

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

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
- 31 MARCH 2008

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 2008**

| | Notes | Group | | Bank | |
|---|-------|---------------------|---------------------|---------------------|---------------------|
| | | 31-Mar-08 RM'000 | 31-Dec-07 RM'000 | 31-Mar-08 RM'000 | 31-Dec-07 RM'000 |
| ASSETS | | | | | |
| Cash and short-term funds | | 4,324,191 | 1,141,316 | 4,324,191 | 1,141,316 |
| Securities purchased under resale agreements | | 2,458,237 | 2,430,909 | 2,458,237 | 2,430,909 |
| Deposits and placements with financial institutions | | 882,828 | 726,277 | 882,828 | 726,277 |
| Held-For-Trading Securities | 10 | 589,429 | 577,497 | 589,429 | 577,497 |
| Available-For-Sale Securities | 10 | 4,449,496 | 4,375,018 | 4,449,496 | 4,375,018 |
| Loans and advances | 11 | 26,022,321 | 25,004,640 | 26,022,321 | 25,004,640 |
| Other assets | 12 | 624,071 | 419,897 | 624,558 | 420,403 |
| Statutory deposits With Bank Negara Malaysia | | 679,000 | 817,000 | 679,000 | 817,000 |
| Investment in subsidiaries | | - | - | 51 | 51 |
| Investment in associates | | 164,071 | 161,372 | 122,733 | 122,733 |
| Investment Property | | 9,000 | 9,000 | 9,000 | 9,000 |
| Property, plant and equipment | | 240,845 | 242,500 | 240,481 | 242,119 |
| Prepaid land lease payments | | 42,085 | 41,387 | 42,085 | 41,387 |
| Deferred tax assets | | 69,728 | 69,728 | 69,728 | 69,728 |
| Total assets | | 40,555,302 | 36,016,541 | 40,514,138 | 35,978,078 |
| LIABILITIES AND SHAREHOLDER'S EQUITY | | | | | |
| Deposits from customers | 13 | 25,162,180 | 24,433,395 | 25,162,180 | 24,433,395 |
| Deposits and placements of banks and other financial institutions | 14 | 7,516,647 | 4,716,958 | 7,517,054 | 4,717,367 |
| Obligations on securities sold under repurchase agreements | | - | - | - | - |
| Bills and acceptances payable | | 3,917,450 | 3,027,681 | 3,917,450 | 3,027,681 |
| Amount due to Cagamas | | 257,465 | 316,115 | 257,465 | 316,115 |
| Other liabilities | 15 | 748,352 | 715,400 | 748,264 | 715,326 |
| Taxation | | 71,658 | 62,822 | 71,658 | 62,822 |
| Total liabilities | | 37,673,752 | 33,272,371 | 37,674,071 | 33,272,706 |
| Financed by : | | | | | |
| Share Capital | | 470,000 | 470,000 | 470,000 | 470,000 |
| Reserves | | 2,411,550 | 2,274,170 | 2,370,067 | 2,235,372 |
| SHAREHOLDERS' EQUITY | | 2,881,550 | 2,744,170 | 2,840,067 | 2,705,372 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 40,555,302 | 36,016,541 | 40,514,138 | 35,978,078 |
| COMMITMENTS AND CONTINGENCIES | 22 | 49,366,528 | 52,243,292 | 49,366,528 | 52,243,292 |

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

CONDENSED INTERIM FINANCIAL STATEMENTS**UNAUDITED INCOME STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2008**

| | Notes | Group | | Bank | |
|--|-------|---------------------|---------------------|---------------------|---------------------|
| | | 31-Mar-08 RM'000 | 31-Mar-07 RM'000 | 31-Mar-08 RM'000 | 31-Mar-07 RM'000 |
| Operating revenue | | 562,434 | 534,716 | 562,434 | 552,309 |
| Interest income | 16 | 478,904 | 454,060 | 478,904 | 454,058 |
| Interest expenses | 17 | (245,296) | (221,559) | (245,296) | (221,559) |
| Net interest income | | 233,608 | 232,501 | 233,608 | 232,499 |
| Other operating income | 18 | 86,794 | 83,372 | 86,794 | 100,964 |
| Operating income | | 320,402 | 315,873 | 320,402 | 333,463 |
| Other operating expenses | 19 | (114,766) | (100,325) | (114,766) | (99,934) |
| Profit before allowance | | 205,636 | 215,548 | 205,636 | 233,529 |
| Allowance for losses on loans and financing Provision(made)/written-back for commitments and contingencies | 20 | (34,866) | (70,344) | (34,866) | (70,344) |
| | | - | 34 | - | 34 |
| Profit before taxation | | 170,770 | 145,238 | 170,770 | 163,219 |
| Share of profit of associates (net of tax) | | 2,698 | 4,811 | - | - |
| Profit Before taxation | | 173,468 | 150,049 | 170,770 | 163,219 |
| Taxation | | | | | |
| - Bank and subsidiary companies | | (48,898) | (45,987) | (48,885) | (48,794) |
| Profit after taxation | | 124,570 | 104,062 | 121,885 | 114,425 |
| Basic earnings per share (sen) | | 26.5 | 22.1 | | |

