

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

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**- 31 MARCH 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 31 MARCH 2007**

	Notes	Group		Bank	
		31-Mar-07 RM'000	31-Dec-06 RM'000	31-Mar-07 RM'000	31-Dec-06 RM'000
<b>ASSETS</b>					
Cash and short-term funds		2,507,925	2,427,041	2,507,925	2,427,041
Securities purchased under resale agreements		4,109,830	3,105,055	4,109,830	3,105,055
Deposits and placements with financial institutions		241,019	374,334	241,019	374,334
Held-For-Trading Securities	11	917,042	1,249,258	917,042	1,249,258
Available-For-Sale Securities	11	4,665,183	3,304,207	4,665,183	3,304,207
Loans and advances	12	21,067,826	20,232,171	21,067,826	20,232,171
Other assets	13	397,337	356,919	401,830	360,948
Statutory deposits With Bank Negara Malaysia		597,000	497,000	597,000	497,000
Investment in subsidiaries		-	-	151	151
Investment in associates		153,017	163,142	122,733	122,733
Investment Property		10,000	10,000	10,000	10,000
Property, plant and equipment		250,930	242,480	249,761	241,333
Deferred tax assets		54,076	54,076	54,076	54,076
<b>Total assets</b>		<b>34,971,185</b>	<b>32,015,683</b>	<b>34,944,376</b>	<b>31,978,307</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>					
Deposits from customers	14	20,555,935	19,261,680	20,555,935	19,261,680
Deposits and placements of banks and other financial institutions	15	2,283,797	2,855,192	2,284,913	2,856,214
Obligations on securities sold under repurchase agreements		5,667,748	3,709,795	5,667,748	3,709,795
Bills and acceptances payable		2,839,231	2,697,630	2,839,231	2,697,630
Amount due to Cagamas		548,519	560,030	548,519	560,030
Other liabilities	16	482,471	451,493	482,398	451,309
Taxation		78,581	69,418	78,581	69,418
<b>Total liabilities</b>		<b>32,456,282</b>	<b>29,605,238</b>	<b>32,457,325</b>	<b>29,606,076</b>
<b>Financed by :</b>					
Share Capital		470,000	470,000	470,000	470,000
Reserves		2,044,903	1,940,445	2,017,051	1,902,231
<b>SHAREHOLDERS' EQUITY</b>		<b>2,514,903</b>	<b>2,410,445</b>	<b>2,487,051</b>	<b>2,372,231</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>34,971,185</b>	<b>32,015,683</b>	<b>34,944,376</b>	<b>31,978,307</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	23	<b>50,712,191</b>	<b>49,467,174</b>	<b>50,712,191</b>	<b>49,467,174</b>

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

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**CONDENSED INTERIM FINANCIAL STATEMENTS****UNAUDITED INCOME STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2007**

	Notes	Group		Bank	
		31-Mar-07 RM'000	31-Mar-06 RM'000	31-Mar-07 RM'000	31-Mar-06 RM'000
Operating revenue		<b>534,440</b>	434,898	<b>552,033</b>	443,618
Interest income	17	<b>453,784</b>	347,523	<b>453,782</b>	347,523
Interest expenses	18	<b>(221,283)</b>	(203,450)	<b>(221,283)</b>	(203,450)
Net interest income		<b>232,501</b>	144,073	<b>232,499</b>	144,073
Other operating income	19	<b>83,372</b>	89,379	<b>100,964</b>	98,098
Operating income		<b>315,873</b>	233,452	<b>333,463</b>	242,171
Other operating expenses	20	<b>(100,325)</b>	(76,778)	<b>(99,934)</b>	(76,435)
Profit before allowance		<b>215,548</b>	156,674	<b>233,529</b>	165,736
Allowance for losses on loans and financing Provision(made)/written-back for commitments and contingencies	21	<b>(70,344)</b>	(34,666)	<b>(70,344)</b>	(34,664)
		<b>34</b>	(33)	<b>34</b>	(33)
Profit before taxation		<b>145,238</b>	121,975	<b>163,219</b>	131,039
Share of profit of associates (net of tax)		<b>4,811</b>	4,091	-	-
Profit Before taxation		<b>150,049</b>	126,066	<b>163,219</b>	131,039
Taxation					
- Bank and subsidiary companies		<b>(45,987)</b>	(36,452)	<b>(48,794)</b>	(37,497)
Profit after taxation		<b>104,062</b>	89,614	<b>114,425</b>	93,542
Basic earnings per share (sen)		<b>22.1</b>	19.1	<b>24.3</b>	19.9

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS****UNAUDITED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 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	-	-	-	-	-	104,062	104,062
Unrealised net loss on available-for-sale securities	-	-	-	-	396	-	396
Balance as at 31 March 2007	470,000	322,555	470,000	37,504	359	1,214,485	2,514,903

