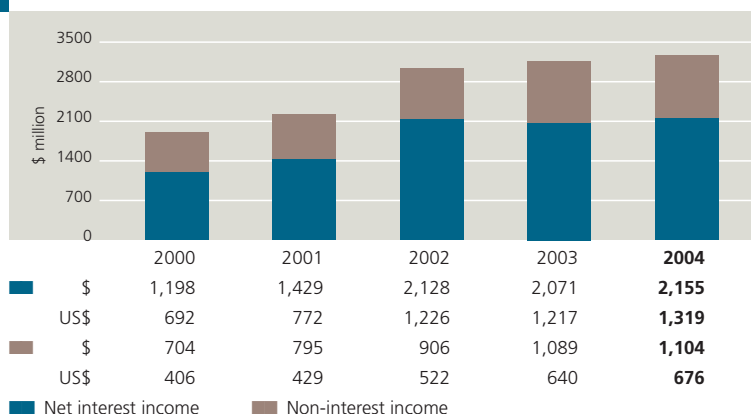
2004: \$2,155 million +4.1%

2003: \$2,071 million

### Non-interest income

2004: \$1,104 million +1.4%

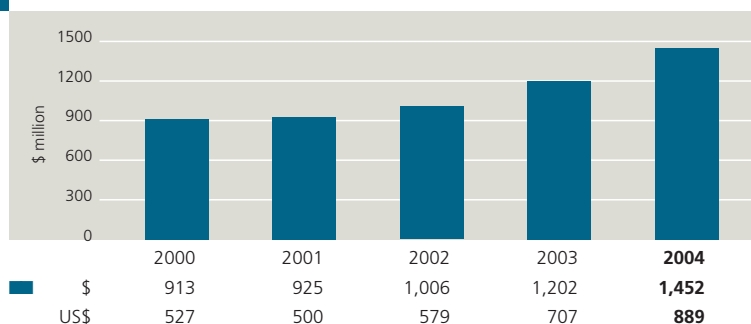
2003: \$1,089 million



## Group net profit after tax

2004: \$1,452 million +20.8%

2003: \$1,202 million



## Group earnings per share

### Including goodwill amortisation

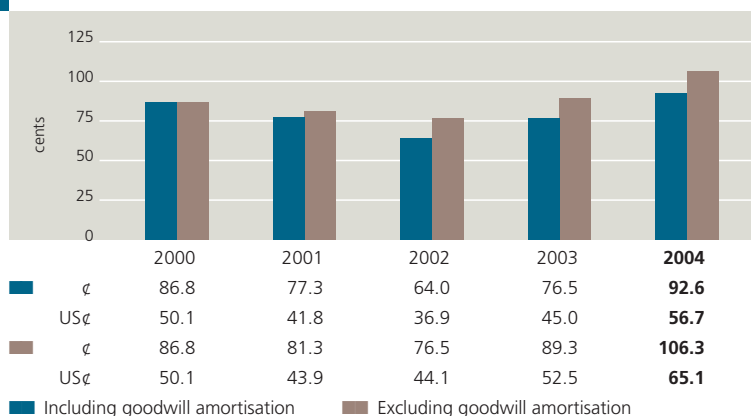
2004: 92.6 cents +21.0%

2003: 76.5 cents

### Excluding goodwill amortisation

2004: 106.3 cents +19.0%

2003: 89.3 cents



### Note:

Pursuant to the Singapore Companies (Amendment) Act 2002, with effect from 2003, the financial statements of the Group, including the comparative figures, are prepared in accordance with Singapore Financial Reporting Standards (FRS).

Where applicable, figures/ratios in this section have been adjusted for impact of adopting FRS 12: Income Taxes and Interpretation of FRS 12: Consolidation – Special Purpose Entities with effect from 2001, and for impact of the change in accounting policy for investments following the revision of Notice to Banks, MAS 605 – Revaluation of Assets with effect from 2002.

