

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

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**- 31 MARCH 2009**

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 2009**

	Notes	Group		Bank	
		31-Mar-09 RM'000	31-Dec-08 RM'000	31-Mar-09 RM'000	31-Dec-08 RM'000
<b>ASSETS</b>					
Cash and short-term funds		5,856,741	7,846,411	5,856,741	7,846,411
Securities purchased under resale agreements		50,042	98,921	50,042	98,921
Deposits and placements with financial institutions		676,903	748,301	676,903	748,301
Held-For-Trading Securities	11	413,569	1,074	413,569	1,074
Available-For-Sale Securities	11	3,276,748	3,616,172	3,276,748	3,616,172
Loans and advances	12	26,871,201	27,586,016	26,871,201	27,586,016
Other assets	13	297,366	286,048	297,936	286,616
Statutory deposits With Bank Negara Malaysia		210,000	733,500	210,000	733,500
Investment in subsidiaries		-	-	51	51
Investment in associates		166,533	164,632	122,733	122,733
Investment Property		8,775	8,820	8,775	8,820
Property, plant and equipment		238,604	238,036	238,237	237,668
Prepaid land lease payments		41,424	41,590	41,424	41,590
Deferred tax assets		55,946	55,946	55,964	55,964
<b>Total assets</b>		<b>38,163,852</b>	<b>41,425,467</b>	<b>38,120,324</b>	<b>41,383,837</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>					
Deposits from customers	14	29,419,069	30,011,882	29,419,069	30,011,882
Deposits and placements of banks and other financial institutions	15	3,319,011	4,287,077	3,319,426	4,287,491
Bills and acceptances payable		1,490,511	3,268,531	1,490,511	3,268,531
Amount due to Cagamas		133,133	137,112	133,133	137,112
Other liabilities	16	632,721	698,624	632,714	698,617
Taxation		63,128	37,175	63,133	37,178
<b>Total liabilities</b>		<b>35,057,573</b>	<b>38,440,401</b>	<b>35,057,986</b>	<b>38,440,811</b>
<b>Financed by :</b>					
Share Capital		470,000	470,000	470,000	470,000
Reserves		2,636,279	2,515,066	2,592,338	2,473,026
<b>SHAREHOLDERS' EQUITY</b>		<b>3,106,279</b>	<b>2,985,066</b>	<b>3,062,338</b>	<b>2,943,026</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>38,163,852</b>	<b>41,425,467</b>	<b>38,120,324</b>	<b>41,383,837</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	23	<b>47,140,977</b>	<b>45,534,687</b>	<b>47,140,977</b>	<b>45,534,687</b>

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS**

**UNAUDITED INCOME STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2009**

	Notes	Group		Bank	
		31-Mar-09 RM'000	31-Mar-08 RM'000	31-Mar-09 RM'000	31-Mar-08 RM'000
Operating revenue		<b>561,031</b>	562,434	<b>561,031</b>	562,435
Interest income	17	<b>444,009</b>	478,904	<b>444,009</b>	478,904
Interest expenses	18	<b>(207,520)</b>	(245,296)	<b>(207,520)</b>	(245,296)
Net interest income		<b>236,489</b>	233,608	<b>236,489</b>	233,608
Other operating income	19	<b>119,945</b>	86,794	<b>119,945</b>	86,794
Operating income		<b>356,434</b>	320,402	<b>356,434</b>	320,402
Other operating expenses	20	<b>(119,872)</b>	(114,766)	<b>(119,872)</b>	(114,766)
Profit before allowance		<b>236,562</b>	205,636	<b>236,562</b>	205,636
Allowance for losses on loans and financing	21	<b>(52,722)</b>	(34,866)	<b>(52,722)</b>	(34,866)
Profit before taxation		<b>183,840</b>	170,770	<b>183,840</b>	170,770
Share of profit of associates (net of tax)		<b>1,901</b>	2,698	-	-
Profit Before taxation		<b>185,741</b>	173,468	<b>183,840</b>	170,770
Taxation					
- Bank and subsidiary companies		<b>(45,830)</b>	(48,898)	<b>(45,830)</b>	(48,885)
Profit after taxation		<b>139,911</b>	124,570	<b>138,010</b>	121,885
Basic earnings per share (sen)		<b>29.8</b>	26.5		

