

# UOB Group First Half / Second Quarter 2007 Results Briefing

## FINANCIAL HIGHLIGHTS

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# Agenda

1

**Review of Financial Performance**

2

**Business & Geographical Segments**

3

**Loans, Deposits & Asset Quality**

4

**Review of Key Territories**

5

**Capital Management**

# Profit Growth 25.0% Achieved in 1<sup>st</sup> Half 2007

	1H07 \$m	1H06 \$m	+ / (-) %
Net interest income	1,523	1,324	15.0
Non-interest income	968	660	46.6
<b>Total income</b>	<b>2,490</b>	<b>1,984</b>	<b>25.5</b>
Less: Total expenses	976	815	19.7
<b>Operating profit</b>	<b>1,515</b>	<b>1,169</b>	<b>29.5</b>
Less: Intangible assets amortised	6	6	(1.1)
Impairment charges on loans	119	86	38.1
Other impairment charges	50	5	NM
Add: Share of profit of associates	112	71	58.4
Less: Tax & minority interests	350	261	33.9
<b>Net Profit After Tax (NPAT)</b>	<b>1,103</b>	<b>882*</b>	<b>25.0</b>

\* NPAT was \$1,571m including one-time gain

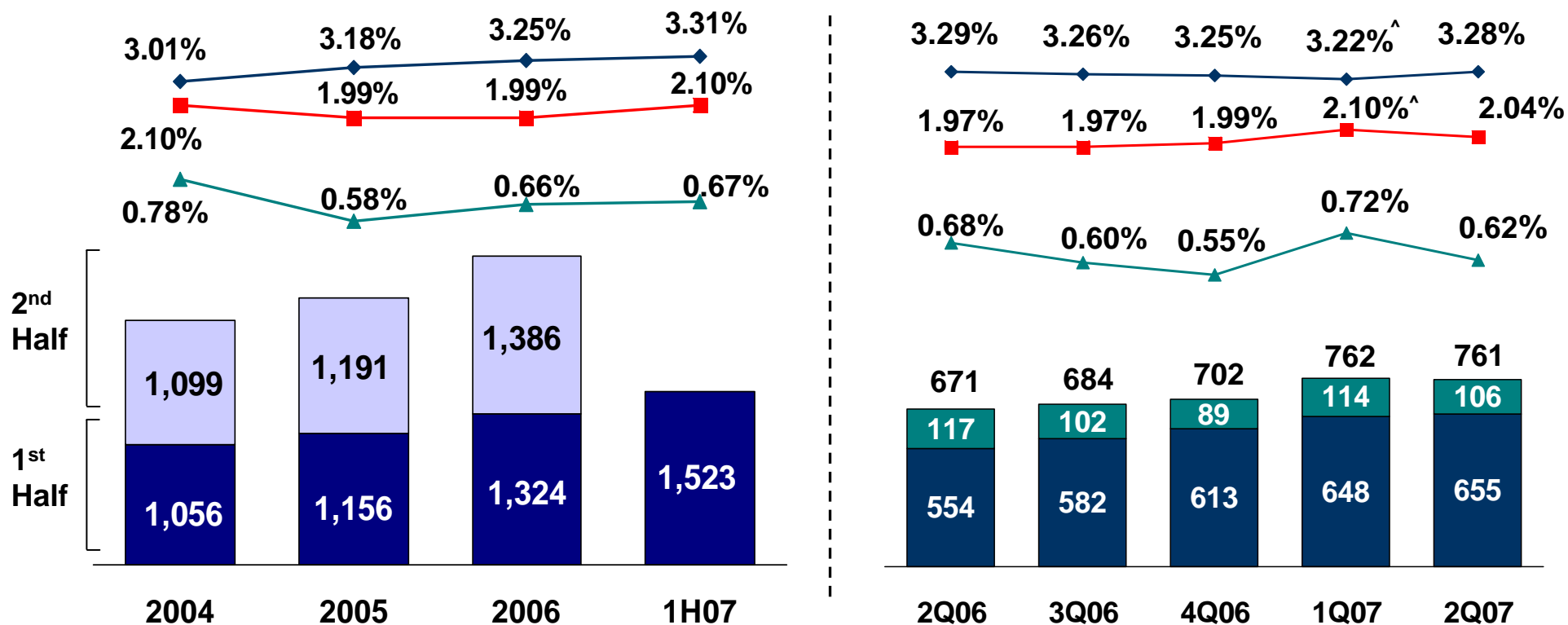
# Higher Profit in 2<sup>nd</sup> Quarter 2007

	2Q07	1Q07	+ / (-)	2Q06	+ / (-)
	\$m	\$m	%	\$m	%
Net interest income	761	762	(0.1)	671	13.4
Non-interest income	536	432	24.1	310	72.7
<b>Total income</b>	<b>1,297</b>	<b>1,194</b>	<b>8.7</b>	<b>981</b>	<b>32.2</b>
Less: Total expenses	504	472	6.8	419	20.3
<b>Operating profit</b>	<b>793</b>	<b>722</b>	<b>9.9</b>	<b>562</b>	<b>41.0</b>
Less: Intangible assets amortised	3	3	3.9	3	5.1
Impairment charges on loans	33	86	(62.0)	27	20.3
Other impairment charges	48	1	NM	8	480.2
Add: Share of profit of associates	65	47	38.8	41	61.2
Less: Tax & minority interests	190	160	18.4	122	56.0
<b>Net Profit After Tax (NPAT)</b>	<b>585</b>	<b>518</b>	<b>12.8</b>	<b>443*</b>	<b>32.0</b>

