



**UNITED OVERSEAS BANK LIMITED**

*Incorporated in the Republic of Singapore  
Company Registration Number: 193500026Z*

To : All Shareholders

The Board of Directors of United Overseas Bank Limited wishes to make the following announcement:

**Financial Results**

The financial results of the Group for the financial year / fourth quarter of 2008 are enclosed.

**Ordinary Share Dividend**

The Directors recommend the payment of a final one-tier tax-exempt dividend of 40 cents (2007: 45 cents) per ordinary share for the financial year ended 31 December 2008.

Together with the interim one-tier tax-exempt dividend of 20 cents per ordinary share (2007: interim dividend of 20 cents and special interim dividend of 15 cents per ordinary share less 18% Singapore income tax) paid in September 2008, the total net dividend for the financial year ended 31 December 2008 will be 60 cents (2007: 73.7 cents) per ordinary share amounting to \$903 million (2007: \$1,113 million). The total net dividend could be more if options under the UOB 1999 Share Option Scheme are exercised for shares by the books closure date.

All existing holders of options under the UOB 1999 Share Option Scheme who exercise their options for shares by the books closure date will be entitled to the final dividend, in accordance with the terms of the scheme. Subject to shareholders' approval at the forthcoming Annual General Meeting to be held on 29 April 2009, the final dividend will be paid on 25 May 2009.

**Preference Share Dividends**

During the financial year, semi-annual dividends at an annual rate of 5.796% totalling USD29 million (2007: USD29 million) were paid on the 5,000 non-cumulative non-convertible guaranteed SPV-A preference shares issued by the Bank's wholly-owned subsidiary, UOB Cayman I Limited.

A semi-annual one-tier tax-exempt dividend of 5.05% per annum will be paid on the Bank's S\$1.32 billion Class E non-cumulative non-convertible preference shares on 16 March 2009 for the dividend period from 15 September 2008 up to, but excluding, 15 March 2009.

**Closure of Books**

Notice is hereby given that, subject to shareholders' approval of the aforementioned final dividend at the Annual General Meeting, the Share Transfer Books and Register of Members of the Bank will be closed from 12 May 2009 to 13 May 2009, both dates inclusive, for the preparation of dividend warrants. Registrable transfers received by the Bank's Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 3 Church Street #08-01 Samsung Hub, Singapore 049483 up to 5.00 pm on 11 May 2009 will be registered for the final dividend. In respect of ordinary shares in securities accounts with The Central Depository (Pte) Ltd ("CDP"), the final dividend will be paid by the Bank to CDP which will, in turn, distribute the dividend to holders of the securities accounts.

**BY ORDER OF THE BOARD**

**UNITED OVERSEAS BANK LIMITED**

Mrs Vivien Chan  
Secretary

Dated this 27<sup>th</sup> day of February 2009

The results are also available at the Bank's website at [www.uobgroup.com](http://www.uobgroup.com)



# United Overseas Bank Limited

Incorporated in the Republic of Singapore  
Company Registration Number: 193500026Z

## **Group Financial Report for the Financial Year 2008**

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### **Notes:**

- 1 The financial statements are presented in Singapore dollars.
  - 2 Certain comparative figures have been restated to conform with the current period's presentation.
  - 3 Certain figures in this report may not add up to the respective totals due to rounding.
  - 4 Amounts less than \$500,000 in absolute term are shown as "0".
- "NM" denotes not meaningful.

## Financial Highlights

	2008	2007	+ / (-) %	4Q08	3Q08	+ / (-) %	4Q07	+ / (-) %
<b>Profit and Loss Summary (\$m)</b>								
Net interest income	3,576	2,980	20.0	957	893	7.2	743	28.8
Non-interest income	1,675	1,892	(11.5)	391	319	22.3	532	(26.5)
Total income	5,250	4,872	7.8	1,348	1,213	11.2	1,275	5.7
Less: Total expenses	2,050	2,018	1.6	532	504	5.5	556	(4.4)
Operating profit	3,200	2,854	12.1	817	709	15.2	719	13.5
Less: Amortisation/impairment charges	818	311	162.9	383	161	138.6	130	194.6
Add: Share of profit of associates	103	207	(50.5)	14	32	(56.6)	48	(70.6)
Less: Tax and minority interests	548	641	(14.4)	116	105	9.8	131	(11.8)
Net profit after tax <sup>1</sup>	1,937	2,109	(8.2)	332	475	(30.1)	506	(34.4)
<b>Financial Indicators</b>								
Income mix (%)								
Net interest income	68.1	61.2	6.9% pt	71.0	73.7	(2.7)% pt	58.3	12.7% pt
Non-interest income	31.9	38.8	(6.9)% pt	29.0	26.3	2.7% pt	41.7	(12.7)% pt
Profit distribution (%)								
Singapore	76.4	71.1	5.3% pt	88.7	72.1	16.6% pt	69.9	18.8% pt
Overseas	23.6	28.9	(5.3)% pt	11.3	27.9	(16.6)% pt	30.1	(18.8)% pt
Basic earnings per ordinary share (\$) <sup>2, 3</sup>	1.25	1.36	(8.1)	0.81	1.23	(34.1)	1.31	(38.2)
Return on average ordinary shareholders' equity (%) <sup>2, 3</sup>	12.2	12.6	(0.4)% pt	8.8	11.9	(3.1)% pt	12.0	(3.2)% pt
Return on average total assets (%) <sup>3</sup>	1.07	1.24	(0.17)% pt	0.74	1.04	(0.30)% pt	1.16	(0.42)% pt
Net interest margin (%) <sup>3</sup>	2.27	2.04	0.23% pt	2.45	2.21	0.24% pt	1.94	0.51% pt
Expense/Income ratio (%)	39.0	41.4	(2.4)% pt	39.4	41.6	(2.2)% pt	43.6	(4.2)% pt
Net dividend per ordinary share (¢)								
Interim	20.0	16.4	22.0	-	-	-	-	-
Special interim	-	12.3	(100.0)	-	-	-	-	-
Final	40.0	45.0	(11.1)	40.0	-	NM	45.0	(11.1)
Total	60.0	73.7	(18.6)	40.0	-	NM	45.0	(11.1)

### Notes:

- 1 Refer to profit attributable to equity holders of the Bank.
- 2 Calculated based on profit attributable to equity holders of the Bank net of preference share dividends.
- 3 Computed on an annualised basis for quarters.

**Financial Highlights (cont'd)**

	Dec-08	Sep-08	+ / (-) %	Dec-07	+ / (-) %
<b>Financial Indicators</b>					
Customer loans (net) (\$m)	<b>99,840</b>	100,433	(0.6)	92,669	7.7
Customer deposits (\$m)	<b>118,171</b>	113,123	4.5	106,967	10.5
Loans/Deposits ratio (%) <sup>1</sup>	<b>84.5</b>	88.8	(4.3)% pt	86.6	(2.1)% pt
NPL ratio (%) <sup>2</sup>	<b>2.0</b>	1.5	0.5% pt	1.8	0.2% pt
Total assets (\$m)	<b>182,941</b>	181,436	0.8	174,950	4.6
Shareholders' equity (\$m) <sup>3</sup>	<b>15,573</b>	17,155	(9.2)	17,329	(10.1)
Revaluation surplus (\$m) <sup>4</sup>	<b>2,989</b>	3,267	(8.5)	3,263	(8.4)
Net asset value ("NAV") per ordinary share (\$) <sup>5</sup>	<b>8.90</b>	9.96	(10.6)	10.91	(18.4)
Revalued NAV per ordinary share (\$) <sup>5</sup>	<b>10.89</b>	12.13	(10.2)	13.07	(16.7)
Net tangible asset per ordinary share (\$) <sup>5</sup>	<b>6.11</b>	7.16	(14.7)	8.10	(24.6)
Capital adequacy ratios (%)					
Tier 1	<b>10.9</b>	11.2	(0.3)% pt	10.0	0.9% pt
Total	<b>15.3</b>	15.5	(0.2)% pt	14.5	0.8% pt

**Notes:**

- 1 Refer to net customer loans and customer deposits.
- 2 Refer to non-performing loans (excluding debt securities and other assets) as a percentage of gross customer loans.
- 3 Refer to equity attributable to equity holders of the Bank.
- 4 Refer to revaluation surplus on properties not recognised in the financial statements.
- 5 Preference shares are excluded from the computation.

## **Performance Review**

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") with modification to FRS39 Financial Instruments: Recognition and Measurement in respect of loan loss provisioning, as provided in Notice to Banks No. 612 "Credit Files, Grading and Provisioning" issued by the Monetary Authority of Singapore ("MAS").

