

**United Overseas Bank Group Reports 12.1% Jump  
In Full Year Net Profit To S\$2,109 Million**

***The Group Recorded Quality Broad-Based Growth***

**Singapore, 27 February 2008** - The United Overseas Bank Group (the "Group") today announced an increase of 12.1% in net profit after tax to S\$2,109 million for the financial year ended 31 December 2007, up from S\$1,882 million<sup>1</sup> for 2006.

The Board of Directors recommended a final one-tier tax exempt dividend of 45 cents, giving a total net dividend of 73.7 cents for the year.

***Quality growth all round***

Underpinned by the robust Singapore economy in 2007, the strong performance was 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. Core business remained strong as loans expanded by 20.5% during the year with the Group's portfolio well spread across products, business segments and countries.

While percentage contribution from overseas declined slightly due to stronger growth in Singapore, absolute overseas operating profit grew 18.4% and crossed the S\$1 billion mark for the first time. Loans from overseas were up 21.4%. The overall performance reflects the Group's strategy in staying focused on the core banking business and diversifying its global assets to expand its income base.

<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.

### ***Core business remains strong***

Despite a turbulent year, the Group's core banking business remained strong. Year-on-year net interest income rose 10.0% to S\$2,980 million contributed mainly by loan growth. Net interest margin increased five basis points to 2.04% as a result of improved asset mix.

The Group's improvement in its fee-based capability continues to produce results. Non-interest income rose 25.0% from S\$1,514 million<sup>1</sup> for 2006 to S\$1,892 million for 2007. The increase was driven by higher fee and commission income across all business activities, particularly fund management, as well as higher gain on sale of foreclosed securities.

Fee and commission income surged 27.4% to S\$1,278 million, with increases across every business line. Non-interest income accounted for 38.8% of the total income for 2007, an increase of three percentage points from 2006.

### ***Quarterly operating momentum***

At the operating level, the Group's performance in the fourth quarter showed good momentum. Despite the challenging environment in the last three months of 2007, net interest income rose to S\$743 million in the final quarter, up 4.1% from the third quarter and 5.9% from the same quarter a year ago. Non-interest income increased 35.5% and 2.9% respectively to S\$532 million. Operating profit also rose 16.1% to S\$719 million from the third quarter of 2007.

### ***Building regional capacity***

With a focus to build a premier regional bank network, the Group continues to invest in its infrastructure and processes to better manage higher operational risks in the region. Malaysia delivered another set of strong results boosted by broad-based income contribution. In Thailand, after the sale of non-performing loans in the first half, it saw the growth momentum in the last two quarters with the implementation of various product programs in selected market segments.

<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.

While the Group saw some competitive pressure in Indonesia, it managed to grow its loans book by 24.1% over 2006. With the continued investment in infrastructure and the established network of branches, the Group is well-placed to scale up its operations when business volume picks up in the region.

### ***Expenses under control***

Expenses were well-controlled during the year. The Group managed to keep cost to income ratio at 41.4% despite cost pressure and continued investments in infrastructure and processes. Staff costs rose 20.6% to S\$1,046 million largely due to higher headcount to support business growth, increased salaries driven by the tight labour market and higher bonus provision in line with better business performance.

Impairment charges rose 66.0% to S\$300 million mainly due to provision set aside for a long-term investment, and higher provision for the Collateralised Debt Obligation (CDO) portfolio and loans. The Group's CDO exposure is however immaterial at 0.2% of total assets.

### ***Strong balance sheet***

The Group has a strong and liquid balance sheet with an improvement in its asset quality. The Group's non-performing loans fell 45.8% to S\$1,715 million when compared to the preceeding year. Correspondingly, the non-performing loan ratio was 1.8% as at 31 December 2007, compared to 4.0% a year ago.

Year-on-year, customer deposits rose 11.9% to S\$106,967 million. Total assets grew by 8.5% to S\$174,950 million, and shareholders' equity rose 3.2% to S\$17,329 million. Consequently, the Group's net asset value per ordinary share increased to S\$10.91 as at 31 December 2007.

The Group's capital position remained strong, with a tier-one capital adequacy ratio at 10.0% and total capital adequacy ratio at 14.5%, both well above the minimum of 6% and 10% respectively required by the Monetary Authority of Singapore.

### ***Well-placed for opportunities and growth***

Mr Wee Ee Cheong, the UOB Group's Deputy Chairman and Chief Executive Officer said, "Despite the global market volatilities, we are pleased that the Group has recorded quality broad-based growth, with core business remaining strong. This set of results validates the Bank's disciplined strategy in building a quality diversified portfolio across products, business segments and countries. 2008 looks set to be a challenging year. But with our strong balance sheet underpinned by our established regional platform, we are well-placed to seize opportunities for long-term sustainable growth."

### ***Getting recognised***

In 2007, UOB was accorded the Net Profit Excellence Award (Finance) in the 21<sup>st</sup> Annual Singapore 1000 Awards for the second year running. In addition, the Bank also clinched the "Best SME Bank in Asia Pacific" in the Asian Banking and Finance Retail Banking Awards 2007. Other accolades include the "Top Rated" award for excellence in providing custody in the 2007 Major Market Agent Bank Review services and the Bank having achieved the Singapore Quality Class' standard for business excellence.

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

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 the Asia Pacific, Western Europe and North America. It has banking subsidiaries in Singapore, Malaysia, Indonesia, Thailand and China.

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, log on to [www.uobgroup.com](http://www.uobgroup.com).

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