UNITED OVERSEAS BANK (MALAYSIA) BHD

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CONDENSED INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2008**

| GROUP | ← 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 2008 | 470,000 | 322,555 | 470,000 | 59,831 | (3,247) | 1,425,031 | 2,744,170 |
| Net profit for the year | - | - | - | - | - | 124,570 | 124,570 |
| Net unrealised loss on AFS securities | - | - | - | - | 12,810 | - | 12,810 |
| Balance as at 31 March 2008 | 470,000 | 322,555 | 470,000 | 59,831 | 9,563 | 1,549,601 | 2,881,550 |

2007

| | | | | | | | |
|--|---------|---------|---------|---------|---------|-----------|-----------|
| 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 | - | - | - | - | - | 483,214 | 483,214 |
| Revaluation of properties | - | - | - | 28,317 | - | - | 28,317 |
| Impairment losses | - | - | - | (637) | - | - | (637) |
| Share of revaluation reserve from Associates Companies | - | - | - | 160 | - | - | 160 |
| Net unrealised loss on AFS securities | - | - | - | - | (4,280) | - | (4,280) |
| Realisation of revaluation reserve upon disposal of land and buildings | - | - | - | (2,944) | - | 2,944 | - |
| Transfer from/(to) deferred taxation | - | - | - | (2,569) | 1,070 | - | (1,499) |
| Dividends paid : | | | | | | | |
| - final dividend for year ended 31 December 2006 | - | - | - | - | - | (171,550) | (171,550) |
| Balance as at 31 December 2007 | 470,000 | 322,555 | 470,000 | 59,831 | (3,247) | 1,425,031 | 2,744,170 |

BANK

| BANK | ← 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 2008 | 470,000 | 322,555 | 470,000 | 74,723 | (3,247) | 1,371,341 | 2,705,372 |
| Net profit for the year | - | - | - | - | - | 121,885 | 121,885 |
| Net unrealised loss on AFS securities | - | - | - | - | 12,810 | - | 12,810 |
| Balance as at 31 March 2008 | 470,000 | 322,555 | 470,000 | 74,723 | 9,563 | 1,493,226 | 2,840,067 |

2007

| | | | | | | | |
|--|---------|---------|---------|---------|---------|-----------|-----------|
| 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 | - | - | - | - | - | 482,790 | 482,790 |
| Revaluation of properties | - | - | - | 28,317 | - | - | 28,317 |
| Impairment losses | - | - | - | (637) | - | - | (637) |
| Net unrealised loss on AFS securities | - | - | - | - | (4,280) | - | (4,280) |
| Realisation of revaluation reserve upon disposal of land and buildings | - | - | - | (2,944) | - | 2,944 | - |
| Transfer from/(to) deferred taxation | - | - | - | (2,569) | 1,070 | - | (1,499) |
| Dividends paid : | | | | | | | |
| - final dividend for year ended 31 Dec 2006 | - | - | - | - | - | (171,550) | (171,550) |
| Balance as at 31 December 2007 | 470,000 | 322,555 | 470,000 | 74,723 | (3,247) | 1,371,341 | 2,705,372 |

UNITED OVERSEAS BANK (MALAYSIA) BHD

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CONDENSED INTERIM FINANCIAL STATEMENTS**UNAUDITED CASH FLOW STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2008**

| | Group | | Bank | |
|--|-----------------------------------|---------------------|-----------------------------------|---------------------|
| | 31-Mar-08 RM'000 | 31-Mar-07 RM'000 | 31-Mar-08 RM'000 | 31-Mar-07 RM'000 |
| Cash Flows From Operating Activities | | | | |
| Profit before taxation | 173,468 | 150,049 | 170,770 | 163,219 |
| Adjustment for non-cash items | 49,587 | 43,934 | 52,270 | 30,936 |
| Operating profit before changes in working capital | 223,055 | 193,983 | 223,040 | 194,155 |
| Changes in working capital : | | | | |
| Net changes in operating assets | (1,173,819) | (1,702,403) | (1,173,788) | (1,717,804) |
| Net changes in operating liabilities | 4,363,207 | 2,831,983 | 4,363,191 | 2,832,187 |
| Income tax paid | (40,050) | (36,825) | (40,050) | (36,825) |
| Net cash generated (used in)/from operating activities | 3,372,393 | 1,286,738 | 3,372,393 | 1,271,713 |
| Net cash generated from investing activities | (32,967) | (1,339,169) | (32,967) | (1,324,144) |
| Net changes in cash and cash equivalents | 3,339,426 | (52,431) | 3,339,426 | (52,431) |
| Cash and cash equivalents at beginning of the period | 1,867,593 | 2,801,375 | 1,867,593 | 2,801,375 |
| Cash and cash equivalents at end of the period | 5,207,019 | 2,748,944 | 5,207,019 | 2,748,944 |

Company No. 271809K

UNITED OVERSEAS BANK (MALAYSIA) BHD

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2008

1. Basis of Preparation

The unaudited condensed interim financial statements for the financial quarter ended 31 March 2008 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 2007. The explanatory notes attached in the unaudited condensed interim financial statements provide and 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 2007.

