

# United Overseas Bank Group Full Year 2007 Briefing

## Financial Highlights

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Chief Financial Officer

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# Agenda

1

**Performance Review**

2

**Business & Geographical Segments**

3

**Loans, Deposits & Asset Quality**

4

**Review of Key Territories**

5

**Capital Management**

# Profit Growth 12.1% in FY2007

	2007	2006	+ / (-)
	\$m	\$m	%
Net interest income	2,980	2,710	10.0
Non-interest income	1,892	1,514	25.0
<b>Total income</b>	<b>4,872</b>	<b>4,224</b>	<b>15.3</b>
Less: Total expenses	2,018	1,736	16.3
<b>Operating profit</b>	<b>2,854</b>	<b>2,488</b>	<b>14.7</b>
Less: Intangible assets amortised	11	13	(10.3)
Impairment charges on loans	155	142	8.9
Other impairment charges	145	38	278.7
Add: Share of profit of associates	207	152	36.8
Less: Tax & minority interests	641	564	13.5
<b>Net Profit After Tax (NPAT)</b>	<b>2,109</b>	<b>1,882</b> <sup>^</sup>	<b>12.1</b>
NPAT Growth at constant FX rate			<b>13.2</b>

<sup>^</sup> Excluding one-time gain of \$689m.

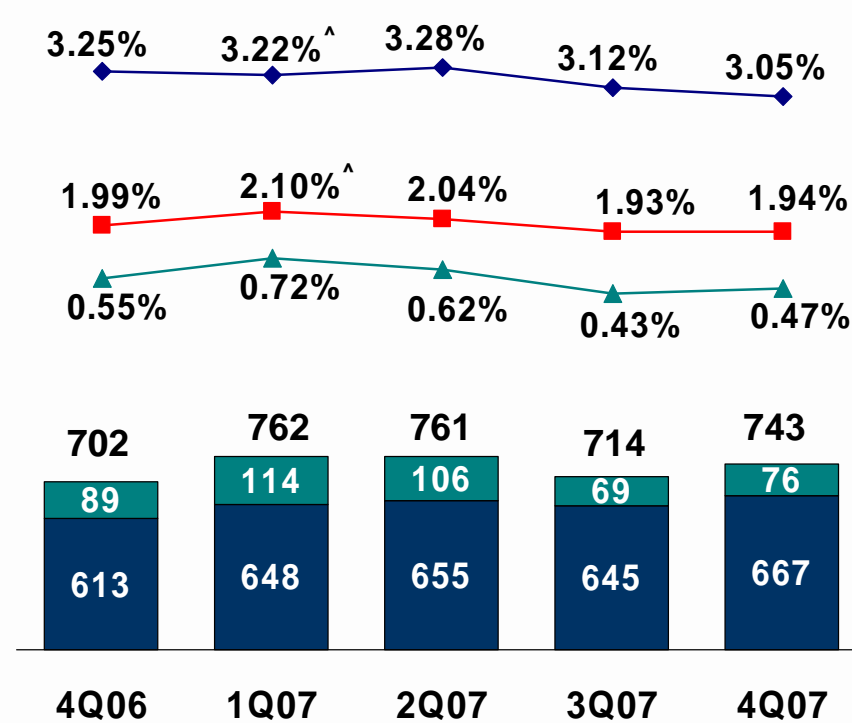
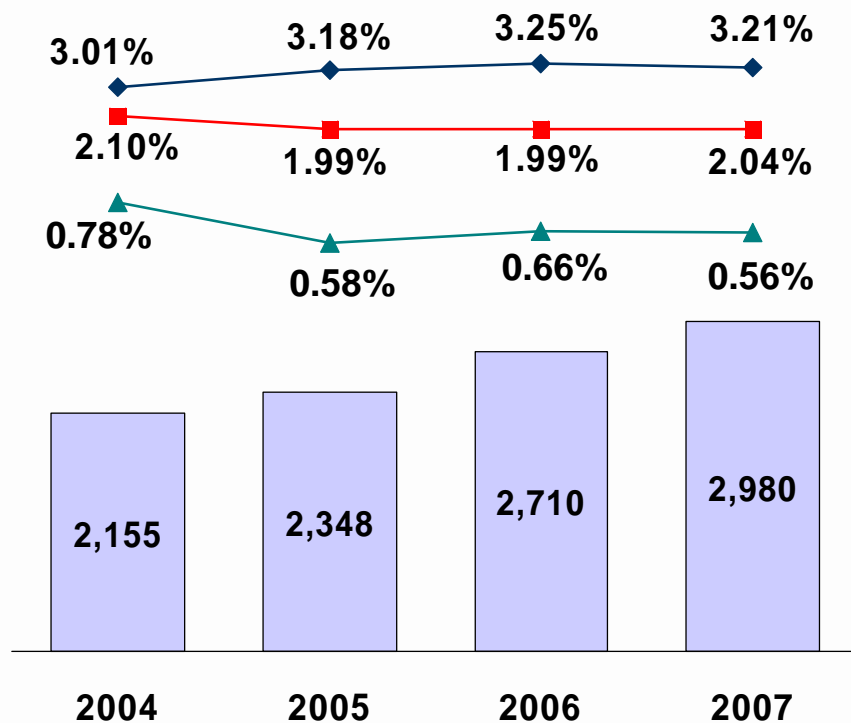
# Quarter Performance Review

	4Q07	3Q07	+ / (-)	4Q06	+ / (-)
	\$m	\$m	%	\$m	%
Net interest income	743	714	4.1	702	5.9
Non-interest income	532	393	35.5	517	2.9
<b>Total income</b>	<b>1,275</b>	<b>1,107</b>	<b>15.2</b>	<b>1,219</b>	<b>4.7</b>
Less: Total expenses	556	487	14.1	497	11.9
<b>Operating profit</b>	<b>719</b>	<b>620</b>	<b>16.1</b>	<b>722</b>	<b>(0.3)</b>
Less: Intangible assets amortised	2	3	(18.1)	3	(25.9)
Impairment charges on loans	67	(30)	NM	41	62.6
Other impairment charges	61	34	80.2	24	160.1
Add: Share of profit of associates	48	47	1.6	50	(4.2)
Less: Tax & minority interests	131	159	(17.7)	167	(21.5)
<b>Net Profit After Tax (NPAT)</b>	<b>506</b>	<b>501</b>	<b>1.1</b>	<b>537</b>	<b>(5.7)</b>
NPAT Growth at constant FX rate			<b>3.6</b>		<b>-</b>

