



# UOB Group Full Year 2008 Briefing

## Financial Highlights

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# Operating Profit Grew 12.1%

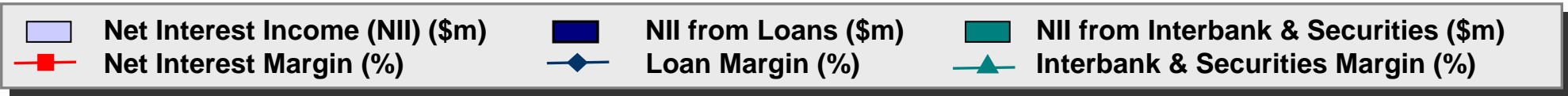
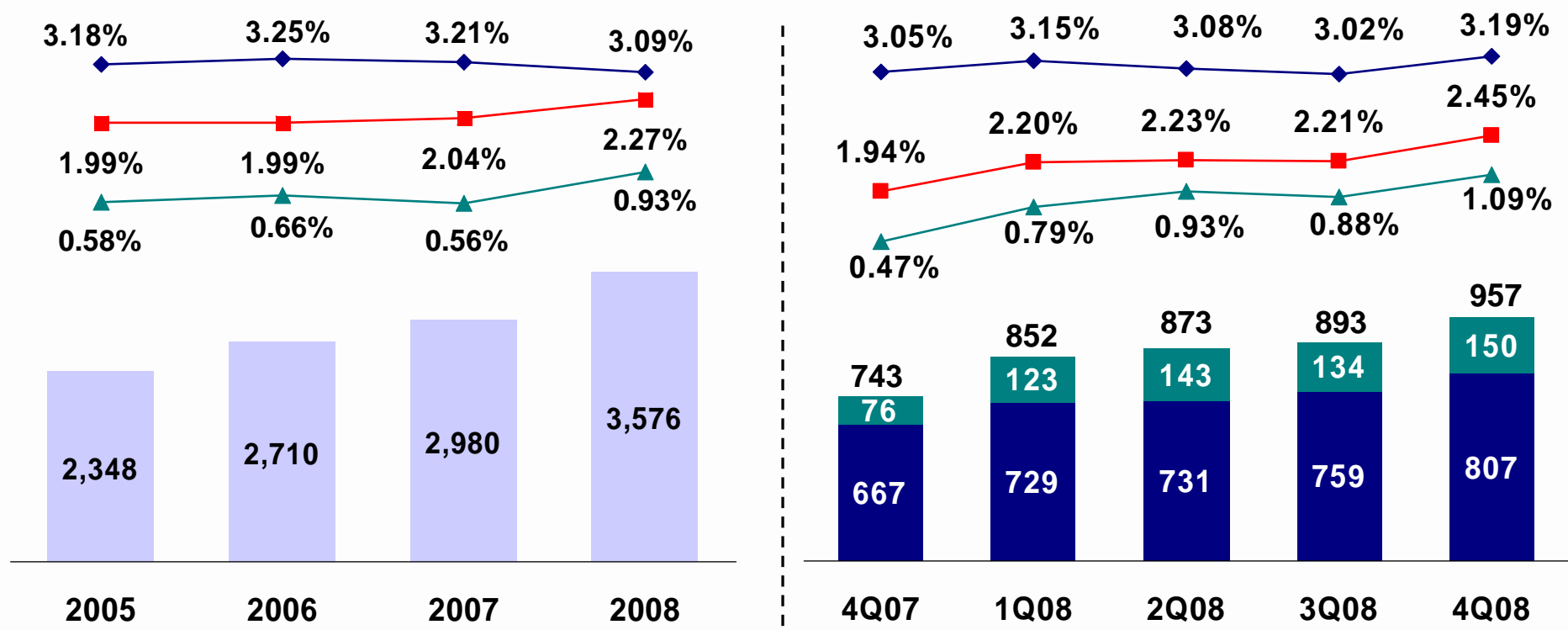
	2008	2007	+ / (-)
	\$m	\$m	%
Net interest income	3,576	2,980	20.0
Non-interest income	1,675	1,892	(11.5)
<b>Total income</b>	<b>5,250</b>	<b>4,872</b>	<b>7.8</b>
Less: Total expenses	2,050	2,018	1.6
<b>Operating profit</b>	<b>3,200</b>	<b>2,854</b>	<b>12.1</b>
Less: Intangible assets amortised	11	11	(4.8)
Individual impairment - loans	324	155	108.8
Individual impairment - other assets	195	145	34.6
Collective impairment	288	-	NM
Add: Share of profit of associates	103	207	(50.5)
Less: Tax & minority interests	548	641	(14.4)
<b>Net Profit After Tax (NPAT)</b>	<b>1,937</b>	<b>2,109</b>	<b>(8.2)</b>
NPAT growth at constant FX rate			<b>(7.8)</b>

# Strong Operating Profit Growth

	4Q08	3Q08	+ / (-)	4Q07	+ / (-)
	\$m	\$m	%	\$m	%
Net interest income	957	893	7.2	743	28.8
Non-interest income	391	319	22.3	532	(26.5)
<b>Total income</b>	<b>1,348</b>	<b>1,213</b>	<b>11.2</b>	<b>1,275</b>	<b>5.7</b>
Less: Total expenses	532	504	5.5	556	(4.4)
<b>Operating profit</b>	<b>817</b>	<b>709</b>	<b>15.2</b>	<b>719</b>	<b>13.5</b>
Less: Intangible assets amortised	2	3	(18.6)	2	4.9
Individual impairment – loans	182	67	171.3	67	173.5
Individual impairment – other assets	94	18	413.9	61	54.0
Collective impairment	104	72	44.6	-	NM
Add: Share of profit of associates	14	32	(56.6)	48	(70.6)
Less: Tax & minority interests	116	105	9.8	131	(11.8)
<b>NPAT</b>	<b>332</b>	<b>475</b>	<b>(30.1)</b>	<b>506</b>	<b>(34.4)</b>
NPAT growth at constant FX rate			<b>(29.7)</b>		<b>(35.0)</b>

