

United Overseas Bank Group Continues To Benefit From Regional Expansion

Net Profit After Tax Rises 8.3%

Singapore, 3 May 2006 – The United Overseas Bank Group (“The Group”) has reported a 8.3% jump in net profit after tax to S\$439 million in the first quarter of 2006 (“1Q06”), up from S\$406 million for the corresponding three months in the previous year.

The rise in earnings was mainly due to higher net interest income, higher fee and commission income, higher share of associates’ profits and lower impairment charges partly offset by higher operating expenses.

Total income was up 11.6% to S\$1,003 million from the same quarter last year. The Group which spent much efforts building its long-term regional capabilities last year, particularly in Thailand and Indonesia, saw overseas income increasing to 37.5% of the Group’s income.

Quarter-on-quarter, net interest income rose 12.1% to S\$653 million with net interest margin improving to 2.04%, the second consecutive quarter of improvement. The Group had benefited from its diversified regional portfolio and a higher interbank interest rate environment.

The Group continued to do well in non-interest income which rose 10.6% to S\$350 million compared to S\$316 million in the first quarter of 2005. Fee and commission income rose 19.8% to S\$222 million.

The Group’s successes in building its fee-based capability with fund management and investment-related activities contributed to the steady performance.

The business and operating environment has also evolved. Globalisation, competition, customer sophistication, and a proliferation of products and services have created a more demanding environment. In view of that, the Group places emphasis in building capabilities to remain competitive. As such, staff costs rose 29.2% year-on-year and total operating expenses increased 24.1%.

As a result, the Group's expense-to-income ratio increased to 39.5% in 1Q06 due to continued investment in human resources, information technology, risk management and branch infrastructure to further sharpen its competitive edge.

The Group maintained its leadership position in the consumer and SME markets and will further extend that success to the region, particularly in Malaysia, Thailand and Indonesia. To date, 33% of the Group's asset comes from outside of Singapore.

Year-on-year, customer loans rose 5.2% to S\$67,445 million, whilst customer deposits increased 10.1% to S\$88,138 million. In particular, housing loans increased by S\$471 million during the quarter to S\$17,103 million. Year-on-year, housing loans surged by S\$1,250 million.

The Group's asset quality continues to be robust. Its non-performing loans fell 16.5% year-on-year, dropping from S\$4,728 million to S\$3,950 million. Loan impairment charges for 1Q06 was S\$59 million and the coverage ratio for NPL increased further to 69.3%.

Earnings per share continued to improve, rising another 2.0% to a record 114.6 cents. The Group reported a return on equity of 11.9%, up from 11.8% in the corresponding period last year. Shareholders' equity increased by 10.9% to S\$15,453 million, up from S\$13,935 million as at 31 March 2005.

With the regional units in place, the Group now has a regional network of 408 branches and over 500 ATMs, giving an expanded platform to serve customers' needs.

The Group's Deputy Chairman & President, Mr Wee Ee Cheong said: "We have delivered a credible set of results. We remain confident of the regional outlook, and committed to building our long-term capability in the Southeast Asian and East Asia region."

"The growth opportunities are there. We will continue to build our capabilities and focus on our traditional strongholds of consumer and SME. This includes transferring expertise, systems and best practices across borders for greater synergies in markets, products and customer groups in our expanded footprint." Mr Wee added.

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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 503 branches, offices and subsidiaries 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 1 million. The Bank also has the largest base of merchants in Singapore, both for consumer and commercial credit card acceptance. There are currently more than 20 co-brand cards in its stable, covering the retail sector, service providers and non-profit organisations.

For more information on UOB, visit www.uobgroup.com

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