

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

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED BALANCE SHEETS AS AT 31 MARCH 2005**

	Notes	Group		Bank	
		31-Mar-05 RM'000	31-Dec-04 RM'000	31-Mar-05 RM'000	31-Dec-04 RM'000
<b>ASSETS</b>					
Cash and short-term funds		2,089,527	2,910,943	2,089,527	2,910,943
Securities purchased under resale agreements		5,776,064	3,668,835	5,776,064	3,668,835
Deposits and placements with financial institutions		934,600	450,000	934,600	450,000
Held-For-Trading Securities	2	274,160	878,241	274,160	878,241
Available-For-Sale Securities	2	2,500,394	3,669,622	2,500,394	3,669,622
Loans and advances	3	16,128,741	16,189,922	16,128,741	16,189,922
Other assets	4	177,799	203,795	178,884	204,502
Statutory deposits With Bank Negara Malaysia		379,000	485,000	379,000	485,000
Investment in subsidiaries		-	-	151	151
Investment in associates		145,332	142,457	122,733	122,733
Property, plant and equipment		260,082	264,267	259,742	264,150
Deferred tax assets		37,407	37,407	37,407	37,407
<b>Total assets</b>		<b>28,703,106</b>	<b>28,900,489</b>	<b>28,681,403</b>	<b>28,881,506</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>					
Deposits from customers	5	17,431,464	15,907,311	17,431,463	15,908,324
Deposits and placements of banks and other financial institutions	6	2,064,737	4,000,651	2,065,767	4,000,651
Obligations on securities sold under repurchase agreements		4,451,555	3,128,205	4,451,555	3,128,205
Bills and acceptances payable		831,425	1,982,728	831,425	1,982,728
Amount due to Cagamas		1,328,687	1,361,055	1,328,687	1,361,055
Other liabilities	7	474,306	486,580	473,585	485,804
Taxation		50,884	45,751	50,884	45,843
<b>Total liabilities</b>		<b>26,633,057</b>	<b>26,912,281</b>	<b>26,633,366</b>	<b>26,912,609</b>
<b>Financed by :</b>					
Share Capital		470,000	470,000	470,000	470,000
Reserves		1,571,050	1,488,775	1,578,037	1,498,897
<b>SHAREHOLDERS' EQUITY</b>		<b>2,041,050</b>	<b>1,958,775</b>	<b>2,048,037</b>	<b>1,968,897</b>
Reserve Arising From Consolidation		28,999	29,433	-	-
		<b>2,070,049</b>	<b>1,988,208</b>	<b>2,048,037</b>	<b>1,968,897</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>28,703,106</b>	<b>28,900,489</b>	<b>28,681,403</b>	<b>28,881,506</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	14	<b>44,723,583</b>	<b>39,708,420</b>	<b>44,723,583</b>	<b>39,708,420</b>

Company No. 271809K

UNITED OVERSEAS BANK (MALAYSIA) BHD  
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**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2005**

	Notes	Group		Bank	
		1st Quarter ended		1st Quarter ended	
		31-Mar-05	31-Mar-04	31-Mar-05	31-Mar-04
		RM'000	RM'000	RM'000	RM'000
Operating revenue		<b>390,682</b>	322,876	<b>390,671</b>	322,876
Interest income	8	<b>301,151</b>	287,869	<b>301,157</b>	287,869
Interest expenses	9	<b>(168,705)</b>	(156,026)	<b>(168,705)</b>	(156,026)
Net interest income		<b>132,447</b>	131,843	<b>132,452</b>	131,843
Non-interest income	10	<b>91,631</b>	64,159	<b>91,611</b>	64,159
Net income		<b>224,078</b>	196,002	<b>224,063</b>	196,002
Overhead expenses	11	<b>(76,451)</b>	(61,991)	<b>(76,254)</b>	(61,991)
Allowance for losses on loans and financing	12	<b>(33,346)</b>	(35,978)	<b>(33,356)</b>	(35,977)
		<b>114,280</b>	98,033	<b>114,454</b>	98,034
Provision(made)/written-back for commitments and contingencies		<b>276</b>	(39)	<b>276</b>	(39)
		<b>114,557</b>	97,994	<b>114,730</b>	97,995
Amortisation of goodwill		<b>(390)</b>	(351)	-	-
Share of profit of associates		<b>6,525</b>	4,792	-	-
Profit Before taxation		<b>120,691</b>	102,435	<b>114,730</b>	97,995
Taxation					
- Bank and subsidiary companies		<b>(32,124)</b>	(26,132)	<b>(32,124)</b>	(26,132)
- associated companies		<b>(2,828)</b>	(1,620)	-	-
Profit after taxation		<b>85,740</b>	74,683	<b>82,606</b>	71,863
Basic earnings per share (sen)		<b>18.2</b>	15.9	<b>17.6</b>	15.3

