



SINGAPORE

For the third consecutive year, UOB emerged top brand among Singapore banks. We will extend this strong Singapore brand into the region.

United behind you

For the third consecutive year, UOB emerged top brand among Singapore banks, and was the second Most Valuable Brand in Singapore. We will extend this strong Singapore brand into the regional markets in which we have a presence. We have improved our performance, enhanced processes, introduced new products and services and expanded our operations, both locally and overseas. We have grown, all the while remaining united behind our stakeholders.

Personal Financial Services

Personal Financial Services serves individual customers including the mass affluent clients.

Our comprehensive range of products and services caters to the financial needs of our individual customers at their various life stages. These products and services include deposits, loans, investments, credit and debit cards, as well as general insurance and life assurance. These products and services are made available through our extensive network of branches, self-service machines, phone banking and the Internet. We also offer financial planning services through our Personal Bankers.

Our Privilege Banking arm provides personalised service to mass affluent clients, offering an extensive range of wealth management products and services. Our dedicated team of Relationship Managers are trained professionals who help manage and grow each client's portfolio.

Loans

Despite the intense competition, refinancing activities and escalating interbank rates, our home loans portfolio achieved a net growth of 4.4%.

UOB continues to be recognised as a leader in product innovation. In May 2005, our FirstZero Home Loan won the "Best Deposit-Linked Product Award 2004" at

The Asian Banker Excellence in Retail Financial Services 2005 in Beijing, China.

We also aim for greater dedication and professionalism with the successful launch of our dedicated specialist sales and service units to handle our customers' increasingly sophisticated needs. Our Mobile Housing Loan Bankers focus on new homebuyers and will personally visit the applicants' homes and offices at their preferred time to discuss their home loan requirements, while our Home Loans Customer unit will look into the needs of existing customers.

Credit Cards

As Singapore's largest credit card issuer, our credit card base has crossed the one million mark. This significant milestone was celebrated with a three-month "Singapore's Best Loved Card" campaign to reward our card members.

1. UOB Lady's Platinum MasterCard, Singapore's first platinum card exclusive to ladies, received the European Financial Management & Marketing Association Grand Prix 2005 Award for Innovation in Cards.

2. To celebrate UOB's credit card base exceeding one million, a host of rewards were offered to card members in the three-month long campaign, "Singapore's Best Loved Card". Free taxi rides were among the many rewards card members enjoyed.

3. UOB Junior Savers Account and its mascot, Humphrey, continue to be popular among parents and young savers alike.



During the year, we also introduced new card products to cater to the specific needs of our customers:

- UOB Lady's Platinum MasterCard (March 2005): The first platinum card exclusive to ladies to complement the lifestyle of the sophisticated, successful and independent woman. It was accorded the EFMA (European Financial Management & Marketing Association) Grand Prix 2005 Award for Innovation in Cards.
- UOB Platinum Business Card (June 2005): The first credit card in Southeast Asia that specially caters to the needs of the small and medium-sized enterprises (SMEs), and in the process, expands the Bank's services to SME clients.

We also offer commercial card products, consisting of a corporate card for local affiliates of multinational companies, government and private sectors, business cards for SMEs, and a purchasing card for all businesses. Besides the purchasing card, which is a charge card, all other commercial card products are credit cards that allow for revolving balances.

To drive usage and loyalty, UOB credit cards offer some of the best promotions in the market. Our UOB Dining Programme was voted the best dining programme in various consumer surveys for the past three years, including 2005. We also offer the widest network of merchant tie-ups, with over 400 merchant outlets in various lifestyle categories.

UOB is the first bank to have a full migration plan to EuroPay-MasterCard-Visa (EMV) chip cards. The majority of our credit cards have already adopted this new standard. These chip cards offer new payment options and services, greater security and more convenience to our card members.

In addition to processing local currency transactions, UOB has expanded its ability to provide dynamic currency conversion with Visa. This capability will eventually be extended to MasterCard. In addition, UOB has entered into a strategic partnership with China UnionPay that allows Chinese nationals to make purchases with their credit or debit cards in Singapore.

Deposits, Investments and Insurance

2005 proved to be a historic year for UOB, with consumer deposit balances at an all-time high. In addition, UOB offers a wide range of insurance products to protect customers

from life's many uncertainties and to grow their savings for various needs. Besides UOB Life Assurance, the Bank also works with other third party insurance companies to provide our customers with alternative products and options.

Our more focused approach to product development and investment advisory sales saw a substantial growth in the sales of unit trusts and structured deposits in 2005.

Institutional Financial Services

Our Institutional Financial Services encompasses Commercial Credit, Corporate Banking and Structured Trade & Commodity Finance.

