

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

**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**31 MARCH 2012**

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 31 MARCH 2012**

	Notes	Group		Bank	
		31-Mar-12 RM'000	31-Dec-11 RM'000	31-Mar-12 RM'000	31-Dec-11 RM'000
<b>ASSETS</b>					
Cash and short-term funds		<b>2,839,857</b>	13,863,225	<b>2,839,857</b>	13,863,225
Securities purchased under resale agreements		<b>3,137,060</b>	-	<b>3,137,060</b>	-
Deposits and placements with financial institutions		<b>258,351</b>	11,686	<b>258,351</b>	11,686
Financial assets at fair value through profit and loss	11	<b>4,526,363</b>	2,474,507	<b>4,526,363</b>	2,474,507
Available-for-sale securities	12	<b>9,127,241</b>	2,825,137	<b>9,127,241</b>	2,825,137
Loans, advances and financing	13	<b>48,980,492</b>	46,710,776	<b>49,164,343</b>	46,894,627
Derivatives financial assets	14	<b>219,054</b>	256,860	<b>219,054</b>	256,860
Other assets	15	<b>515,044</b>	474,396	<b>518,971</b>	478,413
Statutory deposits with Bank Negara Malaysia		<b>1,473,200</b>	1,363,000	<b>1,473,200</b>	1,363,000
Investment in subsidiaries		-	-	<b>50</b>	50
Investment in associates		<b>210,248</b>	206,343	<b>122,733</b>	122,733
Investment property		<b>8,235</b>	8,280	-	-
Property, plant and equipment		<b>259,909</b>	252,585	<b>127,429</b>	119,013
Prepaid land lease payments		<b>39,509</b>	39,674	-	-
Deferred tax assets		<b>290,596</b>	290,595	<b>290,655</b>	290,655
<b>Total assets</b>		<b>71,885,159</b>	68,777,064	<b>71,805,307</b>	68,699,906
<b>LIABILITIES AND EQUITY</b>					
Deposits from customers	16	<b>56,111,219</b>	52,643,082	<b>56,124,783</b>	52,655,065
Deposits and placements of banks and other financial institutions	17	<b>5,886,351</b>	6,528,773	<b>5,886,778</b>	6,529,200
Bills and acceptances payable		<b>2,887,506</b>	2,843,787	<b>2,887,506</b>	2,843,787
Derivatives financial liabilities	14	<b>295,181</b>	347,948	<b>295,181</b>	347,948
Other liabilities	18	<b>1,291,090</b>	1,148,878	<b>1,289,365</b>	1,147,084
Tax payable		<b>70,988</b>	103,562	<b>70,970</b>	103,538
Subordinated bonds	19	<b>499,023</b>	498,902	<b>499,023</b>	498,902
<b>Total liabilities</b>		<b>67,041,358</b>	64,114,932	<b>67,053,606</b>	64,125,524
Share capital		<b>470,000</b>	470,000	<b>470,000</b>	470,000
Reserves		<b>4,373,801</b>	4,192,132	<b>4,281,701</b>	4,104,382
<b>SHAREHOLDERS' EQUITY</b>		<b>4,843,801</b>	4,662,132	<b>4,751,701</b>	4,574,382
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>71,885,159</b>	68,777,064	<b>71,805,307</b>	68,699,906
<b>COMMITMENTS AND CONTINGENCIES</b>	26	<b>48,770,918</b>	47,361,699	<b>48,770,918</b>	47,361,699

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS  
UNAUDITED INCOME STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012**

	Notes	Group		Bank	
		31-Mar-12 RM'000	31-Mar-11 RM'000	31-Mar-12 RM'000	31-Mar-11 RM'000
Operating revenue		<b>911,173</b>	689,229	<b>914,408</b>	690,671
Interest income	20	<b>760,270</b>	563,886	<b>761,979</b>	565,383
Interest expense	21	<b>(412,611)</b>	(261,381)	<b>(412,618)</b>	(261,386)
Net interest income		<b>347,659</b>	302,505	<b>349,361</b>	303,997
Other operating income	22	<b>155,533</b>	134,632	<b>157,019</b>	134,577
Operating income		<b>503,192</b>	437,137	<b>506,380</b>	438,574
Other operating expenses	23	<b>(164,666)</b>	(151,555)	<b>(166,644)</b>	(152,548)
Operating profit before allowance for impairment on loans, advances and financing and provision for commitments and contingencies		<b>338,526</b>	285,582	<b>339,736</b>	286,026
Allowance for impairment on loans, advances and financing	24	<b>(89,936)</b>	(43,409)	<b>(89,936)</b>	(43,409)
Net write back of provision for commitments and contingencies		<b>5,060</b>	56	<b>5,060</b>	56
Share of net profit of associates		<b>253,650</b>	242,229	<b>254,860</b>	242,673
		<b>5,157</b>	2,538	-	-
Profit before taxation		<b>258,807</b>	244,767	<b>254,860</b>	242,673
Income tax expense		<b>(73,892)</b>	(73,131)	<b>(74,295)</b>	(73,131)
Profit after taxation		<b>184,915</b>	171,636	<b>180,565</b>	169,542
Basic earnings per share (sen)		<b>39.3</b>	36.5		

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

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**INTERIM FINANCIAL STATEMENTS**

