

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

UNAUDITED INTERIM FINANCIAL STATEMENTS
30 JUNE 2011

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

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS**UNAUDITED STATEMENTS OF FINANCIAL POSITION****AS AT 30 JUNE 2011**

	Notes	Group		Bank	
		30-Jun-11 RM'000	31-Dec-10 RM'000	30-Jun-11 RM'000	31-Dec-10 RM'000
ASSETS					
Cash and short-term funds		15,093,908	9,270,889	15,093,908	9,270,889
Securities purchased under resale agreements		173,278	149,973	173,278	149,973
Deposits and placements with financial institutions		11,244	10,889	11,244	10,889
Financial assets at fair value through profit and loss	11	1,235,400	2,275,075	1,235,400	2,275,075
Available-for-sale securities	12	1,966,093	3,517,612	1,966,093	3,517,612
Loans, advances and financing	13	39,792,664	34,387,818	39,972,469	34,568,033
Derivatives financial assets	14	157,681	244,248	157,681	244,248
Other assets	15	236,278	212,152	240,486	216,460
Statutory deposits with Bank Negara Malaysia		524,400	22,800	524,400	22,800
Investment in subsidiaries		-	-	50	50
Investment in associates		203,199	189,234	122,733	122,733
Investment property		8,370	8,460	-	-
Property, plant and equipment		238,104	226,240	115,543	106,272
Prepaid land lease payments		39,940	40,270	-	-
Deferred tax assets		148,611	148,576	148,602	148,602
Total assets		59,829,170	50,704,236	59,761,887	50,653,636
LIABILITIES AND EQUITY					
Deposits from customers	16	44,124,013	38,964,836	44,137,653	38,979,301
Deposits and placements of banks and other financial institutions	17	6,702,647	3,903,054	6,703,073	3,903,480
Bills and acceptances payable		2,931,067	2,279,218	2,931,067	2,279,218
Amount due to Cagamas		31,249	33,344	31,249	33,344
Derivatives financial liabilities	14	299,164	337,928	299,164	337,928
Other liabilities	18	904,289	528,234	902,725	527,363
Taxation		104,500	63,331	104,496	63,331
Subordinated bonds	19	498,761	498,628	498,761	498,628
Total liabilities		55,595,690	46,608,573	55,608,188	46,622,593
Share capital		470,000	470,000	470,000	470,000
Reserves		3,763,480	3,625,663	3,683,699	3,561,043
SHAREHOLDERS' EQUITY		4,233,480	4,095,663	4,153,699	4,031,043
TOTAL LIABILITIES AND EQUITY		59,829,170	50,704,236	59,761,887	50,653,636
COMMITMENTS AND CONTINGENCIES	26	48,397,461	47,791,176	48,397,461	47,791,176

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS**UNAUDITED INCOME STATEMENTS****FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011**

	Notes	Group		Bank	
		30-Jun-11 RM'000	30-Jun-10 RM'000	30-Jun-11 RM'000	30-Jun-10 RM'000
Operating revenue		1,442,021	1,096,405	1,448,865	1,098,406
Interest income	20	1,172,747	885,401	1,175,822	887,820
Interest expense	21	(546,751)	(351,152)	(546,762)	(351,153)
Net interest income		625,996	534,249	629,060	536,667
Other operating income	22	278,204	217,570	281,973	217,152
Operating income		904,200	751,819	911,033	753,819
Other operating expenses	23	(334,601)	(272,330)	(338,616)	(277,092)
Operating profit before allowance for impairment on loans, advances and financing and provision for commitments and contingencies		569,599	479,489	572,417	476,727
Allowance for impairment on loans, advances and financing	24	(96,482)	(71,915)	(96,482)	(71,925)
Net provision for commitments and contingencies		47	6,506	47	6,506
Share of net profit of associates		473,164	414,080	475,982	411,308
		16,965	16,143	-	-
Profit before taxation		490,129	430,223	475,982	411,308
Income tax expense		(136,475)	(113,266)	(137,489)	(113,266)
Profit after taxation		353,654	316,957	338,493	298,042
Basic earnings per share (sen)		75.2	67.4		

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011

	Group		Bank	
	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10
	RM'000	RM'000	RM'000	RM'000
Profit for the period	353,654	316,957	338,493	298,042
Other comprehensive income:				
Net loss on revaluation of available-for-sale securities	(11,387)	(37,154)	(11,387)	(37,154)
Total comprehensive income for the period	342,267	279,803	327,106	260,888

Company No. 271809K

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011**

GROUP	Non-distributable		Distributable			Total RM'000
	Share Capital RM'000	Share Premium RM'000	Statutory Reserves RM'000	Revaluation Reserves RM'000	Net unrealised reserves on AFS securities RM'000	
2011						
Balance as at 1 January 2011	470,000	322,555	470,000	72,797	5,725	2,754,586
Total comprehensive income for the period	-	-	-	-	(11,387)	353,654
Transactions with owners: Dividends paid: - final dividend for the year ended 31 December 2010	-	-	-	-	-	(204,450)
Balance as at 30 June 2011	<u>470,000</u>	<u>322,555</u>	<u>470,000</u>	<u>72,797</u>	<u>(5,662)</u>	<u>2,903,790</u>
						<u>4,233,480</u>