**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 2009**

<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 2009	470,000	322,555	470,000	60,804	21,745	1,639,962	2,985,066
Net profit for the year	-	-	-	-	-	139,911	139,911
Net unrealised loss on AFS securities	-	-	-	-	(18,698)	-	(18,698)
Balance as at 31 March 2009	470,000	322,555	470,000	60,804	3,047	1,779,873	3,106,279

**2008**

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	-	-	-	-	-	388,831	388,831
Net unrealised gain on AFS securities	-	-	-	-	33,323	-	33,323
Transfer from/(to) deferred taxation	-	-	-	973	(8,331)	-	(7,358)
Dividends paid :							
- final dividend for year ended 31 December 2007	-	-	-	-	-	(173,900)	(173,900)
Balance as at 31 December 2008	470,000	322,555	470,000	60,804	21,745	1,639,962	2,985,066

**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 2009	470,000	322,555	470,000	75,696	21,745	1,583,030	2,943,026
Net profit for the year	-	-	-	-	-	138,010	138,010
Net unrealised loss on AFS securities	-	-	-	-	(18,698)	-	(18,698)
Balance as at 31 March 2009	470,000	322,555	470,000	75,696	3,047	1,721,040	3,062,338

**2008**

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	-	-	-	-	-	385,589	385,589
Net unrealised gain on AFS securities	-	-	-	-	33,323	-	33,323
Transfer from/(to) deferred taxation	-	-	-	973	(8,331)	-	(7,358)
Dividends paid :							
- final dividend for year ended 31 Dec 2007	-	-	-	-	-	(173,900)	(173,900)
Balance as at 31 December 2008	470,000	322,555	470,000	75,696	21,745	1,583,030	2,943,026

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

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**CONDENSED INTERIM FINANCIAL STATEMENTS****UNAUDITED CASH FLOW STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2009**

	<b>Group</b>		<b>Bank</b>	
	<b>31-Mar-09</b> <b>RM'000</b>	31-Mar-08 RM'000	<b>31-Mar-09</b> <b>RM'000</b>	31-Mar-08 RM'000
<b>Cash Flows From Operating Activities</b>				
Profit before taxation	185,741	173,468	183,840	170,770
Adjustment for non-cash items	26,408	49,587	28,292	52,270
Operating profit before changes in working capital	212,149	223,055	212,132	223,040
Changes in working capital :				
Net changes in operating assets	825,128	(1,173,817)	825,126	(1,173,789)
Net changes in operating liabilities	(3,443,908)	4,363,204	(3,443,908)	4,363,191
Income tax paid	(19,875)	(40,050)	(19,875)	(40,050)
Net cash generated (used in)/from operating activities	(2,426,506)	3,372,392	(2,426,525)	3,372,392
Net cash generated from investing activities	365,437	(32,966)	365,456	(32,966)
Net changes in cash and cash equivalents	(2,061,069)	3,339,426	(2,061,069)	3,339,426
Cash and cash equivalents at beginning of the period	8,594,712	1,867,593	8,594,712	1,867,593
Cash and cash equivalents at end of the period	6,533,643	5,207,019	6,533,643	5,207,019

Company No. 271809K

## **UNITED OVERSEAS BANK (MALAYSIA) BHD**

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### **EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2009**

#### **1. Basis of Preparation**

The unaudited condensed interim financial statements for the financial quarter ended 31 March 2009 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 2008. 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 2008.

#### **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 2009.

The following are the FRSs and IC Interpretations which have been issued by the Malaysian Accounting Standards Board ("MASB") as of the balance sheet date but are not yet effective:

<b>FRS, Amendments to FRSs and Interpretations</b>	<b>Effective for financial periods beginning on or after</b>
FRS 7: Financial Instruments: Disclosures	1 January 2010
FRS 8: Operating Segments	1 July 2009
FRS 139: Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10: Interim Financial Reporting and Impairment	1 January 2010

The new FRS and Interpretations above are expected to have no significant impact on the financial statements of the Group and the Bank upon their initial application.

The Group and the Bank are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

#### **3. Audit Report**

The audit report on the audited annual financial statements for the financial year ended 31 December 2008 was not subject to any qualification.

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**UNITED OVERSEAS BANK (MALAYSIA) BHD**

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2009**

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

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows of the Group and the Bank during the financial quarter ended 31 March 2009.

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

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

**6. Changes in Estimates**

There were no significant changes in estimates of amounts reported in prior financial years that have a material effect on the financial results and position of the Bank for the financial quarter ended 31 March 2009.