NM: Not Meaningful

# Improvement in Net Interest Income and Margin

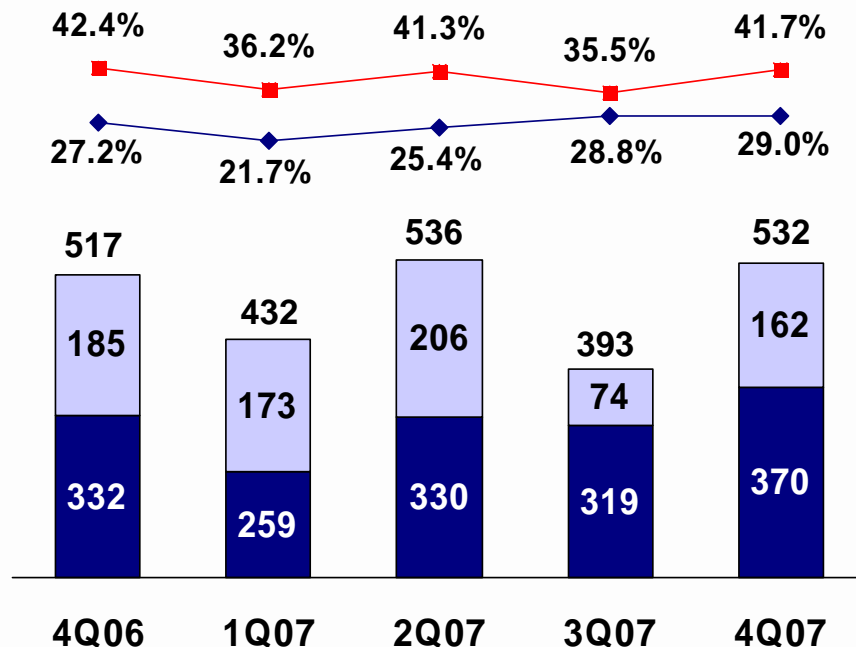
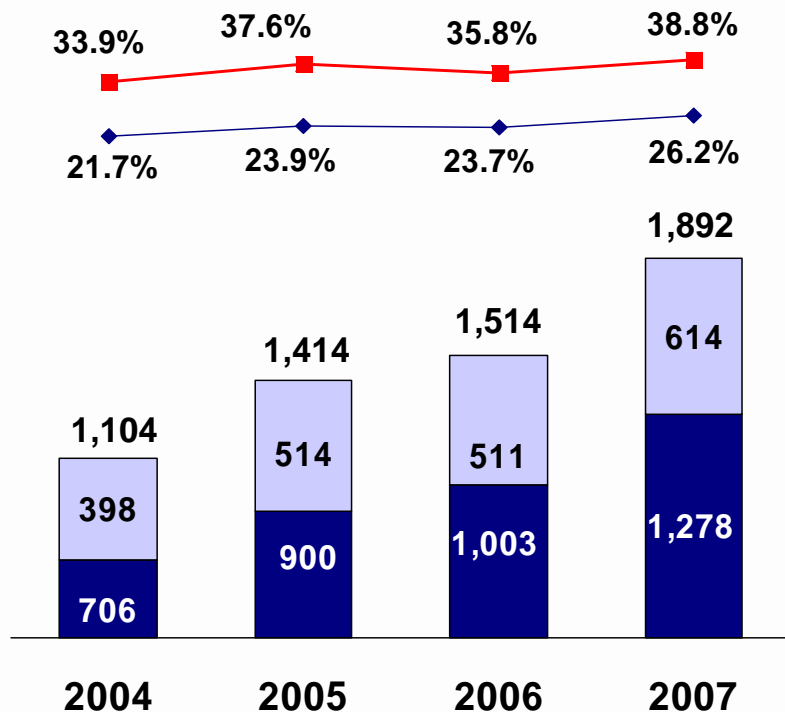
## Net Interest Income and Margin



<sup>^</sup> Excluding interest recovery

# Strong Growth in Fee and Commission Income

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



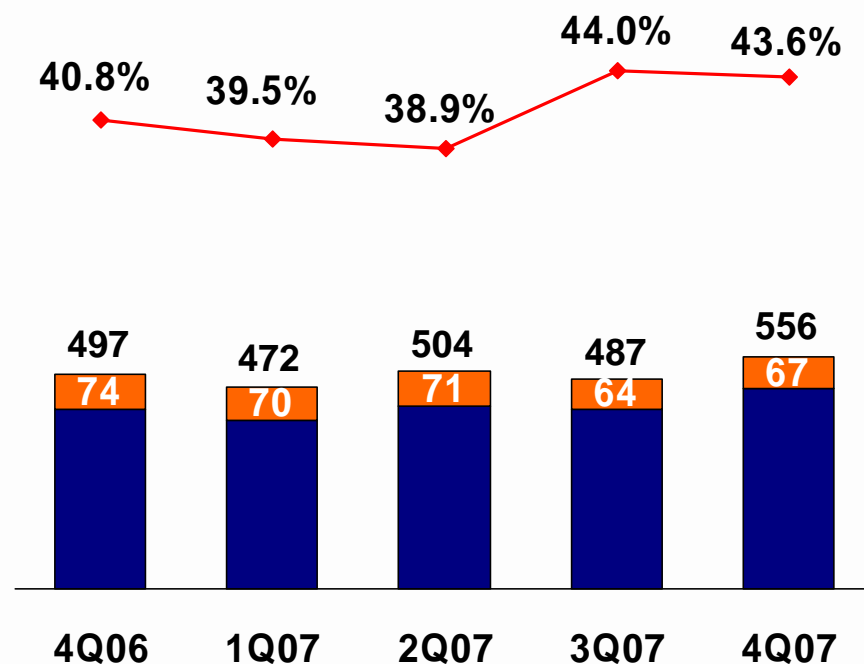
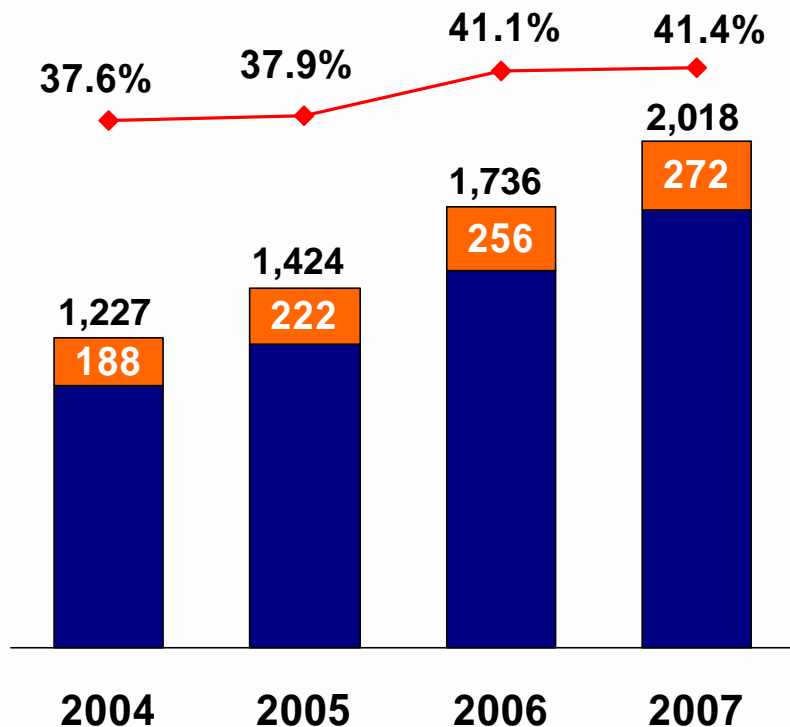
■ Fee Income (\$m)  
◆ Fee Income / Total Income Ratio \* (%)