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2005**

<b>GROUP</b>	Non-distributable				Available- for-sale reserves	Distributable Retained profits	Total
	Share Capital	Share Premium	Statutory reserves	Revaluation reserves			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2005							
- as previously stated	470,000	322,555	470,000	35,164	-	644,072	1,941,791
- prior year adjustments					15,280	1,704	16,984
As restated	470,000	322,555	470,000	35,164	15,280	645,776	1,958,775
Net profit for the year	-	-	-	-	-	85,740	85,740
Unrealised Net loss on revaluation of securities - AFS	-	-	-	-	(3,465)	-	(3,465)
Dividends paid :							
- final dividend for year ended 31 Dec 2004	-	-	-	-	-	-	-
- interim dividend for the year ended 31 Dec 2005	-	-	-	-	-	-	-
Balance as at 31 March 2005	470,000	322,555	470,000	35,164	11,815	731,516	2,041,050

Balance as at 1 January 2004	470,000	322,555	470,000	35,509	-	300,347	1,598,411
Net profit for the year	-	-	-	-	-	377,197	377,197
Realisation of revaluation surplus of land and buildings	-	-	-	(368)	-	368	-
Transfer to deferred tax	-	-	-	23	-	-	23
Dividends paid :							
- final dividend for year ended 31 Dec 2003	-	-	-	-	-	-	-
- interim dividend for the year ended 31 Dec 2004	-	-	-	-	-	(33,840)	(33,840)
Balance as at 31 December 2004	470,000	322,555	470,000	35,164	-	644,072	1,941,791

<b>BANK</b>	Non-distributable				Available- for-sale reserves	Distributable Retained profits	Total
	Share Capital	Share Premium	Statutory reserves	Revaluation reserves			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2005							
- as previously stated	470,000	322,555	470,000	50,216	-	639,141	1,951,912
- prior year adjustments					15,280	1,704	16,985
As restated	470,000	322,555	470,000	50,216	15,280	640,845	1,968,897
Net profit for the year	-	-	-	-	-	82,606	82,606
Unrealised Net loss on revaluation of securities - AFS	-	-	-	-	(3,465)	-	(3,465)
Dividends paid :							
- final dividend for year ended 31 Dec 2004	-	-	-	-	-	-	-
- interim dividend for the year ended 31 Dec 2005	-	-	-	-	-	-	-
Balance as at 31 March 2005	470,000	322,555	470,000	50,216	11,815	723,451	2,048,037

At 1 January 2004	470,000	322,555	470,000	50,561	-	323,744	1,636,860
Net profit for the year	-	-	-	-	-	348,869	348,869
Realisation of revaluation surplus of land & buildings	-	-	-	(368)	-	368	-
Transfer to deferred tax	-	-	-	23	-	-	23
Dividends paid :							
- final dividend for year ended 31 Dec 2003	-	-	-	-	-	(33,840)	(33,840)
- interim dividend for the year ended 31 Dec 2004	-	-	-	-	-	-	-
Balance as at 31 December 2004	470,000	322,555	470,000	50,216	-	639,141	1,951,912

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**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONDENSED CASH FLOW STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2005**

	<b>Group</b>		<b>Bank</b>	
	<b>Mar 2005</b>	<b>Mar 2004</b>	<b>Mar 2005</b>	<b>Mar 2004</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash Flows From Operating Activities</b>				
Profit before taxation	120,691	102,435	114,730	97,995
Adjustment for non-cash items	<u>11,915</u>	<u>34,026</u>	<u>18,051</u>	<u>38,466</u>
Operating profit before changes in working capital	132,606	136,461	132,781	136,461
Changes in working capital :				
Net changes in operating assets	(1,347,467)	(790,669)	(1,347,714)	(790,668)
Net changes in operating liabilities	(284,080)	1,096,047	(284,008)	1,096,046
Income tax paid	<u>(27,083)</u>	<u>(27,104)</u>	<u>(27,083)</u>	<u>(27,104)</u>
Net cash generated (used in)/from	(1,526,024)	414,735	(1,526,024)	414,735
Net cash generated from investing activities	1,189,208	102,363	1,189,208	102,363
Net cash generated (used in)/from financing activities	-	-	-	-
Net changes in cash and cash equivalents	<u>(336,816)</u>	<u>517,098</u>	<u>(336,816)</u>	<u>517,098</u>
Cash and cash equivalents at beginning of the period	<u>3,360,943</u>	<u>5,186,898</u>	<u>3,360,943</u>	<u>5,186,898</u>
Cash and cash equivalents at end of the period	<u>3,024,127</u>	<u>5,703,996</u>	<u>3,024,127</u>	<u>5,703,996</u>

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**NOTES TO INTERIM FINANCIAL STATEMENTS - 31 MARCH 2005**

**1. BASIS OF PREPARATION**

The unaudited financial statements of the Group and Bank for the 1st quarter ended 31 March 2005 comply with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia. The unaudited financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2004.

The accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the previous audited annual financial statements except for the adoption of the revised guidelines on Financial Reporting for Licensed Institutions (BNM/GP8) issued by Bank Negara Malaysia which became effective for the current financial year. The adoption of the revised BNM/GP8 have resulted in changes in the accounting policies of the Group and Bank which have been applied prospectively in this unaudited interim financial statements and the details are disclosed.

