

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

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

	Notes	Group		Bank	
		30-Sep-07 RM'000	31-Dec-06 RM'000	30-Sep-07 RM'000	31-Dec-06 RM'000
<b>ASSETS</b>					
Cash and short-term funds		2,299,209	2,427,041	2,299,209	2,427,041
Securities purchased under resale agreements		4,604,904	3,105,055	4,604,904	3,105,055
Deposits and placements with financial institutions		1,308,239	374,334	1,308,239	374,334
Held-For-Trading Securities	11	273,122	1,249,258	273,122	1,249,258
Available-For-Sale Securities	11	3,254,720	3,304,207	3,254,720	3,304,207
Loans and advances	12	23,905,206	20,232,171	23,905,206	20,232,171
Other assets	13	288,777	356,919	293,877	360,948
Statutory deposits With Bank Negara Malaysia		714,000	497,000	714,000	497,000
Investment in subsidiaries		-	-	151	151
Investment in associates		161,871	163,142	122,733	122,733
Investment Property		10,000	10,000	10,000	10,000
Property, plant and equipment		257,777	242,480	256,600	241,333
Deferred tax assets		54,076	54,076	54,076	54,076
<b>Total assets</b>		<b>37,131,901</b>	<b>32,015,683</b>	<b>37,096,837</b>	<b>31,978,307</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>					
Deposits from customers	14	24,033,547	18,986,680	24,033,547	18,986,680
Deposits and placements of banks and other financial institutions	15	5,347,295	3,130,192	5,348,761	3,131,214
Obligations on securities sold under repurchase agreements		8,459	3,709,795	8,459	3,709,795
Bills and acceptances payable		3,830,452	2,697,630	3,830,452	2,697,630
Amount due to Cagamas		322,441	560,030	322,441	560,030
Other liabilities	16	947,705	451,493	947,587	451,309
Taxation		69,860	69,418	69,860	69,418
<b>Total liabilities</b>		<b>34,559,759</b>	<b>29,605,238</b>	<b>34,561,107</b>	<b>29,606,076</b>
<b>Financed by :</b>					
Share Capital		470,000	470,000	470,000	470,000
Reserves		2,102,142	1,940,445	2,065,730	1,902,231
<b>SHAREHOLDERS' EQUITY</b>		<b>2,572,142</b>	<b>2,410,445</b>	<b>2,535,730</b>	<b>2,372,231</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>37,131,901</b>	<b>32,015,683</b>	<b>37,096,837</b>	<b>31,978,307</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	23	<b>57,854,436</b>	<b>49,467,174</b>	<b>57,854,436</b>	<b>49,467,174</b>

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS****UNAUDITED INCOME STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2007**

	Notes	Group		Bank	
		30-Sep-07 RM'000	30-Sep-06 RM'000	30-Sep-07 RM'000	30-Sep-06 RM'000
Operating revenue		<b>1,638,792</b>	1,411,490	<b>1,656,024</b>	1,419,975
Interest income	17	<b>1,356,540</b>	1,151,604	<b>1,356,534</b>	1,151,589
Interest expenses	18	<b>(711,982)</b>	(634,796)	<b>(711,982)</b>	(634,796)
Net interest income		<b>644,558</b>	516,808	<b>644,552</b>	516,793
Other operating income	19	<b>290,934</b>	266,647	<b>308,167</b>	275,145
Operating income		<b>935,492</b>	783,455	<b>952,719</b>	791,938
Other operating expenses	20	<b>(322,704)</b>	(257,014)	<b>(321,655)</b>	(256,026)
Profit before allowance		<b>612,788</b>	526,441	<b>631,064</b>	535,912
Allowance for losses on loans and financing Provision(made)/written-back for commitments and contingencies	21	<b>(145,440)</b>	(109,863)	<b>(145,442)</b>	(109,860)
		<b>52</b>	(9)	<b>52</b>	(9)
Profit before taxation		<b>467,400</b>	416,569	<b>485,674</b>	426,043
Share of profit of associates (net of tax)		<b>13,665</b>	13,154	-	-
Profit Before taxation		<b>481,065</b>	429,723	<b>485,674</b>	426,043
Taxation					
- Bank and subsidiary companies		<b>(144,914)</b>	(127,822)	<b>(147,720)</b>	(130,289)
Profit after taxation		<b>336,151</b>	301,901	<b>337,954</b>	295,754
Basic earnings per share (sen)		<b>71.5</b>	64.2	<b>71.9</b>	62.9