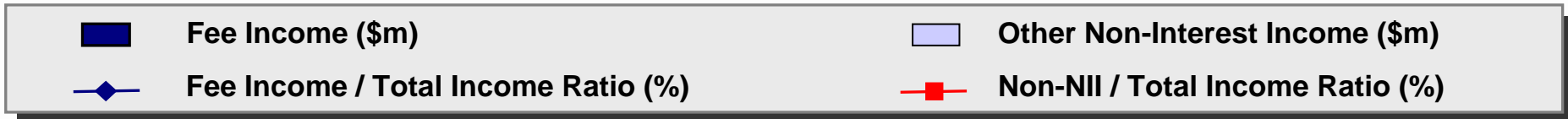
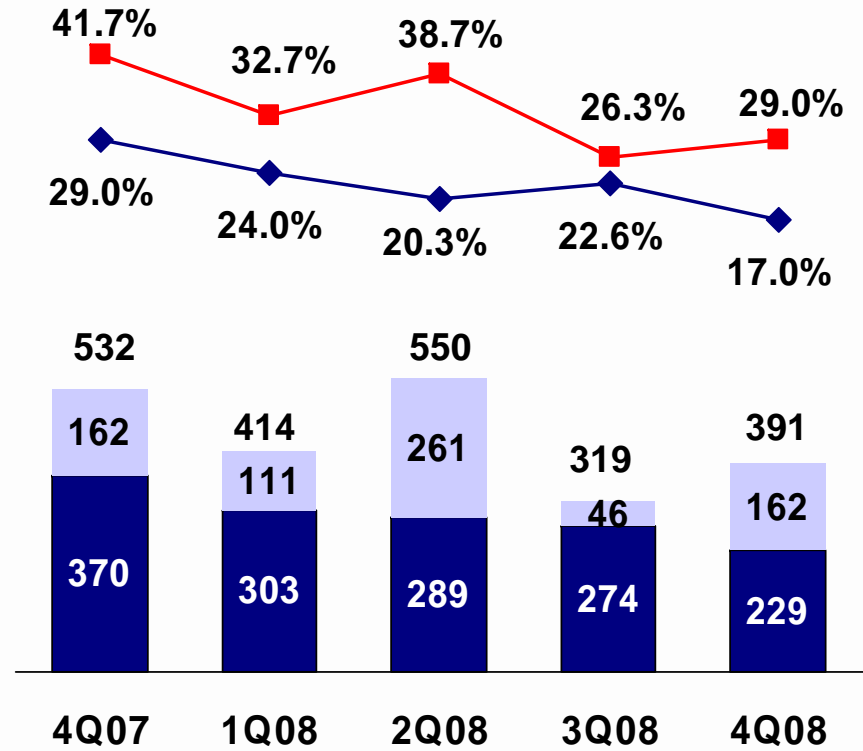
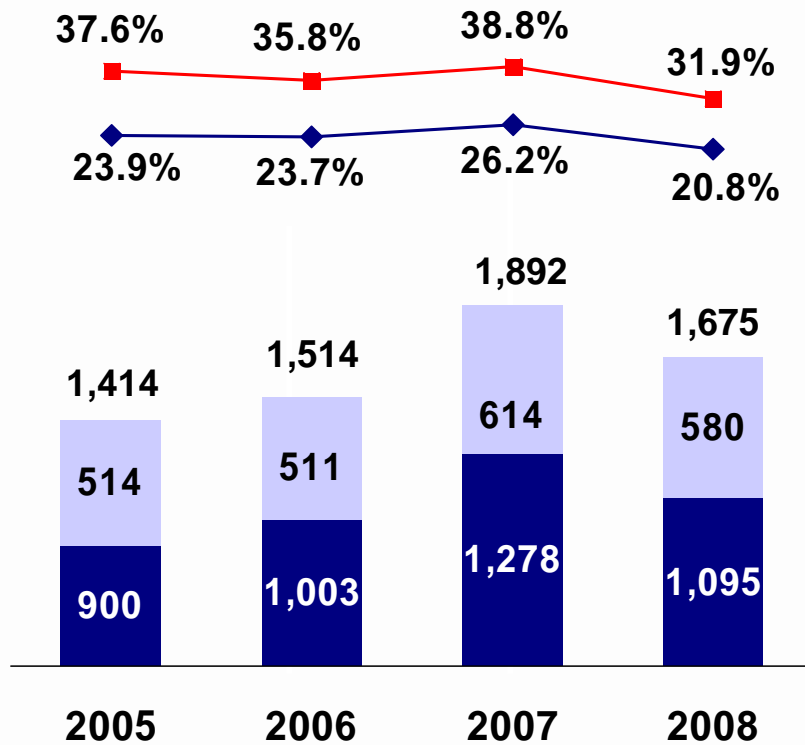
# Strong Growth in Net Interest Income and Margin

## Net Interest Income and Margin



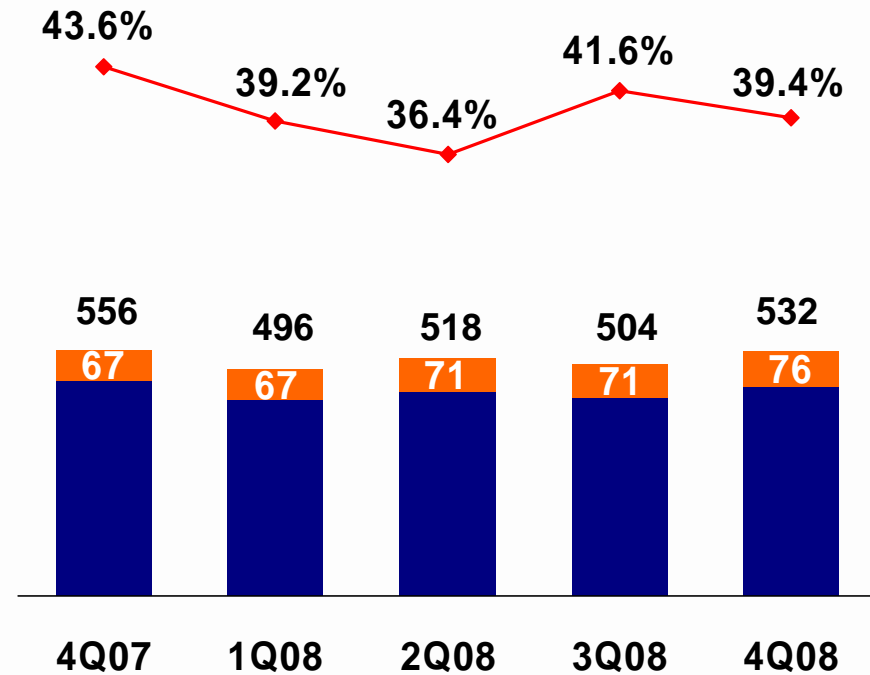
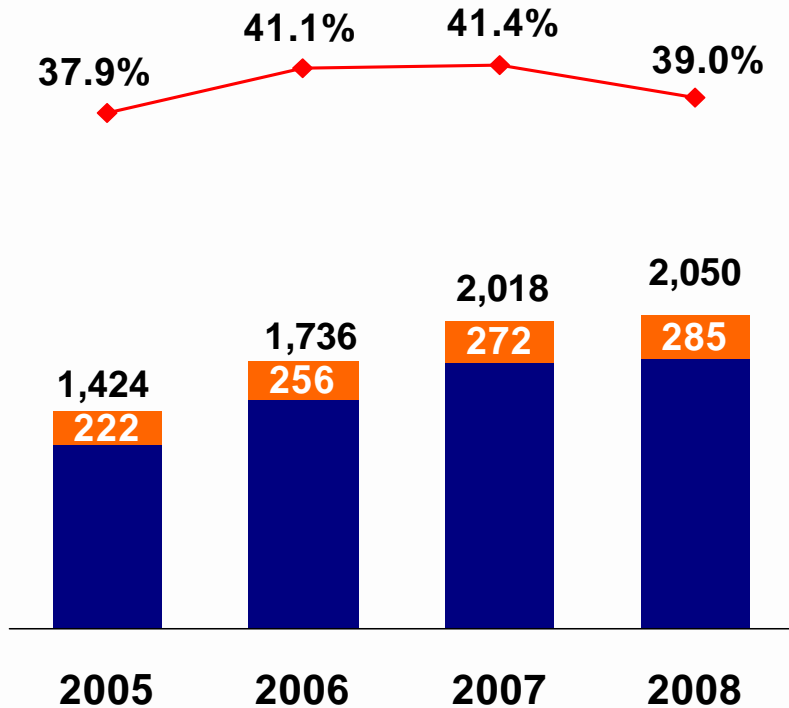
# Higher Non-Interest Income Quarter-on-Quarter

