

**United Overseas Bank Group Records  
25% Increase In Net Profit After Tax**

***The Board Has Declared A Total Dividend  
Of 35 Cents Per Ordinary Share***

**Singapore, 7 August 2007** – The United Overseas Bank Group (“The Group”) recorded a S\$1,103 million net profit after tax (“NPAT”) in the first half of 2007 (“1H07”), a 25.0%<sup>1</sup> increase from the same period last year. The growth was mainly attributed to higher non-interest income and net interest income, partially offset by higher operating expenses and impairment charges.

The Group’s NPAT also increased to S\$585 million in the second quarter of 2007, a 32.0%<sup>1</sup> increase from the same period last year.

The Board has declared a special dividend of 15 cents per ordinary share, in addition to the interim dividend of 20 cents per ordinary share.

The Group’s total operating income rose 25.5%<sup>1</sup> to S\$2,490 million on the back of strong broad based revenue growth. The increase was driven by higher net interest income from an expanded loan book, with strong growth in our core fee and commission, coupled with higher net gain from foreign exchange, securities and derivatives. All major business segments comprising personal financial services, institutional financial services and global markets and investment management registered strong growth for the period.

Net interest income increased 15.0% over the first half of 2006 (“1H06”) to S\$1,523 million. This increase was the result of higher loan volume, coupled with improved loan margin. Net customer loans grew 7.3% over 31 December 2006 and 17.5% over 30 June 2006 to S\$82,461 million as at 30 June 2007. The increase was broad-based across various industries and geography. Net interest margin improved 9 basis points over 1H06 to 2.10%, driven by higher customer loan margin.

<sup>1</sup> Excluding the one-time income / gain, comprising special dividend from Overseas Union Enterprise Limited (“OUE”) and gain from divestment of OUE and Hotel Negara Limited, recorded in the second quarter of 2006.

The Group's non-interest income surged to S\$968 million in 1H07, a 46.6% increase from the corresponding period last year. The growth was also broad based with higher fee and commission income, coupled with higher net gain from foreign exchange, securities and derivatives. The Group's non-interest income accounted for 38.9% of total income.

The Group's strong distribution network in the region is bearing results. Fee and commission income surged 30.8% to S\$589 million in 1H07, up from S\$450 million in the corresponding half in 2006. The growth was broad based driven by strong sales of our wealth management products, better performance from our fund management activities, stronger trade-related and credit card activities.

The Group continued to invest in its infrastructure and talent to enhance its competitiveness and capacity to support business growth. However, the Group continued to exercise discipline in cost management with Group's cost-to-income ratio improving to 39.2% in 1H07 from 41.1%<sup>1</sup> in 1H06.

Mr Wee Ee Cheong, the UOB Group's Deputy Chairman and Chief Executive Officer said: "We are pleased with the results achieved, not just with the profit growth but the quality and diversity of the earnings. We are living in uncertain times. Markets are volatile. It is important to diversify, and I am glad that our portfolio is well spread out both in business and geographical terms. I am particularly heartened by the strong growth in our non-interest income. We will continue to build capabilities on that front."

He added: "We remain positive about the region's prospects despite short-term uncertainties. Recent market volatility reflects re-pricing of risks, but overall fundamentals are still sound. The more resilient global environment, along with increasing regional trade flows and influx of global liquidity and investments, augur well for the region's long-term growth potential. At UOB, we are in for the long-haul. We have the track record and experience to see us through business cycles. And we are well-placed to ride on Asia's growth."

During the first half, the Group made further in road in its regionalisation strategy. UOB has signed an agreement for a 10% stake in Southern Commercial Joint Stock Bank in Vietnam subject to regulatory approval. Talks are also underway for a possible minority stake in China Evergrowing Bank based in Yantai City. If successful, the additional stakes in Vietnam and China would pave the way for further diversification of the Group's global business portfolio in the long term.

The Group's total assets grew 9.1% to S\$170,063 million while shareholders' equity also rose 11.5% to S\$17,511 million year-on-year. The Group's revalued net asset value increased 15.2% to S\$12.20 per ordinary share year-on-year.

The Group's asset quality saw much improvement. Non-performing loans ("NPLs") decreased by 37.9% to S\$2,382 million as at 30 June 2007 (30 June 2006: S\$3,836 million). This resulted in an improvement in NPL ratio to 2.8% as at 30 June 2007 from 5.3% as at 30 June 2006.

The Group's total capital adequacy ratio was 15.7% as at 30 June 2007 with tier-one capital ratio at 10.8%.

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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 over 500 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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