**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	-	-	-	-	-	114,425	114,425
Unrealised net loss on revaluation of securities - AFS	-	-	-	-	396	-	396
Balance as at 31 March 2007	470,000	322,555	470,000	52,556	359	1,171,582	2,487,052

**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 QUARTER ENDED 31 MARCH 2007**

	Group		Bank	
	31-Mar-07 RM'000	31-Mar-06 RM'000	31-Mar-07 RM'000	31-Mar-06 RM'000
<b>Cash Flows From Operating Activities</b>				
Profit before taxation	150,049	126,066	163,219	131,039
Adjustment for non-cash items	43,934	(20,221)	30,936	(24,990)
	<u>193,983</u>	<u>105,845</u>	<u>194,155</u>	<u>106,049</u>
Operating profit before changes in working capital				
Changes in working capital :				
Net changes in operating assets	(1,702,404)	(75,379)	(1,717,804)	(82,059)
Net changes in operating liabilities	2,831,982	357,581	2,832,186	357,664
Income tax paid	(36,825)	(23,625)	(36,825)	(23,625)
	<u>1,286,736</u>	<u>364,422</u>	<u>1,271,712</u>	<u>358,029</u>
Net cash generated (used in)/from operating activities				
Net cash generated from investing activities	(1,339,167)	(890,714)	(1,324,143)	(884,321)
Net cash generated (used in)/from financing activities	-	-	-	-
	<u>(52,431)</u>	<u>(526,292)</u>	<u>(52,431)</u>	<u>(526,292)</u>
Net changes in cash and cash equivalents				
Cash and cash equivalents at beginning of the period	<u>2,801,375</u>	<u>5,505,140</u>	<u>2,801,375</u>	<u>5,505,140</u>
Cash and cash equivalents at end of the period	<u>2,748,944</u>	<u>4,978,848</u>	<u>2,748,944</u>	<u>4,978,848</u>

**UNITED OVERSEAS BANK (MALAYSIA) BHD**  
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**NOTES TO INTERIM FINANCIAL STATEMENTS - 31 MARCH 2007**

**1. Basis of Preparation**

The unaudited condensed interim financial statements for the first financial quarter ended 31 March 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

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**NOTES TO INTERIM FINANCIAL STATEMENTS - 31 MARCH 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 period ended 31 March 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 first financial quarter ended 31 March 2007.

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

There were no issuance and repayment of debt and equity securities during the first financial quarter ended 31 March 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 first financial quarter ended 31 March 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 first financial quarter ended 31 March 2007.

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**NOTES TO INTERIM FINANCIAL STATEMENTS - 31 MARCH 2007****11. SECURITIES PORTFOLIO****(i) Held-for-Trading**

<b>Group and Bank</b>	<b>Mar-07</b>	<b>Dec-06</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Money market instruments :-</b>		
Bank Negara Malaysia bills	439,379	662,479
Malaysian Government treasury bills	2,988	112,509
Negotiable instruments of deposits	100,000	-
Cagamas bonds	-	49,860
Bankers' acceptances and Islamic accepted bills	33,801	3,134
Islamic private debt securities	227,898	264,382
Private debt securities	112,976	156,894
	<u>917,042</u>	<u>1,249,258</u>

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

<b>Group and Bank</b>	<b>Mar-07</b>	<b>Dec-06</b>
	<b>RM'000</b>	<b>RM'000</b>
Malaysian Government securities	2,097	2,206
Negotiable instruments of deposits	3,879,980	2,570,017
Cagamas Notes/ Bonds	274,595	213,721
Private debt securities	488,198	497,948
	<u>4,644,870</u>	<u>3,283,892</u>
<b>Quoted securities :</b>		
Shares of corporations	2,455	2,740
Private debt securities	5,310	5,027
	<u>4,652,635</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>4,665,183</u>	<u>3,304,207</u>

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**NOTES TO INTERIM FINANCIAL STATEMENTS - 31 MARCH 2007****12. LOAN AND ADVANCES****(i) By type**