Commercial Credit serves the SMEs through forging strong relationships and providing a full spectrum of products and services.

Corporate Banking provides banking, financial and advisory services to the middle market, large local corporate groups and multinational corporations.

Structured Trade & Commodity Finance works closely with Commercial Credit and Corporate Banking to create special financing packages for large local and international commodity traders.

Commercial Credit

With Singapore's strong economic performance in 2005, our SME portfolio saw good growth in loans, trade finance, remittance, foreign exchange and other services. The uptrend in the property sector also contributed to better recovery and resolution of non-performing loans which saw significant reduction from 2004. All in all, the SME portfolio's contribution to the Bank's revenue and profit was up significantly from 2004.

Our Global Business Development Division, set up in 2004, continued to ride the waves of the globalisation trend and succeeded in establishing many new banking relationships for our overseas branches and subsidiaries. We will further step up efforts to work with our Singapore SMEs as they continue to grow their businesses globally. This is in line with our Bank's strategy to grow revenues from overseas.

Our customers' structured trade finance activities also increased significantly with better economic performances both locally and overseas, especially in Greater China. Values of our customers' structured trade transactions also increased as a result of higher oil and coal prices.

Corporate Banking

In Singapore, Corporate Banking in 2005 performed reasonably well under a very difficult operating environment characterised by significant yield compression, slow loan growth resulting from disintermediation via REITs and capital market issues and generally improved liquidity of the large corporate customer segment. In the face of the challenging marketplace, we focused on ensuring that our core customers remained well-served and every opportunity was taken to cross-sell the Bank's full spectrum of products and services.

In line with the Bank's strategic direction as a regional financial institution, we continued to tap the Bank's extensive network of branches to fully support our customers' overseas operations and investments. We recorded good growth in credit exposure from our customers' regional expansion in 2005.

Our Cash Management unit achieved record enrolment and banking transactions through its Business Internet Banking service in 2005.

Structured Trade & Commodity Finance

In 2005, Structured Trade & Commodity Finance (STCF) contributed gross revenue of about \$30 million, the bulk of which came from two sources – LC issuance and export LC negotiations.

Overseas, STCF (HK) is geared to penetrate the North Asia market (including South Korea and Greater China). While STCF (Sydney) expects to focus on trade transactions involving sale of bank risk, it also works with Sydney's project finance and syndication team to structure complex project and trade transactions.

Global Treasury

Global Treasury offers a comprehensive range of treasury products and services, including foreign exchange, money

market, fixed income, derivatives, margin trading and futures broking, as well as an array of structured products. We are the foremost provider of bank note services in the region and the only bank in Singapore to offer the full gamut of gold products.

In 2005, Global Treasury showed a marked improvement in profitability, achieving a growth of 36.3% over 2004 to \$308 million. This was achieved on the back of effective management of interest rate risks, higher contributions from overseas treasury operations as well as strong growth in fee-based business.

In Singapore, we have further enhanced our treasury product structuring capabilities through the recruitment of expertise in the area of interest rate, credit and equity derivatives. With increased demand from overseas investors in Asia, we have also rolled-out these products through our overseas distribution centres.

Asset Management

Our Asset Management business covers third-party and proprietary asset management activities. We also provide asset management services through our subsidiaries in Singapore, Malaysia, Thailand, Taiwan, France and USA, serving institutional clients as well as retail customers with a broad array of investment products. At the global level, the Asset Management business achieved growth in profit before tax of \$125 million for 2005.

4. As part of its commitment to nurturing local enterprises, the Bank, in partnership with the Singapore Management University, established the UOB-SMU Entrepreneurship Alliance. The Alliance raised \$3 million in sponsorship from over 200 businesses and individuals to help finance business projects for local enterprises and undertaken by SMU students.

5. GrowthPath, one of Singapore's most innovative personal investment vehicles, adjusts customers' investment mix along with them, ensuring the right investment mix at each stage of their lives.

6. UOB Asset Management launched five new unit trusts in Singapore, including United Global Real Estate Securities Fund.





MALAYSIA

With household incomes holding strong in 2005, UOB (Malaysia) continued to focus on its Personal Financial Services offerings and SME segments.

UOB Asset Management

UOB Asset Management (UOBAM) continues to be active and innovative in the CDO marketplace, with the launch of UOB's first ABS CDO, which raised \$1.67 billion. Another tranche of the United Global CDO² series was also launched, raising \$1.16 billion. Several bespoke single-tranche CDO funds were also raised, totalling more than \$350 million.