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS****UNAUDITED STATEMENTS OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2007**

<b>GROUP</b>	← 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	-	-	-	-	-	336,151	336,151
Unrealised net loss on available-for-sale securities	-	-	-	-	(2,904)	-	(2,904)
Dividends paid :							
- final dividend for year ended 31 December 2006	-	-	-	-	-	(171,550)	(171,550)
Balance as at 30 September 2007	470,000	322,555	470,000	37,504	(2,941)	1,275,024	2,572,142

**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

**BANK**

<b>BANK</b>	← 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	-	-	-	-	-	337,954	337,954
Unrealised net loss on revaluation of securities - AFS	-	-	-	-	(2,904)	-	(2,904)
Dividends paid :							
- final dividend for year ended 31 Dec 2006	-	-	-	-	-	(171,550)	(171,550)
Balance as at 30 September 2007	470,000	322,555	470,000	52,556	(2,941)	1,223,561	2,535,730

**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 THIRD QUARTER ENDED 30 SEPTEMBER 2007**

	Group		Bank	
	30-Sep-07 RM'000	30-Sep-06 RM'000	30-Sep-07 RM'000	30-Sep-06 RM'000
<b>Cash Flows From Operating Activities</b>				
Profit before taxation	481,065	429,723	485,674	426,043
Adjustment for non-cash items	29,552	(52,739)	25,269	(48,560)
	510,617	376,984	510,943	377,483
Operating profit before changes in working capital				
Changes in working capital :				
Net changes in operating assets	(4,449,469)	(4,748,571)	(4,465,479)	(4,755,297)
Net changes in operating liabilities	4,937,024	662,024	4,937,534	661,722
Income tax paid	(144,352)	(96,365)	(144,352)	(96,365)
	853,820	(3,805,928)	838,646	(3,812,457)
Net cash generated (used in)/from operating activities				
Net cash generated from investing activities	123,803	97,932	138,977	104,461
Net cash generated (used in)/from financing activities	(171,550)	(169,200)	(171,550)	(169,200)
	806,073	(3,877,196)	806,073	(3,877,196)
Net changes in cash and cash equivalents				
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	3,607,448	1,627,944	3,607,448	1,627,944

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

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

**1. Basis of Preparation**

The unaudited condensed interim financial statements for the financial quarter ended 30 September 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**  
(Incorporated in Malaysia)

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 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 quarter ended 30 September 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 quarter ended 30 September 2007.

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

There were no issuance and repayment of debt and equity securities during the financial quarter ended 30 September 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 quarter ended 30 September 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 quarter ended 30 September 2007.

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

<b>Group and Bank</b>	<b>Sep-07</b>	<b>Dec-06</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Money market instruments :-</b>		
Bank Negara Malaysia bills	-	662,479
Malaysian Government treasury bills	-	112,509
Malaysian Government securities	<b>27,076</b>	-
Cagamas bonds	-	49,860
Bankers' acceptances and Islamic accepted bills	-	3,134
Islamic private debt securities	<b>155,798</b>	264,382
Private debt securities	<b>90,248</b>	156,894
	<b><u>273,122</u></b>	<b><u>1,249,258</u></b>

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

<b>Group and Bank</b>	<b>Sep-07</b>	<b>Dec-06</b>
	<b>RM'000</b>	<b>RM'000</b>
Bank Negara Malaysia bills	<b>405,074</b>	-
Malaysian Government treasury bills	<b>113,123</b>	-
Malaysian Government securities	<b>480,681</b>	2,206
Negotiable instruments of deposits	<b>1,294,999</b>	2,570,017
Cagamas Notes/ Bonds	<b>294,527</b>	213,721
Private debt securities	<b>644,929</b>	497,948
	<b><u>3,233,333</u></b>	<b><u>3,283,892</u></b>
<b>Quoted securities :</b>		
Shares of corporations	<b>2,767</b>	2,740
Private debt securities	<b>6,072</b>	5,027
	<b><u>3,242,172</u></b>	<b><u>3,291,659</u></b>
<b>Unquoted securities :</b>		
Shares	<b>12,272</b>	12,272
Private debt securities	<b>276</b>	276
	<b><u>12,548</u></b>	<b><u>12,548</u></b>
<b>Total Available-for-Sale Securities</b>	<b><u>3,254,720</u></b>	<b><u>3,304,207</u></b>