## Financial Highlights

### Group return on average shareholders' funds (ROE)

#### Including goodwill amortisation

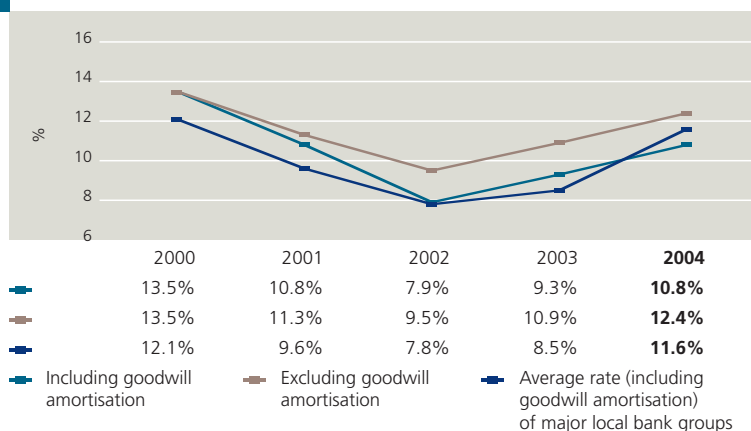
2004: 10.8% +1.5% points

2003: 9.3%

#### Excluding goodwill amortisation

2004: 12.4% +1.5% points

2003: 10.9%



### Group return on average total assets (ROA)

#### Including goodwill amortisation

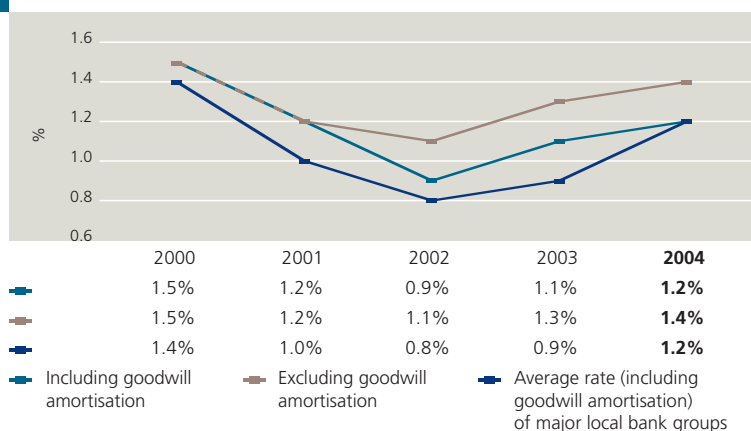
2004: 1.19% +0.09% point

2003: 1.10%

#### Excluding goodwill amortisation

2004: 1.36% +0.07% point

2003: 1.29%



### Dividends

#### Dividend payment

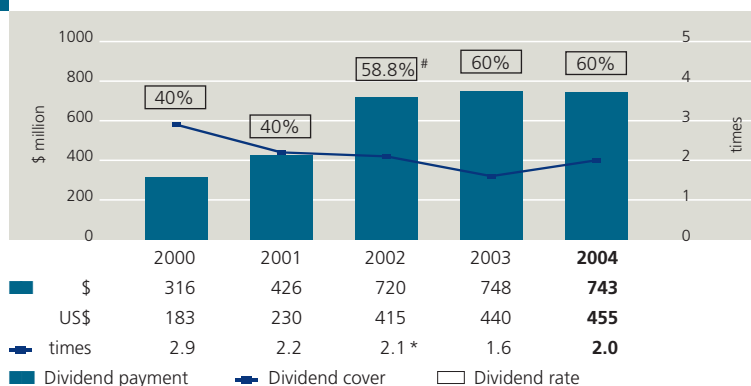
2004: \$743 million -0.7%

2003: \$748 million

#### Dividend cover

2004: 2.0 times

2003: 1.6 times

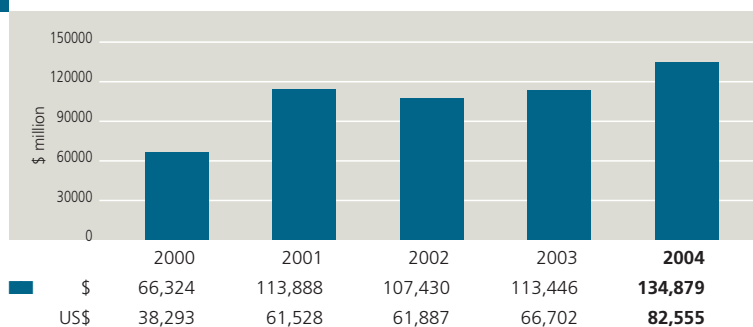


\* Dividend cover is 1.4 times if the special dividend in specie of 18.8% is included.

# Includes special dividend in specie of 18.8%.

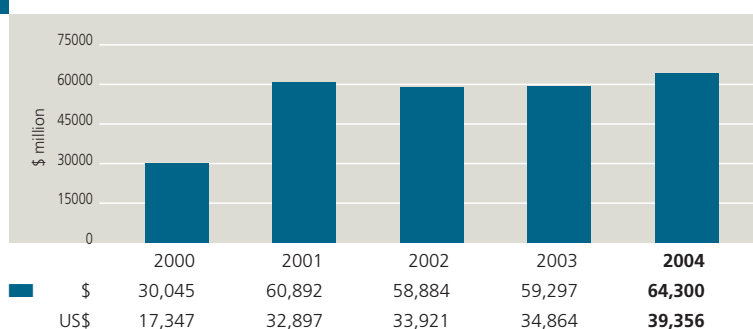
### Group assets

2004: \$134,879 million ■ +18.9%  
2003: \$113,446 million



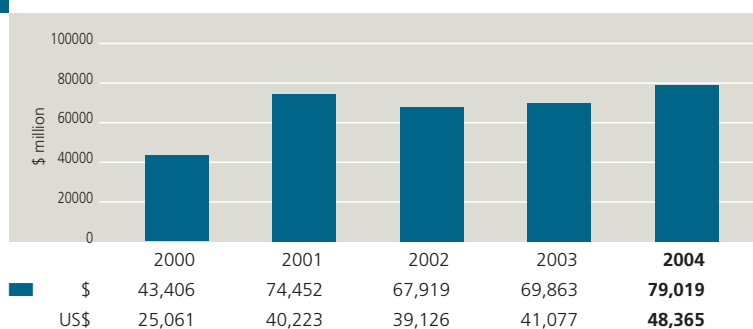
### Group customer loans

2004: \$64,300 million ■ +8.4%  
2003: \$59,297 million



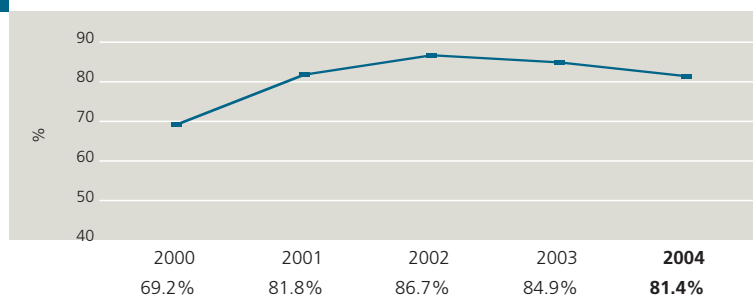
### Group customer deposits

2004: \$79,019 million ■ +13.1%  
2003: \$69,863 million



### Group loans/deposits ratio

2004: 81.4% ■ -3.5% points  
2003: 84.9%



## Financial Highlights

### Group shareholders' funds

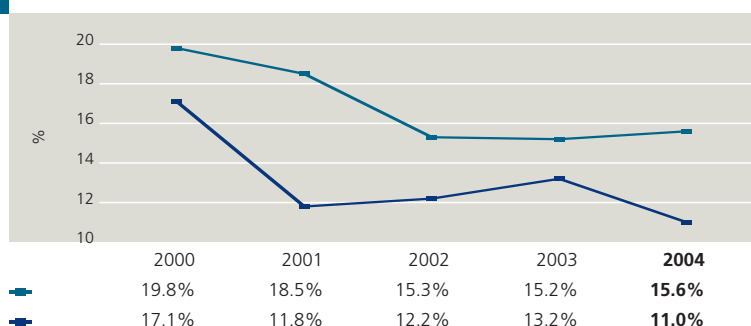
2004: \$13,439 million ■ +1.2%  
 2003: \$13,282 million



### Group capital adequacy ratios\*

**Total capital**  
 2004: 15.6% ■ +0.4% point  
 2003: 15.2%

**Tier 1 capital**  
 2004: 11.0% ■ -2.2% points  
 2003: 13.2%

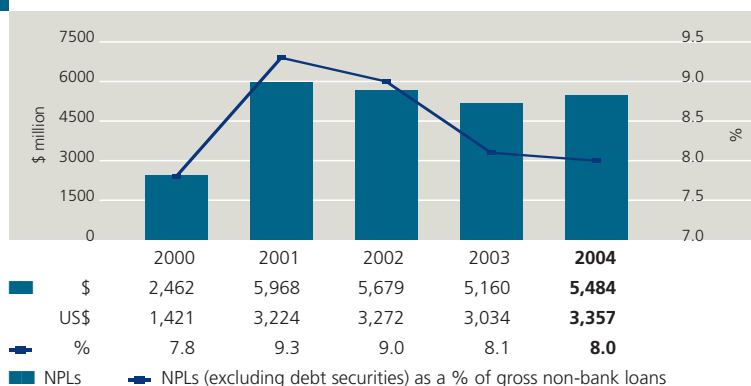


\* Computed based on revised capital framework issued by MAS for 2003 and 2004, and BIS guidelines for 2000 to 2002.