The Group adopted the following FRS and Interpretations to FRS ("INT FRS") during the financial year:

- INT FRS111 Group and Treasury Share Transactions (effective 1 January 2008)
- Amendments to FRS39 Financial Instruments: Recognition and Measurement and FRS107 Financial Instruments: Disclosures (effective 1 July 2008).

The adoption of these FRS and INT FRS has no significant impact on the financial statements of the Group.

Other than the above changes, the accounting policies and computation methods adopted in the audited financial statements for the financial year ended 31 December 2008 are the same as those adopted for the financial year ended 31 December 2007.

### **2008 versus 2007**

The Group's net profit after tax ("NPAT") of \$1,937 million for 2008 was 8.2% below that of 2007 despite the 12.1% growth in operating profit. The lower NPAT was mainly attributed to higher impairment charges on loans and investment securities, lower non-interest income and lower contributions from associates, partly offset by higher net interest income.

Total operating income rose 7.8% to \$5,250 million. The increase was driven by higher net interest income from expanded loan portfolio and higher contributions from interbank money market activities. This was partly offset by lower fee and commission income from fund management and investment-related activities.

Total operating expenses increased 1.6% to \$2,050 million. Staff costs increased 3.5% to \$1,082 million mainly due to higher headcount to support business expansion. Other operating expenses decreased 0.5% to \$968 million mainly due to lower expenses on business promotion, partly offset by higher occupancy-related expenses. Expense-to-income ratio improved 2.4% points to 39.0% due to higher income growth.

Impairment charges rose 169.1% to \$807 million. The increase was mainly due to collective impairment of \$288 million provided in the light of the global economic uncertainty, as well as on the expanded loan base. The increase was also due to higher individual impairment on loans and debt securities, reflecting the difficult economic conditions.

Share of pre-tax profit of associates decreased 50.5% to \$103 million, mainly due to lower contributions from the major associates.

Net customer loans increased 7.7% over 31 December 2007 to \$99.8 billion as at 31 December 2008. Non-performing loan ("NPL") ratio increased to 2.0% from 1.8% a year ago.

Shareholders' equity decreased 10.1% over 31 December 2007 to \$15.6 billion as at 31 December 2008. The decrease was largely due to revaluation loss on available-for-sale assets, partly negated by issuance of the Class E preference shares.

The Group's Tier 1 and total capital adequacy ratios of 10.9% and 15.3% as at 31 December 2008 were above the minimum 6% and 10% required by MAS respectively.

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**Performance Review (cont'd)****Fourth Quarter 2008 ("4Q08") versus Third Quarter 2008 ("3Q08")**

Group NPAT decreased 30.1% from last quarter to \$332 million despite the 15.2% increase in operating profit. The lower NPAT was mainly due to higher impairment charges on loans and investment securities, partly offset by higher operating income.

Total operating income grew 11.2% to \$1,348 million, largely contributed by net gain on trading and investment and higher net interest income. These were partly offset by lower fee and commission income from loan-related, fund management and investment-related activities.

Total operating expenses increased 5.5% to \$532 million. The increase was mainly due to higher business promotion expenses and staff costs. However, expense-to-income ratio improved 2.2% points to 39.4% due to higher income growth.

Impairment charges rose 141.5% to \$381 million, mainly due to higher impairment charges on loans and investment securities.

Net customer loans decreased 0.6% to \$99.8 billion as at 31 December 2008. NPL ratio increased to 2.0% from 1.5% in 3Q08.

Shareholders' equity decreased 9.2% to \$15.6 billion, largely due to revaluation loss on available-for-sale assets.

**Fourth Quarter 2008 ("4Q08") versus Fourth Quarter 2007 ("4Q07")**

Group NPAT decreased 34.4% from 4Q07 to \$332 million mainly due to higher impairment charges on loans and investment securities and lower fee and commission income, partly offset by higher net interest income.

Total operating income grew 5.7% to \$1,348 million, largely contributed by higher net interest income from increased loan volume and lower funding costs. This was partly offset by lower fee and commission income mainly from fund management and investment-related activities.

Total operating expenses decreased 4.4% to \$532 million, mainly due to lower expenses on business promotion. Consequently, expense-to-income ratio improved 4.2% points to 39.4%.

Impairment charges rose 197.9% to \$381 million, largely due to higher impairment charges on loans and investment securities.

## Net Interest Income

### Net Interest Margin

	2008			2007		
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
	\$m	\$m	%	\$m	\$m	%
<b>Interest bearing assets</b>						
Customer loans	97,526	4,704	4.82	81,379	4,616	5.67
Interbank balances	30,948	1,050	3.39	36,371	1,526	4.20
Securities	28,941	1,102	3.81	28,591	1,228	4.30
<b>Total</b>	<b>157,415</b>	<b>6,855</b>	<b>4.35</b>	<b>146,341</b>	<b>7,371</b>	<b>5.04</b>
<b>Interest bearing liabilities</b>						
Customer deposits	112,920	1,949	1.73	103,680	2,549	2.46
Interbank balances/other	40,296	1,331	3.30	38,565	1,841	4.77
<b>Total</b>	<b>153,216</b>	<b>3,280</b>	<b>2.14</b>	<b>142,245</b>	<b>4,390</b>	<b>3.09</b>
<b>Net interest margin <sup>1</sup></b>			<b>2.27</b>			<b>2.04</b>

	4Q08			3Q08			4Q07		
	Average Balance	Annualised Interest	Average Rate	Average Balance	Annualised Interest	Average Rate	Average Balance	Annualised Interest	Average Rate
	\$m	\$m	%	\$m	\$m	%	\$m	\$m	%
<b>Interest bearing assets</b>									
Customer loans	100,767	4,812	4.78	100,025	4,700	4.70	86,821	4,589	5.29
Interbank balances	28,520	839	2.94	31,904	1,096	3.44	35,148	1,320	3.76
Securities	26,091	961	3.68	28,874	1,075	3.72	29,858	1,209	4.05
<b>Total</b>	<b>155,378</b>	<b>6,612</b>	<b>4.26</b>	<b>160,803</b>	<b>6,871</b>	<b>4.27</b>	<b>151,827</b>	<b>7,118</b>	<b>4.69</b>
<b>Interest bearing liabilities</b>									
Customer deposits	119,890	1,903	1.59	113,871	1,914	1.68	107,920	2,418	2.24
Interbank balances/other	32,463	900	2.77	43,297	1,404	3.24	40,319	1,751	4.34
<b>Total</b>	<b>152,352</b>	<b>2,803</b>	<b>1.84</b>	<b>157,168</b>	<b>3,318</b>	<b>2.11</b>	<b>148,239</b>	<b>4,169</b>	<b>2.81</b>
<b>Net interest margin <sup>1</sup></b>			<b>2.45</b>			<b>2.21</b>			<b>1.94</b>

**Note:**

1 Net interest margin represents net interest income (annualised for quarters) as a percentage of total interest bearing assets.



## Net Interest Income (cont'd)

### Volume and Rate Analysis

	2008 vs 2007			4Q08 vs 3Q08			4Q08 vs 4Q07		
	Volume Change	Rate Change	Net Change	Volume Change	Rate Change	Net Change	Volume Change	Rate Change	Net Change
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Interest income</b>									
Customer loans	916	(829)	87	9	19	28	186	(130)	56
Interbank balances	(227)	(248)	(476)	(29)	(35)	(65)	(63)	(58)	(121)
Securities	15	(142)	(127)	(26)	(3)	(29)	(38)	(24)	(63)
<b>Total</b>	<b>704</b>	<b>(1,219)</b>	<b>(515)</b>	<b>(47)</b>	<b>(19)</b>	<b>(65)</b>	<b>85</b>	<b>(212)</b>	<b>(128)</b>
<b>Interest expense</b>									
Customer deposits	227	(827)	(600)	25	(28)	(3)	68	(197)	(130)
Interbank balances/other	74	(584)	(510)	(87)	(39)	(127)	(84)	(130)	(214)
<b>Total</b>	<b>301</b>	<b>(1,411)</b>	<b>(1,111)</b>	<b>(62)</b>	<b>(68)</b>	<b>(130)</b>	<b>(17)</b>	<b>(328)</b>	<b>(344)</b>
Change in number of days	-	-	-	-	-	-	-	-	(3)
<b>Net interest income</b>	<b>403</b>	<b>192</b>	<b>595</b>	<b>15</b>	<b>49</b>	<b>64</b>	<b>101</b>	<b>115</b>	<b>214</b>

#### 2008 vs 2007

Net interest income grew 20.0% to \$3,576 million. The increase was driven by expanded loan volume and higher contributions from interbank money market activities. Net interest margin increased 23 basis points to 2.27% mainly due to lower funding costs and improved asset mix.