2. Audit Report

The audit report on the audited annual financial statements for the financial year ended 31 December 2007 was not subject to any qualification.

3. 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 31 March 2008.

4. 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.

5. 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 31 March 2008.

6. Issuance and Repayment of Debt and Equity Securities

There were no issuance and repayment of debt and equity securities during the financial quarter ended 31 March 2008.

Company No. 271809K

UNITED OVERSEAS BANK (MALAYSIA) BHD

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2008

7. 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 31 March 2008.

8. 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.

9. Changes in the Composition of the Group

There were no changes in the composition of the Group for the financial quarter ended 31 March 2008.

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

| | Group and Bank | |
|------------------------------------|-----------------------|----------------|
| | Mar-08 | Dec-07 |
| | RM'000 | RM'000 |
| Money market instruments :- | | |
| Bank Negara Malaysia bills | 139,075 | - |
| Malaysian Government securities | 219,516 | 164,251 |
| Islamic private debt securities | 100,036 | 85,575 |
| Private debt securities | 130,802 | 327,671 |
| | <u>589,429</u> | <u>577,497</u> |

(ii) Available-for-Sale

| | Group and Bank | |
|--|-----------------------|------------------|
| | Mar-08 | Dec-07 |
| | RM'000 | RM'000 |
| Bank Negara Malaysia bills | 792,629 | 226,925 |
| Bankers' acceptances | 131,554 | 355,776 |
| Malaysian Government treasury bills | 24,856 | 63,506 |
| Malaysian Government securities | 433,685 | 838,137 |
| Negotiable instruments of deposits | 1,979,994 | 1,930,015 |
| Cagamas Notes/ Bonds | 303,958 | 303,895 |
| Private debt securities | 761,908 | 635,999 |
| | <u>4,428,584</u> | <u>4,354,253</u> |
| Quoted securities : | | |
| Shares of corporations | 2,649 | 2,575 |
| Private debt securities | 5,715 | 5,642 |
| | <u>8,364</u> | <u>8,217</u> |
| Unquoted securities : | | |
| Shares | 12,272 | 12,272 |
| Private debt securities | 276 | 276 |
| | <u>12,548</u> | <u>12,548</u> |
| Total available-for-sale securities | <u>4,449,496</u> | <u>4,375,018</u> |

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

| | Group and Bank | |
|--|-----------------------|---------------|
| | Mar-08 | Dec-07 |
| | RM'000 | RM'000 |
| Overdrafts | 2,775,569 | 2,807,803 |
| Term loans and revolving credits | | |
| Housing loans | 8,950,487 | 8,477,711 |
| Syndicated term loan | 441,463 | 423,427 |
| Lease receivables | - | - |
| Other term loans/financing | 8,079,179 | 7,761,387 |
| Credit cards receivable | 889,924 | 909,878 |
| Bills receivable | 125,559 | 109,501 |
| Trust receipts | 940,393 | 879,447 |
| Claims on customers under acceptance credits | 4,453,535 | 4,272,907 |
| Staff loans | 97,298 | 96,172 |
| Others | 7,880 | 9,737 |
| | 26,761,287 | 25,747,970 |
| Less: Unearned interest | (17,458) | (16,744) |
| Gross loans, advances and financing | 26,743,829 | 25,731,226 |
| Allowance for bad and doubtful debts and financing | | |
| - Specific | (319,519) | (341,847) |
| - General | (401,989) | (384,739) |
| Net loans, advances and financing | 26,022,321 | 25,004,640 |

11. LOANS AND ADVANCES (CONTINUED)**(ii) By type of customer****Group and Bank**

| Mar-08 | Dec-07 |
|---------------|---------------|
| RM'000 | RM'000 |

| | | |
|--|--------------------------|--------------------------|
| Domestic banking institutions | 33,061 | 34,761 |
| Domestic non-bank financial Institutions | | |
| - stockbroking companies | - | - |
| - Others | 86,675 | 79,923 |
| Domestic business enterprises | | |
| - Small medium enterprises | 6,962,536 | 6,728,691 |
| - Others | 7,159,385 | 6,928,583 |
| Government | 48,234 | 49,300 |
| Individuals | 11,524,591 | 11,203,375 |
| Other domestic entities | 1,418 | 3,031 |
| Foreign entities | 927,929 | 703,562 |
| | <u>26,743,829</u> | <u>25,731,226</u> |

(iii) By interest/profit rate sensitivity**Group and Bank**

| Mar-08 | Dec-07 |
|---------------|---------------|
| RM'000 | RM'000 |

| | | |
|---------------------------------|--------------------------|--------------------------|
| Fixed rate | | |
| Housing loans/financing | 96,545 | 95,376 |
| Other fixed rate loan/financing | 935,904 | 951,484 |
| Variable rate | | |
| BLR plus | 24,233,568 | 23,137,335 |
| Cost-plus | 941,942 | 1,061,899 |
| Other variable rates | 535,870 | 485,132 |
| | <u>26,743,829</u> | <u>25,731,226</u> |

