

**United Overseas Bank Group Reports Record Earnings
With Net Profit After Tax Surging 50.4% to S\$2.57 billion**

***The Board Recommends Increase In Final Dividend To 50 cents And
An Additional Special Dividend Of 10 cents***

Singapore, 28 February 2007 – The United Overseas Bank Group (“The Group”) has reported an increase of 50.4% in net profit after tax to S\$2,570 million for the financial year ended 31 December 2006, up from S\$1,709 million for the same period in 2005.

The increase included a one-time gain of S\$689 million from special dividend received from Overseas Union Enterprise Limited (“OUE”) and gain from divestment of OUE and Hotel Negara Limited in the second quarter of 2006. Excluding the one-time gain, the Group’s net profit after tax recorded a growth of 10.1% over 2005. The growth was mainly driven by higher net interest income and higher fee and commission income, partly offset by higher operating expense.

The Board recommended a final dividend of 50 cents and an additional special dividend of 10 cents. Together with the interim dividend of 20 cents and special dividend of 20 cents, total dividend for the year was S\$1 per ordinary share.

On a quarterly basis, net profit after tax for the three months to 31 December 2006 rose 16% to S\$537 million from S\$463 million in the third quarter and 24.3% from S\$432 million in the fourth quarter of 2005, boosted largely by non-interest income. Fee and commission income surged 50.1% to S\$332 million in the final quarter of 2006, up from S\$221 million in the third quarter with increases registered in every business.

Non-interest income rose 50.4% over 2005 to S\$2,127 million in 2006, mainly contributed by the one-time income. However, excluding the one-time gain, non-interest income grew by 7.1% over 2005. The increase was largely contributed by higher fee and commission income mainly from fund management and loan-related activities. Fee and commission income crossed the S\$1 billion mark and saw almost across the board improvements.

Net interest margin remained unchanged at 1.99% for the year. But it improved to 1.99% in the fourth quarter from 1.97% in the preceding quarter.

Reflecting the success of the regionalisation efforts, offshore contributions rose more than 10 percentage points to 32.5% from 22.4% from a year ago. .

Total assets as at 31 December 2006 amounted to S\$161,312 million, up 11.2% from a year ago. The increase was attributed mainly to higher customer loans and securities. Net customer loans grew 14.5% during the year to S\$76,875 million, driven by higher terms loans and housing loans. The increase in gross loans was seen across all industries, particularly from non-bank financial institutions and housing loans, which grew 23.6% and 13.6% respectively over 2005.

Total deposits grew 12.2% over the year to S\$129,000 million as at 31 December 2006. The growth was mainly from customer deposits which accounted for 74.1% of total deposits. Loans-to-deposit ratio increased 2.0% points to 80.5% as at 31 December 2006.

The Group's banking subsidiaries in Malaysia, Thailand and Indonesia continue to be main offshore contributors. Pre-tax profit from the ASEAN countries (excluding Singapore) rose more than 80% for the year.

Mr Wee Ee Cheong, the Group's Deputy Chairman and President said, "We are pleased with the good set of results despite the intense competition and infrastructure work in the region. Our core business remains strong. Our margins are up. Fee and commission crossed the S\$1 billion mark. Our investments in non-interest income platform and regionalisation are paying off."

"There is still work to be done. The regional markets are financially in good shape. The good news is we have in place an expanded platform where we can deliver our products and services to an enlarged customer base. We will continue to be disciplined in laying the groundwork for that distribution platform by building on shared resources in terms of regional talent, infrastructure, information technology and risk management and controls. All in, we have made significant progress in our ambition towards building a premier regional bank. "

Total operating expenses increased 21.9% to S\$1,736 million in 2006, partly due to the consolidation of Bank Buana's operating expenses with effect from November 2005. Excluding the one-time gain, the Group's expense-to-income ratio increased to 41.1% in 2006.

The Group's asset quality remains strong. Its non-performing loans ("NPLs") decreased 19.5% to S\$3,165 million as at 31 December 2006. Correspondingly, NPL ratio improved from 5.6% to 4.0% during the same period.

The Group's shareholder equity rose 12.5% to S\$16,791 million as at 31 December 2006 from S\$14,929 million as at 31 December 2005. Correspondingly, the Group's net asset value per share increased to S\$10.48 as at 31 December 2006.

In early 2007, the United Overseas Bank Limited ("The Bank") was accorded the Net Profit Excellence Award (Finance) in the 20th Annual Singapore 1000 awards ("Award"). The Award is conferred to deserving companies who have distinguished themselves through outstanding financial performance in the areas of sales / turnover, net profit and other financial indicators.

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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 524 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.

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