**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**

**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012**

	<b>Group</b>		<b>Bank</b>	
	<b>31-Mar-12</b>	31-Mar-11	<b>31-Mar-12</b>	31-Mar-11
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Profit for the period	<b>184,915</b>	171,636	<b>180,565</b>	169,542
Other comprehensive income:				
Net loss on revaluation of available-for-sale securities	<b>(3,246)</b>	(17,580)	<b>(3,246)</b>	(17,580)
Total comprehensive income for the period	<b>181,669</b>	154,056	<b>177,319</b>	151,962

Company No. 271809K

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

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**INTERIM FINANCIAL STATEMENTS**

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012**

<b>GROUP</b>	← Non-distributable →				→ Distributable		<b>Total RM'000</b>
	<b>Share Capital RM'000</b>	<b>Share Premium RM'000</b>	<b>Statutory Reserves RM'000</b>	<b>Revaluation Reserves RM'000</b>	<b>Net unrealised reserves on AFS securities RM'000</b>	<b>Retained Profits RM'000</b>	
<b>2012</b>							
Balance as at 1 January 2012	470,000	322,555	470,000	73,006	308	3,326,263	4,662,132
Total comprehensive income for the period	-	-	-	-	(3,246)	184,915	181,669
Balance as at 31 March 2012	<u>470,000</u>	<u>322,555</u>	<u>470,000</u>	<u>73,006</u>	<u>(2,938)</u>	<u>3,511,178</u>	<u>4,843,801</u>

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**UNITED OVERSEAS BANK (MALAYSIA) BHD**

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**INTERIM FINANCIAL STATEMENTS**

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (con'td.)**

**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012**

GROUP (con'td.)	← 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	Retained Profits RM'000	
<b>2011</b>							
Balance as at 1 January 2011	470,000	322,555	470,000	72,797	5,725	2,754,586	4,095,663
Total comprehensive income for the year	-	-	-	-	(5,417)	776,127	770,710
Reversal of revaluation deficit upon disposal of land and buildings	-	-	-	209	-	-	209
Transactions with owners:							
Dividends paid:							
- final dividend for the year ended 31 December 2010	-	-	-	-	-	(204,450)	(204,450)
Balance as at 31 December 2011	<u>470,000</u>	<u>322,555</u>	<u>470,000</u>	<u>73,006</u>	<u>308</u>	<u>3,326,263</u>	<u>4,662,132</u>

Company No. 271809K

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

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**INTERIM FINANCIAL STATEMENTS**

**UNAUDITED STATEMENT OF CHANGES IN EQUITY**

**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012**

<b>BANK</b>	← Non-distributable →				→ Distributable		<b>Total RM'000</b>
	<b>Share Capital RM'000</b>	<b>Share Premium RM'000</b>	<b>Statutory Reserves RM'000</b>	<b>Revaluation Reserves RM'000</b>	<b>Net unrealised reserves on AFS securities RM'000</b>	<b>Retained Profits RM'000</b>	
<b>2012</b>							
Balance as at 1 January 2012	470,000	322,555	470,000	-	308	3,311,519	4,574,382
Total comprehensive income for the period	-	-	-	-	(3,246)	180,565	177,319
Balance as at 31 March 2012	<u>470,000</u>	<u>322,555</u>	<u>470,000</u>	<u>-</u>	<u>(2,938)</u>	<u>3,492,084</u>	<u>4,751,701</u>

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**UNITED OVERSEAS BANK (MALAYSIA) BHD**

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**INTERIM FINANCIAL STATEMENTS**

**UNAUDITED STATEMENT OF CHANGES IN EQUITY (con'td.)**

**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012**

<b>BANK (con'td.)</b>	← 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	Retained Profits RM'000	
<b>2011</b>							
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 year	-	-	-	-	(5,417)	753,206	747,789
Transactions with owners:							
Dividends paid:							
- final dividend for the year ended 31 December 2010	-	-	-	-	-	(204,450)	(204,450)
Balance as at 31 December 2011	<u>470,000</u>	<u>322,555</u>	<u>470,000</u>	<u>-</u>	<u>308</u>	<u>3,311,519</u>	<u>4,574,382</u>



**UNITED OVERSEAS BANK (MALAYSIA) BHD**

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**INTERIM FINANCIAL STATEMENTS****UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS****FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012**

	<b>Group</b>		<b>Bank</b>	
	<b>31-Mar-12</b> <b>RM'000</b>	31-Mar-11 RM'000	<b>31-Mar-12</b> <b>RM'000</b>	31-Mar-11 RM'000
Profit before taxation	<b>258,807</b>	244,767	<b>254,860</b>	242,673
Adjustments for non operating and non-cash items	<b>30,739</b>	28,670	<b>32,924</b>	29,906
Operating profit before changes in working capital	<b>289,546</b>	273,437	<b>287,784</b>	272,579
Changes in working capital:				
Net changes in operating assets	<b>(7,659,727)</b>	(1,758,035)	<b>(7,659,636)</b>	(1,757,604)
Net changes in operating liabilities	<b>2,966,435</b>	4,189,395	<b>2,968,086</b>	4,187,727
Tax expense paid	<b>(106,462)</b>	(54,845)	<b>(106,442)</b>	(54,833)
Net cash (used in)/generated from operating activities	<b>(4,510,208)</b>	2,649,952	<b>(4,510,208)</b>	2,647,869
Net cash (used in)/generated from investing activities	<b>(6,266,616)</b>	683,276	<b>(6,266,616)</b>	685,359
Net cash generated from financing activities	<b>121</b>	100	<b>121</b>	100
Net changes in cash and cash equivalents	<b>(10,776,703)</b>	3,333,328	<b>(10,776,703)</b>	3,333,328
Cash and cash equivalents at beginning of the year	<b>13,874,911</b>	9,281,778	<b>13,874,911</b>	9,281,778
Cash and cash equivalents at end of the period	<b>3,098,208</b>	12,615,106	<b>3,098,208</b>	12,615,106