	<b>Group</b>		<b>Bank</b>	
	<b>Mar-07</b>	<b>Dec-06</b>	<b>Mar-07</b>	<b>Dec-06</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Overdrafts	<b>2,812,034</b>	2,871,023	<b>2,812,034</b>	2,871,023
Term loans and revolving credits				
Housing loans	<b>7,196,085</b>	6,791,307	<b>7,196,085</b>	6,791,307
Syndicated term loan	<b>103,201</b>	105,239	<b>103,201</b>	105,239
Lease receivables	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
Other term loans/financing	<b>6,364,060</b>	6,134,316	<b>6,364,060</b>	6,134,316
Credit cards receivable	<b>765,517</b>	781,145	<b>765,517</b>	781,145
Bills receivable	<b>118,792</b>	112,521	<b>118,792</b>	112,521
Trust receipts	<b>540,735</b>	561,371	<b>540,735</b>	561,371
Claims on customers under acceptance credits	<b>3,765,428</b>	3,447,565	<b>3,765,428</b>	3,447,565
Staff loans	<b>94,702</b>	91,848	<b>94,702</b>	91,848
Others	<b>10,285</b>	5,692	<b>10,285</b>	5,692
	<b>21,770,842</b>	20,902,030	<b>21,770,842</b>	20,902,030
Less: Unearned interest	<b>(12,830)</b>	(11,650)	<b>(12,830)</b>	(11,650)
<b>Gross loans, advances and financing</b>	<b>21,758,012</b>	20,890,380	<b>21,758,012</b>	20,890,380
Allowance for bad and doubtful debts and financing				
- Specific	<b>(366,717)</b>	(352,240)	<b>(366,717)</b>	(352,240)
- General	<b>(323,469)</b>	(305,969)	<b>(323,469)</b>	(305,969)
<b>Net loans, advances and financing</b>	<b>21,067,826</b>	20,232,171	<b>21,067,826</b>	20,232,171

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

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**NOTES TO INTERIM FINANCIAL STATEMENTS - 31 MARCH 2007****12. LOANS AND ADVANCES (CONTINUED)**

(ii) By type of customer	Group		Bank	
	Mar-07 RM'000	Dec-06 RM'000	Mar-07 RM'000	Dec-06 RM'000
Domestic non-bank financial Institutions				
- stockbroking companies	187	130	187	130
- Others	63,754	108,004	63,754	108,004
Domestic business enterprises				
- Small medium enterprises	5,672,647	5,413,640	5,672,647	5,413,640
- Others	5,792,103	5,788,902	5,792,103	5,788,902
Government	104,266	104,796	104,266	104,796
Individuals	9,842,152	9,251,224	9,842,152	9,251,224
Other domestic entities	186	214	186	214
Foreign entities	282,717	223,470	282,717	223,470
	<u>21,758,012</u>	<u>20,890,380</u>	<u>21,758,012</u>	<u>20,890,380</u>
(iii) By interest/profit rate sensitivity	Group		Bank	
	Mar-07 RM'000	Dec-06 RM'000	Mar-07 RM'000	Dec-06 RM'000
Fixed rate				
Housing loans/financing	93,711	90,759	93,711	90,759
Other fixed rate loan/financing	759,218	773,713	759,218	773,713
Variable rate				
BLR plus	19,440,651	18,393,960	19,440,651	18,393,960
Cost-plus	914,878	1,090,848	914,878	1,090,848
Other variable rates	549,554	541,100	549,554	541,100
	<u>21,758,012</u>	<u>20,890,380</u>	<u>21,758,012</u>	<u>20,890,380</u>

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

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**NOTES TO INTERIM FINANCIAL STATEMENTS - 31 MARCH 2007****12. LOANS AND ADVANCES (CONTINUED)**(iv) **Loans and advances analysed according to economic sector are as follows :**

	Group		Bank	
	Mar-07 RM'000	Dec-06 RM'000	Mar-07 RM'000	Dec-06 RM'000
Agriculture, hunting, forestry and fishing	95,070	93,881	95,070	93,881
Mining and quarrying	29,393	38,337	29,393	38,337
Manufacturing	4,466,781	4,391,770	4,466,781	4,391,770
Electricity, gas and water	33,934	29,220	33,934	29,220
Construction	1,277,314	1,167,166	1,277,314	1,167,166
Wholesale & retail trade and restaurants & hotels	3,182,966	3,101,268	3,182,966	3,101,268
Transport, storage and communication	512,463	518,187	512,463	518,187
Finance, insurance and business services	965,205	1,063,636	965,205	1,063,636
Real estate	723,412	753,602	723,412	753,602
Community, social and personal services	100,045	91,693	100,045	91,693
Households	10,172,815	9,533,888	10,172,815	9,533,888
of which: - purchase of residential properties	7,453,530	6,748,298	7,453,530	6,748,298
- purchase of non residential properties	796,247	703,700	796,247	703,700
- others)	1,923,038	2,081,890	1,923,038	2,081,890
Others	198,614	107,732	198,614	107,732
	<u>21,758,012</u>	<u>20,890,380</u>	<u>21,758,012</u>	<u>20,890,380</u>

