

Building a Premier Regional Bank

Analysts' Briefing First Half 2002 Results

**Address by
Mr Wee Ee Cheong
Deputy Chairman & President**

7 August 2002

Panel Members

- **Mr Wee Ee Cheong** **Deputy Chairman & President**
- **Mr Samuel Poon** **SEVP, Institutional Banking**
- **Mr Terence Ong** **SEVP, Global Treasury / Asset Mgt**
- **Mr Kuek Tong Au** **EVP, Corporate Services**
- **Ms Sim Puay Suang** **EVP, Personal Financial Services**
- **Mr David Loh** **EVP, Risk Management**
- **Ms Susan Hwee** **EVP, Information Technology**

Agenda

Successful Integration

Financial Review

Capital Management & NPLs

Progress on Growth Strategies

Successful Integration

- **Transition was Smooth**
- **Cost Savings on Target**
 - ✍ **Set to Achieve Cost Savings of about \$250mn**
 - ✍ **Expect \$190mn in FY2002, and Full Impact in FY2003 onwards**
- **Minimal Revenue Attrition**
 - ✍ **Minimal Overlap in Customer Databases**
 - ✍ **Revenue Attrition is Insignificant**

Agenda

Successful Integration

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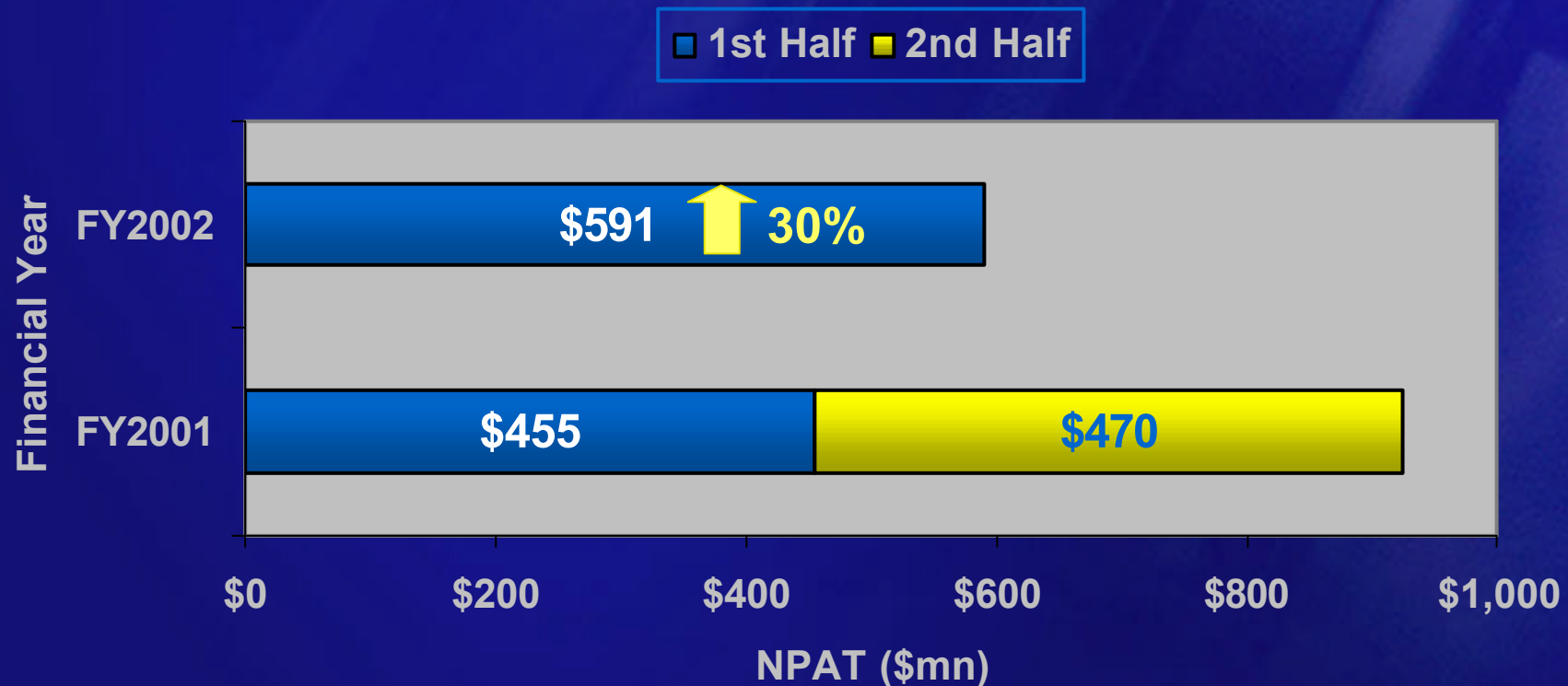
Capital Management & NPLs

