



UOB Group Full Year 2008 Briefing

Results Overview

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2008 Financial Snapshot

Key Indicators		2008	2007	YoY Change
Operating Profit (\$m)	Higher NII as spreads widened	3,200	2,854	↑ 12.1%
Net Profit After Tax (\$m)	Commendable performance in difficult environment	1,937	2,109	↓ 8.2%
Net Loans (\$m)	Good growth momentum	99,840	92,669	↑ 7.7%
NIM (%)	Stronger pricing power	2.27	2.04	↑ 0.23% pt
Expense / Income (%)	Expenses well under control	39.0	41.4	↓ 2.4% pt
ROE (%)	Remains healthy	12.2	12.6	↓ 0.4% pt
Non-NII / Total Income (%)	Weak market-related income	31.9	38.8	↓ 6.9% pt
Offshore Profit Contribution (%)	Maintain balanced portfolio	23.6	28.9	↓ 5.3% pt

Singapore – Seizing Opportunities

- Operating profit up 22%. Loans up 11%
- Maintaining housing loan market share in subdued environment
- Market leader in SME financing. Support government's initiatives and remain committed to customers
- Opportunities in Corporate lending. Pricing power continues
- Asset quality intact – continued focus on quality credits and selective in portfolio management
- Well-positioned to seize opportunities, remain disciplined

Overseas – Positioning Strategically for the Future

- Overseas operating profit declined 5%. NII up 20%, loans grew 3%
- Asean economies less susceptible to liquidity shocks, as reflected in our stable asset quality
- OECD markets affected by some provisions. Maintain global diversification for a balanced portfolio
- Continue investing in franchise and operating capabilities to strategically position for the future

Key Markets

- Malaysia
 - Increase in loans and NII. Profits affected by weaker trading income and higher provisions from a couple of large accounts
 - Well-established history, with focus on target Consumer and SME businesses

- Thailand
 - Broad-based strong performance despite domestic uncertainties
 - Continue selective growth

Key Markets (*cont'd*)

- Indonesia
 - Performed well in operating lines
 - Took majority stake in Buana for more effective strategic execution. Strengthening core franchise

- China
 - Good progress following local incorporation. Building RMB business. Also establishing infrastructure
 - Pacing growth momentum, stay focused at high-end of market segments

Sound Balance Sheet Position

- Stress tests indicate portfolios are resilient
- Customer loans at 55% of assets (\$100 billion)
 - 39% Corporates, 36% Consumer, 25% SMEs. Spread out across industries
 - SME portfolio diversified, NPLs in Singapore and region remain healthy
 - Singapore government risk-sharing schemes provide buffer
 - Property valuations remain conservative. Minimal exposure to small developers
 - Consumer portfolio no signs of deterioration
- Investment portfolio at 14% of assets (\$26 billion)
 - 40% in government securities, remaining mainly investment-grade bonds
 - All performing, no defaults so far. Hold for long-term
- 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
- Financial derivative position lowered. Largely for hedging interest rate and/or FX exposure of customers

Strong Capital Adequacy

- Strengthened capital position with \$1.32 billion preference share issue
- Strong CAR at 10.9% for Tier 1 & 15.3% for total – 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. Also growing selectively to preserve capital
- The Board recommended final net dividend of 40 cents per share. For 2008, total net dividend of 60 cents per share and payout of 47%

Looking Ahead

- Creditable results in 2008 given unprecedented times – pricing power, increase wallet share in target segments
- 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
- 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