

## United Overseas Bank Group Reports Healthy Half-Year Growth

### Net Profit After Tax Rises 92.8%

**Singapore, 1 August 2006** – The United Overseas Bank Group (“The Group”) has reported a 92.8% jump in net profit after tax to S\$1,571 million in the first six months of 2006 (“1H06”), up from S\$815 million for the same period last year.

The rise in earnings was mainly due to a one-time gain of S\$689 million, which comprised the gain from divesting stakes in Overseas Union Enterprise Limited (“OUE”) and Hotel Negara Limited, as well as the special dividend received from OUE in the second quarter of 2006. Excluding the one-time gain, the Group’s net profit after tax still recorded a healthy growth of 8.3%.

The Board has declared a special dividend of 20 cents per ordinary share, in addition to the interim dividend of 20 cents per ordinary share.

Total income excluding one time gain was up 9.8% to S\$1,984 million in 1H06. The increase in total income was attributed to higher net interest income largely from higher loan volume and interbank money market activities. Net interest income rose 14.5% to S\$1,324 million while non-interest income was up 1.5% to S\$660 million. The growth in net interest income is supported by better customer margin and an enlarged loan book.

The Group’s banking subsidiaries in Malaysia, Thailand and Indonesia continue to be main offshore contributors. Overall, offshore pre-tax profits, excluding the one-time gain, accounted for nearly 30% of the Group’s profit in 1H06, reflecting the success of the Group’s diversification efforts. Pre-tax profit from the ASEAN countries (outside Singapore) rose 70% from the same period last year.

Mr Wee Ee Cheong, the Group’s Deputy Chairman and President said, “Our expansion in the region is beginning to bear fruit. The region still provides growth opportunities and we remain committed to strengthening our platform in Southeast Asia and East Asia for long-term growth. At the same time, we will continue to build upon our strengths in Singapore, focusing on our traditional strongholds in the consumer and SME markets. Our half-year results show that our core businesses, particularly customer loans and margin, remain robust.”

The Group maintained its leadership position in the consumer and SME markets. Year-on-year, customer loans rose 8.6% to S\$70,177 million, while customer deposits increased 11.5% to S\$89,753 million. In particular, housing loans increased by S\$1,732 million to S\$17,554 million while term loans grew by S\$2,489 million to S\$41,257 million year-on-year.

Total operating expenses rose 22.2% to S\$815 million in 1H06, from S\$667 million for the same period last year, partly due to the consolidation of Bank Buana’s operating expenses. Staff costs grew 29.6% year-on-year, largely due to the Group’s expanded network. As a result, the Group’s expense-to-income ratio grew to 41.1% in 1H06. The Group will continue to invest in talent and infrastructure to support its regionalisation efforts and growing business platform.

The Group's asset quality remains strong. Non-performing loans (NPLs) were S\$3,836 million in 1H06, down 15.9% from S\$4,563 million for the same period last year. The NPL ratio fell to 5.3%, from 6.7% at end-June 2005.

Including the one-time gain, earnings per share was up 48.3% at S\$1.57, from S\$1.06 year-on-year. The Group reported a return on equity (excluding intangible assets) of 16.7%, up from 12.8% in the corresponding period last year. Shareholders' equity increased by 16.2% to S\$15,707 million, up from S\$13,517 million as at 30 June 2005.

United Overseas Bank Limited ("UOB") received recognition from leading publications and organisations. They include: "Best Domestic Bank (Singapore)" for 2006 by *Asiamoney*, "Best FIG Borrower – Asia" for 2006 by *Euromoney*, and "Best Developed Market Banks – 2006: Best Bank in Singapore" by *Global Finance*. The Bank was also ranked the highest among Singapore banks for corporate transparency in the Business Times Corporate Transparency Index (BT-CTI).

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#### **About United Overseas Bank**

UOB is a leading bank in Singapore that provides a wide range of financial services through its global network of 503 offices in 18 countries and territories in Asia-Pacific, Western Europe and North America. It has banking subsidiaries in Singapore, Malaysia, Indonesia, Thailand and the Philippines.

UOB is focused on enhancing its leadership in the consumer market, and is today, the largest credit card-issuing bank in Singapore with a card base that has exceeded one million. The Bank also has the largest base of merchants in Singapore, both for consumer and commercial credit card acceptance.

For more information on UOB, visit [www.uobgroup.com](http://www.uobgroup.com).

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