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## NOTES TO INTERIM FINANCIAL STATEMENTS - 31 MARCH 2005

## 2. SECURITIES PORTFOLIO

**(i) Held-for-Trading**

	Mar-05	Dec-04
Group and Bank	RM'000	RM'000
<b>Money market instruments :-</b>		
Malaysian Government securities	184	113,303
Negotiable instruments of deposits	135,001	320,000
Islamic private debt securities	65,980	281,970
Private debt securities	72,995	162,968
	<u>274,160</u>	<u>878,241</u>

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

	Mar-05	Dec-04
Group and Bank	RM'000	RM'000
Malaysian Government securities	2,306	2,322
Negotiable instruments of deposits	2,173,027	3,252,000
Cagamas Notes/ Bonds	-	70,770
	<u>2,175,333</u>	<u>3,325,092</u>
<b>Quoted securities :</b>		
Shares of corporations	5,250	6,510
Private debt securities	10,470	12,452
	<u>2,191,053</u>	<u>3,344,054</u>
<b>Unquoted securities :</b>		
Shares	12,272	12,272
Private debt securities	297,069	313,296
	<u>309,341</u>	<u>325,568</u>
<b>Total Available-for-Sale Securities</b>	<u>2,500,394</u>	<u>3,669,622</u>

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## NOTES TO INTERIM FINANCIAL STATEMENTS - 31 MARCH 2005

## 3. LOAN AND ADVANCES

## (i) By type

	Group		Bank	
	Mar-05 RM'000	Dec-04 RM'000	Mar-05 RM'000	Dec-04 RM'000
Overdrafts	<b>2,896,077</b>	2,990,998	<b>2,896,077</b>	2,990,998
Term loans and revolving credits				
Housing loans	<b>4,416,234</b>	4,237,994	<b>4,416,234</b>	4,237,994
Syndicated term loan	<b>144,901</b>	161,370	<b>144,901</b>	161,370
Hire purchase receivables	<b>5,943</b>	8,143	<b>5,943</b>	8,143
Lease receivables	<b>479</b>	489	<b>21</b>	21
Other term loans/financing	<b>5,440,653</b>	5,706,296	<b>5,440,653</b>	5,706,296
Credit cards receivable	<b>460,711</b>	457,040	<b>460,711</b>	457,040
Bills receivable	<b>127,730</b>	113,031	<b>127,730</b>	113,031
Trust receipts	<b>465,054</b>	509,032	<b>465,054</b>	509,032
Claims on customers under acceptance credits	<b>2,611,253</b>	2,623,056	<b>2,611,253</b>	2,623,056
Staff loans	<b>91,877</b>	90,936	<b>91,877</b>	90,936
Others	<b>5,580</b>	-	<b>5,580</b>	-
	<b>16,666,492</b>	16,898,386	<b>16,666,034</b>	16,897,918
Less: Unearned interest	<b>(314)</b>	(287)	<b>(314)</b>	(287)
<b>Gross loans, advances and financing</b>	<b>16,666,177</b>	16,898,098	<b>16,665,720</b>	16,897,631
Allowance for bad and doubtful debts and financing				
- Specific	<b>(285,492)</b>	(456,227)	<b>(285,090)</b>	(455,821)
- General	<b>(251,944)</b>	(251,950)	<b>(251,888)</b>	(251,888)
<b>Net loans, advances and financing</b>	<b>16,128,741</b>	16,189,922	<b>16,128,741</b>	16,189,922

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## NOTES TO INTERIM FINANCIAL STATEMENTS - 31 MARCH 2005

## 3. LOANS AND ADVANCES (CONTINUED)

## (ii) By type of customer

	Mar-05 RM'000	Dec-04 RM'000	Mar-05 RM'000	Dec-04 RM'000
Domestic non-bank financial Institutions				
- stockbroking companies	34,607	29,013	34,607	29,013
- Others	102,123	120,789	102,123	120,789
Domestic business enterprises				
- Small medium enterprises	3,216,256	3,258,141	3,215,826	3,257,702
- Others	6,005,441	6,083,924	6,005,440	6,083,923
Government	889,065	1,200,252	889,065	1,200,252
Individuals	6,366,327	6,161,724	6,366,327	6,161,724
Other domestic entities	2,662	2,742	2,635	2,715
Foreign entities	49,696	41,513	49,696	41,513
	<u>16,666,177</u>	<u>16,898,098</u>	<u>16,665,720</u>	<u>16,897,631</u>

## (iii) By interest/profit rate sensitivity

	Mar-05 RM'000	Dec-04 RM'000	Mar-05 RM'000	Dec-04 RM'000
Fixed rate				
Housing loans/financing	90,560	89,341	90,560	89,341
Hire purchase receivable	7,104	10,027	7,104	10,027
Other fixed rate loan/financing	454,995	454,549	454,995	454,549
Variable rate				
BLR plus	13,374,694	13,385,240	13,374,237	13,384,773
Cost-plus	1,324,088	1,250,716	1,324,088	1,250,716
Other variable rates	1,414,736	1,708,225	1,414,736	1,708,225
	<u>16,666,177</u>	<u>16,898,098</u>	<u>16,665,720</u>	<u>16,897,631</u>