## Non-Interest Income (Non-NII) and Non-NII Ratio



# Disciplined Cost Management

## Operating Expenses and Expense / Income Ratio



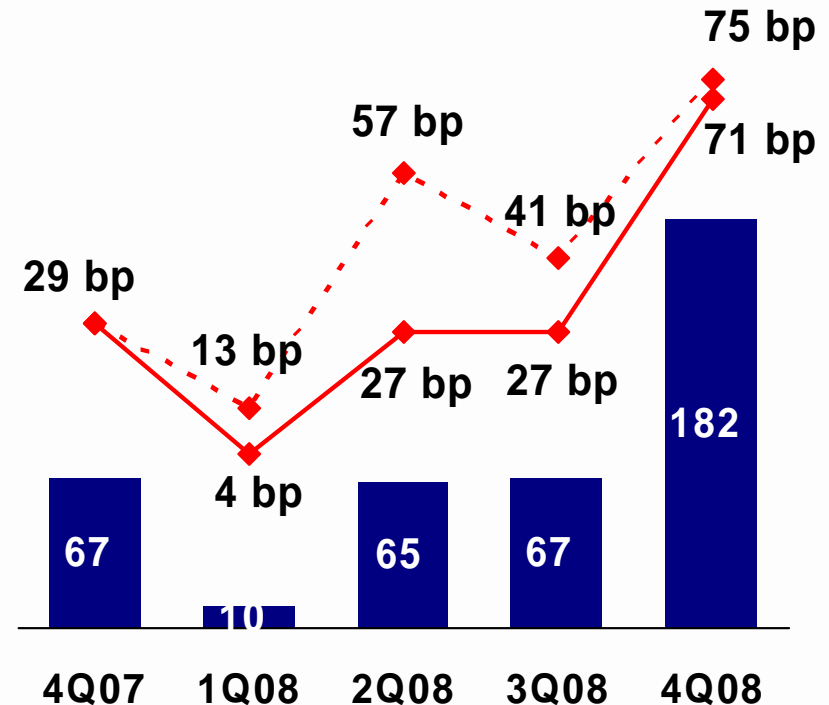
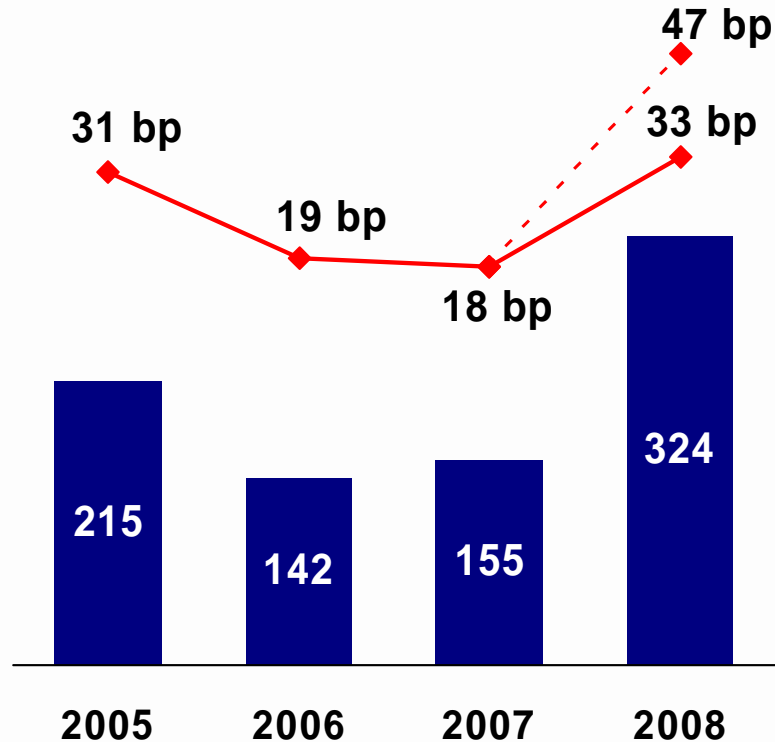
■ Operating Expenses (\$m)

■ IT Expenses (\$m)

◆ Expense / Income Ratio (%)

# Prudent Provisioning Policy

## Impairment Charges on Loans



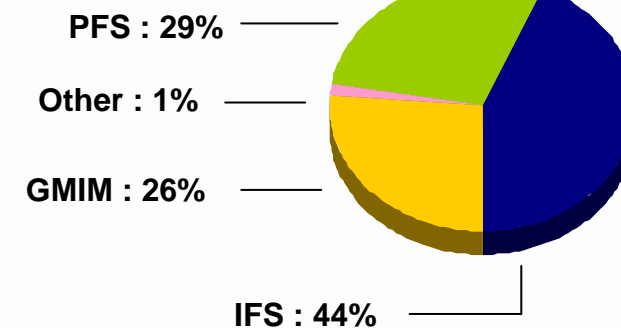
- Individual Impairment Charges on Loans (\$m)
- ◆— Individual Impairment Charges on Loans / Average Gross Customer Loans (basis points) \*
- ◆- Total Impairment Charges on Loans / Average Gross Customer Loans (basis points) \*

\* On annualised basis for quarters

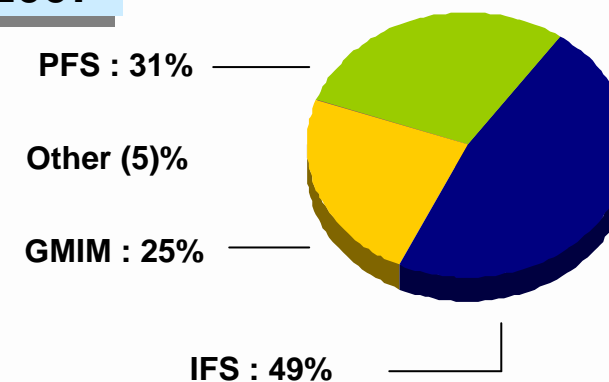
# Performance By Business Segments

<u>Segment Operating Profit *</u>	2008	2007	+ / (-)
	\$m	\$m	%
Personal Financial Services (PFS)	922	879	4.9
Institutional Financial Services (IFS)	1,408	1,415	(0.5)
Global Markets & Investment Mgt (GMIM)	852	712	19.7
Other ^	18	(152)	NM
<b>Total</b>	<b>3,200</b>	<b>2,854</b>	<b>12.1</b>

