

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

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
- 30 SEPTEMBER 2006

Domiciled in Malaysia
Registered Office:
Level 11, Menara UOB
Jalan Raja Laut,
50350 Kuala Lumpur

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

CONDENSED INTERIM FINANCIAL STATEMENTS**UNAUDITED BALANCE SHEETS AS AT 30 SEPTEMBER 2006**

	Notes	Group		Bank	
		30-Sep-06 RM'000	31-Dec-05 RM'000	30-Sep-06 RM'000	31-Dec-05 RM'000
ASSETS					
Cash and short-term funds		1,570,464	2,815,289	1,570,464	2,815,289
Securities purchased under resale agreements		4,213,780	1,752,102	4,213,780	1,752,102
Deposits and placements with financial institutions		57,480	2,689,850	57,480	2,689,850
Held-For-Trading Securities	11	560,947	863,807	560,947	863,807
Available-For-Sale Securities	11	4,496,245	4,503,764	4,496,245	4,503,764
Loans and advances	12	19,520,373	17,201,022	19,520,373	17,201,022
Other assets	13	469,415	327,549	472,962	330,709
Statutory deposits With Bank Negara Malaysia		547,000	478,500	547,000	478,500
Investment in subsidiaries		-	-	151	151
Investment in associates		158,263	151,452	122,733	122,733
Property, plant and equipment		266,788	261,737	265,798	260,772
Deferred tax assets		35,691	35,691	35,691	35,691
Total assets		31,896,446	31,080,763	31,863,624	31,054,390
LIABILITIES AND SHAREHOLDER'S EQUITY					
Deposits from customers	14	17,189,836	16,639,605	17,189,836	16,639,605
Deposits and placements of banks and other financial institutions	15	4,052,717	4,295,228	4,053,584	4,296,453
Obligations on securities sold under repurchase agreements		4,114,636	4,510,905	4,114,636	4,510,905
Bills and acceptances payable		3,115,067	1,658,952	3,115,067	1,658,952
Amount due to Cagamas		653,019	1,302,529	653,019	1,302,529
Other liabilities	16	414,836	470,859	414,819	470,785
Taxation		69,552	38,310	69,552	38,310
Total liabilities		29,609,663	28,916,388	29,610,513	28,917,539
Financed by :					
Share Capital		470,000	470,000	470,000	470,000
Reserves		1,816,783	1,666,674	1,783,111	1,666,851
SHAREHOLDERS' EQUITY		2,286,783	2,136,674	2,253,111	2,136,851
Reserve Arising From Consolidation		-	27,701	-	-
		2,286,783	2,164,375	2,253,111	2,136,851
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		31,896,446	31,080,763	31,863,624	31,054,390
COMMITMENTS AND CONTINGENCIES	23	52,712,054	42,989,414	52,712,054	42,989,414

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

CONDENSED INTERIM FINANCIAL STATEMENTS**UNAUDITED INCOME STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2006**

	Notes	Group		Bank	
		Nine months period ended		Nine months period ended	
		30-Sep-06 RM'000	30-Sep-05 RM'000	30-Sep-06 RM'000	30-Sep-05 RM'000
Operating revenue		1,426,984	1,201,337	1,435,469	1,203,082
Interest income	17	1,167,098	962,598	1,167,083	962,592
Interest expenses	18	(650,290)	(523,365)	(650,290)	(523,365)
Net interest income		516,808	439,233	516,793	439,227
Other operating income	19	266,647	246,429	275,145	248,179
Operating income		783,455	685,662	791,938	687,406
Other operating expenses	20	(257,014)	(228,736)	(256,026)	(228,055)
Profit before allowance		526,441	456,926	535,912	459,351
Allowance for losses on loans and financing Provision(made)/written-back for commitments and contingencies	21	(109,863)	(87,352)	(109,860)	(87,372)
Profit before taxation		416,569	370,355	426,043	372,760
Amortisation of goodwill		-	(1,171)	-	-
Share of profit of associates		13,154	9,483	-	-
Profit Before taxation		429,723	378,667	426,043	372,760
Taxation					
- Bank and subsidiary companies		(127,822)	(105,408)	(130,289)	(105,941)
Profit after taxation		301,901	273,259	295,754	266,819
Basic earnings per share (sen)		64.2	58.1	62.9	56.8

UNITED OVERSEAS BANK (MALAYSIA) BHD

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CONDENSED INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF CHANGES IN EQUITY FOR NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2006**

<u>GROUP</u>	← Non-distributable →					Distributable	Total RM'000
	Share Capital RM'000	Share Premium RM'000	Statutory Reserves RM'000	Revaluation Reserves RM'000	Revaluation Reserves-AFS RM'000	Retained Profits RM'000	
	Balance as at 1 January 2006	470,000	322,555	470,000	35,737	4,763	
Net profit for the year	-	-	-	-	-	301,901	301,901
Net loss on available-for-sale securities	-	-	-	-	(10,294)	-	(10,294)
Transfer from/(to) deferred taxation	-	-	-	-	-	-	-
Negative goodwill on consolidation written back to Retained profit	-	-	-	-	-	27,701	27,701
Dividends paid :							
- final dividend for year ended 31 December 2005	-	-	-	-	-	(169,200)	(169,200)
Balance as at 30 September 2006	470,000	322,555	470,000	35,737	(5,531)	994,022	2,286,783