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## NOTES TO INTERIM FINANCIAL STATEMENTS - 31 MARCH 2005

## 3. LOANS AND ADVANCES (CONTINUED)

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

	Group		Bank	
	Mar-05 RM'000	Dec-04 RM'000	Mar-05 RM'000	Dec-04 RM'000
Agriculture	108,678	108,990	108,678	108,990
Mining and quarrying	18,227	16,292	18,227	16,292
Manufacturing	3,492,603	3,514,589	3,492,174	3,514,150
Electricity, gas and water	29,178	44,792	29,178	44,792
Construction	845,760	886,927	845,760	886,927
Real estate	469,970	462,746	469,970	462,746
Purchase of landed property :				
(i) Residential	4,612,558	4,426,112	4,612,558	4,426,112
(ii) Non-residential	642,175	616,155	642,175	616,155
General commerce	2,360,034	2,416,625	2,360,033	2,416,625
Transport, storage and communication	515,810	523,205	515,810	523,205
Finance, insurance and business services	417,615	458,496	417,615	458,496
Purchase of securities	637,469	660,709	637,469	660,709
Purchase of transport vehicles	10,914	11,008	10,914	11,008
Consumption credit	1,378,971	1,378,425	1,378,971	1,378,425
Government agencies	902,350	1,221,689	902,350	1,221,689
Others	223,866	151,338	223,838	151,310
	<u>16,666,177</u>	<u>16,898,098</u>	<u>16,665,720</u>	<u>16,897,631</u>

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## NOTES TO INTERIM FINANCIAL STATEMENTS - 31 MARCH 2005

## 3. LOANS AND ADVANCES (CONTINUED)

## (v) Movements in the non-performing loans, advances and financing

	Mar-05 RM'000	Dec-04 RM'000	Mar-05 RM'000	Dec-04 RM'000
Balance as at 1 January	1,506,588	1,494,860	1,506,121	1,494,257
Non-performing during the period/year	91,659	698,010	91,659	697,991
Recoveries	(45,353)	(295,593)	(45,349)	(295,431)
Reclassified as performing	(67,833)	(253,705)	(67,833)	(253,705)
Amount written off	(206,448)	(136,985)	(206,442)	(136,991)
Balance as at 31 March/December	1,278,613	1,506,588	1,278,156	1,506,121
Specific allowance (SA)	(285,492)	(456,227)	(285,090)	(455,821)
Net non-performing loans, advances and financing	993,121	1,050,361	993,066	1,050,300
Ratio of net non-performing loans and financing to net loans and financing	6.06%	6.39%	6.06%	6.39%

## (vi) Movements in allowance for bad and doubtful debts

	Group		Bank	
	Mar-05 RM'000	Dec-04 RM'000	Mar-05 RM'000	Dec-04 RM'000
<b>General allowance</b>				
Balance as at 1 January	251,950	251,950	251,888	251,888
Allowance made during the period/year	-	-	-	-
Amount written back in respect of recoveries	(6)	-	-	-
Balances as at 31 March/December	251,944	251,950	251,888	251,888
% of gross loans, advances and financing (excluding loan to Government) less specific allowance	1.63%	1.65%	1.63%	1.65%
<b>Specific allowance</b>				
Balance as at 1 January	456,227	518,670	455,821	518,128
Allowance made during the period/year	41,010	216,791	41,010	216,774
Transfer to allowance for diminution in value of investment securities	-	(34,079)	-	(34,079)
Amount written back in respect of recoveries	(5,189)	(160,357)	(5,185)	(160,204)
Amount written off	(206,556)	(84,798)	(206,556)	(84,798)
Balances as at 31 March/December	285,492	456,227	285,090	455,821

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## NOTES TO INTERIM FINANCIAL STATEMENTS - 31 MARCH 2005

## 3. LOANS AND ADVANCES (CONTINUED)

(vii) <u>NPL by sector</u>	Mar-05	Dec-04	Mar-05	Dec-04
	RM'000	RM'000	RM'000	RM'000
Agriculture	2,285	4,523	2,285	4,523
Mining and quarrying	1,857	1,633	1,857	1,633
Manufacturing	444,519	501,268	444,090	500,829
Construction	26,498	54,513	26,498	54,513
Real estate	75,188	75,769	75,188	75,769
Purchase of landed property :				
(i) Residential	146,807	146,770	146,807	146,770
(ii) Non-residential	59,235	65,057	59,235	65,057
General commerce	239,518	345,382	239,517	345,381
Transport, storage and communication	4,342	9,277	4,342	9,277
Finance, insurance and business services	39,226	57,873	39,226	57,873
Purchase of securities	123,020	121,452	123,020	121,452
Purchase of transport vehicles	67	257	67	257
Consumption credit	89,299	95,147	89,299	95,147
Others	26,752	27,667	26,725	27,640
	<u>1,278,613</u>	<u>1,506,588</u>	<u>1,278,156</u>	<u>1,506,121</u>

## 4. OTHER ASSETS

	Group		Bank	
	Mar-05	Dec-04	Mar-05	Dec-04
	RM'000	RM'000	RM'000	RM'000
Other debtors, deposits and prepayments	97,043	123,756	96,952	123,756
Accrued interest receivable	49,656	53,018	49,656	53,018
Amount due from subsidiaries	-	-	1,176	707
Precious Metal accounts	27,295	23,216	27,295	23,216
Foreclosed properties	3,806	3,806	3,806	3,806
	<u>177,799</u>	<u>203,795</u>	<u>178,884</u>	<u>204,502</u>