**2008**



**2007**



\* Before amortisation and impairment charges

^ Including unallocated expenses



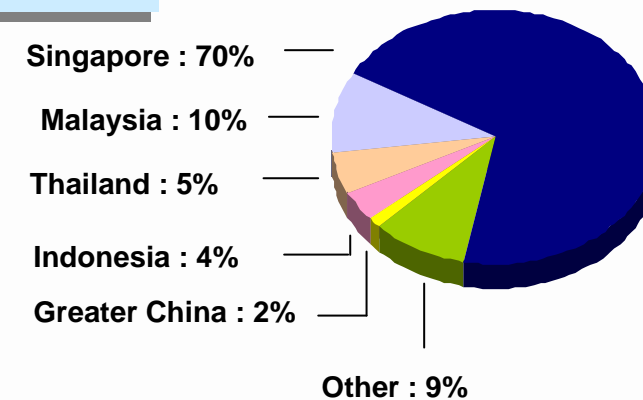
# Strong Contribution From Singapore

<u>Operating Profit *</u>	2008	2007	+ / (-)	At constant
	\$m	\$m	%	FX rate
				%
Singapore (including ACU)	2,230	1,834	21.6	21.6
Total Overseas	970	1,020	(4.9)	-
Malaysia	330	368	(10.2)	(7.7)
Thailand	165	130	26.9	43.8
Indonesia	124	130	(4.2)	2.8
Greater China	49 <sup>^</sup>	78	(37.0)	(35.8)
Other	301	313	(4.0)	0.2
<b>Total</b>	<b>3,200</b>	<b>2,854</b>	<b>12.1</b>	<b>14.1</b>

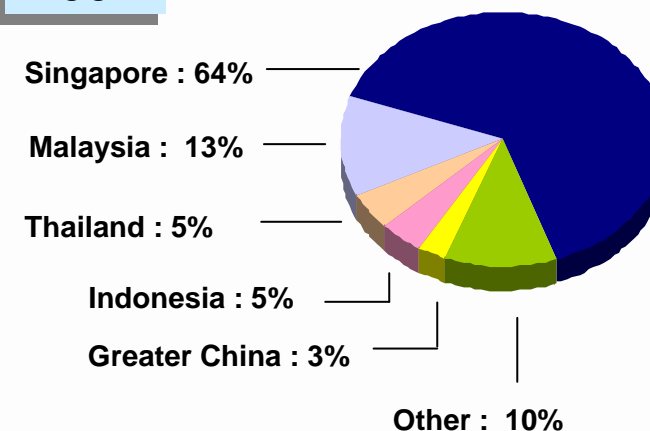
<sup>^</sup> Excluding the revaluation loss on the USD capital, the operating profit would be \$90m.