On the retail front, five new unit trusts were launched in Singapore, comprising two capital protected funds, a real estate securities fund, a global balanced fund and a conventional equity fund. This brought to 58 the number of funds and sub-funds under management in Singapore at year-end, with assets of \$2.6 billion.

Overseas business continues to exhibit strong growth with retail funds under management at UOB-OSK Asset Management (Malaysia) and UOB Asset Management (Thai) recording growth of 16.8% and 59.6% to reach \$0.72 billion and \$1.96 billion respectively.

UOBAM continued to gain recognition in managing funds by winning two awards at The Edge-Lipper Singapore Unit Trust Awards 2006 and two awards at the Standard & Poor's Investment Funds Awards Singapore 2006. UOBAM was also the winner of the Most Innovative Product Award (Singapore) at the Asia Asset Management Awards 2005. This brings the total number of awards clinched since 1996, in Singapore and in the region, to more than 84.

At the end of 2005, assets under management totalled \$23.1 billion. This represents a decrease of \$1.9 billion or 7.6% from end-2004.

UOB Global Capital

2005 saw UOB Global Capital's (UOBGC) assets grow to more than US\$3 billion. UOBGC's hedge fund activities saw significant growth as did its Dublin-based offshore family of funds. The Dublin-based funds grew to approximately US\$1.3 billion by end-2005 and promise to see further growth in the coming year. UOBGC's hedge fund activities was in excess of US\$1.5 billion as at end-2005.

During 2005, UOBGC's range of products was expanded to include new hedge fund products, as well as by the addition of an India-listed equity fund in partnership with a new strategic partner, Infrastructure Leasing & Financial Services Limited as part of the Dublin Fund family.

UOBGC's private equity venture capital practice has made further progress. The Hermes UOB European Private Equity Fund and the UOB Hermes Asia Technology Fund are now almost fully invested. The ASEAN China Investment Fund, which had its final close in 2005, has made a number of promising initial investments.

Investment Banking

Investment Banking covers corporate finance, capital markets, venture management and private banking businesses.

Corporate Finance offers its expertise to corporations at local, regional and global levels to manage and underwrite equity capital transactions such as Initial Public Offerings (IPOs) and other secondary fund raising exercises. In addition, it also provides advisory services in relation to mergers and acquisitions, corporate restructuring and valuation.

Capital Markets specialises in providing solution-based structures to meet the financing requirements of clients, as well as in the issue of debt and quasi-debt securities and loan syndications.

Private Banking offers an elevated level of personal service and confidential consultation to sophisticated investors and high networth individuals. Backed by sound expertise and access to all lines of financial products globally, Private Banking delivers customised solutions in portfolio management and advice in estate and tax planning across jurisdictions for wealth preservation and enhancement.

Corporate Finance

In Singapore, UOB Asia (Corporate Finance) completed a total of nine IPOs in 2005, including two as Joint-Lead Manager, underwriting a total of \$161 million. Additionally, we also successfully completed two Rights Issues for Serial Systems Ltd and Sing Investments & Finance Ltd.

Some of our notable IPO transactions during the year included the flotation of the first Israeli company on the Singapore Exchange, Sarin Technologies Ltd, a developer, manufacturer and distributor of precision technology measurement products for the diamonds and gems industry. We were also the Joint-Lead Manager for a bio-tech firm Biosensors International Group Ltd, a multinational company involved in the development and manufacture of medical devices for interventional cardiology and critical-care procedures.

Capital Markets

UOB Asia's Southeast Asia Capital Markets team continued to grow its business with outstanding results.

In Malaysia, it lead-arranged 11 transactions, raising RM4.98 billion (\$2.19 billion) of debt capital for various companies. It was also the Restructuring Agent for two transactions with a restructured amount of RM1.53 billion (\$0.67 billion).

Amongst the landmark transactions were a RM1.90 billion (\$0.84 billion) Multi-Currency Revolving Credit Facility which embeds an Islamic Ringgit Facility for the country's incumbent electricity supplier, Tenaga Nasional Berhad, three oil and gas-related transactions amounting to RM1.34 billion (\$0.59 billion), and a green field, RM460 million (\$202 million) highway project leading from the heart of Kuala Lumpur city centre to the Government of Malaysia's Administrative Centre at Putrajaya.

In Indonesia, the team enjoyed a banner year, arranging debt funds amounting to approximately US\$780 million (\$1,296 million) for various Indonesian companies. Building on the relationship established in 2004 with the sponsors of PT Medco Energi Internasional Tbk (Medco), the largest oil and gas company listed on the Jakarta Stock Exchange, UOB Asia arranged a US\$278 million (\$462 million) acquisition financing for the Panigoro family to part-finance their acquisition of a 59.9% beneficial shareholding in Medco. This led to a mandate given to our affiliate UOB-Kay Hian as the Joint-Lead Manager in the US\$300 million (\$499 million) global secondary share placement of Medco.

