

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 THREE MONTHS/FIRST QUARTER ENDED 31 MARCH 2006

	Group		
	1st Quarter 2006 \$'000	1st Quarter 2005 \$'000	Incr / (Decr) %
Interest income	1,562,898	1,096,475	42.5
Less : Interest expense	909,510	513,583	77.1
Net interest income	<u>653,388</u>	<u>582,892</u>	12.1
Dividend income	2,575	2,748	(6.3)
Fee and commission income	222,432	185,722	19.8
Rental income	16,042	16,170	(0.8)
Other operating income	108,817	111,701	(2.6)
Income before operating expenses	<u>1,003,254</u>	<u>899,233</u>	11.6
Less : Staff costs	<u>197,690</u>	<u>153,057</u>	29.2
Other operating expenses	<u>198,514</u>	<u>166,271</u>	19.4
	<u>396,204</u>	<u>319,328</u>	24.1
Operating profit before amortisation and impairment charges	<u>607,050</u>	579,905	4.7
Less : Intangible assets amortised/impaired	3,272	1,644	99.0
Less : Other impairment charges	55,051	66,042	(16.6)
Operating profit after amortisation and impairment charges	<u>548,727</u>	512,219	7.1
Share of profit of associates	<u>30,414</u>	13,892	118.9
Profit before tax	<u>579,141</u>	526,111	10.1
Less : Tax	121,722	108,496	12.2
Share of tax of associates	3,269	8,142	(59.9)
Profit for the financial period	<u>454,150</u>	<u>409,473</u>	10.9
Attributable to:			
Equity holders of the Bank	<u>439,371</u>	405,714	8.3
Minority interests	<u>14,779</u>	3,759	293.2
	<u>454,150</u>	<u>409,473</u>	10.9

2. SELECTED BALANCE SHEET DATA

	Group			Bank		
	<u>31-Mar-06</u>	<u>31-Dec-05</u>	<u>Incr/ (Decr)</u>	<u>31-Mar-06</u>	<u>31-Dec-05</u>	<u>Incr/ (Decr)</u>
	\$'000	\$'000	%	\$'000	\$'000	%
(a) Assets						
Total assets	154,611,891	145,072,770	6.6	129,735,245	121,447,612	6.8
Loans and advances including trade bills to non-bank customers	67,444,798	67,142,153	0.5	51,230,431	51,274,865	(0.1)
(b) Liabilities						
Deposits of non-bank customers	88,138,200	85,502,760	3.1	68,564,071	66,481,295	3.1
Total deposits including banker deposits	123,662,464	114,958,291	7.6	104,694,850	96,889,767	8.1
Subordinated debts (unsecured)						
- Due after one year	5,395,493	5,616,585	(3.9)	6,063,609	6,317,845	(4.0)
Other debts issued						
- Due within one year (secured) *	829,959	838,556	(1.0)	-	-	-
- Due within one year (unsecured)	96,015	177,494	(45.9)	-	61,300	NM
- Due after one year (unsecured)	466,932	475,655	(1.8)	448,402	454,849	(1.4)
(c) Equity						
Ordinary share capital ^	2,399,733	2,395,203	0.2	2,399,733	2,395,203	0.2
Subsidiary preference share capital	831,550	831,550	-	-	-	-
Total shareholders' equity	15,453,005	14,928,662	3.5	12,771,025	12,481,769	2.3
(d) Net asset value						
Net asset value per ordinary share as at end of the financial period (\$)	10.08	9.71	3.8	8.33	8.12	2.6

* 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.

^ Following the enactment of the Companies (Amendment) Act 2005 which took effect on 30 January 2006, the share premium reserve and capital redemption reserve have become part of the ordinary share capital. Accordingly, comparative figures have been restated to conform to the current period's presentation.

NM: Not meaningful.

3. OTHER INFORMATION

	<u>Group</u>		
	<u>1st Quarter 2006</u>	<u>1st Quarter 2005</u>	<u>Incr/(Decr) %</u>
(a) Depreciation (\$'000)	36,202	35,190	2.9
(b) Return on average ordinary shareholders' equity * #			
- Including intangible assets (%)	11.9	11.8	0.8
- Excluding intangible assets (%)	12.0	11.9	0.8
(c) Earnings per ordinary share *			
- Basic (cents)	114.6	105.6	8.5
- Fully diluted (cents)	114.6	105.6	8.5
(d) Details of new shares of the Bank are as follows:			
<u>Particulars of Issue</u>	<u>No. of new shares issued/(cancelled) between 1-Jan-06 and 31-Mar-06</u>	<u>No. of new shares that would have been issued upon the exercise of all outstanding options</u>	
		<u>At 31-Mar-06</u>	<u>At 31-Mar-05</u>
Exercise of share options granted under the UOB 1999 Share Option Scheme	349,000	2,121,000	3,991,000
Shares purchased under share buy-back program	(4,858,000)		
	<u>(4,509,000)</u>		

* Computed on an annualised basis.

