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27 February 2008

**File No. 82-2947**

Securities & Exchange Commission  
Division of Corporate Finance  
Room 3094(3-6)  
450 Fifth Street, N.W.  
Washington, DC 20549  
USA

SEC  
Mail Processing  
Section

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Washington, DC  
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**SUPL**

Dear Sir

**AUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007**

We enclose a copy of our announcement dated 27 February 2008 in regard to the above matter for your information.

Yours faithfully  
for UNITED OVERSEAS BANK LIMITED



Leo Hee Wui  
Assistant Secretary

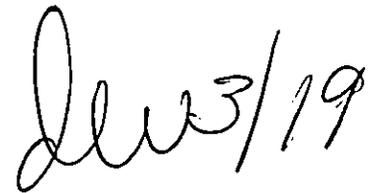
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**UNITED OVERSEAS BANK LIMITED**

*Incorporated in the Republic of Singapore  
Company Registration Number: 193500026Z*

To : All Shareholders

The Board of Directors of United Overseas Bank Limited wishes to make the following announcement:

**Financial Results**

The financial results of the Group for the financial year / fourth quarter of 2007 are enclosed.

**Ordinary Share Dividend**

The Directors recommend the payment of a final one-tier tax exempt dividend of 45 cents per ordinary share (2006: final dividend of 50 cents and special final dividend of 10 cents per ordinary share less 18% Singapore income tax) in respect of the financial year ended 31 December 2007.

Together with the interim dividend of 20 cents and special interim dividend of 15 cents per ordinary share less 18% Singapore income tax (2006: interim dividend of 20 cents and special interim dividend of 20 cents per ordinary share less 20% Singapore income tax) paid in September 2007, the total net dividend for the financial year ended 31 December 2007 will be 73.7 cents (2006: 81.2 cents) per ordinary share amounting to \$1,116 million (2006: \$1,237 million). The total net dividend payment could be more if options under the UOB 1999 Share Option Scheme are exercised for shares by the books closure date.

All existing holders of options under the UOB 1999 Share Option Scheme who exercise their options for shares by the books closure date will be entitled to the final dividend, in accordance with the terms of the scheme. Subject to shareholders' approval at the forthcoming Annual General Meeting to be held on 30 April 2008, the final dividend for the financial year ended 31 December 2007 will be paid on 26 May 2008.

**Subsidiary Preference Share Dividend**

During the financial year, semi-annual dividends at an annual rate of 5.796% totalling USD29 million, approximately S\$44 million (2006: USD22 million, approximately S\$35 million) were paid on the 5,000 non-cumulative non-convertible guaranteed SPV-A preference shares issued by the Bank's wholly-owned subsidiary, UOB Cayman I Limited.

**Closure of Books**

Notice is hereby given that, subject to shareholders' approval of the payment of the aforementioned ordinary share dividend at the Annual General Meeting, the Share Transfer Books and Registers of Members of the Bank will be closed from 13 May 2008 to 14 May 2008, both dates inclusive. Duly completed transfers received by the Bank's Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 3 Church Street #08-01 Samsung Hub, Singapore 049483 up to 5.00 pm on 12 May 2008 will be registered to determine shareholders' entitlements to the proposed final dividend. In respect of ordinary shares in securities accounts with The Central Depository (Pte) Ltd ("CDP"), the final dividend will be paid by the Bank to CDP which will, in turn, distribute the dividend entitlements to shareholders.

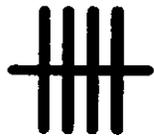
**BY ORDER OF THE BOARD**

**UNITED OVERSEAS BANK LIMITED**

  
Mrs Vivien Chan  
Secretary

Dated this 27<sup>th</sup> day of February 2008

The results are also available at the Bank's website at [www.uobgroup.com](http://www.uobgroup.com)



# **United Overseas Bank Limited**

Incorporated in the Republic of Singapore  
Company Registration Number: 193500026Z

## **Group Financial Report for the Financial Year 2007**

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### **Notes:**

- 1 The financial statements are presented in Singapore dollars.
- 2 Certain comparative figures have been restated to conform with the current period's presentation.
- 3 Certain figures in this report may not add up to the respective totals due to rounding.
- 4 Amounts less than \$500,000 in absolute term are shown as "0".

## Financial Highlights

	2007	2006	+ / (-) %	4Q07	3Q07	+ / (-) %	4Q06	+ / (-) %
<b>Profit and Loss Summary (\$m)</b>								
Net interest income	2,980	2,710	10.0	743	714	4.1	702	5.9
Non-interest income	1,892	1,514	25.0	532	393	35.5	517	2.9
Total income	4,872	4,224	15.3	1,275	1,107	15.2	1,219	4.7
Less: Total expenses	2,018	1,736	16.3	556	487	14.1	497	11.9
Operating profit	2,854	2,488	14.7	719	620	16.1	722	(0.3)
Less: Intangible assets	11	13	(10.3)	2	3	(18.1)	3	(25.9)
Less: Impairment charges	300	181	66.0	128	4	NM	64	98.2
Add: Share of profit of associates	207	152	36.8	48	47	1.6	50	(4.2)
Less: Tax and minority interests	641	564	13.5	131	159	(17.7)	167	(21.5)
Net profit excluding one-time gain	2,109	1,882	12.1	506	501	1.1	537	(5.7)
Add: One-time gain <sup>1</sup>	-	689	(100.0)	-	-	NM	-	NM
Net profit after tax <sup>2</sup>	2,109	2,570	(17.9)	506	501	1.1	537	(5.7)

### Financial Indicators (excluding one-time gain <sup>1</sup>)

<b>Income mix (%)</b>								
Net interest income	61.2	64.2	(3.0)% pt	58.3	64.5	(6.2)% pt	57.6	0.7% pt
Non-interest income	38.8	35.8	3.0% pt	41.7	35.5	6.2% pt	42.4	(0.7)% pt
<b>Profit distribution (%)</b>								
Singapore	69.8	67.5	2.3% pt	64.5	66.7	(2.2)% pt	65.1	(0.6)% pt
Overseas	30.2	32.5	(2.3)% pt	35.5	33.3	2.2% pt	34.9	0.6% pt
Basic earnings per ordinary share (\$) <sup>3,4</sup>	1.36	1.20	13.3	1.31	1.29	1.6	1.38	(5.1)
Return on average ordinary shareholders' equity (%) <sup>3,4</sup>	12.6	12.3	0.3% pt	12.0	11.9	0.1% pt	13.6	(1.6)% pt
Return on average total assets (%) <sup>4</sup>	1.24	1.21	0.03% pt	1.16	1.18	(0.02)% pt	1.34	(0.18)% pt
Net interest margin (%) <sup>4</sup>	2.04	1.99	0.05% pt	1.94	1.93	0.01% pt	1.99	(0.05)% pt
Expense / Income ratio (%)	41.4	41.1	0.3% pt	43.6	44.0	(0.4)% pt	40.8	2.8% pt
<b>Net dividend per ordinary share (¢)</b>								
Interim	16.4	16.0	2.5	-	-	-	-	-
Special interim	12.3	16.0	(23.1)	-	-	-	-	-
Final	45.0	41.0	9.8	45.0	-	NM	41.0	9.8
Special final	-	8.2	(100.0)	-	-	-	8.2	(100.0)
Total	73.7	81.2	(9.2)	45.0	-	NM	49.2	(8.5)

### Notes:

- 1 Refer to the special dividend received from Overseas Union Enterprise Limited ("OUE") and gain from divestment of OUE and Hotel Negara Limited, recorded by the Group and its associates in 2Q06.
- 2 Refer to profit attributable to equity holders of the Bank.
- 3 Calculated based on profit attributable to equity holders of the Bank net of subsidiary preference share dividend incurred for the financial period.
- 4 Computed on an annualised basis for quarters.

**Financial Highlights (cont'd)**

	Dec-07	Sep-07	+ / (-) %	Dec-06	+ / (-) %
<b>Financial Indicators (cont'd)</b>					
Customer loans (net) (\$m)	92,669	85,161	8.8	76,875	20.5
Customer deposits (\$m)	106,967	104,798	2.1	95,552	11.9
Loans / Deposits ratio (%) <sup>1</sup>	86.6	81.3	5.3% pt	80.5	6.1% pt
Non-performing loans (NPL) (\$m)	1,715	2,032	(15.6)	3,165	(45.8)
Cumulative impairment (\$m)	1,917	1,972	(2.8)	2,508	(23.6)
NPL ratio (%) <sup>2</sup>	1.8	2.3	(0.5)% pt	4.0	(2.2)% pt
Cumulative impairment / NPL (%)	111.8	97.0	14.8% pt	79.2	32.6% pt
Total assets (\$m)	174,950	172,192	1.6	161,312	8.5
Shareholders' equity (\$m) <sup>3</sup>	17,329	17,249	0.5	16,791	3.2
Revaluation surplus (\$m) <sup>4</sup>	3,263	2,442	33.6	1,486	119.6
Net asset value (NAV) per ordinary share (\$) <sup>5</sup>	10.91	10.84	0.6	10.48	4.1
Revalued NAV per ordinary share (\$) <sup>5</sup>	13.07	12.45	5.0	11.45	14.1
Net tangible asset per ordinary share (\$) <sup>5</sup>	8.10	8.03	0.9	7.68	5.5
Capital adequacy ratios (%)					
Tier 1	10.0	10.2	(0.2)% pt	11.0	(1.0)% pt
Total	14.5	14.8	(0.3)% pt	16.3	(1.8)% pt

**Notes:**

- 1 Refer to net customer loans and customer deposits.
- 2 Represent NPL (excluding debt securities) as a percentage of gross customer loans.
- 3 Refer to equity attributable to equity holders of the Bank.
- 4 Refer to revaluation surplus on properties not recognised in the financial statements.
- 5 Subsidiary preference shares were excluded from the computation.