### Group total non-performing loans (NPLs)

**NPLs**  
 2004: \$5,484 million ■ +6.3%  
 2003: \$5,160 million

**NPL ratio**  
 2004: 8.0% ■ -0.1% point  
 2003: 8.1%



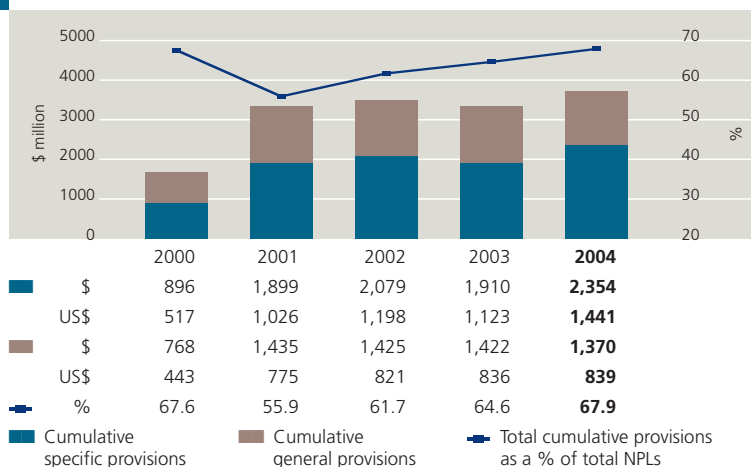
■ NPLs ■ NPLs (excluding debt securities) as a % of gross non-bank loans

### Group total cumulative provisions

**Cumulative specific provisions**  
 2004: \$2,354 million ■ +23.2%  
 2003: \$1,910 million

**Cumulative general provisions**  
 2004: \$1,370 million ■ -3.7%  
 2003: \$1,422 million

**Total cumulative provisions as a % of total NPLs**  
 2004: 67.9% ■ +3.3% points  
 2003: 64.6%



■ Cumulative specific provisions ■ Cumulative general provisions ■ Total cumulative provisions as a % of total NPLs



## Board of Directors

Mr Wee Cho Yaw  
(Chairman & Chief Executive Officer)

Mr Wee Ee Cheong  
(Deputy Chairman & President)

Mr Ngiam Tong Dow

Prof Cham Tao Soon

Mr Ernest Wong Yuen Weng

Mr Wong Meng Meng

Mr Philip Yeo Liat Kok

Mr Tan Kok Quan

Prof Lim Pin

Mrs Margaret Lien Wen Hsien

Mr Ng Boon Yew

## Executive Committee

Mr Wee Cho Yaw  
(Chairman)

Mr Wee Ee Cheong

Mr Ngiam Tong Dow

Prof Cham Tao Soon

## Audit Committee

Mr Ernest Wong Yuen Weng  
(Chairman)

Mr Philip Yeo Liat Kok

Prof Cham Tao Soon

Mr Tan Kok Quan

## Nominating Committee

Mr Wong Meng Meng  
(Chairman)

Mr Wee Cho Yaw

Mr Ngiam Tong Dow

(Appointed on 7 January 2005)

Prof Cham Tao Soon

Prof Lim Pin

Mr Wee Ee Cheong

(Alternate to Mr Wee Cho Yaw: Appointed on 24 March 2004)

## Remuneration Committee

Mr Wee Cho Yaw  
(Chairman)

Prof Cham Tao Soon

Mr Philip Yeo Liat Kok

Prof Lim Pin

## Secretary

Mrs Vivien Chan

## Share Registrar

Lim Associates (Pte) Ltd

10 Collyer Quay

#19-08 Ocean Building

Singapore 049315

Telephone: (65) 6536 5355

Facsimile: (65) 6536 1360

## Auditors

Ernst & Young

10 Collyer Quay

#21-01 Ocean Building

Singapore 049315

Partner-in-charge: Mr Winston Ngan

(Appointed on 29 April 2004)

## Registered Office

80 Raffles Place

UOB Plaza

Singapore 048624

Company Registration Number: 193500026Z

Telephone: (65) 6533 9898

Facsimile: (65) 6534 2334

Telex: RS 21539 TYEHUA

SWIFT: UOVBSGSG

Website: www.uobgroup.com

## Investor Relations

80 Raffles Place

#16-22 UOB Plaza 2

Singapore 048624

Telephone: (65) 6539 4439/6539 4423

Facsimile: (65) 6538 0270

Email: InvestorRelations@UOBgroup.com

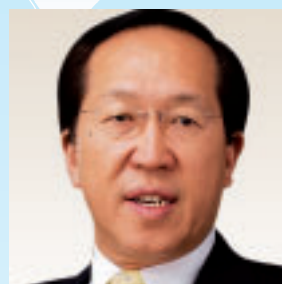
## Board of Directors



Mr Ngiam Tong Dow



Prof Cham Tao Soon



Mr Ernest Wong Yuen Weng



Mr Wong Meng Meng



Mr Philip Yeo Liat Kok



Mr Tan Kok Quan



Prof Lim Pin



Mrs Margaret Lien Wen Hsien



Mr Ng Boon Yew



Mr Wee Cho Yaw  
*Chairman & Chief Executive Officer*



Mr Wee Ee Cheong  
*Deputy Chairman & President*

#### **MR WEE CHO YAW**

*Chairman & Chief Executive Officer*

Age 76. A career banker with more than 40 years of experience. Received Chinese high school education. Chairman & CEO of UOB since 1974.