\* NPAT was \$1,132m including one-time gain

# Higher Net Interest Income Year-on-Year

## Net Interest Income and Margin



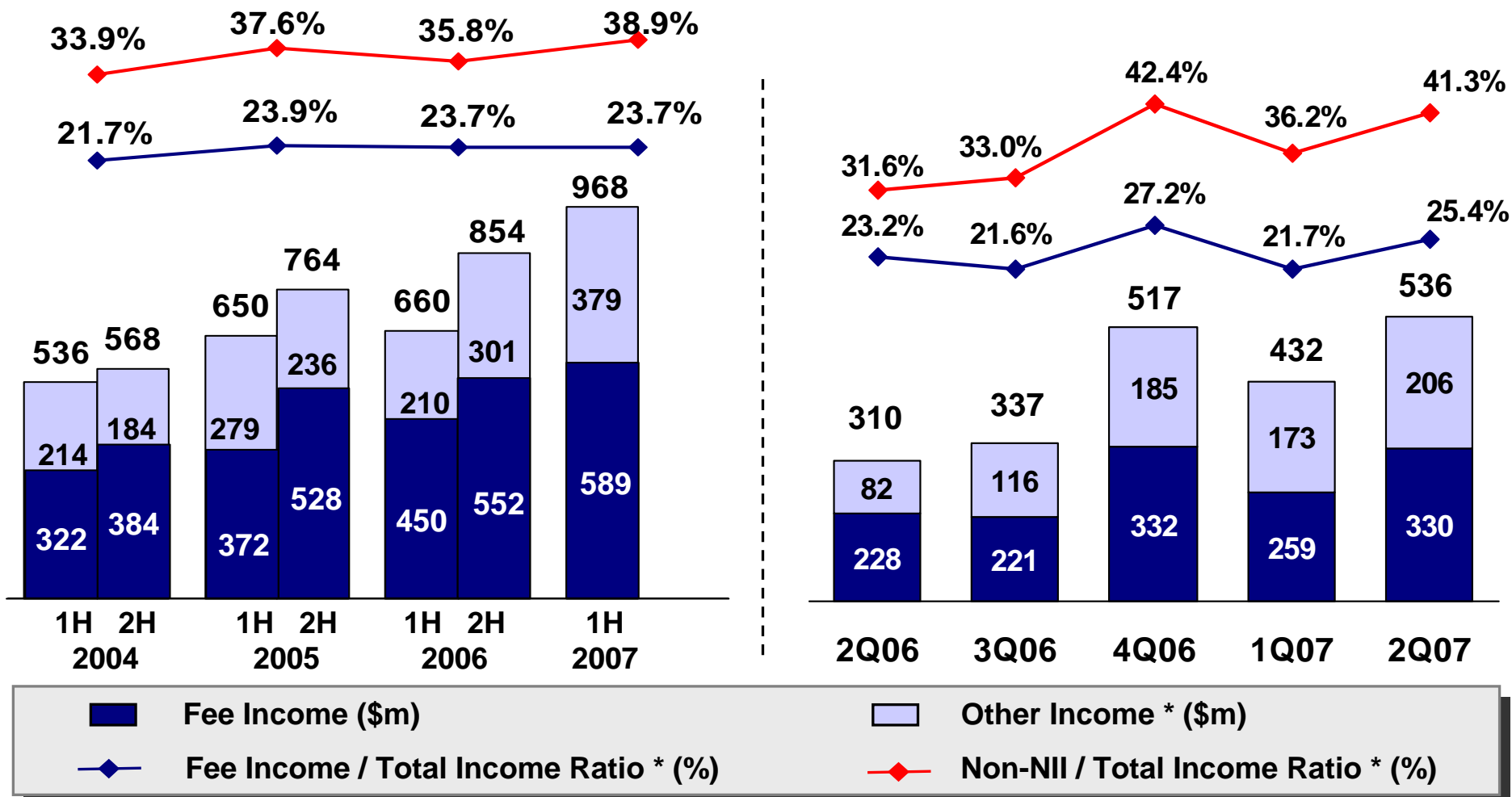
■ Net Interest Income (NII) (\$m)    
 ■ NII from Loans (\$m)    
 ■ NII from Interbank / Securities (\$m)

■ Net Interest Margin (%)    
 ◆ Loan Margin (%)    
 ▲ Interbank / Securities Margin (%)