## **Performance Review**

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") with modification to FRS39 Financial Instruments: Recognition and Measurement in respect of loan loss provisioning, as provided in Notice to Banks No. 612 "Credit Files, Grading and Provisioning" issued by Monetary Authority of Singapore ("MAS").

The new / revised FRS applicable to the Group with effect from 1 January 2007 are listed below. The adoption of these FRS has no significant impact on the financial statements of the Group.

- FRS1 Presentation of Financial Statements (revised)
- FRS40 Investment Property
- FRS107 Financial Instruments: Disclosures

Other than the above changes, the accounting policies and computation methods adopted in the audited financial statements for the financial year ended 31 December 2007 are the same as those adopted for the financial year 2006.

The Group recorded a one-time gain of \$689 million in the second quarter of 2006. The one-time gain comprised special dividend received from Overseas Union Enterprise Limited ("OUE") and gain from divestment of OUE and Hotel Negara Limited ("HNL"). The following commentary excludes the effects of this one-time gain.

### **Full Year 2007 versus Full Year 2006**

The Group's net profit after tax ("NPAT") for 2007 increased 12.1% to \$2,109 million. Operating profit of \$2,854 million was 14.7% higher than that of 2006.

Total operating income grew 15.3% to \$4,872 million, driven mainly by higher fee and commission income across all business activities, and higher net interest income from expanded loan base and improved asset mix.

Operating expenses increased 16.3% to \$2,018 million. The increase was primarily on staff costs, revenue-related expenses and occupancy-related expenses. Expense-to-income ratio rose 0.3% point to 41.4%.

Impairment charges rose 66.0% to \$300 million, mainly due to provision for a long-term investment, and higher provision set aside for collateralised debt obligations (CDOs).

Share of pre-tax profit of associates grew 36.8% to \$207 million as a result of higher contributions from the major associates.

## Performance Review (cont'd)

### **Fourth Quarter 2007 ("4Q07") versus Third Quarter 2007 ("3Q07")**

Group NPAT for 4Q07 increased 1.1% to \$506 million and operating profit grew 16.1% to \$719 million.

Operating income rose 15.2% to \$1,275 million. The increase was mainly due to improved trading and investment income, higher fee and commission income and increased net interest income.

Total operating expenses increased 14.1% to \$556 million, primarily driven by higher staff costs and revenue-related expenses. Expense-to-income ratio improved 0.4% point to 43.6% however, due to the higher income growth.

Impairment charges increased \$124 million, largely attributed to impairment charges on loans as opposed to write-back in 3Q07, and higher provision set aside for CDOs.

### **Fourth Quarter 2007 ("4Q07") versus Fourth Quarter 2006 ("4Q06")**

Compared to 4Q06, Group NPAT decreased 5.7% to \$506 million. Operating profit was flat at \$719 million.

Operating income grew 4.7% to \$1,275 million, primarily contributed by loan growth and higher fee and commission income, partly offset by lower trading and investment income.

Total operating expenses increased 11.9% to \$556 million. The increase was on staff costs and revenue-related expenses, partly offset by lower IT-related expenses. Expense-to-income ratio of 43.6% was 2.8% points higher than that in 4Q06.

Impairment charges rose 98.2% to \$128 million, largely due to provision set aside for CDOs and higher impairment charges on loans.

## Performance Review (cont'd)

### Balance Sheet

As at 31 December 2007, the Group's net customer loans was \$92,669 million, an increase of 8.8% and 20.5% over 30 September 2007 and 31 December 2006 respectively.

Group non-performing loans ("NPL") of \$1,715 million were 15.6% and 45.8% lower compared to the NPL as at 30 September 2007 and 31 December 2006 respectively. Correspondingly, Group NPL ratio improved to 1.8% (30 September 2007: 2.3% and 31 December 2006: 4.0%). Group NPL was 58.4% (30 September 2007: 61.0% and 31 December 2006: 54.1%) secured by collateral, and 111.8% (30 September 2007: 97.0% and 31 December 2006: 79.2%) covered by total cumulative impairment.

Against 30 September 2007 and 31 December 2006, Group total assets increased 1.6% and 8.5% to \$174,950 million, and shareholders' equity rose 0.5% and 3.2% to \$17,329 million as at 31 December 2007 respectively. Consequently, the Group's net asset value per ordinary share increased to \$10.91 as at 31 December 2007 (30 September 2007: \$10.84 and 31 December 2006: \$10.48).

The Group's total capital adequacy ratio ("CAR") of 14.5% as at 31 December 2007 (30 September 2007: 14.8% and 31 December 2006: 16.3%) was 4.5% points above the minimum 10% set by MAS.

## Net Interest Income

### Net Interest Margin

	2007			2006		
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
	\$m	\$m	%	\$m	\$m	%
<b>Interest bearing assets</b>						
Customer loans	81,379	4,616	5.67	70,191	4,078	5.81
Interbank balances	36,371	1,526	4.20	42,947	1,894	4.41
Securities	28,591	1,228	4.30	22,758	990	4.35
<b>Total</b>	<b>146,341</b>	<b>7,370</b>	<b>5.04</b>	<b>135,896</b>	<b>6,962</b>	<b>5.12</b>
<b>Interest bearing liabilities</b>						
Customer deposits	103,680	2,549	2.46	90,884	2,331	2.56
Interbank balances / other	38,565	1,841	4.77	41,138	1,921	4.67
<b>Total</b>	<b>142,245</b>	<b>4,390</b>	<b>3.09</b>	<b>132,022</b>	<b>4,252</b>	<b>3.22</b>
<b>Loan margin</b>			<b>3.21</b>			<b>3.25</b>
<b>Net interest income / margin</b>		<b>2,980</b>	<b>2.04</b>		<b>2,710</b>	<b>1.99</b>

	4Q07			3Q07			4Q06		
	Average Balance	Annualised Interest	Average Rate	Average Balance	Annualised Interest	Average Rate	Average Balance	Annualised Interest	Average Rate
	\$m	\$m	%	\$m	\$m	%	\$m	\$m	%
<b>Interest bearing assets</b>									
Customer loans	86,821	4,589	5.29	81,980	4,478	5.46	74,895	4,423	5.91
Interbank balances	35,148	1,320	3.76	34,634	1,404	4.05	38,887	1,777	4.57
Securities	29,858	1,209	4.05	30,036	1,216	4.05	25,982	1,147	4.42
<b>Total</b>	<b>151,827</b>	<b>7,118</b>	<b>4.69</b>	<b>146,650</b>	<b>7,097</b>	<b>4.84</b>	<b>139,764</b>	<b>7,347</b>	<b>5.26</b>
<b>Interest bearing liabilities</b>									
Customer deposits	107,920	2,418	2.24	105,389	2,468	2.34	93,712	2,490	2.66
Interbank balances / other	40,319	1,751	4.34	37,818	1,796	4.75	42,018	2,072	4.93
<b>Total</b>	<b>148,239</b>	<b>4,169</b>	<b>2.81</b>	<b>143,207</b>	<b>4,264</b>	<b>2.98</b>	<b>135,730</b>	<b>4,562</b>	<b>3.36</b>
<b>Loan margin</b>			<b>3.05</b>			<b>3.12</b>			<b>3.25</b>
<b>Net interest income / margin <sup>1</sup></b>		<b>2,949</b>	<b>1.94</b>		<b>2,833</b>	<b>1.93</b>		<b>2,784</b>	<b>1.99</b>

**Note:**

<sup>1</sup> Net interest margin represents annualised net interest income as a percentage of total interest bearing assets.

**Net Interest Income (cont'd)**
**Volume and Rate Analysis**

	2007 vs 2006			4Q07 vs 3Q07			4Q07 vs 4Q06		
	Volume	Rate	Net	Volume	Rate	Net	Volume	Rate	Net
	Change	Change	Change	Change	Change	Change	Change	Change	Change
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Interest income</b>									
Customer loans	650	(112)	538	67	(39)	28	178	(136)	42
Interbank balances	(290)	(78)	(368)	5	(26)	(21)	(43)	(72)	(115)
Securities	254	(15)	239	(2)	-	(2)	43	(28)	15
<b>Total</b>	<b>614</b>	<b>(205)</b>	<b>409</b>	<b>70</b>	<b>(65)</b>	<b>5</b>	<b>178</b>	<b>(236)</b>	<b>(58)</b>
<b>Interest expense</b>									
Customer deposits	328	(110)	218	15	(27)	(12)	95	(113)	(18)
Interbank balances / other	(118)	39	(79)	28	(40)	(12)	(21)	(60)	(81)
<b>Total</b>	<b>210</b>	<b>(71)</b>	<b>139</b>	<b>43</b>	<b>(67)</b>	<b>(24)</b>	<b>74</b>	<b>(173)</b>	<b>(99)</b>
<b>Net interest income</b>			<b>270</b>			<b>29</b>			<b>41</b>

**2007 vs 2006**

Net interest income rose 10.0% to \$2,980 million mainly contributed by loan growth. Net interest margin increased 5 basis points to 2.04% as a result of improved asset mix. Loan margin decreased 4 basis points to 3.21% mainly due to narrowing of interest spread.