11. LOANS AND ADVANCES (CONTINUED)

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

| | Group and Bank | |
|---|--------------------------|--------------------------|
| | Mar-08 | Dec-07 |
| | RM'000 | RM'000 |
| Agriculture, hunting, forestry and fishing | 118,500 | 117,329 |
| Mining and quarrying | 35,275 | 34,946 |
| Manufacturing | 5,273,793 | 5,127,661 |
| Electricity, gas and water | 28,816 | 28,815 |
| Construction | 1,590,383 | 1,512,810 |
| Wholesale & retail trade and restaurants & hotels | 4,141,175 | 3,811,760 |
| Transport, storage and communication | 477,899 | 521,347 |
| Finance, insurance and business services | 1,290,335 | 1,445,962 |
| Real estate | 1,142,589 | 1,032,166 |
| Community, social and personal services | 111,318 | 105,019 |
| Households | 12,484,335 | 11,943,691 |
| of which: - purchase of residential properties | 9,347,022 | 8,854,145 |
| - purchase of non residential properties | 1,024,459 | 981,387 |
| - others) | 2,112,854 | 2,108,159 |
| Others | 49,411 | 49,720 |
| | <u>26,743,829</u> | <u>25,731,226</u> |

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

| | Group and Bank | |
|---|-----------------------|---------------|
| | Mar-08 | Dec-07 |
| | RM'000 | RM'000 |
| Balance as at 1 January | 1,037,482 | 1,227,859 |
| Non-performing during the period/year | 199,301 | 441,253 |
| Recoveries | (61,232) | (241,300) |
| Reclassified as performing | (37,030) | (185,785) |
| Amount written off | (67,586) | (204,545) |
| Balance as at 31 March / December | 1,070,935 | 1,037,482 |
| Specific allowance (SA) | (319,519) | (341,847) |
| Net non-performing loans, advances and financing | 751,416 | 695,635 |
| Ratio of net non-performing loans and financing to net loans and financing | 2.8% | 2.7% |

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

| | Group and Bank | |
|---|-----------------------|---------------|
| | Mar-08 | Dec-07 |
| | RM'000 | RM'000 |
| <u>General allowance</u> | | |
| Balance as at 1 January | 384,739 | 305,969 |
| Allowance made during the period/year | 17,250 | 78,770 |
| Balance as at 31 March / December | 401,989 | 384,739 |
| % of gross loans, advances and financing (excluding loan to Government) less specific allowance | 1.5% | 1.5% |
| <u>Specific allowance</u> | | |
| Balance as at 1 January | 341,847 | 352,240 |
| Allowance made during the period/year | 59,671 | 251,780 |
| Amount written back in respect of recoveries | (14,022) | (58,844) |
| Amount written off | (67,977) | (203,329) |
| Balance as at 31 March / December | 319,519 | 341,847 |

11. LOANS AND ADVANCES (CONTINUED)

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

| | Group and Bank | |
|---|-----------------------|---------------|
| | Mar-08 | Dec-07 |
| | RM'000 | RM'000 |
| Agriculture, hunting, forestry and fishing | 1,040 | 1,122 |
| Mining and quarrying | - | 596 |
| Manufacturing | 406,703 | 366,344 |
| Construction | 28,639 | 33,272 |
| Wholesale & retail trade and restaurants & hotels | 175,536 | 195,505 |
| Transport, storage and communication | 13,509 | 9,715 |
| Finance, insurance and business services | 9,771 | 9,690 |
| Real estate | 25,770 | 41,550 |
| Community, social and personal services | 16,691 | 14,910 |
| Households | 384,248 | 356,007 |
| (of which: - purchase of residential properties | 258,771 | 234,388 |
| - purchase of non residential properties | 15,357 | 13,610 |
| - others | 110,120 | 108,009 |
| Others | 9,028 | 8,771 |
| | 1,070,935 | 1,037,482 |

12. OTHER ASSETS

| | Group | | Bank | |
|---|----------------|---------------|----------------|---------------|
| | Mar-08 | Dec-07 | Mar-08 | Dec-07 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Other debtors, deposits and prepayments | 498,804 | 297,550 | 498,765 | 297,511 |
| Derivatives - assets | 16,032 | 18,391 | 16,032 | 18,391 |
| Accrued interest receivable | 56,607 | 50,883 | 56,607 | 50,883 |
| Amount due from subsidiaries | - | - | 526 | 545 |
| Precious Metal accounts | 48,580 | 49,024 | 48,580 | 49,024 |
| Foreclosed properties | 4,048 | 4,049 | 4,048 | 4,049 |
| | 624,071 | 419,897 | 624,558 | 420,403 |

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

| | Group and Bank | |
|------------------------------------|--------------------------|--------------------------|
| | Mar-08 | Dec-07 |
| | RM'000 | RM'000 |
| Demand deposits | 3,462,045 | 3,351,581 |
| Savings deposits | 1,665,354 | 1,580,662 |
| Fixed deposits | 15,390,113 | 14,539,809 |
| Negotiable instruments of deposits | 729,591 | 520,048 |
| Money Market Deposits | 3,171,339 | 3,877,471 |
| Others | 743,738 | 563,824 |
| | <u>25,162,180</u> | <u>24,433,395</u> |

