The 12th Credit Suisse Asian Investment Conference 2009

Lee Wai Fai
Chief Financial Officer

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UOB Overview

**Founding**

Founded in August 1935 by a group of Chinese businessmen and Datuk Wee Kheng Chiang, grandfather of the present UOB Group CEO, Mr. Wee Ee Cheong

**Expansion**

UOB has grown over the decades through organic means and a series of acquisitions. It is today a leading bank in Singapore with an established presence in the ASEAN region. The Group has a total network of over 500 offices in 18 countries and territories

**Key Statistics**

- **Total assets**: S$182.9 billion (US$127.9 billion)
- **Shareholder’s equity**: S$15.6 billion (US$10.9 billion)
- **Gross loans**: S$102.0 billion (US$71.3 billion)
- **Customer deposits**: S$118.2 billion (US$82.7 billion)
- **ROAA**: 1.07%
- **ROAE(1)**: 12.2%
- **NIM**: 2.27%
- **Non-interest / Total income**: 31.9%
- **Cost / Income**: 39.0%
- **Tier 1 CAR**: 10.9%
- **Total CAR**: 15.3%
- **Moody’s**: Aa1 LT Bank Deposits
- **S&P’s**: A+ LT Issuer Credit

(1) Calculated based on profit attributable to equity holders of the bank net of subsidiary preference share dividends.
Proven Track Record of Execution

Profit (S$ million)

1935: S$92m
1945: 
1955: 
1965: 
1975: 
1980: S$92m
1985: S$99m
1990: S$226m
1995: S$633m
2000: S$913m
2004: S$1,452m
2005: S$1,709m
2007: S$2,109m
2008: S$1,937m

Acquired OUB in 2001
Acquired FEB in 1984
Acquired LWB in 1973
Acquired CKB in 1971
Acquired BOA in 2004
Acquired Buana in 2005
Acquired UOBR and UOBP in 1999

Acquired ICB in 1987
Acquired OUB in 2001
Established Global Presence

Total Assets Breakdown
- Singapore: 67%
- Malaysia: 10%
- Thailand: 5%
- Indonesia: 2%
- Greater China: 5%
- Other: 11%

Profit Before Tax Breakdown
- Singapore: 70%
- Malaysia: 10%
- Thailand: 5%
- Indonesia: 4%
- Greater China: 2%
- Other: 9%

More than 500 offices in 18 countries
- USA - 3
- Canada - 1
- France - 1
- UK - 1
- China - 11
- Hong Kong - 7
- Taiwan - 3
- Japan - 2
- South Korea - 1
- Indonesia - 217
- Thailand - 153
- Malaysia - 43
- Brunei - 3
- Australia - 2
- Myanmar - 1
- Philippines - 1
- Vietnam - 1

Note: For the full year ended 31 December 2008
Strategic Focus

To be recognized as a leader in consumer and SME banking services in the region with investment banking and treasury products in support.
Strategic Directions

- Strengthen Domestic Market Leadership in Core Segments
- Further Grow Established Regional Franchise
- Establish Strategic Partnerships – Focused in High Growth Regions
- Invest in Infrastructure and Talent for the Future