#### 4Q08 vs 3Q08

Net interest income rose 7.2% to \$957 million largely contributed by higher interest margin. Net interest margin grew 24 basis points to 2.45% as a result of higher loan spread and improved asset mix.

#### 4Q08 vs 4Q07

Net interest income increased 28.8% to \$957 million mainly due to increased loan volume and lower funding costs. Net interest margin rose 51 basis points to 2.45% largely attributed to lower funding costs and improved asset mix.

## Non-Interest Income

	2008	2007	+/-)	4Q08	3Q08	+/-)	4Q07	+/-)
	\$m	\$m	%	\$m	\$m	%	\$m	%
<b>Fee and commission income</b>								
Credit card	185	172	7.5	48	47	3.1	50	(4.3)
Fund management	164	358	(54.2)	26	37	(27.8)	108	(75.5)
Futures broking	35	34	3.4	9	9	(2.8)	8	3.2
Investment-related	117	209	(43.8)	21	31	(30.3)	67	(68.2)
Loan-related	256	202	26.5	45	67	(32.4)	56	(19.5)
Service charges	82	81	1.0	22	20	6.5	22	(2.7)
Trade-related	201	187	7.3	46	51	(9.1)	48	(3.7)
Other	55	34	59.6	11	13	(13.1)	10	14.2
	<b>1,095</b>	<b>1,278</b>	<b>(14.3)</b>	<b>229</b>	<b>274</b>	<b>(16.5)</b>	<b>370</b>	<b>(38.2)</b>
<b>Dividend income</b>	<b>64</b>	<b>54</b>	<b>20.3</b>	<b>9</b>	<b>12</b>	<b>(22.7)</b>	<b>6</b>	<b>50.9</b>
<b>Rental income</b>	<b>112</b>	<b>77</b>	<b>45.7</b>	<b>31</b>	<b>29</b>	<b>5.1</b>	<b>22</b>	<b>38.4</b>
<b>Other operating income</b>								
Net gain/(loss) from:								
Trading activities	18	123	(85.2)	53	(6)	NM	25	114.0
Non-trading activities								
Financial instruments measured at fair value to profit and loss	(69)	(94)	26.5	35	(63)	NM	(29)	NM
Available-for-sale assets and other	279	229	22.1	4	14	(71.1)	96	(95.7)
	<b>228</b>	<b>258</b>	<b>(11.5)</b>	<b>92</b>	<b>(55)</b>	<b>NM</b>	<b>92</b>	<b>0.7</b>
Other income	175	226	(22.3)	30	59	(49.5)	42	(28.3)
	<b>404</b>	<b>484</b>	<b>(16.5)</b>	<b>122</b>	<b>5</b>	<b>NM</b>	<b>133</b>	<b>(8.4)</b>
<b>Total</b>	<b>1,675</b>	<b>1,892</b>	<b>(11.5)</b>	<b>391</b>	<b>319</b>	<b>22.3</b>	<b>532</b>	<b>(26.5)</b>
Fee and commission income/ Total income (%)	<b>20.8</b>	26.2	(5.4)% pt	<b>17.0</b>	22.6	(5.6)% pt	29.0	(12.0)% pt
Non-interest income/ Total income (%)	<b>31.9</b>	38.8	(6.9)% pt	<b>29.0</b>	26.3	2.7 % pt	41.7	(12.7)% pt

### 2008 vs 2007

Non-interest income decreased 11.5% to \$1,675 million. The decrease was mainly due to lower fee and commission income from fund management and investment-related activities.

### 4Q08 vs 3Q08

Non-interest income increased 22.3% to \$391 million, mainly attributed to net gain from trading and investment activities as opposed to net loss in last quarter, partly offset by lower fee and commission income from loan-related, fund management and investment-related activities.

### 4Q08 vs 4Q07

Non-interest income declined 26.5% to \$391 million, largely due to lower fee and commission income from fund management and investment-related activities.

## Operating Expenses

	<b>2008</b>	2007	+ / (-)	<b>4Q08</b>	3Q08	+ / (-)	4Q07	+ / (-)
	\$m	\$m	%	\$m	\$m	%	\$m	%
<b>Staff costs</b>	<b>1,082</b>	1,046	3.5	<b>274</b>	262	4.6	279	(1.7)
<b>Other operating expenses</b>								
Revenue-related	<b>472</b>	508	(7.0)	<b>122</b>	116	5.1	159	(23.5)
Occupancy-related	<b>200</b>	170	17.8	<b>51</b>	53	(4.4)	44	15.8
IT-related	<b>162</b>	160	1.5	<b>45</b>	41	11.2	38	19.8
Other	<b>133</b>	135	(0.9)	<b>39</b>	32	23.8	36	9.5
	<b>968</b>	972	(0.5)	<b>257</b>	242	6.5	277	(7.1)
<b>Total</b>	<b>2,050</b>	2,018	1.6	<b>532</b>	504	5.5	556	(4.4)
Of which:								
Depreciation of assets	<b>134</b>	141	(4.7)	<b>34</b>	33	0.8	35	(4.0)
Total IT costs <sup>1</sup>	<b>285</b>	272	4.8	<b>76</b>	71	6.0	67	13.4
Total IT costs/ Total operating expenses (%)	<b>13.9</b>	13.5	0.4 % pt	<b>14.3</b>	14.2	0.1 % pt	12.0	2.3 % pt
Expense/Income ratio (%)	<b>39.0</b>	41.4	(2.4)% pt	<b>39.4</b>	41.6	(2.2)% pt	43.6	(4.2)% pt
Manpower (number)	<b>22,299</b>	21,432	867 no.	<b>22,299</b>	22,484	(185) no.	21,432	867 no.

### *2008 vs 2007*

Total operating expenses increased 1.6% to \$2,050 million. Staff costs increased 3.5% to \$1,082 million mainly due to higher headcount to support business expansion. Other operating expenses decreased 0.5% to \$968 million mainly due to lower expenses on business promotion, partly offset by higher occupancy-related expenses. Expense-to-income ratio improved 2.4% points to 39.0% due to higher income growth.

### *4Q08 vs 3Q08*

Total operating expenses increased 5.5% to \$532 million. The increase was mainly due to higher business promotion expenses and staff costs. However, expense-to-income ratio improved 2.2% points to 39.4% due to higher income growth.

### *4Q08 vs 4Q07*

Total operating expenses decreased 4.4% to \$532 million, largely due to lower expenses on business promotion. Consequently, expense-to-income ratio improved 4.2% points to 39.4%.

#### **Note:**

<sup>1</sup> Comprise IT staff costs and other IT-related expenses.

## Impairment Charges

	<b>2008</b>	2007	+ / (-)	<b>4Q08</b>	3Q08	+ / (-)	4Q07	+ / (-)
	<b>\$m</b>	\$m	%	<b>\$m</b>	\$m	%	\$m	%
Individual impairment on loans								
Singapore	<b>42</b>	15	174.2	<b>50</b>	4	NM	22	122.0
Malaysia	<b>78</b>	46	67.9	<b>12</b>	7	60.3	8	57.2
Thailand	<b>46</b>	87	(47.1)	<b>13</b>	3	385.9	24	(45.7)
Indonesia	<b>7</b>	(8)	NM	<b>3</b>	5	(53.9)	(2)	NM
Greater China <sup>1</sup>	<b>40</b>	3	NM	<b>37</b>	2	NM	3	NM
Other	<b>112</b>	13	788.7	<b>68</b>	46	48.8	11	491.7
	<b>324</b>	155	108.8	<b>182</b>	67	171.3	67	173.5
Individual impairment on securities and other assets	<b>195</b>	145	34.6	<b>94</b>	18	413.9	61	54.0
Collective impairment	<b>288</b>	-	NM	<b>104</b>	72	44.6	-	NM
<b>Total</b>	<b>807</b>	300	169.1	<b>381</b>	158	141.5	128	197.9

### *2008 vs 2007*

Impairment charges rose 169.1% to \$807 million. The increase was mainly due to collective impairment of \$288 million provided in the light of the global economic uncertainty, as well as on the expanded loan base. The increase was also due to higher individual impairment on loans and debt securities, reflecting the difficult economic conditions.

### *4Q08 vs 3Q08*

Impairment charges increased 141.5% to \$381 million, mainly due to higher impairment charges on loans and investment securities.

### *4Q08 vs 4Q07*

Impairment charges rose 197.9% to \$381 million, largely due to higher impairment charges on loans and investment securities.

#### **Note:**

<sup>1</sup> Comprise China, Hong Kong S.A.R. and Taiwan.