\* Before amortisation and impairment charges

**2008**

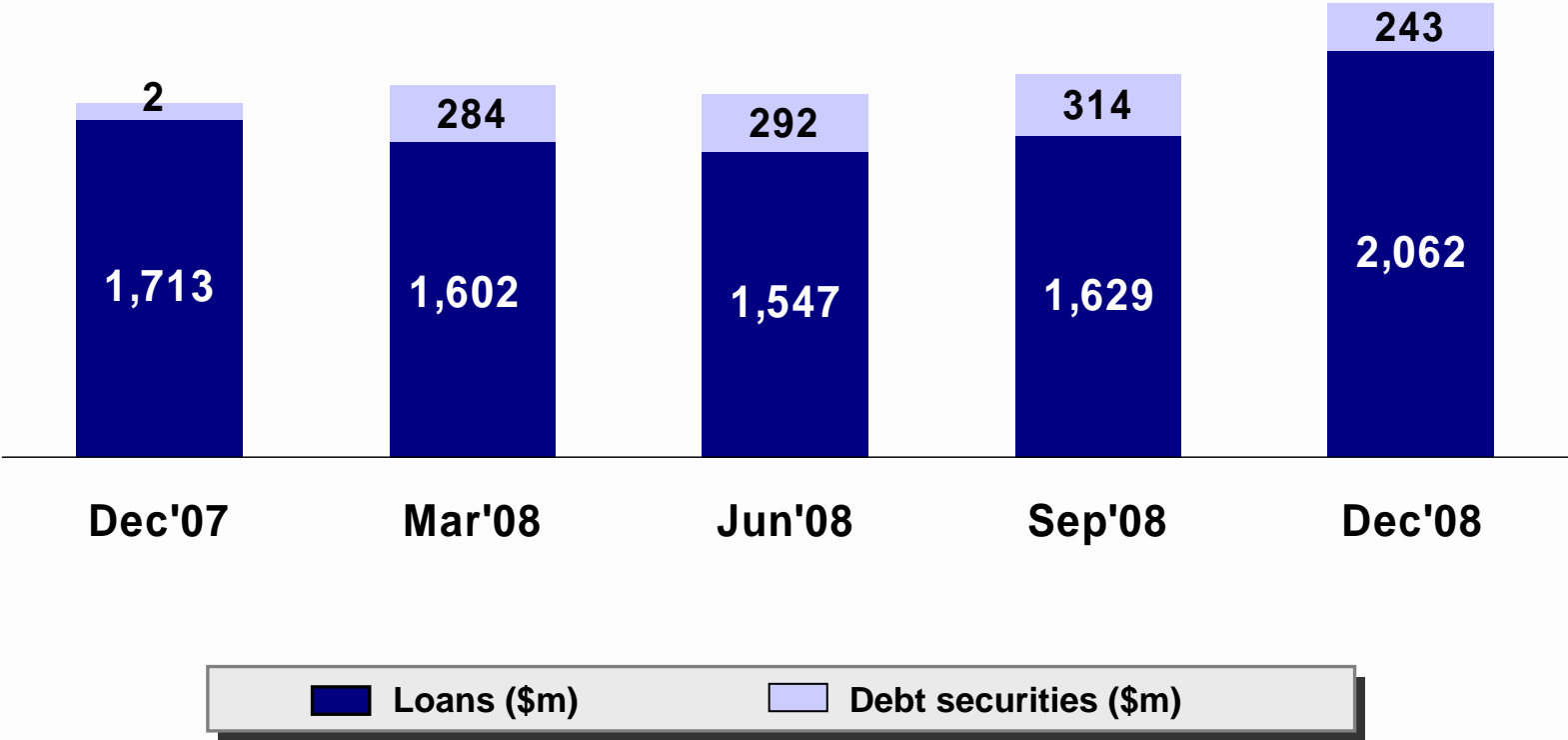


**2007**



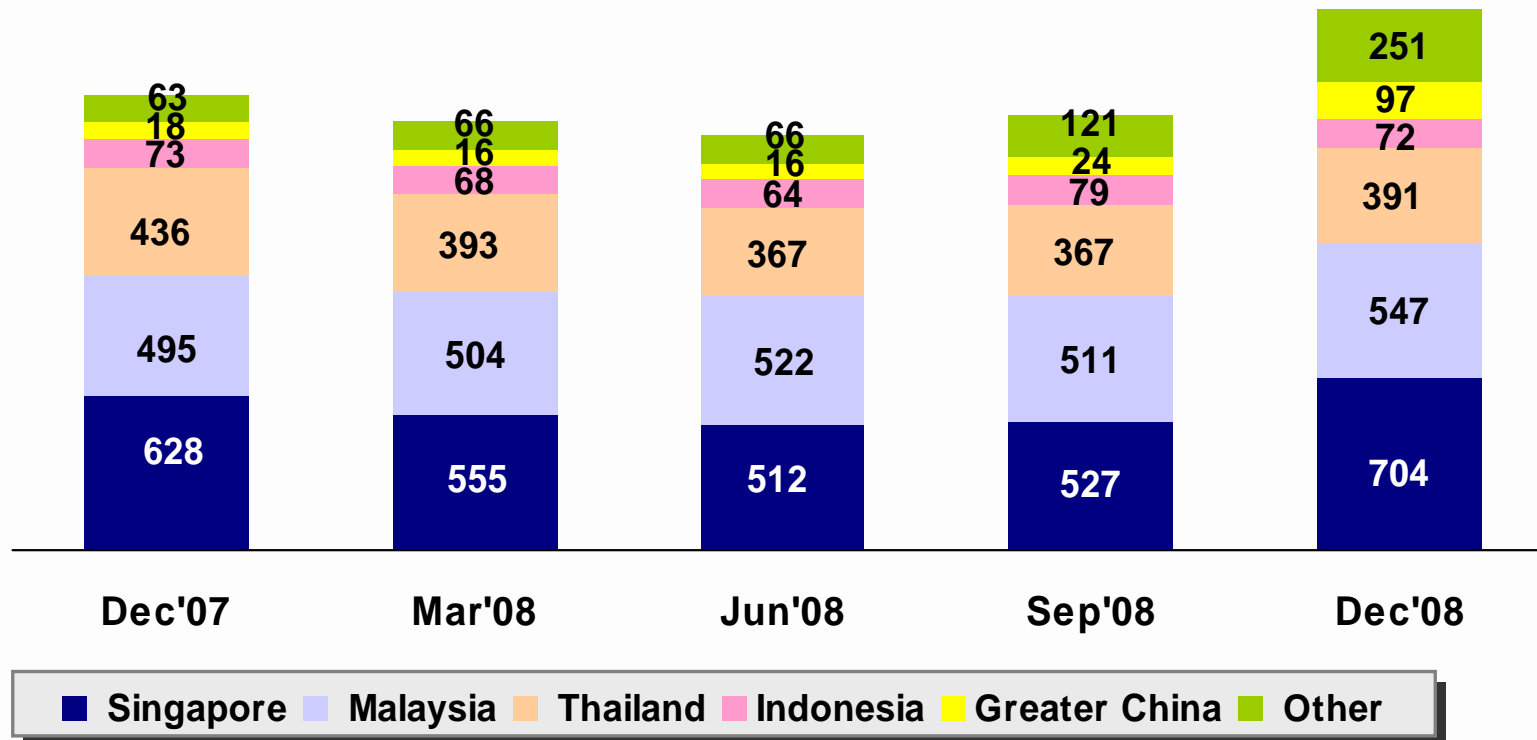
# NPA on the rise

<b>NPA (\$m)</b>	1,715	1,886	1,839	1,943	2,305
<b>NPA Ratio</b>	1.0%	1.0%	1.0%	1.0%	1.2%



# Higher NPL Reflecting Difficult Economic Conditions

<b>NPL (\$m) *</b>	<b>1,713</b>	<b>1,602</b>	<b>1,547</b>	<b>1,629</b>	<b>2,062</b>
<b>NPL Ratio</b>	<b>1.8%</b>	<b>1.6%</b>	<b>1.5%</b>	<b>1.5%</b>	<b>2.0%</b>



\* Excluding debt securities

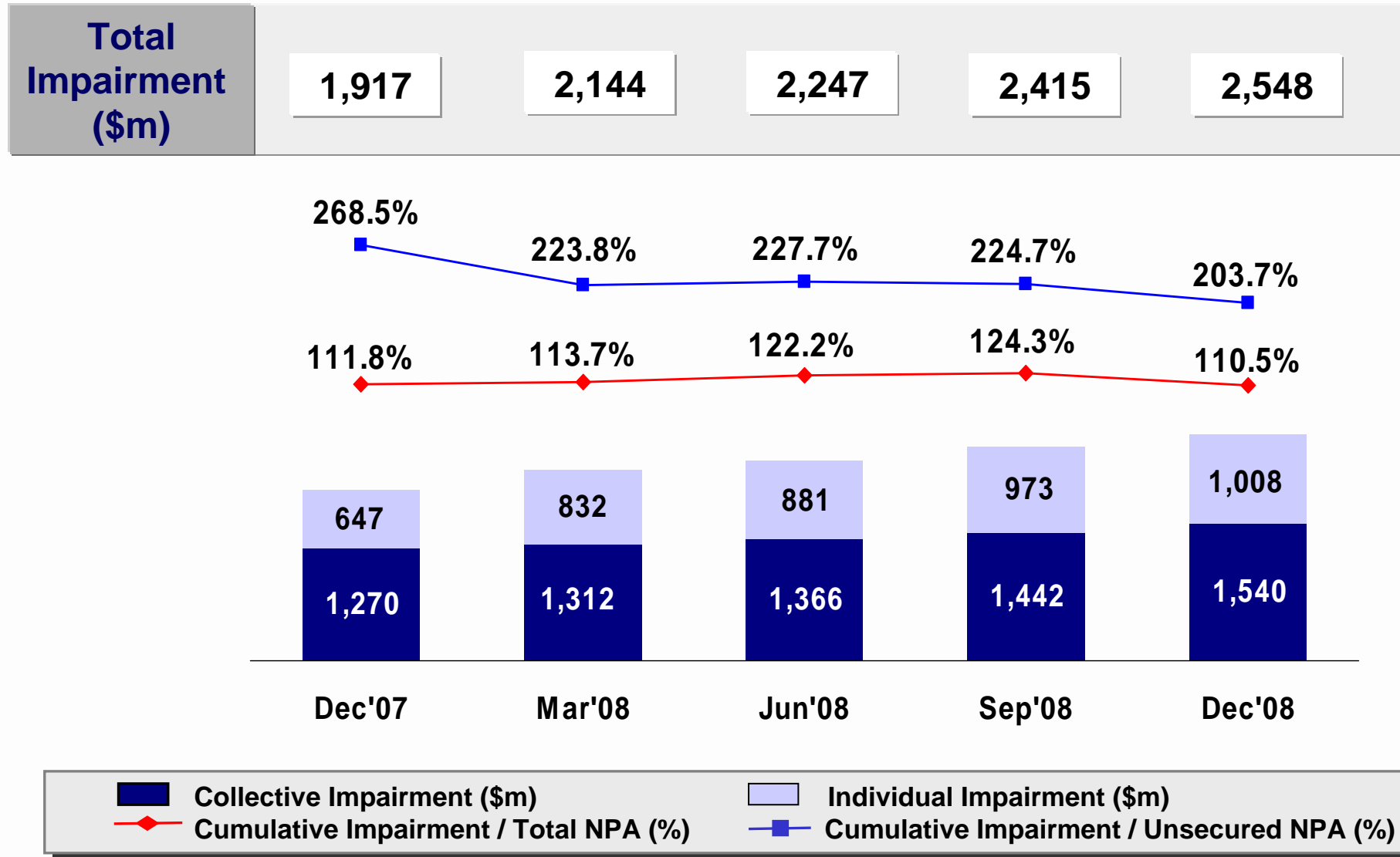
## Movement in NPL

	2008	2007	4Q08	3Q08
	\$m	\$m	\$m	\$m
Opening Balance	1,713	3,163	1,629	1,547
New / Existing	982	766	626	237
Sale of NPL / Write-off	(172)	(1,065)	(66)	(41)
Payment / Declassification	(461)	(1,151)	(127)	(114)
Closing Balance	2,062	1,713	2,062	1,629