**4Q07 vs 3Q07**

Net interest income increased 4.1% to \$743 million. The increase was attributed to loan growth, partly negated by exchange translation. Net interest margin increased 1 basis point to 1.94% on account of improved asset mix. Loan margin decreased 7 basis points to 3.05%. The decrease was due mainly to exchange translation and grant of loans to large corporate clients at relatively lower yields in the quarter.

**4Q07 vs 4Q06**

Net interest income grew 5.9% to \$743 million. The increase was from loan growth, partly offset by lower contributions from interbank money market activities and exchange translation. Net interest margin reduced 5 basis points to 1.94%. The decrease was mainly due to investment in low risk short-term assets to avoid liquidity crunch caused by the US sub-prime crisis, and exchange translation, partly offset by contribution from increased loan volume. The decrease in loan margin by 20 basis points to 3.05% was due to narrowing of interest spread and exchange translation.

**Non-Interest Income**

	2007	2006 <sup>1</sup>	+/(-)	4Q07	3Q07	+/(-)	4Q06	+/(-)
	\$m	\$m	%	\$m	\$m	%	\$m	%
<b>Fee and commission income</b>								
Credit card	172	138	24.5	50	42	19.4	40	24.1
Fund management	358	210	70.7	108	89	21.5	79	36.3
Futures broking	34	30	12.8	8	9	(5.3)	7	10.5
Investment-related	209	205	1.8	67	47	42.9	78	(13.8)
Loan-related	202	163	24.2	56	57	(1.7)	56	0.8
Service charges	81	68	19.1	22	18	23.4	19	18.7
Trade-related	187	164	14.1	48	47	0.7	45	6.5
Other	34	24	40.8	10	9	9.3	7	45.0
	<b>1,278</b>	<b>1,003</b>	<b>27.4</b>	<b>370</b>	<b>319</b>	<b>16.1</b>	<b>332</b>	<b>11.6</b>
<b>Dividend income</b>	<b>54</b>	<b>44</b>	<b>21.2</b>	<b>6</b>	<b>9</b>	<b>(34.7)</b>	<b>10</b>	<b>(38.4)</b>
<b>Rental income</b>	<b>77</b>	<b>64</b>	<b>19.6</b>	<b>22</b>	<b>21</b>	<b>6.5</b>	<b>16</b>	<b>43.1</b>
<b>Other operating income</b>								
Net gain / (loss) from:								
Trading activities	123	146	(15.8)	25	27	(7.4)	46	(47.0)
Non-trading activities								
Financial instruments measured at fair value to profit and loss	(94)	7	NM	(29)	(103)	72.0	23	(224.2)
Available-for-sale assets and other	229	103	122.3	96	78	22.8	52	84.7
	<b>258</b>	<b>256</b>	<b>0.7</b>	<b>92</b>	<b>2</b>	<b>NM</b>	<b>121</b>	<b>(24.6)</b>
Disposal / liquidation of subsidiaries / associates	1	11	(92.1)	1	0	NM	11	(93.6)
Disposal of other assets	19	26	(29.6)	8	(0)	NM	3	182.3
Insurance income	23	20	15.4	7	5	41.7	5	31.6
Other income	184	89	105.3	26	37	(30.5)	19	35.0
	<b>484</b>	<b>403</b>	<b>20.1</b>	<b>133</b>	<b>44</b>	<b>205.8</b>	<b>160</b>	<b>(16.5)</b>
<b>Total</b>	<b>1,892</b>	<b>1,514</b>	<b>25.0</b>	<b>532</b>	<b>393</b>	<b>35.5</b>	<b>517</b>	<b>2.9</b>
<b>Fee and commission income / Total income (%)</b>	<b>26.2</b>	<b>23.7</b>	<b>2.5 % pt</b>	<b>29.0</b>	<b>28.8</b>	<b>0.2 % pt</b>	<b>27.2</b>	<b>1.8 % pt</b>
<b>Non-interest income / Total income (%)</b>	<b>38.8</b>	<b>35.8</b>	<b>3.0 % pt</b>	<b>41.7</b>	<b>35.5</b>	<b>6.2 % pt</b>	<b>42.4</b>	<b>(0.7)% pt</b>

**2007 vs 2006**

Non-interest income of the Group increased 25.0% to \$1,892 million. The growth was driven by higher fee and commission income across all business activities, particularly fund management, and higher gain on sale of foreclosed securities. Non-interest income accounted for 38.8% (2006: 35.8%) of total income.

**4Q07 vs 3Q07**

Non-interest income rose 35.5% to \$532 million, mainly due to improved trading and investment income and higher fee and commission income from most business activities.

**4Q07 vs 4Q06**

Non-interest income increased 2.9% to \$532 million. Higher fee and commission income and gain on sale of foreclosed securities were largely offset by lower trading and investment income resulting from higher mark-to-market losses on investment portfolio.

**Note:**

<sup>1</sup> Excluding one-time income of \$613 million, comprising special dividend of \$284 million received from OUE and gain of \$329 million on divestment of OUE and HNL, recorded by the Group in 2Q06.

## Operating Expenses

	2007	2006	+ / (-)	4Q07	3Q07	+ / (-)	4Q06	+ / (-)
	\$m	\$m	%	\$m	\$m	%	\$m	%
<b>Staff costs</b>								
Salaries, bonus and allowances	890	738	20.5	231	217	6.5	206	12.0
Employer's contribution to defined contribution plans	67	55	21.8	19	18	8.1	15	31.0
Share-based payment	3	-	NM	3	-	NM	-	NM
Other	86	74	16.3	26	20	31.0	25	3.3
	<b>1,046</b>	<b>867</b>	<b>20.6</b>	<b>279</b>	<b>254</b>	<b>9.8</b>	<b>245</b>	<b>13.7</b>
<b>Other operating expenses</b>								
Revenue-related	508	418	21.4	159	117	35.5	124	28.6
Occupancy-related	170	156	8.7	44	44	0.4	40	11.2
IT-related	160	160	0.4	38	38	0.2	50	(24.5)
Other	135	135	(0.3)	36	34	5.9	38	(6.0)
	<b>972</b>	<b>869</b>	<b>11.9</b>	<b>277</b>	<b>233</b>	<b>18.9</b>	<b>251</b>	<b>10.1</b>
<b>Total</b>	<b>2,018</b>	<b>1,736</b>	<b>16.3</b>	<b>556</b>	<b>487</b>	<b>14.1</b>	<b>497</b>	<b>11.9</b>
<b>Of which:</b>								
Depreciation of assets	141	142	(0.8)	35	36	(1.8)	36	(2.9)
Total IT costs <sup>1</sup>	272	256	6.1	67	64	4.3	74	(9.7)
Total IT costs / Total operating expenses (%)	13.5	14.7	(1.2)% pt	12.0	13.2	(1.2)% pt	14.9	(2.9)% pt
Expense / Income ratio (%)	41.4	41.1 <sup>2</sup>	0.3 % pt	43.6	44.0	(0.4)% pt	40.8	2.8 % pt
Manpower (number)	21,432	20,102	1,330 no.	21,432	21,209	223 no.	20,102	1,330 no.

### 2007 vs 2006

Total operating expenses increased 16.3% to \$2,018 million. Staff costs rose 20.6% to \$1,046 million, largely due to higher headcount to support business expansion, increased salaries driven by the tight labour market, and higher bonus provision in line with better business performance. Other operating expenses increased 11.9% to \$972 million, mainly on revenue-related expenses and occupancy-related expenses. Expense-to-income ratio was 0.3% point higher at 41.4%.

### 4Q07 vs 3Q07

Total operating expenses increased 14.1% to \$556 million. Staff costs rose 9.8% to \$279 million, mainly due to higher bonus provision in line with improved business performance, and accrual for share-based compensation. Other operating expenses grew 18.9% to \$277 million largely on revenue-related expenses. Expense-to-income ratio improved 0.4% point to 43.6% due to the higher income growth.

### 4Q07 vs 4Q06

Total operating expenses increased 11.9% to \$556 million. Staff costs rose 13.7% to \$279 million, primarily on increased headcount and higher bonus provision. Other operating expenses increased 10.1% to \$277 million, mainly attributed to higher revenue-related expenses, partly negated by lower IT-related expenses. Expense-to-income ratio was 2.8% points higher at 43.6%.