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
AS AT 31 MARCH 2012**

**1. BASIS OF PREPARATION**

The unaudited interim financial statements for the financial period ended 31 March 2012 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 2011. 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 2011.

**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 2011.

**3. AUDIT REPORT**

The audit report on the audited annual financial statements for the financial year ended 31 December 2011 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 31 March 2012.

**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.

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**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 31 March 2012.

**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 31 March 2012.

**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 31 March 2012.

**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 31 March 2012.

**UNITED OVERSEAS BANK (MALAYSIA) BHD**  
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**11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS**

	<b>Group and Bank</b>	
	<b>Mar-12</b>	<b>Dec-11</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Held-for-trading securities</b>		
<b>At fair value</b>		
Bank Negara Malaysia bills	3,566,849	1,507,196
Malaysian Government treasury bills	63,878	120,013
Malaysian Government securities	233,503	286,580
Bankers' acceptances and Islamic accepted bills	155,359	37,844
<b>Total held-for-trading securities</b>	<b>4,019,589</b>	<b>1,951,633</b>
<b>Designated as fair value through profit and loss</b>		
<b>Inside Malaysia but denominated in United State Dollar</b>		
Private debt securities	506,774	522,874
<b>Total financial assets at fair value through profit and loss</b>	<b>4,526,363</b>	<b>2,474,507</b>

**12. AVAILABLE-FOR-SALE SECURITIES**

	<b>Group and Bank</b>	
	<b>Mar-12</b>	<b>Dec-11</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>		
<b>Money market instruments</b>		
Bank Negara Malaysia bills	7,814,034	1,939,484
Malaysian Government treasury bills	89,584	-
Malaysian Government securities	637,495	274,438
Cagamas bonds	392,663	418,087
	<b>8,933,776</b>	<b>2,632,009</b>
<b>Private Debts Securities of Companies Incorporated</b>		
In Malaysia		
Corporate bonds	169,648	170,556
	<b>169,648</b>	<b>170,556</b>
<b>Quoted securities</b>		
Shares of corporations outside Malaysia	8,732	7,842
Shares of corporations in Malaysia	2,537	2,182
	<b>11,269</b>	<b>10,024</b>
<b>At cost</b>		
<b>Unquoted securities</b>		
Shares	12,272	12,272
Private debt securities	276	276
	<b>12,548</b>	<b>12,548</b>
<b>Total available-for-sale securities</b>	<b>9,127,241</b>	<b>2,825,137</b>

**UNITED OVERSEAS BANK (MALAYSIA) BHD**  
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**13. LOANS, ADVANCES AND FINANCING**

	Group		Bank	
	Mar-12 RM'000	Dec-11 RM'000	Mar-12 RM'000	Dec-11 RM'000
Overdrafts	<b>2,679,400</b>	2,676,449	<b>2,679,400</b>	2,676,449
Term loans and revolving credits				
Housing loans	<b>18,229,749</b>	17,240,962	<b>18,229,749</b>	17,240,962
Syndicated term loans	<b>1,066,453</b>	848,493	<b>1,066,453</b>	848,493
Other term loans/financing	<b>20,002,575</b>	18,693,916	<b>20,186,426</b>	18,877,767
Credit cards receivable	<b>1,629,830</b>	1,656,020	<b>1,629,830</b>	1,656,020
Bills receivable	<b>165,175</b>	196,464	<b>165,175</b>	196,464
Trust receipts	<b>1,253,840</b>	1,421,533	<b>1,253,840</b>	1,421,533
Staff loans - Others	<b>70,449</b>	73,036	<b>70,449</b>	73,036
Others	<b>8,747</b>	9,717	<b>8,747</b>	9,717
	<b>45,106,218</b>	42,816,590	<b>45,290,069</b>	43,000,441
Claims on customers under acceptance credits	<b>4,975,833</b>	4,927,815	<b>4,975,833</b>	4,927,815
Unearned interest	<b>(55,945)</b>	(62,745)	<b>(55,945)</b>	(62,745)
<b>Gross loans, advances and financing</b>	<b>50,026,106</b>	47,681,660	<b>50,209,957</b>	47,865,511
Allowance for losses on loans, advances and financing				
- Individual impairment	<b>(274,045)</b>	(249,315)	<b>(274,045)</b>	(249,315)
- Collective impairment	<b>(771,569)</b>	(721,569)	<b>(771,569)</b>	(721,569)
<b>Net loans, advances and financing</b>	<b>48,980,492</b>	46,710,776	<b>49,164,343</b>	46,894,627

