

**UNITED OVERSEAS BANK (MALAYSIA) BHD**  
(Company No. 271809-K)  
**AND ITS SUBSIDIARY COMPANIES**  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**- 30 JUNE 2007**

Domiciled in Malaysia  
Registered Office:  
Level 11, Menara UOB  
Jalan Raja Laut,  
50350 Kuala Lumpur

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED BALANCE SHEETS AS AT 30 JUNE 2007**

	Notes	Group		Bank	
		30-Jun-07 RM'000	31-Dec-06 RM'000	30-Jun-07 RM'000	31-Dec-06 RM'000
<b>ASSETS</b>					
Cash and short-term funds		3,086,353	2,427,041	3,086,353	2,427,041
Securities purchased under resale agreements		3,474,355	3,105,055	3,474,355	3,105,055
Deposits and placements with financial institutions		1,144,190	374,334	1,144,190	374,334
Held-For-Trading Securities	11	954,964	1,249,258	954,964	1,249,258
Available-For-Sale Securities	11	4,644,557	3,304,207	4,644,557	3,304,207
Loans and advances	12	22,363,192	20,232,171	22,363,192	20,232,171
Other assets	13	610,456	356,919	615,252	360,948
Statutory deposits With Bank Negara Malaysia		704,000	497,000	704,000	497,000
Investment in subsidiaries		-	-	151	151
Investment in associates		158,282	163,142	122,733	122,733
Investment Property		10,000	10,000	10,000	10,000
Property, plant and equipment		254,191	242,480	253,058	241,333
Deferred tax assets		54,076	54,076	54,076	54,076
<b>Total assets</b>		<b>37,458,616</b>	<b>32,015,683</b>	<b>37,426,881</b>	<b>31,978,307</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>					
Deposits from customers	14	21,385,352	18,986,680	21,385,352	18,986,680
Deposits and placements of banks and other financial institutions	15	6,410,108	3,130,192	6,411,336	3,131,214
Obligations on securities sold under repurchase agreements		3,470,134	3,709,795	3,470,134	3,709,795
Bills and acceptances payable		2,701,602	2,697,630	2,701,602	2,697,630
Amount due to Cagamas		376,243	560,030	376,243	560,030
Other liabilities	16	564,246	451,493	564,181	451,309
Taxation		98,283	69,418	98,283	69,418
<b>Total liabilities</b>		<b>35,005,968</b>	<b>29,605,238</b>	<b>35,007,131</b>	<b>29,606,076</b>
<b>Financed by :</b>					
Share Capital		470,000	470,000	470,000	470,000
Reserves		1,982,648	1,940,445	1,949,750	1,902,231
<b>SHAREHOLDERS' EQUITY</b>		<b>2,452,648</b>	<b>2,410,445</b>	<b>2,419,750</b>	<b>2,372,231</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>37,458,616</b>	<b>32,015,683</b>	<b>37,426,881</b>	<b>31,978,307</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	23	<b>57,452,909</b>	<b>49,467,174</b>	<b>57,452,909</b>	<b>49,467,174</b>

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS****UNAUDITED INCOME STATEMENTS FOR THE FIRST HALF ENDED 30 JUNE 2007**

	Notes	Group		Bank	
		30-Jun-07 RM'000	30-Jun-06 RM'000	30-Jun-07 RM'000	30-Jun-06 RM'000
Operating revenue		<b>1,096,663</b>	934,665	<b>1,114,129</b>	943,272
Interest income	17	<b>899,266</b>	744,780	<b>899,261</b>	744,769
Interest expenses	18	<b>(465,909)</b>	(413,701)	<b>(465,909)</b>	(413,701)
Net interest income		<b>433,357</b>	331,079	<b>433,352</b>	331,068
Other operating income	19	<b>202,979</b>	184,909	<b>220,446</b>	193,525
Operating income		<b>636,336</b>	515,988	<b>653,798</b>	524,593
Other operating expenses	20	<b>(210,719)</b>	(161,528)	<b>(209,982)</b>	(160,856)
Profit before allowance		<b>425,617</b>	354,460	<b>443,816</b>	363,737
Allowance for losses on loans and financing Provision(made)/written-back for commitments and contingencies	21	<b>(122,612)</b>	(91,127)	<b>(122,612)</b>	(91,123)
		<b>34</b>	(24)	<b>34</b>	(24)
Profit before taxation		<b>303,039</b>	263,309	<b>321,238</b>	272,590
Share of profit of associates (net of tax)		<b>10,076</b>	8,494	-	-
Profit Before taxation		<b>313,115</b>	271,803	<b>321,238</b>	272,590
Taxation					
- Bank and subsidiary companies		<b>(93,837)</b>	(79,004)	<b>(96,643)</b>	(81,471)
Profit after taxation		<b>219,278</b>	192,799	<b>224,595</b>	191,119
Basic earnings per share (sen)		<b>46.7</b>	41.0	<b>47.8</b>	40.7

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS****UNAUDITED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST HALF ENDED 30 JUNE 2007**

<u>GROUP</u>	← Non-distributable →					Distributable	
	Share Capital	Share Premium	Statutory Reserves	Revaluation Reserves	Revaluation Reserves-AFS	Retained Profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2007	470,000	322,555	470,000	37,504	(37)	1,110,423	2,410,445
Net profit for the year	-	-	-	-	-	219,278	219,278
Unrealised net loss on available-for-sale securities	-	-	-	-	(5,525)	-	(5,525)
Dividends paid :							
- final dividend for year ended 31 December 2006	-	-	-	-	-	(171,550)	(171,550)
Balance as at 30 June 2007	470,000	322,555	470,000	37,504	(5,562)	1,158,151	2,452,648