### Notes:

1 Comprise IT staff costs and other IT-related expenses.

2 Excluding one-time income.

### Impairment Charges

	2007	2006	+/( - )	4Q07	3Q07	+/( - )	4Q06	+/( - )
	\$m	\$m	%	\$m	\$m	%	\$m	%
Individual impairment on loans								
Singapore	15	78	(80.4)	22	(38)	NM	(16)	NM
Malaysia	46	3	NM	8	3	124.9	15	(51.0)
Thailand	87	48	78.8	24	5	429.7	39	(38.6)
Indonesia	(8)	2	(455.0)	(2)	(2)	(19.3)	3	(171.0)
Greater China <sup>1</sup>	3	5	(49.6)	3	2	97.7	(2)	NM
Other	13	6	127.8	11	0	NM	0	NM
	155	142	8.9	67	(30)	NM	41	62.6
Individual impairment on securities and other assets	145	38	278.7	61	34	80.2	24	160.1
<b>Total</b>	<b>300</b>	<b>181</b>	<b>66.0</b>	<b>128</b>	<b>4</b>	<b>NM</b>	<b>64</b>	<b>98.2</b>

#### *2007 vs 2006*

Group impairment charges increased by 66.0% to \$300 million. The increase was due mainly to provision for a long-term investment, higher provision for CDOs and loans, and lower write-back of provision for properties. These were partly offset by lower impairment charges on equity securities.

#### *4Q07 vs 3Q07*

Impairment charges increased \$124 million to \$128 million. The increase was mainly due to impairment charges on loans as opposed to last quarter's write-back, higher provision set aside for CDOs, and provision for a long-term investment.

#### *4Q07 vs 4Q06*

Impairment charges increased 98.2% to \$128 million, largely due to provision set aside for CDOs, higher impairment charges on loans, provision for a long-term investment and lower write-back of provision for properties. These were partly negated by lower impairment charges on equity securities.

**Note:**

<sup>1</sup> Greater China comprises China, Hong Kong S.A.R. and Taiwan.

**Customer Loans**

	Dec-07	Sep-07	Dec-06
	\$m	\$m	\$m
Gross customer loans	94,583	87,131	79,380
Less: Individual impairment	645	698	1,235
Collective impairment	1,270	1,272	1,271
Net customer loans	92,669	85,161	76,875

	Dec-07		Sep-07		Dec-06	
	\$m	%	\$m	%	\$m	%
<b>By Product Group</b>						
Housing loans	22,598	23.9	21,794	25.0	18,898	23.8
Term loans	57,077	60.3	50,989	58.5	46,073	58.1
Trade financing	6,409	6.8	5,930	6.8	5,658	7.1
Overdrafts	8,499	9.0	8,418	9.7	8,752	11.0
Total (gross)	94,583	100.0	87,131	100.0	79,380	100.0

	Dec-07		Sep-07		Dec-06	
	\$m	%	\$m	%	\$m	%
<b>By Industry</b>						
Transport, storage and communication	5,312	5.6	4,696	5.4	4,024	5.1
Building and construction	11,024	11.6	9,054	10.4	7,894	9.9
Manufacturing	9,840	10.4	9,614	11.0	8,860	11.1
Non-bank financial institutions	16,277	17.2	13,697	15.7	12,912	16.3
General commerce	12,825	13.6	12,247	14.1	11,735	14.8
Professionals and private individuals	11,222	11.9	10,780	12.4	10,296	13.0
Housing loans	22,598	23.9	21,794	25.0	18,898	23.8
Other	5,487	5.8	5,249	6.0	4,761	6.0
Total (gross)	94,583	100.0	87,131	100.0	79,380	100.0

	Dec-07		Sep-07		Dec-06	
	\$m	%	\$m	%	\$m	%
<b>By Currency</b>						
Singapore dollar	50,361	53.2	45,435	52.1	41,569	52.3
US dollar	14,146	15.0	12,510	14.4	12,698	16.0
Malaysian ringgit	10,821	11.4	10,392	11.9	8,655	10.9
Thai baht	6,967	7.4	6,690	7.7	6,726	8.5
Indonesian rupiah	2,332	2.5	2,271	2.6	2,188	2.8
Other	9,956	10.5	9,833	11.3	7,545	9.5
Total (gross)	94,583	100.0	87,131	100.0	79,380	100.0

	Dec-07		Sep-07		Dec-06	
	\$m	%	\$m	%	\$m	%
<b>By Maturity</b>						
Within 1 year	38,499	40.7	35,383	40.6	35,096	44.2
Over 1 year but within 3 years	13,764	14.6	12,228	14.0	10,215	12.9
Over 3 years but within 5 years	14,324	15.1	12,304	14.1	9,490	11.9
Over 5 years	27,996	29.6	27,217	31.3	24,579	31.0
Total (gross)	94,583	100.0	87,131	100.0	79,380	100.0

Net customer loans grew 8.8% and 20.5% over 30 September 2007 and 31 December 2006 respectively to \$92,669 million as at 31 December 2007. The increase was broad-based across most of the product groups and all industries.

### Investment Securities

	Dec-07		Sep-07		Dec-06	
	\$m	%	\$m	%	\$m	%
Transport, storage and communication	1,261	6.4	1,338	6.8	1,029	5.8
Building and construction	1,047	5.3	1,134	5.7	986	5.5
Manufacturing	845	4.3	856	4.3	1,019	5.7
Financial institutions	13,570	68.8	14,001	70.8	12,430	69.5
General commerce	123	0.6	100	0.5	182	1.0
Other	2,885	14.6	2,343	11.9	2,229	12.5
	<b>19,730</b>	<b>100.0</b>	<b>19,772</b>	<b>100.0</b>	<b>17,873</b>	<b>100.0</b>
Less: Provision for impairment	313		271		267	
<b>Total</b>	<b>19,417</b>		<b>19,501</b>		<b>17,607</b>	

Investment securities increased 10.3% over 31 December 2006 to \$19,417 million as at 31 December 2007. The growth was mainly due to increased holdings in securities from financial institutions.

### Total Deposits

	Dec-07		Sep-07		Dec-06	
	\$m	%	\$m	%	\$m	%
Banker deposits	32,091	23.1	33,692	24.3	33,449	25.9
Customer deposits	106,967	76.9	104,798	75.7	95,552	74.1
<b>Total</b>	<b>139,059</b>	<b>100.0</b>	<b>138,490</b>	<b>100.0</b>	<b>129,000</b>	<b>100.0</b>
Loans / Deposits ratio (%)		86.6		81.3		80.5
<b>By Maturity</b>						
Within 1 year	135,332	97.3	134,748	97.3	125,030	96.9
Over 1 year but within 3 years	1,564	1.1	1,582	1.2	1,734	1.4
Over 3 years but within 5 years	1,707	1.2	1,696	1.2	1,566	1.2
Over 5 years	456	0.4	465	0.3	670	0.5
<b>Total</b>	<b>139,059</b>	<b>100.0</b>	<b>138,490</b>	<b>100.0</b>	<b>129,000</b>	<b>100.0</b>
<b>Customer Deposits by Product Group</b>						
Fixed deposits	68,738	64.2	67,894	64.8	61,933	64.8
Savings deposits	19,044	17.8	18,713	17.8	15,839	16.6
Current accounts	15,369	14.4	14,557	13.9	14,380	15.0
Other	3,817	3.6	3,633	3.5	3,400	3.6
<b>Total</b>	<b>106,967</b>	<b>100.0</b>	<b>104,798</b>	<b>100.0</b>	<b>95,552</b>	<b>100.0</b>

Customer deposits increased 2.1% and 11.9% over 30 September 2007 and 31 December 2006 respectively to \$106,967 million as at 31 December 2007. The increase over the 2 comparative periods was broad-based.

**Debts Issued**

	Dec-07	Sep-07	Dec-06
	\$m	\$m	\$m
<b>Subordinated debts</b>			
Due after one year (unsecured)	5,242	5,265	5,261
<b>Other debts issued</b>			
Due within one year (secured) <sup>1</sup>	-	638	803
Due within one year (unsecured)	923	313	136
Due after one year (unsecured)	502	496	396
	<b>1,425</b>	<b>1,447</b>	<b>1,335</b>
<b>Total</b>	<b>6,666</b>	<b>6,712</b>	<b>6,596</b>

**Changes in Ordinary Shares of the Bank**

	Number of shares ('000)			
	2007	2006	4Q07	4Q06
<b>Issued ordinary shares</b>				
Balance at beginning of period	1,523,276	1,537,843	1,523,756	1,523,159
Exercise of share options granted under the UOB 1999 Share Option Scheme	484	1,501	4	117
Share buyback - cancelled	-	(16,068)	-	-
Balance at end of period	<b>1,523,760</b>	<b>1,523,276</b>	<b>1,523,760</b>	<b>1,523,276</b>
<b>Treasury shares</b>				
Balance at beginning of period	-	-	(8,712)	-
Share buyback	(11,597)	-	(2,885)	-
Balance at end of period	<b>(11,597)</b>	<b>-</b>	<b>(11,597)</b>	<b>-</b>
<b>Total</b>	<b>1,512,163</b>	<b>1,523,276</b>	<b>1,512,163</b>	<b>1,523,276</b>

	Dec-07	Sep-07	Dec-06
	'000	'000	'000
Number of new shares that would have been issued upon exercise of all outstanding options under the UOB 1999 Share Option Scheme	453	472	952

**Note:**

<sup>1</sup> The debts were secured by a floating charge on the assets of Archer 1 Limited, a special purpose entity of the Group.