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

	Group		Bank	
	Sep-07 RM'000	Dec-06 RM'000	Sep-07 RM'000	Dec-06 RM'000
Overdrafts	2,814,897	2,871,023	2,814,897	2,871,023
Term loans and revolving credits				
Housing loans	7,952,873	6,791,307	7,952,873	6,791,307
Syndicated term loan	348,261	105,239	348,261	105,239
Lease receivables	3	3	3	3
Other term loans/financing	7,392,305	6,134,316	7,392,305	6,134,316
Credit cards receivable	884,851	781,145	884,851	781,145
Bills receivable	111,933	112,521	111,933	112,521
Trust receipts	783,077	561,371	783,077	561,371
Claims on customers under acceptance credits	4,193,568	3,447,565	4,193,568	3,447,565
Staff loans	97,409	91,848	97,409	91,848
Others	11,269	5,692	11,269	5,692
	<u>24,590,446</u>	<u>20,902,030</u>	<u>24,590,446</u>	<u>20,902,030</u>
Less: Unearned interest	<u>(14,638)</u>	<u>(11,650)</u>	<u>(14,638)</u>	<u>(11,650)</u>
<b>Gross loans, advances and financing</b>	<b>24,575,808</b>	<b>20,890,380</b>	<b>24,575,808</b>	<b>20,890,380</b>
Allowance for bad and doubtful debts and financing				
- Specific	(309,163)	(352,240)	(309,163)	(352,240)
- General	(361,439)	(305,969)	(361,439)	(305,969)
<b>Net loans, advances and financing</b>	<b><u>23,905,206</u></b>	<b><u>20,232,171</u></b>	<b><u>23,905,206</u></b>	<b><u>20,232,171</u></b>

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

(ii) By type of customer	Group		Bank	
	Sep-07 RM'000	Dec-06 RM'000	Sep-07 RM'000	Dec-06 RM'000
Domestic banking institutions	4,970	-	4,970	-
Domestic non-bank financial Institutions				
- stockbroking companies	-	130	-	130
- Others	82,292	108,004	82,292	108,004
Domestic business enterprises				
- Small medium enterprises	6,464,422	5,413,640	6,464,422	5,413,640
- Others	6,673,507	5,788,902	6,673,507	5,788,902
Government	103,056	104,796	103,056	104,796
Individuals	10,742,613	9,251,224	10,742,613	9,251,224
Other domestic entities	3,734	214	3,734	214
Foreign entities	501,214	223,470	501,214	223,470
	<u>24,575,808</u>	<u>20,890,380</u>	<u>24,575,808</u>	<u>20,890,380</u>
 (iii) By interest/profit rate sensitivity				
	Group		Bank	
	Sep-07 RM'000	Dec-06 RM'000	Sep-07 RM'000	Dec-06 RM'000
Fixed rate				
Housing loans/financing	96,589	90,759	96,589	90,759
Other fixed rate loan/financing	878,989	773,713	878,989	773,713
Variable rate				
BLR plus	22,031,880	18,393,960	22,031,880	18,393,960
Cost-plus	1,059,731	1,090,848	1,059,731	1,090,848
Other variable rates	508,619	541,100	508,619	541,100
	<u>24,575,808</u>	<u>20,890,380</u>	<u>24,575,808</u>	<u>20,890,380</u>

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

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

	Group		Bank	
	Sep-07 RM'000	Dec-06 RM'000	Sep-07 RM'000	Dec-06 RM'000
Agriculture, hunting, forestry and fishing	115,276	93,881	115,276	93,881
Mining and quarrying	33,052	38,337	33,052	38,337
Manufacturing	4,917,224	4,391,770	4,917,224	4,391,770
Electricity, gas and water	27,234	29,220	27,234	29,220
Construction	1,416,870	1,167,166	1,416,870	1,167,166
Wholesale & retail trade and restaurants & hotels	3,568,676	3,101,268	3,568,676	3,101,268
Transport, storage and communication	569,213	518,187	569,213	518,187
Finance, insurance and business services	1,343,106	1,063,636	1,343,106	1,063,636
Real estate	1,089,402	753,602	1,089,402	753,602
Community, social and personal services	105,445	91,693	105,445	91,693
Households	11,277,139	9,533,888	11,277,139	9,533,888
of which: - purchase of residential properties	8,266,464	6,748,298	8,266,464	6,748,298
- purchase of non residential properties	950,871	703,700	950,871	703,700
- others)	2,059,804	2,081,890	2,059,804	2,081,890
Others	113,171	107,732	113,171	107,732
	<b>24,575,808</b>	<b>20,890,380</b>	<b>24,575,808</b>	<b>20,890,380</b>