(ii) By type of customer

| | Group and Bank | |
|---------------------|--------------------------|--------------------------|
| | Mar-08 | Dec-07 |
| | RM'000 | RM'000 |
| Business enterprise | 10,143,720 | 10,117,691 |
| Individuals | 13,641,123 | 13,158,735 |
| Others | 1,377,337 | 1,156,969 |
| | <u>25,162,180</u> | <u>24,433,395</u> |

14. DEPOSITS AND PLACEMENT OF BANKS AND FINANCIAL INSTITUTIONS

| | Group | | Bank | |
|------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | Mar-08 | Dec-07 | Mar-08 | Dec-07 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Group and Bank | | | | |
| Licensed banks | 1,502,349 | 1,542,212 | 1,502,756 | 1,542,621 |
| Bank Negara Malaysia | 2,425,485 | 1,646,506 | 2,425,485 | 1,646,506 |
| Licensed Investment Bank | 240,500 | 389,100 | 240,500 | 389,100 |
| Other financial institutions | 3,348,313 | 1,139,140 | 3,348,313 | 1,139,140 |
| | <u>7,516,647</u> | <u>4,716,958</u> | <u>7,517,054</u> | <u>4,717,367</u> |

15. OTHER LIABILITIES

| | Group | | Bank | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | Mar-08 | Dec-07 | Mar-08 | Dec-07 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Provision for Commitments and Contingencies | 1,236 | 1,236 | 1,236 | 1,236 |
| Accrued interest payable | 192,999 | 181,126 | 192,999 | 181,126 |
| Accruals and provisions for operational expenses | 52,810 | 75,778 | 52,736 | 75,704 |
| Derivatives - liabilities | 172,783 | 120,953 | 172,783 | 120,953 |
| Other accruals and provisions | 328,524 | 336,307 | 328,510 | 336,307 |
| | <u>748,352</u> | <u>715,400</u> | <u>748,264</u> | <u>715,326</u> |

16. INTEREST INCOME

| | Group | | Bank | |
|---|------------------|------------------|------------------|------------------|
| | Mar-08 RM'000 | Mar-07 RM'000 | Mar-08 RM'000 | Mar-07 RM'000 |
| Loans and advances | | | | |
| - Interest income other than recoveries from NPL | 348,367 | 294,093 | 348,367 | 292,703 |
| - Recoveries from NPLs | 23,251 | 53,953 | 23,251 | 53,953 |
| Money at call and deposit placements with financial institutions | 69,180 | 62,562 | 69,180 | 62,560 |
| Held-For-Trading Securities | 6,201 | 8,364 | 6,201 | 8,364 |
| Available-For-Sale Securities | 37,094 | 38,587 | 37,094 | 38,587 |
| Others | 421 | 154 | 421 | 1,544 |
| | 484,514 | 457,713 | 484,514 | 457,711 |
| Amortisation of premium less accretion of discount | (2,042) | (2,373) | (2,042) | (2,373) |
| Net interest suspended | (3,568) | (1,280) | (3,568) | (1,280) |
| | 478,904 | 454,060 | 478,904 | 454,058 |

17. INTEREST EXPENSES

| | Group | | Bank | |
|--|------------------|------------------|------------------|------------------|
| | Mar-08 RM'000 | Mar-07 RM'000 | Mar-08 RM'000 | Mar-07 RM'000 |
| Deposits and placements of banks and other financial institutions | 55,003 | 33,580 | 55,003 | 33,580 |
| Deposits from other customers | 185,131 | 143,558 | 185,131 | 143,558 |
| Loans sold to Cagamas | 2,729 | 5,281 | 2,729 | 5,281 |
| Others | 2,433 | 39,140 | 2,433 | 39,140 |
| | 245,296 | 221,559 | 245,296 | 221,559 |