**Non-Performing Loans**

	Dec-07	Sep-07	Dec-06
<b>Non-Performing Loans (NPL) (\$m)</b>			
Substandard	1,106	1,418	2,119
Doubtful	76	98	160
Loss	533	516	886
<b>Total</b>	<b>1,715</b>	<b>2,032</b>	<b>3,165</b>
<b>Cumulative Impairment (\$m)</b>			
Individual	647	700	1,237
Collective	1,270	1,272	1,271
<b>Total</b>	<b>1,917</b>	<b>1,972</b>	<b>2,508</b>
<b>Ratios (%)</b>			
NPL as % of			
Gross Customer Loans <sup>1</sup>	1.8	2.3	4.0
Total assets	1.0	1.2	2.0
Cumulative impairment as % of			
Total NPL	111.8	97.0	79.2
Unsecured NPL	268.5	249.0	172.6
Gross customer loans <sup>1</sup>	2.0	2.3	3.2
Collective impairment as % of			
Gross customer loans net of individual impairment <sup>1</sup>	1.4	1.5	1.6

Group NPL decreased 15.6% and 45.8% over 30 September 2007 and 31 December 2006 respectively to \$1,715 million as at 31 December 2007. NPL ratio improved to 1.8% compared to 4.0% a year ago.

As at 31 December 2007, total NPL was 58.4% (30 September 2007: 61.0% and 31 December 2006: 54.1%) secured by collateral, and 111.8% (30 September 2007: 97.0% and 31 December 2006: 79.2%) covered by total cumulative impairment.

**Note:**

<sup>1</sup> Debt securities were excluded from the computation.

**Non-Performing Loans (cont'd)**

	NPL	Cumulative Impairment	NPL Ratio	Secured NPL as % of respective NPL	Cumulative Impairment as % of respective NPL
	\$m	\$m	%	%	%
<b>By Region</b>					
<b>Singapore</b>					
Dec 07	630	728	1.1	60.2	115.6
Sep 07	763	772	1.5	60.8	101.2
Dec 06	1,346	1,040	2.8	57.3	77.3
<b>Malaysia</b>					
Dec 07	495	368	4.2	61.8	74.3
Sep 07	527	343	4.7	65.8	65.1
Dec 06	594	331	6.3	65.5	55.7
<b>Thailand</b>					
Dec 07	436	348	6.5	45.6	79.8
Sep 07	418	322	6.6	49.3	77.0
Dec 06	823	621	12.9	39.4	75.5
<b>Indonesia</b>					
Dec 07	73	103	2.0	74.0	141.1
Sep 07	77	104	2.2	79.2	135.1
Dec 06	115	121	3.7	54.8	105.2
<b>Philippines</b>					
Dec 07	26	26	100.0	38.5	100.0
Sep 07	183	110	100.0	58.5	60.1
Dec 06	182	109	97.8	58.8	59.9
<b>Greater China</b>					
Dec 07	18	66	0.6	94.4	366.7
Sep 07	21	55	0.7	81.0	261.9
Dec 06	19	38	0.7	73.7	200.0
<b>Other</b>					
Dec 07	37	278	0.3	97.3	751.4
Sep 07	43	266	0.4	88.4	618.6
Dec 06	86	248	0.9	51.2	288.4
<b>Group</b>					
Dec 07	1,715	1,917	1.8	58.4	111.8
Sep 07	2,032	1,972	2.3	61.0	97.0
Dec 06	3,165	2,508	4.0	54.1	79.2

Lower NPL was recorded across all regions over the year.

**Non-Performing Loans (cont'd)**

	Dec-07		Sep-07		Dec-06	
	NPL	Individual Impairment	NPL	Individual Impairment	NPL	Individual Impairment
	\$m	\$m	\$m	\$m	\$m	\$m
<b>By Industry</b>						
Transport, storage and communication	20	12	27	14	70	41
Building and construction	145	46	263	76	428	141
Manufacturing	418	206	459	211	786	392
Non-bank financial institutions	179	33	236	41	398	117
General commerce	347	171	386	171	651	290
Professionals and private individuals	272	111	311	130	408	165
Housing loans	263	35	277	20	304	29
Other	69	31	71	35	117	60
	<b>1,713</b>	<b>645</b>	<b>2,030</b>	<b>698</b>	<b>3,162</b>	<b>1,235</b>
Debt securities	2	2	2	2	3	2
<b>Total</b>	<b>1,715</b>	<b>647</b>	<b>2,032</b>	<b>700</b>	<b>3,165</b>	<b>1,237</b>

**Restructured NPL (year-to-date)**

Substandard	35	4	25	1	45	6
Doubtful	6	4	-	-	1	1
Loss	8	8	7	7	3	3
<b>Total</b>	<b>49</b>	<b>16</b>	<b>32</b>	<b>8</b>	<b>49</b>	<b>10</b>

	Dec-07		Sep-07		Dec-06	
	\$m	%	\$m	%	\$m	%
<b>Ageing (Days) <sup>1</sup></b>						
Current	203	11.8	209	10.3	270	8.5
≤ 90	216	12.6	142	7.0	281	8.9
91 to 180	202	11.8	201	9.9	333	10.5
≥ 181	1,094	63.8	1,480	72.8	2,281	72.1
<b>Total</b>	<b>1,715</b>	<b>100.0</b>	<b>2,032</b>	<b>100.0</b>	<b>3,165</b>	<b>100.0</b>
<b>Secured NPL</b>						
Secured	1,001	58.4	1,240	61.0	1,712	54.1
Unsecured	714	41.6	792	39.0	1,453	45.9
<b>Total</b>	<b>1,715</b>	<b>100.0</b>	<b>2,032</b>	<b>100.0</b>	<b>3,165</b>	<b>100.0</b>

**Note:**

<sup>1</sup> Where payment of interest or principal of an account is overdue, all outstanding balances of that account are deemed non-current and aged accordingly.

**Performance by Business Segment**

					\$m
	PFS	IFS	GMIM	Other	Total
<b>2007</b>					
Operating income	1,733	1,982	1,107	50	4,872
Operating expenses	(809)	(607)	(430)	(103)	(1,949)
Impairment charges	(59)	(61)	(65)	(115)	(300)
Amortisation of intangible assets	(3)	(8)	-	-	(11)
<b>Segment profit</b>	<b>862</b>	<b>1,306</b>	<b>612</b>	<b>(168)</b>	<b>2,612</b>
Unallocated corporate expenses					(69)
Share of profit of associates					207
Profit before tax					<u>2,750</u>
<b>Segment assets</b>	<b>34,021</b>	<b>62,232</b>	<b>62,555</b>	<b>10,531</b>	<b>169,339</b>
Intangible assets	1,191	2,324	670	80	4,265
Investment in associates					1,261
Unallocated assets					85
Total assets					<u>174,950</u>
<b>Segment liabilities</b>	<b>59,745</b>	<b>51,260</b>	<b>39,159</b>	<b>6,179</b>	<b>156,343</b>
Unallocated liabilities					881
Total liabilities					<u>157,224</u>
<b>Other information</b>					
Gross customer loans	33,819	60,764	-	-	94,583
NPL <sup>1</sup>	535	1,178	-	-	1,713
Individual impairment <sup>1</sup>	146	499	-	-	645
Capital expenditure	48	58	7	314	427
Depreciation of assets	50	55	11	25	141
<b>2006 <sup>2</sup></b>					
Operating income	1,397	1,724	834	269	4,224
Operating expenses	(690)	(530)	(341)	(110)	(1,671)
Impairment charges	(74)	(66)	(37)	(4)	(181)
Amortisation of intangible assets	(4)	(9)	-	-	(13)
<b>Segment profit</b>	<b>629</b>	<b>1,119</b>	<b>456</b>	<b>155</b>	<b>2,359</b>
Unallocated corporate expenses					(64)
Share of profit of associates					152
Profit before tax					<u>2,446</u>
<b>Segment assets</b>	<b>29,487</b>	<b>50,877</b>	<b>65,324</b>	<b>9,997</b>	<b>155,685</b>
Intangible assets	1,197	2,346	671	80	4,293
Investment in associates					1,184
Unallocated assets					149
Total assets					<u>161,312</u>
<b>Segment liabilities</b>	<b>53,578</b>	<b>43,761</b>	<b>39,632</b>	<b>6,277</b>	<b>143,248</b>
Unallocated liabilities					888
Total liabilities					<u>144,136</u>
<b>Other information</b>					
Gross customer loans	29,194	50,186	-	-	79,380
NPL <sup>1</sup>	712	2,450	-	-	3,162
Individual impairment <sup>1</sup>	194	1,041	-	-	1,235
Capital expenditure	59	71	8	10	148
Depreciation of assets	49	55	10	28	142

**Notes:**

<sup>1</sup> Excluding debt securities.

<sup>2</sup> Excluding one-time gain.

### **Performance by Business Segment (cont'd)**

The Group's businesses are organised into four segments based on the types of products and services that it provides. These segments are Personal Financial Services ("PFS"), Institutional Financial Services ("IFS"), Global Markets and Investment Management ("GMIM") and Other.