■ Other Income \* (\$m)  
■ Non-NII / Total Income Ratio \* (%)

\* Excluding one-time income of \$613m in 2006.

# Continued Infrastructure Investments

## Operating Expenses and Expense / Income Ratio



■ Operating Expenses (\$m)

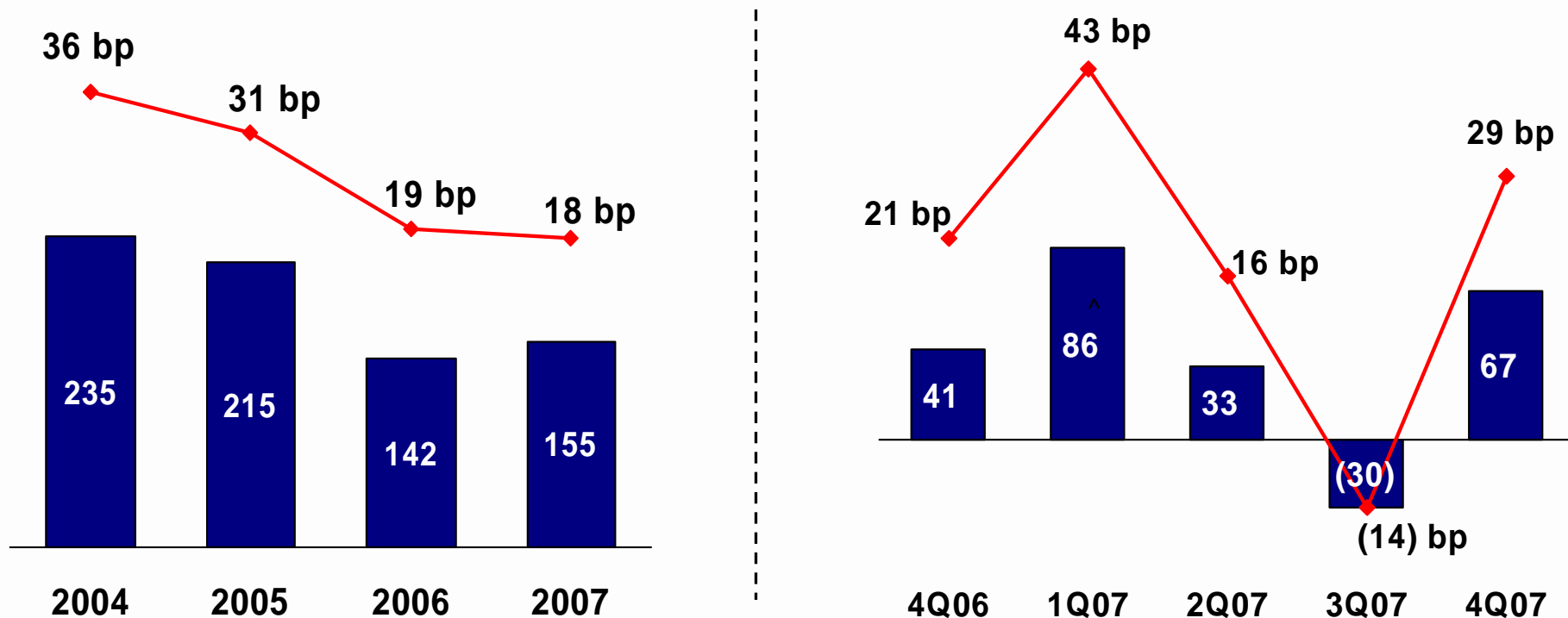
■ IT Expenses (\$m)

◆ Expense / Income Ratio \* (%)

\* Excluding one-time income of \$613m in 2006.