2005

Balance as at 1 January 2005							
- as previously stated	470,000	322,555	470,000	35,164	-	644,072	1,941,791
- prior year adjustments	-	-	-	-	11,002	1,704	12,706
Balance as at 1 January 2005 (restated)	470,000	322,555	470,000	35,164	11,002	645,776	1,954,497
Net profit for the year	-	-	-	-	-	357,043	357,043
Net loss on available-for-sale securities	-	-	-	-	(8,665)	-	(8,665)
Transfer from/(to) deferred taxation	-	-	-	573	2,426	-	2,999
Dividends paid :							
- final dividend for year ended 31 December 2004	-	-	-	-	-	(169,200)	(169,200)
Balance as at 31 December 2005	470,000	322,555	470,000	35,737	4,763	833,619	2,136,674

BANK

	← Non-distributable →					Distributable	Total RM'000
	Share Capital RM'000	Share Premium RM'000	Statutory Reserves RM'000	Revaluation Reserves RM'000	Revaluation Reserves-AFS RM'000	Retained Profits RM'000	
	Balance as at 1 January 2006	470,000	322,555	470,000	50,789	4,763	
Net profit for the year	-	-	-	-	-	295,754	295,754
Unrealised Net loss on revaluation of securities - AFS	-	-	-	-	(10,294)	-	(10,294)
Dividends paid :							
- final dividend for year ended 31 Dec 2005	-	-	-	-	-	(169,200)	(169,200)
Balance as at 30 September 2006	470,000	322,555	470,000	50,789	(5,531)	945,298	2,253,111

2005

Balance as at 1 January 2005							
- as previously stated	470,000	322,555	470,000	50,216	-	639,141	1,951,912
- prior year adjustments	-	-	-	-	11,002	1,704	12,706
Balance as at 1 January 2005 (restated)	470,000	322,555	470,000	50,216	11,002	640,845	1,964,618
Net profit for the year	-	-	-	-	-	347,099	347,099
Net loss on available-for-sale securities	-	-	-	-	(8,665)	-	(8,665)
Transfer from/(to) deferred taxation	-	-	-	573	2,426	-	2,999
Dividends paid :							
- final dividend for year ended 31 Dec 2004	-	-	-	-	-	(169,200)	(169,200)
Balance as at 31 December 2005	470,000	322,555	470,000	50,789	4,763	818,744	2,136,851

UNITED OVERSEAS BANK (MALAYSIA) BHD
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CASH FLOW STATEMENTS FOR NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2006

	Group		Bank	
	Nine months period ended		Nine months period ended	
	30-Sep-06 RM'000	30-Sep-05 RM'000	30-Sep-06 RM'000	30-Sep-05 RM'000
Cash Flows From Operating Activities				
Profit before taxation	429,723	380,584	426,043	372,760
Adjustment for non-cash items	(52,738)	(14,079)	(48,559)	(5,815)
Operating profit before changes in working capital	376,985	366,505	377,484	366,945
Changes in working capital :				
Net changes in operating assets	(4,748,572)	1,257,309	(4,755,297)	1,253,823
Net changes in operating liabilities	662,025	2,016,655	661,722	2,017,514
Income tax paid	(96,365)	(113,627)	(96,365)	(113,627)
Net cash generated (used in)/from operating activities	(3,805,927)	3,526,842	(3,812,456)	3,524,655
Net cash generated from investing activities	97,931	(1,337,832)	104,460	(1,335,644)
Net cash generated (used in)/from financing activities	(169,200)	(169,200)	(169,200)	(169,200)
Net changes in cash and cash equivalents	(3,877,196)	2,019,810	(3,877,196)	2,019,811
Cash and cash equivalents at beginning of the period	5,505,140	3,360,943	5,505,140	3,360,943
Cash and cash equivalents at end of the period	1,627,944	5,380,753	1,627,944	5,380,754

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NOTES TO INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2006

1. Basis of Preparation

The unaudited condensed interim financial statements for the nine months period ended 30 September 2006 have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and applicable Approved Accounting Standards in Malaysia as modified by Bank Negara Malaysia's guidelines and should be read in conjunction with the Bank's annual audited financial statements for the year ended 31 December 2005.

2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2005 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for financial period beginning 1 January 2006.