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

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**NOTES TO INTERIM FINANCIAL STATEMENTS - 31 MARCH 2007****12. LOANS AND ADVANCES (CONTINUED)**(v) **Movements in the non-performing loans, advances and financing ("NPL") are as follows:**

	Group		Bank	
	Mar-07 RM'000	Dec-06 RM'000	Mar-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	99,480	507,901	99,480	507,898
Recoveries	(64,613)	(160,237)	(64,613)	(160,237)
Reclassified as performing	(23,247)	(180,169)	(23,247)	(180,169)
Amount written off	(48,758)	(140,421)	(48,758)	(139,971)
Balance as at 31 March / December	<u>1,190,721</u>	<u>1,227,859</u>	<u>1,190,721</u>	<u>1,227,859</u>
Specific allowance (SA)	<u>(366,717)</u>	<u>(352,240)</u>	<u>(366,717)</u>	<u>(352,240)</u>
Net non-performing loans, advances and financing	<u>824,004</u>	<u>875,619</u>	<u>824,004</u>	<u>875,619</u>
Ratio of net non-performing loans and financing to net loans and financing	<u>3.85%</u>	<u>4.26%</u>	<u>3.85%</u>	<u>4.26%</u>

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

	Group		Bank	
	Mar-07 RM'000	Dec-06 RM'000	Mar-07 RM'000	Dec-06 RM'000
<b><u>General allowance</u></b>				
Balance as at 1 January	305,969	251,944	305,969	251,888
Allowance made during the period/year	17,500	54,081	17,500	54,081
Amount written off	-	(56)	-	-
Balances as at 31 March / December	<u>323,469</u>	<u>305,969</u>	<u>323,469</u>	<u>305,969</u>
% of gross loans, advances and financing (excluding loan to Government) less specific allowance	<u>1.51%</u>	<u>1.50%</u>	<u>1.51%</u>	<u>1.50%</u>
<b><u>Specific allowance</u></b>				
Balance as at 1 January	352,240	337,234	352,240	336,842
Allowance made during the period/year	74,211	211,012	74,211	211,009
Amount written back in respect of recoveries	(11,708)	(61,826)	(11,708)	(61,826)
Amount written off	(48,026)	(134,180)	(48,026)	(133,785)
Balances as at 31 March / December	<u>366,717</u>	<u>352,240</u>	<u>366,717</u>	<u>352,240</u>

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**NOTES TO INTERIM FINANCIAL STATEMENTS - 31 MARCH 2007****12. LOANS AND ADVANCES (CONTINUED)**

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

	Group		Bank	
	Mar-07 RM'000	Dec-06 RM'000	Mar-07 RM'000	Dec-06 RM'000
Agriculture, hunting, forestry and fishing	1,256	2,077	1,256	2,077
Mining and quarrying	2,578	2,567	2,578	2,567
Manufacturing	379,268	366,826	379,268	366,826
Electricity, gas and water	-	-	-	-
Construction	33,433	34,671	33,433	34,671
Wholesale & retail trade and restaurants & hotels	259,066	262,988	259,066	262,988
Transport, storage and communication	3,205	3,553	3,205	3,553
Finance, insurance and business services	41,712	109,535	41,712	109,535
Real estate	66,170	74,222	66,170	74,222
Community, social and personal services	23,255	23,972	23,255	23,972
Households	372,664	347,448	372,664	347,448
(of which: - purchase of residential properties	217,139	197,070	217,139	197,070
- purchase of non residential properties	14,728	12,420	14,728	12,420
- others	140,797	137,958	140,797	137,958
Others	8,114	-	8,114	-
	<b>1,190,721</b>	<b>1,227,859</b>	<b>1,190,721</b>	<b>1,227,859</b>

**13. OTHER ASSETS**

	Group		Bank	
	Mar-07 RM'000	Dec-06 RM'000	Mar-07 RM'000	Dec-06 RM'000
Other debtors, deposits and prepayments	288,158	267,559	288,089	267,498
Accrued interest receivable	67,582	48,047	67,582	48,047
Amount due from subsidiaries	-	-	4,562	4,090
Precious Metal accounts	37,863	37,579	37,863	37,579
Foreclosed properties	3,734	3,734	3,734	3,734
	<b>397,337</b>	<b>356,919</b>	<b>401,830</b>	<b>360,948</b>

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**NOTES TO INTERIM FINANCIAL STATEMENTS - 31 MARCH 2007****14. DEPOSITS FROM CUSTOMERS****(i) By type of deposit**