7. The Capital Markets team focuses on developing business opportunities in debt syndications and structured finance.

8. Private Banking continued to grow its Asian clientele base, while streamlining operations and expanding its product offerings.

The fourth quarter of 2005 saw UOB Asia forming a new Capital Markets team with specific focus on the Singapore and North Asia markets. The team is tasked with developing business opportunities in debt syndications, and exploiting opportunities in structured financing.

Working hand in hand with the Bank's corporate and commercial bankers in Singapore and the regional branches, the team aims to complement UOB's product offering to its valued clientele with more diversified capabilities. With resources in Singapore and Shanghai, the team is equipped to act on opportunities in loan syndications, leveraged and structured financing, and project financing. To date, the team has won several mandates for such financing activities, which will be executed in 2006.

In addition, UOB Asia has arranged various structured acquisition financing, leveraged buy-out financing, and debt restructuring transactions for several Malaysian, Thai and Indonesian corporates.

UOB Venture Management

UOB Venture Management (UOBVM), our venture capital and private equity fund management subsidiary managed and advised six funds totalling \$440 million in committed capital as at end-2005. UOBVM was appointed the Adviser to the ASEAN China Investment Fund which achieved a final close in 2005 raising US\$76 million (\$162 million) from major institutional investors in Europe and Asia. UOBVM entered into an agreement with Korea's STIC Investments Inc to launch the next Asia Technology Fund focusing on high-growth technology companies in Asia, with emphasis on opportunities in Greater China and Korea.

Private Banking

2005 saw the re-organisation of High Networth Banking (HNW) sector, with Private Banking coming under



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Investment Banking sector, and Privilege Banking transferred to the Personal Financial Services sector.

The re-organisation allows us to be more focused on our business and head towards our objective of a regional Private Bank. A number of projects have been initiated to streamline our operations and expand our product offerings, such as the launch of the Universal Life Insurance and a broader band of new products.

In 2005, we continued to build on our Asian clientele base. This was the result of both strategic effort to expand our Asian clientele reach as the traditional markets become more mature and the Bank's regionalisation of the business.

International

2005 was another year of significant milestones for our international operations as we expand and rationalise our banking presence in Southeast Asia.

In Indonesia, we continued to strengthen our presence in the country by raising our shareholding in PT Bank Buana Indonesia (Bank Buana) from 23% to a controlling stake of 53% in October 2005. After a mandatory tender offer, our shareholding in Bank Buana increased further to 61.1% at the end of 2005. Meanwhile, our 99%-owned banking subsidiary, PT Bank UOB Indonesia (UOB Indonesia), continued to expand its presence in Indonesia when it opened its tenth office in Kebun Jeruk, West Jakarta, in July 2005.

In November 2005, we completed the integration of our two Thai banking subsidiaries, Bank of Asia (BOA) and UOB Radanasin Bank (UOB Radanasin). The enlarged entity is now known as United Overseas Bank (Thai) Public Company Limited [UOB (Thai)]. The synergy from the integration has expanded the branch and ATM networks of

UOB (Thai), and provides greater customer convenience and a regional platform to better support the regional banking needs of our customers.

In the Philippines, we converted our wholly-owned subsidiary, United Overseas Bank Philippines, into a thrift bank to better reflect its increasing focus on wholesale banking and fee-based income. Since a full branch network is not essential for wholesale banking, we rationalised its branch operations and completed the sale of 66 branches to the Banco de Oro Universal Bank Group.

We plan to grow our regional presence through organic expansion, mergers and acquisitions, and forming strategic alliances with compatible partners. This plan is in line with our mission to be a premier bank in the Asia-Pacific region and will position us to compete more effectively and grow our business in Southeast Asia. Our presence beyond Singapore has grown to more than 400 offices in 17 countries and territories throughout the Asia-Pacific, Western Europe and North America.

Net profit from our overseas operations, excluding ACU, grew by 12.6% from 2004, and contributed 22.4% to the Group's total profit in 2005, compared to 21.2% in 2004. This puts us on track to achieve our goal of 40% by 2010.

Malaysia

The United Overseas Bank (Malaysia) [UOB (Malaysia)] group's operating profit was RM643 million (\$283 million) in 2005, up by 24.4% from 2004. However, the group recorded a lower profit before tax of RM500 million (\$242 million), compared to RM524 million (\$225 million)

9. UOB (Malaysia) was Global Coordinating Lead-Arranger and Joint Book Runner for US\$500 million Multi-Currency Revolving Credit Facility for Tenaga Nasional Berhad – the first in the Malaysian capital market.