Appointed to the Board on 14 May 1958. Last re-appointed as a Director on 29 April 2004. Executive Director since 1958.

Chairman of the Executive Committee since 1976. Chairman of the Bank's Remuneration Committee and Member of its Nominating Committee.

Chairman of UOB subsidiaries – Far Eastern Bank and United Overseas Insurance. Chairman of United International Securities, Haw Par Corporation, United Overseas Land, Hotel Plaza, Overseas Union Enterprise, United Industrial Corporation, and Singapore Land and its subsidiary, Marina Centre Holdings. Former Director of Singapore Press Holdings.

Member of the Asia-Pacific Advisory Committee, New York Stock Exchange. Honorary President of Singapore Chinese Chamber of Commerce & Industry. Appointed Pro-Chancellor of Nanyang Technological University in 2004.

Named Businessman Of The Year in 2002 and 1989 in the Singapore Business Awards that recognise outstanding achievements by Singapore's business community.

#### **MR WEE EE CHEONG**

*Deputy Chairman & President*

Age 52. A professional banker who joined the Bank in 1979. Deputy Chairman & President of UOB since 2000.

Appointed to the Board on 3 January 1990. Last re-elected as a Director on 30 May 1998. Executive Director since 1990. Member of the Bank's Executive Committee.

Director of several UOB subsidiaries and affiliates, including Far Eastern Bank, United Overseas Insurance, United International Securities, United Overseas Land and Hotel Plaza.

Director of Visa International (Asia Pacific Regional Association) and the Institute of Banking & Finance. Council Member of the Association of Banks in Singapore and Singapore Chinese Chamber of Commerce & Industry.

Has served as Deputy Chairman of Housing & Development Board and Director of Port of Singapore Authority.

Holds a Bachelor of Science (Business Administration) and Master of Arts (Applied Economics) from The American University, Washington DC.

#### **MR NGIAM TONG DOW**

Age 67. Chairman of HDB Corporation. Served as Chairman of Housing & Development Board from 1998 to 2003. Has a distinguished public service career, having held the post of Permanent Secretary in the Prime Minister's Office and the Ministries of Finance, Trade & Industry, National Development, and Communications.

Appointed to the Board on 1 October 2001. Last re-elected as a Director on 9 May 2002. An independent and non-executive Director. Member of the Bank's Executive Committee and Nominating Committee. Director of Singapore Press Holdings and Yeo Hiap Seng. He is also a Corporate Adviser to Temasek Holdings. Has served as Chairman of Central Provident Fund Board, Development Bank of Singapore, Economic Development Board and Telecommunication Authority of Singapore, and as Deputy Chairman of the Board of Commissioners of Currency, Singapore.

Holds a Bachelor of Arts (Economics, Honours) from the University of Malaya, Singapore, and Master of Public Administration from Harvard University, USA.

## Board of Directors

### PROF CHAM TAO SOON

Age 65. University Distinguished Professor of Nanyang Technological University (NTU). Held the post of President of NTU from 1981 to 2002.

Appointed to the Board on 4 January 2001. Last re-elected as a Director on 8 May 2003. An independent and non-executive Director. Member of the Bank's Executive Committee, Audit Committee, Nominating Committee and Remuneration Committee. Director of UOB subsidiary, Far Eastern Bank. Chairman of NatSteel, Singapore Symphonia Company and Singapore-China Foundation. Deputy Chairman of Singapore Press Holdings. Director of Robinson & Company, TPA Strategic Holdings and WBL Corporation. Board Member of Land Transport Authority and Singapore International Foundation. A member of the Council of Presidential Advisers. Former Director of Adroit Innovations, ei-Nets and Keppel Corporation.

Holds a Bachelor of Engineering (Civil, Honours) from the University of Malaya, Bachelor of Science (Mathematics, Honours) from the University of London and Doctor of Philosophy (Fluid Mechanics) from the University of Cambridge, UK. Fellow of the Institution of Engineers, Singapore and Institution of Mechanical Engineers, UK.

### MR ERNEST WONG YUEN WENG

Age 60. Group CEO and Director of MediaCorp. Built his career first with the Economic Development Board in 1967 and then with the Ministry of Finance before joining UOB in 1972. President of UOB from 1990 to 2000 when he left to take up his current appointment at MediaCorp.

Appointed to the Board on 3 January 1990. Last re-elected as a Director on 8 May 2003. An independent and non-executive Director. Chairman of the Bank's Audit Committee. Director of United Overseas Land and Hotel Plaza. Council Member of Nanyang Technological University (NTU) and Chairman of the Finance Committee and NTU Endowment Fund Investment Committee. Has served as Chairman of the Association of Banks in Singapore and

Board Member of Economic Development Board. Former Director of several UOB subsidiaries and affiliates, including Far Eastern Bank, United Overseas Insurance and United International Securities.

Holds a Bachelor of Science (Chemical Engineering, Honours) from the University of Surrey, UK.

### MR WONG MENG MENG

Age 56. Senior Partner of Wong Partnership. Notary Public and Senior Counsel, Supreme Court of Singapore.

Appointed to the Board on 14 March 2000. Last re-elected as a Director on 9 May 2002. An independent and non-executive Director. Chairman of the Bank's Nominating Committee. Director of UOB subsidiary, Far Eastern Bank. Director of Hi-P International. Honorary Legal Adviser to the Real Estate Developers' Association of Singapore.

Holds a Bachelor of Law (Honours) from the University of Singapore. Member of the Singapore International Arbitration Centre's Main Panel of Arbitrators.

### MR PHILIP YEO LIAT KOK

Age 58. Chairman of the Agency for Science, Technology & Research (A\*STAR) and Co-Chairman of Economic Development Board. Recognised for his contributions to Singapore's economic development and his pioneering role in the promotion and development of the country's information technology, semiconductor, chemical and pharmaceutical industries. Brings to the Bank wide government and private sector experience over a 34-year career.

Appointed to the Board on 26 May 2000. Last re-elected as a Director on 8 May 2003. An independent and non-executive Director. Member of the Bank's Audit Committee and Remuneration Committee. Director of UOB subsidiary, Far Eastern Bank. Chairman of Accuron Technologies, an aerospace and precision engineering company based in Singapore and a Board Member of Nasdaq-listed Infosys of India.