^ Excluding interest recovery

# Higher Fee and Commission Income

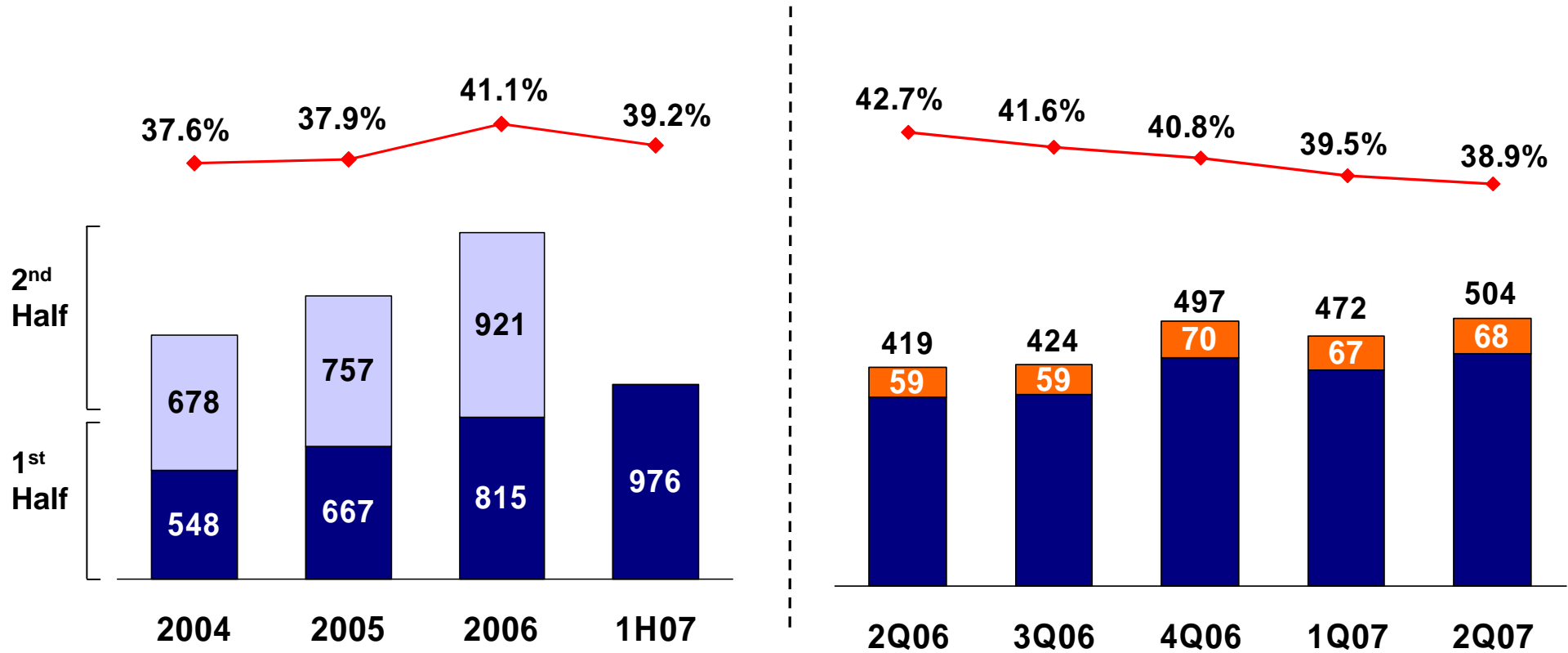
## Non-Interest Income (Non-NII) and Non-NII Ratio



\* Excluding one-time income for 1H06 and 2Q06

# Continue Infrastructure Investments

## Operating Expenses and Expense / Income Ratio

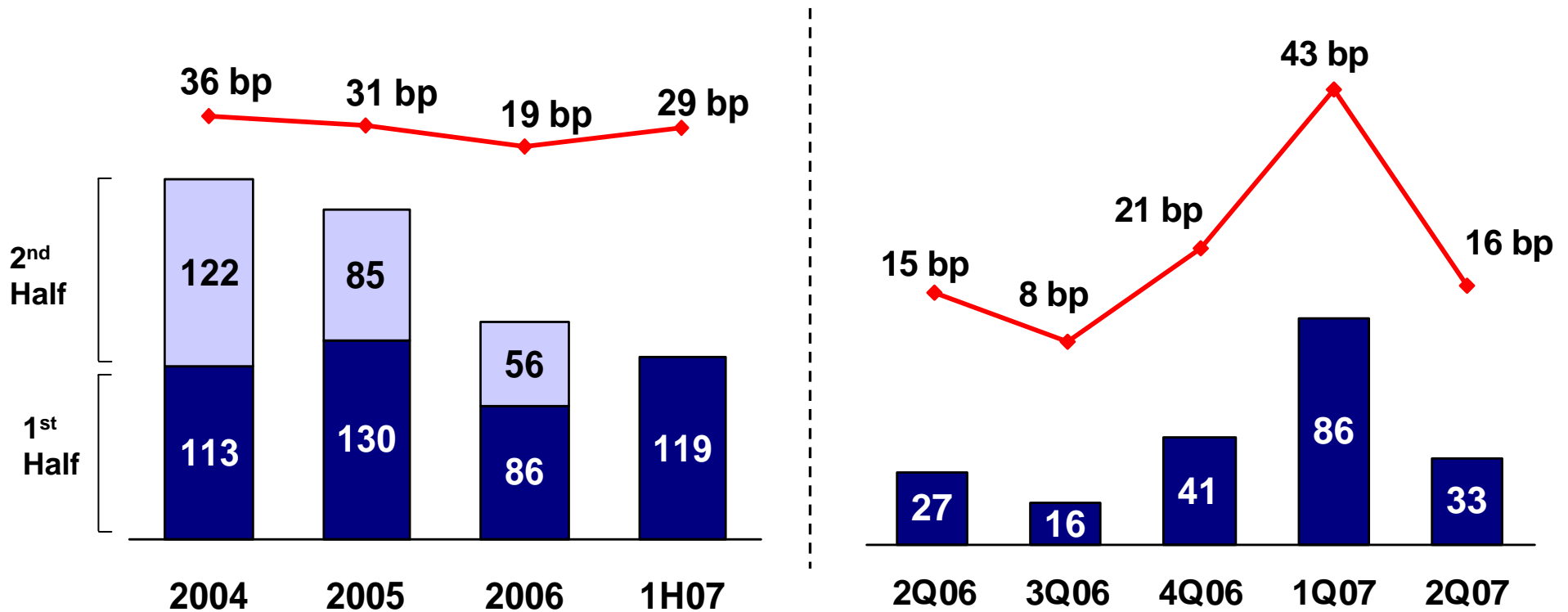


■ Operating Expenses (\$m)     
 ■ IT Expenses (\$m)     
 ◆ Expense / Income Ratio \* (%)