	Group		Bank	
	Mar-07 RM'000	Dec-06 RM'000	Mar-07 RM'000	Dec-06 RM'000
Demand deposits	2,572,803	2,512,964	2,572,803	2,512,964
Savings deposits	1,399,230	1,358,215	1,399,230	1,358,215
Fixed deposits	12,870,835	13,600,014	12,870,835	13,600,014
Negotiable instruments of deposits	3,179,913	1,094,628	3,179,913	1,094,628
Others	533,154	695,859	533,154	695,859
	<u>20,555,935</u>	<u>19,261,680</u>	<u>20,555,935</u>	<u>19,261,680</u>

**(ii) By type of customer**

	Group		Bank	
	Mar-07 RM'000	Dec-06 RM'000	Mar-07 RM'000	Dec-06 RM'000
Business enterprise	5,396,756	6,427,236	5,396,756	6,427,236
Individuals	11,589,546	11,292,149	11,589,546	11,292,149
Others	3,569,633	1,542,295	3,569,633	1,542,295
	<u>20,555,935</u>	<u>19,261,680</u>	<u>20,555,935</u>	<u>19,261,680</u>

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

	Group		Bank	
	Mar-07 RM'000	Dec-06 RM'000	Mar-07 RM'000	Dec-06 RM'000
<b>Group and Bank</b>				
Licensed banks	994,226	1,130,023	995,342	1,131,045
Bank Negara Malaysia	340,287	314,954	340,287	314,954
Other financial institutions	949,284	1,410,215	949,284	1,410,215
	<u>2,283,797</u>	<u>2,855,192</u>	<u>2,284,913</u>	<u>2,856,214</u>

**16. OTHER LIABILITIES**

	Group		Bank	
	Mar-07 RM'000	Dec-06 RM'000	Mar-07 RM'000	Dec-06 RM'000
Provision for Commitments and Contingencies	1,274	1,308	1,274	1,308
Accrued interest payable	169,269	165,169	169,269	165,169
Accruals and provisions for operational expenses	32,441	54,567	32,394	54,467
Other accruals and provisions	279,487	230,449	279,461	230,365
	<u>482,471</u>	<u>451,493</u>	<u>482,398</u>	<u>451,309</u>

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**NOTES TO INTERIM FINANCIAL STATEMENTS - 31 MARCH 2007****17. INTEREST INCOME**

	Group		Bank	
	Mar-07 RM'000	Mar-06 RM'000	Mar-07 RM'000	Mar-06 RM'000
Loans and advances				
- Interest income other than recoveries from NPL	<b>292,704</b>	229,354	<b>292,704</b>	229,354
- Recoveries from NPLs	<b>53,953</b>	19,506	<b>53,953</b>	19,506
Money at call and deposit placements with financial institutions	<b>62,562</b>	56,222	<b>62,560</b>	56,222
Held-For-Trading Securities	<b>8,364</b>	6,464	<b>8,364</b>	6,464
Available-For-Sale Securities	<b>38,587</b>	39,522	<b>38,587</b>	39,522
Others	<b>1,267</b>	4,800	<b>1,267</b>	4,800
	<b>457,437</b>	355,868	<b>457,435</b>	355,868
Amortisation of premium less accretion of discount	<b>(2,373)</b>	(1,411)	<b>(2,373)</b>	(1,411)
Net interest suspended	<b>(1,280)</b>	(6,934)	<b>(1,280)</b>	(6,934)
	<b>453,784</b>	347,523	<b>453,782</b>	347,523

**18. INTEREST EXPENSES**

	Group		Bank	
	Mar-07 RM'000	Mar-06 RM'000	Mar-07 RM'000	Mar-06 RM'000
Deposits and placements of banks and other financial institutions	<b>23,009</b>	44,275	<b>23,009</b>	44,275
Deposits from other customers	<b>154,129</b>	98,985	<b>154,129</b>	98,985
Loans sold to Cagamas	<b>5,281</b>	11,867	<b>5,281</b>	11,867
Others	<b>38,864</b>	48,323	<b>38,864</b>	48,323
	<b>221,283</b>	203,450	<b>221,283</b>	203,450

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**NOTES TO INTERIM FINANCIAL STATEMENTS - 31 MARCH 2007****19. OTHER OPERATING INCOME**