**(i) By maturity structure**

Maturing within one year	<b>13,138,938</b>	13,751,193	<b>13,138,938</b>	13,751,193
One year to three years	<b>1,369,301</b>	1,263,462	<b>1,369,301</b>	1,263,462
Three years to five years	<b>3,853,372</b>	2,886,776	<b>3,853,372</b>	2,886,776
Over five years	<b>31,664,495</b>	29,780,229	<b>31,848,346</b>	29,964,080
	<b>50,026,106</b>	47,681,660	<b>50,209,957</b>	47,865,511

**(ii) By type of customer**

Domestic non-bank financial institutions				
- Stockbroking companies	<b>4,015</b>	8	<b>4,015</b>	8
- Others	<b>226,515</b>	256,531	<b>226,515</b>	256,531
Domestic business enterprises				
- Small medium enterprises	<b>11,831,219</b>	11,527,835	<b>11,831,219</b>	11,527,835
- Others	<b>10,750,227</b>	10,150,067	<b>10,934,078</b>	10,333,918
Individuals	<b>23,157,099</b>	21,813,502	<b>23,157,099</b>	21,813,502
Other domestic entities	<b>122</b>	116	<b>122</b>	116
Foreign entities	<b>4,056,909</b>	3,933,601	<b>4,056,909</b>	3,933,601
	<b>50,026,106</b>	47,681,660	<b>50,209,957</b>	47,865,511

**UNITED OVERSEAS BANK (MALAYSIA) BHD**  
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**13. LOANS, ADVANCES AND FINANCING (con'td.)**

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

	Group		Bank	
	Mar-12 RM'000	Dec-11 RM'000	Mar-12 RM'000	Dec-11 RM'000
Fixed rate				
Housing loans/financing	55,605	58,053	55,605	58,053
Other fixed rate loan/financing	3,109,172	2,950,070	3,109,172	2,950,070
Variable rate				
BLR plus	45,065,703	42,883,908	45,065,703	42,883,908
Cost-plus	1,152,280	1,122,256	1,336,131	1,306,107
Other variable rates	643,346	667,373	643,346	667,373
	<b>50,026,106</b>	<b>47,681,660</b>	<b>50,209,957</b>	<b>47,865,511</b>

**(iv) By sector**

	Group		Bank	
	Mar-12 RM'000	Dec-11 RM'000	Mar-12 RM'000	Dec-11 RM'000
Agriculture, hunting, forestry and fishing	540,108	540,462	540,108	540,462
Mining and quarrying	88,241	82,556	88,241	82,556
Manufacturing	6,369,389	6,200,739	6,369,389	6,200,739
Electricity, gas and water	55,388	43,854	55,388	43,854
Construction	3,801,808	3,519,461	3,801,808	3,519,461
Wholesale & retail trade and restaurants & hotels	6,698,447	6,621,331	6,698,447	6,621,331
Transport, storage and communication	729,470	518,524	729,470	518,524
Finance, insurance and business services	2,261,160	2,253,738	2,261,160	2,253,738
Real estate	2,433,320	2,305,881	2,617,171	2,489,732
Community, social and personal services	201,464	212,430	201,464	212,430
Households of which:	26,810,323	25,347,201	26,810,323	25,347,201
- purchase of residential properties	19,065,851	18,053,741	19,065,851	18,053,741
- purchase of non residential properties	3,783,332	3,379,329	3,783,332	3,379,329
- others	3,961,140	3,914,131	3,961,140	3,914,131
Others	36,988	35,483	36,988	35,483
	<b>50,026,106</b>	<b>47,681,660</b>	<b>50,209,957</b>	<b>47,865,511</b>

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**13. LOANS, ADVANCES AND FINANCING (con'td.)**

**(v) Movements in impaired loans, advances and financing are as follows:**

	Group		Bank	
	Mar-12 RM'000	Dec-11 RM'000	Mar-12 RM'000	Dec-11 RM'000
Balance as at 1 January	833,396	869,568	833,396	869,568
Classified as impaired during the period/year	210,465	518,035	210,465	518,035
Amount recovered	(65,716)	(289,956)	(65,716)	(289,956)
Reclassified as non-impaired	(56,137)	(157,787)	(56,137)	(157,787)
Amount written off	(29,360)	(106,464)	(29,360)	(106,464)
Balance as at 31 March / 31 December	<u>892,648</u>	<u>833,396</u>	<u>892,648</u>	<u>833,396</u>
Individual impairment	<u>(274,045)</u>	<u>(249,315)</u>	<u>(274,045)</u>	<u>(249,315)</u>
Net impaired loans, advances and financing	<u>618,603</u>	<u>584,081</u>	<u>618,603</u>	<u>584,081</u>
Ratio of net impaired loans, advances and financing to net loans, advances and financing	<u>1.2%</u>	<u>1.3%</u>	<u>1.2%</u>	<u>1.2%</u>

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

	Group and Bank	
	Mar-12 RM'000	Dec-11 RM'000
<b><u>Collective Impairment</u></b>		
Balance as at 1 January	721,569	555,269
Allowance made during the period/year	50,000	166,300
Balance as at 31 March / 31 December	<u>771,569</u>	<u>721,569</u>
As % of gross loans, advances and financing (excluding loan to Government) less individual impairment	<u>1.5%</u>	<u>1.5%</u>