Holds a Bachelor of Applied Science (Industrial Engineering) and an Honorary Doctorate of Engineering from the University of Toronto, Master of Science (Systems Engineering) from the University of Singapore and Master of Business Administration from Harvard University, USA.

#### **MR TAN KOK QUAN**

Age 66. Senior Partner of Tan Kok Quan Partnership. Notary Public and Senior Counsel, Supreme Court of Singapore.

Appointed to the Board on 1 October 2001. Last re-elected as a Director on 9 May 2002. An independent and non-executive Director. Member of the Bank's Audit Committee. Director of Network Foods International. Has served as Deputy Chairman of Public Utilities Board. Former Director of NH Ceramics.

Holds a Bachelor of Law (Honours) from the University of Singapore.

#### **PROF LIM PIN**

Age 69. University Professor and Professor of Medicine at the National University of Singapore (NUS). Senior Consultant at the National University Hospital.

Appointed to the Board on 1 October 2001. Last re-elected as a Director on 29 April 2004. An independent and non-executive Director. Member of the Bank's Nominating Committee and Remuneration Committee. Director of Raffles Medical Group. Has served as Vice-Chancellor of NUS and Deputy Chairman of Economic Development Board. Former Board Member of Singapore Institute of Labour Studies.

Holds a Master of Arts and Doctor of Medicine from the University of Cambridge, UK. Fellow of the Academy of Medicine of Singapore (FAMS), FRCP (London) and FRACP.

#### **MRS MARGARET LIEN WEN HSIEN**

Age 62. Appointed to the Board on 1 October 2001. Last re-elected as a Director on 29 April 2004. A non-independent and non-executive Director. Chairman of Wah Hin & Company Pte Ltd, Director of Overseas Union Enterprise and Lien Ying Chow Pte Ltd. Governor of the Lien Foundation.

Holds a Bachelor of Law (Honours) from the London School of Economics and Political Science, University of London.

#### **MR NG BOON YEW**

Age 50. A Certified Public Accountant and Member of the Institute of Certified Public Accountants of Singapore, with more than 20 years of accounting and auditing experience in both the private and public sectors.

Appointed to the Board on 1 October 2001. Last re-elected as a Director on 29 April 2004. An independent and non-executive Director. Director of Datapulse Technology, Fischer Tech and RSH. Deputy Chairman of the Practice Monitoring Sub-Committee (Accounting & Corporate Regulatory Authority). Member of the Council on Governance of Institutions of a Public Character, the Securities Industry Council, the Board of Trustees of the Cancer Research and Education Fund and Council of the Association of Chartered Certified Accountants.

Former Partner in charge of corporate finance services and former Head of Singapore banking practice at major international accounting firm, KPMG. Has served as Chairman of the Disclosure and Accounting Standards Committee, Member of the Council on Corporate Disclosure and Governance and Group Chief Financial Officer of Singapore Technologies.

Fellow of the Association of Chartered Certified Accountants. Associate Member of the Institute of Chartered Accountants in England and Wales, Chartered Institute of Management Accountants, Institute of Chartered Secretaries and Administrators and Chartered Institute of Taxation.

## Principal Officers



Mr Chong Kie Cheong



Mr Francis Lee Chin Yong



Mr Terence Ong Sea Eng



Mr Samuel Poon Hon Thang



Mr Joseph Chen Seow Chan



Mr Bill Chua Teck Huat



Ms Susan Hwee



Mr Kuek Tong Au



Ms Sim Puay Suang



Mr Wee Joo Yeow



Mr Yeo Eng Cheong



#### **MR CHONG KIE CHEONG**

*Senior Executive Vice President, Investment Banking*

Mr Chong joined UOB in January 2005. He oversees the Bank's corporate finance, capital markets and venture management business. Mr Chong holds a Bachelor of Social Sciences (Economics, Honours) from the University of Singapore. He has more than 25 years of experience in the financial industry, having held senior appointments in investment banking, international banking and finance and directorships in banks in the region.

#### **MR FRANCIS LEE CHIN YONG**

*Senior Executive Vice President, International*

Mr Lee joined UOB in 1980. He was appointed to his current position in April 2003 and is responsible for driving the Bank's businesses outside Singapore and identifying opportunities for growth. Prior to his appointment in Singapore, Mr Lee was heading the Bank's operations in Malaysia as Chief Executive Officer of United Overseas Bank (Malaysia). He holds a Malaysia Certificate of Education. Mr Lee has spent 24 years in UOB, holding senior positions in operations, consumer services and corporate lendings.

#### **MR TERENCE ONG SEA ENG**

*Senior Executive Vice President,  
Global Treasury & Asset Management*

Mr Ong, who joined UOB in 1982, has overall responsibility for the management and growth of the Bank's global treasury and fund management businesses. He holds a Bachelor of Accountancy from the University of Singapore and has more than 20 years of experience in treasury services and operations.

#### **MR SAMUEL POON HON THANG**

*Senior Executive Vice President,  
Institutional & Individual Financial Services*

Mr Poon joined UOB in 1988. He is responsible for managing and growing the Bank's corporate, SME and consumer segments in the domestic market. He holds a Bachelor of Commerce (Honours) from Nanyang University and has over 25 years of experience in banking and finance. Prior to joining UOB, Mr Poon worked in other financial institutions.

#### **MR JOSEPH CHEN SEOW CHAN**

*Managing Director, Global Treasury Trading*

Mr Chen joined UOB in 1989. He oversees and manages the Bank's global treasury trading business. He holds a Bachelor of Science (Honours) from the University of Singapore. Mr Chen has 28 years of experience in the treasury and fixed income business. Before joining UOB, he worked in a number of major foreign banks and the Monetary Authority of Singapore.

#### **MR BILL CHUA TECK HUAT**

*Executive Vice President, Operations*

Mr Chua joined UOB in 2002. He leads and oversees key operational areas to ensure quality service delivery and operational efficiency for the Bank's business processes in Singapore and the region. Mr Chua holds a Bachelor of Arts (Economics) and Bachelor of Engineering (Industrial, Honours) from the University of Newcastle, Australia. He has more than 24 years of experience in wholesale and consumer banking. Prior to joining UOB, he has worked in Overseas Union Bank (prior to its merger into UOB), Citibank NA and the Ministry of Foreign Affairs.