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## NOTES TO INTERIM FINANCIAL STATEMENTS - 31 MARCH 2005

## 5. DEPOSITS FROM CUSTOMERS

## (i) By type of deposit

	Group		Bank	
	Mar-05 RM'000	Dec-04 RM'000	Mar-05 RM'000	Dec-04 RM'000
Demand deposits	1,927,192	1,910,845	1,927,192	1,911,858
Savings deposits	1,256,148	1,233,194	1,256,148	1,233,194
Fixed deposits	12,577,293	11,496,862	12,577,293	11,496,862
Negotiable instruments of deposits	1,641,706	1,239,529	1,641,706	1,239,529
Others	29,125	26,881	29,125	26,881
	<u>17,431,464</u>	<u>15,907,311</u>	<u>17,431,464</u>	<u>15,908,324</u>

## (ii) By type of customer

	Mar-05	Dec-04	Mar-05	Dec-04
	RM'000	RM'000	RM'000	RM'000
Business enterprise	4,838,084	3,802,002	4,838,084	3,803,015
Individuals	10,155,682	9,993,516	10,155,682	9,993,516
Others	2,437,698	2,111,793	2,437,698	2,111,793
	<u>17,431,464</u>	<u>15,907,311</u>	<u>17,431,464</u>	<u>15,908,324</u>

## 6. DEPOSITS AND PLACEMENT OF BANKS AND FINANCIAL INSTITUTIONS

	Mar-05	Dec-04	Mar-05	Dec-04
	RM'000	RM'000	RM'000	RM'000
<b>Group and Bank</b>				
Licensed banks	1,877,755	3,849,699	1,878,786	3,849,699
Bank Negara Malaysia	170,804	132,574	170,804	132,574
Other financial institutions	16,178	18,378	16,178	18,378
	<u>2,064,737</u>	<u>4,000,651</u>	<u>2,065,767</u>	<u>4,000,651</u>

## 7. OTHER LIABILITIES

	Group		Bank	
	Mar-05 RM'000	Dec-04 RM'000	Mar-05 RM'000	Dec-04 RM'000
Provision for Commitments and Contingencies	1,828	2,105	1,828	2,105
Accrued interest payable	141,321	152,440	141,321	152,440
Accruals and provisions for operational expenses	60,132	39,634	60,132	39,634
Other accruals and provisions	271,024	292,401	270,303	291,625
	<u>474,306</u>	<u>486,580</u>	<u>473,585</u>	<u>485,804</u>

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## 8. INTEREST INCOME

	Group		Bank	
	Mar-05 RM'000	Mar-04 RM'000	Mar-05 RM'000	Mar-04 RM'000
Loans and advances				
- Interest income other than recoveries from NPL	199,842	188,087	199,848	188,087
- Recoveries from NPLs	20,324	19,405	20,324	19,405
Money at call and deposit placements				
with financial institutions	52,245	44,215	52,245	44,215
Held-For-Trading Securities	4,139	29,368	4,139	29,368
Available-For-Sale Securities	21,682	3,179	21,682	3,179
Others	3,982	7,153	3,982	7,153
	<u>302,214</u>	<u>291,408</u>	<u>302,220</u>	<u>291,408</u>
Amortisation of premium less accretion of discount	(15)	(1,414)	(15)	(1,414)
Net interest suspended	<u>(1,048)</u>	<u>(2,125)</u>	<u>(1,048)</u>	<u>(2,125)</u>
	<u><u>301,151</u></u>	<u><u>287,869</u></u>	<u><u>301,157</u></u>	<u><u>287,869</u></u>

## 9. INTEREST EXPENSES

	Mar-05 RM'000	Mar-04 RM'000
<b>Group and Bank</b>		
Deposits and placements of banks and other financial institutions	20,500	12,974
Deposits from other customers	95,177	80,873
Loans sold to Cagamas	12,555	13,798
Others	40,472	48,381
	<u>168,705</u>	<u>156,026</u>

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## 10. NON-INTEREST INCOME

The Group and Bank	Group		Bank	
	Mar-05 RM'000	Mar-04 RM'000	Mar-05 RM'000	Mar-04 RM'000
<b><u>Fee income</u></b>				
Commission	14,658	16,136	14,641	16,136
Guarantee Fees	3,337	3,489	3,337	3,489
Service charges and fees	18,813	19,387	18,813	19,387
Commitment fees	4,928	4,559	4,928	4,559
Arrangement and Participation fees	7,668	3,437	7,668	3,437
	<u>49,404</u>	<u>47,009</u>	<u>49,387</u>	<u>47,009</u>
<b><u>Investment income</u></b>				
Gain/(Loss) from sale of HFT Securities	11,795	(128)	11,795	(128)
Gain/(Loss) from sale of AFS Securities	206	277	206	277
Unrealised gain/(loss) of HFT Securities	20,998	5,433	20,998	5,433
Gross dividends from :				
- Investment securities in Malaysia	23	23	23	23
	<u>33,022</u>	<u>5,606</u>	<u>33,022</u>	<u>5,606</u>
<b><u>Other income :-</u></b>				
Foreign exchange gain/(loss)				
- realised	5,881	10,060	5,087	10,060
- unrealised	920	(1,146)	1,715	(1,146)
Rental income	134	145	134	145
Gain on disposal of property, plant and equipment	(22)	139	(22)	139
Others	2,292	2,346	2,289	2,346
	<u>9,205</u>	<u>11,545</u>	<u>9,202</u>	<u>11,545</u>
	<u>91,631</u>	<u>64,159</u>	<u>91,611</u>	<u>64,159</u>

