

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 ("UOB") wishes to make the following announcement:

1. UNAUDITED RESULTS FOR THE NINE MONTHS / THIRD QUARTER ENDED 30 SEPTEMBER 2005

	Group					
	9 Months	9 Months	Incr /	3rd	3rd	Incr /
	2005	2004	(Decr)	Quarter	Quarter	(Decr)
	\$'000	\$'000	%	\$'000	\$'000	%
Interest income	3,494,423	2,615,561	33.6	1,228,512	936,665	31.2
Less : Interest expense	1,760,437	1,022,858	72.1	651,001	399,876	62.8
Net interest income	1,733,986	1,592,703	8.9	577,511	536,789	7.6
Dividend income	55,959	38,216	46.4	11,272	9,860	14.3
Fee and commission income	606,153	501,696	20.8	234,457	179,745	30.4
Rental income	48,173	48,740	(1.2)	15,802	16,392	(3.6)
Other operating income	289,549	217,531	33.1	88,043	64,380	36.8
Income before operating expenses	2,733,820	2,398,886	14.0	927,085	807,166	14.9
Less : Staff costs	484,185	416,921	16.1	168,546	151,872	11.0
Other operating expenses	535,739	445,975	20.1	184,601	162,699	13.5
	1,019,924	862,896	18.2	353,147	314,571	12.3
Operating profit before goodwill and other impairment	1,713,896	1,535,990	11.6	573,938	492,595	16.5
Less : Goodwill written-off / amortised	57,913	155,088	(62.7)	-	54,515	(100.0)
Less : Impairment charges	99,872	95,744	4.3	19,337	(774)	NM
Operating profit after goodwill and other impairment	1,556,111	1,285,158	21.1	554,601	438,854	26.4
Share of profit of associates	76,723	123,038	(37.6)	30,534	47,091	(35.2)
Profit before tax	1,632,834	1,408,196	16.0	585,135	485,945	20.4
Less : Tax	318,149	292,898	8.6	109,221	99,051	10.3
Share of tax of associates	20,011	27,208	(26.5)	6,371	9,428	(32.4)
Profit after tax	1,294,674	1,088,090	19.0	469,543	377,466	24.4
Less :						
Net profit attributable to minority interests	17,320	12,005	44.3	6,859	6,027	13.8
Net profit attributable to members	1,277,354	1,076,085	18.7	462,684	371,439	24.6

2. SELECTED BALANCE SHEET DATA

	Group			Bank		
	30-Sep-05	Restated ^ 31-Dec-04	30-Sep-04	30-Sep-05	Restated ^ 31-Dec-04	30-Sep-04
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets						
Total Assets	139,792,354	134,775,577	126,566,090	117,282,341	112,562,056	104,768,372
Loans and advances including trade bills to non-bank customers	65,738,629	64,187,972	64,488,802	51,491,877	50,459,579	50,974,182
Liabilities						
Deposits of non-bank customers	83,340,816	78,950,708	77,373,127	65,833,844	62,286,475	60,290,059
Total deposits including banker deposits	111,289,524	107,144,805	100,501,428	94,193,981	90,151,507	83,766,490
Subordinated debts (unsecured)						
- Due after one year	5,725,851	5,676,766	5,744,099	5,643,443	5,592,809	5,662,585
Other debts issued						
- Due within one year (secured) *	876,556	925,366	972,431	-	-	-
- Due within one year (unsecured)	271,854	16,338	16,906	271,854	16,338	16,906
- Due after one year (unsecured)	471,277	517,489	509,443	467,157	517,489	509,443
Capital and reserves						
Issued and paid-up capital	1,537,655	1,536,255	1,572,500	1,537,655	1,536,255	1,572,500
Total shareholders' equity	13,734,627	13,456,026	13,566,236	11,809,549	11,689,753	11,913,184
Net asset value						
Net asset value per ordinary share based on issued share capital as at end of the financial period (\$)	8.93	8.76	8.63	7.68	7.61	7.58

^ Restated upon adoption of FRS39 on 1 January 2005.

* These debts are issued by Archer 1 Limited, a special purpose entity ("SPE") of the Group, and secured by a floating charge on all the assets of the SPE.