## Customer Loans

	<b>Dec-08</b>	Sep-08	Dec-07
	<b>\$m</b>	\$m	\$m
Gross customer loans	<b>102,033</b>	102,507	94,583
Less: Individual impairment	<b>800</b>	685	645
Collective impairment	<b>1,393</b>	1,389	1,270
Net customer loans	<b>99,840</b>	100,433	92,669
<b>By Industry</b>			
Transport, storage and communication	<b>5,800</b>	5,816	5,312
Building and construction	<b>12,694</b>	12,422	11,024
Manufacturing	<b>10,573</b>	11,005	9,840
Financial institutions	<b>16,451</b>	16,217	16,277
General commerce	<b>13,005</b>	14,675	12,825
Professionals and private individuals	<b>12,754</b>	12,420	11,222
Housing loans	<b>24,114</b>	23,671	22,598
Other	<b>6,641</b>	6,281	5,487
Total (gross)	<b>102,033</b>	102,507	94,583
<b>By Currency</b>			
Singapore dollar	<b>56,075</b>	54,218	50,361
US dollar	<b>15,888</b>	17,643	14,146
Malaysian ringgit	<b>11,419</b>	11,362	10,821
Thai baht	<b>6,436</b>	6,571	6,967
Indonesian rupiah	<b>2,408</b>	2,749	2,332
Other	<b>9,807</b>	9,965	9,956
Total (gross)	<b>102,033</b>	102,507	94,583
<b>By Maturity</b>			
Within 1 year	<b>40,341</b>	40,739	38,499
Over 1 year but within 3 years	<b>19,527</b>	18,713	13,764
Over 3 years but within 5 years	<b>12,090</b>	13,477	14,324
Over 5 years	<b>30,075</b>	29,577	27,996
Total (gross)	<b>102,033</b>	102,507	94,583

Net customer loans decreased 0.6% over 30 September 2008 to \$99.8 billion as at 31 December 2008. The decrease was mainly from general commerce sector. Net customer loans grew 7.7% over 31 December 2007 with growth registered across all industries.

## Customer Deposits

	<u>Dec-08</u>	<u>Sep-08</u>	<u>Dec-07</u>
	\$m	\$m	\$m
<b>By Product Group</b>			
Fixed deposits	74,266	71,919	70,424
Savings deposits	24,365	23,129	19,044
Current accounts	18,312	16,616	15,369
Other	1,229	1,459	2,131
<b>Total</b>	<b>118,171</b>	<b>113,123</b>	<b>106,967</b>
<b>By Maturity</b>			
Within 1 year	114,439	108,948	103,247
Over 1 year but within 3 years	2,344	2,437	1,558
Over 3 years but within 5 years	871	1,208	1,707
Over 5 years	516	529	456
<b>Total</b>	<b>118,171</b>	<b>113,123</b>	<b>106,967</b>
 Loans/Deposits ratio (%)	 <b>84.5</b>	 88.8	 86.6

Customer deposits grew 4.5% over 30 September 2008 to \$118.2 billion as at 31 December 2008. The increase was largely contributed by fixed deposits. Against 31 December 2007, customer deposits rose 10.5% largely on savings deposits.

## Debts Issued

	<u>Dec-08</u>	<u>Sep-08</u>	<u>Dec-07</u>
	\$m	\$m	\$m
<b>Subordinated debts</b>			
Due after one year (unsecured)	5,594	5,290	5,242
<b>Other debts issued</b>			
Due within one year (unsecured)	359	467	923
Due after one year (unsecured)	293	437	502
	<b>652</b>	<b>903</b>	<b>1,425</b>
<b>Total</b>	<b>6,246</b>	<b>6,194</b>	<b>6,666</b>

### Shareholders' Equity

	<b>Dec-08</b>	Sep-08	Dec-07
	<b>\$m</b>	\$m	\$m
Shareholders' equity	<b>15,573</b>	17,155	17,329
Add: Revaluation surplus	<b>2,989</b>	3,267	3,263
Shareholders' equity including revaluation surplus	<b>18,562</b>	20,422	20,592

Shareholders' equity decreased 9.2% over 30 September 2008 to \$15.6 billion as at 31 December 2008, largely due to higher revaluation loss on available-for-sale assets. Against 31 December 2007, it decreased 10.1% as a result of the revaluation loss on available-for-sale assets, partly offset by the issuance of S\$1.32 billion Class E non-cumulative non-convertible preference shares.

As at 31 December 2008, revaluation surplus of \$3.0 billion on the Group's properties was not recognised in the financial statements.

### Changes in Issued Shares of the Bank

	Number of shares ('000)			
	<b>2008</b>	2007	<b>4Q08</b>	4Q07
<b>Ordinary shares</b> (excluding treasury shares)				
Balance at beginning of period	<b>1,512,163</b>	1,523,276	<b>1,505,611</b>	1,515,044
Exercise of share options granted under the UOB 1999 Share Option Scheme	<b>171</b>	484	-	4
Share buyback - held in treasury	<b>(6,723)</b>	(11,597)	-	(2,885)
Balance at end of period	<b>1,505,611</b>	1,512,163	<b>1,505,611</b>	1,512,163

#### **Preference shares**

Issue of Class E non-cumulative non-convertible preference shares on 15 September 2008/  
balance at end of period

<b>13,200</b>	-	<b>13,200</b>	-
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	<b>Dec-08</b>	Sep-08	Dec-07
	<b>'000</b>	'000	'000
Number of new shares that would have been issued upon exercise of all outstanding options under the UOB 1999 Share Option Scheme	<b>269</b>	269	453

## Non-Performing Assets

	Dec-08	Sep-08	Dec-07
<b>Non-Performing Assets ("NPA") (\$m)</b>			
Loans ("NPL")	2,062	1,629	1,713
Debt securities	243	314	2
<b>Total</b>	<b>2,305</b>	<b>1,943</b>	<b>1,715</b>
<b>By grading</b>			
Substandard	1,397	971	1,106
Doubtful	268	247	76
Loss	640	725	533
<b>Total</b>	<b>2,305</b>	<b>1,943</b>	<b>1,715</b>
<b>By security coverage</b>			
Secured	1,054	868	1,001
Unsecured	1,251	1,075	714
<b>Total</b>	<b>2,305</b>	<b>1,943</b>	<b>1,715</b>
<b>By ageing <sup>1</sup></b>			
Current	501	514	203
Within 90 days	417	175	216
Over 90 to 180 days	344	158	202
Over 180 days	1,043	1,096	1,094
<b>Total</b>	<b>2,305</b>	<b>1,943</b>	<b>1,715</b>
<b>Cumulative Impairment (\$m)</b>			
Individual	1,008	973	647
Collective	1,540	1,442	1,270
<b>Total</b>	<b>2,548</b>	<b>2,415</b>	<b>1,917</b>
<b>Ratios (%)</b>			
NPA ratio <sup>2</sup>	1.2	1.0	1.0
Cumulative impairment as % of NPA	110.5	124.3	111.8
NPL ratio <sup>3</sup>	2.0	1.5	1.8
Cumulative impairment as % of NPL <sup>4</sup>	106.4	127.3	111.8
Cumulative impairment as % of gross customer loans <sup>4</sup>	2.1	2.0	2.0
Collective impairment as % of gross customer loans net of individual impairment <sup>4</sup>	1.4	1.4	1.4

Group NPA of \$2,305 million as at 31 December 2008 constituted 1.2% (30 September 2008 and 31 December 2007: 1.0%) of total assets.

Group NPL ratio increased to 2.0% from 1.5% and 1.8% as at 30 September 2008 and 31 December 2007 respectively, reflecting the difficult global economic conditions.

### Notes:

- 1 Where payment of interest or principal of an account is overdue, all outstanding balances of that account are deemed non-current and aged accordingly.
- 2 Refer to non-performing assets (excluding contingent assets) as a percentage of total assets.
- 3 Refer to non-performing loans (excluding debt securities and contingent assets) as a percentage of gross customer loans.
- 4 Debt securities and contingent assets are excluded from the computation.