2006

Balance as at 1 January 2006	470,000	322,555	470,000	35,737	4,763	861,320	2,164,375
Net profit for the year	-	-	-	-	-	418,300	418,300
Revaluation of properties	-	-	-	55	-	-	55
Unrealised net loss on available-for-sale securities	-	-	-	-	(6,665)	-	(6,665)
Realisation of revaluation reserve upon disposal of land and buildings	-	-	-	(3)	-	3	-
Transfer from/(to) deferred taxation	-	-	-	1,715	1,865	-	3,580
Dividends paid :							
- final dividend for year ended 31 December 2005	-	-	-	-	-	(169,200)	(169,200)
Balance as at 31 December 2006	470,000	322,555	470,000	37,504	(37)	1,110,423	2,410,445

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	← Non-distributable →					Distributable	
	Share Capital	Share Premium	Statutory Reserves	Revaluation Reserves	Revaluation Reserves-AFS	Retained Profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2007	470,000	322,555	470,000	52,556	(37)	1,057,157	2,372,231
Net profit for the year	-	-	-	-	-	224,595	224,595
Unrealised net loss on revaluation of securities - AFS	-	-	-	-	(5,525)	-	(5,525)
Dividends paid :							
- final dividend for year ended 31 Dec 2006	-	-	-	-	-	(171,550)	(171,550)
Balance as at 30 June 2007	470,000	322,555	470,000	52,556	(5,562)	1,110,202	2,419,750

2006

Balance as at 1 January 2006	470,000	322,555	470,000	50,789	4,763	818,744	2,136,851
Net profit for the year	-	-	-	-	-	407,610	407,610
Revaluation of properties	-	-	-	55	-	-	55
Unrealised net loss on available-for-sale securities	-	-	-	-	(6,665)	-	(6,665)
Realisation of revaluation reserve upon disposal of land and buildings	-	-	-	(3)	-	3	-
Transfer from/(to) deferred taxation	-	-	-	1,715	1,865	-	3,580
Dividends paid :							
- final dividend for year ended 31 Dec 2005	-	-	-	-	-	(169,200)	(169,200)
Balance as at 31 December 2006	470,000	322,555	470,000	52,556	(37)	1,057,157	2,372,231

**UNITED OVERSEAS BANK (MALAYSIA) BHD**  
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**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CASH FLOW STATEMENTS FOR THE FIRST HALF ENDED 30 JUNE 2007**

	<u>Group</u>		<u>Bank</u>	
	<b>30-Jun-07</b> <b>RM'000</b>	30-Jun-06 RM'000	<b>30-Jun-07</b> <b>RM'000</b>	30-Jun-06 RM'000
<b>Cash Flows From Operating Activities</b>				
Profit before taxation	313,115	271,803	321,238	272,590
Adjustment for non-cash items	39,474	(24,459)	31,669	(24,883)
Operating profit before changes in working capital	352,589	247,344	352,907	247,707
Changes in working capital :				
Net changes in operating assets	(2,741,454)	(2,799,617)	(2,757,158)	(2,806,600)
Net changes in operating liabilities	5,345,843	1,625,532	5,346,167	1,625,693
Income tax paid	(64,700)	(45,937)	(64,700)	(45,937)
Net cash generated (used in)/from operating activities	2,892,278	(972,678)	2,877,216	(979,137)
Net cash generated from investing activities	(1,291,560)	8,807	(1,276,498)	15,266
Net cash generated (used in)/from financing activities	(171,550)	(169,200)	(171,550)	(169,200)
Net changes in cash and cash equivalents	1,429,168	(1,133,071)	1,429,168	(1,133,071)
Cash and cash equivalents at beginning of the period	2,801,375	5,505,140	2,801,375	5,505,140
Cash and cash equivalents at end of the period	4,230,543	4,372,069	4,230,543	4,372,069

**UNITED OVERSEAS BANK (MALAYSIA) BHD**  
(Incorporated in Malaysia)

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2007**

**1. Basis of Preparation**

The unaudited condensed interim financial statements for the financial half year ended 30 June 2007 have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and the revised GP8 guidelines issued by Bank Negara Malaysia.

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2006. The explanatory notes attached in the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group and the Bank since the year ended 31 December 2006.

**2. Changes in Accounting Policies**

The significant accounting policies adopted by the Group and the Bank are consistent with those adopted in the previous financial year except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective issued by MASB effective for the financial period beginning 1 January 2007.

FRS 117	Leases
FRS 124	Related Party Disclosure

The adoption of FRS 117 and 124 did not result in significant changes in accounting policies of the Group.

The Group and the Bank have not adopted the following FRSs, all of which are not relevant except FRS 139.

<b>FRS</b>	<b>Effective for financial periods beginning on or after</b>
(i) FRS 139 Financial Instruments: Recognition and Measurement	Effective date deferred
(ii) FRS 6 Exploration for and Evaluation of Mineral Resources	1 January 2007
(iii) Amendment to FRS 119 <sub>2004</sub> : Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2007
(iv) Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operations	1 July 2007
(v) IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
(vi) IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
(vii) IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
(viii) IC Interpretation 6: Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
(ix) IC Interpretation 7: Applying the Restatement Approach under FRS 129 <sub>2004</sub> Financial Reporting in Hyperinflationary Economies	1 July 2007
(x) IC Interpretation 8: Scope of FRS 2	1 July 2007

Company No. 271809K

**UNITED OVERSEAS BANK (MALAYSIA) BHD**  
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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2007**

**3. Audit Report**

The audit report on the audited annual financial statements for the financial year ended 31 December 2006 was not subject to any qualification.