Progress on Growth Strategies

Net Profit After Tax

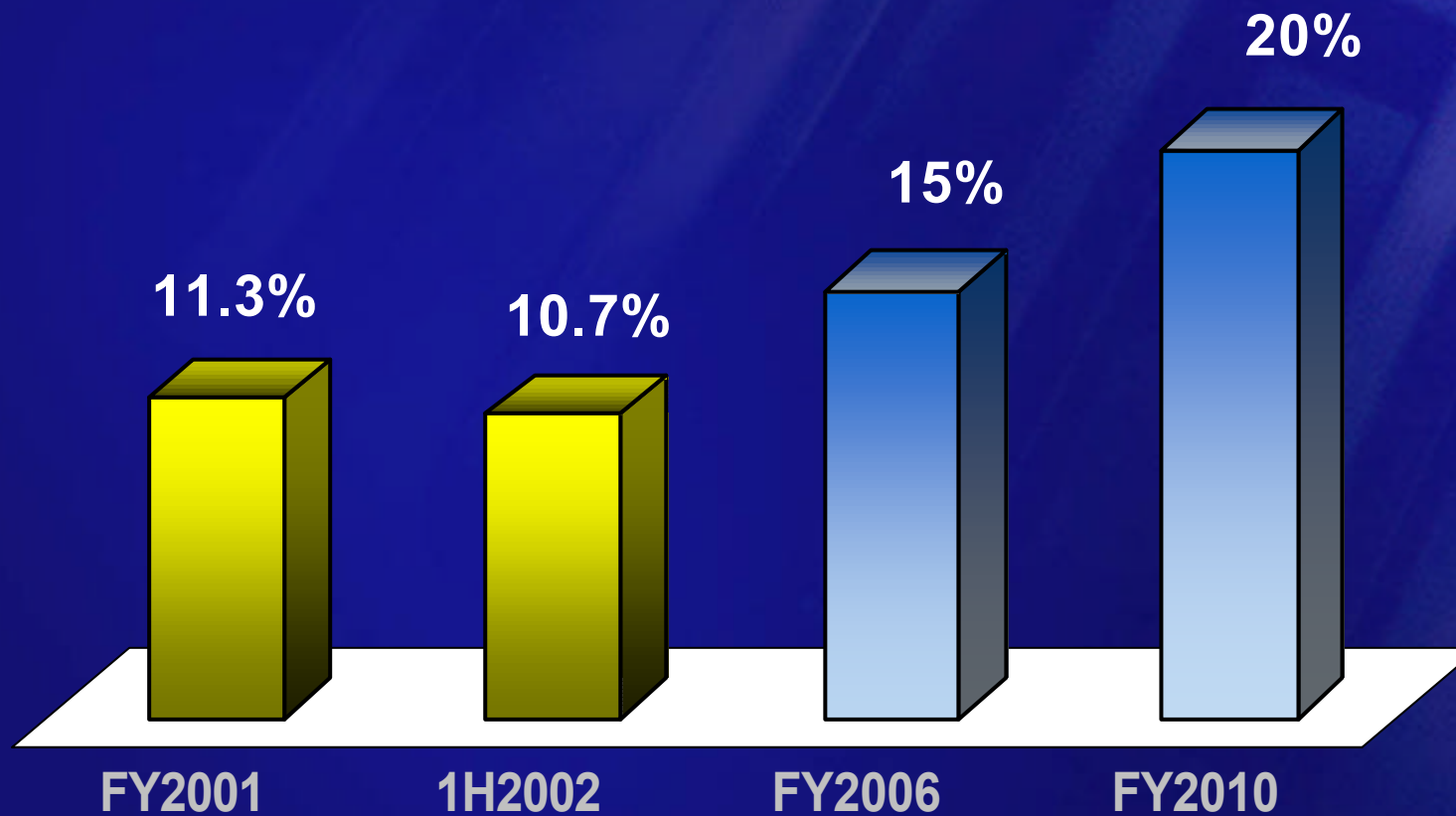
Resilient Results Despite Challenging 1st Half 02