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

	Group		Bank	
	Sep-07 RM'000	Dec-06 RM'000	Sep-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	356,770	507,901	356,770	507,898
Recoveries	(166,649)	(160,237)	(166,649)	(160,237)
Reclassified as performing	(126,507)	(180,169)	(126,507)	(180,169)
Amount written off	(187,511)	(140,421)	(187,511)	(139,971)
Balance as at 30 Sept / December	<u>1,103,962</u>	<u>1,227,859</u>	<u>1,103,962</u>	<u>1,227,859</u>
Specific allowance (SA)	<u>(309,163)</u>	<u>(352,240)</u>	<u>(309,163)</u>	<u>(352,240)</u>
Net non-performing loans, advances and financing	<u>794,799</u>	<u>875,619</u>	<u>794,799</u>	<u>875,619</u>
Ratio of net non-performing loans and financing to net loans and financing	<u>3.28%</u>	<u>4.26%</u>	<u>3.28%</u>	<u>4.26%</u>

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

	Group		Bank	
	Sep-07 RM'000	Dec-06 RM'000	Sep-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	55,470	54,081	55,470	54,081
Amount written off	-	(56)	-	-
Balance as at 30 Sept / December	<u>361,439</u>	<u>305,969</u>	<u>361,439</u>	<u>305,969</u>
% of gross loans, advances and financing (excluding loan to Government) less specific allowance	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</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	183,760	211,012	183,760	211,009
Amount written back in respect of recoveries	(40,560)	(61,826)	(40,560)	(61,826)
Amount written off	(186,277)	(134,180)	(186,277)	(133,785)
Balance as at 30 Sept / December	<u>309,163</u>	<u>352,240</u>	<u>309,163</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	
	Sep-07 RM'000	Dec-06 RM'000	Sep-07 RM'000	Dec-06 RM'000
Agriculture, hunting, forestry and fishing	1,162	2,077	1,162	2,077
Mining and quarrying	596	2,567	596	2,567
Manufacturing	375,320	366,826	375,320	366,826
Electricity, gas and water	-	-	-	-
Construction	33,251	34,671	33,251	34,671
Wholesale & retail trade and restaurants & hotels	230,038	262,988	230,038	262,988
Transport, storage and communication	7,153	3,553	7,153	3,553
Finance, insurance and business services	19,018	109,535	19,018	109,535
Real estate	53,214	74,222	53,214	74,222
Community, social and personal services	15,309	23,972	15,309	23,972
Households	360,356	347,448	360,356	347,448
(of which: - purchase of residential properties	229,182	197,070	229,182	197,070
- purchase of non residential properties	16,744	12,420	16,744	12,420
- others	114,430	137,958	114,430	137,958
Others	8,545	-	8,545	-
	<u>1,103,962</u>	<u>1,227,859</u>	<u>1,103,962</u>	<u>1,227,859</u>

**13. OTHER ASSETS**

	Group		Bank	
	Sep-07 RM'000	Dec-06 RM'000	Sep-07 RM'000	Dec-06 RM'000
Other debtors, deposits and prepayments	163,606	252,025	163,497	251,964
Derivatives - assets	3,546	15,534	3,546	15,534
Accrued interest receivable	68,528	48,047	68,528	48,047
Amount due from subsidiaries	-	-	5,209	4,090
Precious Metal accounts	49,048	37,579	49,048	37,579
Foreclosed properties	4,049	3,734	4,049	3,734
	<u>288,777</u>	<u>356,919</u>	<u>293,877</u>	<u>360,948</u>

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

	Group		Bank	
	Sep-07 RM'000	Dec-06 RM'000	Sep-07 RM'000	Dec-06 RM'000
Demand deposits	3,227,519	2,512,964	3,227,519	2,512,964
Savings deposits	1,521,273	1,358,215	1,521,273	1,358,215
Fixed deposits	14,187,772	13,600,014	14,187,772	13,600,014
Negotiable instruments of deposits	623,739	819,628	623,739	819,628
Others	4,473,244	695,859	4,473,244	695,859
	<u>24,033,547</u>	<u>18,986,680</u>	<u>24,033,547</u>	<u>18,986,680</u>

**(ii) By type of customer**

	Group		Bank	
	Sep-07 RM'000	Dec-06 RM'000	Sep-07 RM'000	Dec-06 RM'000
Business enterprise	10,284,690	6,427,236	10,284,690	6,427,236
Individuals	12,667,435	11,292,149	12,667,435	11,292,149
Others	1,081,422	1,267,295	1,081,422	1,267,295
	<u>24,033,547</u>	<u>18,986,680</u>	<u>24,033,547</u>	<u>18,986,680</u>