18. OTHER OPERATING INCOME

| | Group | | Bank | |
|---|------------------|------------------|------------------|------------------|
| | Mar-08 RM'000 | Mar-07 RM'000 | Mar-08 RM'000 | Mar-07 RM'000 |
| The Group and Bank | | | | |
| <u>Fee income</u> | | | | |
| Commission | 22,487 | 27,513 | 22,487 | 27,364 |
| Guarantee Fees | 7,055 | 5,108 | 7,055 | 5,108 |
| Service charges and fees | 28,071 | 20,544 | 28,071 | 20,544 |
| Commitment fees | 4,892 | 5,875 | 4,892 | 5,875 |
| Arrangement and Participation fees | 744 | 2,949 | 744 | 2,949 |
| | <u>63,249</u> | <u>61,989</u> | <u>63,249</u> | <u>61,840</u> |
| <u>Investment income</u> | | | | |
| Gain/(Loss) from sale of HFT Securities | 4,752 | 17,715 | 4,752 | 17,715 |
| Gain/(Loss) from sale of AFS Securities | 2,369 | 1,591 | 2,369 | 1,591 |
| Unrealised gain/(loss) of HFT Securities | (20,578) | (16,080) | (20,578) | (16,080) |
| Gross dividends from : | | | | |
| - Investment securities in Malaysia | - | 3 | - | 3 |
| - Association | - | - | - | 17,743 |
| | <u>(13,457)</u> | <u>3,229</u> | <u>(13,457)</u> | <u>20,972</u> |
| Other income :- | | | | |
| Foreign exchange gain/(loss) | | | | |
| - realised | 62,185 | 24,444 | 62,185 | 24,444 |
| - unrealised | (29,339) | (9,934) | (29,339) | (9,934) |
| Rental receivable from operating leases, other than those relating to investment properties | 51 | 127 | 51 | 127 |
| Rental income from investment properties | 150 | 100 | 150 | 100 |
| Gain on disposal of property, plant and equipment | (47) | 8 | (47) | 6 |
| Other operating income | 691 | 702 | 691 | 702 |
| Other non operating income | 3,311 | 2,707 | 3,311 | 2,707 |
| | <u>37,002</u> | <u>18,154</u> | <u>37,002</u> | <u>18,152</u> |
| | <u>86,794</u> | <u>83,372</u> | <u>86,794</u> | <u>100,964</u> |

19. OTHER OPERATING EXPENSES

| | Group | | Bank | |
|--|--------------------------------|------------------|--------------------------------|------------------|
| | Mar-08 RM'000 | Mar-07 RM'000 | Mar-08 RM'000 | Mar-07 RM'000 |
| Personnel costs | 62,006 | 55,461 | 61,755 | 54,817 |
| Establishment costs | 24,295 | 19,382 | 24,248 | 19,223 |
| Marketing expenses | 9,636 | 7,140 | 9,989 | 7,623 |
| Administration and general expenses | 18,828 | 18,342 | 18,774 | 18,271 |
| | 114,766 | 100,325 | 114,766 | 99,934 |
| <u>Personnel costs</u> | | | | |
| Salaries, allowance and bonuses | 49,593 | 44,794 | 49,377 | 44,242 |
| Employees Provident Fund Contributions (EPF) | 7,775 | 7,635 | 7,747 | 7,557 |
| Other personnel costs | 4,638 | 3,032 | 4,631 | 3,018 |
| | 62,006 | 55,461 | 61,755 | 54,817 |
| <u>Establishment costs</u> | | | | |
| Depreciation | 9,628 | 7,952 | 9,613 | 7,883 |
| Hire of equipment | 16 | 20 | 16 | 18 |
| Information technology costs | 2,724 | 1,916 | 2,724 | 1,909 |
| Repair and maintenance | 3,101 | 2,664 | 3,091 | 2,656 |
| Rental of premises | 1,709 | 1,537 | 1,692 | 1,493 |
| Others | 7,117 | 5,293 | 7,112 | 5,264 |
| | 24,295 | 19,382 | 24,248 | 19,223 |
| <u>Marketing expenses</u> | | | | |
| Advertisement and publicity | 5,636 | 3,688 | 5,628 | 3,684 |
| Others | 4,000 | 3,452 | 4,361 | 3,939 |
| | 9,636 | 7,140 | 9,989 | 7,623 |
| <u>Administration and general expenses</u> | | | | |
| Fees and commissions paid | 8,235 | 7,835 | 8,217 | 7,789 |
| Other Administration and general expenses | 10,594 | 10,507 | 10,557 | 10,482 |
| | 18,829 | 18,342 | 18,774 | 18,271 |

20. ALLOWANCE FOR LOSSES ON LOANS AND FINANCING

| | Group | | Bank | |
|--|------------------|------------------|------------------|------------------|
| | Mar-08 RM'000 | Mar-07 RM'000 | Mar-08 RM'000 | Mar-07 RM'000 |
| Allowance for bad and doubtful debts on loans and financing | | | | |
| (a) specific allowance (net) | | | | |
| - Made in the financial period | 59,671 | 74,211 | 59,671 | 74,211 |
| - Written back | (14,022) | (11,708) | (14,022) | (11,708) |
| (b) general allowance | | | | |
| - Made/(Written back) in the financial period | 17,250 | 17,500 | 17,250 | 17,500 |
| Bad debts on loans and financing | | | | |
| - written off | 107 | 453 | 107 | 453 |
| - recovered | (28,140) | (10,112) | (28,140) | (10,112) |
| | <u>34,866</u> | <u>70,344</u> | <u>34,866</u> | <u>70,344</u> |

21. CAPITAL ADEQUACY

| | Group and Bank | |
|---|------------------|------------------|
| | Mar-08 RM'000 | Dec-07 RM'000 |
| <u>Tier I Capital</u> | | |
| Paid-up share capital | 470,000 | 470,000 |
| Share premium | 322,555 | 322,555 |
| Retained profit | 1,371,341 | 1,371,341 |
| Other reserves | 470,000 | 470,000 |
| Less: Deferred Tax adjustments | (69,728) | (69,728) |
| Total Tier I Capital | <u>2,564,168</u> | <u>2,564,168</u> |
| <u>Tier II capital</u> | | |
| Property revaluation reserve | 37,362 | 37,362 |
| General provisions for bad and doubtful debts | 401,989 | 384,739 |
| Total Tier II Capital | <u>439,351</u> | <u>422,101</u> |
| Total capital | <u>3,003,519</u> | <u>2,986,269</u> |
| Less: Investment in subsidiaries | (51) | (51) |
| Total capital base | <u>3,003,468</u> | <u>2,986,218</u> |