3. OTHER INFORMATION

	Group					
	9 Months 2005	9 Months 2004	Incr/ (Decr) %	3rd Quarter 2005	3rd Quarter 2004	Incr / (Decr) %
Depreciation (\$'000)	104,742	89,734	16.7	34,510	32,450	6.3
Annualised net profit as a percentage of average total shareholders' equity (%)						
- Including goodwill impairment	12.5	10.7	16.8	13.7	11.0	24.5
- Excluding goodwill impairment	13.1	12.2	7.4	13.7	12.7	7.9
Annualised earnings per share (cents)						
- Basic	110.8	91.3	21.4	120.4	94.5	27.4
- Fully diluted	110.8	91.3	21.4	120.4	94.5	27.4

Details of new shares of the Bank are as follows:

<u>Particulars of Issue</u>	No. of new shares issued between 1-Jul-05 and 30-Sep-05	No. of new shares that would have been issued upon the exercise of all outstanding options	
		<u>At 30-Sep-05</u>	<u>At 30-Sep-04</u>
Exercise of share options granted under the UOB 1999 Share Option Scheme	34,000	2,841,000	3,494,000

4. REVIEW OF PERFORMANCE

(a) The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") and are presented in Singapore dollars. The new and revised FRS that are applicable to the Group with effect from 1 January 2005 and that have impact on the Group's financials are as follows:

- i) FRS39 Financial Instruments: Recognition and Measurement
- ii) FRS103 Business Combinations / FRS36 Impairment of Assets / FRS38 Intangible Assets
- iii) FRS102 Share-based Payment
- iv) FRS105 Non-current Assets Held for Sale and Discontinued Operations

FRS39 requires prospective application with the opening balances of the affected financial assets and financial liabilities as at 1 January 2005 to be restated and the resulting changes adjusted to the shareholders' equity. The restated 31 December 2004 balances in this announcement refer to the adjusted opening balances as at 1 January 2005 and are presented to facilitate comparison with the current period's balances.

Other than the above changes, the accounting policies and computation methods adopted in the financial statements for the first nine months of 2005 are the same as those adopted in the audited financial statements for the financial year ended 31 December 2004.

(b) The Group acquired Bank of Asia Public Company Limited and its subsidiaries ("BOA") on 27 July 2004. Accordingly, only two months of BOA's results were included in the Group's profit and loss account for the first nine months / third quarter of 2004.

(c) 9 Months 2005 versus 9 Months 2004

- (i) The Group's net profit after tax ("NPAT") of \$1,277 million recorded for the first nine months of 2005 ("this year-to-date") was an increase of \$201 million or 18.7% over the \$1,076 million registered in the first nine months of 2004 ("last year-to-date"). The increase was mainly due to higher net interest income, higher fee and commission income, discontinuation of goodwill amortisation, and higher other operating income. These were partly offset by higher operating expenses, write-off of goodwill in respect of United Overseas Bank Philippines, and lower share of profit of associates. Excluding BOA's profit contribution, the Group's NPAT would have shown an increase of 16.2% over that of last year-to-date.
- (ii) Total income increased \$335 million or 14.0% to \$2,734 million for this year-to-date from \$2,399 million for last year-to-date, primarily due to higher net interest income mainly from customer loans, higher fee and commission income mainly from fund management and investment-related activities, and net gain on trading securities, government securities and derivatives as against losses for last year-to-date. BOA contributed \$214 million to the Group's total income for this year-to-date, mainly on net interest income and fee and commission income. Excluding BOA's income, the Group's total income for this year-to-date would have increased 6.9% over that of last year-to-date.
- (iii) The Group's total operating expenses increased 18.2% to \$1,020 million for this year-to-date from \$863 million for last year-to-date attributed mainly to the acquisition of BOA. Staff costs increased 16.1% to \$484 million while other operating expenses increased 20.1% to \$536 million. Consequently, the expense-to-income ratio of the Group increased to 37.3% from 36.0% a year ago. Excluding BOA's operating expenses, the Group's total operating expenses would have shown a lower increase of 5.2% and the expense-to-income ratio would be lower at 34.8%.
- (iv) Total impairment charges increased \$4 million or 4.3% to \$100 million for this year-to-date, mainly due to lower write-back of collective impairment, partially offset by lower impairment charges on investment securities and loans.
- (v) Share of pre-tax profit of associates decreased 37.6% to \$77 million for this year-to-date compared to the \$123 million for last year-to-date. The decrease was mainly due to the cessation of equity accounting for United Overseas Land Limited with effect from 1 January 2005 following the divestment exercise.