\* Excluding one-time income for 1H06 and 2Q06

# Individual Impairment Charges on Loans

## 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



# Operating Profit Contribution by Business Segment

## Business Segment

<u>Segment Operating Profit</u>	1H07	1H06	+ / (-)
	\$m	\$m	%
Personal Financial Services	456	343	32.9
Institutional Financial Services	727	556	30.8
Global Markets & Investment Mgt	255	201	26.9
Other *	77	69	11.6
<b>Total</b>	<b>1,515</b>	<b>1,169</b>	<b>29.5</b>

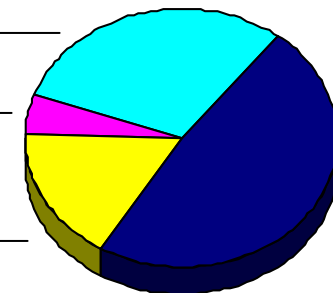
### 1H07

Personal : 30%

Other : 5%

Global Markets &  
Invnt Mgt : 17%

Institutional : 48%



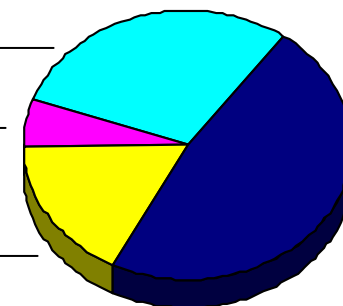
### 1H06

Personal : 29%

Other : 6%

Global Markets &  
Invnt Mgt : 17%

Institutional : 48%



\* Excluding one-time income for 1H06 and including unallocated expenses

# Higher Operating Profit Contribution from Overseas Operations

## Geographical Segment

	1H07	1H06	+ / (-)
<u>Operating Profit *</u>	<u>\$m</u>	<u>\$m</u>	<u>%</u>
Singapore (including ACU) **	990	771	28.4
Other ASEAN countries	339	280	21.1
Other Asia-Pacific countries	72	40	80.0
Rest of the World	114	78	46.2
<b>Operating Profit</b>	<b>1,515</b>	<b>1,169</b>	<b>29.5</b>