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

	Group		Bank	
	Sep-07 RM'000	Dec-06 RM'000	Sep-07 RM'000	Dec-06 RM'000
<b>Group and Bank</b>				
Licensed banks	1,871,572	1,405,023	1,873,037	1,406,045
Bank Negara Malaysia	404,171	314,954	404,171	314,954
Other financial institutions	3,071,552	1,410,215	3,071,553	1,410,215
	<u>5,347,295</u>	<u>3,130,192</u>	<u>5,348,761</u>	<u>3,131,214</u>

**16. OTHER LIABILITIES**

	Group		Bank	
	Sep-07 RM'000	Dec-06 RM'000	Sep-07 RM'000	Dec-06 RM'000
Provision for Commitments and Contingencies	1,256	1,308	1,256	1,308
Accrued interest payable	196,134	165,169	196,134	165,169
Accruals and provisions for operational expenses	59,063	54,567	59,014	54,467
Derivatives - liabilities	95,253	47,510	95,253	47,510
Other accruals and provisions	595,999	182,939	595,930	182,855
	<u>947,705</u>	<u>451,493</u>	<u>947,587</u>	<u>451,309</u>

**17. INTEREST INCOME**

	Group		Bank	
	Sep-07 RM'000	Sep-06 RM'000	Sep-07 RM'000	Sep-06 RM'000
Loans and advances				
- Interest income other than recoveries from NPL	<b>918,275</b>	758,119	<b>918,275</b>	758,119
- Recoveries from NPLs	<b>94,380</b>	59,474	<b>94,380</b>	59,474
Money at call and deposit placements with financial institutions	<b>209,741</b>	195,136	<b>209,735</b>	195,121
Held-For-Trading Securities	<b>21,548</b>	19,311	<b>21,548</b>	19,311
Available-For-Sale Securities	<b>118,853</b>	125,580	<b>118,853</b>	125,580
Others	<b>2,217</b>	5,092	<b>2,217</b>	5,092
	<b>1,365,014</b>	1,162,712	<b>1,365,008</b>	1,162,697
Amortisation of premium less accretion of discount	<b>(4,209)</b>	(1,687)	<b>(4,209)</b>	(1,687)
Net interest suspended	<b>(4,265)</b>	(9,421)	<b>(4,265)</b>	(9,421)
	<b>1,356,540</b>	1,151,604	<b>1,356,534</b>	1,151,589

**18. INTEREST EXPENSES**

	Group		Bank	
	Sep-07 RM'000	Sep-06 RM'000	Sep-07 RM'000	Sep-06 RM'000
Deposits and placements of banks and other financial institutions	<b>138,596</b>	147,200	<b>138,596</b>	147,200
Deposits from other customers	<b>470,644</b>	361,837	<b>470,644</b>	361,837
Loans sold to Cagamas	<b>13,196</b>	32,627	<b>13,196</b>	32,627
Others	<b>89,546</b>	93,132	<b>89,546</b>	93,132
	<b>711,982</b>	634,796	<b>711,982</b>	634,796