10. UOB (Malaysia) introduced UOB VOX Visa Card, the first lenticular card in Malaysia.





THAILAND

With the successful integration, UOB (Thai) is set to provide a full range of banking services to its customers in Thailand.

in 2004. This was due to higher impairment charges (excluding intangible assets) of RM158 million (\$70 million) being provided for in 2005, as compared to RM41 million (\$18 million) provided for in 2004.

With household incomes holding strong in 2005, UOB (Malaysia) continued to focus on its Personal Financial Services offerings and SME segments. During the year, under its card acquisition initiatives, UOB (Malaysia) introduced the VOX Visa Card, the first lenticular credit card in Malaysia targeted at the youth segment. The VOX Visa Card also allows its card members to conduct transactions using the contactless Visa Wave technology. UOB (Malaysia) also re-launched its platinum card with a better value proposition to its customers. On the mortgage front, innovative packages were introduced, including the UOB FlexiMortgage which allows flexible repayment and comes with a built-in overdraft facility. In the area of unsecured financing, UOB (Malaysia) introduced EasiCash – a new unsecured credit product for consumers.

Together with its insurance associates, UOB (Malaysia) launched a series of investment-linked insurance products such as MAXGain, MAXIncome, MAXLink and other products with foreign exposure. This followed the decision by the Malaysian government to allow life insurers to invest up to 30% of their investment overseas, and the de-pegging of the Ringgit in July 2005. Structured investment products, which are linked to equity, interest rate, currency or other index, continue to be popular among our increasingly affluent customers.

The Investment Banking unit recorded strong growth in 2005. UOB (Malaysia) arranged a total of 11 transactions valued at RM4.98 billion (\$2.19 billion). One of the significant transactions undertaken by the Bank was its appointment as the Global

Coordinating Lead-Arranger and Joint Book Runner for a US\$500 million Multi-Currency Revolving Credit Facility for Tenaga Nasional Berhad (TNB), the country's main electricity provider. This unique facility was considered to be the first issuance of such programmes in the Malaysian capital markets. It allows TNB the flexibility, from time to time, to draw on a combination of bank loan and capital market products in multi-currencies comprising the US Dollar, Sterling Pound, Euro and Malaysian Ringgit.

As an affirmation of its consistent effort in offering the right products to meet the increasingly sophisticated needs of its customers, UOB (Malaysia) bagged two awards in the Rating Agency Malaysia League Awards 2005 for the second consecutive year:

- Second Placing for Top Lead-Managers 2004 – Islamic (by issue value); and
- Third Placing for Top Lead-Managers 2004 – Islamic (by number of deals).

To serve its customers better, UOB (Malaysia) further expanded its delivery channels. Its newly renovated Privilege Banking Centre in Batu Pahat Branch in Johor was opened in July 2005, while a new branch was opened in Bintulu, Sarawak, in November 2005.

Thailand

2005 was a year of consolidation for the Group's operations in Thailand. The Group's two banking subsidiaries in Thailand, BOA and UOB Radanasin, were successfully integrated on 28 November 2005. The merged banking

11. The Group's operations in Thailand were successfully integrated and the merged entity was renamed UOB (Thai).

12. UOB (Thai) directors and Thai Finance Minister toasting the Thai King at the inauguration of the new banking entity.

13. UOB (Thai) is set to grow its SME and Personal Financial Services portfolios in Thailand.



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entity was renamed United Overseas Bank (Thai) Public Company Limited [UOB (Thai)]. To commemorate the inauguration, UOB (Thai) donated THB5 million (\$202,200) each to the Princess Maha Chakri Sirindhorn Foundation and the Prince Royal's College 100 Years Fund to provide opportunities for the less affluent youth of Thailand to further their education, and to improve educational facilities.

Despite the challenges arising from the merger and integration for a large part of 2005, UOB (Thai) managed to achieve a combined net profit of THB1,238 million (\$50 million), an improvement of 29.4% over the previous year. The improvement came largely from higher core operating profits that were partially offset by one-time merger-related expenses. Total loans declined marginally by 0.7% to THB159.6 billion (\$6.5 billion), primarily from the reduction in non-performing loans of THB4.1 billion (\$167 million).

With the successful integration, UOB (Thai) is set to provide a full range of banking services, including commercial banking, investment banking, treasury services and asset management services to its customers in Thailand. UOB (Thai) has 154 branches, 344 ATMs and eight off-site foreign exchange booths. With this sizeable network, UOB (Thai) is well-poised to grow its SME and Personal Financial Services portfolios in Thailand.