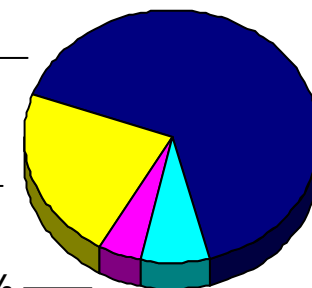
### 1H07

Singapore : 65%

Other ASEAN : 22%

Other Asia-Pacific : 5%

Rest of the world : 8%



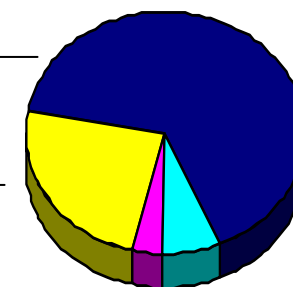
### 1H06

Singapore : 66%

Other ASEAN : 24%

Other Asia-Pacific : 3%

Rest of the world : 7%

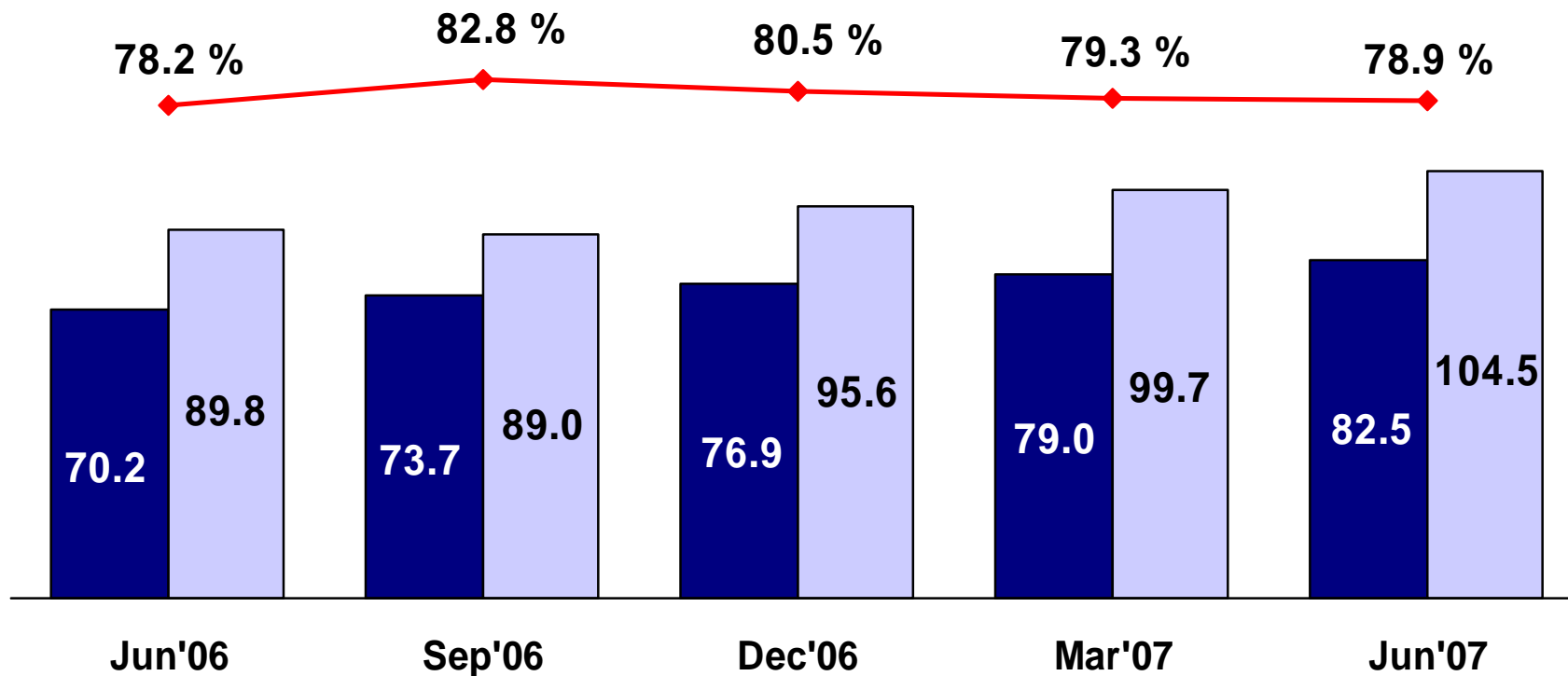


\* Before amortisation and impairment charges

\*\* Excluding one-time income for 1H06

# Increase in Loans and Deposits

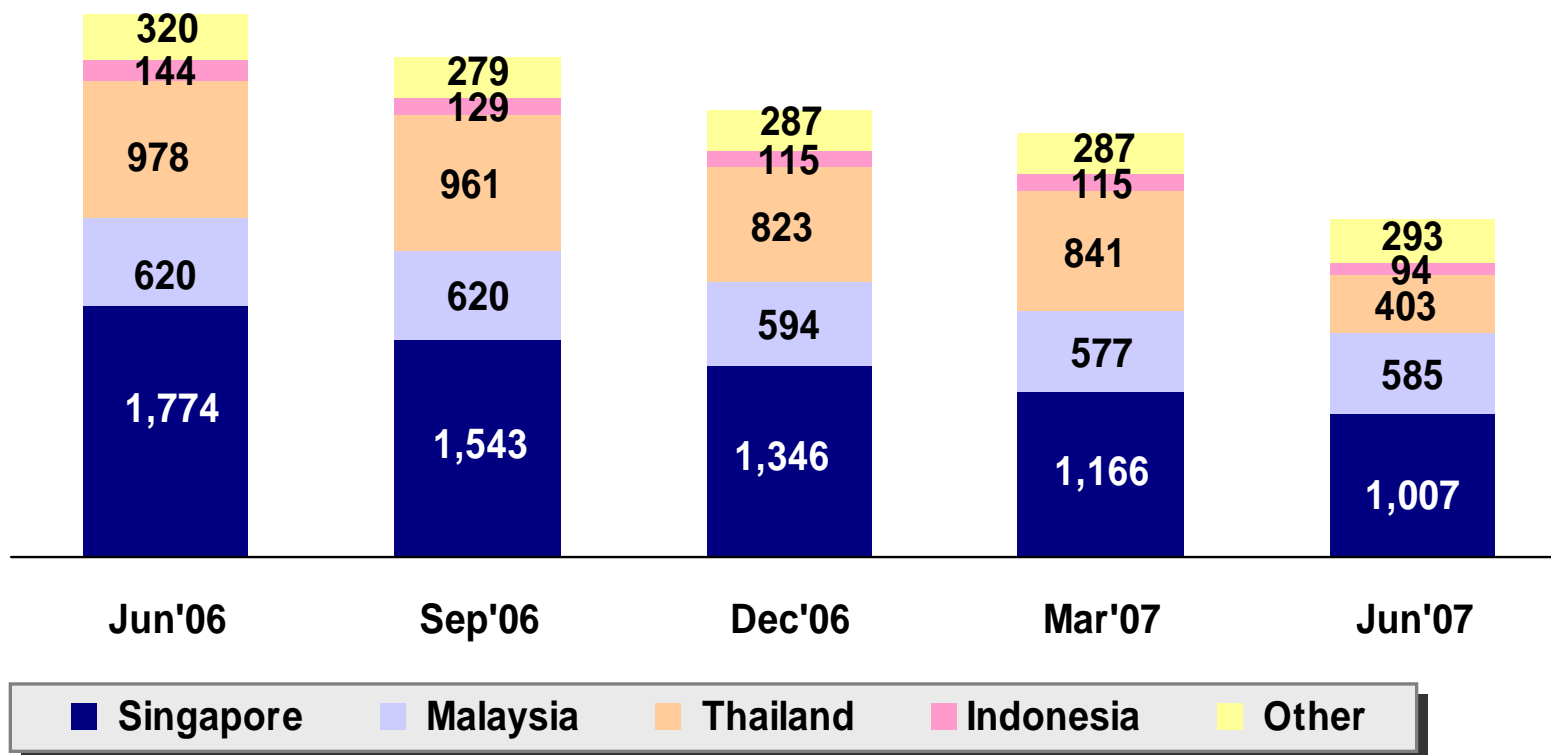
## Customer Loans, Deposits and L/D Ratio