FRS 3	Business Combinations
FRS 101	Presentation of Financial Statements
FRS 128	Investments in Associates
FRS 132	Financial Instruments : Disclosure and Presentation
FRS 136	Impairment of Assets

The adoption of FRS 128 and 132 does not have significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of the other new and revised FRSs are discussed below:

a) FRS 3: Business Combinations

The adoption of this new FRS has resulted in the Group ceasing annual amortisation of goodwill. Goodwill is carried at cost less accumulated impairment losses and is now tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill impairment is determined by comparing its carrying amount against its recoverable amount in accordance with FRS 136. Any impairment loss is recognised in profit or loss and subsequent reversal is not allowed.

This change in accounting policy has been accounted for prospectively for business combinations where the agreement date is on or after 1 January 2006. For business entered into prior to that date, the transitional provisions of FRS3 requires the Group to eliminate the carrying accumulated amortisation against the carrying amount of goodwill. The carrying amount of goodwill as at 1 January 2006 of RM19,754,640 ceased to be amortised. No impairment loss on goodwill has been recognised in the third financial quarter ended 30 September 2006.

Under FRS 3, any excess of the Group's interest in the new fair value of acquirees' identifiable assets, liabilities and contingent liabilities over cost of acquisitions (previously referred to as "negative goodwill"), is now recognised immediately to the income statement. Prior to 1 January 2006, negative goodwill not exceeding the fair values of the non-monetary assets acquired, was recognised in the income statement over the weighted average useful life of the non monetary assets acquired. In accordance with the transitional provisions of FRS 3, the negative goodwill as at 1 January 2006 of RM27,700,940 was derecognised with a corresponding increase in retained earnings.

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NOTES TO INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2006

b) FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest, share of net after-tax results of associates and other disclosures. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity, total recognised income and expenses for the period, showing separately the amount attributable to equity holders of the parent and to minority interest.

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current period's presentation.

3. Audit Report

The audit report on the audited annual financial statements for the financial year ended 31 December 2005 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 30 September 2006.

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 nine months period ended 30 September 2006.

7. Issuance and Repayment of Debt and Equity Securities

There were no issuance and repayment of debt and equity securities during the nine months period ended 30 September 2006.

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NOTES TO INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2006

8. Dividends Paid

A final dividend of 50 sen per share less tax, totalling RM169.2million in respect of the financial year ended 31 December 2005 was paid on 6 April 2006.

9. 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 nine months period ended 30 September 2006.

10. 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.

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NOTES TO INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2006**11. SECURITIES PORTFOLIO****(i) Held-for-Trading**

Group and Bank	Sep-06	Dec-05
	RM'000	RM'000
Money market instruments :-		
Bank Negara Malaysia bills	80,525	-
Malaysian Government treasury bills	9,835	-
Malaysian Government securities	30,866	-
Negotiable instruments of deposits	30,000	-
Bankers' acceptances and Islamic accepted bills	8,239	307,665
Islamic private debt securities	284,952	406,152
Private debt securities	116,530	149,990
	<u>560,947</u>	<u>863,807</u>

(ii) Available-for-Sale

Group and Bank	Sep-06	Dec-05
	RM'000	RM'000
Bank Negara Malaysia bills	-	240,134
Malaysian Government treasury bills	-	101,827
Malaysian Government securities	2,210	2,266
Negotiable instruments of deposits	3,880,198	3,567,955
Cagamas Notes/ Bonds	81,565	60,100
Private debt securities	513,338	508,445
	<u>4,477,311</u>	<u>4,480,727</u>
Quoted securities :		
Shares of corporations	2,304	3,827
Private debt securities	4,082	5,521
	<u>4,483,697</u>	<u>4,490,075</u>
Unquoted securities :		
Shares	12,272	12,272
Private debt securities	276	1,417
	<u>12,548</u>	<u>13,689</u>
Total Available-for-Sale Securities	<u>4,496,245</u>	<u>4,503,764</u>

UNITED OVERSEAS BANK (MALAYSIA) BHD

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NOTES TO INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2006**12. LOAN AND ADVANCES****(i) By type**

	Group		Bank	
	Sep-06 RM'000	Dec-05 RM'000	Sep-06 RM'000	Dec-05 RM'000
Overdrafts	2,850,747	2,796,237	2,850,747	2,796,237
Term loans and revolving credits				
Housing loans	6,352,577	5,180,860	6,352,577	5,180,860
Syndicated term loan	80,314	123,331	80,314	123,331
Hire purchase receivables	2	3	2	3
Lease receivables	3	451	3	3
Other term loans/financing	6,064,332	5,659,837	6,064,332	5,659,837
Credit cards receivable	691,040	578,868	691,040	578,868
Bills receivable	133,326	109,123	133,326	109,123
Trust receipts	539,633	429,032	539,633	429,032
Claims on customers under acceptance credits	3,392,676	2,821,799	3,392,676	2,821,799
Staff loans	89,530	88,446	89,530	88,446
Others	7,260	2,570	7,260	2,570
	<u>20,201,440</u>	<u>17,790,557</u>	<u>20,201,440</u>	<u>17,790,109</u>
Less: Unearned interest	(7,137)	(357)	(7,137)	(357)
Gross loans, advances and financing	<u>20,194,303</u>	<u>17,790,200</u>	<u>20,194,303</u>	<u>17,789,752</u>
Allowance for bad and doubtful debts and financing				
- Specific	(383,291)	(337,234)	(383,291)	(336,842)
- General	(290,639)	(251,944)	(290,639)	(251,888)
Net loans, advances and financing	<u>19,520,373</u>	<u>17,201,022</u>	<u>19,520,373</u>	<u>17,201,022</u>