14. UOB Xiamen, which celebrated its 20th anniversary in 2005, became the third UOB branch in China to be granted approval to offer Renminbi banking services to foreign individuals, foreign-invested enterprises and foreign joint venture enterprises.

15. In Brunei, UOB Bandar Seri Begawan Branch relocated to larger premises in Kampong Kiarong to better serve its customers.

16. UOB clinched its first award for innovation – the Informatica Innovation Award 2005 in the Global Data Warehouse category.

Indonesia

Our banking subsidiary, UOB Indonesia, has been profitable since its establishment in 1990. In July 2005, UOB Indonesia opened a new sub-branch in Kebun Jeruk, West Jakarta, its tenth office in Indonesia. We intend to steadily expand our branch network and continue to target export-oriented companies with strong fundamentals and good potential for growth.

Bank Buana, our newly-acquired banking subsidiary, has made good progress in building a consumer platform to capitalise on its distribution network and capture a larger market share in credit cards and consumer loans in Indonesia. We will continue our focus on the SME business as this has been the strength of Bank Buana since its inception in 1956. We will expand and optimise the branch network to support the growth of our consumer, SME and treasury businesses. Bank Buana will also develop and enhance a sales-oriented culture, with emphasis on wealth management services.

Greater China

In China, UOB has six branches in Beijing, Shanghai (one branch in Pudong and one sub-branch in Puxi), Guangzhou, Shenzhen, Xiamen, and a representative office in Chengdu. We also have five branches and two subsidiaries in Hong Kong, and one branch and two subsidiaries in Taiwan.

Since we opened our first office in Beijing in 1984, the Bank has strengthened its presence and expanded the scope of its business in China to more effectively meet the needs of its customers who are investing in China. In December 2005, UOB Xiamen Branch became the third UOB branch to be granted approval to offer Renminbi banking services to foreign individuals, foreign-invested enterprises and foreign joint venture enterprises, in addition to UOB Shanghai Branch and UOB Shenzhen Branch.



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In Hong Kong, we continued to grow our credit card business, with key focus on expanding the premium market segment.

We also expanded our structured trade and commodity finance team in Hong Kong to support the growing commodity trade in North Asia, particularly in the Greater China region.

Other Overseas Operations

Our other overseas centres continue to diversify their revenue sources besides servicing customers who invest and trade in these countries. Besides corporate lending, participation in syndicated credit facilities and purchasing of short and medium-term investment grade financial instruments in the secondary market, our overseas centres continue to seek business opportunities in niche market segments, industries and strategic geographical locations. We are planning to open a second branch in Vietnam within Hanoi, and we have formally submitted our application to the Reserve Bank of India for a licence to open a maiden branch in India.

Technology

UOB Group views information technology as an important component of our corporate strategies. We believe that continued investment in information technology creates value for our customers and can increase operational efficiency, laying a strong foundation for future expansion in Singapore and overseas. In 2005, UOB Group's technology-related expenses amounted to \$222 million, which was 15.6% of total UOB Group expenses. UOB Group believes that an appropriate balance between strategic infrastructure investment and cost management will enable it to remain competitive.

A major achievement in 2005 was the integration of the IT platforms of BOA and UOB Radanasin into the new entity, UOB (Thai)'s platform. Systems, infrastructure, processes and policies have been unified successfully after 12 months of intensive planning and implementation. UOB (Thai) Treasury and Credit Card issuing systems have also been centralised and hubbed to Singapore for better economies of scale.

The Bank has also made significant progress for Basel II. Major components and systems required to support the Basel II Programme have been completed. Credit processes and related systems were also enhanced. The foundation for collation of required data for the calculation of capital requirements and Basel management has been completed.

After the successful implementation of our Customer Relationship initiative for our Singapore branches in 2002/03, the Bank continued its drive to increase its operational efficiency and sales capability through a branch transformation programme. The project spearheaded several parallel activities such as process re-engineering, workflow and imaging, review of branches' role and sales distribution strategy. In 2005, our Singapore branches completed an overhaul of existing branch operations through system replacements and further centralisation of non-customer facing activities to back-office operations. By equipping our service staff with the latest technology, re-engineering and streamlining of branch processes, we aim to provide a total customer experience. The experience will be used and shared across our subsidiary branches.

Other key initiatives to strengthen our foothold in the local consumer market include the improvement of our credit card fraud management capabilities, automation of dispute tracking and improving our loyalty rewards systems to maintain competitive advantage.