**19. OTHER OPERATING INCOME**

<b>The Group and Bank</b>	<b>Group</b>		<b>Bank</b>	
	<b>Sep-07</b> <b>RM'000</b>	<b>Sep-06</b> <b>RM'000</b>	<b>Sep-07</b> <b>RM'000</b>	<b>Sep-06</b> <b>RM'000</b>
<b><u>Fee income</u></b>				
Commission	<b>84,305</b>	59,706	<b>83,800</b>	59,398
Guarantee Fees	<b>18,846</b>	15,330	<b>18,846</b>	15,330
Service charges and fees	<b>73,380</b>	69,895	<b>73,380</b>	69,892
Commitment fees	<b>16,932</b>	15,987	<b>16,932</b>	15,987
Arrangement and Participation fees	<b>8,279</b>	6,750	<b>8,279</b>	6,750
	<b>201,742</b>	167,668	<b>201,237</b>	167,357
<b><u>Investment income</u></b>				
Gain/(Loss) from sale of HFT Securities	<b>48,807</b>	(10,739)	<b>48,807</b>	(10,739)
Gain/(Loss) from sale of AFS Securities	<b>3,359</b>	4,078	<b>3,359</b>	4,078
Unrealised gain/(loss) of HFT Securities	<b>(22,168)</b>	54,337	<b>(22,168)</b>	54,337
Gross dividends from :				
- Investment securities in Malaysia	<b>455</b>	425	<b>455</b>	425
- Association	<b>-</b>	-	<b>17,743</b>	8,809
	<b>30,453</b>	48,101	<b>48,196</b>	56,910
<b><u>Other income :-</u></b>				
Foreign exchange gain/(loss)				
- realised	<b>64,444</b>	27,672	<b>64,444</b>	27,672
- unrealised	<b>(17,106)</b>	14,571	<b>(17,106)</b>	14,571
Rental receivable from operating leases, other than those relating to investment properties	<b>209</b>	521	<b>209</b>	521
Rental income from investment properties	<b>450</b>	-	<b>450</b>	-
Gain on disposal of property, plant and equipment	<b>(246)</b>	10	<b>(251)</b>	10
Other operating income	<b>2,059</b>	1,353	<b>2,059</b>	1,353
Other non operating income	<b>8,929</b>	6,751	<b>8,929</b>	6,751
	<b>58,739</b>	50,878	<b>58,734</b>	50,878
	<b>290,934</b>	266,647	<b>308,167</b>	275,145

**20. OTHER OPERATING EXPENSES**

	<b>Group</b>		<b>Bank</b>	
	<b>Sep-07</b> <b>RM'000</b>	Sep-06 RM'000	<b>Sep-07</b> <b>RM'000</b>	Sep-06 RM'000
Personnel costs	<b>174,225</b>	133,654	<b>172,704</b>	132,262
Establishment costs	<b>66,997</b>	56,383	<b>66,551</b>	56,034
Marketing expenses	<b>25,722</b>	22,799	<b>26,881</b>	23,810
Administration and general expenses	<b>55,760</b>	44,178	<b>55,519</b>	43,920
	<b>322,704</b>	257,014	<b>321,655</b>	256,026
<u>Personnel costs</u>				
Salaries, allowance and bonuses	<b>140,313</b>	106,809	<b>139,059</b>	105,642
Employees Provident Fund Contributions (EPF)	<b>22,421</b>	16,473	<b>22,242</b>	16,296
Other personnel costs	<b>11,491</b>	10,372	<b>11,403</b>	10,324
	<b>174,225</b>	133,654	<b>172,704</b>	132,262
<u>Establishment costs</u>				
Depreciation	<b>25,574</b>	22,547	<b>25,362</b>	22,384
Hire of equipment	<b>45</b>	27	<b>39</b>	21
Information technology costs	<b>6,719</b>	5,887	<b>6,710</b>	5,880
Repair and maintenance	<b>10,664</b>	8,580	<b>10,613</b>	8,551
Rental of premises	<b>4,737</b>	3,204	<b>4,612</b>	3,099
Others	<b>19,258</b>	16,138	<b>19,215</b>	16,099
	<b>66,997</b>	56,383	<b>66,551</b>	56,034
<u>Marketing expenses</u>				
Advertisement and publicity	<b>14,424</b>	11,475	<b>14,413</b>	11,459
Others	<b>11,298</b>	11,324	<b>12,468</b>	12,351
	<b>25,722</b>	22,799	<b>26,881</b>	23,810
<u>Administration and general expenses</u>				
Fees and commissions paid	<b>20,575</b>	19,608	<b>20,498</b>	19,461
Other Administration and general expenses	<b>35,185</b>	24,570	<b>35,021</b>	24,459
	<b>55,760</b>	44,178	<b>55,519</b>	43,920

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

	<b>Group</b>		<b>Bank</b>	
	<b>Sep-07</b>	Sep-06	<b>Sep-07</b>	Sep-06
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Allowance for bad and doubtful debts on loans and financing</b>				
(a) specific allowance (net)				
- Made in the financial period	<b>183,759</b>	136,073	<b>183,759</b>	136,070
- Written back	<b>(40,559)</b>	(41,487)	<b>(40,559)</b>	(41,487)
(b) general allowance				
- Made/(Written back) in the financial period	<b>55,470</b>	38,751	<b>55,470</b>	38,751
<b>Bad debts on loans and financing</b>				
- written off	<b>471</b>	50	<b>471</b>	50
- recovered	<b>(53,701)</b>	(23,524)	<b>(53,699)</b>	(23,524)
	<b>145,440</b>	109,863	<b>145,442</b>	109,860