Calculated based on profit attributable to equity holders of the Bank net of subsidiary preference share dividend incurred for the financial period.

4. REVIEW OF PERFORMANCE

The financial statements are presented in Singapore dollars and have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"), including the modification of the requirements of FRS39 Financial Instruments: Recognition and Measurement in respect of loan loss provisioning by Notice to Banks No. 612 "Credit Files, Grading and Provisioning" issued by Monetary Authority of Singapore. The same accounting policies and computation methods have been adopted for the first quarter of 2006 as those adopted in the audited financial statements for the financial year ended 31 December 2005.

- (a) The Group's net profit after tax increased 8.3% to \$439 million in the first quarter of 2006 ("1Q06") from \$406 million in the first quarter of 2005 ("1Q05"). The increase was mainly due to higher net interest income, higher fee and commission income, higher share of associates' profits and lower impairment charges. These were partly offset by higher operating expenses.
- (b) Total income increased 11.6% to \$1,003 million in 1Q06 from \$899 million in 1Q05, primarily due to higher net interest income on increased loan volume, and higher fee and commission income mainly from fund management and trade-related activities.
- (c) The Group's total operating expenses increased 24.1% to \$396 million in 1Q06 compared to \$319 million in 1Q05. Staff costs increased 29.2% to \$198 million and other operating expenses increased 19.4% to \$199 million, attributed partly to the consolidation of Bank Buana's operating expenses. Expense-to-income ratio of the Group was 39.5% in 1Q06 compared to 35.5% in 1Q05.
- (d) Other impairment charges of \$55 million in 1Q06 was 16.6% lower than the \$66 million in 1Q05, largely due to write-back of impairment charges on other assets.
- (e) Share of pre-tax profit of associates increased 118.9% to \$30 million in 1Q06 from \$14 million in 1Q05, attributed mainly to higher contributions from major associates.
- (f) The Group's net loans and advances to customers of \$67,445 million as at 31 March 2006 were 0.5% higher than the \$67,142 million as at 31 December 2005. Group non-performing loans ("NPLs") increased 0.5% to \$3,950 million as at 31 March 2006 from \$3,931 million as at 31 December 2005. Group NPL ratio remained unchanged at 5.6% as at 31 March 2006 from 31 December 2005. Of the total Group NPLs as at 31 March 2006, \$2,211 million or 56.0% were secured by collateral, and \$2,594 million or 65.7% were in the Substandard category.
- (g) Total cumulative impairment of the Group increased 0.8% from \$2,714 million as at 31 December 2005 to \$2,736 million as at 31 March 2006. Collective impairment as at 31 March 2006 was \$1,272 million or 46.5% of total cumulative impairment. The total cumulative impairment as at 31 March 2006 provided a coverage of 69.3% against Group NPLs, as compared to the 69.0% as at 31 December 2005. As at 31 March 2006, unsecured NPLs were 157.3% covered by total cumulative impairment, compared to the 159.4% as at 31 December 2005.
- (h) Total assets of the Group as at 31 March 2006 were \$154,612 million, representing a growth of 6.6% over the \$145,073 million as at 31 December 2005.
- (i) Shareholders' equity of the Group as at 31 March 2006 was \$15,453 million, representing an increase of 3.5% over the \$14,929 million as at 31 December 2005. Consequently, the Group's net asset value per share improved to \$10.08 as at 31 March 2006 from \$9.71 as at 31 December 2005.
- (j) As at 31 March 2006, the Group's total Capital Adequacy Ratio ("CAR") of 16.0% was 6.0% points above the minimum 10% set by Monetary Authority of Singapore. It was 0.1% point lower than the total CAR of 16.1% as at 31 December 2005.

5. DIVIDEND

No dividend has been declared for the quarter ended 31 March 2006.

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

Mrs Vivien Chan
Secretary

Dated this 3rd day of May 2006

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