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

There were no issuance and repayment of debt and equity securities during the financial quarter ended 31 March 2009.

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

Property, plant and equipment are stated at cost / valuation less accumulated depreciation and accumulated impairment losses except for freehold land which is stated at cost and directors' valuation. There was no change in the valuation of property, plant and equipment that were brought forward from the previous audited financial statements for the financial quarter ended 31 March 2009.

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

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

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

There were no changes in the composition of the Group for the financial quarter ended 31 March 2009.

**UNITED OVERSEAS BANK (MALAYSIA) BHD**  
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**11. SECURITIES PORTFOLIO**

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

**Group and Bank**

**Mar-09**                      Dec-08  
**RM'000**                      RM'000

**Money market instruments :-**

Bank Negara Malaysia bills	76,733	-
Malaysian Government securities	336,836	-
Private debt securities	-	1,074
	<u>413,569</u>	<u>1,074</u>

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

**Group and Bank**

**Mar-09**                      Dec-08  
**RM'000**                      RM'000

Bank Negara Malaysia bills	55,072	639,161
Malaysian Government treasury bills	9,948	-
Malaysian Government securities	1,312,540	867,320
Negotiable instruments of deposits	540,461	920,399
Cagamas Notes/ Bonds	675,404	396,136
Private debt securities	649,695	760,012
	<u>3,243,120</u>	<u>3,583,028</u>
<b>Quoted securities :</b>		
Shares of corporations	1,563	1,862
Private debt securities	5,370	6,069
	<u>6,933</u>	<u>7,931</u>
<b>Unquoted securities :</b>		
Shares	26,419	24,937
Private debt securities	276	276
	<u>26,695</u>	<u>25,213</u>
<b>Total available-for-sale securities</b>	<u><u>3,276,748</u></u>	<u><u>3,616,172</u></u>

**UNITED OVERSEAS BANK (MALAYSIA) BHD**  
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**12. LOAN AND ADVANCES**

(i) By type

	Group and Bank	
	Mar-09 RM'000	Dec-08 RM'000
Overdrafts	2,547,563	2,667,272
Term loans and revolving credits		
Housing loans	10,507,857	10,278,098
Syndicated term loan	211,646	196,766
Other term loans/financing	8,643,797	8,977,655
Credit cards receivable	881,568	946,782
Bills receivable	87,663	109,357
Trust receipts	626,067	824,098
Staff loans	99,778	100,733
Others	8,455	11,933
	<u>23,614,394</u>	<u>24,112,694</u>
Claims on customers under acceptance credits	3,940,258	4,349,495
Less: Unearned interest	(23,151)	(22,872)
<b>Gross loans, advances and financing</b>	<u>27,531,501</u>	<u>28,439,317</u>
Allowance for bad and doubtful debts and financing		
- Specific	(233,631)	(426,112)
- General	(426,669)	(427,189)
<b>Net loans, advances and financing</b>	<u>26,871,201</u>	<u>27,586,016</u>

**UNITED OVERSEAS BANK (MALAYSIA) BHD**  
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**12. LOANS AND ADVANCES (CONTINUED)**

(ii) **By type of customer**

	<b>Group and Bank</b>	
	<b>Mar-09</b>	<b>Dec-08</b>
	<b>RM'000</b>	<b>RM'000</b>
Domestic non-bank financial Institutions		
- stockbroking companies	4	8
- Others	132,091	120,728
Domestic business enterprises		
- Small medium enterprises	6,489,095	6,736,092
- Others	6,504,507	7,383,104
Individuals	12,642,416	12,584,469
Other domestic entities	157	167
Foreign entities	1,763,231	1,614,749
	<u>27,531,501</u>	<u>28,439,317</u>

(iii) **By interest/profit rate sensitivity**

	<b>Group and Bank</b>	
	<b>Mar-09</b>	<b>Dec-08</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed rate		
Housing loans/financing	99,087	99,901
Other fixed rate loan/financing	947,265	1,009,148
Variable rate		
BLR plus	25,415,255	25,901,090
Cost-plus	732,081	862,631
Other variable rates	337,813	566,547
	<u>27,531,501</u>	<u>28,439,317</u>

**UNITED OVERSEAS BANK (MALAYSIA) BHD**  
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**12. LOANS AND ADVANCES (CONTINUED)**