# Impairment Charges on Loans Remained Benign

## Individual Impairment on Loans Charged to Profit & Loss Account



■ Individual Impairment Charges on Loans (\$m)

◆ Individual Impairment Charges on Loans / Average Gross Customer Loans (basis points) \*

\* On annualised basis for quarters

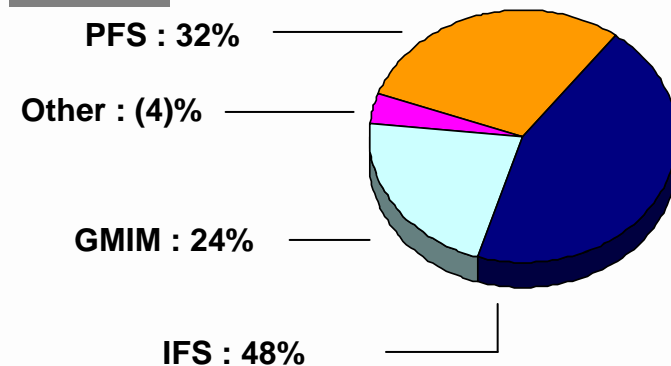


# Strong Growth in Key Business Segments

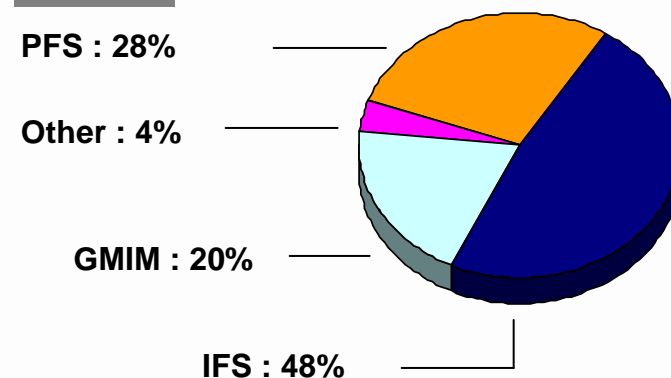
## Business Segment

<u>Segment Operating Profit *</u>	2007	2006	+ / (-)
	\$m	\$m	%
Personal Financial Services (PFS)	924	707	30.7
Institutional Financial Services (IFS)	1,375	1,194	15.2
Global Markets & Investment Mgt (GMIM)	677	493	37.3
Other ^	(122)	94	(229.8)
<b>Total</b>	<b>2,854</b>	<b>2,488</b>	<b>14.7</b>

**2007**



**2006**



\* Before amortisation of intangible assets and impairment charges.

^ Excluding one-time income for 2006 and including unallocated expenses.

# Strong Contribution from Singapore

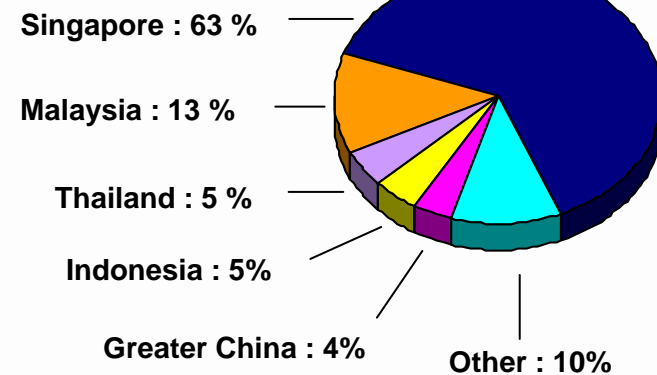
## Geographical Segment

	2007	2006	+ / (-)	At constant FX rate
<u>Operating Profit *</u>	<u>\$m</u>	<u>\$m</u>	<u>%</u>	<u>%</u>
Singapore (including ACU)	1,800	1,598 <sup>^</sup>	12.6	12.6
<b>Total Overseas</b>	<b>1,054</b>	<b>890</b>	<b>18.4</b>	<b>20.6</b>
Malaysia	368	324	13.6	13.3
Thailand	130	132	(1.5)	(11.3)
Indonesia	130	159	(18.2)	(9.1)
Greater China	113	59	91.5	103.1
Other	313	216	44.9	53.0
<b>Total</b>	<b>2,854</b>	<b>2,488</b>	<b>14.7</b>	<b>15.5</b>

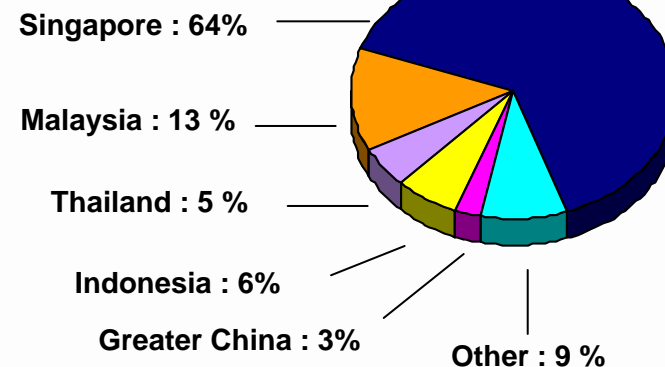
\* Before amortisation of intangible assets and impairment charges.

<sup>^</sup> Excluding one-time income.