**Non-Performing Assets (cont'd)**

	NPA	Cumulative Impairment	NPL Ratio	Secured NPL as % of respective NPL	Cumulative Impairment as % of respective NPL
	\$m	\$m	%	%	%
<b>NPA by Region</b>					
Singapore					
<b>Dec 08</b>	<b>808</b>	<b>1,230</b>	<b>1.1</b>	<b>51.1</b>	<b>140.3</b>
Sep 08	699	1,131	0.8	56.5	171.9
Dec 07	630	728	1.1	60.2	115.6
Malaysia					
<b>Dec 08</b>	<b>547</b>	<b>374</b>	<b>4.5</b>	<b>57.4</b>	<b>68.4</b>
Sep 08	511	371	4.1	57.1	72.6
Dec 07	495	368	4.2	61.8	74.3
Thailand					
<b>Dec 08</b>	<b>530</b>	<b>433</b>	<b>5.4</b>	<b>43.0</b>	<b>81.8</b>
Sep 08	509	440	4.8	39.2	88.3
Dec 07	436	348	6.5	45.6	79.8
Indonesia					
<b>Dec 08</b>	<b>72</b>	<b>90</b>	<b>2.0</b>	<b>73.6</b>	<b>125.0</b>
Sep 08	79	98	2.0	78.5	124.1
Dec 07	73	103	2.0	74.0	141.1
Greater China					
<b>Dec 08</b>	<b>97</b>	<b>106</b>	<b>2.2</b>	<b>52.6</b>	<b>109.3</b>
Sep 08	24	69	0.6	58.3	287.5
Dec 07	18	66	0.6	94.4	366.7
Other					
<b>Dec 08</b>	<b>251</b>	<b>315</b>	<b>2.3</b>	<b>43.0</b>	<b>125.5</b>
Sep 08	121	306	1.1	47.9	252.9
Dec 07	63	304	0.6	73.0	482.5
Group					
<b>Dec 08</b>	<b>2,305</b>	<b>2,548</b>	<b>2.0</b>	<b>51.1</b>	<b>106.4</b>
Sep 08	1,943	2,415	1.5	53.3	127.3
Dec 07	1,715	1,917	1.8	58.4	111.8

**Non-Performing Assets (cont'd)**

	Dec-08		Sep-08		Dec-07	
	NPA	Individual Impairment	NPA	Individual Impairment	NPA	Individual Impairment
	\$m	\$m	\$m	\$m	\$m	\$m
<b>NPA by Industry</b>						
Transport, storage and communication	18	14	17	13	20	12
Building and construction	152	52	114	44	145	46
Manufacturing	539	263	398	213	418	206
Financial institutions	533	301	490	362	181	35
General commerce	411	191	307	162	347	171
Professionals and private individuals	269	98	255	96	272	111
Housing loans	286	32	263	28	263	35
Other	97	57	99	55	69	31
	<b>2,305</b>	<b>1,008</b>	1,943	973	1,715	647

**Performance by Business Segment**

	PFS	IFS	GMIM	Other	Total
	\$m	\$m	\$m	\$m	\$m
<b>2008</b>					
Operating income	1,853	2,097	1,200	100	5,250
Operating expenses	(931)	(689)	(348)	(3)	(1,971)
Amortisation/impairment charges					
Intangible assets	(3)	(8)	-	-	(11)
Loans and other assets	(49)	(369)	(157)	(232)	(807)
<b>Segment profit</b>	<b>870</b>	<b>1,031</b>	<b>695</b>	<b>(135)</b>	<b>2,461</b>
Unallocated corporate expenses					(79)
Share of profit of associates					103
Profit before tax					<b>2,485</b>
<b>Segment assets</b>	<b>37,216</b>	<b>67,287</b>	<b>71,026</b>	<b>1,946</b>	<b>177,475</b>
Intangible assets	1,181	2,286	664	80	4,211
Investment in associates					1,096
Unallocated assets					159
Total assets					<b>182,941</b>
<b>Segment liabilities</b>	<b>62,922</b>	<b>52,614</b>	<b>49,605</b>	<b>1,322</b>	<b>166,463</b>
Unallocated liabilities					759
Total liabilities					<b>167,222</b>
<b>Other information</b>					
Gross customer loans	36,868	65,165	-	-	102,033
Non-performing assets	555	1,750	-	-	2,305
Capital expenditure	65	63	15	70	213
Depreciation of assets	46	46	10	32	134
<b>2007</b>					
Operating income	1,714	2,041	1,128	(11)	4,872
Operating expenses	(835)	(626)	(416)	(72)	(1,949)
Amortisation/impairment charges					
Intangible assets	(4)	(7)	-	-	(11)
Loans and other assets	(59)	(64)	(65)	(112)	(300)
<b>Segment profit</b>	<b>816</b>	<b>1,344</b>	<b>647</b>	<b>(195)</b>	<b>2,612</b>
Unallocated corporate expenses					(69)
Share of profit of associates					207
Profit before tax					<b>2,750</b>
<b>Segment assets</b>	<b>34,138</b>	<b>63,140</b>	<b>70,224</b>	<b>1,841</b>	<b>169,343</b>
Intangible assets	1,191	2,324	670	80	4,265
Investment in associates					1,261
Unallocated assets					81
Total assets					<b>174,950</b>
<b>Segment liabilities</b>	<b>55,587</b>	<b>48,758</b>	<b>50,030</b>	<b>1,972</b>	<b>156,347</b>
Unallocated liabilities					877
Total liabilities					<b>157,224</b>
<b>Other information</b>					
Gross customer loans	33,819	60,764	-	-	94,583
Non-performing assets	535	1,180	-	-	1,715
Capital expenditure	51	55	6	315	427
Depreciation of assets	50	51	10	30	141

## **Performance by Business Segment (cont'd)**

The Group's businesses are organised into the following four segments based on the types of products and services that it provides:

### **Personal Financial Services ("PFS")**

PFS segment covers Consumer, Privilege and Private Banking. Consumer Banking serves the mass individual customers with a wide range of products and services, including deposits, loans, investments, credit and debit cards and life assurance products. Privilege Banking provides an extended range of financial services, including wealth management, offshore and restricted products such as structured notes, funds of hedge funds, and high networth insurance plans to the wealthy and affluent customers. For the accredited investors and high networth individuals, Private Banking provides an elevated level of personal financial services and consultation.

Segment profit rose 6.6% to \$870 million in 2008. The increase was mainly from higher net interest income driven by loan growth, and lower impairment charges on loans. These were partly negated by higher revenue-related expenses in line with increased business activities.

### **Institutional Financial Services ("IFS")**

IFS segment encompasses Commercial Banking, Corporate Banking, Corporate Finance, Debt Capital Markets, Venture Management and Alternative Investments. Commercial Banking serves the small and medium-sized enterprises. Corporate Banking serves large local corporations, government-linked companies and agencies, including non-bank financial institutions. Both Commercial Banking and Corporate Banking provide customers with a broad range of products and services that include current accounts, deposits, lending, asset finance, trade finance, structured finance, cash management and cross-border payments. Corporate Finance provides services that include lead managing and underwriting equity offerings and corporate advisory services. Debt Capital Markets specialises in solution-based structures to meet clients' financing requirements in structuring, underwriting and arranging syndicated loans for general corporate needs, leveraged buy-outs, project and structured finance, and underwriting and lead managing bond issues. Venture Management manages, advises and invests in private equity funds on behalf of the Group and third-party investors while Alternative Investments invests in third-party funds on behalf of the Group.

Segment profit reduced 23.3% to \$1,031 million in 2008. The decrease was mainly due to higher impairment charges on loans and lower gain from disposal of foreclosed securities. These were partly negated by higher net interest income and loan-related fee income on account of the strong loan growth from Singapore operations.

### **Global Markets and Investment Management ("GMIM")**

GMIM segment provides a comprehensive range of treasury products and services, including foreign exchange, money market, fixed income, derivatives, margin trading, futures broking, gold products, as well as an array of structured products. It is a dominant player in Singapore dollar treasury instruments as well as a provider of banknote services in the region. It also engages in asset management, proprietary investment activities and management of excess liquidity and capital funds.

Segment profit increased 7.4% to \$695 million in 2008. The increase was mainly attributed to higher income from money market activities and higher realised gain on investment securities. These were partially negated by mark-to-market losses on trading portfolio due to the global financial crisis, as well as lower contribution from asset management activities.

### **Other**

Other segment includes property-related activities, insurance businesses and income and expenses not attributable to other business segments.

Segment loss reduced 30.8% to \$135 million in 2008. The lower loss was mainly due to higher realised gain on investment securities and higher rental income on properties. These were partly offset by higher collective impairment provided in the light of the global economic uncertainty, as well as on the expanded loan base.

## Performance by Geographical Segment <sup>1</sup>

	2008	2007	4Q08	3Q08	4Q07
	\$m	\$m	\$m	\$m	\$m
<b>Total Operating Income</b>					
Singapore	3,380	2,980	890	751	780
Malaysia	548	568	140	128	152
Thailand	459	443	116	114	122
Indonesia	286	258	80	75	52
Greater China	158	154	41	41	36
Other	419	469	83	105	134
<b>Total</b>	<b>5,250</b>	<b>4,872</b>	<b>1,348</b>	<b>1,213</b>	<b>1,275</b>
<b>Profit before Tax</b>					
Singapore	1,907	1,963	399	421	447
Malaysia	235	296	66	60	77
Thailand	77	16	11	25	22
Indonesia	107	134	31	26	22
Greater China <sup>2</sup>	5	54	(26)	14	(9)
Other	165	298	(31)	38	80
	<b>2,496</b>	<b>2,761</b>	<b>450</b>	<b>583</b>	<b>639</b>
Intangible assets amortised	(11)	(11)	(2)	(3)	(2)
<b>Total</b>	<b>2,485</b>	<b>2,750</b>	<b>448</b>	<b>580</b>	<b>637</b>

Singapore and the regional countries accounted for 76.4% and 16.8% of the Group's pre-tax profit in 2008 respectively.