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

Capital ratios

| | | |
|---|---------------|---------------|
| Core capital ratio (incl. mkt risk) | 9.53% | 9.96% |
| Risk-weighted capital ratio (incl. mkt risk) | <u>11.17%</u> | <u>11.60%</u> |
| Core capital ratio (after proposed dividend) | 8.89% | 9.29% |
| Risk-weighted capital ratio (after proposed dividend) | <u>10.52%</u> | <u>10.92%</u> |

22. 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-08 | | | Dec-07 | | |
|---|--|--|--|--|--|--|
| | 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 | 1,919,817 | 1,919,817 | 1,877,787 | 1,856,018 | 1,856,018 | 1,803,956 |
| Transaction-related contingent items | 1,109,425 | 554,713 | 430,993 | 1,108,620 | 554,310 | 443,894 |
| Short-term self-liquidating trade-related contingencies | 503,896 | 100,779 | 96,402 | 544,727 | 108,945 | 101,385 |
| Irrevocable commitments to extend credit | | | | | | |
| - maturity more than one year | 2,078,899 | 1,039,450 | 946,084 | 1,948,814 | 974,407 | 834,844 |
| - maturity less than one year | 11,405,790 | - | - | 16,593,290 | - | - |
| Foreign exchange related contracts + | | | | | | |
| - less than one year | 10,468,369 | 305,316 | 95,198 | 9,122,314 | 223,948 | 48,504 |
| - one year to less than one year | 1,140,104 | 85,402 | 17,080 | 1,177,902 | 96,220 | 19,244 |
| - 5 years and above | - | - | - | - | - | - |
| Interest rates related contracts + | | | | | | |
| - less than one year | 2,674,864 | 8,481 | 1,731 | 3,183,324 | 7,663 | 1,533 |
| - one year to less than one year | 15,239,992 | 481,051 | 97,679 | 15,370,242 | 432,381 | 87,967 |
| - 5 years and above | 1,305,670 | 138,943 | 27,789 | 911,940 | 103,228 | 20,646 |
| Others | 1,519,702 | - | - | 426,101 | - | - |
| Total | 49,366,528 | 4,633,952 | 3,590,743 | 52,243,292 | 4,357,120 | 3,361,973 |

* 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.

23. 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 31 March 2008

| | ←----- 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 | |
| Assets | | | | | | | | | |
| Cash & Short Term Funds | 3,801,472 | - | - | - | - | 522,719 | - | 4,324,191 | 3.51% |
| Securities purchased under repo | 1,422,721 | 1,035,516 | - | - | - | - | - | 2,458,237 | 3.92% |
| Deposits & Placements with CB & FI | - | 569,292 | 313,536 | - | - | - | - | 882,828 | 5.17% |
| Held for Trading Securities | - | - | - | - | - | - | 589,429 | 589,429 | 4.92% |
| Investment Securities | 439,768 | 1,812,272 | 769,152 | 658,575 | 748,817 | 20,912 | - | 4,449,496 | 4.15% |
| Loans & Advances & Financing | | | | | | | | | |
| -performing | 17,917,056 | 903,708 | 1,209,226 | 1,125,737 | 400,210 | 3,719,988 | - | 25,275,925 | 6.70% |
| -non-performing | - | - | - | - | - | 746,396 | - | 746,396 | |
| Other assets | - | - | - | - | - | 1,828,800 | - | 1,828,800 | 0% |
| | 23,581,017 | 4,320,788 | 2,291,914 | 1,784,312 | 1,149,027 | 6,838,815 | 589,429 | 40,555,302 | |
| Liabilities | | | | | | | | | |
| Deposits from Customers | 12,193,590 | 3,404,313 | 5,614,240 | 913,167 | 44,722 | 2,992,148 | - | 25,162,180 | 2.84% |
| Deposits & Placements of CB & FI | 5,448,101 | 928,653 | 670,602 | - | - | 469,291 | - | 7,516,647 | 3.28% |
| Securities Sold Under Repo | - | - | - | - | - | - | - | - | |
| Bills & Acceptances Payable | 7,857 | 19,498 | 5,504 | - | - | 3,884,591 | - | 3,917,450 | 3.08% |
| Amount due to Cagamas | 1,746 | 3,509 | 115,839 | 136,371 | - | - | - | 257,465 | 3.90% |
| Other Liabilities | - | - | - | - | - | 820,010 | - | 820,010 | 0% |
| Financed by : | | | | | | | | | |
| Share Capital | - | - | - | - | - | 470,000 | - | 470,000 | n/a |
| Reserves | - | - | - | - | - | 2,411,550 | - | 2,411,550 | n/a |
| | 17,651,294 | 4,355,973 | 6,406,185 | 1,049,538 | 44,722 | 11,047,590 | - | 40,555,302 | |
| On B/S Interest Sensitivity Gap | 5,929,723 | (35,185) | (4,114,271) | 734,774 | 1,104,305 | (4,208,775) | 589,429 | - | |
| Off B/S Interest Sensitivity Gap | (1,117,543) | 2,359,406 | (19,412) | (1,546,863) | 324,412 | - | - | - | |
| Total Interest Sensitivity Gap | 4,812,180 | 2,324,221 | (4,133,683) | (812,089) | 1,428,717 | (4,208,775) | 589,429 | - | |