**2007**

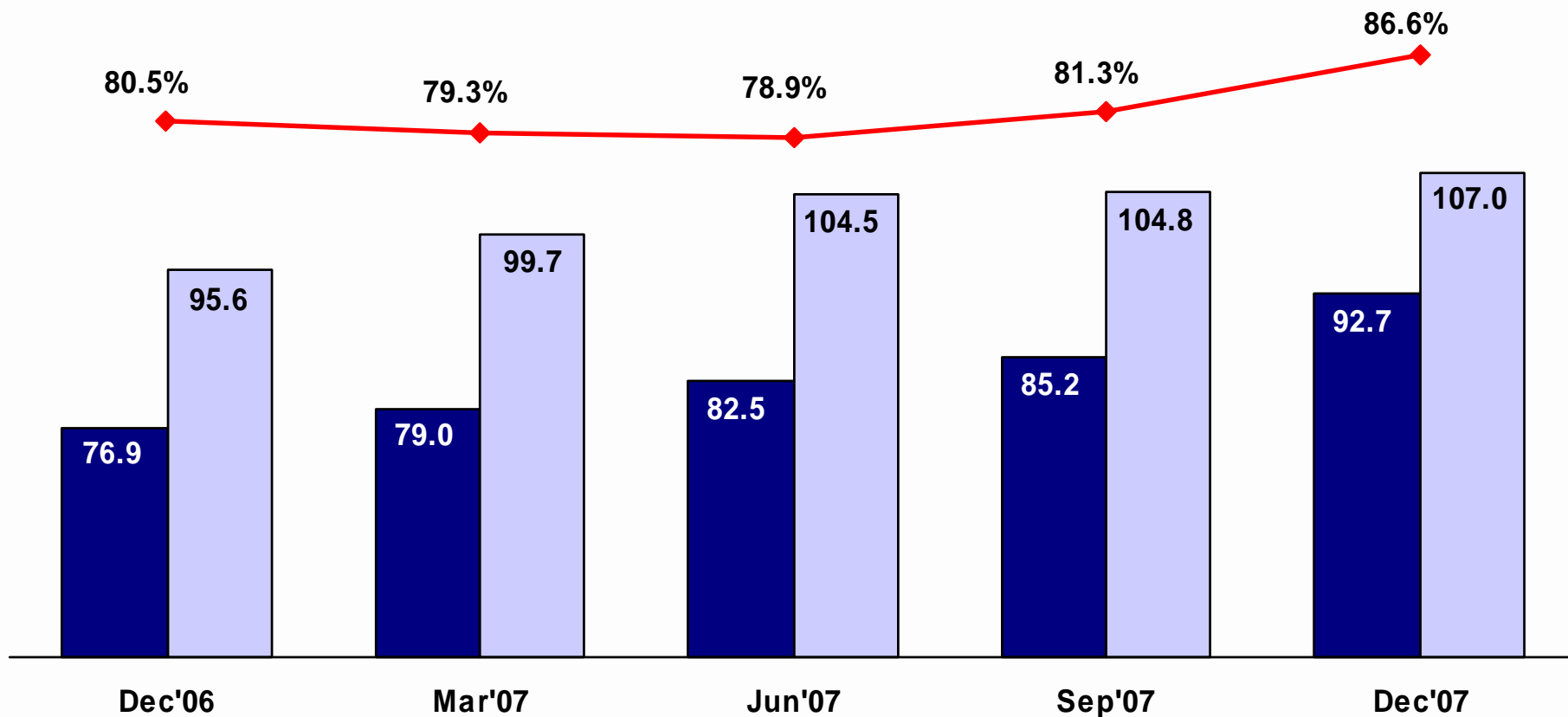


**2006**



# Strong Growth in Loans and Deposits

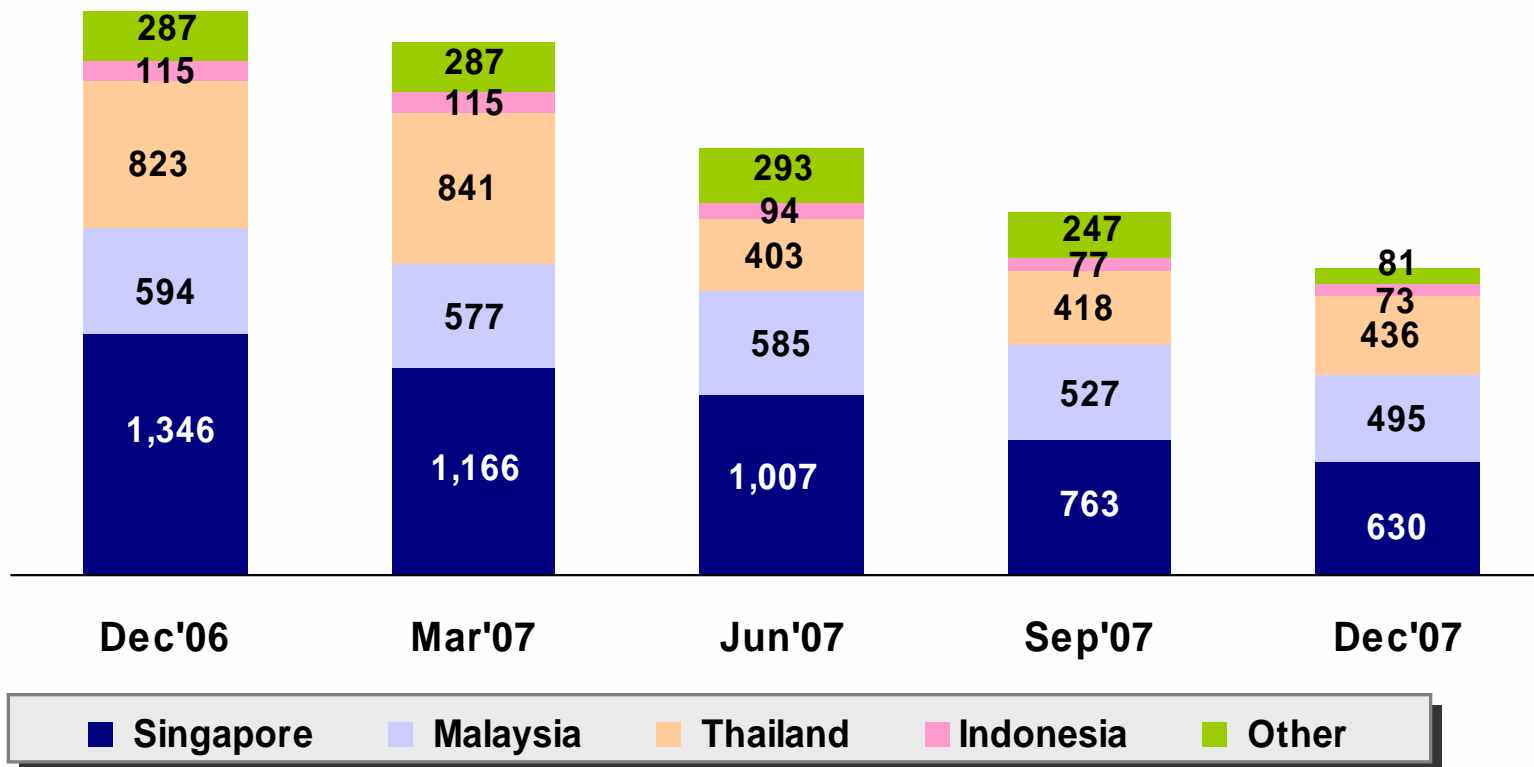
## Customer Loans, Deposits and L/D Ratio