- “Business as Usual” whilst coping with Integration
- Sluggish Loan Demand in Local and Regional Markets



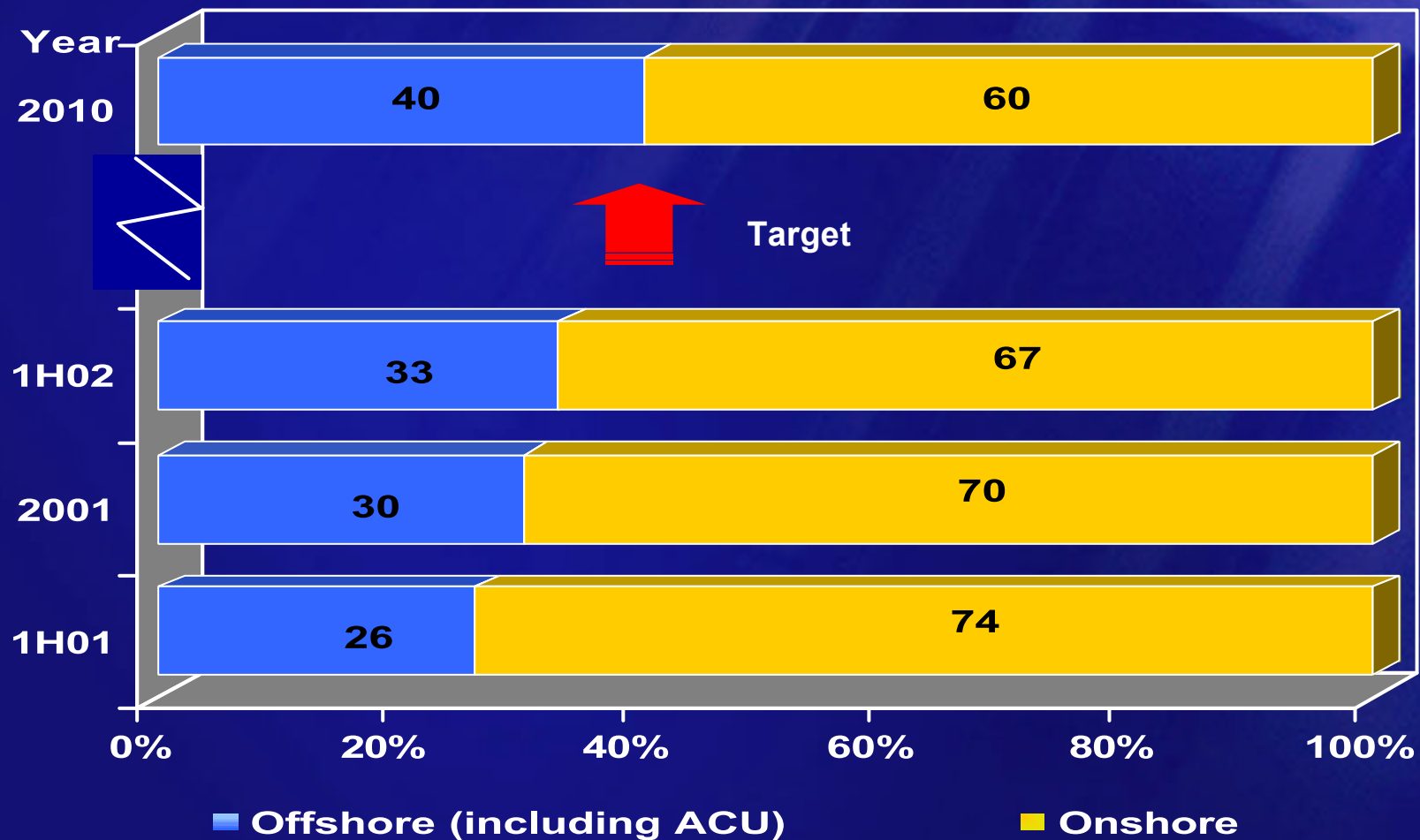
Return on Equity (ROE)