Our Mission:
To Be A Premier Bank in the Asia-Pacific Region
Agenda

1. Business Overview

2. Financial Overview

3. Outlook
Strong Growth in Net Interest Income and Margin

Net Interest Income and Margin

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Interest Income (NII) ($m)</th>
<th>NII from Loans ($m)</th>
<th>NII from Interbank &amp; Securities ($m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>2,348</td>
<td>667</td>
<td>143</td>
</tr>
<tr>
<td>2006</td>
<td>2,710</td>
<td>729</td>
<td>134</td>
</tr>
<tr>
<td>2007</td>
<td>2,980</td>
<td>731</td>
<td>150</td>
</tr>
<tr>
<td>2008</td>
<td>3,576</td>
<td>807</td>
<td>150</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Net Interest Margin (%)</th>
<th>Loan Margin (%)</th>
<th>Interbank &amp; Securities Margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4Q07</td>
<td>3.05%</td>
<td>2.45%</td>
<td>0.47%</td>
</tr>
<tr>
<td>1Q08</td>
<td>3.15%</td>
<td>2.23%</td>
<td>0.93%</td>
</tr>
<tr>
<td>2Q08</td>
<td>3.08%</td>
<td>2.21%</td>
<td>0.88%</td>
</tr>
<tr>
<td>3Q08</td>
<td>3.02%</td>
<td>3.19%</td>
<td>1.09%</td>
</tr>
<tr>
<td>4Q08</td>
<td>3.19%</td>
<td>2.20%</td>
<td>0.79%</td>
</tr>
</tbody>
</table>

Net Interest Income (NII) ($m) | NII from Loans ($m) | NII from Interbank & Securities ($m)
Net Interest Margin (%) | Loan Margin (%) | Interbank & Securities Margin (%)
Higher Non-Interest Income Quarter-on-Quarter

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Fee Income ($m)</th>
<th>Other Non-Interest Income ($m)</th>
<th>Total Income</th>
<th>Fee Income / Total Income Ratio (%)</th>
<th>Non-NII / Total Income Ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>1,414</td>
<td>514</td>
<td>1,928</td>
<td>7.3%</td>
<td>27.3%</td>
</tr>
<tr>
<td>2006</td>
<td>1,514</td>
<td>511</td>
<td>2,025</td>
<td>7.4%</td>
<td>27.0%</td>
</tr>
<tr>
<td>2007</td>
<td>1,892</td>
<td>614</td>
<td>2,506</td>
<td>7.6%</td>
<td>28.5%</td>
</tr>
<tr>
<td>2008</td>
<td>1,675</td>
<td>580</td>
<td>2,255</td>
<td>7.4%</td>
<td>28.8%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Fee Income ($m)</th>
<th>Other Non-Interest Income ($m)</th>
<th>Total Income</th>
<th>Fee Income / Total Income Ratio (%)</th>
<th>Non-NII / Total Income Ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4Q07</td>
<td>532</td>
<td>162</td>
<td>694</td>
<td>7.7%</td>
<td>23.9%</td>
</tr>
<tr>
<td>1Q08</td>
<td>414</td>
<td>111</td>
<td>525</td>
<td>7.9%</td>
<td>22.7%</td>
</tr>
<tr>
<td>2Q08</td>
<td>550</td>
<td>261</td>
<td>811</td>
<td>6.8%</td>
<td>32.7%</td>
</tr>
<tr>
<td>3Q08</td>
<td>319</td>
<td>46</td>
<td>365</td>
<td>8.7%</td>
<td>26.3%</td>
</tr>
<tr>
<td>4Q08</td>
<td>391</td>
<td>162</td>
<td>553</td>
<td>7.1%</td>
<td>29.0%</td>
</tr>
</tbody>
</table>
Disciplined Cost Management

Operating Expenses and Expense / Income Ratio

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Expenses ($m)</th>
<th>IT Expenses ($m)</th>
<th>Expense / Income Ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>1,424</td>
<td>222</td>
<td>37.9%</td>
</tr>
<tr>
<td>2006</td>
<td>1,736</td>
<td>256</td>
<td>41.1%</td>
</tr>
<tr>
<td>2007</td>
<td>2,018</td>
<td>272</td>
<td>41.4%</td>
</tr>
<tr>
<td>2008</td>
<td>2,050</td>
<td>285</td>
<td>39.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Operating Expenses ($m)</th>
<th>IT Expenses ($m)</th>
<th>Expense / Income Ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4Q07</td>
<td>556</td>
<td>67</td>
<td>43.6%</td>
</tr>
<tr>
<td>1Q08</td>
<td>496</td>
<td>67</td>
<td>39.2%</td>
</tr>
<tr>
<td>2Q08</td>
<td>518</td>
<td>71</td>
<td>36.4%</td>
</tr>
<tr>
<td>3Q08</td>
<td>504</td>
<td>71</td>
<td>41.6%</td>
</tr>
<tr>
<td>4Q08</td>
<td>532</td>
<td>76</td>
<td>39.4%</td>
</tr>
</tbody>
</table>