Company No. 271809K

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011 (con'td.)**

	←	Non-distributable	→	Distributable			
	Share Capital RM'000	Share Premium RM'000	Statutory Reserves RM'000	Revaluation Reserves RM'000	Net unrealised reserves on AFS securities RM'000	Retained Profits RM'000	Total RM'000
GROUP (con'td.)							
2010							
Balance as at 1 January 2010	470,000	322,555	470,000	72,797	28,603	2,132,238	3,496,193
As previously reported	-	-	-	-	(11,002)	31,119	20,117
Effects from adopting FRS139							
As restated	<u>470,000</u>	<u>322,555</u>	<u>470,000</u>	<u>72,797</u>	<u>17,601</u>	<u>2,163,357</u>	<u>3,516,310</u>
Total comprehensive income for the year	-	-	-	-	(11,876)	619,077	607,201
Transactions with owners:							
Dividends paid:							
- final dividend for the year ended 31 December 2009	-	-	-	-	-	(27,848)	(27,848)
Balance as at 31 December 2010	<u>470,000</u>	<u>322,555</u>	<u>470,000</u>	<u>72,797</u>	<u>5,725</u>	<u>2,754,586</u>	<u>4,095,663</u>

Company No. 271809K

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011**

	←	Non-distributable		→	Distributable		
	Share Capital RM'000	Share Premium RM'000	Statutory Reserves RM'000	Revaluation Reserves RM'000	Net unrealised reserves on AFS securities RM'000	Retained Profits RM'000	Total RM'000
Balance as at 1 January 2011	470,000	322,555	470,000	-	5,725	2,762,763	4,031,043
Total comprehensive income for the period	-	-	-	-	(11,387)	338,493	327,106
Transactions with owners: Dividends paid: - final dividend for the year ended 31 December 2010	-	-	-	-	-	(204,450)	(204,450)
Balance as at 30 June 2011	<u>470,000</u>	<u>322,555</u>	<u>470,000</u>	<u>-</u>	<u>(5,662)</u>	<u>2,896,806</u>	<u>4,153,699</u>

Company No. 271809K

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

**UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011 (con'td.)**

	←	Non-distributable		→	Distributable		
	Share Capital RM'000	Share Premium RM'000	Statutory Reserves RM'000	Revaluation Reserves RM'000	Net unrealised reserves on AFS securities RM'000	Retained Profits RM'000	Total RM'000
Balance as at 1 January 2010	470,000	322,555	470,000	-	28,603	2,175,633	3,466,791
As previously reported	-	-	-	-	(11,002)	31,119	20,117
Effects from adopting FRS139							
As restated	470,000	322,555	470,000	-	17,601	2,206,752	3,486,908
Total comprehensive income for the year	-	-	-	-	(11,876)	583,859	571,983
Transactions with owners:							
Dividends paid:							
- final dividend for the year ended 31 December 2009	-	-	-	-	-	(27,848)	(27,848)
Balance as at 31 December 2010	470,000	322,555	470,000	-	5,725	2,762,763	4,031,043

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS****FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011**

	Group		Bank	
	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	490,129	430,223	475,982	411,308
Adjustments for non operating and non-cash items	87,233	50,052	94,593	63,400
Operating profit before changes in working capital	577,362	480,275	570,575	474,708
Changes in working capital:				
Net changes in operating assets	(4,935,095)	(1,580,383)	(4,934,585)	(1,584,528)
Net changes in operating liabilities	8,893,549	(1,827,884)	8,892,029	(1,822,323)
Tax expense paid	(95,335)	(117,428)	(95,315)	(117,423)
Net cash generated from/(used in) operating activities	4,440,481	(3,045,420)	4,432,704	(3,049,566)
Net cash generated from investing activities	1,587,343	529,665	1,595,120	533,811
Net cash used in financing activities	(204,450)	(27,847)	(204,450)	(27,847)
Net changes in cash and cash equivalents	5,823,374	(2,543,602)	5,823,374	(2,543,602)
Cash and cash equivalents at beginning of the year	9,281,778	6,547,787	9,281,778	6,547,787
Cash and cash equivalents at end of the period	15,105,152	4,004,185	15,105,152	4,004,185

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2011

1. BASIS OF PREPARATION

The unaudited interim financial statements for the financial period ended 30 June 2011 have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standard Board ("MASB") as modified by Bank Negara Malaysia's Revised Guidelines on Financial Reporting for Licensed Institutions (BNM/GP8).

The unaudited interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010. The explanatory notes attached in the unaudited 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 financial year ended 31 December 2010.

2. CHANGES IN ACCOUNTING POLICIES

The significant accounting policies adopted by the Group and the Bank are consistent with those of the audited financial statements for the financial year ended 31 December 2010 except for the amendments to FRS139 include additional transitional arrangement for entities in the financial services sector, whereby BNM may prescribe the use of an alternative basis for collective assessment of impairment for banking institutions. This transitional arrangement is prescribed in BNM's Guidelines on Classification and Impairment Provisions for Loans/Financing issued on 17 December 2010, whereby banking institutions are required to maintain collective impairment provisions of at least 1.5% of total outstanding loans/financing, net of individual impairment provision.

3. AUDIT REPORT

The audit report on the audited annual financial statements for the financial year ended 31 December 2010 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 for the financial period ended 30 June 2011.