## NPL by Industry

	Dec'08		Sep'08		Dec'07	
	\$m	NPL ratio	\$m	NPL ratio	\$m	NPL ratio
Transport, Storage & Communications	18	0.3	17	0.3	20	0.4
Building & Construction	152	1.0	114	0.7	145	1.3
Manufacturing	539	5.0	398	3.6	418	4.2
Financial Institutions	290	1.8	176	1.1	179	1.1
General Commerce	411	3.1	307	2.0	347	2.7
Professional & Private Individuals	269	2.1	255	2.1	272	2.4
Housing Loans	286	1.2	263	1.1	263	1.2
Other	97	1.3	99	1.4	69	1.3
<b>Total Gross Loans</b>	<b>2,062</b>	<b>2.0</b>	<b>1,629</b>	<b>1.5</b>	<b>1,713</b>	<b>1.8</b>

# Adequate Impairment Coverage



## Singapore (including ACU) – Summarised P/L

	2008	2007	+/(-)	4Q08	3Q08	+/(-)
	\$'m	\$'m	%	\$'m	\$'m	%
Net interest income	2,156	1,794	20.1	619	521	18.7
Non-interest income	1,225	1,186	3.2	271	229	18.3
<b>Total income</b>	<b>3,380</b>	<b>2,980</b>	<b>13.4</b>	<b>890</b>	<b>751</b>	<b>18.5</b>
Less: Total expenses	1,150	1,146	0.3	307	285	7.8
<b>Operating profit</b>	<b>2,230</b>	<b>1,834</b>	<b>21.6</b>	<b>583</b>	<b>466</b>	<b>25.1</b>
Less: Total impairment charges	423	70	505.9	200	75	167.4
Add: Share of profit of associates	100	198	(49.7)	16	30	(46.0)
<b>Net profit before tax</b>	<b>1,907</b>	<b>1,963</b>	<b>(2.8)</b>	<b>399</b>	<b>421</b>	<b>(5.2)</b>

# Singapore (including ACU) – Key Financial Indicators

	2008	2007	+/(–)	4Q08	3Q08	+/(–)
	%	%	% pt	%	%	% pt
Net interest margin	1.93	1.84	0.09	2.09	1.83	0.26
Non-NII / Total income	36.2	39.8	(3.6)	30.5	30.6	(0.1)
Expense / Total income	34.0	38.5	(4.5)	34.5	37.9	(3.4)
Customer loans (net) – \$'m	63,451	57,312	10.7%	63,451	63,199	0.4%
Loans / Deposits	70.7	72.4	(1.7)	70.7	73.5	(2.8)
NPL ratio	1.1	1.1	-	1.1	0.8	0.3



## Malaysia – Summarised P/L

	2008	2007	+/(-)	4Q08	3Q08	+/(-)
	RM'm	RM'm	%	RM'm	RM'm	%
Net interest income	987	874	12.9	252	253	(0.4)
Non-interest income	310	433	(28.4)	83	53	56.6
<b>Total income</b>	<b>1,297</b>	<b>1,307</b>	<b>(0.8)</b>	<b>335</b>	<b>306</b>	<b>9.5</b>
Less: Total expenses	516	461	11.9	135	136	(0.7)
<b>Operating profit</b>	<b>781</b>	<b>846</b>	<b>(7.7)</b>	<b>200</b>	<b>170</b>	<b>17.6</b>
Less: Total impairment charges	227	186	22.0	37	32	15.6
Add: Share of profit of associates	4	22	(81.8)	(5)	6	(183.3)
<b>Net profit before tax</b>	<b>558</b>	<b>682</b>	<b>(18.2)</b>	<b>158</b>	<b>144</b>	<b>9.7</b>
<b>Net profit before tax (S\$m)</b>	<b>235</b>	<b>296</b>	<b>(20.6)</b>	<b>66</b>	<b>60</b>	<b>10.1</b>

## Malaysia – Key Financial Indicators

	2008	2007	+/(-)	4Q08	3Q08	+/(-)
	%	%	% pt	%	%	% pt
Net interest margin	2.89	3.00	(0.11)	3.05	2.84	0.21
Non-NII / Total income	23.9	33.1	(9.2)	24.8	17.3	7.5
Expense / Total income	39.8	35.3	4.5	40.3	44.4	(4.1)
Customer loans (net) – RM'm	28,313	25,868	9.5%	28,313	28,376	(0.2)%
Loans / Deposits	94.3	104.2	(9.9)	94.3	108.8	(14.5)
NPL ratio	4.5	4.2	0.3	4.5	4.1	0.4

## Thailand – Summarised P/L

	2008	2007	+/(-)	4Q08	3Q08	+/(-)
	THB'm	THB'm	%	THB'm	THB'm	%
Net interest income	7,578	6,645	14.0	2,001	1,929	3.7
Non-interest income	3,292	2,598	26.7	754	813	(7.3)
<b>Total income</b>	<b>10,870</b>	<b>9,243</b>	<b>17.6</b>	<b>2,755</b>	<b>2,742</b>	<b>0.5</b>
Less: Total expenses	6,977	6,535	6.8	1,801	1,781	1.1
<b>Operating profit</b>	<b>3,893</b>	<b>2,708</b>	<b>43.8</b>	<b>954</b>	<b>961</b>	<b>(0.7)</b>
Less: Total impairment charges	2,134	2,371	(10.0)	693	372	86.3
Add: Share of profit of associates	23	(7)	NM	6	8	(25.0)
<b>Net profit before tax</b>	<b>1,782</b>	<b>330</b>	<b>440.0</b>	<b>267</b>	<b>597</b>	<b>(55.3)</b>
<b>Net profit before tax (S\$m)</b>	<b>77</b>	<b>16</b>	<b>386.2</b>	<b>11</b>	<b>25</b>	<b>(54.1)</b>

## Thailand – Key Financial Indicators

	2008	2007	+/(–)	4Q08	3Q08	+/(–)
	%	%	% pt	%	%	% pt
Net interest margin	4.06	3.49	0.57	4.35	4.10	0.25
Non-NII / Total income	30.3	28.1	2.2	27.4	29.6	(2.2)
Expense / Total income	64.2	70.7	(6.5)	65.4	65.0	0.4
Customer loans (net) – THB'm	153,971	143,830	7.1%	153,971	155,774	(1.2)%
Loans / Deposits	94.1	90.3	3.8	94.1	93.4	0.7
NPL ratio	5.4	6.5	(1.1)	5.4	4.8	0.6

## Indonesia – Summarised P/L

	2008	2007	+/(-)	4Q08	3Q08	+/(-)
	IDR'b	IDR'b	%	IDR'b	IDR'b	%
Net interest income	1,600	1,384	15.6	483	396	22.0
Non-interest income	397	303	31.0	137	94	45.7
<b>Total income</b>	<b>1,997</b>	<b>1,687</b>	<b>18.4</b>	<b>620</b>	<b>490</b>	<b>26.5</b>
Less: Total expenses	1,123	837	34.2	314	272	15.4
<b>Operating profit</b>	<b>874</b>	<b>850</b>	<b>2.8</b>	<b>306</b>	<b>218</b>	<b>40.4</b>
Less: Total impairment charges	128	(29)	NM	62	46	34.8
<b>Net profit before tax</b>	<b>746</b>	<b>879</b>	<b>(15.1)</b>	<b>244</b>	<b>172</b>	<b>41.9</b>
<b>Net profit before tax (S\$m)</b>	<b>107</b>	<b>134</b>	<b>(20.7)</b>	<b>31</b>	<b>26</b>	<b>19.3</b>