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**13. LOANS, ADVANCES AND FINANCING (con'td.)**

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

	<b>Group and Bank</b>	
	<b>Mar-12</b>	Dec-11
	<b>RM'000</b>	RM'000
<b><u>Individual Impairment</u></b>		
Balance as at 1 January	<b>249,315</b>	278,563
Allowance made during the period/year	<b>88,259</b>	210,473
Amount written back in respect of recoveries	<b>(30,917)</b>	(116,985)
Amount written off	<b>(32,265)</b>	(116,149)
Interest recognition on impaired loans	<b>(347)</b>	(6,587)
Balance as at 31 March / 31 December	<b><u>274,045</u></b>	<u>249,315</u>

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

	<b>Group and Bank</b>	
	<b>Mar-12</b>	Dec-11
	<b>RM'000</b>	RM'000
Agriculture, hunting, forestry and fishing	<b>245</b>	634
Manufacturing	<b>288,458</b>	257,876
Construction	<b>112,842</b>	106,778
Wholesale & retail trade and restaurants & hotels	<b>102,265</b>	122,472
Transport, storage and communication	<b>6,106</b>	5,071
Finance, insurance and business services	<b>18,474</b>	19,357
Real estate	<b>27,882</b>	10,528
Community, social and personal services	<b>127</b>	895
Households of which:	<b>336,249</b>	309,785
- purchase of residential properties	<b>258,108</b>	239,435
- purchase of non residential properties	<b>22,766</b>	14,952
- others	<b>55,375</b>	55,398
	<b><u>892,648</u></b>	<u>833,396</u>



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**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:

	<b>Group and Bank</b>		
	<b>Contract or underlying principal amount RM'000</b>	<b>Positive fair value RM'000</b>	<b>Negative fair value RM'000</b>
<b>AS AT 31 MARCH 2012</b>			
Foreign exchange contracts			
- forwards	3,119,094	51,964	16,063
- swaps	6,016,480	38,426	77,439
Interest rate related contracts			
- swaps	21,637,148	122,110	197,992
Options	1,964,257	6,554	3,687
	<u>1,964,257</u>	<u>219,054</u>	<u>295,181</u>
<b>AS AT 31 DECEMBER 2011</b>			
Foreign exchange contracts			
- forwards	2,539,564	31,286	49,807
- swaps	5,112,429	44,159	31,242
Interest rate related contracts			
- forwards	30,000	116	-
- swaps	23,086,189	177,349	264,569
Options	1,161,020	3,950	2,330
	<u>1,161,020</u>	<u>256,860</u>	<u>347,948</u>

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**15. OTHER ASSETS**

	Group		Bank	
	Mar-12 RM'000	Dec-11 RM'000	Mar-12 RM'000	Dec-11 RM'000
Other receivables, deposits and prepayments	171,624	186,058	175,141	189,690
Accrued interest receivable	52,483	45,528	52,483	45,528
Amount due from subsidiaries	-	-	410	385
Precious Metal accounts	290,937	242,810	290,937	242,810
	<b>515,044</b>	<b>474,396</b>	<b>518,971</b>	<b>478,413</b>

**16. DEPOSITS FROM CUSTOMERS**

	Group		Bank	
	Mar-12 RM'000	Dec-11 RM'000	Mar-12 RM'000	Dec-11 RM'000
<b>(i) By type of deposit</b>				
Demand deposits	8,684,758	8,232,769	8,697,277	8,243,714
Savings deposits	2,789,077	2,739,425	2,789,077	2,739,425
Fixed deposits	26,914,272	24,516,626	26,915,317	24,517,664
Negotiable instruments of deposits	3,330,534	1,937,141	3,330,534	1,937,141
Others	14,392,578	15,217,121	14,392,578	15,217,121
	<b>56,111,219</b>	<b>52,643,082</b>	<b>56,124,783</b>	<b>52,655,065</b>

**(ii) By type of customer**

Business enterprises				
- Subsidiaries	-	-	13,564	11,983
- Others	25,383,969	24,110,906	25,383,969	24,110,906
Individuals	22,881,861	21,367,320	22,881,861	21,367,320
Others	7,845,389	7,164,856	7,845,389	7,164,856
	<b>56,111,219</b>	<b>52,643,082</b>	<b>56,124,783</b>	<b>52,655,065</b>

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

Due within six months	20,193,632	19,708,555	20,194,677	19,709,593
Six months to one year	9,846,834	6,605,688	9,846,834	6,605,688
One year to three years	193,257	119,767	193,257	119,767
Three years to five years	11,083	19,757	11,083	19,757
	<b>30,244,806</b>	<b>26,453,767</b>	<b>30,245,851</b>	<b>26,454,805</b>

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**17. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

	Group		Bank	
	Mar-12 RM'000	Dec-11 RM'000	Mar-12 RM'000	Dec-11 RM'000
Licensed banks in Malaysia	241,332	99,655	241,332	99,655
Bank Negara Malaysia	1,514,948	1,460,545	1,514,948	1,460,545
Other financial institutions outside Malaysia	4,130,071	4,968,573	4,130,498	4,969,000
	<b>5,886,351</b>	<b>6,528,773</b>	<b>5,886,778</b>	<b>6,529,200</b>