#### **Personal Financial Services**

PFS segment covers Consumer, Privilege and Private Banking. Consumer Banking serves the mass individual customers with a wide range of products and services, including deposits, loans, investments, credit and debit cards and life assurance products. Privilege Banking provides an extended range of financial services, including wealth management, offshore and restricted products such as structured notes, funds of hedge funds, and high networth insurance plans to the wealthy and affluent customers. For the accredited investors and high networth individuals, Private Banking provides an elevated level of personal services and consultation.

Segment profit rose 37.0% to \$862 million in 2007. The increase was mainly attributed to higher fee income from sale of investment products, higher net interest income from loan growth and lower impairment charges. These were partially offset by higher staff costs and revenue-related expenses in line with the increased business activities.

#### **Institutional Financial Services**

IFS segment encompasses Commercial Banking, Corporate Banking, Corporate Finance and Capital Markets. Commercial Banking serves the small and medium-sized enterprises. Corporate Banking serves large local corporations, government-linked companies and agencies, including non-bank financial institutions. Both Commercial Banking and Corporate Banking provide customers with a broad range of products and services that include current accounts, deposits, lending, asset finance, trade finance, structured finance, cash management and cross-border payments. Corporate Finance serves corporations with services that include lead managing and underwriting equity offerings and providing corporate advisory services. Capital Markets specialises in providing solution-based structures to meet clients' financing requirements in the area of structuring, underwriting and arranging syndicated loans, project finance and structured finance, and underwriting and lead managing bond issues.

Segment profit grew 16.7% to \$1,306 million in 2007. The increase was mainly from net interest income on expanded loan portfolio from both Singapore and overseas operations, higher gain from sale of foreclosed securities and lower impairment charges on loans. These were partially negated by higher staff costs and revenue-related expenses to support the business growth.

#### **Global Markets and Investment Management**

GMIM segment provides a comprehensive range of treasury products and services, including foreign exchange, money market, fixed income, derivatives, margin trading, futures broking, gold products, as well as an array of structured products. It is a dominant player in Singapore dollar treasury instruments as well as a provider of banknote services in the region. It also engages in asset management, venture capital management, and proprietary investment activities.

GMIM's profit grew 34.2% to \$612 million in 2007 amidst the US sub-prime and liquidity crisis. The improved performance was primarily attributed to higher gain from interest rate management, higher asset management fees and performance fees.

#### **Other**

Other segment includes property-related activities, insurance businesses and the management of capital funds.

The segment recorded a loss of \$168 million in 2007 compared to a profit of \$155 million in 2006. The decrease was mainly due to mark-to-market losses on derivatives contracted to hedge interest rate risk of certain long-term investments, provision for a long-term investment and lower return on capital funds. These were partially offset by higher gain from property-related activities on account of higher rental and occupancy rates.

**Performance by Geographical Segment <sup>1</sup>**

	2007	2006 <sup>2</sup>	4Q07	3Q07	4Q06
	\$m	\$m	\$m	\$m	\$m
<b>Total Operating Income</b>					
Singapore	2,946	2,585	745	660	745
Malaysia	568	489	152	129	146
Thailand	443	400	122	101	108
Indonesia	258	286	52	63	75
Greater China	188	127	70	35	29
Other	469	337	134	119	116
<b>Total</b>	<b>4,872</b>	<b>4,224</b>	<b>1,275</b>	<b>1,107</b>	<b>1,219</b>
<b>Profit before Tax</b>					
Singapore	1,928	1,660	412	442	460
Malaysia	296	314	77	75	79
Thailand	16	55	22	19	16
Indonesia	134	140	22	35	29
Greater China	89	73	26	13	33
Other	298	217	80	79	90
	2,761	2,459	639	663	707
Intangible assets amortised	(11)	(13)	(2)	(3)	(3)
<b>Total</b>	<b>2,750</b>	<b>2,446</b>	<b>637</b>	<b>660</b>	<b>704</b>

	Dec-07	Sep-07	Dec-06
	\$m	\$m	\$m
<b>Total Assets</b>			
Singapore	111,305	107,350	105,397
Malaysia	15,771	15,740	13,379
Thailand	9,740	10,036	8,042
Indonesia	3,943	4,155	3,503
Greater China	7,644	7,580	6,342
Other	22,282	23,050	20,356
	170,685	167,911	157,019
Intangible assets	4,265	4,281	4,293
<b>Total</b>	<b>174,950</b>	<b>172,192</b>	<b>161,312</b>

**Notes:**

- 1 Based on the location where the transactions and assets are booked which approximates that based on the location of the customers and assets. Information is stated after elimination of inter-segment transactions.
- 2 Excluding one-time gain.

**Capital Adequacy Ratios**

	Dec-07	Sep-07	Dec-06
	\$m	\$m	\$m
<b>Tier 1 capital</b>			
Share capital	2,014	2,070	2,247
Subsidiary preference shares	832	832	832
Disclosed reserves / other	13,894	13,603	13,116
Deduction of intangible assets	(4,279)	(4,295)	(4,307)
	<b>12,461</b>	<b>12,210</b>	<b>11,888</b>
<b>Upper Tier 2 capital</b>			
Cumulative collective impairment / other	1,511	1,562	1,457
Subordinated notes	5,196	5,217	5,211
	<b>6,707</b>	<b>6,779</b>	<b>6,668</b>
Deductions from Tier 1 and Upper Tier 2 capital	(1,086)	(1,215)	(911)
<b>Total capital</b>	<b>18,082</b>	<b>17,774</b>	<b>17,645</b>
<b>Risk-weighted assets (including market risk)</b>	<b>124,772</b>	<b>120,181</b>	<b>108,405</b>
<b>Capital adequacy ratios</b>			
Tier 1	<b>10.0%</b>	10.2%	11.0%
Total	<b>14.5%</b>	14.8%	16.3%

The Group's tier 1 CAR and total CAR as at 31 December 2007 were 4.0% points and 4.5% points above the minimum 6% and 10% required by MAS respectively.

The lower CARs over the comparative periods were mainly attributed to higher risk-weighted assets from expanded loan portfolio, partly negated by higher retained profit.

**Consolidated Profit and Loss Account (Audited)**

	2007	2006	+ / (-)	4Q07 <sup>1</sup>	3Q07 <sup>1</sup>	+ / (-)	4Q06 <sup>1</sup>	+ / (-)
	\$m	\$m	%	\$m	\$m	%	\$m	%
Interest income	7,371	6,962	5.9	1,794	1,789	0.3	1,852	(3.1)
Less: Interest expense	4,390	4,252	3.3	1,051	1,075	(2.2)	1,150	(8.6)
<b>Net interest income</b>	<b>2,980</b>	<b>2,710</b>	<b>10.0</b>	<b>743</b>	<b>714</b>	<b>4.1</b>	<b>702</b>	<b>5.9</b>
Dividend income	54	328	(83.7)	6	9	(34.7)	10	(38.4)
Fee and commission income	1,278	1,003	27.4	370	319	16.1	332	11.6
Rental income	77	64	19.6	22	21	6.5	16	43.1
Other operating income	484	732	(33.9)	133	44	205.8	160	(16.5)
<b>Total non-interest income</b>	<b>1,892</b>	<b>2,127</b>	<b>(11.0)</b>	<b>532</b>	<b>393</b>	<b>35.5</b>	<b>517</b>	<b>2.9</b>
<b>Total operating income</b>	<b>4,872</b>	<b>4,837</b>	<b>0.7</b>	<b>1,275</b>	<b>1,107</b>	<b>15.2</b>	<b>1,219</b>	<b>4.7</b>
Less: Staff costs	1,046	867	20.6	279	254	9.8	245	13.7
Other operating expenses	972	869	11.9	277	233	18.9	251	10.1
<b>Total operating expenses</b>	<b>2,018</b>	<b>1,736</b>	<b>16.3</b>	<b>556</b>	<b>487</b>	<b>14.1</b>	<b>497</b>	<b>11.9</b>
<b>Operating profit before amortisation and impairment charges</b>	<b>2,854</b>	<b>3,101</b>	<b>(8.0)</b>	<b>719</b>	<b>620</b>	<b>16.1</b>	<b>722</b>	<b>(0.3)</b>
Less: Intangible assets amortised	11	13	(10.3)	2	3	(18.1)	3	(25.9)
Impairment charges	300	181	66.0	128	4	NM	64	98.2
<b>Operating profit after amortisation and impairment charges</b>	<b>2,543</b>	<b>2,908</b>	<b>(12.5)</b>	<b>589</b>	<b>613</b>	<b>(3.9)</b>	<b>654</b>	<b>(9.9)</b>
Share of profit of associates	207	271	(23.5)	48	47	1.6	50	(4.2)
<b>Profit before tax</b>	<b>2,750</b>	<b>3,179</b>	<b>(13.5)</b>	<b>637</b>	<b>660</b>	<b>(3.5)</b>	<b>704</b>	<b>(9.5)</b>
Less: Tax	573	553	3.6	117	142	(17.8)	150	(22.2)
<b>Profit for the financial year / period</b>	<b>2,177</b>	<b>2,625</b>	<b>(17.1)</b>	<b>521</b>	<b>518</b>	<b>0.5</b>	<b>554</b>	<b>(6.1)</b>
Attributable to:								
Equity holders of the Bank	2,109	2,570	(17.9)	506	501	1.1	537	(5.7)
Minority interests	67	55	22.6	15	18	(16.7)	18	(16.1)
	<b>2,177</b>	<b>2,625</b>	<b>(17.1)</b>	<b>521</b>	<b>518</b>	<b>0.5</b>	<b>554</b>	<b>(6.1)</b>
Total operating income								
First half	2,490	2,597						
Second half	2,382	2,240						
Profit for the financial year attributed to equity holders of the Bank								
First half	1,103	1,571						
Second half	1,007	1,000						
<b>Earnings per ordinary share (\$) <sup>2</sup></b>								
Basic	1.36	1.65	(17.6)	1.31	1.29	1.6	1.38	(5.1)
Diluted	1.36	1.65	(17.6)	1.31	1.29	1.6	1.38	(5.1)
<b>Return on average ordinary shareholders' equity (%) <sup>2</sup></b>								
	12.6	17.0	(4.4)% pt	12.0	11.9	0.1% pt	13.6	(1.6)% pt