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.

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

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 Group and the Bank for the financial period ended 30 June 2011.

7. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no issuance and repayment of debt and equity securities during the financial period ended 30 June 2011.

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 period ended 30 June 2011.

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 interim financial statements.

10. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group and the Bank for the financial period ended 30 June 2011.

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	Group and Bank	
	Jun-11	Dec-10
	RM'000	RM'000
Held-for-trading securities		
At fair value		
Bank Negara Malaysia bills	592,368	1,601,588
Malaysian Government treasury bills	9,986	42,791
Malaysian Government securities	91,470	52,715
Cagamas bonds	-	10,246
Bankers' acceptances and Islamic accepted bills	130,413	147,655
Total held-for-trading securities	824,237	1,854,995
Designated as fair value through profit and loss		
Outside Malaysia		
Private debt securities	411,163	420,080
Total financial assets at fair value through profit and loss	1,235,400	2,275,075

12. AVAILABLE-FOR-SALE SECURITIES

	Group and Bank	
	Jun-11	Dec-10
	RM'000	RM'000
At fair value		
Money market instruments		
Bank Negara Malaysia bills	-	1,392,716
Malaysian Government treasury bills	-	132,809
Malaysian Government securities	1,077,600	540,803
Cagamas bonds	700,049	1,186,681
	1,777,649	3,253,009
Private Debts Securities of Companies Incorporated		
In Malaysia		
Corporate bonds	167,441	244,706
	167,441	244,706
Quoted securities		
Shares of corporations outside Malaysia	6,261	5,191
Shares of corporations in Malaysia	2,194	2,158
	8,455	7,349
At cost		
Unquoted securities		
Shares	12,272	12,272
Private debt securities	276	276
	12,548	12,548
Total available-for-sale securities	1,966,093	3,517,612

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

13. LOANS, ADVANCES AND FINANCING

	Group		Bank	
	Jun-11 RM'000	Dec-10 RM'000	Jun-11 RM'000	Dec-10 RM'000
Overdrafts	2,574,322	2,561,532	2,574,322	2,561,930
Term loans and revolving credits				
Housing loans	14,948,790	13,125,569	14,948,790	13,125,569
Syndicated term loans	817,930	596,834	817,930	596,834
Other term loans/financing	14,993,766	12,217,627	15,173,571	12,397,444
Credit cards receivable	1,405,363	1,322,621	1,405,363	1,322,621
Bills receivable	164,319	179,505	164,319	179,505
Trust receipts	1,038,763	852,649	1,038,763	852,649
Staff loans	74,093	79,287	74,093	79,287
Others	12,008	6,849	12,008	6,849
	36,029,354	30,942,473	36,209,159	31,122,688
Claims on customers under acceptance credits	4,748,118	4,331,757	4,748,118	4,331,757
Unearned interest	(60,840)	(52,580)	(60,840)	(52,580)
Gross loans, advances and financing	40,716,632	35,221,650	40,896,437	35,401,865
Allowance for losses on loans, advances and financing				
- Individual impairment	(273,899)	(278,563)	(273,899)	(278,563)
- Collective impairment	(650,069)	(555,269)	(650,069)	(555,269)
Net loans, advances and financing	39,792,664	34,387,818	39,972,469	34,568,033

(i) By maturity structure

Maturing within one year	12,130,737	11,705,461	12,130,737	11,705,859
One year to three years	1,665,908	1,502,550	1,665,908	1,502,550
Three years to five years	1,959,341	1,368,609	1,959,341	1,368,609
Over five years	24,960,646	20,645,030	25,140,451	20,824,847
	40,716,632	35,221,650	40,896,437	35,401,865

(ii) By type of customer

Domestic non-bank financial institutions				
- Stockbroking companies	5	-	5	-
- Others	266,230	116,628	266,230	116,628
Domestic business enterprises				
- Small medium enterprises	9,864,848	8,387,058	9,864,848	8,387,058
- Others	8,898,083	7,937,850	9,077,888	8,118,065
Individuals	18,426,235	16,007,497	18,426,235	16,007,497
Other domestic entities	128	144	128	144
Foreign entities	3,261,103	2,772,473	3,261,103	2,772,473
	40,716,632	35,221,650	40,896,437	35,401,865

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

13. LOANS, ADVANCES AND FINANCING (con'td.)**(iii) By interest/profit rate sensitivity**

	Group		Bank	
	Jun-11 RM'000	Dec-10 RM'000	Jun-11 RM'000	Dec-10 RM'000
Fixed rate				
Housing loans/financing	59,577	64,904	59,577	64,904
Other fixed rate loan/financing	2,608,467	2,091,146	2,608,467	2,091,146
Variable rate				
BLR plus	36,668,353	31,670,282	36,668,353	31,670,680
Cost-plus	1,031,521	1,060,671	1,211,326	1,240,488
Other variable rates	348,714	334,647	348,714	334,647
	40,716,632	35,221,650	40,896,437	35,401,865