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## 11. OVERHEAD EXPENSES

	Group		Bank	
	Mar-05 RM'000	Mar-04 RM'000	Mar-05 RM'000	Mar-04 RM'000
Personnel costs	37,463	30,168	37,315	30,168
Establishment costs	17,493	14,438	17,463	14,438
Marketing expenses	6,486	4,245	6,476	4,245
Administration and general expenses	15,009	13,140	15,000	13,140
	<b>76,451</b>	<b>61,991</b>	<b>76,254</b>	<b>61,991</b>
<u>Personnel costs</u>				
Salaries, allowance and bonuses	30,550	24,565	30,425	24,565
Employees Provident Fund Contributions (EPF)	4,978	4,023	4,958	4,023
Other personnel costs	1,934	1,580	1,932	1,580
	<b>37,463</b>	<b>30,168</b>	<b>37,315</b>	<b>30,168</b>
<u>Establishment costs</u>				
Depreciation	6,868	6,383	6,860	6,383
Information technology costs	3,011	1,547	3,011	1,547
Repair and Maintenance	2,888	2,239	2,885	2,239
Rental of Premises	666	776	649	776
Others	4,060	3,493	4,058	3,493
	<b>17,493</b>	<b>14,438</b>	<b>17,463</b>	<b>14,438</b>
<u>Marketing expenses</u>				
Advertisement and publicity	3,057	2,315	3,050	2,315
Others	3,429	1,930	3,426	1,930
	<b>6,486</b>	<b>4,245</b>	<b>6,476</b>	<b>4,245</b>
<u>Administration and general expenses</u>				
Fees and commissions paid	7,406	6,777	7,506	6,777
Other Administration and general expenses	7,603	6,363	7,494	6,363
	<b>15,009</b>	<b>13,140</b>	<b>15,000</b>	<b>13,140</b>

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## 12. ALLOWANCE FOR LOSSES ON LOANS AND FINANCING

	Group		Bank	
	Mar-05 RM'000	Mar-04 RM'000	Mar-05 RM'000	Mar-04 RM'000
<b>Allowance for bad and doubtful debts on loans and financing</b>				
(a) specific allowance (net)				
- Made in the financial period	41,010	56,849	41,010	56,848
- Written back	(5,189)	(16,990)	(5,185)	(16,990)
(b) general allowance				
- Made/(Written back) in the financial period	(6)	-	-	-
<b>Bad debts on loans and financing</b>				
- written off	(113)	1	(113)	1
- recovered	(2,356)	(3,881)	(2,356)	(3,881)
	<u>33,346</u>	<u>35,978</u>	<u>33,356</u>	<u>35,977</u>

## 13. CAPITAL ADEQUACY

Group and Bank	Mar-05 RM'000	Dec-04 RM'000
<b>Tier I Capital</b>		
Paid-up share capital	470,000	470,000
Share premium	322,555	322,555
Retained profit, as restated	640,845	640,845
As previously stated	-	639,141
Prior year adjustments *	-	1,704
Other reserves	481,815	470,000
Less: Revaluation Reserve : Available-For-Sale	(11,815)	-
Deferred Tax adjustments	(37,407)	(37,407)
Total Tier I Capital	<u>1,865,993</u>	<u>1,865,993</u>
<b>Tier II capital</b>		
Property revaluation reserve	25,108	25,108
General provisions for bad and doubtful debts	251,888	251,888
Total Tier II Capital	<u>276,996</u>	<u>276,996</u>
Total capital	<u>2,142,989</u>	<u>2,142,989</u>
Less: Investment in subsidiaries	(151)	(151)
Total capital base	<u>2,142,838</u>	<u>2,142,838</u>

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

Capital ratios

Core capital ratio	11.61%	11.91%
Risk-weighted capital ratio	<u>13.34%</u>	<u>13.67%</u>
Core capital ratio (after proposed dividend)	10.56%	10.83%
Risk-weighted capital ratio (after proposed dividend)	<u>12.28%</u>	<u>12.59%</u>

\* Prior year adjustments are in respect of the change in accounting policies as disclosed in Note 16.