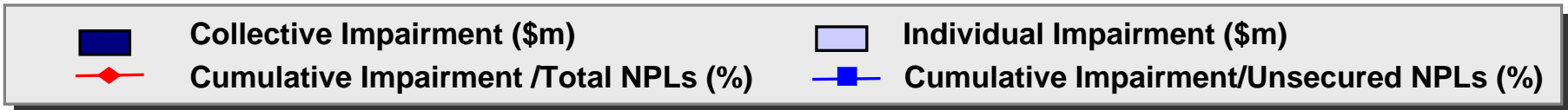
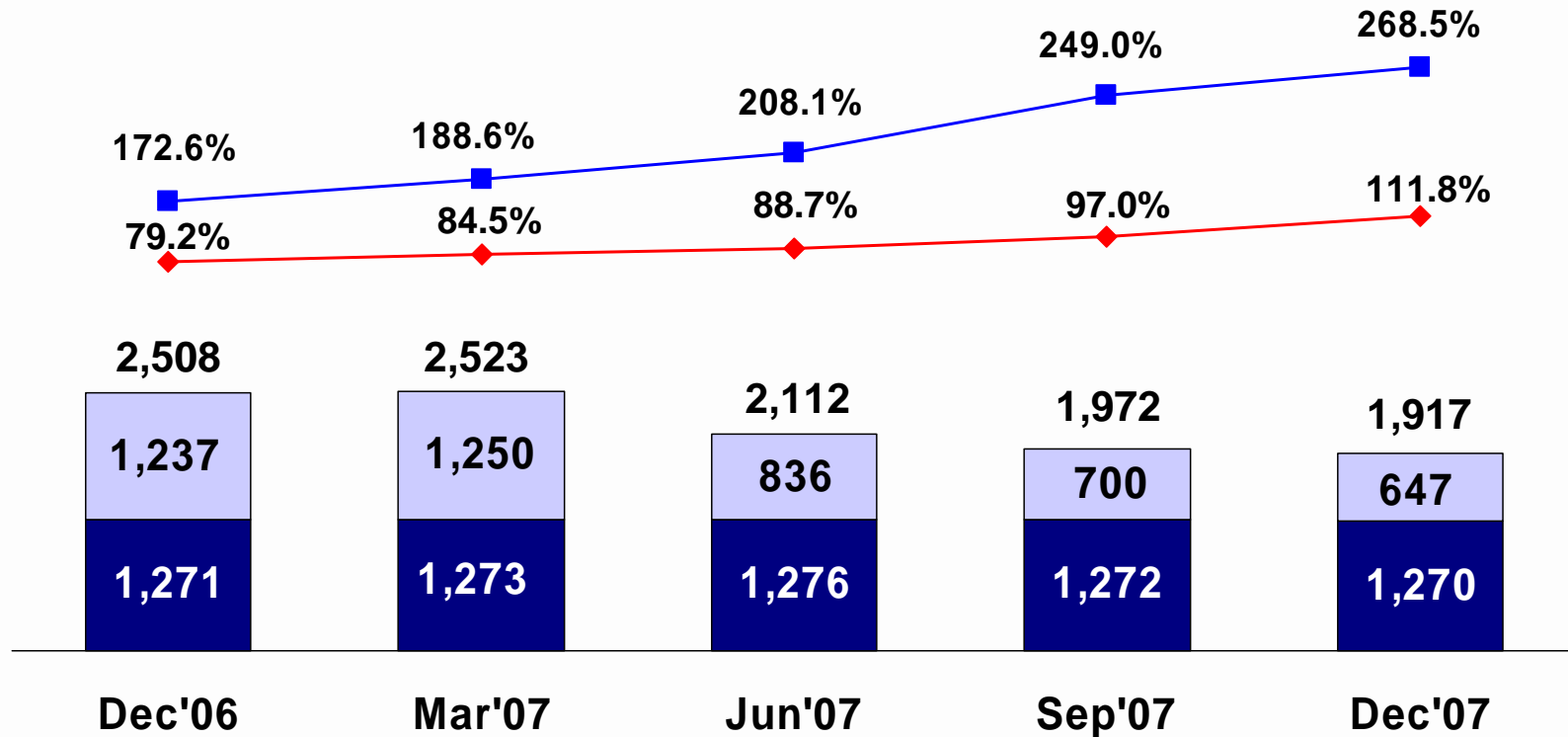
■ Net Customer Loans (\$b)      ■ Customer Deposits (\$b)  
◆ Loans / Deposits (L/D) Ratio (%)

# NPL Ratios Continue to Improve

<b>NPLs (\$m)</b>	<b>3,165</b>	<b>2,986</b>	<b>2,382</b>	<b>2,032</b>	<b>1,715</b>
<b>NPL Ratio</b>	<b>4.0%</b>	<b>3.7%</b>	<b>2.8%</b>	<b>2.3%</b>	<b>1.8%</b>



# Impairment Coverage Remained Strong



# Singapore (including ACU) – A Good Year

	2007	2006 *	+ / (-)	4Q07	3Q07	+ / (-)
	\$'m	\$'m	%	\$'m	\$'m	%
Net interest income	1,794	1,729	3.8	449	426	5.4
Non-interest income	1,152	856	34.6	296	235	26.0
<b>Total income</b>	<b>2,946</b>	<b>2,585</b>	<b>14.0</b>	<b>745</b>	<b>660</b>	<b>12.9</b>
Less: Total expenses	1,146	987	16.1	321	274	17.2
<b>Operating profit</b>	<b>1,800</b>	<b>1,598</b>	<b>12.6</b>	<b>424</b>	<b>386</b>	<b>9.8</b>
Less: Total impairment charges	70	75	(6.7)	61	(13)	NM
Add: Share of profit of associates	198	137	44.5	49	43	14.0
<b>Net profit before tax</b>	<b>1,928</b>	<b>1,660</b>	<b>16.2</b>	<b>412</b>	<b>442</b>	<b>(6.7)</b>

\* Excluding one-time gain

# Singapore (including ACU) – Improvement in All Areas

	2007	2006 *	+ / (-)	4Q07	3Q07	+ / (-)
	%	%	% pt	%	%	% pt
Net interest margin	1.84	1.77	0.07	1.72	1.72	-
Non-NII / Total income	39.1	33.1	6.0	39.7	35.6	4.1
Expense / Total income	38.9	38.2	0.7	43.1	41.5	1.6
Customer loans (net) – \$'m	57,312	47,749	20.0%	57,312	51,734	10.8%
Loans / Deposits	72.4	68.0	4.4	72.4	67.5	4.9
NPL ratio	1.1	2.8	(1.7)	1.1	1.5	(0.4)