	Dec-08	Sep-08	Dec-07
	\$m	\$m	\$m
<b>Total Assets</b>			
Singapore	120,064	118,760	111,305
Malaysia	17,354	16,903	15,771
Thailand	8,902	8,779	9,740
Indonesia	4,082	4,359	3,943
Greater China	8,597	7,963	7,644
Other	19,731	20,427	22,282
	<b>178,730</b>	<b>177,190</b>	<b>170,685</b>
Intangible assets	4,211	4,245	4,265
<b>Total</b>	<b>182,941</b>	<b>181,436</b>	<b>174,950</b>

### Notes:

- Based on the location where the transactions and assets are booked which approximates that based on the location of the customers and assets. Information is stated after elimination of inter-segment transactions.
- Excluding the revaluation gain/loss on the USD capital injected in United Overseas Bank (China) Limited, the pre-tax profit/(loss) for Greater China would be \$46m for 2008, (\$27m) for 4Q08 and \$16m for 3Q08. The USD capital was funded by borrowing of the same currency and amount in Singapore.

## Capital Adequacy Ratios

	Dec-08	Sep-08	Dec-07
	\$m	\$m	\$m
<b>Tier 1 capital</b>			
Share capital	1,896	1,896	2,014
Preference shares	2,149	2,149	832
Disclosed reserves/other	13,251	13,969	13,894
Capital deductions			
Intangible assets	(4,223)	(4,257)	(4,279)
Other	(617)	(580)	-
	<b>12,456</b>	<b>13,177</b>	<b>12,461</b>
<b>Upper Tier 2 capital</b>			
Cumulative collective impairment/other	478	708	1,511
Subordinated notes	5,259	4,974	5,196
Capital deductions	(617)	(580)	-
	<b>5,120</b>	<b>5,102</b>	<b>6,707</b>
Capital deductions	-	-	(1,086)
<b>Total capital</b>	<b>17,576</b>	<b>18,279</b>	<b>18,082</b>
<b>Risk-weighted assets</b> <sup>1</sup>	<b>114,712</b>	<b>118,044</b>	<b>124,772</b>
<b>Capital adequacy ratios ("CAR")</b>			
Tier 1	<b>10.9%</b>	11.2%	10.0%
Total	<b>15.3%</b>	15.5%	14.5%

The Group adopted Basel II framework for its CAR computation in accordance with the revised MAS Notice 637 with effect from January 2008.

Group Tier 1 and total CAR decreased over 30 September 2008 to 10.9% and 15.3% as at 31 December 2008 respectively. The decrease was mainly due to lower reserves arising largely from revaluation loss on available-for-sale assets, partly offset by lower risk-weighted assets.

Group Tier 1 CAR and total CAR as at 31 December 2008 were 4.9% points and 5.3% points above the minimum 6% and 10% required by MAS respectively.

**Note:**

<sup>1</sup> Include operational risk with effect from January 2008 and market risk.

**Consolidated Profit and Loss Account (Audited)**

	2008	2007	+ / (-)	4Q08 <sup>1</sup>	3Q08 <sup>1</sup>	+ / (-)	4Q07 <sup>1</sup>	+ / (-)
	\$m	\$m	%	\$m	\$m	%	\$m	%
Interest income	6,855	7,371	(7.0)	1,662	1,727	(3.8)	1,794	(7.4)
Less: Interest expense	3,280	4,390	(25.3)	705	834	(15.5)	1,051	(32.9)
<b>Net interest income</b>	<b>3,576</b>	<b>2,980</b>	<b>20.0</b>	<b>957</b>	<b>893</b>	<b>7.2</b>	<b>743</b>	<b>28.8</b>
Dividend income	64	54	20.3	9	12	(22.7)	6	50.9
Fee and commission income	1,095	1,278	(14.3)	229	274	(16.5)	370	(38.2)
Rental income	112	77	45.7	31	29	5.1	22	38.4
Other operating income	404	484	(16.5)	122	5	NM	133	(8.4)
<b>Non-interest income</b>	<b>1,675</b>	<b>1,892</b>	<b>(11.5)</b>	<b>391</b>	<b>319</b>	<b>22.3</b>	<b>532</b>	<b>(26.5)</b>
<b>Total operating income</b>	<b>5,250</b>	<b>4,872</b>	<b>7.8</b>	<b>1,348</b>	<b>1,213</b>	<b>11.2</b>	<b>1,275</b>	<b>5.7</b>
Less: Staff costs	1,082	1,046	3.5	274	262	4.6	279	(1.7)
Other operating expenses	968	972	(0.5)	257	242	6.5	277	(7.1)
<b>Total operating expenses</b>	<b>2,050</b>	<b>2,018</b>	<b>1.6</b>	<b>532</b>	<b>504</b>	<b>5.5</b>	<b>556</b>	<b>(4.4)</b>
<b>Operating profit before amortisation/ impairment charges</b>	<b>3,200</b>	<b>2,854</b>	<b>12.1</b>	<b>817</b>	<b>709</b>	<b>15.2</b>	<b>719</b>	<b>13.5</b>
Less: Amortisation/impairment charges								
Intangible assets	11	11	(4.8)	2	3	(18.6)	2	4.9
Loans and other assets	807	300	169.1	381	158	141.5	128	197.9
<b>Operating profit after amortisation/ impairment charges</b>	<b>2,382</b>	<b>2,543</b>	<b>(6.3)</b>	<b>434</b>	<b>548</b>	<b>(20.9)</b>	<b>589</b>	<b>(26.4)</b>
Share of profit of associates	103	207	(50.5)	14	32	(56.6)	48	(70.6)
<b>Profit before tax</b>	<b>2,485</b>	<b>2,750</b>	<b>(9.6)</b>	<b>448</b>	<b>580</b>	<b>(22.9)</b>	<b>637</b>	<b>(29.8)</b>
Less: Tax	521	573	(9.2)	109	97	12.4	117	(6.7)
<b>Profit for the financial period</b>	<b>1,964</b>	<b>2,177</b>	<b>(9.8)</b>	<b>339</b>	<b>484</b>	<b>(30.0)</b>	<b>521</b>	<b>(34.9)</b>
Attributable to:								
<b>Equity holders of the Bank</b>	<b>1,937</b>	<b>2,109</b>	<b>(8.2)</b>	<b>332</b>	<b>475</b>	<b>(30.1)</b>	<b>506</b>	<b>(34.4)</b>
Minority interests	27	67	(59.1)	7	9	(19.3)	15	(52.9)
	<b>1,964</b>	<b>2,177</b>	<b>(9.8)</b>	<b>339</b>	<b>484</b>	<b>(30.0)</b>	<b>521</b>	<b>(34.9)</b>
<b>Total operating income</b>								
First Half	2,690	2,490	8.0					
Second Half	2,561	2,382	7.5					
<b>Profit for the financial year attributed to equity holders of the Bank</b>								
First Half	1,130	1,103	2.5					
Second Half	807	1,007	(19.8)					
<b>Earnings per ordinary share (\$) <sup>2</sup></b>								
Basic	1.25	1.36	(8.1)	0.81	1.23	(34.1)	1.31	(38.2)
Diluted	1.24	1.36	(8.8)	0.81	1.23	(34.1)	1.31	(38.2)