(iv) By sector

	Group		Bank	
	Jun-11 RM'000	Dec-10 RM'000	Jun-11 RM'000	Dec-10 RM'000
Agriculture, hunting, forestry and fishing	292,867	266,054	292,867	266,054
Mining and quarrying	83,488	71,633	83,488	71,633
Manufacturing	5,675,960	5,013,507	5,675,960	5,013,507
Electricity, gas and water	55,123	49,116	55,123	49,116
Construction	2,646,306	1,936,901	2,646,306	1,936,901
Wholesale & retail trade and restaurants & hotels	5,799,147	5,069,577	5,799,147	5,069,577
Transport, storage and communication	402,244	354,489	402,244	354,489
Finance, insurance and business services	2,154,232	2,056,005	2,154,232	2,056,005
Real estate	1,909,885	1,560,215	2,089,690	1,740,430
Community, social and personal services	101,930	94,877	101,930	94,877
Households of which:	21,591,419	18,745,126	21,591,419	18,745,126
- purchase of residential properties	15,666,976	13,765,796	15,666,976	13,765,796
- purchase of non residential properties	2,519,081	1,855,713	2,519,081	1,855,713
- others	3,405,362	3,123,617	3,405,362	3,123,617
Others	4,031	4,150	4,031	4,150
	40,716,632	35,221,650	40,896,437	35,401,865

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

13. LOANS, ADVANCES AND FINANCING (con'td.)**(v) Movements in impaired loans, advances and financing are as follows:**

	Group and Bank	
	Jun-11	Dec-10
	RM'000	RM'000
Balance as at 1 January	869,568	1,020,358
Classified as impaired during the period/year	222,730	508,876
Amount recovered	(140,583)	(319,980)
Reclassified as non-impaired	(90,769)	(217,200)
Amount written off	(47,683)	(122,486)
Balance as at 30 June / 31 December	813,263	869,568
Individual impairment	(273,899)	(278,563)
Net impaired loans, advances and financing	539,364	591,005
Ratio of net impaired loans, advances and financing to net loans, advances and financing	1.3%	1.7%

(vi) Movements in allowance for losses on loans, advances and financing are as follows:

	Group and Bank	
	Jun-11	Dec-10
	RM'000	RM'000
<u>Collective Impairment</u>		
Balance as at 1 January	555,269	434,669
Allowance made during the period/year	94,800	120,600
Balance as at 30 June / 31 December	650,069	555,269
% of gross loans, advances and financing (excluding loan to Government) less individual impairment	1.6%	1.6%

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

13. LOANS, ADVANCES AND FINANCING (con'td.)**(vi) Movements in allowance for losses on loans, advances and financing are as follows (con'td.):**

	Group and Bank	
	Jun-11	Dec-10
	RM'000	RM'000
<u>Individual Impairment</u>		
Balance as at 1 January		
As previously reported	278,563	283,602
Effect from adopting FRS139	-	(31,121)
As restated	278,563	252,481
Allowance made during the period/year	103,797	292,726
Amount written back in respect of recoveries	(54,207)	(119,521)
Amount written off	(50,770)	(122,568)
Interest recognition on impaired loans	(3,484)	(24,555)
Balance as at 30 June / 31 December	273,899	278,563

(vii) Impaired loans, advances and financing according to economic sectors are as follows:

	Group and Bank	
	Jun-11	Dec-10
	RM'000	RM'000
Agriculture, hunting, forestry and fishing	1,038	1,866
Manufacturing	296,078	308,353
Construction	36,341	42,198
Wholesale & retail trade and restaurants & hotels	130,704	127,356
Transport, storage and communication	4,453	2,916
Finance, insurance and business services	16,695	20,306
Real estate	10,865	14,310
Community, social and personal services	2,330	2,482
Households of which:	314,759	349,781
- purchase of residential properties	247,164	276,543
- purchase of non residential properties	12,667	14,587
- others	54,928	58,651
	813,263	869,568

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

14. FINANCIAL DERIVATIVES

The notional principal amounts and the positive and negative fair values of the Group's and Bank's financial derivatives are as follows:

	Group and Bank		
	Contract or underlying principal amount RM'000	Positive fair value RM'000	Negative fair value RM'000
AS AT 30 JUNE 2011			
Foreign exchange contracts			
- forwards	3,244,602	16,175	9,683
- swaps	5,376,549	36,455	58,455
Interest rate related contracts			
- forwards	60,000	70	73
- swaps	24,487,083	99,957	229,014
Options	1,305,599	5,024	1,939
		<u>157,681</u>	<u>299,164</u>
As at 31 December 2010			
Foreign exchange contracts			
- forwards	1,613,805	5,514	17,404
- swaps	7,241,624	104,218	55,490
Interest rate related contracts			
- forwards	60,000	81	87
- swaps	24,379,950	132,867	263,399
Options	678,942	1,568	1,548
		<u>244,248</u>	<u>337,928</u>

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

15. OTHER ASSETS

	Group		Bank	
	Jun-11 RM'000	Dec-10 RM'000	Jun-11 RM'000	Dec-10 RM'000
Other receivables, deposits and prepayments	125,292	139,431	128,937	143,093
Accrued interest receivable	49,838	39,237	49,838	39,237
Amount due from subsidiaries	-	-	563	646
Precious metal accounts	61,148	33,484	61,148	33,484
	236,278	212,152	240,486	216,460

16. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	Jun-11 RM'000	Dec-10 RM'000	Jun-11 RM'000	Dec-10 RM'000
(i) By type of deposit				
Demand deposits	7,207,018	6,554,962	7,219,633	6,568,414
Savings deposits	2,473,536	2,714,454	2,473,536	2,714,454
Fixed deposits	20,212,380	17,762,547	20,213,405	17,763,560
Negotiable instruments of deposits	184,155	229,620	184,155	229,620
Others	14,046,924	11,703,253	14,046,924	11,703,253
	44,124,013	38,964,836	44,137,653	38,979,301

(ii) By type of customer

Business enterprises	21,018,851	18,565,252	21,032,491	18,579,717
Individuals	18,512,168	16,820,827	18,512,168	16,820,827
Others	4,592,994	3,578,757	4,592,994	3,578,757
	44,124,013	38,964,836	44,137,653	38,979,301

(iii) The maturity structure of fixed deposits and negotiable instruments of deposits are as follows:

Due within six months	15,855,886	14,809,586	15,856,911	14,810,599
Six months to one year	4,331,810	2,969,999	4,331,810	2,969,999
One year to three years	179,469	185,908	179,469	185,908
Three years to five years	29,370	26,674	29,370	26,674
	20,396,535	17,992,167	20,397,560	17,993,180

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

17. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	Jun-11 RM'000	Dec-10 RM'000	Jun-11 RM'000	Dec-10 RM'000
Licensed banks	834,213	1,280,144	834,213	1,280,144
Licensed investment banks	-	30,000	-	30,000
Bank Negara Malaysia	1,260,744	2,303,013	1,260,744	2,303,013
Other financial institutions	4,607,690	289,897	4,608,116	290,323
	<u>6,702,647</u>	<u>3,903,054</u>	<u>6,703,073</u>	<u>3,903,480</u>

18. OTHER LIABILITIES

	Group		Bank	
	Jun-11 RM'000	Dec-10 RM'000	Jun-11 RM'000	Dec-10 RM'000
Provision for commitments and contingencies	5,524	5,571	5,524	5,571
Accrued interest payable	168,497	158,216	167,597	157,315
Accruals and provisions for operational expenses	71,950	99,953	71,950	99,953
Other accruals and provisions	658,318	264,494	657,654	264,524
	<u>904,289</u>	<u>528,234</u>	<u>902,725</u>	<u>527,363</u>

19. SUBORDINATED BONDS

	Group and Bank	
	Jun-11 RM'000	Dec-10 RM'000
RM500 million Subordinated Bonds 2010 / 2020, at par	500,000	500,000
Unamortised expenses relating to issue of Subordinated Bonds	(1,239)	(1,372)
	<u>498,761</u>	<u>498,628</u>

On 29 March 2010, the Bank issued RM500 million 10 year Subordinated Bonds due in 2020 callable with step-up in 2015.

The Bonds bear interest at the rate of 4.88% per annum from 29 March 2010 to 29 September 2015 and thereafter, at the rate of 5.88% per annum from 29 September 2015 to the date of early redemption in full of such Bonds or maturity date of the Bonds (whichever is earlier).

The interest is payable semi-annually in arrears on 29 March and 29 September each year commencing 29 September 2010.

The Bonds have been rated AA2 by Rating Agency Malaysia Bhd and they qualify as Tier 2 capital for the purpose of determining the Bank's capital adequacy ratio.

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

20. INTEREST INCOME

	Group		Bank	
	Jun-11	Jun-10	Jun-11	Jun-10
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing				
- Interest income other than recoveries from impaired loans	924,388	681,508	927,463	683,927
- Recoveries from impaired loans	33,174	33,632	33,174	33,632
Money at call and deposit placements with financial institutions	138,461	88,619	138,461	88,619
Financial assets at fair value through profit and loss	14,075	16,302	14,075	16,302
Available-for-sale securities	64,239	74,623	64,239	74,623
Others	2,107	836	2,107	836
	1,176,444	895,520	1,179,519	897,939
Amortisation of premium less accretion of discount	(3,697)	(10,119)	(3,697)	(10,119)
	1,172,747	885,401	1,175,822	887,820

21. INTEREST EXPENSE

	Group		Bank	
	Jun-11	Jun-10	Jun-11	Jun-10
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	56,595	40,332	56,606	40,332
Deposits from customers	477,020	296,490	477,020	296,491
Loans sold to Cagamas	739	2,415	739	2,415
Subordinated Bonds	12,232	6,313	12,232	6,313
Others	165	5,602	165	5,602
	546,751	351,152	546,762	351,153

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

22. OTHER OPERATING INCOME

	Group		Bank	
	Jun-11 RM'000	Jun-10 RM'000	Jun-11 RM'000	Jun-10 RM'000
<u>Fee income</u>				
Commission	68,184	49,675	68,184	49,675
Guarantee fees	19,661	14,687	19,661	14,687
Service charges and fees	79,593	67,072	79,772	67,072
Commitment fees	10,462	9,930	10,466	9,930
Arrangement and participation fees	3,514	3,775	3,514	3,775
	181,414	145,139	181,597	145,139
<u>Investment income</u>				
Loss from sale of financial assets at fair value through profit and loss	(28,341)	(30,302)	(28,341)	(30,302)
Gain from sale of available-for-sale securities	14,526	19,771	14,526	19,771
Unrealised gain on financial assets at fair value through profit and loss	17,363	5,850	17,363	5,850
Gross dividends from:				
- Available-for-sale securities quoted in Malaysia	423	197	423	197
- Associate	-	-	4,000	-
	3,971	(4,484)	7,971	(4,484)
<u>Other income</u>				
Foreign exchange gain/(loss)				
- realised	135,337	80,908	135,337	80,908
- unrealised	(52,314)	(12,899)	(52,314)	(12,899)
Rental income from operating leases, other than those from investment property	97	68	38	5
Rental income from investment property	355	355	-	-
Loss on disposal of property, plant and equipment	(758)	(37)	(758)	(37)
Other operating income	2,093	1,916	2,093	1,916
Others	8,009	6,604	8,009	6,604
	92,819	76,915	92,405	76,497
	278,204	217,570	281,973	217,152