## Indonesia – Key Financial Indicators

	2008	2007	+/(-)	4Q08	3Q08	+/(-)
	%	%	% pt	%	%	% pt
Net interest margin	6.15	5.98	0.17	6.52	6.18	0.34
Non-NII / Total income	19.9	18.0	1.9	22.1	19.2	2.9
Expense / Total income	56.2	49.6	6.6	50.6	55.5	(4.9)
Customer loans (net) – IDR'b	23,542	18,143	29.8%	23,542	22,674	3.8%
Loans / Deposits	92.4	99.0	(6.6)	92.4	104.6	(12.2)
NPL ratio	2.0	2.0	-	2.0	2.0	-

## China – Summarised P/L

	2008	2007	+/(-)	4Q08	3Q08	+/(-)
	CNY'm	CNY'm	%	CNY'm	CNY'm	%
Net interest income	484	253	91.3	103	131	(21.4)
Non-interest income *	96	11	772.7	17	23	(26.1)
<b>Total income</b>	<b>580</b>	<b>264</b>	<b>119.7</b>	<b>120</b>	<b>154</b>	<b>(22.1)</b>
Less: Total expenses	245	101	142.6	65	49	32.7
<b>Operating profit</b>	<b>335</b>	<b>163</b>	<b>105.5</b>	<b>55</b>	<b>105</b>	<b>(47.6)</b>
Less: Total impairment charges	136	128	6.3	106	(1)	NM
<b>Net profit before tax</b>	<b>199</b>	<b>35</b>	<b>468.6</b>	<b>(51)</b>	<b>106</b>	<b>(148.1)</b>
<b>Net profit before tax (S\$m)</b>	<b>39</b>	<b>7</b>	<b>480.4</b>	<b>(11)</b>	<b>22</b>	<b>(149.6)</b>

\* Excluding the revaluation P&L on the USD capital

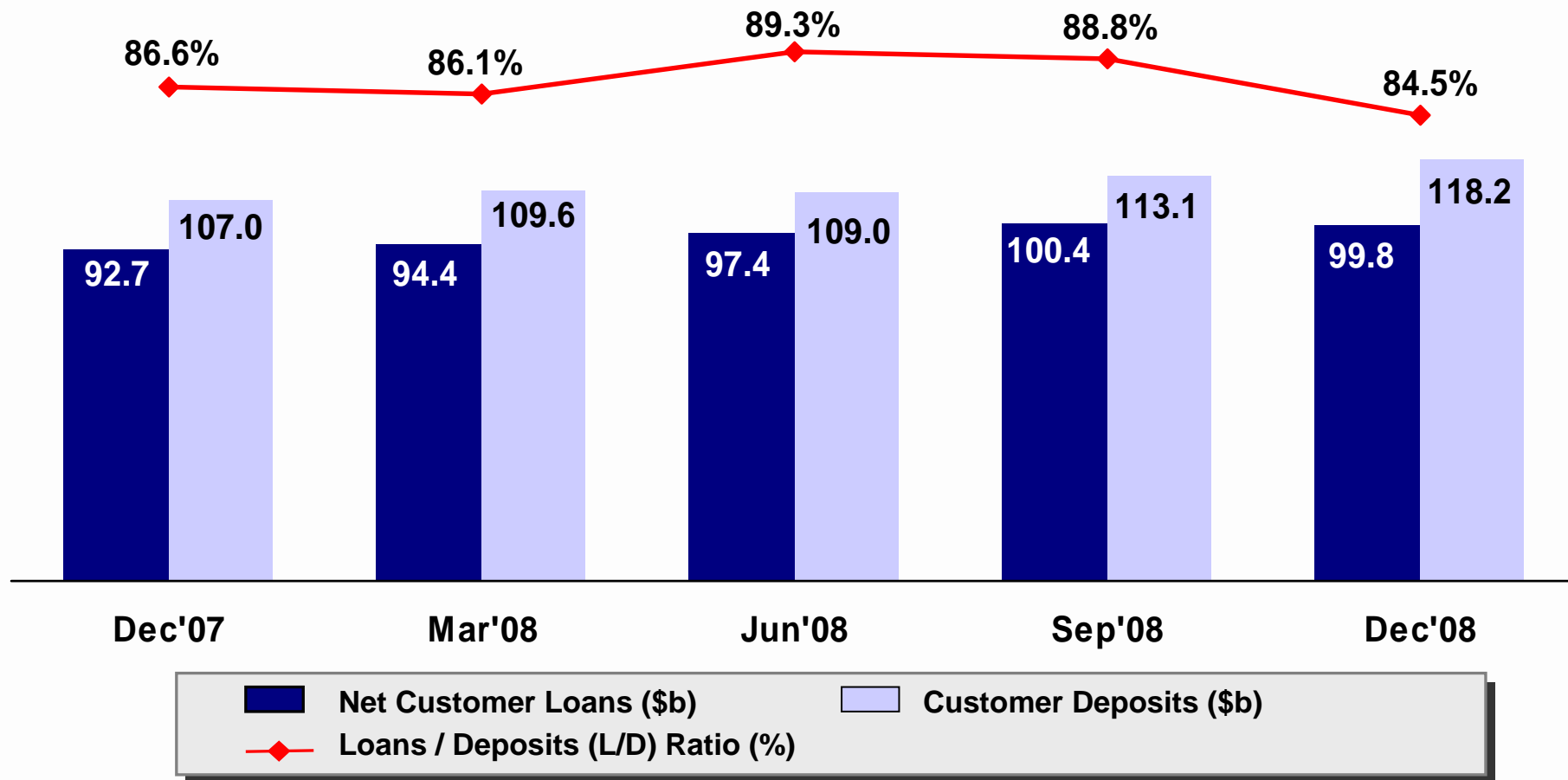
## China – Key Financial Indicators

	2008	2007	+/(–)	4Q08	3Q08	+/(–)
	%	%	% pt	%	%	% pt
Net interest margin	5.15	4.90	0.25	4.41	4.79	(0.38)
Non-NII / Total income	16.6	4.2	12.4	14.2	14.9	(0.7)
Expense / Total income	42.2	38.3	3.9	54.2	31.8	22.4
Customer loans (net) – CNY'm	10,621	9,488	11.9%	10,621	10,730	(1.0)%
Loans / Deposits	202.7	778.3	(575.6)	202.7	295.7	(93.0)
NPL ratio	3.4	1.2	2.2	3.4	0.8	2.6



# Improved Liquidity

## Customer Loans, Deposits and L/D Ratio



## Diversified Loan Portfolio

	Dec'08 % mix	Dec'08 \$b	Sep'08 \$b	Dec'07 \$b
Transport, Storage & Communications	6%	5.8	5.8	5.3
Building & Construction	12%	12.7	12.4	11.0
Manufacturing	10%	10.6	11.0	9.8
Financial Institutions	16%	16.5	16.2	16.3
General Commerce	13%	13.0	14.7	12.8
Professional & Private Individuals	12%	12.8	12.4	11.2
Housing Loans	24%	24.1	23.7	22.6
Other	7%	6.6	6.3	5.5
<b>Total Gross Loans</b>	<b>100%</b>	<b>102.0</b>	<b>102.5</b>	<b>94.6</b>