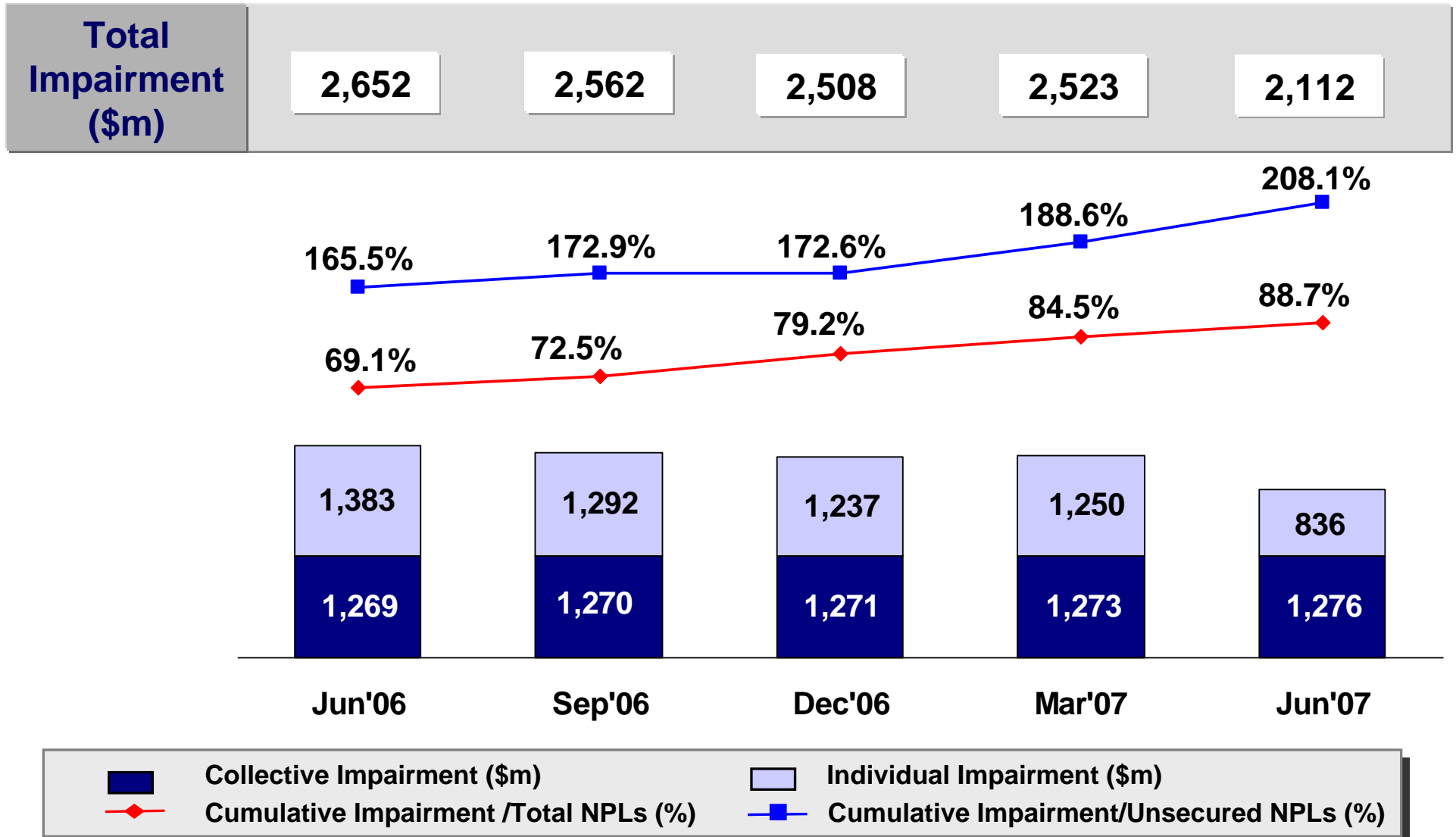
■ Net Customer Loans (\$b)      □ Customer Deposits (\$b)  
◆ Loans / Deposits (L/D) Ratio (%)

# Continued Decrease in NPLs

<b>Group:</b>					
<b>NPLs (\$m)</b>	3,836	3,532	3,165	2,986	2,382
<b>NPL Ratio</b>	5.3%	4.6%	4.0%	3.7%	2.8%



# Impairment Coverage Remained Adequate



# Malaysia – Summarised P/L

	1H07	1H06	+ / (-)	2Q07	1Q07	+ / (-)
	RM'm	RM'm	%	RM'm	RM'm	%
Net interest income	435	332	31.0	202	233	(13.3)
Non-interest income	212	174	21.8	124	88	40.9
<b>Total income</b>	<b>647</b>	<b>506</b>	<b>27.9</b>	<b>326</b>	<b>321</b>	<b>1.6</b>
Less: Total expenses	215	165	30.3	112	103	8.7
<b>Operating profit</b>	<b>432</b>	<b>341</b>	<b>26.7</b>	<b>214</b>	<b>218</b>	<b>(1.8)</b>
Less: Total impairment charges	123	(5)	NM	53	70	(24.3)
Add: Share of profit of associates	16	17	(5.9)	8	8	-
<b>Net profit before tax</b>	<b>325</b>	<b>363</b>	<b>(10.5)</b>	<b>169</b>	<b>156</b>	<b>8.3</b>
<b>Net profit before tax (S\$m)</b>	<b>144</b>	<b>157</b>	<b>(8.3)</b>	<b>75</b>	<b>69</b>	<b>8.7</b>