Temporary Setback in ROE (excluding Goodwill) due to Enlarged Capital Base Post-Acquisition



Offshore Profit Contribution

Consistent Regional Efforts have Delivered Results



Income Mix

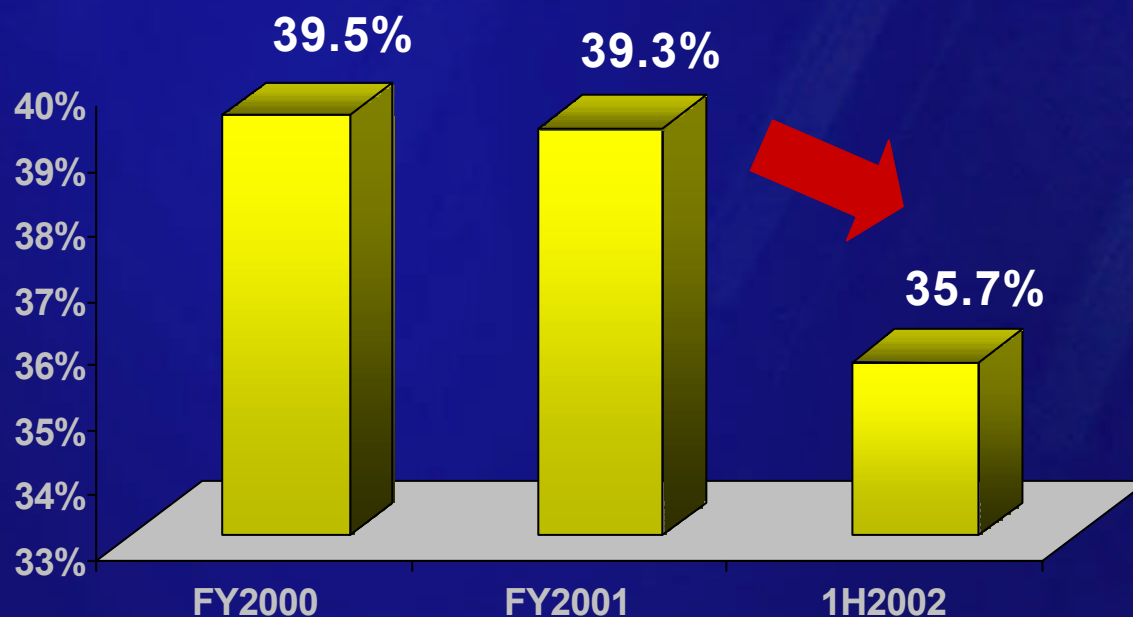
Committed to Building our Non-Interest Income



Expense to Income Ratio

Balance between Prudent Cost Management & Investments for Long Term Growth

- Consistently amongst the Lowest in the Local Banking Industry
- Continue to Invest in Technology, Infrastructure, Customer Franchise and People for Long Term Growth
- Continue to Explore Ways to Streamline Operations for Efficiency