# Balanced Investment Portfolio

	Dec'08 % mix	Dec'08 \$m	Sep'08 \$m	Dec'07 \$m
Singapore government securities *	34%	8,733	6,283	8,579
Other government securities *	6%	1,596	1,821	2,438
Investment securities				
Debt	52%	13,453	14,895	16,552
Equity	8%	2,221	2,676	2,864
<b>Total</b>	<b>100%</b>	<b>26,003</b>	<b>25,674</b>	<b>30,433</b>

\* Excluding held for trading securities

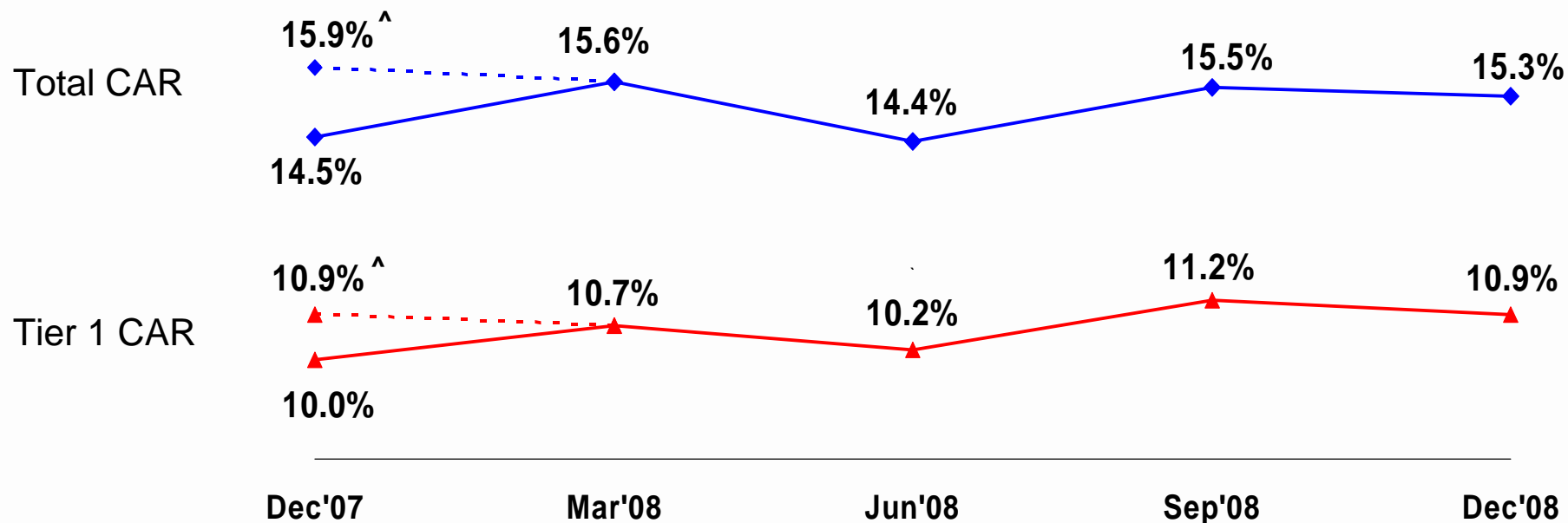
# CDOs

	Exposure as at		For 4Q08	As at 31/12/08		
	31/12/08	30/9/08	Provision	Provision	Net Exposure	Coverage
	\$m	\$m	\$m	\$m	\$m	%
ABS	18	85	-	18	-	100
Corporate	189	189	29	142	47	75
<b>Total</b>	<b>207</b>	<b>274</b>	<b>29</b>	<b>160</b>	<b>47</b>	<b>77</b>

- Net CDO exposure was only \$47m
- 100% provision for ABS CDO
- Corporate CDO was 75% covered

# Strong Capital Position

## Capital Adequacy Ratios (CAR) \*



\$m

Tier 1 Capital	12,461	12,011	11,630	13,177	12,456
Risk-Weighted Assets	124,772	111,850	114,368	118,044	114,712

\* Computed based on Basel II framework in accordance with the revised MAS Notice 637 with effect from January 2008

^ Computed on the same basis as 2008 for comparison

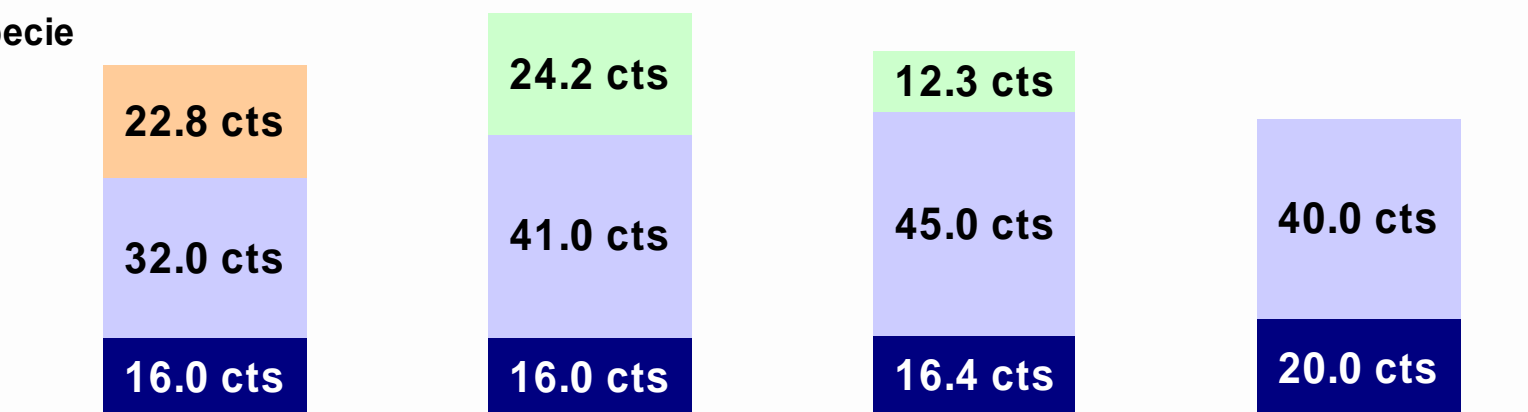
# Maintain High Net Dividend Rate

■ Special

■ Dividend in Specie

■ Final

■ Interim



	2005	2006	2007	2008
Special Dividend	\$351m*	\$369m	\$187m	-
Cash Dividend	\$737m	\$868m	\$926m	\$903m
Dividend Payout	\$1,088m	\$1,237m	\$1,113m	\$903m
Dividend Payout Ratio	64%	48%	53%	47%

\* Dividend in specie of shares in United Overseas Land Limited.

## In Summary ...

- Strong operating profit growth
- Higher interest margin
- Key Singapore market remains stable
- Disciplined cost management
- Increased NPA amid economic downturn, adequate provisioning
- Strong CAR, well above regulatory minimum requirement
- Dividend payout maintained