# Malaysia – Key Financial Indicators

	1H07	1H06	+ / (-)	2Q07	1Q07	+ / (-)
	%	%	% pt	%	%	% pt
Net interest margin	2.98	2.99	(0.01)	2.65	3.35	(0.70)
Non-NII / Total income	32.8	34.4	(1.6)	38.0	27.4	10.6
Expense / Total income	33.2	32.6	0.6	34.4	32.1	2.3
Customer loans (net) – RM'm	22,460	18,777	19.6%	22,460	21,148	6.2%
Loans / Deposits	90.9	91.3	(0.4)	90.9	93.3	(2.4)
NPL ratio	5.4	6.9	(1.5)	5.4	5.7	(0.3)

# Thailand – Summarised P/L

	1H07	1H06	+ / (-)	2Q07	1Q07	+ / (-)
	THB'm	THB'm	%	THB'm	THB'm	%
Net interest income	3,147	3,201	(1.7)	1,556	1,591	(2.2)
Non-interest income	1,420	1,387	2.4	718	702	2.3
<b>Total income</b>	<b>4,567</b>	<b>4,588</b>	<b>(0.5)</b>	<b>2,274</b>	<b>2,293</b>	<b>(0.8)</b>
Less: Total expenses	3,192	2,902	10.0	1,607	1,585	1.4
<b>Operating profit</b>	<b>1,375</b>	<b>1,686</b>	<b>(18.4)</b>	<b>667</b>	<b>708</b>	<b>(5.8)</b>
Less: Total impairment charges	1,900	1,253	51.6	1,131	769	47.1
Add: Share of profit of associates	(3)	18	(116.7)	2	(5)	NM
<b>Net profit before tax</b>	<b>(528)</b>	<b>451</b>	<b>(217.1)</b>	<b>(462)</b>	<b>(66)</b>	<b>(600.0)</b>
<b>Net profit before tax (S\$m)</b>	<b>(25)</b>	<b>19</b>	<b>(231.6)</b>	<b>(22)</b>	<b>(3)</b>	<b>(633.3)</b>



# Thailand – Key Financial Indicators

	1H07	1H06	+ / (-)	2Q07	1Q07	+ / (-)
	%	%	% pt	%	%	% pt
Net interest margin	3.34	3.89	(0.55)	3.25	3.51	(0.26)
Non-NII / Total income	31.1	30.2	0.9	31.6	30.6	1.0
Expense / Total income	69.9	63.3	6.6	70.7	69.1	1.6
Customer loans (net) – THB'm	137,552	147,738	(6.9)%	137,552	144,915	(5.1)%
Loans / Deposits	80.5	97.9	(17.4)	80.5	74.7	5.8
NPL ratio	5.8	14.6	(8.8)	5.8	11.4	(5.6)

# Indonesia – Summarised P/L

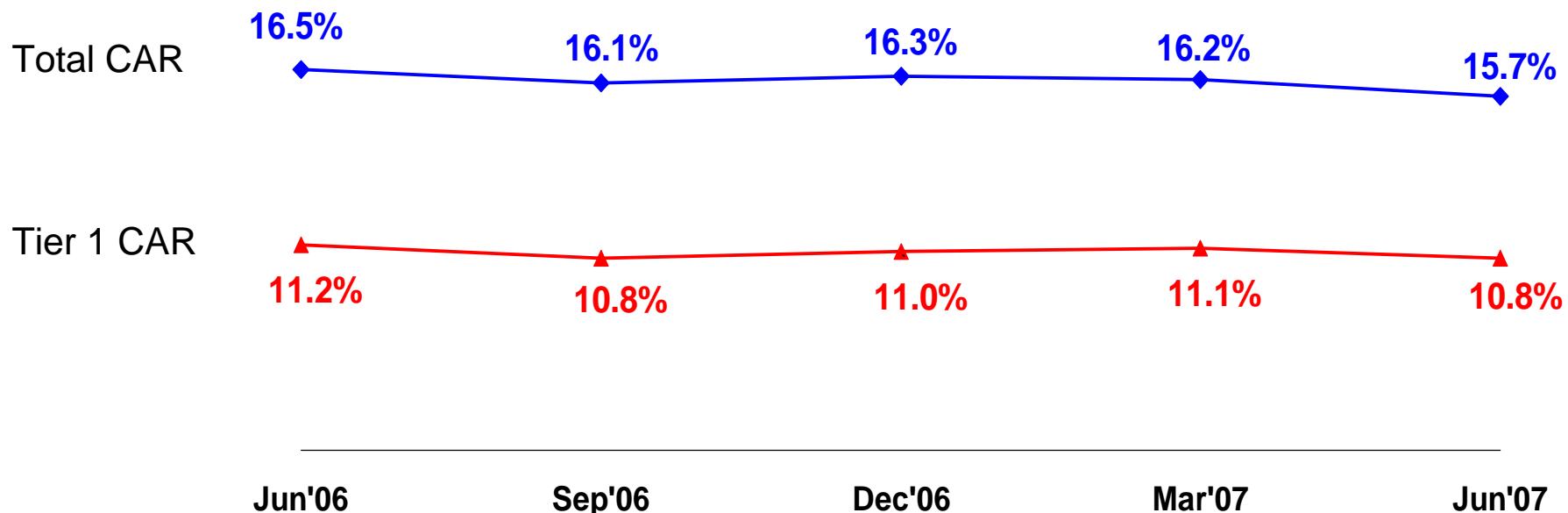
	1H07	1H06	+ / (-)	2Q07	1Q07	+ / (-)
	IDR'b	IDR'b	%	IDR'b	IDR'b	%
Net interest income	702	616	14.0	343	359	(4.5)
Non-interest income	145	167	(13.2)	82	63	30.2
<b>Total income</b>	<b>847</b>	<b>783</b>	<b>8.2</b>	<b>425</b>	<b>422</b>	<b>0.7</b>
Less: Total expenses	377	346	9.0	192	185	3.8
<b>Operating profit</b>	<b>470</b>	<b>437</b>	<b>7.6</b>	<b>233</b>	<b>237</b>	<b>(1.7)</b>
Less: Total impairment charges	13	62	(79.0)	1	12	(91.7)
<b>Net profit before tax</b>	<b>457</b>	<b>375</b>	<b>21.9</b>	<b>232</b>	<b>225</b>	<b>3.1</b>
<b>Net profit before tax (S\$m)</b>	<b>77</b>	<b>64</b>	<b>20.3</b>	<b>40</b>	<b>37</b>	<b>8.1</b>