<b>The Group and Bank</b>	<b>Group</b>		<b>Bank</b>	
	<b>Mar-07</b>	<b>Mar-06</b>	<b>Mar-07</b>	<b>Mar-06</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Fee income</u></b>				
Commission	27,512	18,743	27,363	18,653
Guarantee Fees	5,108	4,310	5,108	4,310
Service charges and fees	20,544	21,643	20,544	21,643
Commitment fees	5,875	4,545	5,875	4,545
Arrangement and Participation fees	2,949	5,696	2,949	5,696
	<b>61,988</b>	<b>54,937</b>	<b>61,839</b>	<b>54,847</b>
<b><u>Investment income</u></b>				
Gain/(Loss) from sale of HFT Securities	17,715	7,798	17,715	7,798
Gain/(Loss) from sale of AFS Securities	1,591	34	1,591	34
Unrealised gain/(loss) of HFT Securities	(16,080)	12,321	(16,080)	12,321
Gross dividends from :				
- Investment securities in Malaysia	3	1	3	1
- Association	-	-	17,743	8,809
	<b>3,229</b>	<b>20,154</b>	<b>20,972</b>	<b>28,963</b>
<b><u>Other income :-</u></b>				
Foreign exchange gain/(loss)				
- realised	24,444	30,394	24,444	30,394
- unrealised	(9,934)	(18,571)	(9,934)	(18,571)
Rental receivable from operating leases, other than those relating to investment properties	127	135	127	135
Rental income from investment properties	100	-	100	-
Gain on disposal of property, plant and equipment	8	(62)	6	(62)
Other operating income	702	326	702	326
Other non operating income	2,708	2,066	2,708	2,066
	<b>18,155</b>	<b>14,288</b>	<b>18,153</b>	<b>14,288</b>
	<b>83,372</b>	<b>89,379</b>	<b>100,964</b>	<b>98,098</b>

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

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**NOTES TO INTERIM FINANCIAL STATEMENTS - 31 MARCH 2007****20. OTHER OPERATING EXPENSES**

	Group		Bank	
	Mar-07 RM'000	Mar-06 RM'000	Mar-07 RM'000	Mar-06 RM'000
Personnel costs	55,461	38,065	54,817	37,695
Establishment costs	19,382	17,606	19,223	17,489
Marketing expenses	7,140	6,556	7,623	6,758
Administration and general expenses	18,342	14,551	18,271	14,493
	<u>100,325</u>	<u>76,778</u>	<u>99,934</u>	<u>76,435</u>
<u>Personnel costs</u>				
Salaries, allowance and bonuses	44,794	30,928	44,242	30,618
Employees Provident Fund Contributions (EPF)	7,635	4,733	7,557	4,686
Other personnel costs	3,032	2,404	3,018	2,391
	<u>55,461</u>	<u>38,065</u>	<u>54,817</u>	<u>37,695</u>
<u>Establishment costs</u>				
Depreciation	7,952	7,372	7,883	7,322
Hire of equipment	20	7	18	5
Information technology costs	1,916	1,884	1,909	1,883
Repair and maintenance	2,664	2,473	2,656	2,466
Rental of premises	1,537	1,081	1,493	1,054
Others	5,293	4,789	5,264	4,759
	<u>19,382</u>	<u>17,606</u>	<u>19,223</u>	<u>17,489</u>
<u>Marketing expenses</u>				
Advertisement and publicity	3,688	3,050	3,684	3,046
Others	3,452	3,506	3,939	3,712
	<u>7,140</u>	<u>6,556</u>	<u>7,623</u>	<u>6,758</u>
<u>Administration and general expenses</u>				
Fees and commissions paid	7,740	6,573	7,694	6,536
Other Administration and general expenses	10,602	7,978	10,577	7,957
	<u>18,342</u>	<u>14,551</u>	<u>18,271</u>	<u>14,493</u>

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

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**NOTES TO INTERIM FINANCIAL STATEMENTS - 31 MARCH 2007****21. ALLOWANCE FOR LOSSES ON LOANS AND FINANCING**

	Group		Bank	
	Mar-07 RM'000	Mar-06 RM'000	Mar-07 RM'000	Mar-06 RM'000
<b>Allowance for bad and doubtful debts on loans and financing</b>				
(a) specific allowance (net)				
- Made in the financial period	74,211	57,773	74,211	57,771
- Written back	(11,708)	(16,841)	(11,708)	(16,841)
(b) general allowance				
- Made/(Written back) in the financial period	17,500	2,800	17,500	2,800
<b>Bad debts on loans and financing</b>				
- written off	453	49	453	49
- recovered	(10,112)	(9,115)	(10,112)	(9,115)
	<u>70,344</u>	<u>34,666</u>	<u>70,344</u>	<u>34,664</u>

**22. CAPITAL ADEQUACY**

Group and Bank	Mar-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	1,057,157	1,057,157
Other reserves	470,358	469,963
Less: Revaluation Reserve : Available-For-Sale	(358)	37
Deferred Tax adjustments	(54,076)	(54,076)
Total Tier I Capital	<u>2,265,636</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	323,469	305,969
Total Tier II Capital	<u>349,747</u>	<u>332,247</u>
Total capital	<u>2,615,383</u>	<u>2,597,883</u>
Less: Investment in subsidiaries	(151)	(151)
Total capital base	<u>2,615,232</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)	10.06%	10.45%
Risk-weighted capital ratio (incl. mkt risk)	<u>11.61%</u>	<u>11.98%</u>
Core capital ratio (after proposed dividend)	9.30%	9.65%
Risk-weighted capital ratio (after proposed dividend)	<u>10.85%</u>	<u>11.19%</u>

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**NOTES TO INTERIM FINANCIAL STATEMENTS - 31 MARCH 2007****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.