## Principal Officers

### MS SUSAN HWEЕ

*Executive Vice President, Information Technology*

Ms Hwee joined UOB in 2001. She is responsible for the strategy and provision of Information Technology (IT) services to support the growth of the Bank globally. Ms Hwee holds a Bachelor of Science from the National University of Singapore. She has over 20 years of experience in IT, and has held senior positions in technology and financial services companies, including IBM and Citibank NA.

### MR KUEK TONG AU

*Executive Vice President, Corporate Services*

Mr Kuek joined UOB in 1970. His key responsibilities include the management of a diverse range of portfolios, from finance, investor relations, legal and secretariat, tax, corporate affairs, property to general services. Mr Kuek holds a Bachelor of Accountancy (Honours) from the University of Singapore and has more than 30 years of experience in finance and administration.

### MS SIM PUAY SUANG

*Executive Vice President, Personal Financial Services*

Ms Sim joined UOB in 1978. She holds a Bachelor of Arts from the University of Singapore. A 26-year career banker at UOB, Ms Sim has extensive experience and expertise in consumer banking. She is responsible for the business development and management of the Bank's individual banking business. Her portfolio includes deposits, loans, investments, credit and debit cards, and travel-related services.

### MR WEE JOO YEOW

*Executive Vice President, Corporate Banking – Singapore*

Mr Wee joined UOB in 2002. He is responsible for managing and developing the Bank's corporate banking business in Singapore. He holds a Bachelor of Business Administration (Honours) from the University of Singapore and Master of Business Administration from New York University. A career banker with more than 30 years of corporate banking experience, Mr Wee has held senior appointments in Overseas Union Bank (prior to its merger into UOB) and First National Bank of Chicago.

### MR YEO ENG CHEONG

*Executive Vice President, Commercial Credit*

Mr Yeo joined UOB in 1986. He leads and manages the Bank's SME business. Mr Yeo holds a Bachelor of Business Administration (Honours) from the University of Singapore. He is a career banker with more than 30 years of experience in credit and marketing, including 10 years with Chase Manhattan Bank (now known as JP Morgan Chase & Co).

The UOB Group is committed to maintaining the highest standards of corporate governance. The Board of Directors ("Board") believes that good governance is essential to sustaining its business performance and safeguarding the interests of its stakeholders.

The Board's approach to corporate governance is guided by best practice recommendations and the principles in the Code of Corporate Governance issued by the Committee on Corporate Governance ("Code").

### **Board of Directors**

**Board role and responsibility:** The Board sets the strategic directions for the Bank and approves strategic business initiatives and major acquisitions or disposal of assets. Its responsibilities include approving the business plan and annual budget prepared by management, monitoring the financial performance of the Bank and the Group, as well as reviewing and approving the financial results of the Bank and the Group. The Board is also responsible for planning board and senior management succession and the remuneration policies for the Bank. There are board committees to assist in the effective discharge of specific responsibilities. The board committees are the Executive Committee, Nominating Committee, Remuneration Committee, Audit Committee and the Independent Review Committee which are described below.

**Board composition, independence and rotation:** There are 11 Board members. Their names are set out on page 13. Although the Bank's articles of association allow for a maximum of 20 directors, the Board considers the current board size of 11 adequate for effective decision-making having regard to its present scale of operations.

The Board comprises of two executive directors and nine non-executive directors. The Nominating Committee is of the view that apart from the two executive directors and Mrs Margaret Lien Wen Hsien (who is connected to a substantial shareholder), all the other directors are independent. Mr Wong Meng Meng and Mr Tan Kok Quan are partners of law firms that provided legal services to the UOB Group in 2004. The Nominating Committee is of the view that because Mr Wong Meng Meng and Mr Tan Kok Quan are able to maintain their objectivity and independence at all times in the discharge of their duties as directors, they could be considered independent. With more than two-thirds of the Board comprised of independent directors, no individual or group is able to dominate the Board's decision-making process.

**Board competency:** The current Board members possess diverse corporate experiences and, as a group, provide core competencies relevant to the business of the Bank. Detailed information on the directors' experience and qualifications can be found on pages 14 to 17. New directors are briefed on the Bank's business and corporate governance practices and may also attend an orientation session appropriate to their experience. Guidance is given to all directors on regulatory requirements concerning disclosure of interests, restrictions on dealings in securities and the duties and responsibilities of directors under Singapore law. Directors are briefed on changes in relevant accounting standards. The company secretary, to whom the directors have independent access, assists the Board and keeps it apprised of

relevant laws and regulations. The directors may also request independent professional advice, at the Bank's expense, to help them carry out their responsibilities. The Bank has a budget for directors' training needs.

**Board meetings:** The Chairman of the Board convenes board meetings at regular intervals and whenever necessary. He sets the meeting agenda and ensures that directors are provided with complete, adequate and timely information. Directors receive regular financial and operational reports on the Group's business and briefings from senior management staff. Directors who require additional information may approach senior management directly and independently. The Board meets at least four times a year. Additional meetings are called when necessary. Last year, there were 11 Board meetings and directors' attendance record is set out on page 27.

**Chairman and Chief Executive Officer ("CEO"):** The Chairman provides leadership to the Board. Besides being responsible for board proceedings, the Chairman is also responsible for presenting the Board's views and decisions to the public. The CEO is responsible for the day-to-day running of the Bank and ensures that the Board's decisions and strategies are translated to the working level. Mr Wee Cho Yaw has been both Chairman and CEO of the Bank since 1974. By virtue of the dual roles, he has been able to consistently ensure that Board decisions and strategies are implemented seamlessly. The sustained growth of UOB under the leadership of Mr Wee as both Chairman and CEO is testament to the fact that he has been able to execute the responsibilities of both these roles effectively.

### **Board Committees**

There are currently four standing board committees and one ad hoc board committee appointed by the Board. Each committee's role and responsibilities are set out in a set of terms of reference approved by the Board. The membership of the four standing board committees are set out on page 13.

**Executive Committee ("Exco"):** The Board delegates to the Exco certain discretionary limits and authority for granting loans and other credit facilities, treasury and investment activities, capital expenditure, budgeting and human resource management. Senior management is delegated the responsibility for drawing up the Bank's annual budget and business plan for the Board's approval, carrying through business strategies as approved in the annual budget and business plan, implementing appropriate systems of internal accounting and other controls, instituting a risk management framework and monitoring for compliance, adopting suitably competitive human resource practices and remuneration policies, and ensuring that the Bank operates within the expense budget. The Exco meets monthly to receive management's reports on these matters.