Operating Expenses (Blue): IT Expenses (Orange): Expense / Income Ratio (Red)
## Prudent Provisioning Policy

### Impairment Charges on Loans

<table>
<thead>
<tr>
<th>Year</th>
<th>Individual Impairment Charges on Loans ($m)</th>
<th>4Q07</th>
<th>1Q08</th>
<th>2Q08</th>
<th>3Q08</th>
<th>4Q08</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>215</td>
<td>67</td>
<td>4</td>
<td>65</td>
<td>67</td>
<td>182</td>
</tr>
<tr>
<td>2006</td>
<td>142</td>
<td>10</td>
<td>13</td>
<td>27</td>
<td>27</td>
<td>75</td>
</tr>
<tr>
<td>2007</td>
<td>155</td>
<td>29</td>
<td>27</td>
<td>27</td>
<td>71</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>324</td>
<td>57</td>
<td>41</td>
<td>41</td>
<td>71</td>
<td></td>
</tr>
</tbody>
</table>

* On annualised basis for quarters

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- **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)** *

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*UOB*
### Higher NPL Reflecting Difficult Economic Conditions

<table>
<thead>
<tr>
<th>NPL ($m)</th>
<th>NPL Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,713</td>
<td>1.8%</td>
</tr>
<tr>
<td>1,602</td>
<td>1.6%</td>
</tr>
<tr>
<td>1,547</td>
<td>1.5%</td>
</tr>
<tr>
<td>1,629</td>
<td>1.5%</td>
</tr>
<tr>
<td>2,062</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

* Excluding debt securities

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**Graphical representation:**

- **Dec'07:**
  - Singapore: 63
  - Malaysia: 18
  - Thailand: 73
  - Indonesia: 436
  - Greater China: 495
  - Other: 628

- **Mar'08:**
  - Singapore: 66
  - Malaysia: 66
  - Thailand: 393
  - Indonesia: 68
  - Greater China: 64
  - Other: 504

- **Jun'08:**
  - Singapore: 66
  - Malaysia: 66
  - Thailand: 367
  - Indonesia: 64
  - Greater China: 64
  - Other: 522

- **Sep’08:**
  - Singapore: 121
  - Malaysia: 24
  - Thailand: 367
  - Indonesia: 79
  - Greater China: 79
  - Other: 511

- **Dec'08:**
  - Singapore: 251
  - Malaysia: 97
  - Thailand: 391
  - Indonesia: 72
  - Greater China: 391
  - Other: 547

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* UOB
## Improved Liquidity

### Customer Loans, Deposits and L/D Ratio

<table>
<thead>
<tr>
<th>Date</th>
<th>Net Customer Loans ($b)</th>
<th>Customer Deposits ($b)</th>
<th>Loans / Deposits (L/D) Ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec'07</td>
<td>92.7</td>
<td>107.0</td>
<td>86.6%</td>
</tr>
<tr>
<td>Mar'08</td>
<td>94.4</td>
<td>109.6</td>
<td>86.1%</td>
</tr>
<tr>
<td>Jun'08</td>
<td>97.4</td>
<td>109.0</td>
<td>89.3%</td>
</tr>
<tr>
<td>Sep'08</td>
<td>100.4</td>
<td>113.1</td>
<td>88.8%</td>
</tr>
<tr>
<td>Dec'08</td>
<td>99.8</td>
<td>118.2</td>
<td>84.5%</td>
</tr>
</tbody>
</table>

From the chart, it can be observed that the Loans / Deposits (L/D) Ratio (%) has been steadily increasing from December 2007 to December 2008. The ratio started at 86.6% in December 2007 and reached 84.5% in December 2008.
Sound Balance Sheet and Capital Position to Withstand Current Challenging Environment