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

23. OTHER OPERATING EXPENSES

	Group		Bank	
	Jun-11 RM'000	Jun-10 RM'000	Jun-11 RM'000	Jun-10 RM'000
Personnel expenses	200,107	152,443	197,181	150,884
Establishment related expenses	58,572	58,823	63,602	64,764
Promotion and marketing related expenses	19,800	11,592	22,313	12,321
General administrative expenses	56,122	49,472	55,520	49,123
	334,601	272,330	338,616	277,092
<u>Personnel expenses</u>				
Wages, salaries and bonus	158,131	117,815	155,630	116,424
Employees Provident Fund Contributions	24,028	18,316	23,685	18,144
Other employee benefits	17,948	16,312	17,866	16,316
	200,107	152,443	197,181	150,884
<u>Establishment related expenses</u>				
Depreciation of property, plant and equipment	15,784	19,365	13,599	16,981
Depreciation of investment property	90	90	-	-
Amortisation of prepaid land lease payments	330	330	-	-
Hire of equipment	28	48	28	48
Information technology costs	7,070	5,747	7,070	5,747
Repair and maintenance	9,567	7,598	9,194	7,471
Rental of premises	5,121	5,109	12,266	12,498
Others	20,582	20,536	21,445	22,019
	58,572	58,823	63,602	64,764
<u>Promotion and marketing related expenses</u>				
Advertising and publicity	9,569	6,524	9,557	6,522
Others	10,231	5,068	12,756	5,799
	19,800	11,592	22,313	12,321
<u>General administrative expenses</u>				
Fees and commissions paid	31,632	27,683	31,182	27,391
Others	24,490	21,789	24,338	21,732
	56,122	49,472	55,520	49,123

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

24. ALLOWANCE FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING

	Group		Bank	
	Jun-11 RM'000	Jun-10 RM'000	Jun-11 RM'000	Jun-10 RM'000
Allowance for impaired loans, advances and financing				
(a) Individual Impairment				
- made in the financial period/year	103,797	152,863	103,797	152,863
- written back in the financial period/year	(54,207)	(67,438)	(54,207)	(67,438)
(b) Collective Impairment				
- made in the financial period/year	94,800	40,500	94,800	40,500
Impaired loans, advances and financing				
- written (back)/off	(2,336)	745	(2,336)	745
- recovered	(45,572)	(54,755)	(45,572)	(54,745)
	96,482	71,915	96,482	71,925

25. CAPITAL MANAGEMENT AND CAPITAL ADEQUACY

	Group		Bank	
	Jun-11 RM'000	Dec-10 RM'000	Jun-11 RM'000	Dec-10 RM'000
<u>Tier I capital</u>				
Paid-up share capital	470,000	470,000	470,000	470,000
Share premium	322,555	322,555	322,555	322,555
Retained profits	2,550,136	2,754,586	2,558,313	2,762,763
Statutory reserves	470,000	470,000	470,000	470,000
Less: Deferred tax assets	(148,611)	(148,576)	(148,602)	(148,602)
Total Tier I Capital	3,664,080	3,868,565	3,672,266	3,876,716
<u>Tier II capital</u>				
Subordinated bonds	500,000	500,000	500,000	500,000
RM collective impairment (proportion of Standardised Approach's RWA)	105,172	95,275	101,276	91,670
Surplus of total Eligible Provisions over total Expected Loss (IRB approach)	125,633	112,163	125,633	112,163
	730,805	707,438	726,909	703,833
Less:				
Investment in subsidiary companies	-	-	(50)	(50)
Total Tier II Capital	730,805	707,438	726,859	703,783
Capital base	4,394,885	4,576,003	4,399,125	4,580,499

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

25. CAPITAL MANAGEMENT AND CAPITAL ADEQUACY (con'td.)

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

	Group		Bank	
	Jun-11	Dec-10	Jun-11	Dec-10
Core capital ratio	12.75%	14.77%	12.81%	14.92%
Risk-weighted capital ratio	15.29%	17.47%	15.35%	17.63%

(b) Analysis of gross risk-weighted assets in the various categories of risk-weights are as follows:

	Group		Bank	
	Jun-11 RM'000	Dec-10 RM'000	Jun-11 RM'000	Dec-10 RM'000
Total RWA for credit risk	24,869,649	22,565,776	24,802,995	22,390,278
Total RWA for market risk	680,300	523,537	680,300	523,537
Total RWA for operational risk	2,765,843	2,527,863	2,757,757	2,527,863
Large Exposure for Equity Holdings RWA	427,009	427,009	427,009	427,009
Additional RWA due to Capital Floor	-	142,638	-	106,316
	28,742,801	26,186,823	28,668,061	25,975,003