**Nominating Committee ("NC"):** The NC reviews nominations of directors for appointment to the Board and board committees and nominations to the key executive positions of CEO, President, Deputy President and Chief Financial Officer. On an annual basis, the NC assesses the independence and performance of the directors and the Board. In carrying out its assessment, the NC makes reference to a set of criteria. The NC meets at least once a year and the membership of the NC is reviewed every year.

**Remuneration Committee ("RC"):** The RC makes recommendations to the Board on directors' fees and allowances, remuneration of the executive directors and granting of share options to employees. RC members abstain from deliberations in respect of their own remuneration.

The remuneration policy of the Bank seeks, inter alia, to align the interests of employees with those of the Bank, to reward and encourage performance based on the Bank's core values and to ensure that remuneration is commercially competitive to attract and retain talent. The typical remuneration package comprises fixed and variable components, with the base salary making up the fixed component. The variable component can be in the form of a performance bonus and/or share options.

Annually, the Board submits directors' fees as a lump sum for shareholders' approval. The sum is divided among the directors with those having additional responsibilities as chairman or members of board committees receiving a higher portion of the approved fees. Details of the total fees and other remuneration of the directors are set out in the Directors' Report on page 83. As disclosed in the Directors' Report on page 83, no share options were granted to the directors of the Bank during the financial year.

The Bank's top five executives are remunerated competitively at comparable market levels on a performance-related basis. The Bank believes that it is not in the best interest of the Bank to disclose details of the remuneration of its top five key executives. There is no immediate family member (as defined in the Singapore Exchange's Listing Manual) of a director in the employ of the Bank whose annual remuneration exceeds \$150,000, except for Mr Wee Ee Cheong, the son of Mr Wee Cho Yaw, whose annual remuneration is disclosed in the Directors' Report on page 83.

The Code recommends that the chairman of the RC should be an independent and non-executive director but the Board is of the view that Mr Wee Cho Yaw is the best person to chair the committee. The RC meets at least once a year.

**Audit Committee ("AC"):** The AC carries out the functions set out in the Code and Companies Act. The AC's terms of reference include reviewing the financial statements, the internal and external audit plans and audit reports, the external auditors' evaluation of the system of internal accounting controls, the scope and results of the internal and external audit procedures, the adequacy of internal audit resources, the cost effectiveness, independence and objectivity of external auditors, the significant findings of internal audit investigations and interested person transactions. The reviews are made with the internal and external auditors, the financial controller and/or other senior management staff, as appropriate. Annually, the AC also nominates the external auditors for re-appointment. The AC has nominated Messrs Ernst & Young for re-appointment as auditors for shareholders' approval at the forthcoming Annual General Meeting.

The AC reviews with the internal and external auditors their evaluation of the Bank's systems of internal controls and risk management processes, and reports the results of its review to the Board. The AC notes that in establishing a system of internal controls, due consideration

has to be given to the materiality of the relevant risks, the probability of loss and the costs that would be incurred in implementing the control measures. The Board derived reasonable assurance from reports submitted to it that the internal control systems and risk management processes, which are designed to enable the Bank to meet its business objectives while managing the risks involved, are satisfactory for the Bank's business as presently conducted.

The AC reviews and discusses with management and the external auditors, the UOB Group's audited financial statements for the financial year 2004, the quality of the accounting principles that are applied and their judgement on items that might affect the financials. Based on the review and discussions, the AC would then form its view as to whether the financial statements are fairly presented in conformity with generally accepted accounting principles in all material aspects.

The AC also reviews the financial, business and professional relationships between the external auditors and the Bank. External auditors are requested to affirm quarterly that their independence and objectivity has not been affected by any business or other relationship with the Group. If there are non-audit services provided by the external auditors to the Group, the AC will form its own view as to whether the volume and nature of the non-audit services provided would be likely to affect the independence and objectivity of the external auditors.

The AC has the power to conduct or authorise investigations into any matter within its terms of reference. The AC is given reasonable resources for the proper discharge of its duties.

The AC meets separately with the internal auditor and the external auditors and also among themselves, in the absence of management, when necessary. Last year, the AC held four meetings.

**Independent Review Committee ("IRC"):** Local banks are required by law to divest their non-core assets within a prescribed time frame. The Board formed the IRC as an ad hoc committee to assist the Board to examine proposals for divestment of the Bank's non-core assets.

The IRC comprises three independent directors, namely, Mr Ernest Wong Yuen Weng, Mr Philip Yeo Liat Kok and Prof Cham Tao Soon. The IRC meets as and when necessary.

### **Internal Audit**

The Group has a well-established internal audit function ("Group Audit"). Group Audit, which reports to the AC and administratively to the Chairman and CEO, assists the Board in assessing and reporting on business risks and the internal controls of the Group. Group Audit operates within the framework defined in its Audit Charter. It has adopted the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. In addition, Group Audit was awarded the ISO 9001 (2000) Certification by the UK and USA Accreditation Services in August 2001 and is subject to semi-annual inspections for re-certification.



There are formal procedures for Group Audit to report its audit findings to management and to the AC. The AC reviews Group Audit's annual audit plan at the beginning of each year and reviews the results of the audits at subsequent AC meetings.

The scope of Group Audit covers the audit of all the Bank's units and operations, including its overseas branches and subsidiaries. The audits carried out on the Bank's units and operations are prioritised based on audit risk assessments. Group Audit's responsibilities include but are not limited to the audits of operations, lending practices, financial controls, management directives, regulatory compliance, information technologies and the risk management process of the Bank. Group Audit focuses its efforts on performing audits in accordance with the audit plan which is prioritised based on a comprehensive audit risk assessment of all auditable areas identified in the UOB Group. The structured audit risk assessment approach ensures that all risk-rated auditable areas are kept in view to ensure proper coverage and audit frequency. The risk-based audit plan is reviewed annually taking into account the changing business and risk environment.

Group Audit participates actively in major systems development activities and project committees to advise on risk management and internal control measures. In addition, Group Audit audits the various application systems in production, data centres, network security and the Information Technology sector, paying special attention to key Internet banking and e-commerce application systems. Group Audit uses the Control Objectives for Information and Related Technology (COBIT) for evaluating the internal controls of systems.