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

	<b>Group and Bank</b>	
	<b>Mar-09</b>	<b>Dec-08</b>
	<b>RM'000</b>	<b>RM'000</b>
Agriculture, hunting, forestry and fishing	<b>102,642</b>	104,734
Mining and quarrying	<b>23,165</b>	23,227
Manufacturing	<b>4,825,734</b>	5,299,541
Electricity, gas and water	<b>7,135</b>	7,669
Construction	<b>1,757,908</b>	1,758,885
Wholesale & retail trade and restaurants & hotels	<b>4,299,293</b>	4,452,525
Transport, storage and communication	<b>325,166</b>	554,572
Finance, insurance and business services	<b>810,420</b>	1,056,513
Real estate	<b>884,725</b>	880,992
Community, social and personal services	<b>78,647</b>	88,603
Households	<b>14,414,759</b>	14,209,916
of which: - purchase of residential properties	<b>10,996,869</b>	10,762,690
- purchase of non residential properties	<b>1,202,945</b>	1,171,878
- others)	<b>2,214,945</b>	2,275,348
Others	<b>1,907</b>	2,140
	<b><u>27,531,501</u></b>	<b><u>28,439,317</u></b>

**UNITED OVERSEAS BANK (MALAYSIA) BHD**  
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**12. LOANS AND ADVANCES (CONTINUED)**

(v) **Movements in the non-performing loans, advances and financing ("NPL") are as follows:**

	<b>Group and Bank</b>	
	<b>Mar-09</b>	<b>Dec-08</b>
	<b>RM'000</b>	<b>RM'000</b>
Balance as at 1 January	1,197,845	1,037,482
Non-performing during the period/year	227,216	761,139
Recoveries	(110,425)	(199,143)
Reclassified as performing	(50,966)	(231,752)
Amount written off	(253,681)	(169,881)
Balance as at 31 March / December	<u>1,009,989</u>	<u>1,197,845</u>
Specific allowance (SA)	<u>(233,631)</u>	<u>(426,112)</u>
Net non-performing loans, advances and financing	<u>776,358</u>	<u>771,733</u>
Ratio of net non-performing loans and financing to net loans and financing	<u>2.8%</u>	<u>2.8%</u>

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

	<b>Group and Bank</b>	
	<b>Mar-09</b>	<b>Dec-08</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>General allowance</u></b>		
Balance as at 1 January	427,189	384,739
Allowance made during the period/year	5,500	42,450
Amount written back in respect of recoveries	(6,020)	-
Balance as at 31 March / December	<u>426,669</u>	<u>427,189</u>
% of gross loans, advances and financing (excluding loan to Government) less specific allowance	<u>1.6%</u>	<u>1.5%</u>
<b><u>Specific allowance</u></b>		
Balance as at 1 January	426,112	341,847
Allowance made during the period/year	80,806	323,730
Amount written back in respect of recoveries	(19,503)	(68,885)
Amount written off	(253,784)	(170,580)
Balance as at 31 March / December	<u>233,631</u>	<u>426,112</u>

**UNITED OVERSEAS BANK (MALAYSIA) BHD**  
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**12. LOANS AND ADVANCES (CONTINUED)**

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

	Group and Bank	
	Mar-09 RM'000	Dec-08 RM'000
Agriculture, hunting, forestry and fishing	3,158	3,608
Manufacturing	374,454	446,921
Construction	25,066	27,516
Wholesale & retail trade and restaurants & hotels	159,119	185,839
Transport, storage and communication	4,389	7,159
Finance, insurance and business services	5,690	73,136
Real estate	9,291	12,099
Community, social and personal services	627	10,172
Households	428,195	431,395
(of which: - purchase of residential properties	331,972	303,085
- purchase of non residential properties	21,592	19,023
- others	74,631	109,287
	<u>1,009,989</u>	<u>1,197,845</u>

**13. OTHER ASSETS**

	Group		Bank	
	Mar-09 RM'000	Dec-08 RM'000	Mar-09 RM'000	Dec-08 RM'000
Other debtors, deposits and prepayments	138,103	159,266	138,052	159,214
Derivatives - assets	56,087	23,740	56,087	23,740
Accrued interest receivable	55,281	51,115	55,281	51,115
Amount due from subsidiaries	-	-	621	620
Precious Metal accounts	43,846	47,878	43,846	47,878
Foreclosed properties	4,049	4,049	4,049	4,049
	<u>297,366</u>	<u>286,048</u>	<u>297,936</u>	<u>286,616</u>