\* Excluding one-time gain

# Malaysia – Strong Momentum

	2007	2006	+ / (-)	4Q07	3Q07	+ / (-)
	RM'm	RM'm	%	RM'm	RM'm	%
Net interest income	874	708	23.4	227	212	7.1
Non-interest income	433	417	3.8	128	93	37.6
<b>Total income</b>	<b>1,307</b>	<b>1,125</b>	<b>16.2</b>	<b>355</b>	<b>305</b>	<b>16.4</b>
Less: Total expenses	461	378	22.0	131	115	13.9
<b>Operating profit</b>	<b>846</b>	<b>747</b>	<b>13.3</b>	<b>224</b>	<b>190</b>	<b>17.9</b>
Less: Total impairment charges	186	58	220.7	41	22	86.4
Add: Share of profit of associates	22	33	(33.3)	(3)	9	(133.3)
<b>Net profit before tax</b>	<b>682</b>	<b>722</b>	<b>(5.5)</b>	<b>180</b>	<b>177</b>	<b>1.7</b>
<b>Net profit before tax (S\$m)</b>	<b>296</b>	<b>314</b>	<b>(5.5)</b>	<b>77</b>	<b>75</b>	<b>2.8</b>



# Malaysia – Competitive but Growing

	2007	2006	+ / (-)	4Q07	3Q07	+ / (-)
	%	%	% pt	%	%	% pt
Net interest margin	3.00	3.14	(0.14)	3.03	3.03	-
Non-NII / Total income	33.1	37.1	(4.0)	36.1	30.5	5.6
Expense / Total income	35.3	33.6	1.7	36.9	37.7	(0.8)
Customer loans (net) – RM'm	25,868	20,192	28.1%	25,868	24,071	7.5%
Loans / Deposits	104.2	88.8	15.4	104.2	100.0	4.2
NPL ratio	4.2	6.3	(2.1)	4.2	4.7	(0.5)

# Thailand – Year of Consolidation

	2007	2006	+ / (-)	4Q07	3Q07	+ / (-)
	THB'm	THB'm	%	THB'm	THB'm	%
Net interest income	6,645	6,270	6.0	1,767	1,731	2.1
Non-interest income	2,598	2,942	(11.7)	648	530	22.3
<b>Total income</b>	<b>9,243</b>	<b>9,212</b>	<b>0.3</b>	<b>2,415</b>	<b>2,261</b>	<b>6.8</b>
Less: Total expenses	6,535	6,160	6.1	1,699	1,644	3.3
<b>Operating profit</b>	<b>2,708</b>	<b>3,052</b>	<b>(11.3)</b>	<b>716</b>	<b>617</b>	<b>16.0</b>
Less: Total impairment charges	2,371	1,813	30.8	244	227	7.5
Add: Share of profit of associates	(7)	18	(138.9)	(2)	(2)	-
<b>Net profit before tax</b>	<b>330</b>	<b>1,257</b>	<b>(73.7)</b>	<b>470</b>	<b>388</b>	<b>21.1</b>
<b>Net profit before tax (S\$m)</b>	<b>16</b>	<b>55</b>	<b>(71.2)</b>	<b>22</b>	<b>19</b>	<b>18.6</b>

# Thailand – Growing Momentum

	2007	2006	+ / (-)	4Q07	3Q07	+ / (-)
	%	%	% pt	%	%	% pt
Net interest margin	3.49	3.76	(0.27)	3.66	3.57	0.09
Non-NII / Total income	28.1	31.9	(3.8)	26.8	23.4	3.4
Expense / Total income	70.7	66.9	3.8	70.4	72.7	(2.3)
Customer loans (net) – THB'm	143,830	146,009	(1.5)%	143,830	139,761	2.9%
Loans / Deposits	90.3	95.6	(5.3)	90.3	79.7	10.6
NPL ratio	6.5	12.9	(6.4)	6.5	6.6	(0.1)

# Indonesia – Good Progress

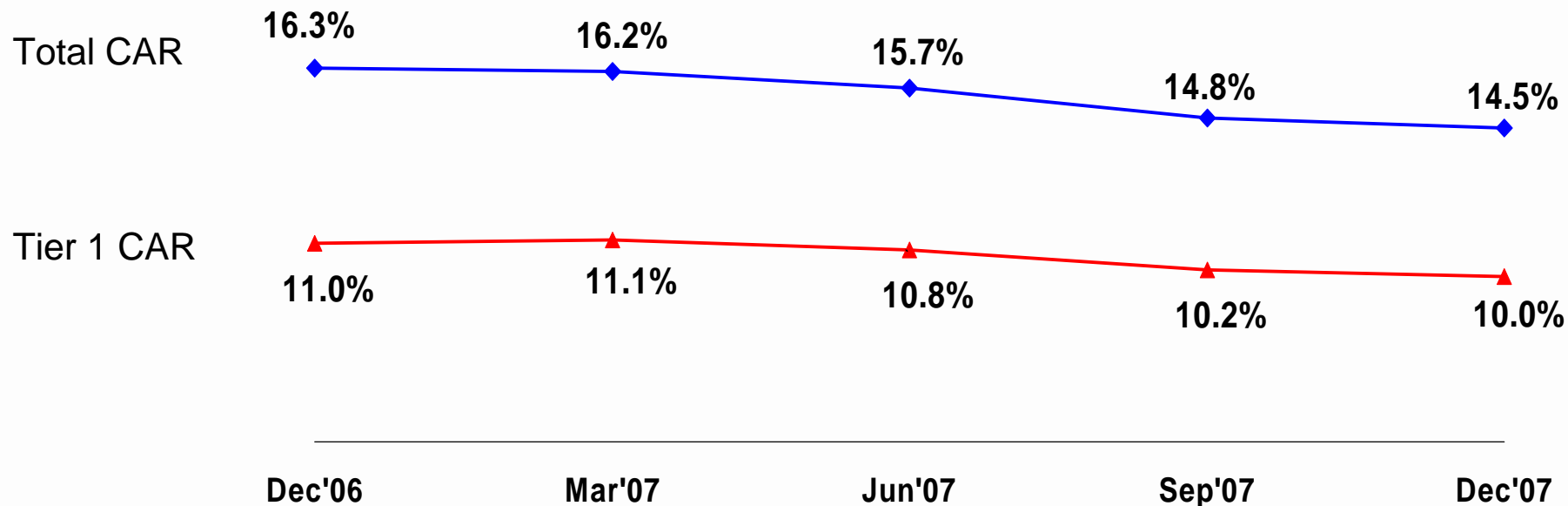
	2007	2006	+ / (-)	4Q07	3Q07	+ / (-)
	IDR'b	IDR'b	%	IDR'b	IDR'b	%
Net interest income	1,384	1,346	2.8	344	338	1.8
Non-interest income	303	333	(9.0)	78	80	(2.5)
<b>Total income</b>	<b>1,687</b>	<b>1,679</b>	<b>0.5</b>	<b>422</b>	<b>418</b>	<b>1.0</b>
Less: Total expenses	837	744	12.5	235	225	4.4
<b>Operating profit</b>	<b>850</b>	<b>935</b>	<b>(9.1)</b>	<b>187</b>	<b>193</b>	<b>(3.1)</b>
Less: Total impairment charges	(29)	113	(125.7)	(2)	(40)	95.0
<b>Net profit before tax</b>	<b>879</b>	<b>822</b>	<b>6.9</b>	<b>189</b>	<b>233</b>	<b>(18.9)</b>
<b>Net profit before tax (S\$m)</b>	<b>134</b>	<b>140</b>	<b>(4.0)</b>	<b>22</b>	<b>35</b>	<b>(37.6)</b>