**18. OTHER LIABILITIES**

	Group		Bank	
	Mar-12 RM'000	Dec-11 RM'000	Mar-12 RM'000	Dec-11 RM'000
Provision for commitments and contingencies	190	5,250	190	5,250
Accrued interest payable	284,298	244,809	283,397	243,909
Accruals and provisions for operational expenses	49,242	109,771	49,242	109,771
Other accruals and provisions	957,360	789,048	956,536	788,154
	<b>1,291,090</b>	<b>1,148,878</b>	<b>1,289,365</b>	<b>1,147,084</b>

**19. SUBORDINATED BONDS**

	Group and Bank	
	Mar-12 RM'000	Dec-11 RM'000
RM500 million Subordinated Bonds 2010/2020, at par	500,000	500,000
Unamortised expenses relating to issue of Subordinated Bonds	(977)	(1,098)
	<b>499,023</b>	<b>498,902</b>

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

The Bonds bear interest at the rate of 4.88% per annum from 29 March 2010 to 29 March 2015 and thereafter, at the rate of 5.88% per annum from 30 March 2015 to the date of early redemption in full of such Bonds or maturity date of the Bonds (whichever is earlier).

The Bonds may be redeemed at par at the option of the bank, in whole but not in part, on 30 March 2015 or at any interest payment date thereafter.

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.

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**20. INTEREST INCOME**

	Group		Bank	
	Mar-12 RM'000	Mar-11 RM'000	Mar-12 RM'000	Mar-11 RM'000
Loans, advances and financing				
- Interest income other than recoveries from impaired loans	<b>602,536</b>	439,825	<b>604,245</b>	441,322
- Recoveries from impaired loans	<b>16,617</b>	16,998	<b>16,617</b>	16,998
Money at call and deposit placements with financial institutions	<b>70,815</b>	58,937	<b>70,815</b>	58,937
Financial assets at fair value through profit and loss	<b>19,264</b>	8,818	<b>19,264</b>	8,818
Available-for-sale securities	<b>52,175</b>	35,344	<b>52,175</b>	35,344
Others	<b>269</b>	5,844	<b>269</b>	5,844
	<b>761,676</b>	565,766	<b>763,385</b>	567,263
Amortisation of premium less accretion of discount on:				
- Financial assets at fair value through profit and loss	<b>(228)</b>	(127)	<b>(228)</b>	(127)
- Available-for-sale securities	<b>(1,178)</b>	(1,753)	<b>(1,178)</b>	(1,753)
	<b>760,270</b>	563,886	<b>761,979</b>	565,383

**21. INTEREST EXPENSE**

	Group		Bank	
	Mar-12 RM'000	Mar-11 RM'000	Mar-12 RM'000	Mar-11 RM'000
Deposits and placements of banks and other financial institutions	<b>20,062</b>	27,968	<b>20,069</b>	27,973
Deposits from customers	<b>381,644</b>	226,895	<b>381,644</b>	226,895
Loans sold to Cagamas	-	376	-	376
Subordinated Bonds	<b>6,188</b>	6,116	<b>6,188</b>	6,116
Others	<b>4,717</b>	26	<b>4,717</b>	26
	<b>412,611</b>	261,381	<b>412,618</b>	261,386

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**22. OTHER OPERATING INCOME**

	Group		Bank	
	Mar-12 RM'000	Mar-11 RM'000	Mar-12 RM'000	Mar-11 RM'000
<u>Fee income</u>				
Commission	<b>37,890</b>	27,032	<b>37,890</b>	27,032
Guarantee fees	<b>11,309</b>	10,276	<b>11,309</b>	10,276
Service charges and fees	<b>45,915</b>	37,741	<b>45,945</b>	37,891
Commitment fees	<b>5,849</b>	5,142	<b>5,852</b>	5,143
Arrangement and participation fees	<b>7</b>	1,752	<b>7</b>	1,752
	<b>100,970</b>	81,943	<b>101,003</b>	82,094
<u>Investment income / (loss)</u>				
Loss from sale of financial assets at fair value through profit and loss	<b>(14,738)</b>	(9,397)	<b>(14,738)</b>	(9,397)
Gain from sale of precious metals	<b>1,255</b>	614	<b>1,255</b>	614
Gain from sale/recovery of available-for-sale securities	<b>1,705</b>	7,700	<b>1,705</b>	7,700
Unrealised gain on financial assets at fair value through profit and loss	<b>16,850</b>	13,378	<b>16,850</b>	13,378
Gross dividends from:				
- Available-for-sale securities quoted in Malaysia	<b>28</b>	8	<b>28</b>	8
- Associate	-	-	<b>1,668</b>	-
	<b>5,100</b>	12,303	<b>6,768</b>	12,303
<u>Other income</u>				
Foreign exchange gain/(loss)				
- realised	<b>41,496</b>	59,295	<b>41,496</b>	59,295
- unrealised	<b>2,497</b>	(24,106)	<b>2,497</b>	(24,106)
Rental income from operating leases, other than those from investment property	<b>40</b>	50	<b>16</b>	22
Rental income from investment property	<b>150</b>	178	-	-
(Loss)/gain on disposal of property, plant and equipment	<b>(2)</b>	15	<b>(2)</b>	15
Other operating income	<b>1,071</b>	1,052	<b>1,071</b>	1,052
Others	<b>4,211</b>	3,902	<b>4,170</b>	3,902
	<b>49,463</b>	40,386	<b>49,248</b>	40,180
	<b>155,533</b>	134,632	<b>157,019</b>	134,577

