

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

**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**31 MARCH 2014**

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

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS  
STATEMENTS OF FINANCIAL POSITION  
AS AT 31 MARCH 2014**

	Notes	Group		Bank	
		31-Mar-14 RM'000	31-Dec-13 RM'000	31-Mar-14 RM'000	31-Dec-13 RM'000
<b>ASSETS</b>					
Cash and short-term funds	11	14,286,461	15,104,134	14,286,461	15,104,134
Securities purchased under resale agreements		815,236	2,149,113	815,236	2,149,113
Deposits and placements with financial institutions	12	4,311,419	2,802,804	4,311,419	2,802,804
Financial assets at fair value through profit or loss	13	1,564,487	1,709,534	1,564,487	1,709,534
Available-for-sale ("AFS") securities	14	5,360,831	3,092,372	5,360,831	3,092,372
Loans and advances	15	62,230,556	61,308,278	62,421,632	61,479,326
Derivatives financial assets	16	256,731	320,123	256,731	320,123
Other assets	17	633,859	707,528	636,748	711,322
Statutory deposits with Bank Negara Malaysia		1,887,500	1,925,500	1,887,500	1,925,500
Investment in subsidiaries		-	-	50	50
Investment in an associate		182,325	273,518	119,728	119,728
Property, plant and equipment		425,710	399,202	176,492	170,156
Deferred tax assets		210,551	212,053	212,722	214,224
<b>Total assets</b>		<b>92,165,666</b>	<b>90,004,159</b>	<b>92,050,037</b>	<b>89,798,386</b>
<b>LIABILITIES AND EQUITY</b>					
Deposits from customers	18	69,763,781	69,287,474	69,765,182	69,290,205
Deposits and placements of banks and other financial institutions	19	11,238,013	9,923,281	11,238,189	9,923,698
Bills and acceptances payable		1,720,251	1,734,677	1,720,251	1,734,677
Derivatives financial liabilities	16	269,825	256,175	269,825	256,175
Other liabilities	20	1,518,193	1,506,305	1,516,945	1,504,716
Tax payable		85,422	25,135	85,482	25,187
Subordinated bonds	21	999,678	999,564	999,678	999,564
<b>Total liabilities</b>		<b>85,595,163</b>	<b>83,732,611</b>	<b>85,595,552</b>	<b>83,734,222</b>
<b>Equity attributable to equity holders of the Bank</b>					
Share capital		470,000	470,000	470,000	470,000
Reserves		6,100,503	5,801,548	5,984,485	5,594,164
<b>Total equity</b>		<b>6,570,503</b>	<b>6,271,548</b>	<b>6,454,485</b>	<b>6,064,164</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>92,165,666</b>	<b>90,004,159</b>	<b>92,050,037</b>	<b>89,798,386</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	29	<b>60,728,135</b>	<b>54,142,224</b>	<b>60,728,135</b>	<b>54,142,224</b>

The unaudited interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to these unaudited interim financial statements.

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS  
INCOME STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014**