**4. Unusual Items due to their Nature, Size or Incidence**

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows of the Group and the Bank during the financial half year ended 30 June 2007.

**5. Comments about Seasonal or Cyclical Factors**

The business operations of the Group and the Bank are not materially affected by any seasonal or cyclical fluctuations.

**6. Changes in Estimates**

There were no significant changes in estimates of amounts reported in prior financial years that have a material effect on the financial results and position of the Bank for the financial half year ended 30 June 2007.

**7. Issuance and Repayment of Debt and Equity Securities**

There were no issuance and repayment of debt and equity securities during the financial half year ended 30 June 2007.

**8. Valuation of Property, Plant and Equipment**

Property, plant and equipment are stated at cost / valuation less accumulated depreciation and accumulated impairment losses except for freehold land which is stated at cost and directors' valuation. There was no change in the valuation of property, plant and equipment that were brought forward from the previous audited financial statements for the financial half year ended 30 June 2007.

**9. Significant Events Subsequent to the Balance Sheet Date**

There were no material events subsequent to the balance sheet date that require disclosure or adjustments to the unaudited condensed interim financial statements.

**10. Changes in the Composition of the Group**

There were no changes in the composition of the Group for the financial half year ended 30 June 2007.

**11. SECURITIES PORTFOLIO****(i) Held-for-Trading**

<b>Group and Bank</b>	<b>Jun-07</b>	<b>Dec-06</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Money market instruments :-</b>		
Bank Negara Malaysia bills	444,512	662,479
Malaysian Government treasury bills	95,503	112,509
Malaysian Government securities	33,914	-
Cagamas bonds	-	49,860
Bankers' acceptances and Islamic accepted bills	5,197	3,134
Islamic private debt securities	213,110	264,382
Private debt securities	162,728	156,894
	<u>954,964</u>	<u>1,249,258</u>

**(ii) Available-for-Sale**

<b>Group and Bank</b>	<b>Jun-07</b>	<b>Dec-06</b>
	<b>RM'000</b>	<b>RM'000</b>
Malaysian Government securities	2,088	2,206
Negotiable instruments of deposits	3,800,019	2,570,017
Cagamas Notes/ Bonds	244,642	213,721
Private debt securities	574,590	497,948
	<u>4,621,339</u>	<u>3,283,892</u>
<b>Quoted securities :</b>		
Shares of corporations	3,326	2,740
Private debt securities	7,344	5,027
	<u>4,632,009</u>	<u>3,291,659</u>
<b>Unquoted securities :</b>		
Shares	12,272	12,272
Private debt securities	276	276
	<u>12,548</u>	<u>12,548</u>
<b>Total Available-for-Sale Securities</b>	<u>4,644,557</u>	<u>3,304,207</u>

**12. LOAN AND ADVANCES****(i) By type**

	Group		Bank	
	Jun-07 RM'000	Dec-06 RM'000	Jun-07 RM'000	Dec-06 RM'000
Overdrafts	2,830,447	2,871,023	2,830,447	2,871,023
Term loans and revolving credits				
Housing loans	7,498,325	6,791,307	7,498,325	6,791,307
Syndicated term loan	326,362	105,239	326,362	105,239
Lease receivables	3	3	3	3
Other term loans/financing	6,892,728	6,134,316	6,892,728	6,134,316
Credit cards receivable	781,077	781,145	781,077	781,145
Bills receivable	121,506	112,521	121,506	112,521
Trust receipts	591,367	561,371	591,367	561,371
Claims on customers under acceptance credits	3,951,085	3,447,565	3,951,085	3,447,565
Staff loans	97,243	91,848	97,243	91,848
Others	23,972	5,692	23,972	5,692
	<u>23,114,115</u>	<u>20,902,030</u>	<u>23,114,115</u>	<u>20,902,030</u>
Less: Unearned interest	(13,334)	(11,650)	(13,334)	(11,650)
<b>Gross loans, advances and financing</b>	<b>23,100,781</b>	<b>20,890,380</b>	<b>23,100,781</b>	<b>20,890,380</b>
Allowance for bad and doubtful debts and financing				
- Specific	(394,920)	(352,240)	(394,920)	(352,240)
- General	(342,669)	(305,969)	(342,669)	(305,969)
<b>Net loans, advances and financing</b>	<b><u>22,363,192</u></b>	<b><u>20,232,171</u></b>	<b><u>22,363,192</u></b>	<b><u>20,232,171</u></b>