# Indonesia – Key Financial Indicators

	1H07	1H06	+ / (-)	2Q07	1Q07	+ / (-)
	%	%	% pt	%	%	% pt
Net interest margin	6.57	6.61	(0.04)	6.32	6.93	(0.61)
Non-NII / Total income	17.1	21.3	(4.2)	19.3	14.9	4.4
Expense / Total income	44.5	44.2	0.3	45.2	43.8	1.4
Customer loans (net) – IDR'b	15,770	12,570	25.5%	15,770	15,364	2.6%
Loans / Deposits	96.0	81.6	14.4	96.0	97.0	(1.0)
NPL ratio	2.8	4.7	(1.9)	2.8	3.0	(0.2)

# Strong Capital Position

## Capital Adequacy Ratios (CAR)



\$m

Tier 1 Capital	11,379	11,354	11,888	12,451	12,382
Risk-Weighted Assets	101,712	105,250	108,405	111,781	114,842

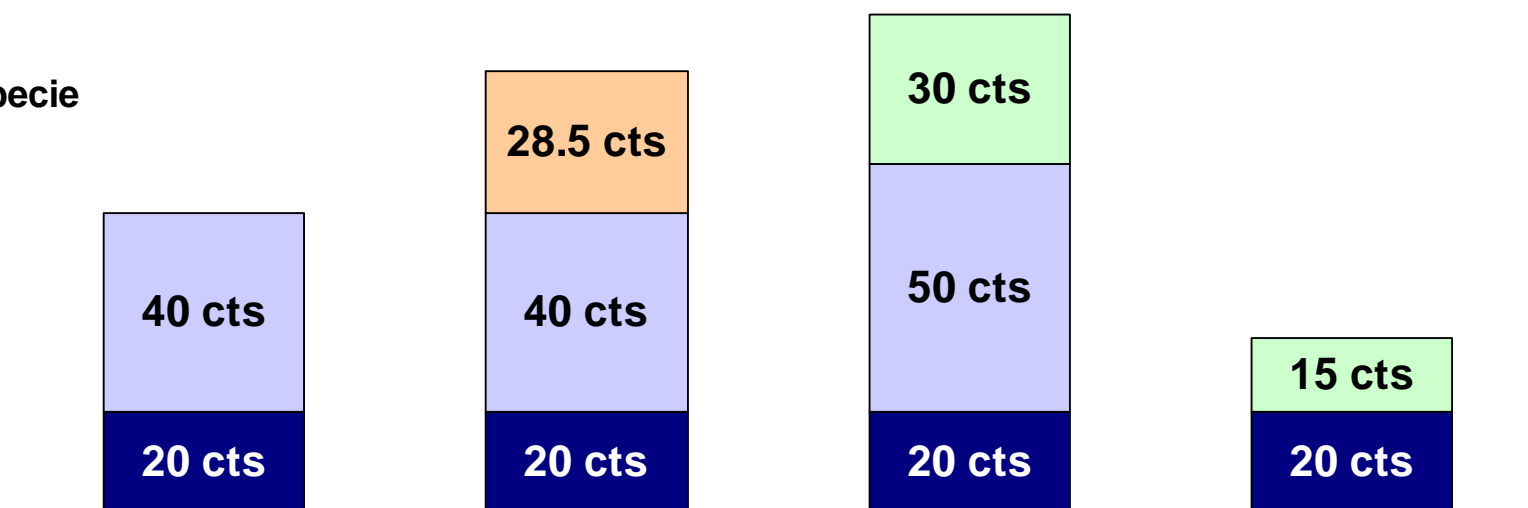
# Maintain High Dividend Rate

Special

Dividend in Specie

Final

Interim



2004

2005

2006

1H07

Special Dividend

-

\$351m\*

\$369m

\$187m

Cash Dividend

\$744m

\$737m

\$868m

\$250m

Dividend Payout

\$744m

\$1,088m

\$1,237m

\$437m

Dividend Payout Ratio

51%

64%

48%

40%

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

## In Summary ...

- Net profit grew 25.0% to reach \$1.1 billion in 1<sup>st</sup> Half 2007, 12.8% increase QoQ
- Strong broad based fee and other income growth
- Strong broad based loan growth across all segments and countries
- Continued discipline in expense control
- Continued improvement in asset quality
- High payout ratio