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**23. OTHER OPERATING EXPENSES**

	Group		Bank	
	Mar-12 RM'000	Mar-11 RM'000	Mar-12 RM'000	Mar-11 RM'000
Personnel expenses	<b>96,961</b>	89,889	<b>95,710</b>	88,530
Establishment related expenses	<b>27,648</b>	28,662	<b>30,107</b>	30,341
Promotion and marketing related expenses	<b>6,851</b>	6,090	<b>7,844</b>	7,297
General administrative expenses	<b>33,206</b>	26,914	<b>32,983</b>	26,380
	<b>164,666</b>	151,555	<b>166,644</b>	152,548
<u>Personnel expenses</u>				
Wages, salaries and bonus	<b>75,905</b>	70,436	<b>74,825</b>	69,265
Employees Provident Fund Contributions	<b>11,723</b>	10,991	<b>11,569</b>	10,832
Other employee benefits	<b>9,333</b>	8,462	<b>9,316</b>	8,433
	<b>96,961</b>	89,889	<b>95,710</b>	88,530
<u>Establishment related expenses</u>				
Depreciation of property, plant and equipment	<b>7,739</b>	9,322	<b>6,826</b>	8,229
Depreciation of investment property	<b>225</b>	45	-	-
Amortisation of prepaid land lease payments	<b>165</b>	165	-	-
Hire of equipment	<b>17</b>	14	<b>17</b>	14
Information technology costs	<b>3,454</b>	3,006	<b>3,454</b>	3,006
Repair and maintenance	<b>3,715</b>	3,989	<b>3,352</b>	3,824
Rental of premises	<b>3,268</b>	2,486	<b>7,097</b>	6,012
Others	<b>9,065</b>	9,635	<b>9,361</b>	9,256
	<b>27,648</b>	28,662	<b>30,107</b>	30,341
<u>Promotion and marketing related expenses</u>				
Advertising and publicity	<b>4,152</b>	2,321	<b>4,148</b>	2,317
Others	<b>2,699</b>	3,769	<b>3,696</b>	4,980
	<b>6,851</b>	6,090	<b>7,844</b>	7,297
<u>General administrative expenses</u>				
Fees and commissions paid	<b>18,804</b>	14,849	<b>18,656</b>	14,358
Others	<b>14,402</b>	12,065	<b>14,327</b>	12,022
	<b>33,206</b>	26,914	<b>32,983</b>	26,380

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**24. ALLOWANCE FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING**

	Group		Bank	
	Mar-12 RM'000	Mar-11 RM'000	Mar-12 RM'000	Mar-11 RM'000
<b>Allowance for impaired loans, advances and financing</b>				
(a) Individual Impairment				
- made in the financial period/year	<b>88,258</b>	49,580	<b>88,258</b>	49,580
- written back in the financial period/year	<b>(30,917)</b>	(33,438)	<b>(30,917)</b>	(33,438)
(b) Collective Impairment				
- made in the financial period/year	<b>50,000</b>	49,800	<b>50,000</b>	49,800
<b>Impaired loans, advances and financing</b>				
- written back	<b>(2,431)</b>	(970)	<b>(2,431)</b>	(970)
- recovered	<b>(14,974)</b>	(21,563)	<b>(14,974)</b>	(21,563)
	<b>89,936</b>	43,409	<b>89,936</b>	43,409

**25. CAPITAL MANAGEMENT AND CAPITAL ADEQUACY**

	Group		Bank	
	Mar-12 RM'000	Dec-11 RM'000	Mar-12 RM'000	Dec-11 RM'000
<u>Tier I capital</u>				
Paid-up share capital	<b>470,000</b>	470,000	<b>470,000</b>	470,000
Share premium	<b>322,555</b>	322,555	<b>322,555</b>	322,555
Retained profits	<b>3,326,263</b>	3,326,263	<b>3,311,519</b>	3,311,519
Statutory reserves	<b>470,000</b>	470,000	<b>470,000</b>	470,000
Less: Deferred tax assets	<b>(290,596)</b>	(290,595)	<b>(290,655)</b>	(290,655)
Total Tier I Capital	<b>4,298,222</b>	4,298,223	<b>4,283,419</b>	4,283,419
<u>Tier II capital</u>				
Subordinated bonds	<b>500,000</b>	500,000	<b>500,000</b>	500,000
Collective impairment (proportion of Standardised Approach's RWA)	<b>121,040</b>	115,881	<b>117,247</b>	112,027
Surplus of total Eligible Provisions over total Expected Loss (IRB approach)	<b>153,724</b>	148,086	<b>153,724</b>	148,086
	<b>774,764</b>	763,967	<b>770,971</b>	760,113
Less:				
Investment in subsidiary companies	-	-	<b>(50)</b>	(50)
Total Tier II Capital	<b>774,764</b>	763,967	<b>770,921</b>	760,063
Capital base	<b>5,072,986</b>	5,062,190	<b>5,054,340</b>	5,043,482