**Notes:**

1 Unaudited.

2 Annualised for quarters.

**Consolidated Balance Sheet (Audited)**

	Dec-08 \$m	Sep-08 <sup>1</sup> \$m	Dec-07 \$m
<b>Equity</b>			
Share capital	4,045	4,045	2,845
Retained earnings	5,724	5,715	5,119
Other reserves	5,804	7,396	9,364
Equity attributable to equity holders of the Bank	15,573	17,155	17,329
Minority interests	146	368	398
<b>Total</b>	<b>15,719</b>	<b>17,523</b>	<b>17,726</b>
<b>Liabilities</b>			
Deposits and balances of banks	28,452	32,649	32,091
Deposits and balances of non-bank customers	118,171	113,123	106,967
Bills and drafts payable	1,548	2,043	1,824
Other liabilities	12,805	9,904	9,675
Debts issued	6,246	6,194	6,666
<b>Total</b>	<b>167,222</b>	<b>163,912</b>	<b>157,224</b>
<b>Total equity and liabilities</b>	<b>182,941</b>	<b>181,436</b>	<b>174,950</b>
<b>Assets<sup>2</sup></b>			
Cash, balances and placements with central banks	20,290	17,329	17,667
Singapore Government treasury bills and securities	8,969	6,387	9,134
Other government treasury bills and securities	2,341	3,416	3,482
Trading securities	139	208	410
Placements and balances with banks	15,196	18,583	15,207
Loans to non-bank customers	99,840	100,433	92,669
Investment securities	15,674	17,570	19,417
Other assets	13,091	9,929	9,359
Investment in associates	1,096	1,156	1,261
Properties and other fixed assets	2,094	2,180	2,081
Intangible assets	4,211	4,245	4,265
<b>Total</b>	<b>182,941</b>	<b>181,436</b>	<b>174,950</b>
<b>Off-Balance Sheet Items</b>			
Contingent liabilities	12,000	13,827	13,082
Financial derivatives	368,299	418,953	388,058
Commitments	45,232	47,941	48,359
<b>Net asset value per ordinary share (\$)</b>	<b>8.90</b>	<b>9.96</b>	<b>10.91</b>

**Notes:**

1 Unaudited.

2 Assets pledged under repurchase agreements are included in the respective asset items.



**Consolidated Statement of Changes in Equity (Audited)**

	The Group					Total equity \$m
	Attributable to equity holders of the Bank				Minority interests \$m	
	Share capital \$m	Retained earnings \$m	Other reserves \$m	Total \$m		
Balance at 1 January 2008	2,845	5,119	9,364	17,329	398	17,726
Currency translation adjustments	-	-	(412)	(412)	(43)	(455)
Change in available-for-sale reserve						
Net change in fair value	-	-	(2,986)	(2,986)	(13)	(2,999)
Transfer to profit and loss account on disposal/impairment	-	-	54	54	0	54
Change in share of associates' reserves	-	-	(188)	(188)	-	(188)
Total losses recognised directly in equity	-	-	(3,532)	(3,532)	(56)	(3,588)
Profit for the financial year	-	1,937	-	1,937	27	1,964
Total gains/(losses) recognised for the financial year	-	1,937	(3,532)	(1,595)	(28)	(1,623)
Transfers	-	(312)	312	-	-	-
Change in minority interests	-	-	-	-	(188)	(188)
Difference in consideration paid and minority interests acquired <sup>1</sup>	-	-	(356)	(356)	-	(356)
Dividends	-	(1,019)	-	(1,019)	(34)	(1,054)
Share buyback-held in treasury	(120)	-	-	(120)	-	(120)
Share-based compensation	-	-	15	15	-	15
Issue of shares under share option scheme	2	-	-	2	-	2
Issue of Class E preference shares	1,317	-	-	1,317	-	1,317
Balance at 31 December 2008	<b>4,045</b>	<b>5,724</b>	<b>5,804</b>	<b>15,573</b>	<b>146</b>	<b>15,719</b>
Balance at 1 January 2007	3,079	4,450	9,262	16,791	385	17,176
Currency translation adjustments	-	-	(26)	(26)	(24)	(51)
Change in available-for-sale reserve						
Net change in fair value	-	-	10	10	(0)	9
Transfer to profit and loss account on disposal/impairment	-	-	(146)	(146)	(0)	(146)
Change in share of associates' reserves	-	-	48	48	-	48
Total losses recognised directly in equity	-	-	(114)	(114)	(25)	(139)
Profit for the financial year	-	2,109	-	2,109	67	2,177
Total gains/(losses) recognised for the financial year	-	2,109	(114)	1,995	42	2,037
Transfers	-	(213)	213	-	-	-
Change in minority interests	-	-	-	-	20	20
Dividends	-	(1,227)	-	(1,227)	(50)	(1,277)
Share buyback-held in treasury	(240)	-	-	(240)	-	(240)
Share-based compensation	-	-	3	3	-	3
Issue of shares under share option scheme	6	-	-	6	-	6
Balance at 31 December 2007	2,845	5,119	9,364	17,329	398	17,726

**Note:**

1 Pertained to the acquisition of additional interests in PT Bank UOB Buana Tbk.

**Consolidated Statement of Changes in Equity (Unaudited)**

	The Group					Total equity \$m
	Attributable to equity holders of the Bank				Minority interests \$m	
	Share capital \$m	Retained earnings \$m	Other reserves \$m	Total \$m		
Balance at 1 October 2008	4,045	5,715	7,396	17,155	368	17,523
Currency translation adjustments	-	-	(219)	(219)	(32)	(251)
Change in available-for-sale reserve						
Net change in fair value	-	-	(1,361)	(1,361)	(3)	(1,363)
Transfer to profit and loss account on disposal/impairment	-	-	96	96	(0)	96
Change in share of associates' reserves	-	-	(69)	(69)	-	(69)
Total losses recognised directly in equity	-	-	(1,552)	(1,552)	(35)	(1,587)
Profit for the financial period	-	332	-	332	7	339
Total gains/(losses) recognised for the financial period	-	332	(1,552)	(1,220)	(28)	(1,248)
Transfers	-	(312)	312	-	-	-
Change in minority interests	-	-	-	-	(188)	(188)
Difference in consideration paid and minority interests acquired <sup>1</sup>	-	-	(356)	(356)	-	(356)
Dividends	-	(11)	-	(11)	(6)	(17)
Share-based compensation	-	-	5	5	-	5
Balance at 31 December 2008	4,045	5,724	5,804	15,573	146	15,719
Balance at 1 October 2007	2,902	4,927	9,420	17,249	407	17,656
Currency translation adjustments	-	-	(61)	(61)	(15)	(76)
Change in available-for-sale reserve						
Net change in fair value	-	-	(251)	(251)	(3)	(254)
Transfer to profit and loss account on disposal/impairment	-	-	(18)	(18)	(0)	(19)
Change in share of associates' reserves	-	-	(34)	(34)	-	(34)
Total losses recognised directly in equity	-	-	(364)	(364)	(19)	(383)
Profit for the financial period	-	506	-	506	15	521
Total gains/(losses) recognised for the financial period	-	506	(364)	142	(4)	138
Transfers	-	(304)	304	-	-	-
Change in minority interests	-	-	-	-	(0)	(0)
Dividends	-	(9)	-	(9)	(5)	(15)
Share buyback-held in treasury	(57)	-	-	(57)	-	(57)
Share-based compensation	-	-	3	3	-	3
Issue of shares under share option scheme	0	-	-	0	-	0
Balance at 31 December 2007	2,845	5,119	9,364	17,329	398	17,726

**Note:**

1 Pertained to the acquisition of additional interests in PT Bank UOB Buana Tbk.

## Consolidated Cash Flow Statement (Audited)

	2008	2007	4Q08 <sup>1</sup>	4Q07 <sup>1</sup>
	\$m	\$m	\$m	\$m
<b>Cash flows from operating activities</b>				
Operating profit before amortisation and impairment charges	3,200	2,854	817	719
Adjustments for:				
Depreciation of assets	134	141	34	35
Net (gain)/loss on disposal of assets	(163)	(216)	8	(71)
Share-based compensation	15	3	5	3
Operating profit before working capital changes	3,186	2,782	862	687
Increase/(decrease) in working capital				
Deposits	7,564	10,058	852	568
Bills and drafts payable	(275)	1,435	(495)	1,239
Other liabilities	3,263	1,551	2,720	947
Trading securities	271	74	69	30
Placements and balances with banks	(11)	9,324	3,365	1,172
Loans to non-bank customers	(7,637)	(15,949)	401	(7,574)
Other assets	(3,849)	(1,259)	(3,244)	(781)
Cash generated from operations	2,512	8,016	4,530	(3,711)
Income tax paid	(915)	(567)	(220)	(137)
Net cash provided by/(used in) operating activities	1,597	7,450	4,310	(3,849)
<b>Cash flows from investing activities</b>				
Net cash flow on disposal/(acquisition) of:				
Investment securities and associates	670	(1,813)	463	(165)
Properties and other fixed assets	(130)	(348)	56	(9)
Change in minority interests	(188)	20	(188)	(0)
Dividends received from associates	59	144	3	68
Net cash provided by/(used in) investing activities	411	(1,996)	334	(107)
<b>Cash flows from financing activities</b>				
Proceeds from issue of ordinary shares	2	6	-	0
Net proceeds from issue of Class E preference shares	1,317	-	-	-
Net (decrease)/increase in debts issued	(420)	70	52	(46)
Share buyback	(120)	(240)	-	(57)
Dividends paid on ordinary shares	(979)	(1,185)	-	-
Dividends paid on preference shares	(41)	(44)	-	-
Dividends paid to minority interests	(34)	(50)	(6)	(5)
Net cash (used in)/provided by financing activities	(275)	(1,442)	46	(108)
Currency translation adjustments	(416)	(20)	(221)	(58)
<b>Net increase/(decrease) in cash and cash equivalents</b>	1,317	3,991	4,468	(4,121)
Cash and cash equivalents at beginning of the financial period	30,283	26,292	27,132	34,403
<b>Cash and cash equivalents at end of the financial period</b>	31,600	30,283	31,600	30,283
Represented by:				
Cash, balances and placements with central banks	20,290	17,667	20,290	17,667
Singapore Government treasury bills and securities	8,969	9,134	8,969	9,134
Other government treasury bills and securities	2,341	3,482	2,341	3,482
<b>Cash and cash equivalents at end of the financial period</b>	31,600	30,283	31,600	30,283