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NOTES TO INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2006**12. LOANS AND ADVANCES (CONTINUED)**

(ii) By type of customer	Group		Bank	
	Sep-06 RM'000	Dec-05 RM'000	Sep-06 RM'000	Dec-05 RM'000
Domestic non-bank financial Institutions				
- stockbroking companies	69	4,769	69	4,769
- Others	92,747	96,012	92,747	96,012
Domestic business enterprises				
- Small medium enterprises	5,270,885	3,438,523	5,270,885	3,438,104
- Others	5,151,570	5,983,238	5,151,570	5,983,237
Government	868,331	886,376	868,331	886,376
Individuals	8,625,559	7,295,767	8,625,559	7,295,767
Other domestic entities	77	2,510	77	2,482
Foreign entities	185,065	83,005	185,065	83,005
	<u>20,194,303</u>	<u>17,790,200</u>	<u>20,194,303</u>	<u>17,789,752</u>
(iii) By interest/profit rate sensitivity	Group		Bank	
	Sep-06 RM'000	Dec-05 RM'000	Sep-06 RM'000	Dec-05 RM'000
Fixed rate				
Housing loans/financing	88,305	87,241	88,305	87,241
Hire purchase receivable	3	6	3	6
Other fixed rate loan/financing	683,035	572,216	683,035	572,216
Variable rate				
BLR plus	17,290,238	14,610,624	17,290,238	14,610,175
Cost-plus	773,113	1,114,256	773,113	1,114,257
Other variable rates	1,359,609	1,405,857	1,359,609	1,405,857
	<u>20,194,303</u>	<u>17,790,200</u>	<u>20,194,303</u>	<u>17,789,752</u>

UNITED OVERSEAS BANK (MALAYSIA) BHD

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NOTES TO INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2006**12. LOANS AND ADVANCES (CONTINUED)**

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

	Group		Bank	
	Sep-06 RM'000	Dec-05 RM'000	Sep-06 RM'000	Dec-05 RM'000
Agriculture	83,801	94,010	83,801	94,010
Mining and quarrying	26,094	16,753	26,094	16,753
Manufacturing	4,091,560	3,570,086	4,091,560	3,569,668
Electricity, gas and water	37,024	21,171	37,024	21,171
Construction	952,804	779,883	952,804	779,883
Real estate	682,337	385,429	682,337	385,429
Purchase of landed property :				
(i) Residential	6,456,832	5,391,364	6,456,832	5,391,364
(ii) Non-residential	577,350	855,836	577,350	855,836
General commerce	3,001,705	2,536,708	3,001,705	2,536,707
Transport, storage and communication	571,361	517,377	571,361	517,377
Finance, insurance and business services	603,105	450,717	603,105	450,717
Purchase of securities	15,138	550,214	15,138	550,214
Purchase of transport vehicles	11,357	10,243	11,357	10,243
Consumption credit	1,793,788	1,515,634	1,793,788	1,515,634
Government agencies	880,374	898,616	880,374	898,616
Others	409,673	196,159	409,673	196,130
	<u>20,194,303</u>	<u>17,790,200</u>	<u>20,194,303</u>	<u>17,789,752</u>

UNITED OVERSEAS BANK (MALAYSIA) BHD

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NOTES TO INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2006**12. LOANS AND ADVANCES (CONTINUED)****(v) Movements in the non-performing loans, advances and financing**

	Group		Bank	
	Sep-06 RM'000	Dec-05 RM'000	Sep-06 RM'000	Dec-05 RM'000
Balance as at 1 January	1,200,785	1,506,588	1,200,338	1,506,121
Non-performing during the period/year	397,681	431,135	397,678	431,140
Recoveries	(119,463)	(187,953)	(119,463)	(187,938)
Reclassified as performing	(136,203)	(251,625)	(136,203)	(251,625)
Amount written off	(53,934)	(297,360)	(53,484)	(297,360)
Balance as at 30 Sept / December	<u>1,288,866</u>	<u>1,200,785</u>	<u>1,288,866</u>	<u>1,200,338</u>
Specific allowance (SA)	<u>(383,291)</u>	<u>(337,234)</u>	<u>(383,291)</u>	<u>(336,842)</u>
Net non-performing loans, advances and financing	<u>905,575</u>	<u>863,551</u>	<u>905,575</u>	<u>863,496</u>
Ratio of net non-performing loans and financing to net loans and financing	<u>4.57%</u>	<u>4.95%</u>	<u>4.57%</u>	<u>4.95%</u>