Globally, UOB's innovative data warehousing model gained recognition at the Informatica World Conference 2005 held in Washington, D.C. For its excellence in deployment and innovative use of data integration technology for business intelligence, the Bank was awarded the Informatica Innovation Award 2005 in the Global Data Warehouse category. The Innovation Award recognises companies who have successfully leveraged data integration solutions to reduce complexity, improve efficiency, and empower the business with a holistic and consistent view of their enterprise information.

Operations

Driven by Operations sector's philosophy to be recognised as world-class in service and operational excellence and backed by a commitment to support and enable UOB to be a premier bank in Asia-Pacific, we continue to innovate and streamline banking processes so as to put in place best practices for the delivery of quality services to our customers.

We continued to drive critical system enhancements during the year as part of our on-going efforts to boost operational efficiency and effectiveness across the Bank. For example, the existing Branch Teller System supporting the branch and back-room processing capabilities was upgraded with a more function-rich and robust system, enabling speedier and more efficient processing in the branches of financial



INDONESIA

In Indonesia, we intend to steadily expand our branch network and continue to target export-oriented companies with strong fundamentals and good potential for growth.

transactions according to our customers' instructions. The new system will be fully implemented by the first quarter of 2006 in all our Singapore branches. Likewise, a back-office system was put in place to reduce costs and increase efficiency.

Besides initiating several process redesigning projects to enhance the Bank's service quality and to improve productivity, Head Office played a key role in our subsidiaries' integration and centralisation of back-room operations to align with the processing functions in Singapore. At the same time, we successfully completed the hubbing of the treasury settlement and card functions of our enlarged Thailand subsidiary to Singapore.

Going forward, we will continue to leverage on the technology and economies of scale achieved in Singapore for the processing activities of our overseas subsidiaries and branches. In this manner, standard quality processing at lower costs can be achieved on a regional level. It also enables our overseas businesses to bring a broader range of products to market with greater speed and effectiveness and allow them to be more focused on customer service.

The year saw the Bank achieving Top Rating status from Global Custodian for its custody services to institutional clients. This is an annual award for custodian banks in the major securities markets.

Service Channels

In 2005, two branches were established in Singapore to increase customer access and to service their banking needs. One of the new branches is located at the Singapore Management University city campus and the other is at Rivervale Mall in Sengkang.

To further enhance our customers' convenience, 23 new ATMs were installed and a new auto lobby was opened at Sembawang Mall. To date, we have a total network of 367 on and off-site ATMs, 95 Cash Deposit Machines and

69 Passbook Updating Machines. We have renovated our branches to give them a distinctive UOB look and to provide our customers with a conducive banking environment.

The new branch teller system, *iBranch*, was rolled out in phases to the branches. It marked a significant milestone as the system provides an integrated platform to support seamless access for various applications such as CRM and Signature Verification. With improvement in the overall efficiency and further streamlining of branch activities to back-office units, branches can now leverage on the economies of scale and this allows our branch staff to be more focused on customer service.

2005 also saw the introduction of counters in selected branches that are dedicated to our commercial and corporate banking customers. This move was well-received by customers as having separate counters for individual and corporate banking led to quicker service and turnaround time for transactions.

UOB Call Centre continued to win accolades in 2005 by garnering five awards at the fifth Call Centre Council of Singapore Annual Call Centre Awards. Our service professionals at the 24-hour Call Centre are dedicated to providing service excellence to customers in the region and beyond.

In our quest to build a customer-centric environment across the customer touch points, we continually seek to reinforce messages on the importance of delivering excellent customer service, to take ownership, and to continuously learn and innovate so that we can become an excellent team to serve our customers.

17. To further enhance customer convenience, 23 new ATMs were installed.

18. UOB Call Centre continued to win accolades in 2005, garnering five awards at the fifth Call Centre Council of Singapore Annual Call Centre Awards.



To strengthen and reinforce the service culture, numerous service initiatives were launched during the year, one of which was the Customer Experience Training programme which focused on the skills of delivering consistent customer service. And to inculcate in staff the importance of sharing their experience and expertise, the Learning and Sharing programme was launched to the branches and Call Centre. Staff shared information and ideas on wide-ranging topics like service delivery, product knowledge and communication techniques.

Human Resources

Today's business demands excellence from Human Resources to attract, retain and support a dedicated workforce. The Bank's human resource strategy is to invest in the best people and create a conducive and challenging environment where employees are highly engaged, adaptable and motivated to excel and grow with the organisation.

Attracting talent and augmenting our human capital at all levels is important to UOB's growth and renewal. 2005 saw the appointment of several significant players in the industry to key positions within the Group. This is an important step towards strengthening our corporate bandwidth to spearhead our regional expansion.

