



UOB Group Full Year 2008 Briefing

Results Overview

Wee Ee Cheong
Deputy Chairman & Chief Executive Officer

27 February 2009

Disclaimer : This material that follows is a presentation of general background information about the Bank's activities current at the date of the presentation. It is information given in summary form and does not purport to be complete. It is not to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. This material should be considered with professional advice when deciding if an investment is appropriate. UOB Bank accepts no liability whatsoever with respect to the use of this document or its content.

Singapore Company Reg No. 193500026Z



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