**12. LOANS AND ADVANCES (CONTINUED)**

(ii) By type of customer	Group		Bank	
	Jun-07 RM'000	Dec-06 RM'000	Jun-07 RM'000	Dec-06 RM'000
Domestic non-bank financial Institutions				
- stockbroking companies	-	130	-	130
- Others	<b>60,882</b>	108,004	<b>60,882</b>	108,004
Domestic business enterprises				
- Small medium enterprises	<b>6,048,885</b>	5,413,640	<b>6,048,885</b>	5,413,640
- Others	<b>6,310,611</b>	5,788,902	<b>6,310,611</b>	5,788,902
Government	<b>102,745</b>	104,796	<b>102,745</b>	104,796
Individuals	<b>10,217,665</b>	9,251,224	<b>10,217,665</b>	9,251,224
Other domestic entities	<b>235</b>	214	<b>235</b>	214
Foreign entities	<b>359,758</b>	223,470	<b>359,758</b>	223,470
	<b><u>23,100,781</u></b>	<b><u>20,890,380</u></b>	<b><u>23,100,781</u></b>	<b><u>20,890,380</u></b>
 (iii) By interest/profit rate sensitivity				
	Group		Bank	
	Jun-07 RM'000	Dec-06 RM'000	Jun-07 RM'000	Dec-06 RM'000
Fixed rate				
Housing loans/financing	<b>96,242</b>	90,759	<b>96,242</b>	90,759
Other fixed rate loan/financing	<b>774,726</b>	773,713	<b>774,726</b>	773,713
Variable rate				
BLR plus	<b>20,657,877</b>	18,393,960	<b>20,657,877</b>	18,393,960
Cost-plus	<b>1,059,463</b>	1,090,848	<b>1,059,463</b>	1,090,848
Other variable rates	<b>512,473</b>	541,100	<b>512,473</b>	541,100
	<b><u>23,100,781</u></b>	<b><u>20,890,380</u></b>	<b><u>23,100,781</u></b>	<b><u>20,890,380</u></b>

**12. LOANS AND ADVANCES (CONTINUED)**

(iv) Loans and advances analysed according to economic sector are as follows :

	Group		Bank	
	Jun-07 RM'000	Dec-06 RM'000	Jun-07 RM'000	Dec-06 RM'000
Agriculture, hunting, forestry and fishing	97,646	93,881	97,646	93,881
Mining and quarrying	32,877	38,337	32,877	38,337
Manufacturing	4,840,375	4,391,770	4,840,375	4,391,770
Electricity, gas and water	32,041	29,220	32,041	29,220
Construction	1,321,564	1,167,166	1,321,564	1,167,166
Wholesale & retail trade and restaurants & hotels	3,303,324	3,101,268	3,303,324	3,101,268
Transport, storage and communication	559,698	518,187	559,698	518,187
Finance, insurance and business services	1,097,506	1,063,636	1,097,506	1,063,636
Real estate	984,565	753,602	984,565	753,602
Community, social and personal services	103,056	91,693	103,056	91,693
Households	10,624,106	9,533,888	10,624,106	9,533,888
of which: - purchase of residential properties	7,783,752	6,748,298	7,783,752	6,748,298
- purchase of non residential properties	883,936	703,700	883,936	703,700
- others)	1,956,418	2,081,890	1,956,418	2,081,890
Others	104,023	107,732	104,023	107,732
	<u>23,100,781</u>	<u>20,890,380</u>	<u>23,100,781</u>	<u>20,890,380</u>

**12. LOANS AND ADVANCES (CONTINUED)**(v) **Movements in the non-performing loans, advances and financing ("NPL") are as follows:**

	Group		Bank	
	Jun-07 RM'000	Dec-06 RM'000	Jun-07 RM'000	Dec-06 RM'000
Balance as at 1 January	1,227,859	1,200,785	1,227,859	1,200,338
Non-performing during the period/year	221,088	507,901	221,088	507,898
Recoveries	(103,670)	(160,237)	(103,670)	(160,237)
Reclassified as performing	(77,008)	(180,169)	(77,008)	(180,169)
Amount written off	(66,248)	(140,421)	(66,248)	(139,971)
Balance as at 30 June / December	<u>1,202,021</u>	<u>1,227,859</u>	<u>1,202,021</u>	<u>1,227,859</u>
Specific allowance (SA)	<u>(394,920)</u>	<u>(352,240)</u>	<u>(394,920)</u>	<u>(352,240)</u>
Net non-performing loans, advances and financing	<u>807,101</u>	<u>875,619</u>	<u>807,101</u>	<u>875,619</u>
Ratio of net non-performing loans and financing to net loans and financing	<u>3.55%</u>	<u>4.26%</u>	<u>3.55%</u>	<u>4.26%</u>

(vi) **Movements in allowance for bad and doubtful debts and financing accounts are as follows:**

	Group		Bank	
	Jun-07 RM'000	Dec-06 RM'000	Jun-07 RM'000	Dec-06 RM'000
<b>General allowance</b>				
Balance as at 1 January	305,969	251,944	305,969	251,888
Allowance made during the period/year	36,700	54,081	36,700	54,081
Amount written off	-	(56)	-	-
Balances as at 30 June / December	<u>342,669</u>	<u>305,969</u>	<u>342,669</u>	<u>305,969</u>
% of gross loans, advances and financing (excluding loan to Government) less specific allowance	<u>1.52%</u>	<u>1.50%</u>	<u>1.52%</u>	<u>1.50%</u>
<b>Specific allowance</b>				
Balance as at 1 January	352,240	337,234	352,240	336,842
Allowance made during the period/year	133,482	211,012	133,482	211,009
Amount written back in respect of recoveries	(25,622)	(61,826)	(25,622)	(61,826)
Amount written off	(65,180)	(134,180)	(65,180)	(133,785)
Balances as at 30 June / December	<u>394,920</u>	<u>352,240</u>	<u>394,920</u>	<u>352,240</u>

**12. LOANS AND ADVANCES (CONTINUED)**

(vii) Non-performing loans, advances and financing analysed by economic purpose are as follows:

	Group		Bank	
	Jun-07 RM'000	Dec-06 RM'000	Jun-07 RM'000	Dec-06 RM'000
Agriculture, hunting, forestry and fishing	1,229	2,077	1,229	2,077
Mining and quarrying	2,591	2,567	2,591	2,567
Manufacturing	391,832	366,826	391,832	366,826
Electricity, gas and water	-	-	-	-
Construction	28,989	34,671	28,989	34,671
Wholesale & retail trade and restaurants & hotels	260,030	262,988	260,030	262,988
Transport, storage and communication	7,489	3,553	7,489	3,553
Finance, insurance and business services	41,537	109,535	41,537	109,535
Real estate	60,967	74,222	60,967	74,222
Community, social and personal services	22,223	23,972	22,223	23,972
Households	376,805	347,448	376,805	347,448
(of which: - purchase of residential properties	225,260	197,070	225,260	197,070
- purchase of non residential properties	17,464	12,420	17,464	12,420
- others	134,081	137,958	134,081	137,958
Others	8,329	-	8,329	-
	<u>1,202,021</u>	<u>1,227,859</u>	<u>1,202,021</u>	<u>1,227,859</u>

**13. OTHER ASSETS**

	Group		Bank	
	Jun-07 RM'000	Dec-06 RM'000	Jun-07 RM'000	Dec-06 RM'000
Other debtors, deposits and prepayments	497,104	267,559	497,023	267,498
Accrued interest receivable	68,384	48,047	68,384	48,047
Amount due from subsidiaries	-	-	4,877	4,090
Precious Metal accounts	41,234	37,579	41,234	37,579
Foreclosed properties	3,734	3,734	3,734	3,734
	<u>610,456</u>	<u>356,919</u>	<u>615,252</u>	<u>360,948</u>

**14. DEPOSITS FROM CUSTOMERS****(i) By type of deposit**

	Group		Bank	
	Jun-07 RM'000	Dec-06 RM'000	Jun-07 RM'000	Dec-06 RM'000
Demand deposits	4,345,415	2,512,964	4,345,415	2,512,964
Savings deposits	1,489,599	1,358,215	1,489,599	1,358,215
Fixed deposits	13,729,321	13,600,014	13,729,321	13,600,014
Negotiable instruments of deposits	537,621	819,628	537,621	819,628
Others	1,283,396	695,859	1,283,396	695,859
	<u>21,385,352</u>	<u>18,986,680</u>	<u>21,385,352</u>	<u>18,986,680</u>

**(ii) By type of customer**

	Group		Bank	
	Jun-07 RM'000	Dec-06 RM'000	Jun-07 RM'000	Dec-06 RM'000
Business enterprise	7,993,560	6,427,236	7,993,560	6,427,236
Individuals	12,375,212	11,292,149	12,375,212	11,292,149
Others	1,016,580	1,267,295	1,016,580	1,267,295
	<u>21,385,352</u>	<u>18,986,680</u>	<u>21,385,352</u>	<u>18,986,680</u>

**15. DEPOSITS AND PLACEMENT OF BANKS AND FINANCIAL INSTITUTIONS**

	Group		Bank	
	Jun-07 RM'000	Dec-06 RM'000	Jun-07 RM'000	Dec-06 RM'000
<b>Group and Bank</b>				
Licensed banks	4,672,200	1,405,023	4,673,428	1,406,045
Bank Negara Malaysia	375,203	314,954	375,203	314,954
Other financial institutions	1,362,705	1,410,215	1,362,705	1,410,215
	<u>6,410,108</u>	<u>3,130,192</u>	<u>6,411,336</u>	<u>3,131,214</u>

**16. OTHER LIABILITIES**

	Group		Bank	
	Jun-07 RM'000	Dec-06 RM'000	Jun-07 RM'000	Dec-06 RM'000
Provision for Commitments and Contingencies	1,274	1,308	1,274	1,308
Accrued interest payable	174,483	165,169	174,483	165,169
Accruals and provisions for operational expenses	41,558	54,567	41,510	54,467
Other accruals and provisions	346,931	230,449	346,914	230,365
	<u>564,246</u>	<u>451,493</u>	<u>564,181</u>	<u>451,309</u>

**17. INTEREST INCOME**

	Group		Bank	
	Jun-07 RM'000	Jun-06 RM'000	Jun-07 RM'000	Jun-06 RM'000
Loans and advances				
- Interest income other than recoveries from NPL	<b>597,019</b>	487,496	<b>597,019</b>	487,496
- Recoveries from NPLs	<b>74,059</b>	40,406	<b>74,059</b>	40,406
Money at call and deposit placements with financial institutions	<b>132,257</b>	127,161	<b>132,252</b>	127,150
Held-For-Trading Securities	<b>16,390</b>	12,421	<b>16,390</b>	12,421
Available-For-Sale Securities	<b>83,230</b>	83,546	<b>83,230</b>	83,546
Others	<b>1,900</b>	3,167	<b>1,900</b>	3,167
	<b>904,855</b>	754,197	<b>904,850</b>	754,186
Amortisation of premium less accretion of discount	<b>(3,005)</b>	(1,443)	<b>(3,005)</b>	(1,443)
Net interest suspended	<b>(2,584)</b>	(7,974)	<b>(2,584)</b>	(7,974)
	<b>899,266</b>	744,780	<b>899,261</b>	744,769

**18. INTEREST EXPENSES**

	Group		Bank	
	Jun-07 RM'000	Jun-06 RM'000	Jun-07 RM'000	Jun-06 RM'000
Deposits and placements of banks and other financial institutions	<b>45,809</b>	88,954	<b>45,809</b>	88,954
Deposits from other customers	<b>325,807</b>	214,352	<b>325,807</b>	214,352
Loans sold to Cagamas	<b>9,920</b>	22,974	<b>9,920</b>	22,974
Others	<b>84,373</b>	87,421	<b>84,373</b>	87,421
	<b>465,909</b>	413,701	<b>465,909</b>	413,701