Group and Bank	Mar-07			Dec-06		
	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	1,929,343	1,929,343	1,871,060	1,903,084	1,903,084	1,841,475
Transaction-related contingent items	979,316	489,658	407,696	968,673	484,337	407,670
Short-term self-liquidating trade-related contingencies	441,335	88,267	80,456	444,264	88,853	82,567
Irrevocable commitments to extend credit						
- maturity more than one year	1,613,930	806,965	699,475	1,521,938	760,969	668,566
- maturity less than one year	14,926,630	-	-	14,079,937	-	-
Foreign exchange related contracts +						
- less than one year	7,413,546	158,897	33,982	6,049,186	147,877	31,412
- one year to less than one year	832,455	68,022	13,608	652,680	53,096	10,619
- 5 years and above	33,131	10,344	5,172	35,280	3,528	1,764
Interest rates related contracts +						
- less than one year	6,771,954	9,755	1,951	8,078,211	6,125	1,225
- one year to less than one year	14,566,419	285,644	59,723	14,821,181	275,833	53,331
- 5 years and above	647,350	94,960	18,992	622,836	85,606	17,121
Others	556,782	-	-	289,904	-	-
<b>Total</b>	<b>50,712,191</b>	<b>3,941,855</b>	<b>3,192,115</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.

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**NOTES TO INTERIM FINANCIAL STATEMENTS - 31 MARCH 2007****24. INTEREST / PROFIT RATE RISK****Group**

As at 31 March 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	RM'000	RM'000	%
<b>Assets</b>									
Cash & Short Term Funds	2,302,961	-	-	-	-	204,964	-	2,507,925	3.99%
Securities purchased under repo	1,314,262	1,848,949	946,619	-	-	-	-	4,109,830	3.54%
Deposits & Placements with CB & FI	-	83,266	157,753	-	-	-	-	241,019	5.29%
Held for Trading Securities	-	-	-	-	-	-	917,042	917,042	7.81%
Investment Securities	1,604,990	2,279,988	9,991	429,285	320,616	20,313	-	4,665,183	3.38%
Loans & Advances & Financing									
-performing	14,270,876	1,123,628	770,475	898,916	573,296	2,619,153	-	20,256,344	6.77%
-non-performing	-	-	-	-	-	811,482	-	811,482	-
Other assets	-	-	-	-	-	1,462,360	-	1,462,360	0%
	<b>19,493,089</b>	<b>5,335,831</b>	<b>1,884,838</b>	<b>1,328,201</b>	<b>893,912</b>	<b>5,118,272</b>	<b>917,042</b>	<b>34,971,185</b>	
<b>Liabilities</b>									
Deposits from Customers	8,266,057	3,888,759	5,087,701	948,793	106,715	2,257,910	-	20,555,935	2.95%
Deposits & Placements of CB & FI	1,592,408	584,522	8,754	-	-	98,113	-	2,283,797	3.94%
Securities Sold Under Repo	5,290,278	377,470	-	-	-	-	-	5,667,748	3.23%
Bills & Acceptances Payable	10,974	30,327	8,335	-	-	2,789,595	-	2,839,231	3.08%
Amount due to Cagamas	7,088	164,613	116,776	260,042	-	-	-	548,519	3.78%
Other Liabilities	-	-	-	-	-	561,052	-	561,052	0%
<b>Financed by :</b>									
Share Capital	-	-	-	-	-	470,000	-	470,000	n/a
Reserves	-	-	-	-	-	2,044,903	-	2,044,903	n/a
	<b>15,166,805</b>	<b>5,045,691</b>	<b>5,221,566</b>	<b>1,208,835</b>	<b>106,715</b>	<b>8,221,573</b>	<b>-</b>	<b>34,971,185</b>	
On B/S Interest Sensitivity Gap	4,326,284	290,140	(3,336,728)	119,366	787,197	(3,103,301)	917,042	-	
Off B/S Interest Sensitivity Gap	(249,942)	1,729,238	312,377	(1,417,457)	(374,216)	-	-	-	
<b>Total Interest Sensitivity Gap</b>	<b>4,076,342</b>	<b>2,019,378</b>	<b>(3,024,351)</b>	<b>(1,298,091)</b>	<b>412,981</b>	<b>(3,103,301)</b>	<b>917,042</b>	<b>-</b>	