**UNITED OVERSEAS BANK (MALAYSIA) BHD**  
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**14. DEPOSITS FROM CUSTOMERS****(i) By type of deposit**

	<b>Group and Bank</b>	
	<b>Mar-09</b>	<b>Dec-08</b>
	<b>RM'000</b>	<b>RM'000</b>
Demand deposits	<b>4,035,549</b>	4,139,839
Savings deposits	<b>2,080,401</b>	1,819,370
Fixed deposits	<b>16,984,075</b>	16,678,220
Negotiable instruments of deposits	<b>508,671</b>	508,364
Money Market Deposits	<b>5,392,425</b>	6,193,773
Others	<b>417,948</b>	672,316
	<b><u>29,419,069</u></b>	<u>30,011,882</u>

**(ii) By type of customer**

	<b>Group and Bank</b>	
	<b>Mar-09</b>	<b>Dec-08</b>
	<b>RM'000</b>	<b>RM'000</b>
Business enterprise	<b>12,722,877</b>	13,244,422
Individuals	<b>15,579,855</b>	15,183,014
Others	<b>1,116,337</b>	1,584,446
	<b><u>29,419,069</u></b>	<u>30,011,882</u>

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

	<b>Group</b>		<b>Bank</b>	
	<b>Mar-09</b>	<b>Dec-08</b>	<b>Mar-09</b>	<b>Dec-08</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group and Bank</b>				
Licensed banks	<b>1,172,781</b>	641,692	<b>1,173,196</b>	642,106
Bank Negara Malaysia	<b>711,828</b>	684,401	<b>711,828</b>	684,401
Licensed Investment Bank	<b>50,000</b>	-	<b>50,000</b>	-
Other financial institutions	<b>1,384,402</b>	2,960,984	<b>1,384,402</b>	2,960,984
	<b><u>3,319,011</u></b>	<u>4,287,077</u>	<b><u>3,319,426</u></b>	<u>4,287,491</u>

**16. OTHER LIABILITIES**

	<b>Group</b>		<b>Bank</b>	
	<b>Mar-09</b>	<b>Dec-08</b>	<b>Mar-09</b>	<b>Dec-08</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Provision for Commitments and Contingencies	<b>1,825</b>	1,825	<b>1,825</b>	1,825
Accrued interest payable	<b>189,992</b>	213,220	<b>189,992</b>	213,220
Accruals and provisions for operational expenses	<b>57,177</b>	78,312	<b>57,170</b>	78,305
Derivatives - liabilities	<b>129,133</b>	150,112	<b>129,133</b>	150,112
Other accruals and provisions	<b>254,594</b>	255,155	<b>254,594</b>	255,155
	<b><u>632,721</u></b>	<u>698,624</u>	<b><u>632,714</u></b>	<u>698,617</u>

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**17. INTEREST INCOME**

	<b>Group and Bank</b>	
	<b>Mar-09</b>	<b>Mar-08</b>
	<b>RM'000</b>	<b>RM'000</b>
Loans and advances		
- Interest income other than recoveries from NPL	<b>348,444</b>	348,367
- Recoveries from NPLs	<b>17,868</b>	23,251
Money at call and deposit placements with financial institutions	<b>45,605</b>	69,180
Held-For-Trading Securities	<b>5,474</b>	6,201
Available-For-Sale Securities	<b>36,409</b>	37,094
Others	<b>226</b>	421
	<b>454,026</b>	484,514
Amortisation of premium less accretion of discount	<b>(4,873)</b>	(2,042)
Net interest suspended	<b>(5,144)</b>	(3,568)
	<b>444,009</b>	478,904

**18. INTEREST EXPENSES**

	<b>Group and Bank</b>	
	<b>Mar-09</b>	<b>Mar-08</b>
	<b>RM'000</b>	<b>RM'000</b>
Deposits and placements of banks and other financial institutions	<b>20,379</b>	55,003
Deposits from other customers	<b>184,794</b>	185,131
Loans sold to Cagamas	<b>1,500</b>	2,729
Others	<b>847</b>	2,433
	<b>207,520</b>	245,296

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**19. OTHER OPERATING INCOME**