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## NOTES TO INTERIM FINANCIAL STATEMENTS - 31 MARCH 2005

## 14. 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.

Group and Bank	Mar-05			Dec-04		
	Principal Amount RM'000	Credit Equivalent Amount * RM'000	Risk Weighted Amount RM'000	Principal Amount RM'000	Credit Equivalent Amount * RM'000	Risk Weighted Amount RM'000
Direct credit substitutes	805,055	805,055	750,228	778,849	778,849	726,469
Transaction-related contingent items	827,667	413,834	356,363	880,661	440,331	392,921
Short-term self-liquidating trade-related contingencies	338,881	67,776	61,013	307,371	61,474	53,336
Irrevocable commitments to extend credit						
- maturity more than one year	1,386,642	693,321	601,661	1,246,101	623,051	536,292
- maturity less than one year	11,896,317	-	-	11,742,716	-	-
Foreign exchange related contracts						
- less than one year	5,972,862	154,552	33,831	4,294,288	258,630	55,237
- one year to less than one year	266,000	289,690	57,938	-	-	-
- 5 years and above	190,000	209,286	41,857	-	-	-
Interest rates related contracts						
- less than one year	5,383,811	11,056	2,222	2,034,627	15,855	3,207
- one year to less than one year	16,177,725	126,275	25,266	18,158,448	131,187	26,236
- 5 years and above	356,000	25,367	5,073	-	-	-
Others	1,122,623	-	-	265,359	-	-
<b>Total</b>	<b>44,723,583</b>	<b>2,796,212</b>	<b>1,935,453</b>	<b>39,708,420</b>	<b>2,309,377</b>	<b>1,793,699</b>

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

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NOTES TO INTERIM FINANCIAL STATEMENTS - 31 MARCH 2005

15. INTEREST / PROFIT RATE RISK

Group

As at 31 March 2005

	←----- Non-trading book -----→					Non Int Sensitive	Trading book	Total	Effective Interest Rate
	Up to 1 Mth	> 1-3 Mth	>3-12 Mth	>1-5 Yrs	Over 5 Yrs				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
<b>Assets</b>									
Cash & Short Term Funds	1,941,731	-	-	-	-	147,796	-	2,089,527	2.54
Securities purchased under repo	2,186,233	3,589,831	-	-	-	-	-	5,776,064	2.77
Deposits & Placements with CB & FI	-	934,600	-	-	-	-	-	934,600	2.54
Held for Trading Securities	-	-	-	-	-	-	274,160	274,160	2.17
Investment Securities	773,010	930,011	470,006	212,693	85,264	29,410	-	2,500,394	3.00
Loans & Advances & Financing									
-performing	9,054,366	1,380,606	2,528,300	1,330,477	171,347	659,046	-	15,124,142	6.41
-non-performing	-	-	-	-	-	1,004,599	-	1,004,599	-
Other assets	-	-	-	-	-	999,620	-	999,620	-
	<b>13,955,340</b>	<b>6,835,048</b>	<b>2,998,306</b>	<b>1,543,170</b>	<b>256,611</b>	<b>2,840,471</b>	<b>274,160</b>	<b>28,703,106</b>	
<b>Liabilities</b>									
Deposits from Customers	7,129,524	2,905,052	5,241,319	137,887	197,258	1,820,424	-	17,431,464	2.59
Deposits & Placements of CB & FI	647,813	358,847	1,026,000	-	-	32,077	-	2,064,737	2.70
Securities Sold Under Repo	4,140,609	295,543	15,403	-	-	-	-	4,451,555	2.57
Bills & Acceptances Payable	7,138	29,799	1,113	-	-	793,375	-	831,425	2.10
Amount due to Cagamas	9,698	19,487	146,571	1,118,075	34,856	-	-	1,328,687	3.68
Other Liabilities	-	-	-	-	-	525,098	-	525,098	-
<b>Financed by :</b>									
Share Capital	-	-	-	-	-	470,000	-	470,000	-
Reserves	-	-	-	-	-	1,600,140	-	1,600,140	-
	<b>11,934,782</b>	<b>3,608,728</b>	<b>6,430,406</b>	<b>1,255,962</b>	<b>232,114</b>	<b>5,241,114</b>	<b>-</b>	<b>28,703,106</b>	
On B/S Interest Sensitivity Gap	2,020,558	3,226,320	(3,432,100)	287,208	24,497	(2,400,643)	274,160	-	-
Off B/S Interest Sensitivity Gap	218,800	317,693	367,900	(888,393)	(16,000)	-	-	-	-
<b>Total Interest Sensitivity Gap</b>	<b>2,239,358</b>	<b>3,544,013</b>	<b>(3,064,200)</b>	<b>(601,185)</b>	<b>8,497</b>	<b>(2,400,643)</b>	<b>274,160</b>	<b>-</b>	<b>-</b>

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15. INTEREST / PROFIT RATE RISK (CONTINUED)