**19. OTHER OPERATING INCOME**

	Group		Bank	
	Jun-07 RM'000	Jun-06 RM'000	Jun-07 RM'000	Jun-06 RM'000
<b>The Group and Bank</b>				
<b><u>Fee income</u></b>				
Commission	55,157	39,727	54,884	39,537
Guarantee Fees	11,875	10,989	11,875	10,989
Service charges and fees	44,869	44,506	44,869	44,503
Commitment fees	11,863	9,127	11,863	9,127
Arrangement and Participation fees	6,132	6,453	6,132	6,453
	<u>129,896</u>	<u>110,802</u>	<u>129,623</u>	<u>110,609</u>
<b><u>Investment income</u></b>				
Gain/(Loss) from sale of HFT Securities	34,176	(16,780)	34,176	(16,780)
Gain/(Loss) from sale of AFS Securities	2,174	1,473	2,174	1,473
Unrealised gain/(loss) of HFT Securities	(1,392)	54,771	(1,392)	54,771
Gross dividends from :				
- Investment securities in Malaysia	369	373	369	373
- Association	-	-	17,743	8,809
	<u>35,327</u>	<u>39,837</u>	<u>53,070</u>	<u>48,646</u>
<b>Other income :-</b>				
Foreign exchange gain/(loss)				
- realised	56,400	13,615	56,400	13,615
- unrealised	(26,057)	15,105	(26,057)	15,105
Rental receivable from operating leases, other than those relating to investment properties	197	254	197	254
Rental income from investment properties	250	-	250	-
Gain on disposal of property, plant and equipment	110	3	107	3
Other operating income	1,384	795	1,384	795
Other non operating income	5,472	4,498	5,472	4,498
	<u>37,756</u>	<u>34,270</u>	<u>37,753</u>	<u>34,270</u>
	<u>202,979</u>	<u>184,909</u>	<u>220,446</u>	<u>193,525</u>

**20. OTHER OPERATING EXPENSES**

	Group		Bank	
	Jun-07 RM'000	Jun-06 RM'000	Jun-07 RM'000	Jun-06 RM'000
Personnel costs	<b>118,176</b>	82,436	<b>117,047</b>	81,640
Establishment costs	<b>42,574</b>	36,123	<b>42,273</b>	35,891
Marketing expenses	<b>16,350</b>	14,509	<b>17,230</b>	15,000
Administration and general expenses	<b>33,619</b>	28,460	<b>33,432</b>	28,325
	<b>210,719</b>	161,528	<b>209,982</b>	160,856
<u>Personnel costs</u>				
Salaries, allowance and bonuses	<b>94,575</b>	66,606	<b>93,647</b>	65,937
Employees Provident Fund Contributions (EPF)	<b>15,321</b>	10,226	<b>15,189</b>	10,124
Other personnel costs	<b>8,280</b>	5,604	<b>8,211</b>	5,579
	<b>118,176</b>	82,436	<b>117,047</b>	81,640
<u>Establishment costs</u>				
Depreciation	<b>16,578</b>	14,827	<b>16,438</b>	14,723
Hire of equipment	<b>33</b>	17	<b>30</b>	13
Information technology costs	<b>4,273</b>	3,190	<b>4,266</b>	3,185
Repair and maintenance	<b>6,535</b>	5,677	<b>6,509</b>	5,657
Rental of premises	<b>3,074</b>	2,097	<b>2,984</b>	2,033
Others	<b>12,081</b>	10,315	<b>12,046</b>	10,280
	<b>42,574</b>	36,123	<b>42,273</b>	35,891
<u>Marketing expenses</u>				
Advertisement and publicity	<b>8,360</b>	6,500	<b>8,352</b>	6,488
Others	<b>7,990</b>	8,009	<b>8,878</b>	8,512
	<b>16,350</b>	14,509	<b>17,230</b>	15,000
<u>Administration and general expenses</u>				
Fees and commissions paid	<b>11,759</b>	12,694	<b>11,691</b>	12,612
Other Administration and general expenses	<b>21,860</b>	15,766	<b>21,741</b>	15,713
	<b>33,619</b>	28,460	<b>33,432</b>	28,325

**21. ALLOWANCE FOR LOSSES ON LOANS AND FINANCING**

	Group		Bank	
	Jun-07 RM'000	Jun-06 RM'000	Jun-07 RM'000	Jun-06 RM'000
<b>Allowance for bad and doubtful debts on loans and financing</b>				
(a) specific allowance (net)				
- Made in the financial period	133,482	98,734	133,482	98,730
- Written back	(25,622)	(32,061)	(25,622)	(32,061)
(b) general allowance				
- Made/(Written back) in the financial period	36,700	38,751	36,700	38,751
<b>Bad debts on loans and financing</b>				
- written off	458	49	458	49
- recovered	(22,406)	(14,346)	(22,406)	(14,346)
	<u>122,612</u>	<u>91,127</u>	<u>122,612</u>	<u>91,123</u>