**Note:**

1 Unaudited.

**Balance Sheet of the Bank (Audited)**

	Dec-08	Sep-08 <sup>1</sup>	Dec-07
	\$m	\$m	\$m
<b>Equity</b>			
Share capital	3,213	3,213	2,014
Retained earnings	5,031	4,284	3,893
Other reserves	5,632	6,591	8,080
<b>Total</b>	<b>13,876</b>	<b>14,088</b>	<b>13,987</b>
<b>Liabilities</b>			
Deposits and balances of banks	27,129	30,956	30,142
Deposits and balances of non-bank customers	93,601	90,247	84,312
Deposits and balances of subsidiaries	3,722	3,695	4,047
Bills and drafts payable	104	185	372
Other liabilities	9,822	7,230	7,013
Debts issued	6,658	6,709	6,665
<b>Total</b>	<b>141,037</b>	<b>139,022</b>	<b>132,551</b>
<b>Total equity and liabilities</b>	<b>154,913</b>	<b>153,110</b>	<b>146,538</b>
<b>Assets <sup>2</sup></b>			
Cash, balances and placements with central banks	14,823	14,154	14,976
Singapore Government treasury bills and securities	8,899	6,295	9,052
Other government treasury bills and securities	1,251	1,729	1,878
Trading securities	124	148	110
Placements and balances with banks	13,408	16,124	13,220
Loans to non-bank customers	76,668	76,695	71,994
Placements with and advances to subsidiaries	2,866	3,299	646
Investment securities	14,729	16,533	18,205
Other assets	11,069	8,499	7,687
Investment in associates	372	372	373
Investment in subsidiaries	5,293	4,607	3,859
Properties and other fixed assets	2,230	1,473	1,357
Intangible assets	3,182	3,182	3,182
<b>Total</b>	<b>154,913</b>	<b>153,110</b>	<b>146,538</b>
<b>Off-Balance Sheet Items</b>			
Contingent liabilities	9,703	11,428	11,089
Financial derivatives	351,103	401,352	377,779
Commitments	36,761	39,903	39,872
<b>Net asset value per ordinary share (\$)</b>	<b>8.33</b>	<b>8.48</b>	<b>9.25</b>

**Notes:**

1 Unaudited.

2 Assets pledged under repurchase agreements are included in the respective asset items.

**Statement of Changes in Equity of the Bank (Audited)**

	Share capital	Retained earnings	Other reserves	Total equity
	\$m	\$m	\$m	\$m
Balance at 1 January 2008	2,014	3,893	8,080	13,987
Currency translation adjustments	-	-	(27)	(27)
Change in available-for-sale reserve				-
Net change in fair value	-	-	(2,863)	(2,863)
Transfer to profit and loss account on disposal/impairment	-	-	127	127
Total losses recognised directly in equity	-	-	(2,762)	(2,762)
Profit for the financial year	-	2,417	-	2,417
Total gains/(losses) recognised for the financial year	-	2,417	(2,762)	(346)
Transfers	-	(300)	300	-
Dividends	-	(979)	-	(979)
Share buyback-held in treasury	(120)	-	-	(120)
Share-based compensation	-	-	15	15
Issue of shares under share option scheme	2	-	-	2
Issue of Class E preference shares	1,317	-	-	1,317
Balance at 31 December 2008	<b>3,213</b>	<b>5,031</b>	<b>5,632</b>	<b>13,876</b>
Balance at 1 January 2007	2,247	3,559	8,001	13,807
Currency translation adjustments	-	-	(3)	(3)
Change in available-for-sale reserve				
Net change in fair value	-	-	(31)	(31)
Transfer to profit and loss account on disposal/impairment	-	-	(143)	(143)
Total losses recognised directly in equity	-	-	(176)	(176)
Profit for the financial year	-	1,771	-	1,771
Total gains/(losses) recognised for the financial year	-	1,771	(176)	1,595
Transfers	-	(252)	252	-
Dividends	-	(1,185)	-	(1,185)
Share buyback-held in treasury	(240)	-	-	(240)
Share-based compensation	-	-	3	3
Issue of shares under share option scheme	6	-	-	6
Balance at 31 December 2007	<b>2,014</b>	<b>3,893</b>	<b>8,080</b>	<b>13,987</b>

**Statement of Changes in Equity of the Bank (Unaudited)**

	Share capital	Retained earnings	Other reserves	Total equity
	\$m	\$m	\$m	\$m
Balance at 1 October 2008	3,213	4,284	6,591	14,088
Currency translation adjustments	-	-	(9)	(9)
Change in available-for-sale reserve				-
Net change in fair value	-	-	(1,350)	(1,350)
Transfer to profit and loss account on disposal/impairment	-	-	96	96
Total losses recognised directly in equity	-	-	(1,263)	(1,263)
Profit for the financial period	-	1,047	-	1,047
Total gains/(losses) recognised for the financial period	-	1,047	(1,263)	(216)
Transfers	-	(300)	300	-
Share-based compensation	-	-	5	5
Balance at 31 December 2008	3,213	5,031	5,632	13,876
Balance at 1 October 2007	2,070	3,955	8,028	14,054
Currency translation adjustments	-	-	(3)	(3)
Change in available-for-sale reserve				
Net change in fair value	-	-	(231)	(231)
Transfer to profit and loss account on disposal/impairment	-	-	(18)	(18)
Total losses recognised directly in equity	-	-	(251)	(251)
Profit for the financial period	-	237	-	237
Total gains/(losses) recognised for the financial period	-	237	(251)	(14)
Transfers	-	(300)	300	-
Share buyback-held in treasury	(57)	-	-	(57)
Share-based compensation	-	-	3	3
Issue of shares under share option scheme	0	-	-	0
Balance at 31 December 2007	2,014	3,893	8,080	13,987

### **Additional Disclosure**

The following information is provided with reference to the disclosure guidelines of the Financial Stability Forum ("FSF").

#### **Collateralised Debt Obligations**

	<b>Dec-08</b>	<b>Sep-08</b>	<b>Dec-07</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
<b>ABS CDO</b>			
Exposure	<b>18</b>	85	86
Cumulative impairment	<b>18</b>	85	40
<b>Corporate CDO</b>			
Exposure	<b>189</b>	189	229
Cumulative impairment	<b>142</b>	114	59
<b>Net exposure</b>	<b>47</b>	75	216

The Group's net exposure to collateralised debt obligations ("CDO") as at 31 December 2008 was \$47 million or 0.03% of total assets.

The underlying assets of the ABS CDO were dominantly residential mortgages. As at 31 December 2008, the ABS CDO and corporate CDO were 100% and 75% provided for respectively.

#### **Special Purpose Entities**

In the context of FSF, the Group had no exposure to special purpose entities as at 31 December 2008.

## **Independent Auditors' Report**

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### **TO THE MEMBERS OF UNITED OVERSEAS BANK LIMITED**

We have audited the accompanying financial statements of United Overseas Bank Limited (the "Bank") and its subsidiaries (the "Group"), which comprise the balance sheets of the Bank and the Group as at 31 December 2008, the profit and loss accounts and the statements of changes in equity of the Bank and the Group, and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards ("FRS"). This responsibility includes devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion,

- (a) the financial statements of the Bank and the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Act and FRS, including the modification of the requirements of FRS39 Financial Instruments: Recognition and Measurement in respect of loan loss provisioning by MAS Notice 612 Credit Files, Grading and Provisioning, so as to give a true and fair view of the state of affairs of the Bank and the Group as at 31 December 2008, the results of the Bank and of the Group, the changes in equity of the Bank and the changes in equity and cash flows of the Group for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Bank and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

### **ERNST & YOUNG LLP**

Public Accountants and Certified Public Accountants

Singapore

27 February 2009