(vi) Movements in allowance for bad and doubtful debts

	Group		Bank	
	Sep-06 RM'000	Dec-05 RM'000	Sep-06 RM'000	Dec-05 RM'000
General allowance				
Balance as at 1 January	251,950	251,950	251,888	251,888
Allowance made during the period/year	38,751	-	38,751	-
Amount written back in respect of recoveries	(6)	(6)	-	-
	(56)	-	-	-
Balances as at 30 Sept / December	<u>290,639</u>	<u>251,944</u>	<u>290,639</u>	<u>251,888</u>
% of gross loans, advances and financing (excluding loan to Government) less specific allowance	<u>1.54%</u>	<u>1.52%</u>	<u>1.54%</u>	<u>1.52%</u>
Specific allowance				
Balance as at 1 January	337,234	456,227	336,842	455,821
Allowance made during the period/year	136,072	241,993	136,069	241,992
Amount written back in respect of recoveries	(41,487)	(63,602)	(41,487)	(63,587)
Amount written off	(48,528)	(297,384)	(48,133)	(297,384)
Balances as at 30 Sept / December	<u>383,291</u>	<u>337,234</u>	<u>383,291</u>	<u>336,842</u>

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NOTES TO INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2006**12. LOANS AND ADVANCES (CONTINUED)**

	Group		Bank	
	Sep-06 RM'000	Dec-05 RM'000	Sep-06 RM'000	Dec-05 RM'000
(vii) <u>NPL by sector</u>				
Agriculture	1,891	1,875	1,891	1,875
Mining and quarrying	2,997	3,196	2,997	3,196
Manufacturing	399,048	400,796	399,048	400,378
Electricity, gas and water	122	732	122	732
Construction	51,406	11,889	51,406	11,889
Real estate	57,824	46,248	57,824	46,248
Purchase of landed property :				
(i) Residential	183,689	165,725	183,689	165,725
(ii) Non-residential	20,545	47,884	20,545	47,884
General commerce	247,233	218,573	247,233	218,572
Transport, storage and communication	4,559	3,805	4,559	3,805
Finance, insurance and business services	154,520	42,700	154,520	42,700
Purchase of securities	11,349	137,812	11,349	137,812
Purchase of transport vehicles	65	50	65	50
Consumption credit	128,544	93,982	128,544	93,982
Others	25,074	25,518	25,074	25,490
	<u>1,288,866</u>	<u>1,200,785</u>	<u>1,288,866</u>	<u>1,200,338</u>

13. OTHER ASSETS

	Group		Bank	
	Sep-06 RM'000	Dec-05 RM'000	Sep-06 RM'000	Dec-05 RM'000
Other debtors, deposits and prepayments	383,196	247,960	383,134	247,930
Accrued interest receivable	47,051	48,483	47,051	48,483
Amount due from subsidiaries	-	-	3,609	3,190
Precious Metal accounts	35,434	27,300	35,434	27,300
Foreclosed properties	3,734	3,806	3,734	3,806
	<u>469,415</u>	<u>327,549</u>	<u>472,962</u>	<u>330,709</u>

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NOTES TO INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2006**14. DEPOSITS FROM CUSTOMERS**

(i) By type of deposit	Group		Bank	
	Sep-06 RM'000	Dec-05 RM'000	Sep-06 RM'000	Dec-05 RM'000
Demand deposits	2,205,718	2,182,347	2,205,718	2,182,347
Savings deposits	1,269,039	1,262,496	1,269,039	1,262,496
Fixed deposits	11,881,049	11,728,219	11,881,049	11,728,219
Negotiable instruments of deposits	1,171,707	1,111,597	1,171,707	1,111,597
Others	662,323	354,946	662,323	354,946
	<u>17,189,836</u>	<u>16,639,605</u>	<u>17,189,836</u>	<u>16,639,605</u>

(ii) By type of customer	Group		Bank	
	Sep-06 RM'000	Dec-05 RM'000	Sep-06 RM'000	Dec-05 RM'000
Business enterprise	4,621,141	4,357,187	4,621,141	4,357,187
Individuals	10,903,551	10,558,877	10,903,551	10,558,877
Others	1,665,144	1,723,541	1,665,144	1,723,541
	<u>17,189,836</u>	<u>16,639,605</u>	<u>17,189,836</u>	<u>16,639,605</u>

15. DEPOSITS AND PLACEMENT OF BANKS AND FINANCIAL INSTITUTIONS

Group and Bank	Group		Bank	
	Sep-06 RM'000	Dec-05 RM'000	Sep-06 RM'000	Dec-05 RM'000
Licensed banks	911,560	115,708	912,427	116,933
Bank Negara Malaysia	292,026	212,813	292,026	212,813
Other financial institutions	2,849,131	3,966,707	2,849,131	3,966,707
	<u>4,052,717</u>	<u>4,295,228</u>	<u>4,053,584</u>	<u>4,296,453</u>