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**NOTES TO INTERIM FINANCIAL STATEMENTS - 31 MARCH 2007****24. INTEREST / PROFIT RATE RISK (CONTINUED)****Bank**

As at 31 March 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	RM'000	RM'000	%
<b>Assets</b>									
Cash & Short Term Funds	2,302,961	-	-	-	-	204,964	-	2,507,925	3.99%
Securities purchased under repo	1,314,262	1,848,949	946,619	-	-	-	-	4,109,830	3.54%
Deposits & Placements with CB & FI	-	83,266	157,753	-	-	-	-	241,019	5.29%
Held for Trading Securities	-	-	-	-	-	-	917,042	917,042	7.81%
Investment Securities	1,604,990	2,279,988	9,991	429,285	320,616	20,313	-	4,665,183	3.38%
Loans & Advances & Financing									
-performing	14,270,876	1,123,628	770,475	898,916	573,296	2,619,153	-	20,256,344	6.77%
-non-performing	-	-	-	-	-	811,482	-	811,482	-
Other assets	-	-	-	-	-	1,435,551	-	1,435,551	0%
	<b>19,493,089</b>	<b>5,335,831</b>	<b>1,884,838</b>	<b>1,328,201</b>	<b>893,912</b>	<b>5,091,463</b>	<b>917,042</b>	<b>34,944,376</b>	
<b>Liabilities</b>									
Deposits from Customers	8,266,057	3,888,759	5,087,701	948,793	106,715	2,257,910	-	20,555,935	2.95%
Deposits & Placements of CB & FI	1,593,524	584,522	8,754	-	-	98,113	-	2,284,913	3.94%
Securities Sold Under Repo	5,290,278	377,470	-	-	-	-	-	5,667,748	3.23%
Bills & Acceptances Payable	10,974	30,327	8,335	-	-	2,789,595	-	2,839,231	3.08%
Amount due to Cagamas	7,088	164,613	116,776	260,042	-	-	-	548,519	3.78%
Other Liabilities	-	-	-	-	-	560,979	-	560,979	0%
<b>Financed by :</b>									
Share Capital	-	-	-	-	-	470,000	-	470,000	n/a
Reserves	-	-	-	-	-	2,017,051	-	2,017,051	n/a
	<b>15,167,921</b>	<b>5,045,691</b>	<b>5,221,566</b>	<b>1,208,835</b>	<b>106,715</b>	<b>8,193,648</b>	<b>-</b>	<b>34,944,376</b>	
On B/S Interest Sensitivity Gap	4,325,168	290,140	(3,336,728)	119,366	787,197	(3,102,185)	917,042	-	
Off B/S Interest Sensitivity Gap	(249,942)	1,729,238	312,377	(1,417,457)	(374,216)	-	-	-	
<b>Total Interest Sensitivity Gap</b>	<b>4,075,226</b>	<b>2,019,378</b>	<b>(3,024,351)</b>	<b>(1,298,091)</b>	<b>412,981</b>	<b>(3,102,185)</b>	<b>917,042</b>	<b>-</b>	

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**NOTES TO INTERIM FINANCIAL STATEMENTS - 31 MARCH 2007**

**25. PERFORMANCE REVIEW**

The Group's pre-tax profit for the first quarter ended 31 March 2007 of RM150.0million was RM24.0million or 19% higher than the corresponding period last year. The higher profit was attributed to all-round improvements in net interest income by 61% or RM88.4million due to higher margins and interest recovery from some NPL accounts.

Profit before allowances grew by RM58.9million or 38% despite higher other operating expenses. The increase in operating expenses was mainly due to operation / business expansion, investments in infrastructure and higher business volume related costs.

Allowances for losses on loans and financing was higher by RM35.7million when compared to the corresponding period last year. The increase mainly on higher general allowance by RM14.7mil and lower specific allowance writeback as compared to previous corresponding period.

**26. PROSPECTS FOR 2007**

The Malaysian economy is anticipated to remain positive in the medium term. The major impetus for growth in 2007 is expected to come from public investment and stronger demand for commodity products. The expansionary fiscal spending from Budget 2007 is viewed positively towards partially cushioning the negative spillover from the anticipated global slowdown.

For 2007 the inflation rate is expected to trend downwards to around 2.0% to 2.5%. The GDP for 2007 is projected to be slightly higher at 6.0% mainly due to the expected increase in public sector expenditure with the implementation of the Ninth Malaysia Plan (9MP) and Third Industrial Master Plan (IMP3).

With the continued liberalisation of the financial market in Malaysia, the banking landscape is expected to be more competitive and challenging. The Bank will continue to grow its business in Malaysia and is confident of meeting all its challenges for the remaining part of the year despite the intensified competition.