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Capital Management Plans

- **Divestment**

- ✍ **Timing is Critical with Clear Objective of Enhancing Shareholders' Value**
- ✍ **Options have been Evaluated and Close to Appointing an Investment Bank**

- **Capital Adequacy Ratio (CAR)**

- ✍ **Currently at 17.2%**
- ✍ **Proactively Managing our Sources and Costs of Funds**
- ✍ **Capital Freed up from Consolidation**
- ✍ **Repaid Bridging Loan of US\$450mn; Planning to Pay Off the Remainder in Sept 02**
- ✍ **CAR expected to Stabilise at 15% by end 02, Closer to Target of 14%**

Non-Performing Loans

On the Whole, No Major Concerns

- **Already Provided for OUB's Loans in our Enlarged Portfolio**
- **NPLs have Stabilised with no Major Surprises in Asset Quality**
- **Increase in Provisioning due to Falling Collateral Values in Declining Property Market**

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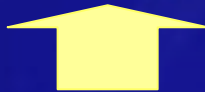
Capital Management & NPLs

Progress on Growth Strategies

Growth Strategies

Our Vision

“ To be the Premier Banking Group in the Asia Pacific ”



2-Pronged Approach

**Expanding our Business
Beyond Singapore**

**Building on our Domestic
Leadership Position**



Successful Integration

Singapore

- **Focused on Enhancing Leadership Position in Consumer & SME Markets**
- **Regard recent Policy Changes on CPF & Property Financing as generally Positive for Banks**
- **Already a Major Player in the Mortgage Business**
- **With our Strong Domestic Presence, Well -Positioned to Capitalise on Industry Developments**

Regional

- **Region showing Signs of Pick-up based on Recent Export Data**
- **Economic Growth in Malaysia, Thailand, and Indonesia becoming Broad-Based and Driven by Domestic Demand**
- **Decoupling Signs between Asian & US Financial Markets**
- **In the Short Term, Remain Cautious as the Global Environment is Uncertain and Financial Markets Volatile**
- **Continue to Believe in the Region's Fundamental Prospects and Long Term Growth Potential**

ASEAN

Strengthen Market Presence in Key Countries

Malaysia

- **Already Contributes more than 10% to our Bottomline**
- **Yet to Realise Full Potential**
- **Insurance Joint-Venture**
 - ✍ **Presents strategic window as consolidation takes place in Malaysia**
 - ✍ **Fully leverage branch network to distribute life and general insurance products**

Thailand

- **Capital Injection into UOB Radanasin to Support Business Expansion**
- **Loan Book Grown to S\$1billion**
- **Expected to Breakeven this Year**
- **Confident Thailand will become an Important Contributor to the Group in Future**

Indonesia

- **Remained Profitable even during Asian Crisis**
- **Continue to Expand Business as Investors' Confidence Returns**

Philippines

- **100% Ownership of UOB Philippines after recently Acquiring remaining 40% Filipino Shareholdings**
- **Looking to Increase Investments to Reposition Local Operations and Support Business Growth**
- **100% Ownership gives us a Free Hand in Running the Business**

Greater China

The UOB Advantage

- **One of the Largest Overseas Chinese Banks**
- **Chinese Heritage and Linkages**
- **Extensive Regional Knowledge and Network**

Greater China

(1) China

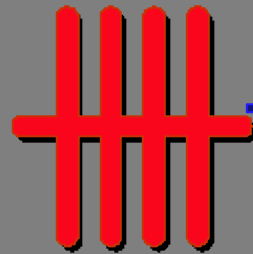
- **Presence in 6 Key Cities**
- **Recently obtained Approval to Expand Scope of Business in some of these Locations**

(2) Hong Kong & Taiwan

- **Continue to Explore Opportunities**
- **Springboard to our Regional Consumer Banking Business**

Our Commitment

To Continually Enhance Shareholder Value



**Voted 1st : Singapore Bank with Greatest
Commitment to Enhancing Shareholder Value**

(FinanceAsia 2002 Singapore Survey)