The banking subsidiaries, United Overseas Bank (Malaysia), Bank of Asia and UOB Radanasin Bank in Thailand and United Overseas Bank Philippines, each has its own internal audit function and is subject to the local regulations. The Head of Internal Audit in each of the banking subsidiaries reports to the respective local Audit Committees and to Group Audit and administratively, to the local CEO. They are required to provide a monthly report on audit activities and significant issues to the Chief of Group Audit. Group Audit conducts audits of selected business areas and reviews the internal audit work of each of the banking subsidiaries. The Chief of Group Audit also attends the Audit Committee meetings of each of the banking subsidiaries by invitation.

**Mr Larry Lam**

*Senior Vice President & Chief Auditor*

*Mr Larry Lam joined the Bank in January 1998. He holds Bachelor of Information Systems and Master of Business Administration degrees from California State Polytechnic University. Mr Lam is a Certified Public Accountant (USA) as well as a Certified Information Systems Auditor. He brings to the Bank 17 years of internal and external auditing, and information technology experience from the United States. Mr Lam was a Governor of the Institute of Internal Auditors, Singapore from 2001 to January 2005. Mr Lam serves as a member of the Advisory Committee for the School of Business and Accounting at the Ngee Ann Polytechnic. He is also a voting member of the International Banking Security Association.*

### **Risk Management**

As the management of risk is fundamental to the financial soundness and integrity of the Group, risk evaluation forms an integral part of the Group's business strategy development. The risk management philosophy is that all risks taken must be identified, measured, monitored and managed within a robust risk management framework, and that returns must be commensurate with the risks taken.

The Board has overall responsibility for determining the type and level of business risks that the Group undertakes to achieve its corporate objectives. The Board has delegated to various committees the authority to formulate, review and approve policies and limits on monitoring and managing risk exposures. The major policy decisions and proposals on risk exposures approved by these committees are subject to review by the Exco.

The various committees comprise top management and senior executives of the Bank who meet regularly to deliberate on matters relating to the key types of risks under their respective supervision. The key risks are credit and country risk, balance sheet risk, liquidity risk, market risk and operational risk.

The **Credit Committee** deals with all credit as well as country/transfer risk matters, including approval of credit applications, formulation of credit policies and the review of existing credit facilities.

The **Asset Liability Committee** formulates, reviews and approves policies, limits and strategies regarding the balance sheet structure, liquidity needs and trading activities.

The **Investment Committee** formulates, reviews and approves policies, limits and strategies regarding the investment and management of funds.

The **Computer Committee** determines and oversees the prioritisation of the Group's investments in IT as well as the resources committed to the development of the Group's technology strategy and infrastructure, and ensures that these are in line with the Group's business strategy.

The **Management Committee** formulates, reviews and approves policies and strategies relating to the monitoring and management of operational risks of the Group across all business and support units, as well as those relating to anti-money laundering measures. Under the Group Operational Risk Management framework, business and support units identify significant operational risks relating to their respective areas of operations and continually assess and monitor these risks through the Operational Risk Self Assessment (ORSA) process and through Key Operational Risk Indicators (KORIs).

The **Risk Management & Compliance sector**, which is independent of the business units, performs the role of implementing risk management policies and procedures. With respect to regulatory and operational compliance, the Risk Management & Compliance sector develops policies to address the requirements for each business unit and, through the compliance officers in the business units, puts in place the proper control procedures to ensure compliance. In addition, the Middle Office under Finance Division will enforce compliance of trading

policies and limits by the trading desks at Global Treasury. The process by which the Group's risk exposures are monitored and managed is detailed under the section 'Risk Management' on pages 28 to 53.

### Interested person transaction

In May 2004, Kheng Leong Company (Pte) Ltd, a company regarded an associate of Messrs Wee Cho Yaw, the Chairman and Wee Ee Cheong, the Deputy Chairman of the Bank, renewed its lease of premises at #34-20 UOB Plaza 2, a building owned by the Bank, for a period of three years commencing 23 July 2004. The terms of the lease were supported by an independent valuation by DTZ Debenham Tie Leung (SEA) Pte Ltd.

### Communication with shareholders

The Board keeps shareholders updated on the business and affairs of the Bank through the quarterly release of the Bank's results, the timely release of relevant information through the SGXNET of the Singapore Exchange and the publication of the Bank's annual report. Shareholders are given the opportunity to raise relevant questions and communicate their views at shareholders' meetings. The Bank also holds media and analysts' briefings of its results. The Bank does not practise selective disclosure of information. Shareholders and investors can visit the Bank's investor relations website at [www.uobgroup.com](http://www.uobgroup.com) for the latest information on the Bank.

### Ethical standards

The Bank has adopted the Association of Banks in Singapore's Code of Conduct, which sets out the standards of good banking practice, for all staff and drawn up guidelines for compliance. The Bank has also adopted the Singapore Exchange's Best Practices Guide with respect to dealings in securities and has developed a Code on Dealings in Securities for the guidance of directors and employees. In addition, the Bank manages its business according to the core values of integrity, performance excellence, teamwork, trust and respect, which staff subscribe to and are assessed on.

### Directors' attendance 2004

Name of director	Number of meetings attended in 2004					
	Board of Directors	Executive Committee	Audit Committee	Nominating Committee	Remuneration Committee	Independent Review Committee
Mr Wee Cho Yaw	10	11	–	1	1	–
Mr Wee Ee Cheong	10	11	–	–	–	–
Mr Koh Beng Seng (Resigned on 16 Feb 2005)	11	11	–	–	–	–
Mr Ngiam Tong Dow	10	11	–	–	–	–
Mr Ernest Wong Yuen Weng	10	–	4	–	–	2
Mr Wong Meng Meng	8	–	–	1	–	–
Mr Sim Wong Hoo (Resigned on 17 Oct 2004)	0	–	–	1	–	–
Mr Philip Yeo Liat Kok	9	–	4	–	1	1
Prof Cham Tao Soon	8	8	3	1	1	2
Mr Tan Kok Quan	6	–	4	–	–	–
Prof Lim Pin	5	–	–	0	0	–
Mrs Margaret Lien Wen Hsien	11	–	–	–	–	–
Mr Ng Boon Yew	8	–	–	–	–	–
<b>Number of meetings held in 2004</b>	<b>11</b>	<b>11</b>	<b>4</b>	<b>1</b>	<b>1</b>	<b>2</b>