**22. CAPITAL ADEQUACY**

Group and Bank	Jun-07 RM'000	Dec-06 RM'000
<b><u>Tier I Capital</u></b>		
Paid-up share capital	470,000	470,000
Share premium	322,555	322,555
Retained profit	885,607	1,057,157
Other reserves	464,437	469,963
Less: Revaluation Reserve : Available-For-Sale	5,563	37
Deferred Tax adjustments	(54,076)	(54,076)
Total Tier I Capital	<u>2,094,086</u>	<u>2,265,636</u>
<b><u>Tier II capital</u></b>		
Property revaluation reserve	26,278	26,278
General provisions for bad and doubtful debts	342,669	305,969
Total Tier II Capital	<u>368,947</u>	<u>332,247</u>
Total capital	<u>2,463,033</u>	<u>2,597,883</u>
Less: Investment in subsidiaries	(151)	(151)
Total capital base	<u>2,462,882</u>	<u>2,597,732</u>

**(b) The capital adequacy ratios of the Group and Bank are as follows :**

**Capital ratios**

Core capital ratio (incl. mkt risk)	8.62%	10.45%
Risk-weighted capital ratio (incl. mkt risk)	<u>10.13%</u>	<u>11.98%</u>

**23. COMMITMENTS AND CONTINGENCIES**

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

<b>Group and Bank</b>	<b>Jun-07</b>			<b>Dec-06</b>		
	<b>Principal Amount RM'000</b>	<b>Credit Equivalent Amount * RM'000</b>	<b>Risk Weighted Amount RM'000</b>	<b>Principal Amount RM'000</b>	<b>Credit Equivalent Amount * RM'000</b>	<b>Risk Weighted Amount RM'000</b>
Direct credit substitutes	2,004,233	2,004,233	1,946,667	1,903,084	1,903,084	1,841,475
Transaction-related contingent items	1,102,103	551,052	445,185	968,673	484,337	407,670
Short-term self-liquidating trade-related contingencies	488,431	97,686	92,835	444,264	88,853	82,567
Irrevocable commitments to extend credit						
- maturity more than one year	1,651,052	825,526	710,811	1,521,938	760,969	668,566
- maturity less than one year	15,764,694	-	-	14,079,937	-	-
Foreign exchange related contracts +						
- less than one year	9,999,468	195,403	44,335	6,049,186	147,877	31,412
- one year to less than one year	1,088,010	89,431	17,886	652,680	53,096	10,619
- 5 years and above	-	-	-	35,280	3,528	1,764
Interest rates related contracts +						
- less than one year	6,186,736	11,398	2,335	8,078,211	6,125	1,225
- one year to less than one year	17,669,592	313,707	65,252	14,821,181	275,833	53,331
- 5 years and above	638,522	79,700	15,940	622,836	85,606	17,121
Others	860,068	-	-	289,904	-	-
<b>Total</b>	<b>57,452,909</b>	<b>4,168,136</b>	<b>3,341,246</b>	<b>49,467,174</b>	<b>3,809,308</b>	<b>3,115,750</b>

\* The credit equivalent amount is arrived at using the credit conversion factor as per Bank Negara Malaysia guidelines

+ Foreign exchange and interest rate contracts for the Group and the Bank are subject to market risk and credit risk.

**24. INTEREST / PROFIT RATE RISK**

Interest rate risk is the risk to earnings and value of financial instruments caused by fluctuations in interest rates.

Interest rate exposure arises from the differences in the maturities and repricing dates of assets, liabilities and off-balance sheet items. These mismatches are actively monitored and managed as part of the overall interest rate risk management process which is conducted in accordance with the Bank's policies as approved by the Asset Liability Committee.

The following table shows the interest rate sensitivity gap, by time bands based on the earlier of contractual repricing date and maturity date. Actual repricing dates may differ from contractual dates due to prepayments.

**Group**  
**As at 30 June 2007**

	<----- Non-trading book ----->						Trading book	Total	Effective Interest Rate
	Up to 1 Mth	> 1-3 Mth	>3-12 Mth	>1-5 Yrs	Over 5 Yrs	Non Int Sensitive			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			
<b>Assets</b>									
Cash & Short Term Funds	2,890,972	-	-	-	-	195,381		3,086,353	4.79%
Securities purchased under repo	2,364,997	1,109,358	-	-	-	-		3,474,355	3.53%
Deposits & Placements with CB & FI	-	93,708	1,050,482	-	-	-		1,144,190	5.37%
Held for Trading Securities	-	-	-	-	-	-	954,964	954,964	7.44%
Investment Securities	-	2,209,971	1,609,999	558,250	243,119	23,218		4,644,557	3.69%
Loans & Advances & Financing									
-performing	14,773,066	1,705,381	1,210,213	916,990	444,877	2,517,801		21,568,328	6.85%
-non-performing						794,864		794,864	
Other assets	-	-	-	-	-	1,791,005		1,791,005	0%
	<b>20,029,035</b>	<b>5,118,418</b>	<b>3,870,694</b>	<b>1,475,240</b>	<b>687,996</b>	<b>5,322,269</b>	<b>954,964</b>	<b>37,458,616</b>	
<b>Liabilities</b>									
Deposits from Customers	9,563,155	2,908,402	5,281,929	1,010,581	44,729	2,576,556		21,385,352	2.82%
Deposits & Placements of CB & FI	2,739,162	1,651,904	1,344,096	-	-	674,946		6,410,108	3.74%
Securities Sold Under Repo	3,264,817	196,858	8,459	-	-	-		3,470,134	3.31%
Bills & Acceptances Payable	8,628	24,915	8,382	-	-	2,659,677		2,701,602	2.76%
Amount due to Cagamas	49,317	4,191	68,380	254,355	-	-		376,243	3.85%
Other Liabilities	-	-	-	-	-	662,529		662,529	0%
<b>Financed by :</b>									
Share Capital	-	-	-	-	-	470,000		470,000	n/a
Reserves	-	-	-	-	-	1,982,648		1,982,648	n/a
	<b>15,625,079</b>	<b>4,786,270</b>	<b>6,711,246</b>	<b>1,264,936</b>	<b>44,729</b>	<b>9,026,356</b>	<b>-</b>	<b>37,458,616</b>	
On B/S Interest Sensitivity Gap	4,403,956	332,148	(2,840,552)	210,304	643,267	(3,704,087)	954,964	-	
Off B/S Interest Sensitivity Gap	(114,135)	625,992	928,926	(1,480,783)	40,000	-	-	-	
<b>Total Interest Sensitivity Gap</b>	<b>4,289,821</b>	<b>958,140</b>	<b>(1,911,626)</b>	<b>(1,270,479)</b>	<b>683,267</b>	<b>(3,704,087)</b>	<b>954,964</b>	<b>-</b>	