## Indonesia – Competitive, but Strengthen Market Position

	2007	2006	+ / (-)	4Q07	3Q07	+ / (-)
	%	%	% pt	%	%	% pt
Net interest margin	5.98	7.07	(1.09)	5.53	5.51	0.02
Non-NII / Total income	18.0	19.8	(1.8)	18.5	19.1	(0.6)
Expense / Total income	49.6	44.3	5.3	55.7	53.8	1.9
Customer loans (net) – IDR'b	18,143	14,619	24.1%	18,143	16,474	10.1%
Loans / Deposits	99.0	97.0	2.0	99.0	93.0	6.0
NPL ratio	2.0	3.7	(1.7)	2.0	2.2	(0.2)

# Strong Capital Position

## Capital Adequacy Ratios (CAR)



	Dec'06	Mar'07	Jun'07	Sep'07	Dec'07
Tier 1 Capital	11,888	12,451	12,382	12,210	12,461
Risk-Weighted Assets	108,405	111,781	114,842	120,181	124,772

\$m

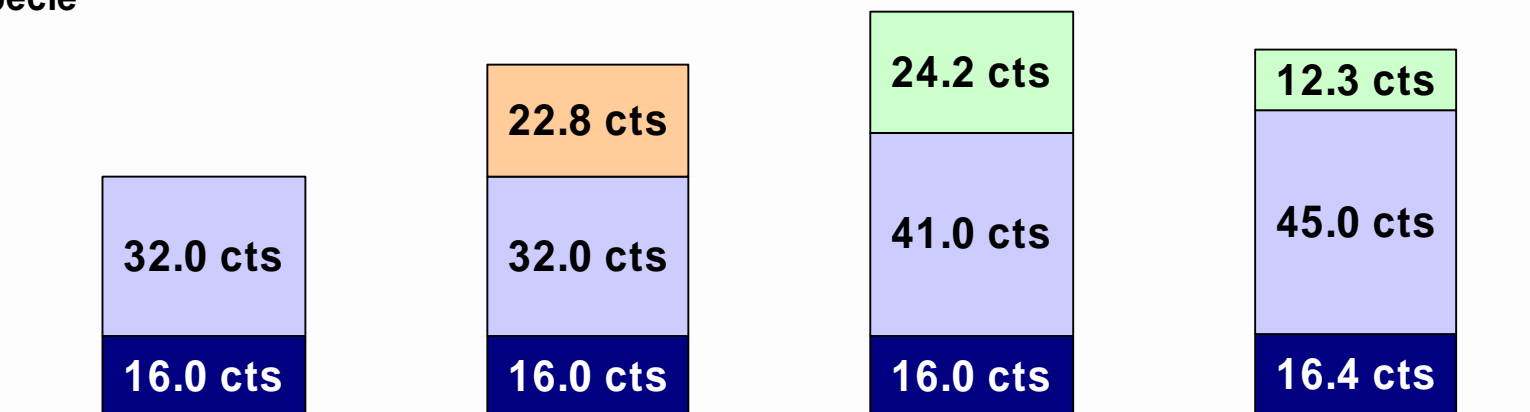
# Maintain High Net Dividend Rate

Special

Dividend in Specie

Final

Interim



2004

2005

2006

2007

Special Dividend

-

\$351m\*

\$369m

\$187m

Cash Dividend

\$744m

\$737m

\$868m

\$929m

Dividend Payout

\$744m

\$1,088m

\$1,237m

\$1,116m

Dividend Payout Ratio

51%

64%

48%

53%

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

## In Summary ...

- Net profit grew 12.1% to reach \$2.1 billion
- Growth in core business - NII and fee income
- Strong loan growth
- Continued discipline in expense control
- Improved asset quality
- High payout ratio



# Update on CDOs

- Further reduction in **CDO** exposure with additional provision taken.

			4Q07 Allowance		Cumulative Allowance	
	Dec'07	Sep'07	P/L	Reserves	P/L	Reserves
	\$m	\$m	\$m	\$m	\$m	\$m
ABS	86	90	39	-	40	35
Corporate	229	298	6	13	59	25
<b>Total</b>	<b>315</b>	<b>388</b>	<b>45</b>	<b>13</b>	<b>99</b>	<b>60</b>

- Overall **CDO** exposure remains small (less than 0.2% of our balance sheet), and will not have a material impact on our performance.
- Archer**, the Asset-Backed Commercial Paper managed by UOB, was wound down and fully redeemed as at 31 December 2007.

# Update on CDOs (cont'd)

- **UOB Asset Management** only manages clients' money and does not have any direct investment in their books. CDOs under management have declined due mainly to maturity.

	Dec'07	Sep'07
	\$b	\$b
ABS	2.8	3.0
Corporate	5.7	8.4
<b>Total</b>	<b>8.5</b>	<b>11.4</b>

- By March 2008, another \$2.5 billion will mature.
- **UOB Life** has \$43 million of corporate CDOs in Life Fund (not Shareholders Fund), of which \$36 million will mature by March 2008.