16. OTHER LIABILITIES

	Group		Bank	
	Sep-06 RM'000	Dec-05 RM'000	Sep-06 RM'000	Dec-05 RM'000
Provision for Commitments and Contingencies	1,339	1,330	1,339	1,330
Accrued interest payable	171,011	157,596	171,011	157,595
Accruals and provisions for operational expenses	58,100	66,436	58,096	43,265
Other accruals and provisions	184,386	245,497	184,373	268,595
	<u>414,836</u>	<u>470,859</u>	<u>414,819</u>	<u>470,785</u>

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NOTES TO INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2006**17. INTEREST INCOME**

	Group		Bank	
	Sep-06 RM'000	Sep-05 RM'000	Sep-06 RM'000	Sep-05 RM'000
Loans and advances				
- Interest income other than recoveries from NPL	758,119	650,733	758,119	650,739
- Recoveries from NPLs	59,474	61,164	59,474	61,161
Money at call and deposit placements with financial institutions	195,136	156,458	195,121	156,449
Held-For-Trading Securities	19,311	12,333	19,311	12,333
Available-For-Sale Securities	125,580	86,800	125,580	86,800
Others	20,586	1,693	20,586	1,693
	1,178,206	969,181	1,178,191	969,175
Amortisation of premium less accretion of discount	(1,687)	(2,589)	(1,687)	(2,589)
Net interest suspended	(9,421)	(3,994)	(9,421)	(3,994)
	1,167,098	962,598	1,167,083	962,592

18. INTEREST EXPENSES

	Group		Bank	
	Sep-06 RM'000	Sep-05 RM'000	Sep-06 RM'000	Sep-05 RM'000
Deposits and placements of banks and other financial institutions	159,319	73,371	159,319	73,371
Deposits from other customers	349,717	333,935	349,717	333,935
Loans sold to Cagamas	32,627	36,582	32,627	36,582
Others	108,627	79,477	108,627	79,477
	650,290	523,365	650,290	523,365

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NOTES TO INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2006**19. OTHER OPERATING INCOME**

The Group and Bank	Group		Bank	
	Sep-06 RM'000	Sep-05 RM'000	Sep-06 RM'000	Sep-05 RM'000
<u>Fee income</u>				
Commission	59,706	46,034	59,398	45,880
Guarantee Fees	15,330	10,307	15,330	10,307
Service charges and fees	69,895	83,799	69,892	83,799
Commitment fees	15,987	14,281	15,987	14,281
Arrangement and Participation fees	6,750	21,913	6,750	21,913
	167,668	176,334	167,357	176,180
<u>Investment income</u>				
Gain/(Loss) from sale of HFT Securities	(10,689)	36,390	(10,689)	36,390
Gain/(Loss) from sale of AFS Securities	4,078	1,812	4,078	1,812
Unrealised gain/(loss) of HFT Securities	54,286	(12,897)	54,286	(12,897)
Gross dividends from :				
- Investment securities in Malaysia	425	425	425	425
- Association	-	-	8,809	1,904
	48,100	25,730	56,909	27,634
<u>Other income :-</u>				
Foreign exchange gain/(loss)				
- realised	27,672	30,428	27,672	30,428
- unrealised	14,571	5,080	14,571	5,080
Rental income	521	430	521	430
Gain on disposal of property, plant and equipment	10	414	10	414
Other operating income	1,354	736	1,354	736
Other non operating income	6,751	7,277	6,751	7,277
	50,879	44,365	50,879	44,365
	266,647	246,429	275,145	248,179

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NOTES TO INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2006**20. OTHER OPERATING EXPENSES**

	Group		Bank	
	Sep-06 RM'000	Sep-05 RM'000	Sep-06 RM'000	Sep-05 RM'000
Personnel costs	133,654	112,094	132,262	111,551
Establishment costs	56,383	47,723	56,034	47,573
Marketing expenses	22,799	18,548	23,810	18,591
Administration and general expenses	44,178	50,371	43,920	50,340
	257,014	228,736	256,026	228,055
<u>Personnel costs</u>				
Salaries, allowance and bonuses	106,809	90,023	105,642	89,580
Employees Provident Fund Contributions (EPF)	16,473	14,045	16,296	13,975
Other personnel costs	10,372	8,026	10,324	7,996
	133,654	112,094	132,262	111,551
<u>Establishment costs</u>				
Depreciation	22,547	20,934	22,384	20,853
Hire of equipment	27	45	21	40
Information technology costs	5,887	4,642	5,880	4,642
Repair and maintenance	8,580	7,442	8,551	7,435
Rental of premises	3,204	2,072	3,099	2,021
Others	16,138	12,588	16,099	12,582
	56,383	47,723	56,034	47,573
<u>Marketing expenses</u>				
Advertisement and publicity	11,475	10,378	11,459	10,371
Others	11,324	8,170	12,351	8,220
	22,799	18,548	23,810	18,591
<u>Administration and general expenses</u>				
Fees and commissions paid	19,608	29,320	19,461	29,310
Other Administration and general expenses	24,570	21,051	24,459	21,030
	44,178	50,371	43,920	50,340