(d) 3rd Quarter 2005 versus 3rd Quarter 2004

- (i) The Group's NPAT increased 24.6% to \$463 million in the third quarter of 2005 ("3Q05") from \$371 million in the third quarter of 2004 ("3Q04"). The increase was mainly due to higher fee and commission income, discontinuation of goodwill amortisation, higher net interest income and higher other operating income. These were partially offset by higher operating expenses and impairment charges in 3Q05.
- (ii) Total income increased 14.9% to \$927 million in 3Q05 from \$807 million in 3Q04, mainly due to higher fee and commission income largely from investment-related and fund management activities, net gain on trading securities, government securities and derivatives as against losses in 3Q04, and higher net interest income mainly from customer loans.
- (iii) The Group's total operating expenses increased 12.3% to \$353 million in 3Q05 compared to \$315 million in 3Q04. Staff cost increased 11.0% to \$169 million while other operating expenses increased 13.5% to \$185 million. Expense-to-income ratio improved to 38.1% in 3Q05 from 39.0% in 3Q04.
- (iv) Total impairment charges was \$19 million in 3Q05 as compared to a write-back of \$1 million in 3Q04, mainly due to the write-back of collective impairment in 3Q04, partially offset by lower impairment charges on loans in 3Q05.

- (e) The Group's net loans and advances to customers of \$65,739 million as at 30 September 2005 were 2.4% higher than the \$64,188 million as at 31 December 2004 (restated). Group non-performing loans ("NPLs") decreased 17.5% to \$4,290 million as at 30 September 2005 from \$5,199 million as at 31 December 2004 (restated). Consequently, Group NPL ratio improved to 6.2% as at 30 September 2005 from 7.6% as at 31 December 2004 (restated). Of the total Group NPLs as at 30 September 2005, \$2,432 million or 56.7% were secured by collateral, and \$2,769 million or 64.5% were in the Substandard category.
- (f) Total cumulative impairment of the Group was \$2,946 million as at 30 September 2005 compared to the \$3,573 million as at 31 December 2004 (restated). Collective impairment as at 30 September 2005 was \$1,318 million or 44.7% of total cumulative impairment. The total cumulative impairment as at 30 September 2005 and 31 December 2004 (restated) provided coverage of 68.7% against Group NPLs. As at 30 September 2005, unsecured NPLs were 158.6% covered by total cumulative impairment, compared to the 133.1% as at 31 December 2004 (restated).
- (g) Total assets of the Group as at 30 September 2005 were \$139,792 million, representing a growth of 3.7% over the \$134,776 million as at 31 December 2004 (restated).
- (h) Shareholders' equity of the Group as at 30 September 2005 was \$13,735 million, representing an increase of 2.1% over the \$13,456 million as at 31 December 2004 (restated).
- (i) As at 30 September 2005, the Group's total Capital Adequacy Ratio ("CAR") of 15.0% was 5.0% points above the minimum of 10% set by Monetary Authority of Singapore and 0.5% point lower than the total CAR of 15.5% as at 31 December 2004 (restated).

5. DIVIDEND

No dividend has been declared for the quarter ended 30 September 2005.

6. EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

On 14 October 2005, the Bank announced that its wholly-owned subsidiary, UOB International Investment Pte Ltd ("UOBII"), has completed the acquisition of additional 30% of the issued common shares in P.T. Bank Buana Indonesia Tbk ("Bank Buana") for a purchase consideration of Rupiah 1,650,000 million (approximately S\$269 million). With the completion of the acquisition, UOBII's shareholding in Bank Buana has increased from 23% to 53% and Bank Buana has become a subsidiary of UOBII.

**BY ORDER OF THE BOARD
UNITED OVERSEAS BANK LIMITED**

Mrs Vivien Chan
Secretary

Dated this 28th day of October 2005

The results are also available at the Bank's website at www.uobgroup.com