**Notes:**

1 Unaudited.

2 Annualised for quarters.

**Consolidated Balance Sheet (Audited)**

	Dec-07	Sep-07 <sup>1</sup>	Dec-06
	\$m	\$m	\$m
<b>Equity</b>			
Share capital	2,014	2,070	2,247
Subsidiary preference shares	832	832	832
Capital reserves	3,714	4,041	3,969
Statutory reserves	3,132	3,130	3,130
Revenue reserves	7,328	6,833	6,356
Share of reserves of associates	310	343	257
Equity attributable to equity holders of the Bank	17,329	17,249	16,791
Minority interests	398	407	385
<b>Total</b>	<b>17,726</b>	<b>17,656</b>	<b>17,176</b>
<b>Liabilities</b>			
Deposits and balances of banks and agents	32,091	33,692	33,449
Deposits and balances of non-bank customers	106,967	104,798	95,552
Bills and drafts payable	1,824	585	388
Other liabilities	9,675	8,749	8,151
Debts issued	6,666	6,712	6,596
<b>Total</b>	<b>157,224</b>	<b>154,536</b>	<b>144,136</b>
<b>Total equity and liabilities</b>	<b>174,950</b>	<b>172,192</b>	<b>161,312</b>
<b>Assets <sup>2</sup></b>			
Cash, balances and placements with central banks	17,667	20,707	16,301
Singapore Government treasury bills and securities	9,134	9,968	7,437
Other government treasury bills and securities	3,482	3,728	2,553
Trading securities	410	440	484
Placements and balances with banks and agents	15,207	16,379	24,531
Loans to non-bank customers	92,669	85,161	76,875
Investment securities	19,417	19,501	17,607
Other assets	9,359	8,598	8,189
Investment in associates	1,261	1,324	1,184
Properties and other fixed assets	2,081	2,105	1,857
Intangible assets	4,265	4,281	4,293
<b>Total</b>	<b>174,950</b>	<b>172,192</b>	<b>161,312</b>
<b>Off-Balance Sheet Items</b>			
Contingent liabilities	13,082	11,952	10,254
Financial derivatives	388,058	417,212	489,872
Commitments	48,359	50,215	44,595

**Notes:**

1 Unaudited.

2 Assets pledged under repurchase agreements were included in the respective asset items.

Consolidated Statement of Changes in Equity (Audited)

	Equity Attributable to Equity Holders of the Bank								
	Share Capital	Subsidiary Preference Shares	Capital Reserves	Statutory Reserves	Revenue Reserves	Share of Reserves of Associates	Total	Minority Interests	Total Equity
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Balance at 1 January 2007	2,247	832	3,969	3,130	6,356	257	16,791	385	17,176
Currency translation adjustments	-	-	(26)	-	-	-	(26)	(24)	(51)
Change in available-for-sale reserve									
Net change in fair value	-	-	10	-	-	-	10	(0)	9
Transferred to profit and loss account on disposal / impairment	-	-	(146)	-	-	-	(146)	(0)	(146)
Change in share of associates' reserves	-	-	-	-	-	48	48	-	48
Transfer from revenue reserves upon liquidation of associates	-	-	-	-	(5)	5	-	-	-
Total gains / (losses) recognised directly in equity	-	-	(162)	-	(5)	53	(114)	(25)	(139)
Profit for the financial year	-	-	-	-	2,109	-	2,109	67	2,177
Total gains / (losses) recognised for the financial year	-	-	(162)	-	2,105	53	1,995	42	2,037
Transfer from / (to) revenue reserves	-	-	(96)	1	94	-	-	-	-
Change in minority interests	-	-	-	-	-	-	-	20	20
Dividends	-	-	-	-	(1,227)	-	(1,227)	(50)	(1,277)
Share buyback - held in treasury	(240)	-	-	-	-	-	(240)	-	(240)
Share-based payment	-	-	3	-	-	-	3	-	3
Issue of shares under share option scheme	6	-	-	-	-	-	6	-	6
Balance at 31 December 2007	2,014	832	3,714	3,132	7,328	310	17,329	398	17,726
Balance at 1 January 2006	1,538	832	4,360	3,020	4,963	217	14,929	291	15,220
Currency translation adjustments	-	-	(11)	-	-	-	(11)	2	(9)
Change in available-for-sale reserve									
Net change in fair value	-	-	534	-	-	-	534	4	538
Transferred to profit and loss account on disposal / impairment	-	-	(27)	-	-	-	(27)	(0)	(27)
Change in share of associates' reserves	-	-	-	-	-	40	40	-	40
Other adjustments	-	-	-	-	-	-	-	6	6
Total gains recognised directly in equity	-	-	496	-	-	40	536	12	548
Profit for the financial year	-	-	-	-	2,570	-	2,570	55	2,625
Total gains recognised for the financial year	-	-	496	-	2,570	40	3,107	67	3,174
Effect of Companies (Amendment) Act 2005	864	-	(864)	-	-	-	-	-	-
Transfer from / (to) revenue reserves	-	-	(30)	110	(80)	-	-	-	-
Change in minority interests	-	-	-	-	-	-	-	47	47
Dividends	-	-	-	-	(1,025)	-	(1,025)	(19)	(1,044)
Share buyback - cancelled	(173)	-	5	-	(72)	-	(240)	-	(240)
Issue of shares under share option scheme	18	-	1	-	-	-	20	-	20
Balance at 31 December 2006	2,247	832	3,969	3,130	6,356	257	16,791	385	17,176

Consolidated Statement of Changes in Equity (Unaudited)

	Equity Attributable to Equity Holders of the Bank								
	Share Capital	Subsidiary Preference Shares	Capital Reserves	Statutory Reserves	Revenue Reserves	Share of Reserves of Associates	Total	Minority Interests	Total Equity
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Balance at 1 October 2007	2,070	832	4,041	3,130	6,833	343	17,249	407	17,656
Currency translation adjustments	-	-	(61)	-	-	-	(61)	(15)	(76)
Change in available-for-sale reserve									
Net change in fair value	-	-	(251)	-	-	-	(251)	(3)	(254)
Transferred to profit and loss account on disposal / impairment	-	-	(18)	-	-	-	(18)	(0)	(19)
Change in share of associates' reserves	-	-	-	-	-	(34)	(34)	-	(34)
Total losses recognised directly in equity	-	-	(330)	-	-	(34)	(364)	(19)	(383)
Profit for the financial period	-	-	-	-	506	-	506	15	521
Total gains / (losses) recognised for the financial period	-	-	(330)	-	506	(34)	142	(4)	138
Transfer from / (to) revenue reserves	-	-	(0)	1	(1)	-	-	-	-
Change in minority interests	-	-	-	-	-	-	-	(0)	(0)
Dividends	-	-	-	-	(9)	-	(9)	(5)	(15)
Share buyback - held in treasury	(57)	-	-	-	-	-	(57)	-	(57)
Share-based payment	-	-	3	-	-	-	3	-	3
Issue of shares under share option scheme	0	-	-	-	-	-	0	-	0
Balance at 31 December 2007	2,014	832	3,714	3,132	7,328	310	17,329	398	17,726
Balance at 1 October 2006	2,246	832	3,553	3,020	6,023	217	15,890	370	16,260
Currency translation adjustments	-	-	0	-	-	-	0	(1)	(1)
Change in available-for-sale reserve									
Net change in fair value	-	-	349	-	-	-	349	2	351
Transferred to profit and loss account on disposal / impairment	-	-	(17)	-	-	-	(17)	(1)	(17)
Change in share of associates' reserves	-	-	-	-	-	40	40	-	40
Other adjustments	-	-	-	-	-	-	-	1	1
Total gains recognised directly in equity	-	-	332	-	-	40	372	1	374
Profit for the financial period	-	-	-	-	537	-	537	18	554
Total gains recognised for the financial period	-	-	332	-	537	40	909	19	928
Transfer from / (to) revenue reserves	-	-	84	110	(194)	-	-	-	-
Change in minority interests	-	-	-	-	-	-	-	(1)	(1)
Dividends	-	-	-	-	(10)	-	(10)	(2)	(12)
Issue of shares under share option scheme	2	-	-	-	-	-	2	-	2
Balance at 31 December 2006	2,247	832	3,969	3,130	6,356	257	16,791	385	17,176