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NOTES TO INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2006**21. ALLOWANCE FOR LOSSES ON LOANS AND FINANCING**

	Group		Bank	
	Sep-06 RM'000	Sep-05 RM'000	Sep-06 RM'000	Sep-05 RM'000
Allowance for bad and doubtful debts on loans and financing				
(a) specific allowance (net)				
- Made in the financial period	136,073	144,620	136,070	144,618
- Written back	(41,487)	(42,721)	(41,487)	(42,705)
(b) general allowance				
- Made/(Written back) in the financial period	38,751	(6)	38,751	-
Bad debts on loans and financing				
- written off	50	(79)	50	(79)
- recovered	(23,524)	(14,462)	(23,524)	(14,462)
	<u>109,863</u>	<u>87,352</u>	<u>109,860</u>	<u>87,372</u>

22. CAPITAL ADEQUACY

	Sep-06 RM'000	Dec-05 RM'000
Group and Bank		
<u>Tier I Capital</u>		
Paid-up share capital	470,000	470,000
Share premium	322,555	322,555
Retained profit	649,544	818,744
Other reserves	424,742	474,763
Less: Revaluation Reserve : Available-For-Sale	45,258	(4,763)
Deferred Tax adjustments	(35,691)	(35,691)
Total Tier I Capital	<u>1,876,408</u>	<u>2,045,608</u>
<u>Tier II capital</u>		
Property revaluation reserve	25,395	25,395
General provisions for bad and doubtful debts	290,639	251,888
Total Tier II Capital	<u>316,034</u>	<u>277,283</u>
Total capital	<u>2,192,442</u>	<u>2,322,891</u>
Less: Investment in subsidiaries	(151)	(151)
Total capital base	<u>2,192,291</u>	<u>2,322,740</u>

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

Core capital ratio (incl. mkt risk)	8.89%	11.16%
Risk-weighted capital ratio (incl. mkt risk)	<u>10.38%</u>	<u>12.67%</u>
Core capital ratio (after proposed dividend)	8.89%	10.24%
Risk-weighted capital ratio (after proposed dividend)	<u>10.38%</u>	<u>11.75%</u>

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NOTES TO INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2006**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	Principal Amount RM'000	Sep-06	Risk	Principal Amount RM'000	Dec-05	Risk
		Credit Equivalent Amount * RM'000	Weighted Amount RM'000		Credit Equivalent Amount * RM'000	Weighted Amount RM'000
Direct credit substitutes	2,259,794	2,259,794	2,204,056	1,495,751	1,495,751	1,431,303
Transaction-related contingent items	886,135	443,068	370,116	746,966	373,483	308,176
Short-term self-liquidating trade-related contingencies	401,345	80,269	76,900	339,396	67,879	61,712
Irrevocable commitments to extend credit						
- maturity more than one year	1,503,719	751,860	662,884	1,494,850	747,425	655,643
- maturity less than one year	13,624,569	-	-	11,951,082	-	-
Foreign exchange related contracts +						
- less than one year	8,053,157	185,029	39,304	5,327,400	91,185	19,626
- one year to less than one year	590,000	47,200	9,440	604,640	59,227	11,845
Interest rates related contracts +						
- less than one year	7,108,606	6,217	1,243	4,773,651	4,219	700
- one year to less than one year	17,290,996	255,920	48,796	15,465,387	169,695	38,437
- 5 years and above	626,050	130,553	26,110	568,445	91,054	18,211
Others	367,683	-	-	221,846	-	-
Total	52,712,054	4,159,910	3,438,849	42,989,414	3,099,918	2,545,653

* 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 - 30 SEPTEMBER 2006**27. INTEREST / PROFIT RATE RISK**