**22. CAPITAL ADEQUACY**

<b>Group and Bank</b>	<b>Sep-07</b>	Dec-06
	<b>RM'000</b>	RM'000
<b><u>Tier I Capital</u></b>		
Paid-up share capital	<b>470,000</b>	470,000
Share premium	<b>322,555</b>	322,555
Retained profit	<b>885,607</b>	1,057,157
Other reserves	<b>467,058</b>	469,963
Less: Revaluation Reserve : Available-For-Sale	<b>2,942</b>	37
Deferred Tax adjustments	<b>(54,076)</b>	(54,076)
Total Tier I Capital	<b>2,094,086</b>	2,265,636
<b><u>Tier II capital</u></b>		
Property revaluation reserve	<b>26,278</b>	26,278
General provisions for bad and doubtful debts	<b>361,439</b>	305,969
Total Tier II Capital	<b>387,717</b>	332,247
Total capital	<b>2,481,803</b>	2,597,883
Less: Investment in subsidiaries	<b>(151)</b>	(151)
Total capital base	<b>2,481,652</b>	2,597,732

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

**Capital ratios**

Core capital ratio (incl. mkt risk)	<b>8.34%</b>	10.45%
Risk-weighted capital ratio (incl. mkt risk)	<b>9.89%</b>	11.98%

**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>Sep-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	2,002,996	2,002,996	1,817,982	1,903,084	1,903,084	1,841,475
Transaction-related contingent items	1,102,092	551,046	438,475	968,673	484,337	407,670
Short-term self-liquidating trade-related contingencies	457,948	91,590	86,777	444,264	88,853	82,567
Irrevocable commitments to extend credit						
- maturity more than one year	1,803,226	901,613	899,359	1,521,938	760,969	668,566
- maturity less than one year	15,923,809	-	-	14,079,937	-	-
Foreign exchange related contracts +						
- less than one year	11,680,301	201,884	44,265	6,049,186	147,877	31,412
- one year to less than one year	1,211,432	98,525	19,705	652,680	53,096	10,619
- 5 years and above	-	-	-	35,280	3,528	1,764
Interest rates related contracts +						
- less than one year	4,609,492	8,638	1,802	8,078,211	6,125	1,225
- one year to less than one year	17,575,186	387,233	79,210	14,821,181	275,833	53,331
- 5 years and above	872,495	102,344	20,469	622,836	85,606	17,121
Others	615,459	-	-	289,904	-	-
<b>Total</b>	<b>57,854,436</b>	<b>4,345,869</b>	<b>3,408,044</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.

**29. 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 September 2007**

	←----- Non-trading book -----→						Trading book RM'000	Total RM'000	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	RM'000			
<b>Assets</b>									
Cash & Short Term Funds	1,687,073	-	-	-	-	612,136		2,299,209	4.28%
Securities purchased under repo	2,620,285	1,984,619	-	-	-	-		4,604,904	3.60%
Deposits & Placements with CB & FI	-	817,347	490,892	-	-	-		1,308,239	5.28%
Held for Trading Securities	-	-	-	-	-	-	273,122	273,122	7.81%
Investment Securities	100,000	1,484,970	228,227	1,300,081	120,055	21,387		3,254,720	3.03%
Loans & Advances & Financing									
-performing	16,282,326	861,832	1,088,388	946,584	311,124	3,632,042		23,122,296	6.60%
-non-performing						782,910		782,910	
Other assets	-	-	-	-	-	1,486,501		1,486,501	0%
	<b>20,689,684</b>	<b>5,148,768</b>	<b>1,807,507</b>	<b>2,246,665</b>	<b>431,179</b>	<b>6,534,976</b>	<b>273,122</b>	<b>37,131,901</b>	
<b>Liabilities</b>									
Deposits from Customers	11,832,578	3,120,917	5,388,478	869,500	44,699	2,777,375		24,033,547	3.05%
Deposits & Placements of CB & FI	2,164,270	2,751,057	350,692	-	-	81,276		5,347,295	4.21%
Securities Sold Under Repo	-	8,459	-	-	-	-		8,459	3.45%
Bills & Acceptances Payable	11,613	17,907	10,377	-	-	3,790,555		3,830,452	2.47%
Amount due to Cagamas	2,102	4,224	173,247	142,868	-	-		322,441	3.94%
Other Liabilities	-	-	-	-	-	1,017,565		1,017,565	0%
<b>Financed by :</b>									
Share Capital	-	-	-	-	-	470,000		470,000	n/a
Reserves	-	-	-	-	-	2,102,142		2,102,142	n/a
	<b>14,010,563</b>	<b>5,902,564</b>	<b>5,922,794</b>	<b>1,012,368</b>	<b>44,699</b>	<b>10,238,913</b>	<b>-</b>	<b>37,131,901</b>	
On B/S Interest Sensitivity Gap	6,679,121	(753,796)	(4,115,287)	1,234,297	386,480	(3,703,937)	273,122	-	
Off B/S Interest Sensitivity Gap	(756,113)	3,160,405	(273,554)	(1,968,243)	(162,495)	-	-	-	
<b>Total Interest Sensitivity Gap</b>	<b>5,923,008</b>	<b>2,406,609</b>	<b>(4,388,841)</b>	<b>(733,946)</b>	<b>223,985</b>	<b>(3,703,937)</b>	<b>273,122</b>	<b>-</b>	