<b>The Group and Bank</b>	<b>Group and Bank</b>	
	<b>Mar-09</b>	<b>Mar-08</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Fee income</u></b>		
Commission	20,041	22,487
Guarantee Fees	6,521	7,055
Service charges and fees	27,064	28,071
Commitment fees	4,790	4,892
Arrangement and Participation fees	1,507	744
	<u>59,923</u>	<u>63,249</u>
<b><u>Investment income</u></b>		
Gain/(Loss) from sale of HFT Securities	(2,011)	4,752
Gain/(Loss) from sale of AFS Securities	23,609	2,369
Unrealised gain/(loss) of HFT Securities	16,480	(20,578)
Gross dividends from :		
- Investment securities in Malaysia	18	-
	<u>38,096</u>	<u>(13,457)</u>
<b>Other income :-</b>		
Foreign exchange gain/(loss)		
- realised	53,017	62,185
- unrealised	(35,126)	(29,339)
Rental receivable from operating leases, other than those relating to investment properties	72	51
Rental income from investment properties	150	150
Gain on disposal of property, plant and equipment	(58)	(47)
Other operating income	890	691
Other non operating income	2,981	3,311
	<u>21,926</u>	<u>37,002</u>
	<u>119,945</u>	<u>86,794</u>

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**20. OTHER OPERATING EXPENSES**

	Group		Bank	
	Mar-09 RM'000	Mar-08 RM'000	Mar-09 RM'000	Mar-08 RM'000
Personnel costs	<b>65,349</b>	62,006	<b>65,133</b>	61,755
Establishment costs	<b>26,503</b>	24,295	<b>26,454</b>	24,248
Marketing expenses	<b>6,469</b>	9,636	<b>6,803</b>	9,989
Administration and general expenses	<b>21,551</b>	18,829	<b>21,482</b>	18,774
	<b>119,872</b>	114,766	<b>119,872</b>	114,766
<u>Personnel costs</u>				
Salaries, allowance and bonuses	<b>52,064</b>	49,593	<b>51,881</b>	49,377
Employees Provident Fund Contributions (EPF)	<b>8,265</b>	7,775	<b>8,241</b>	7,747
Other personnel costs	<b>5,020</b>	4,638	<b>5,011</b>	4,631
	<b>65,349</b>	62,006	<b>65,133</b>	61,755
<u>Establishment costs</u>				
Depreciation	<b>10,037</b>	9,628	<b>10,019</b>	9,613
Hire of equipment	<b>13</b>	16	<b>13</b>	16
Information technology costs	<b>3,179</b>	2,724	<b>3,179</b>	2,724
Repair and maintenance	<b>3,823</b>	3,101	<b>3,809</b>	3,091
Rental of premises	<b>2,099</b>	1,709	<b>2,084</b>	1,692
Others	<b>7,352</b>	7,117	<b>7,350</b>	7,112
	<b>26,503</b>	24,295	<b>26,454</b>	24,248
<u>Marketing expenses</u>				
Advertisement and publicity	<b>1,740</b>	5,636	<b>1,739</b>	5,628
Others	<b>4,729</b>	4,000	<b>5,064</b>	4,361
	<b>6,469</b>	9,636	<b>6,803</b>	9,989
<u>Administration and general expenses</u>				
Fees and commissions paid	<b>7,687</b>	8,134	<b>7,659</b>	8,116
Other Administration and general expenses	<b>13,864</b>	10,695	<b>13,823</b>	10,658
	<b>21,551</b>	18,829	<b>21,482</b>	18,774

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

	<b>Group and Bank</b>	
	<b>Mar-09</b>	<b>Mar-08</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Allowance for bad and doubtful debts on loans and financing</b>		
(a) specific allowance (net)		
- Made in the financial period	<b>80,806</b>	59,671
- Written back	<b>(19,503)</b>	(14,022)
(b) general allowance		
- Made/(Written back) in the financial period	<b>(520)</b>	17,250
<b>Bad debts on loans and financing</b>		
- written off	<b>52</b>	107
- recovered	<b>(8,113)</b>	(28,140)
	<b>52,722</b>	34,866

**22. CAPITAL ADEQUACY**

	<b>Group and Bank</b>	
	<b>Mar-09</b>	<b>Dec-08</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Tier I Capital</u></b>		
Paid-up share capital	<b>470,000</b>	470,000
Share premium	<b>322,555</b>	322,555
Retained profit	<b>1,583,030</b>	1,583,030
Other reserves	<b>470,000</b>	470,000
Less: Deferred Tax adjustments	<b>(55,964)</b>	(55,964)
Total Tier I Capital	<b>2,789,621</b>	2,789,621
<b><u>Tier II capital</u></b>		
Property revaluation reserve	<b>36,971</b>	37,848
General provisions for bad and doubtful debts	<b>426,669</b>	427,189
Total Tier II Capital	<b>463,640</b>	465,037
Total capital	<b>3,253,261</b>	3,254,658
Less: Investment in subsidiaries	<b>(51)</b>	(51)
Total capital base	<b>3,253,210</b>	3,254,607