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

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

	Group		Bank	
	Mar-12	Dec-11	Mar-12	Dec-11
Core capital ratio	<b>12.37%</b>	12.87%	<b>12.36%</b>	12.88%
Risk-weighted capital ratio	<b>14.60%</b>	15.16%	<b>14.58%</b>	15.16%
Core capital ratio*	<b>11.61%</b>	12.08%	<b>11.59%</b>	12.08%
Risk-weighted capital ratio*	<b>13.84%</b>	14.37%	<b>13.82%</b>	14.37%

\* net of proposed dividends

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

	Group		Bank	
	Mar-12 RM'000	Dec-11 RM'000	Mar-12 RM'000	Dec-11 RM'000
Total RWA for credit risk	<b>30,387,724</b>	29,402,963	<b>30,211,570</b>	29,217,085
Total RWA for market risk	<b>954,662</b>	646,320	<b>954,662</b>	646,320
Total RWA for operational risk	<b>2,969,529</b>	2,914,892	<b>3,075,884</b>	2,974,057
Large Exposure for Equity Holdings RWA	<b>427,009</b>	427,009	<b>427,009</b>	427,009
	<b>34,738,924</b>	33,391,184	<b>34,669,125</b>	33,264,471



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**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.

	<b>Group and Bank</b>		
	<b>Principal Amount RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk Weighted Amount RM'000</b>
<b>AS AT 31 MARCH 2012</b>			
Direct credit substitutes	1,584,893	1,584,893	897,772
Transaction-related contingent items	2,146,726	1,073,406	592,735
Short-term self-liquidating trade-related contingencies	349,518	69,904	47,460
Foreign exchange related contracts			
- less than one year	8,511,170	145,099	41,905
Interest rates related contracts			
- less than one year	9,940,773	54,456	12,386
- one year to less than five years	9,927,514	296,232	149,067
- five years and above	1,811,049	142,231	101,845
Equity related contracts			
- less than one year	57,575	2,027	1,399
- one year to less than five years	67,477	2,299	743
Others	14,374,223	1,565,676	195,092
<b>Total</b>	<b>48,770,918</b>	<b>4,936,223</b>	<b>2,040,404</b>

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**26. COMMITMENTS AND CONTINGENCIES (con'td.)**

	<b>Group and Bank</b>		
	<b>Principal Amount RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk Weighted Amount RM'000</b>
<b>AS AT 31 DECEMBER 2011</b>			
Direct credit substitutes	1,512,859	1,512,859	963,105
Transaction-related contingent items	2,022,840	1,011,592	581,449
Short-term self-liquidating trade-related contingencies	299,645	59,929	33,079
Foreign exchange related contracts			
- less than one year	6,851,811	164,834	61,300
Interest rates related contracts			
- less than one year	10,024,443	65,672	15,233
- one year to less than five years	11,074,119	345,269	178,851
- five years and above	1,962,794	167,309	127,669
Equity related contracts			
- less than one year	16,135	3,142	1,077
- one year to less than five years	146,920	2,333	803
Others	13,450,133	1,222,937	201,981
<b>Total</b>	<b><u>47,361,699</u></b>	<b><u>4,555,876</u></b>	<b><u>2,164,547</u></b>

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

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

The Bank had implemented the Basel II Internal Ratings-Based Approach for weighted assets computation effective from June 2010.

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**27. PERFORMANCE REVIEW**

For the first quarter ended 31 March 2012, the Group posted a pre-tax profit of RM258.8 million, an increase of RM14.0 million or 6% as compared to the corresponding period last year. The better performance was mainly supported by higher total income moderated by higher other operating expenses and higher allowance for impairment on loans, advances and financing.

Net interest income increased by 15% or RM45.2 million to RM347.7 million mainly from higher loans. Other operating income increased by 16% or RM20.9 million to RM155.5 million due to higher fee income.

Total operating expenses rose by RM13.1 million or 9% to RM164.7 million attributed to higher staff expenses from annual salary increase and larger business volume. Expense to income ratio improved from 34.7% to 32.7%.

Allowances for losses on loans and financing increased by RM46.5 million to RM89.9 million mainly due to higher individual impairment and lower bad debt recoveries.

Year to date, gross loans registered a strong growth of RM2.3 billion or 5% to RM50.0 billion. The growth was broad based with the main growth came from housing, construction, transport, storage and communication. Net NPL ratio improved from 1.3% to 1.2%.

Non bank deposits grew by 7% or RM3.5 billion to RM56.1 billion mainly led by higher fixed deposits and negotiable instruments of deposits. Net loans to deposit ratio dropped from 88.7% to 87.3%.

**28. PROSPECTS FOR 2012**

The global economy is expected to be subdued in 2012 with slow growth in US and overhanging sovereign debt issues in the Eurozone.

Despite the challenging external environment, Malaysia's GDP is expected to grow by 4% to 5% this year supported by resilient domestic demand. Inflation is projected to moderate, averaging between 2.5% to 3.0%.

With the increasingly competitive local landscape for both mortgages and deposits, the Group will continue to focus on growing its non interest income to improve profitability.

The Group is cautiously optimistic to achieve a satisfactory set of result in 2012 despite the challenging market conditions.