## 24. INTEREST / PROFIT RATE RISK (CONTINUED)

## Bank

As at 30 June 2007

	←----- Non-trading book -----→						Trading book	Total	Effective Interest Rate
	Up to 1 Mth	> 1-3 Mth	>3-12 Mth	>1-5 Yrs	Over 5 Yrs	Non Int Sensitive			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			
<b>Assets</b>									
Cash & Short Term Funds	2,890,972	-	-	-	-	195,381	-	3,086,353	4.79%
Securities purchased under repo	2,364,997	1,109,358	-	-	-	-	-	3,474,355	3.53%
Deposits & Placements with CB & FI	-	93,708	1,050,482	-	-	-	-	1,144,190	5.37%
Held for Trading Securities	-	-	-	-	-	-	954,964	954,964	7.44%
Investment Securities	-	2,209,971	1,609,999	558,250	243,119	23,218	-	4,644,557	3.69%
Loans & Advances & Financing									
-performing	14,773,066	1,705,381	1,210,213	916,990	444,877	2,517,801	-	21,568,328	6.85%
-non-performing	-	-	-	-	-	794,864	-	794,864	-
Other assets	-	-	-	-	-	1,759,270	-	1,759,270	0%
	<b>20,029,035</b>	<b>5,118,418</b>	<b>3,870,694</b>	<b>1,475,240</b>	<b>687,996</b>	<b>5,290,534</b>	<b>954,964</b>	<b>37,426,881</b>	
<b>Liabilities</b>									
Deposits from Customers	9,563,155	2,908,402	5,281,929	1,010,581	44,729	2,576,556	-	21,385,352	2.82%
Deposits & Placements of CB & FI	2,740,390	1,651,904	1,344,096	-	-	674,946	-	6,411,336	3.74%
Securities Sold Under Repo	3,264,817	196,858	8,459	-	-	-	-	3,470,134	3.31%
Bills & Acceptances Payable	8,628	24,915	8,382	-	-	2,659,677	-	2,701,602	2.76%
Amount due to Cagamas	49,317	4,191	68,380	254,355	-	-	-	376,243	3.85%
Other Liabilities	-	-	-	-	-	662,464	-	662,464	0%
<b>Financed by :</b>									
Share Capital	-	-	-	-	-	470,000	-	470,000	n/a
Reserves	-	-	-	-	-	1,949,750	-	1,949,750	n/a
	<b>15,626,307</b>	<b>4,786,270</b>	<b>6,711,246</b>	<b>1,264,936</b>	<b>44,729</b>	<b>8,993,393</b>	<b>-</b>	<b>37,426,881</b>	
On B/S Interest Sensitivity Gap	4,402,728	332,148	(2,840,552)	210,304	643,267	(3,702,859)	954,964	-	
Off B/S Interest Sensitivity Gap	(114,135)	625,992	928,926	(1,480,783)	40,000	-	-	-	
<b>Total Interest Sensitivity Gap</b>	<b>4,288,593</b>	<b>958,140</b>	<b>(1,911,626)</b>	<b>(1,270,479)</b>	<b>683,267</b>	<b>(3,702,859)</b>	<b>954,964</b>	<b>-</b>	

**UNITED OVERSEAS BANK (MALAYSIA) BHD**  
(Incorporated in Malaysia)

**25. PERFORMANCE REVIEW**

For the half year ended 30 June 2007, the Group recorded a pre-tax profit of RM313.1million which was RM41.3million or 15.2% higher than corresponding period last year. The improved profit was contributed by growth in net interest income by RM102.3million or 30.9% primarily due to higher loan volume and interest recovery from some NPL accounts offset by higher operating expenses and higher allowances for losses on loans and financing.

The increase in operating expenses by RM49.2million or 30.5% was due to larger operating capacity, opening of four more new branches in second half of 2006 and continuous investments in infrastructure.

Allowances for losses on loans and financing increased by RM31.5million or 34.6% compared to previous corresponding period was mainly due to the adoption of more stringent provisioning.

**26. PROSPECTS FOR 2007**

The Malaysian economy is anticipated to be sustainable in the second half of the year despite the current moderation in the global growth.

The GDP growth for 2007 is projected to remain firm at 6.0%. Inflation is expected to remain moderate at 2.0-2.5% during the year in the absence of an increase in fuel prices and continued expansion of capacity. The main driver of the economic growth is expected to be private sector consumption and investment activities which will be reinforced by higher public development spending.

The wave of liberalisation of banking landscape continues with the open up of Malaysian banking industry to new foreign players. Margins will continue to come under pressure with the increasing competition. Nevertheless, the Bank is optimistic of achieving another year of strong growth while continuing to bank on the Group's strong regional presence to strengthen our core business segments.