The successful completion of our Management Associates programme was an added boon to the organisation's renewal. These aspiring young leaders, who hail from top local and foreign universities, were put through the paces of classroom and on-the-job training, and designated projects to equip them with banking fundamentals and service culture. They have since been assimilated into various UOB business sectors, where they are part of a bigger team that contributes towards the Bank's growth.

With business landscapes changing rapidly, there is a constant need to ensure that our staff stay relevant and nimble to meet the demands of the environment. Continual

investment in our human capital takes the form of varied learning and development activities in different settings including overseas locations.

UOB is a member of the Workgroup on Employment Opportunities and Employability (a sub-committee of the Tripartite Committee) and sits in the Banking Sector Workgroup on Employability of Older Workers chaired by the Association of Banks in Singapore. In support of the recommendations of the Tripartite Committee on Employability of Older Workers, we are working with our partners on job re-design, training programmes to help mature workers adapt and remain relevant in a changing banking environment, and various other measures to extend their employability.

To enhance organisational agility and, as part of our concerted effort towards talent retention, the Bank made a decision to adopt a flatter corporate grade structure with broader job levels for executive staff. These changes are intended to provide staff with a wider spectrum of career development opportunities, greater flexibility in ensuring market competitiveness, and more efficient deployment of talent across the Group.

We adopt an open and proactive approach towards developing career plans for individuals, with senior management showing their commitment by attending workshops and engaging staff on their plans and aspirations.

Human Resources' service delivery to support the business ranges from empowering employees with automated self-service functions to seamless flows of relevant information to managers for their approval and/or decision-making.

Human capital indicators are important measures of organisational effectiveness, and these are presented to the Bank's management team regularly. The intent is to turn



information into insights on our most valuable corporate assets in order to facilitate formulation of relevant human resource programmes and policies.

All these, coupled with increasing levels of communications and engagement throughout the organisation, are aimed at making UOB an Employer of Choice.

Corporate Citizenship

UOB continues to play an active and meaningful role in the communities in which we work and live, with our focus on community development, education and the arts.

Community Development

In 2005, UOB contributed to a number of charities as well as programmes to enhance the quality of life in the community.

Recognising the importance of having a balanced life, UOB did its part to promote a healthy lifestyle by being the venue sponsor for Fitness @ Work in the Financial Business District. Organised by the Health Promotion Board, Fitness @ Work aims to galvanise busy working adults into including regular activity in their daily lives. UOB also contributed \$75,000 and fielded a 200-strong team of runners for the second annual Bull Run. The Bull Run was organised by the Singapore Exchange and funds raised went to 14 charities.

Education

UOB's support for education is not only in dollar terms; it includes contributions in kind as well as expertise. Teaming up with the Singapore Management University and rallying the business community, UOB spearheaded the formation of the UOB-SMU Entrepreneurship Alliance which was launched in 2005. Besides an outright donation, UOB pledged \$1 for every \$2 donated by other enterprises to the Alliance. The scheme allows students and lecturers from the Singapore Management University and local enterprises to learn from each other in a unique and innovative industrial attachment programme.

The Bank was also Patron Sponsor of the Wharton Global Alumni Forum held in Singapore. The Forum was attended by alumni of the prestigious Wharton School of the University of Pennsylvania as well as leading executives and government officials hailing from all over Asia. It provided a platform for networking and exchange of ideas for leading business minds in Asia.

The Arts

UOB has been supporting the development of Singapore art for over three decades. Since 1973, it has supported budding local and regional artists by purchasing their works of art through an on-going purchase-support programme. In addition, over the past 24 years, through the UOB Painting Of The Year (POY) Competition and Exhibition, the Bank has helped many promising artists in Singapore gain recognition for their works. In 2005, the Bank also sponsored the solo exhibition, "Journeys Revisited" by the first POY winner, Goh Beng Kwan.

In recognition for our contributions towards the promotion of the arts in Singapore, the National Arts Council conferred on us the Patron of The Arts Award.

19. Many learning and development activities were organised to help our staff stay relevant and nimble to meet the demands of the dynamic business environment.

20. At the inaugural Leadership Plenary session, top management shared their plans and vision for the Bank with senior managers of the Bank.

21. The 24th UOB POY Competition and Exhibition continues to be a highlight in Singapore's annual arts calendar.

22. To help promote a healthy lifestyle, UOB was venue sponsor for Fitness @ Work in the Financial Business District.

23. UOB continued its support of local art with the sponsorship of the retrospective exhibition by Goh Beng Kwan, the first POY winner.



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