**Consolidated Cash Flow Statement (Audited)**

	2007	2006
	\$m	\$m
<b>Cash flows from operating activities</b>		
Operating profit before amortisation and impairment charges	2,854	3,101
Adjustments for		
Depreciation of assets	141	142
Net gain on disposal of assets	(216)	(439)
Share-based payment	3	-
Operating profit before working capital changes	<u>2,782</u>	<u>2,804</u>
Changes in working capital		
Increase in deposits	10,058	14,042
Increase in bills and drafts payable	1,435	85
Increase in other liabilities	1,551	481
Decrease in trading securities	74	141
Decrease in placements and balances with banks and agents	9,324	6,814
Increase in loans to non-bank customers	(15,949)	(9,875)
Increase in other assets	(1,235)	(1,626)
Cash generated from operations	<u>8,040</u>	<u>12,866</u>
Income tax paid	(567)	(350)
Net cash provided by operating activities	<u>7,474</u>	<u>12,516</u>
<b>Cash flows from investing activities</b>		
Net cash flow on disposal / (acquisition) of		
Assets held for sale	-	864
Investment securities and associates	(1,812)	(6,914)
Properties and other fixed assets	(348)	(97)
Change in minority interests	(5)	59
Dividends received from associates	144	72
Net cash used in investing activities	<u>(2,021)</u>	<u>(6,017)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	6	20
Net increase / (decrease) in debts issued	70	(454)
Share buyback	(240)	(240)
Dividends paid on ordinary shares	(1,185)	(978)
Dividends paid on subsidiary preference shares	(44)	(35)
Dividends paid to minority interests	(50)	(19)
Net cash used in financing activities	<u>(1,442)</u>	<u>(1,706)</u>
Currency translation adjustments	(20)	(11)
<b>Net increase in cash and cash equivalents for the financial year</b>	<u>3,991</u>	<u>4,782</u>
Cash and cash equivalents at beginning of the financial year	<u>26,292</u>	<u>21,510</u>
<b>Cash and cash equivalents at end of the financial year</b>	<u>30,283</u>	<u>26,292</u>
Represented by:		
Cash, balances and placements with central banks	17,667	16,301
Singapore Government treasury bills and securities	9,134	7,437
Other government treasury bills and securities	3,482	2,553
<b>Cash and cash equivalents at end of the financial year</b>	<u>30,283</u>	<u>26,292</u>

**Balance Sheet of the Bank (Audited)**

	Dec-07	Sep-07 <sup>1</sup>	Dec-06
	\$m	\$m	\$m
<b>Equity</b>			
Share capital	2,014	2,070	2,247
Capital reserves	3,597	3,845	3,818
Statutory reserves	2,753	2,753	2,753
Revenue reserves	5,623	5,386	4,989
<b>Total</b>	<b>13,987</b>	<b>14,054</b>	<b>13,807</b>
<b>Liabilities</b>			
Deposits and balances of banks and agents	30,142	30,066	30,975
Deposits and balances of non-bank customers	84,312	81,975	75,304
Deposits and balances of subsidiaries	4,047	4,156	3,931
Bills and drafts payable	372	380	150
Other liabilities	7,013	6,103	5,525
Debts issued	6,665	6,645	6,399
<b>Total</b>	<b>132,551</b>	<b>129,327</b>	<b>122,285</b>
<b>Total equity and liabilities</b>	<b>146,538</b>	<b>143,381</b>	<b>136,092</b>
<b>Assets <sup>2</sup></b>			
Cash, balances and placements with central banks	14,976	16,936	13,324
Singapore Government treasury bills and securities	9,052	9,879	7,348
Other government treasury bills and securities	1,878	2,309	1,878
Trading securities	110	197	106
Placements and balances with banks and agents	13,220	13,576	22,979
Loans to non-bank customers	71,994	65,256	59,086
Placements with and advances to subsidiaries	646	1,520	660
Investment securities	18,205	17,884	15,881
Other assets	7,687	7,043	6,272
Investment in associates	373	373	372
Investment in subsidiaries	3,859	3,848	3,852
Properties and other fixed assets	1,357	1,376	1,153
Intangible assets	3,182	3,182	3,182
<b>Total</b>	<b>146,538</b>	<b>143,381</b>	<b>136,092</b>
<b>Off-Balance Sheet Items</b>			
Contingent liabilities	11,089	9,736	8,211
Financial derivatives	377,779	401,192	485,649
Commitments	39,872	41,874	36,064
<b>Net asset value per ordinary share (\$)</b>	<b>9.25</b>	<b>9.28</b>	<b>9.06</b>

**Notes:**

1 Unaudited.

2 Assets pledged under repurchase agreements were included in the respective asset items.

**Statement of Changes in Equity of the Bank (Audited)**

	Share Capital \$m	Capital Reserves \$m	Statutory Reserves \$m	Revenue Reserves \$m	Total Equity \$m
Balance at 1 January 2007	2,247	3,818	2,753	4,989	13,807
Currency translation adjustments	-	(3)	-	-	(3)
Change in available-for-sale reserve					
Net change in fair value	-	(31)	-	-	(31)
Transferred to profit and loss account on disposal / impairment	-	(143)	-	-	(143)
Total losses recognised directly in equity	-	(176)	-	-	(176)
Profit for the financial year	-	-	-	1,771	1,771
Total gains / (losses) recognised for the financial year	-	(176)	-	1,771	1,595
Transfer to revenue reserves	-	(48)	-	48	-
Dividends	-	-	-	(1,185)	(1,185)
Share buyback - held in treasury	(240)	-	-	-	(240)
Share-based payment	-	3	-	-	3
Issue of shares under share option scheme	6	-	-	-	6
Balance at 31 December 2007	<b>2,014</b>	<b>3,597</b>	<b>2,753</b>	<b>5,623</b>	<b>13,987</b>
Balance at 1 January 2006	1,538	4,391	2,646	3,907	12,482
Currency translation adjustments	-	(5)	-	-	(5)
Change in available-for-sale reserve					
Net change in fair value	-	419	-	-	419
Transferred to profit and loss account on disposal / impairment	-	(31)	-	-	(31)
Total gains recognised directly in equity	-	382	-	-	382
Profit for the financial year	-	-	-	2,142	2,142
Total gains recognised for the financial year	-	382	-	2,142	2,524
Effect of Companies (Amendment) Act 2005	864	(864)	-	-	-
Transfer from / (to) revenue reserves	-	(98)	107	(10)	-
Dividends	-	-	-	(978)	(978)
Share buyback - cancelled	(173)	5	-	(72)	(240)
Issue of shares under share option scheme	18	1	-	-	20
Balance at 31 December 2006	<b>2,247</b>	<b>3,818</b>	<b>2,753</b>	<b>4,989</b>	<b>13,807</b>

**Statement of Changes in Equity of the Bank (Unaudited)**

	Share Capital	Capital Reserves	Statutory Reserves	Revenue Reserves	Total Equity
	\$m	\$m	\$m	\$m	\$m
Balance at 1 October 2007	2,070	3,845	2,753	5,386	14,054
Currency translation adjustments	-	(3)	-	-	(3)
Change in available-for-sale reserve					
Net change in fair value	-	(231)	-	-	(231)
Transferred to profit and loss account on disposal / impairment	-	(18)	-	-	(18)
Total losses recognised directly in equity	-	(251)	-	-	(251)
Profit for the financial period	-	-	-	237	237
Total gains / (losses) recognised for the financial period	-	(251)	-	237	(14)
Share buyback - held in treasury	(57)	-	-	-	(57)
Share-based payment	-	3	-	-	3
Issue of shares under share option scheme	0	-	-	-	0
Balance at 31 December 2007	2,014	3,597	2,753	5,623	13,987
Balance at 1 October 2006	2,246	3,552	2,646	4,788	13,231
Currency translation adjustments	-	(4)	-	-	(4)
Change in available-for-sale reserve					
Net change in fair value	-	245	-	-	245
Transferred to profit and loss account on disposal / impairment	-	(21)	-	-	(21)
Total gains recognised directly in equity	-	220	-	-	220
Profit for the financial period	-	-	-	355	355
Total gains recognised for the financial period	-	220	-	355	575
Transfer from revenue reserves	-	46	107	(153)	-
Issue of shares under share option scheme	2	-	-	-	2
Balance at 31 December 2006	2,247	3,818	2,753	4,989	13,807

**TO THE MEMBERS OF UNITED OVERSEAS BANK LIMITED**

We have audited the accompanying financial statements of United Overseas Bank Limited (the "Bank") and its subsidiaries (the "Group"), which comprise the balance sheets of the Bank and the Group as at 31 December 2007, the profit and loss accounts and the statements of changes in equity of the Bank and the Group, and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**Directors' Responsibility for the Financial Statements**

The Bank's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards ("FRS"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion,

- (a) the financial statements of the Bank and the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Act and FRS, including the modification of the requirements of FRS39 Financial Instruments: Recognition and Measurement in respect of loan loss provisioning by MAS Notice 612 Credit Files, Grading and Provisioning, so as to give a true and fair view of the state of affairs of the Bank and the Group as at 31 December 2007, the results of the Bank and of the Group, the changes in equity of the Bank and the changes in equity and cash flows of the Group for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Bank and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

**ERNST & YOUNG**  
Certified Public Accountants

Singapore  
27 February 2008

**END**