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

**Capital ratios**

Core capital ratio (incl. mkt risk)	<b>11.04%</b>	10.24%
Risk-weighted capital ratio (incl. mkt risk)	<b>12.88%</b>	11.95%
Core capital ratio (after proposed dividend)	<b>10.93%</b>	10.14%
Risk-weighted capital ratio (after proposed dividend)	<b>12.77%</b>	11.85%

**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-09			Dec-08		
	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	1,536,213	1,536,213	1,252,891	2,030,489	2,030,489	1,979,023
Transaction-related contingent items	1,156,256	578,128	368,044	1,175,132	587,566	421,497
Short-term self-liquidating trade-related contingencies	272,647	54,529	48,476	314,687	62,937	58,805
Irrevocable commitments to extend credit						
- maturity more than one year	1,712,645	-	-	2,044,316	1,022,158	838,627
- maturity less than one year	12,803,339	-	-	12,263,089	-	-
Foreign exchange related contracts +						
- less than one year	5,011,526	104,563	29,236	2,991,346	110,378	30,977
- one year to less than one year	856,414	88,764	17,753	1,231,206	87,163	17,433
Interest rates related contracts +						
- less than one year	3,052,292	24,083	4,817	2,817,510	21,955	4,391
- one year to less than one year	17,446,009	780,727	156,146	17,347,608	736,183	146,784
- 5 years and above	2,185,502	243,710	48,742	2,180,162	276,896	55,379
Others	1,108,134	-	-	1,139,142	-	-
<b>Total</b>	<b>47,140,977</b>	<b>3,410,717</b>	<b>1,926,105</b>	<b>45,534,687</b>	<b>4,935,725</b>	<b>3,552,916</b>

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

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

**24. INTEREST / PROFIT RATE RISK**

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

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

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

**Group**  
**As at 31 March 2009**

	←----- 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	5,597,010	-	-	-	-	259,731	-	5,856,741	2.07%
Securities purchased under repo	50,042	-	-	-	-	-	-	50,042	2.19%
Deposits & Placements with CB & FI	-	676,903	-	-	-	-	-	676,903	2.83%
Held for Trading Securities	-	-	-	-	-	-	413,569	413,569	2.48%
Investment Securities	395,361	486,133	401,302	1,624,641	335,683	33,628	-	3,276,748	3.53%
Loans & Advances & Financing									
-performing	20,532,957	2,417,119	1,528,249	1,447,193	161,799	-	-	26,087,317	5.36%
-non-performing	-	-	-	-	-	783,884	-	783,884	
Other assets	-	-	-	-	-	1,018,648	-	1,018,648	0%
	<b>26,575,370</b>	<b>3,580,155</b>	<b>1,929,551</b>	<b>3,071,834</b>	<b>497,482</b>	<b>2,095,891</b>	<b>413,569</b>	<b>38,163,852</b>	
<b>Liabilities</b>									
Deposits from Customers	15,697,558	3,541,718	6,516,946	422,445	-	3,240,402	-	29,419,069	2.32%
Deposits & Placements of CB & FI	2,951,186	277,438	18,640	-	-	71,747	-	3,319,011	1.75%
Bills & Acceptances Payable	6,623	7,858	2,737	-	-	1,473,293	-	1,490,511	4.03%
Amount due to Cagamas	937	1,884	22,060	108,252	-	-	-	133,133	4.39%
Other Liabilities	-	-	-	-	-	695,849	-	695,849	0%
<b>Financed by :</b>									
Share Capital	-	-	-	-	-	470,000	-	470,000	n/a
Reserves	-	-	-	-	-	2,636,279	-	2,636,279	n/a
	<b>18,656,304</b>	<b>3,828,898</b>	<b>6,560,383</b>	<b>530,697</b>	<b>-</b>	<b>8,587,570</b>	<b>-</b>	<b>38,163,852</b>	
On B/S Interest Sensitivity Gap	7,919,066	(248,743)	(4,630,832)	2,541,137	497,482	(6,491,679)	413,569	-	
Off B/S Interest Sensitivity Gap	(2,449,034)	2,824,813	308,503	(638,779)	(45,503)	-	-	-	
<b>Total Interest Sensitivity Gap</b>	<b>5,470,032</b>	<b>2,576,070</b>	<b>(4,322,329)</b>	<b>1,902,358</b>	<b>451,979</b>	<b>(6,491,679)</b>	<b>413,569</b>	<b>-</b>	