Group	Notes	Quarter Ended		Year-to-date Ended	
		31-Mar-14 RM'000	31-Mar-13 RM'000	31-Mar-14 RM'000	31-Mar-13 RM'000
Operating revenue	22	<b>1,130,599</b>	1,007,001	<b>1,130,599</b>	1,007,001
Interest income	23	<b>963,596</b>	868,156	<b>963,596</b>	868,156
Interest expense	24	<b>(558,171)</b>	(497,137)	<b>(558,171)</b>	(497,137)
Net interest income		<b>405,425</b>	371,019	<b>405,425</b>	371,019
Other operating income	25	<b>170,041</b>	160,548	<b>170,041</b>	160,548
Operating income		<b>575,466</b>	531,567	<b>575,466</b>	531,567
Other operating expenses	26	<b>(215,716)</b>	(184,134)	<b>(215,716)</b>	(184,134)
Operating profit before allowance for impairment on loans and advances, impairment loss on AFS securities and net provision for commitments and contingencies		<b>359,750</b>	347,433	<b>359,750</b>	347,433
Allowance for impairment on loans and advances	27	<b>(42,722)</b>	(400)	<b>(42,722)</b>	(400)
Impairment loss on AFS securities		<b>(9,725)</b>	(15,077)	<b>(9,725)</b>	(15,077)
Net provision for commitments and contingencies		<b>(3,673)</b>	(2,577)	<b>(3,673)</b>	(2,577)
		<b>303,630</b>	329,379	<b>303,630</b>	329,379
Share of net profit of associates		<b>67,163</b>	10,340	<b>67,163</b>	10,340
Profit before taxation		<b>370,793</b>	339,719	<b>370,793</b>	339,719
Income tax expense		<b>(74,366)</b>	(80,336)	<b>(74,366)</b>	(80,336)
Profit for the financial period attributable to equity holders of the Bank		<b>296,427</b>	259,383	<b>296,427</b>	259,383
Basic earnings per share (sen)		<b>63.1</b>	55.2	<b>63.1</b>	55.2

The unaudited interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to these unaudited interim financial statements.

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS  
INCOME STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014**

Bank	Notes	Quarter Ended		Year-to-date Ended	
		31-Mar-14 RM'000	31-Mar-13 RM'000	31-Mar-14 RM'000	31-Mar-13 RM'000
Operating revenue	22	<b>1,343,705</b>	1,008,776	<b>1,343,705</b>	1,008,776
Interest income	23	<b>965,322</b>	869,923	<b>965,322</b>	869,923
Interest expense	24	<b>(558,190)</b>	(497,143)	<b>(558,190)</b>	(497,143)
Net interest income		<b>407,132</b>	372,780	<b>407,132</b>	372,780
Other operating income	25	<b>381,421</b>	160,556	<b>381,421</b>	160,556
Operating income		<b>788,553</b>	533,336	<b>788,553</b>	533,336
Other operating expenses	26	<b>(217,487)</b>	(186,364)	<b>(217,487)</b>	(186,364)
Operating profit before allowance for impairment on loans and advances, impairment loss on AFS securities and net provision for commitments and contingencies		<b>571,066</b>	346,972	<b>571,066</b>	346,972
Allowance for impairment on loans and advances	27	<b>(42,722)</b>	(400)	<b>(42,722)</b>	(400)
Impairment loss on AFS securities		<b>(9,725)</b>	(15,077)	<b>(9,725)</b>	(15,077)
Net provision for commitments and contingencies		<b>(3,673)</b>	(2,577)	<b>(3,673)</b>	(2,577)
Profit before taxation		<b>514,946</b>	328,918	<b>514,946</b>	328,918
Income tax expense		<b>(127,153)</b>	(80,334)	<b>(127,153)</b>	(80,334)
Profit for the financial period attributable to equity holders of the Bank		<b>387,793</b>	248,584	<b>387,793</b>	248,584
Basic earnings per share (sen)		<b>82.5</b>	52.9	<b>82.5</b>	52.9

The unaudited interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to these unaudited interim financial statements.

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS  
STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014**

<b>Group</b>	<b>Quarter Ended</b>		<b>Year-to-date Ended</b>	
	<b>31-Mar-14</b>	<b>31-Mar-13</b>	<b>31-Mar-14</b>	<b>31-Mar-13</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit for the financial period	296,427	259,383	296,427	259,383
Other comprehensive income:				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Net gain on revaluation of AFS securities	2,528	1,159	2,528	1,159
Other comprehensive income for the financial period, net of tax	2,528	1,159	2,528	1,159
Total comprehensive income for the financial period attributable to equity holders of the Bank	<u>298,955</u>	<u>260,542</u>	<u>298,955</u>	<u>260,542</u>
<b>Bank</b>				
Profit for the financial period	387,793	248,584	387,793	248,584
Other comprehensive income:				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Net gain on revaluation of AFS securities	2,528	1,159	2,528	1,159
Other comprehensive income for the financial period, net of tax	2,528	1,159	2,528	1,159
Total comprehensive income for the financial period attributable to equity holders of the Bank	<u>390,321</u>	<u>249,743</u>	<u>390,321</u>	<u>249,743</u>

The unaudited interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to these unaudited interim financial statements.