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

25. CAPITAL MANAGEMENT AND CAPITAL ADEQUACY (con'td.)

(c) Risk Weighted Capital Adequacy Framework (Basel II) - Disclosure Requirement (Pillar 3)

Appendix I: Illustrative Disclosure on Capital Adequacy under the IRB Approach

					RM'000
Item	Exposure Class	Gross Exposures / EAD before CRM	Net Exposures / EAD after CRM	Risk Weighted Assets	Minimum Capital Requirement at 8%
1.0	<u>Credit Risk</u>				
1.1	<u>Exempted Exposure (Standardised Approach)</u>				
	<i>On-Balance Sheet Exposure</i>				
	Banks, Development Financial Institutions & MDBs	6	6	394	32
	Corporates	1,257,068	1,251,945	667,588	53,407
	Regulatory Retail	4,217,649	3,888,168	2,967,541	237,403
	Other Assets	(138,224)	(138,224)	-	-
	Defaulted Exposures	121,803	121,803	96,865	7,749
	Total for On-Balance Sheet Exposures	5,458,302	5,123,698	3,732,388	298,591
	<i>Off-Balance Sheet Exposures</i>				
	OTC Derivatives	15,405	15,405	7,671	614
	Off balance sheet exposure other than OTC derivatives or credit derivatives	205,131	205,131	123,966	9,917
	Defaulted Exposures	484	484	105	8
	Total for Off-Balance Sheet Exposure	221,020	221,020	131,742	10,539
	Total On and Off-Balance Sheet Exposures	5,679,322	5,344,718	3,864,130	309,130
1.2	<u>Exposure under the IRB Approach</u>				
	<i>On-Balance Sheet Exposure</i>				
	Sovereigns/Central Bank	16,099,043	16,099,043	-	-
	Banks, Development Financial Institutions & MDBs	784,303	691,414	139,902	11,192
	Corporates	14,638,057	12,282,013	13,804,645	1,104,372
	Residential Mortgage	14,930,071	14,930,071	1,823,656	145,893
	Qualifying Revolving Retail Exposures	1,404,160	1,404,160	639,402	51,152
	Other Retail Exposures	4,985,844	4,985,844	893,163	71,453
	Equity (Simple Risk Weight)	136,873	136,873	545,626	43,650
	Defaulted Exposures	707,177	707,177	173,474	13,878
	Total for On-Balance Sheet Exposures	53,685,528	51,236,595	18,019,868	1,441,590
	<i>Off-Balance Sheet Exposures</i>				
	OTC Derivatives	551,631	551,631	255,126	20,410
	Off balance sheet exposure other than OTC derivatives or credit derivatives	3,420,976	3,420,976	1,478,651	118,292
	Defaulted Exposures	6,382	6,382	-	-
	Total for Off-Balance Sheet Exposure	3,978,989	3,978,989	1,733,777	138,702
	Total On and Off-Balance Sheet Exposures	57,664,517	55,215,584	19,753,645	1,580,292
	Total (Exempted Exposures and Exposures under IRB Approach)	63,343,839	60,560,302	24,802,995	1,984,240
2.0	Large Exposures Risk Requirement	427,009	427,009	-	-
3.0	<u>Market Risk</u>	Long Position	Short Position		
	Interest Rate Risk	26,298,320	23,041,096	-	-
	Foreign Currency Risk	112,257	(124,466)	-	-

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

25. CAPITAL MANAGEMENT AND CAPITAL ADEQUACY (con'td.)**(c) Risk Weighted Capital Adequacy Framework (Basel II) - Disclosure Requirement (Pillar 3)****Appendix II: Illustrative Disclosure on Credit Risk
: Disclosure on Risk Weights under Standardised Approach**

RM'000

Risk Weights	Exposures after netting & Credit Risk Mitigation						Total Exposures after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Banks, MDBs and FDIs	Insurance Cos, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Other Assets			
0%	-	3	12	28,619	(110,695)	(82,061)	-	
10%	-	-	-	-	-	-	-	
20%	-	-	702,461	-	-	702,461	140,492	
35%	-	-	-	-	-	-	-	
50%	13,815	-	-	31,505	-	45,320	22,660	
75%	-	-	-	4,016,795	-	4,016,795	3,012,596	
90%	-	-	-	-	-	-	-	
100%	-	173,762	427,585	8,499	-	609,846	609,846	
110%	-	-	-	-	-	-	-	
125%	-	-	-	-	-	-	-	
135%	-	-	-	-	-	-	-	
150%	-	-	490	51,868	-	52,358	78,537	
270%	-	-	-	-	-	-	-	
350%	-	-	-	-	-	-	-	
400%	-	-	-	-	-	-	-	
625%	-	-	-	-	-	-	-	
937.5%	-	-	-	-	-	-	-	
1250.0%	-	-	-	-	-	-	-	
Average Risk Weight	50%	100%	50%	75%	0%	73%	78%	

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

25. CAPITAL MANAGEMENT AND CAPITAL ADEQUACY (con'td.)**(c) Risk Weighted Capital Adequacy Framework (Basel II) - Disclosure Requirement (Pillar 3)****Appendix V: Illustrative Disclosure on Off-Balance Sheet and Counterparty Credit Risk**

