

# UOB Group Full Year 2006 Results Briefing

***“A Step Closer Towards  
A Premier Regional Bank”***

**Wee Ee Cheong  
Deputy Chairman & President**

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# Panel Members

- Mr Wee Ee Cheong Deputy Chairman & President
- Mr Terence Ong SEVP, Global Treasury & Asset Management
- Mr Francis Lee SEVP, Personal Financial Services & International
- Mr Chong Kie Cheong SEVP, Institutional Financial Services & Private Banking
- Ms Susan Hwee EVP, Information Technology
- Mr Lee Wai Fai Chief Financial Officer

# Agenda

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**2006 Financial Performance Highlights**

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**Capital Management**

# Another Record Year

Key Indicators		2006	2005	YoY Change
Net Profit After Tax (\$m)	Including one-time gain	2,570	1,709	↑ 50.4%
Cash ROE (%)	Steady upward trend	17.1	12.9	↑ 4.2%pt
Net Profit After Tax <sup>^</sup> (\$m)	Continued growth momentum	1,882	1,709	↑ 10.1%
Operating Profit <sup>*^</sup> (\$m)	Growth in core customer business	2,488	2,337	↑ 6.4%
Non-Interest Income/Total Income <sup>^</sup> (%)	Higher NII growth than Non-NII	35.8	37.6	↓ 1.8%pt
Offshore Profit Contribution <sup>#^</sup> (%)	Regionalisation strategy showing results	32.5	22.4	↑ 10.1%pt

\* Before amortization and impairment charges

# Before tax and intangible assets

<sup>^</sup> Excludes one-time gain in 2006

# Singapore – Strengthening Market Leadership

- UOB performed well, outpaced industry's strong loans growth.
- Strengthened leadership in target consumer and SME segments, especially mortgage loans where market share grew.
- Expect strong economic growth in 2007. Key impetus include property and construction sectors.
- Government initiatives to promote new industries and population growth will create an expanded affluent class.
- UOB set to capitalise on growth areas to further expand market share.

# Malaysia – Expanding Customer Franchise

- Creditable results amidst challenging environment. Loans and operating profit up 15%.
- Strong performance particularly in consumer and treasury.
- Expect financial liberalisation and further consolidation to continue.
- UOBM to target opportunities under 9th Malaysia Plan and support SMEs' regional financing.
- Will also focus on consumer product differentiation and enhance sales platform.
- We should achieve another year of strong growth.

# Thailand – Gearing for Business Expansion

- Registered improved operating profit of 13% with growth in target segments.
- Focus was also on infrastructure enhancement within the Group.
- Challenging business environment ahead - Short-term sentiments remain cautious; on-going liberalization intensifies competition.
- Will continue to grow our businesses and maintain prudent credit framework for sound asset quality.
- Thai key economic and trade indicators robust. Positive long-term outlook. Remain committed to Thailand.

# Indonesia – Growing Market Presence

- Strong performance marked by substantial growth in assets and profitability. Loans up 22%. Operating profit up 44%.
- UOBI further progressed in building corporate banking platform.
- Bank Buana focused on SME while expanded consumer business. Also enhancing infrastructure and processes for growth.
- New BI measures should boost lending. Operating environment to improve, especially for consumer business. Also backed by stronger macroeconomic numbers.
- We will build capabilities and further expand core business in Indonesia.

# Opening New Frontiers

- China
  - Expect China's economic growth momentum to continue.
  - Strengthen presence with branch network expansion and infrastructure building.
  - Focus on local incorporation, strategic investment/alliance opportunities.
- Vietnam
  - Economy primed for growth with recent accession to WTO.
  - Developing Vietnam as another key growth pillar - Investment in Southern Bank as a first step.
  - Seek to grow our branch network and collaborations with Vietnamese banks.
- OECD provides further diversification.

# Capital Management

- Reviewing capital management strategy given environment and dynamics have changed.
- Capital buffer needed to maintain ratings and fund regional ambition.
- Flexibility with share buyback, hybrid and other capital options.
- Continue with high dividend policy. Proposed additional special dividend of 10 cents per share and higher final dividend of 50 cents per share. Together, total 2006 dividend is \$1 per share.

# In Summary

- Core businesses remain strong. Broad-based growth in loans and fee income.
- Further entrenched market leadership in Singapore while strengthening regional platform. Continue with building operations outside ASEAN for portfolio diversification.
- Recognise potential global economic risks in near-term. But global resilience, liquidity and more robust regional financials will override challenges.
- UOB's expanding regional platform well positioned for growth.
- Progress towards regional premier bank status.