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

## Bank

As at 31 March 2009

	←----- 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	5,597,010	-	-	-	-	259,731	-	5,856,741	2.07%
Securities purchased under repo	50,042	-	-	-	-	-	-	50,042	2.19%
Deposits & Placements with CB & FI	-	676,903	-	-	-	-	-	676,903	2.83%
Held for Trading Securities	-	-	-	-	-	-	413,569	413,569	2.48%
Investment Securities	395,361	486,133	401,302	1,624,641	335,683	33,628	-	3,276,748	3.53%
Loans & Advances & Financing									
-performing	20,532,957	2,417,119	1,528,249	1,447,193	161,799	-	-	26,087,317	5.36%
-non-performing	-	-	-	-	-	783,884	-	783,884	
Other assets	-	-	-	-	-	975,120	-	975,120	
	<u>26,575,370</u>	<u>3,580,155</u>	<u>1,929,551</u>	<u>3,071,834</u>	<u>497,482</u>	<u>2,052,363</u>	<u>413,569</u>	<u>38,120,324</u>	
<b>Liabilities</b>									
Deposits from Customers	15,697,558	3,541,718	6,516,946	422,445	-	3,240,402	-	29,419,069	2.32%
Deposits & Placements of CB & FI	2,951,601	277,438	18,640	-	-	71,747	-	3,319,426	1.75%
Bills & Acceptances Payable	6,623	7,858	2,737	-	-	1,473,293	-	1,490,511	4.03%
Amount due to Cagamas	937	1,884	22,060	108,252	-	-	-	133,133	4.39%
Other Liabilities	-	-	-	-	-	695,847	-	695,847	0%
<b>Financed by :</b>									
Share Capital	-	-	-	-	-	470,000	-	470,000	n/a
Reserves	-	-	-	-	-	2,592,338	-	2,592,338	n/a
	<u>18,656,719</u>	<u>3,828,898</u>	<u>6,560,383</u>	<u>530,697</u>	<u>-</u>	<u>8,543,627</u>	<u>-</u>	<u>38,120,324</u>	
On B/S Interest Sensitivity Gap	7,918,651	(248,743)	(4,630,832)	2,541,137	497,482	(6,491,264)	413,569	-	
Off B/S Interest Sensitivity Gap	(2,449,034)	2,824,813	308,503	(638,779)	(45,503)	-	-	-	
<b>Total Interest Sensitivity Gap</b>	<u>5,469,617</u>	<u>2,576,070</u>	<u>(4,322,329)</u>	<u>1,902,358</u>	<u>451,979</u>	<u>(6,491,264)</u>	<u>413,569</u>	<u>-</u>	

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**25. PERFORMANCE REVIEW**

For the first quarter ended 31 March 2009, the Group's pre-tax profit has grown by RM12.3million or 7% to RM185.7million compared to the corresponding period last year mainly helped by healthy growth in net interest income and stronger growth in other operating income.

Net interest income increased moderately by RM2.9million or 1% to RM236.5million while other operating income grew by RM33.2million or 38% to RM120.0million. The increase in other operating income was mainly due to higher trading gains.

Operating expenses increased by 4% to RM119.9million mainly due to higher personnel cost and continuous investment in infrastructure. Overhead to Total Income ratio also improved to 33.6% as compared to 35.8% in the previous corresponding quarter.

The Group maintained its Net NPL ratio at 2.8% although the allowances for losses on loans and financing increased by RM17.9million.

**26. PROSPECTS FOR 2009**

The current global economy crisis has affected all businesses in all industries even though a number of stimulus measures were introduced across the world to counter the full effects of the downturn. Similarly, our government has also unveiled a large stimulus package to improve our economy. The full impact of these measures would require time to take effect.

Malaysia GDP growth for 2009 is projected to be -1.0% to 1.0% underpinned by deepening economic downturn while the inflation rate is expected to be 1.5% to 2.0%.

In this uncertain environment, the Group continues to be vigilant in monitoring and managing risks, exercise tight control over expenses and stay focused on its long-term goals and core franchises.