RM'000

Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk Weighted Assets
Direct Credit Substitutes	1,526,514	-	1,526,514	858,007
Transaction related contingent items	1,743,951	-	872,071	513,019
Short term Self Liquidating trade related contingencies	340,972	-	68,194	42,952
Foreign exchange related contracts	7,784,718	39,911	112,692	40,539
One year or less	7,784,718	39,911	112,692	40,539
Interest/profit rate related contracts	24,461,069	124,480	517,876	250,473
One year or less	8,682,900	9,636	24,409	7,160
Over one year to five years	13,745,754	90,940	346,400	146,572
Over five years	2,032,415	23,904	147,067	96,741
Equity related contracts	194,890	-	6,168	1,844
One year or less	29,884	-	4,884	1,434
Over one year to five years	165,006	-	1,284	410
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	721	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	6,232,564	-	3,785	1,826
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	6,112,062	-	1,114,193	84,117
Total	48,397,461	164,391	4,221,493	1,792,777

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

26. 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	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
AS AT 30 JUNE 2011			
Direct credit substitutes	1,526,514	1,526,514	858,007
Transaction-related contingent items	1,743,951	872,071	513,019
Short-term self-liquidating trade-related contingencies	340,972	68,194	42,952
Foreign exchange related contracts			
- less than one year	7,784,718	112,692	40,539
Interest rates related contracts			
- less than one year	8,682,900	24,409	7,160
- one year to less than five years	13,745,754	346,400	146,572
- five years and above	2,032,415	147,067	96,741
Equity related contracts			
- less than one year	29,884	4,884	1,434
- one year to less than five years	165,006	1,284	410
Others	12,345,347	1,117,978	85,943
Total	<u>48,397,461</u>	<u>4,221,493</u>	<u>1,792,777</u>

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

26. COMMITMENTS AND CONTINGENCIES (con'td.)

As at 31 December 2010	Group and Bank		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
Direct credit substitutes	1,659,443	1,659,443	1,073,401
Transaction-related contingent items	1,565,669	782,964	467,133
Short-term self-liquidating trade-related contingencies	321,933	64,387	47,733
Foreign exchange related contracts			
- less than one year	8,087,126	199,476	46,229
Interest rates related contracts			
- less than one year	7,341,125	30,347	8,923
- more than one year to less than five years	14,807,248	413,264	170,541
- five years and above	2,204,303	163,376	101,501
Equity related contracts			
- less than one year	173,155	5,195	1,235
- more than one year to less than five years	105,816	4,233	1,915
Others	11,525,358	1,081,859	174,924
Total	47,791,176	4,404,544	2,093,535

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.

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

27. CREDIT EXPOSURES ARISING FROM CREDIT TRANSACTIONS WITH CONNECTED PARTIES

	Jun-11	Dec-10
Outstanding credit exposures with connected parties (RM'000)	<u>379,964</u>	<u>375,983</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>0.930%</u>	<u>0.740%</u>
Percentage of outstanding credit exposures to connected parties which is impaired or in default	<u>0.001%</u>	<u>0.000%</u>

The credit exposures above are derived based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties, which is effective from 1 January 2008.

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

28. PERFORMANCE REVIEW

For the half year ended 30 June 2011, the Group posted a pre-tax profit of RM490.1million, an increase of RM59.9million or 14% as compared to the corresponding period last year. The better performance was mainly supported by higher total income moderated by higher expenses and higher allowance for losses on loans and financing.

Net interest income increased by 17% or RM91.7million to RM626.0million mainly due to strong loans growth. Other operating income increased by 28% or RM60.6million to RM278.2million due to higher foreign exchange profit and higher fee income.

Total operating expenses rose by RM62.3million or 23% to RM334.6million attributed to higher staff expenses as a result of increase in headcount due to business expansion and higher marketing expenses.

Allowances for losses on loans and financing increased by RM24.6million or 34% to RM96.5 million mainly due to higher collective impairment to cater for loans growth and lower bad debt recoveries but offset by lower individual impairment.

Gross loans registered a strong growth of RM5.5billion or 16% to RM40.7billion. The growth was broad base with the main growth came from housing, wholesale and retail trade and construction. With the Group's robust credit management process, the Group continued to improve its asset quality as evidenced in the reduction in Net NPL ratio from 1.7% to 1.3%.

Non bank deposits grew by 13% or RM5.2billion to RM44.1billion mainly contributed by higher fixed deposits and other deposits.

29. PROSPECTS FOR 2011

The Malaysian economy registered a growth rate of 4.6% in the first quarter of 2011 (4Q10: 4.8%) supported by strong domestic and improved external demand. The central bank maintained its GDP forecast of between 5.5% and 6.0% for the year after having factored in inflation and other risk factors.

Inflation was at 2.8% (4Q10: 2.0%) in the first quarter of 2011, due primarily to the increase in global commodity and food prices. Inflation is projected to hover between 2.5% and 3.5% for the year.

The Group is embarking on the journey to transform UOB to a premier regional bank and continues to harness and build on the strengths of our unique regional franchise. The Group continues to stay focused on making its systems and processes seamless and ensuring its customers consistently experience excellent service in the most efficient manner. Barring any unforeseen circumstances, the Bank is confident to deliver satisfactory result in 2011.