23. INTEREST / PROFIT RATE RISK (CONTINUED)

Bank
As at 31 March 2008

| | ←----- 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 | |
| Assets | | | | | | | | | |
| Cash & Short Term Funds | 3,801,472 | - | - | - | - | 522,719 | - | 4,324,191 | 3.51% |
| Securities purchased under repo | 1,422,721 | 1,035,516 | - | - | - | - | - | 2,458,237 | 3.92% |
| Deposits & Placements with CB & FI | - | 569,292 | 313,536 | - | - | - | - | 882,828 | 5.17% |
| Held for Trading Securities | - | - | - | - | - | - | 589,429 | 589,429 | 4.92% |
| Investment Securities | 439,768 | 1,812,272 | 769,152 | 658,575 | 748,817 | 20,912 | - | 4,449,496 | 4.15% |
| Loans & Advances & Financing | | | | | | | | | |
| -performing | 17,917,056 | 903,708 | 1,209,226 | 1,125,737 | 400,210 | 3,719,988 | - | 25,275,925 | 6.70% |
| -non-performing | - | - | - | - | - | 746,396 | - | 746,396 | - |
| Other assets | - | - | - | - | - | 1,787,636 | - | 1,787,636 | 0% |
| | 23,581,017 | 4,320,788 | 2,291,914 | 1,784,312 | 1,149,027 | 6,797,651 | 589,429 | 40,514,138 | |
| Liabilities | | | | | | | | | |
| Deposits from Customers | 12,193,590 | 3,404,313 | 5,614,240 | 913,167 | 44,722 | 2,992,148 | - | 25,162,180 | 2.84% |
| Deposits & Placements of CB & FI | 5,448,508 | 928,653 | 670,602 | - | - | 469,291 | - | 7,517,054 | 3.28% |
| Securities Sold Under Repo | - | - | - | - | - | - | - | - | - |
| Bills & Acceptances Payable | 7,857 | 19,498 | 5,504 | - | - | 3,884,591 | - | 3,917,450 | 3.08% |
| Amount due to Cagamas | 1,746 | 3,509 | 115,839 | 136,371 | - | - | - | 257,465 | 3.90% |
| Other Liabilities | - | - | - | - | - | 819,922 | - | 819,922 | 0% |
| Financed by : | | | | | | | | | |
| Share Capital | - | - | - | - | - | 470,000 | - | 470,000 | n/a |
| Reserves | - | - | - | - | - | 2,370,067 | - | 2,370,067 | n/a |
| | 17,651,701 | 4,355,973 | 6,406,185 | 1,049,538 | 44,722 | 11,006,019 | - | 40,514,138 | |
| On B/S Interest Sensitivity Gap | 5,929,316 | (35,185) | (4,114,271) | 734,774 | 1,104,305 | (4,208,368) | 589,429 | - | - |
| Off B/S Interest Sensitivity Gap | (1,117,543) | 2,359,406 | (19,412) | (1,546,863) | 324,412 | - | - | - | - |
| Total Interest Sensitivity Gap | 4,811,773 | 2,324,221 | (4,133,683) | (812,089) | 1,428,717 | (4,208,368) | 589,429 | - | - |

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

24. PERFORMANCE REVIEW

For the first quarter ended 31 March 2008, the Group's pre-tax profit has grown by RM23.4million or 16% to RM173.5million compared to the corresponding period last year. Net interest income appeared flattish at RM233.6million (1Q07 : RM232.5million) mainly due to substantial interest recoveries from NPLs recorded in 1Q07, otherwise growth in net interest income has grown in line with growth in loans.

Operating expenses increased by 14% to RM114.8mil mainly due to higher personnel cost and continuous investment in infrastructure. Allowances for losses on loans and financing were lower at RM34.9million, decreased by RM35.4million mainly due to lower specific provision made and higher bad debts recovered.

25. PROSPECTS FOR 2008

Global economy remains uncertain mainly affected by the US sub-prime mortgage and Collateralized Debt Obligation crisis. Malaysian GDP growth for 2008 is projected to be 5.5% - 6.0%, while inflation rate is expected to be at 2.5 - 3.2%.

Competition in the financial sector is expected to intensify, particularly in mortgage and small and medium enterprise financing where interest margins will continue to come under pressure. Nevertheless, the Bank is well positioned to compete in the targeted business segments and is confident to deliver another year of satisfactory performance in 2008.