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

## Bank

As at 30 September 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	1,687,073	-	-	-	-	612,136	-	2,299,209	4.28%
Securities purchased under repo	2,620,285	1,984,619	-	-	-	-	-	4,604,904	3.60%
Deposits & Placements with CB & FI	-	817,347	490,892	-	-	-	-	1,308,239	5.28%
Held for Trading Securities	-	-	-	-	-	-	273,122	273,122	7.81%
Investment Securities	100,000	1,484,970	228,227	1,300,081	120,055	21,387	-	3,254,720	3.03%
Loans & Advances & Financing									
-performing	16,282,326	861,832	1,088,388	946,584	311,124	3,632,042	-	23,122,296	6.60%
-non-performing	-	-	-	-	-	782,910	-	782,910	-
Other assets	-	-	-	-	-	1,451,437	-	1,451,437	0%
	<b>20,689,684</b>	<b>5,148,768</b>	<b>1,807,507</b>	<b>2,246,665</b>	<b>431,179</b>	<b>6,499,912</b>	<b>273,122</b>	<b>37,096,837</b>	
<b>Liabilities</b>									
Deposits from Customers	11,832,578	3,120,917	5,388,478	869,500	44,699	2,777,375	-	24,033,547	3.05%
Deposits & Placements of CB & FI	2,165,736	2,751,057	350,692	-	-	81,276	-	5,348,761	4.21%
Securities Sold Under Repo	-	8,459	-	-	-	-	-	8,459	3.45%
Bills & Acceptances Payable	11,613	17,907	10,377	-	-	3,790,555	-	3,830,452	2.47%
Amount due to Cagamas	2,102	4,224	173,247	142,868	-	-	-	322,441	3.94%
Other Liabilities	-	-	-	-	-	1,017,447	-	1,017,447	0%
<b>Financed by :</b>									
Share Capital	-	-	-	-	-	470,000	-	470,000	n/a
Reserves	-	-	-	-	-	2,065,730	-	2,065,730	n/a
	<b>14,012,029</b>	<b>5,902,564</b>	<b>5,922,794</b>	<b>1,012,368</b>	<b>44,699</b>	<b>10,202,383</b>	<b>-</b>	<b>37,096,837</b>	
On B/S Interest Sensitivity Gap	6,677,655	(753,796)	(4,115,287)	1,234,297	386,480	(3,702,471)	273,122	-	
Off B/S Interest Sensitivity Gap	(756,113)	3,160,405	(273,554)	(1,968,243)	(162,495)	-	-	-	
<b>Total Interest Sensitivity Gap</b>	<b>5,921,542</b>	<b>2,406,609</b>	<b>(4,388,841)</b>	<b>(733,946)</b>	<b>223,985</b>	<b>(3,702,471)</b>	<b>273,122</b>	<b>-</b>	

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**25. PERFORMANCE REVIEW**

For the nine months ended 30 September 2007, the Group recorded a pre-tax profit of RM467.4million which was RM50.8million or 12.2% higher than corresponding period last year. The improved profit was contributed by growth in net interest income by RM127.8million or 24.7% 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 RM65.7million or 25.6% 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 RM35.6million or 32.4% compared to previous corresponding period was mainly due to the adoption of more stringent provisioning.

**26. PROSPECTS FOR 2007**

Malaysia's economic growth prospects are expected to remain favourable this year despite the current moderation in the global growth.

The GDP growth for 2007 is projected to be between 5.8% to 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 sustained by private consumption and investment activities which will be reinforced by the implementation of the Ninth Malaysia Plan projects which have already commenced.

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 leverage on the Group's strong regional presence to strengthen our core business segments.