- Stable & diversified customer loans portfolio (55% of assets or S$100 billion)
  - Spread out across countries, business segments and industries. Portfolio diversity remained stable
  - Credit quality intact with no major signs of deterioration. Maintain prudent approach
  - Diversification strategy continues

- Sound & diversified investment portfolio (14% of assets or S$26 billion)
  - 40% in government securities, mainly in Singapore
  - Remaining mainly investment-grade bonds (>75%). No concentration, performing. Held for long-term
  - Minimal exposure to CDOs and ‘structured’ assets

- Strong liquidity management
  - Loans-to-deposits ratio improved to 84.5%
  - Customer deposits up 10%; accounts for 81% of deposits from 77% in Dec 2007

- Healthy capital position
  - Tier 1 at 10.9% and Total CAR at 15.3% - well above regulatory requirements
  - Current capital level able to withstand near-term potential shocks and portfolio deterioration
  - Continue to stress-test portfolios and review our capital needs. Have flexibility in our options
  - Growing selectively to preserve capital
## Maintain High Net Dividend Rate

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special Dividend</td>
<td>$351m*</td>
<td>$369m</td>
<td>$187m</td>
<td>-</td>
</tr>
<tr>
<td>Dividend in Specie</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Final</td>
<td>22.8 cts</td>
<td>24.2 cts</td>
<td>12.3 cts</td>
<td></td>
</tr>
<tr>
<td>Interim</td>
<td>32.0 cts</td>
<td>41.0 cts</td>
<td>45.0 cts</td>
<td>40.0 cts</td>
</tr>
<tr>
<td>Cash Dividend</td>
<td>$737m</td>
<td>$868m</td>
<td>$926m</td>
<td>$903m</td>
</tr>
<tr>
<td>Dividend Payout</td>
<td>$1,088m</td>
<td>$1,237m</td>
<td>$1,113m</td>
<td>$903m</td>
</tr>
<tr>
<td>Dividend Payout Ratio</td>
<td>64%</td>
<td>48%</td>
<td>53%</td>
<td>47%</td>
</tr>
</tbody>
</table>

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

1  Business Overview

2  Financial Overview

3  Outlook
The Bright Spots

- Governments in region have flexibility in providing fiscal safety nets to alleviate further shocks and stimulate economies. Strong fundamentals will continue to support domestic consumer and business activity. Singapore’s risk-sharing schemes also provide buffer and business opportunities.

- Benign competitive landscape expected as foreign banks face higher funding costs and capital constraints. Re-intermediation opportunities among corporates expected to surface given a tight liquidity environment.

- Opportunities to build competitive advantage through investments as foreign institutions distracted by domestic issues.
Looking Ahead

- Amidst global financial crisis, 2009 to be another challenging year. But Asia in position to rebound faster as not saddled with structural problems
- UOB will inevitably be affected but will not be paralysed by uncertainties
- Return to ‘basics’ banking model bodes well for UOB - increasing pricing power, returning to traditional loan facilities
- See opportunities to further establish domestic and regional footprints
- Maintain long-term view. Regionalisation strategy and consistent execution will strongly position us for next growth phase
Why UOB?

Unique Strengths
- Proven track record of financial conservatism
- Strong management committed to the long term

Southeast Asia proxy
- Well-anchored regional bank with more than a local knowledge - a local network within each country

Strong integrated regional franchise
- Operating platform, risk management, and IT anchored back to well-regulated Singapore system

Banking business: Strong basics
- UOB well-positioned to ride through challenges – strong credit ratings, highly-capitalised, well-diversified portfolio, strong balance sheet and sound liquidity

Prudent and disciplined
- Continue to diversify portfolio, strengthen balance sheet, manage risks and build core franchise for the future
- Consistent in strategy and execution with a long-term view

Franchise value to be further enhanced by Asia’s growth
- Conducting ongoing investments to capture region’s potential – including China, Vietnam and India