Bank

As at 31 March 2005

	←----- 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	RM'000	RM'000	%
<b>Assets</b>									
Cash & Short Term Funds	1,941,731	-	-	-	-	147,796	-	2,089,527	2.54
Securities purchased under repo	2,186,233	3,589,831	-	-	-	-	-	5,776,064	2.77
Deposits & Placements with CB & FI	-	934,600	-	-	-	-	-	934,600	2.54
Held for Trading Securities	-	-	-	-	-	-	274,160	274,160	2.17
Investment Securities	773,010	930,011	470,006	212,693	85,264	29,410	-	2,500,394	3.00
Loans & Advances & Financing									
-performing	9,054,366	1,380,606	2,528,300	1,330,477	171,347	659,046	-	15,124,142	6.41
-non-performing	-	-	-	-	-	1,004,599	-	1,004,599	-
Other assets	-	-	-	-	-	977,917	-	977,917	-
	<b>13,955,340</b>	<b>6,835,048</b>	<b>2,998,306</b>	<b>1,543,170</b>	<b>256,611</b>	<b>2,818,768</b>	<b>274,160</b>	<b>28,681,403</b>	
<b>Liabilities</b>									
Deposits from Customers	7,129,524	2,905,052	5,241,319	137,887	197,258	1,820,424	-	17,431,464	2.59
Deposits & Placements of CB & FI	648,843	358,847	1,026,000	-	-	32,078	-	2,065,768	2.70
Securities Sold Under Repo	4,140,608	295,543	15,403	-	-	-	-	4,451,554	2.57
Bills & Acceptances Payable	7,138	29,799	1,113	-	-	793,375	-	831,425	2.10
Amount due to Cagamas	9,698	19,487	146,571	1,118,075	34,856	-	-	1,328,687	3.68
Other Liabilities	-	-	-	-	-	524,468	-	524,468	-
<b>Financed by :</b>									
Share Capital	-	-	-	-	-	470,000	-	470,000	-
Reserves	-	-	-	-	-	1,578,037	-	1,578,037	-
	<b>11,935,811</b>	<b>3,608,728</b>	<b>6,430,406</b>	<b>1,255,962</b>	<b>232,114</b>	<b>5,218,382</b>	<b>-</b>	<b>28,681,403</b>	
On B/S Interest Sensitivity Gap	2,019,529	3,226,320	(3,432,100)	287,208	24,497	(2,399,614)	274,160	-	
Off B/S Interest Sensitivity Gap	218,800	317,693	367,900	(888,393)	(16,000)	-	-	-	
<b>Total Interest Sensitivity Gap</b>	<b>2,238,329</b>	<b>3,544,013</b>	<b>(3,064,200)</b>	<b>(601,185)</b>	<b>8,497</b>	<b>(2,399,614)</b>	<b>274,160</b>	<b>-</b>	

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**16. CHANGE IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS**

**(a) Change in Accounting Policies**

During the 1st quarter ended 31 March 2005, the Group and the Bank have adopted the revised BNM/GP8 which have resulted in the following new accounting policies:

1) The holdings of the securities portfolio of the Group and the Bank are segregated based on the following categories and valuation methods:

i) Securities held-for-trading

Securities are classified as held-for-trading if they are acquired and held principally for the intention of resale in the near term. The securities held-for-trading will be stated at fair value and any gain or loss arising from a change in their fair values and the derecognition of securities held-for-trading are recognised in the income statement.

ii) Securities available-for-sale

Securities available-for-sale are financial assets that are not classified as held-for trading or held-to-maturity investments. The securities available-for-sale are measured at fair value or at amortised cost (less impairment losses) if the fair value cannot be reliably measured. Any gain or loss arising from a change in fair value are recognised directly in equity through the statement of changes in equity. When the financial assets are sold, collected, disposed of or impaired, the cumulative gain or loss previously recognised in equity will be transferred to the income statement.

2) Derivatives financial instruments are recognised at fair value and are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gain or loss arising from a change in the fair value of the derivatives is recognised in the income statement.

3) Where a loan becomes non-performing, interest accrued and recognised as income prior to the date the loans are classified as non-performing shall be reversed out of income and set-off against the accrued interest receivable account in the balance sheet. Thereafter, the interest accrued on the non-performing loans shall be recognised as income on a cash basis instead of being accrued and suspended at the same time as prescribed previously.

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16. CHANGE IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS (CONTINUED)

b) **Prior Year Adjustments**

The following comparative figures have been restated for the effects of adopting the above change in accounting policies:

	Group		Bank	
	As restated RM'000	As previously reported RM'000	As restated RM'000	As previously reported RM'000
i) Balance sheet as at 31 December 2004				
Dealing securities	-	878,241	-	878,241
Investment securities	-	3,638,850	-	3,638,850
Held-for-trading securities	<b>878,241</b>	-	<b>878,241</b>	-
Available-for-sale securities	<b>3,669,622</b>	-	<b>3,669,622</b>	-
Other assets	<b>203,795</b>	203,695	<b>204,502</b>	204,402
Other liabilities	<b>486,580</b>	472,692	<b>485,804</b>	471,916
Reserves	<b>1,488,775</b>	1,471,791	<b>1,498,897</b>	1,481,912

17. **PERFORMANCE REVIEW**

The Group's pre-tax profit for the 1st quarter ended 31 March 2005 of RM120.7million was RM18.3million or 17.9% higher than that of the previous corresponding quarter of RM102.4million. The improvement in earning was primarily due to higher net interest income, non-interest income especially from investment income and fees income. In addition, lower allowance for losses on loans, advances and financing of RM2.6million has also contributed to the higher profit. The increase were partially offset by higher overhead expenses of RM14.3million as compared to previous corresponding quarter.

18. **PROSPECTS FOR 2005**

The Malaysian economy is expected to grow moderately, driven mainly by domestic demand through higher private consumption and investment. Going forward, competition in the banking sector is expected to intensify. Leveraging on its strong financial footing, the Bank is confident of meeting the challenges ahead.