Group
As at 30 September 2006

	←----- 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	1,374,725	-	-	-	-	195,739	-	1,570,464	3.85%
Securities purchased under repo	474,801	3,738,979	-	-	-	-	-	4,213,780	3.70%
Deposits & Placements with CB & FI	-	52,810	4,670	-	-	-	-	57,480	6.34%
Held for Trading Securities	-	-	-	-	-	-	560,947	560,947	5.06%
Investment Securities	800,041	2,910,148	170,112	435,853	161,157	18,934	-	4,496,245	3.33%
Loans & Advances & Financing									
-performing	11,546,238	1,676,291	1,334,550	910,107	336,353	2,806,320	-	18,609,859	6.94%
-non-performing	-	-	-	-	-	910,514	-	910,514	-
Other assets	-	-	-	-	-	1,477,157	-	1,477,157	0%
	14,195,805	8,378,228	1,509,332	1,345,960	497,510	5,408,664	560,947	31,896,446	
Liabilities									
Deposits from Customers	6,609,480	2,714,716	4,823,884	924,413	116,000	2,001,343	-	17,189,836	2.95%
Deposits & Placements of CB & FI	1,383,250	2,089,599	507,569	-	-	72,299	-	4,052,717	5.05%
Securities Sold Under Repo	4,086,416	25,220	3,000	-	-	-	-	4,114,636	3.34%
Bills & Acceptances Payable	12,138	31,636	11,156	-	-	3,060,137	-	3,115,067	2.77%
Amount due to Cagamas	4,567	32,029	268,308	318,353	29,762	-	-	653,019	3.78%
Other Liabilities	-	-	-	-	-	484,388	-	484,388	0%
Financed by :									
Share Capital	-	-	-	-	-	470,000	-	470,000	n/a
Reserves	-	-	-	-	-	1,816,783	-	1,816,783	n/a
	12,095,851	4,893,200	5,613,917	1,242,766	145,762	7,904,950	-	31,896,446	
On B/S Interest Sensitivity Gap	2,099,954	3,485,028	(4,104,585)	103,194	351,748	(2,496,286)	560,947	-	-
Off B/S Interest Sensitivity Gap	158,844	1,515,453	(1,490,689)	132,892	(316,500)	-	-	-	-
Total Interest Sensitivity Gap	2,258,798	5,000,481	(5,595,274)	236,086	35,248	(2,496,286)	560,947	-	-

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NOTES TO INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2006**27. INTEREST / PROFIT RATE RISK (CONTINUED)****Bank**

As at 30 September 2006

	←----- 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	1,374,725	-	-	-	-	195,739	-	1,570,464	3.85%
Securities purchased under repo	474,801	3,738,979	-	-	-	-	-	4,213,780	3.70%
Deposits & Placements with CB & FI	-	52,810	4,670	-	-	-	-	57,480	6.34%
Held for Trading Securities	-	-	-	-	-	-	560,947	560,947	5.06%
Investment Securities	800,041	2,910,148	170,112	435,853	161,157	18,934	-	4,496,245	3.33%
Loans & Advances & Financing									
-performing	11,546,238	1,676,291	1,334,550	910,107	336,353	2,806,320	-	18,609,859	6.94%
-non-performing	-	-	-	-	-	910,514	-	910,514	-
Other assets	-	-	-	-	-	1,444,335	-	1,444,335	0%
	14,195,805	8,378,228	1,509,332	1,345,960	497,510	5,375,842	560,947	31,863,624	
Liabilities									
Deposits from Customers	6,609,480	2,714,716	4,823,884	924,413	116,000	2,001,343	-	17,189,836	2.95%
Deposits & Placements of CB & FI	1,384,117	2,089,599	507,569	-	-	72,299	-	4,053,584	5.05%
Securities Sold Under Repo	4,086,416	25,220	3,000	-	-	-	-	4,114,636	3.34%
Bills & Acceptances Payable	12,138	31,636	11,156	-	-	3,060,137	-	3,115,067	2.77%
Amount due to Cagamas	4,567	32,029	268,308	318,353	29,762	-	-	653,019	3.78%
Other Liabilities	-	-	-	-	-	484,371	-	484,371	0%
Financed by :									
Share Capital	-	-	-	-	-	470,000	-	470,000	n/a
Reserves	-	-	-	-	-	1,783,111	-	1,783,111	n/a
	12,096,718	4,893,200	5,613,917	1,242,766	145,762	7,871,261	-	31,863,624	
On B/S Interest Sensitivity Gap	2,099,087	3,485,028	(4,104,585)	103,194	351,748	(2,495,419)	560,947	-	
Off B/S Interest Sensitivity Gap	158,844	1,515,453	(1,490,689)	132,892	(316,500)	-	-	-	
Total Interest Sensitivity Gap	2,257,931	5,000,481	(5,595,274)	236,086	35,248	(2,495,419)	560,947	-	

Company No. 271809K

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NOTES TO INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2006

25. PERFORMANCE REVIEW

Pre-tax profit for the Group for nine months ended 30 September 2006 amounted to RM429.7million. This was 13.5% higher than the corresponding period, mainly due to higher loan base resulting in improved net interest income of RM77.6million. Higher non interest income of RM20.2million also contributed to the increased pre-tax profit.

The increase in net interest income was partially offset by higher overhead cost of RM28.3million. Higher staff cost was due to business expansion during the period. Allowance for losses on loan and financing increased by RM22.5million compared to corresponding period.

26. PROSPECTS FOR 2006

The Malaysian economic growth is expected to grow at 5.5%, it will be broad-based and balanced, supported by expansion in all economic sectors, including the construction sector and driven by strong export and resilient domestic demand. Our bank is confident of meeting all its challenges for the remaining part of the year despite the intensified competition.