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014**

GROUP	← Non-distributable					Distributable	
	Share capital	Share premium	Statutory reserve	Revaluation reserves	Net unrealised reserves on AFS securities	Retained profits	Total
2014	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2014	470,000	322,555	470,000	104,015	(5,274)	4,910,252	6,271,548
Profit for the financial period	-	-	-	-	-	296,427	296,427
Other comprehensive income	-	-	-	-	2,528	-	2,528
Total comprehensive income for the financial period	-	-	-	-	2,528	296,427	298,955
Balance as at 31 March 2014	470,000	322,555	470,000	104,015	(2,746)	5,206,679	6,570,503

The unaudited interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to these unaudited interim financial statements.

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014 (con'td.)**

GROUP (con'td.)	← Non-distributable				Distributable		Total
	Share capital	Share premium	Statutory reserve	Revaluation reserves	Net unrealised reserves on AFS securities	Retained profits	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2013</b>							
Balance as at 1 January 2013	470,000	322,555	470,000	107,494	7,292	4,191,509	5,568,850
Profit for the financial period	-	-	-	-	-	259,383	259,383
Other comprehensive income	-	-	-	-	1,159	-	1,159
Total comprehensive income for the financial period	-	-	-	-	1,159	259,383	260,542
Balance as at 31 March 2013	470,000	322,555	470,000	107,494	8,451	4,450,892	5,829,392

The unaudited interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to these unaudited interim financial statements.

Company No. 271809K

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS  
STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014**

<b>BANK</b>	← Non-distributable →				→ Distributable	
	Share capital	Share premium	Statutory reserve	Net unrealised reserves on AFS securities	Retained profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2014</b>						
Balance as at 1 January 2014	470,000	322,555	470,000	(5,274)	4,806,883	6,064,164
Profit for the financial period	-	-	-	-	387,793	387,793
Other comprehensive income	-	-	-	2,528	-	2,528
Total comprehensive income for the financial period	-	-	-	2,528	387,793	390,321
Balance as at 31 March 2014	470,000	322,555	470,000	(2,746)	5,194,676	6,454,485

The unaudited interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to these unaudited interim financial statements.



**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014 (con'td.)**

<b>BANK (con'td.)</b>	← Non-distributable →				Distributable	
	Share capital	Share premium	Statutory reserve	Net unrealised reserves on AFS securities	Retained profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2013</b>						
Balance as at 1 January 2013	470,000	322,555	470,000	7,292	4,135,672	5,405,519
Profit for the financial period	-	-	-	-	248,584	248,584
Other comprehensive income	-	-	-	1,159	-	1,159
Total comprehensive income for the financial period	-	-	-	1,159	248,584	249,743
Balance as at 31 March 2013	470,000	322,555	470,000	8,451	4,384,256	5,655,262

The unaudited interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to these unaudited interim financial statements.

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS  
CONDENSED STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014**

	<b>Group</b>		<b>Bank</b>	
	<b>31-Mar-14</b>	31-Mar-13	<b>31-Mar-14</b>	31-Mar-13
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Profit before taxation	<b>370,793</b>	339,719	<b>514,946</b>	328,918
Adjustments for non-operating and non-cash items	<b>29,902</b>	(98,677)	<b>(115,604)</b>	(89,925)
Operating profit before working capital changes	<b>400,695</b>	241,042	<b>399,342</b>	238,993
Changes in working capital:				
Net changes in operating assets	<b>688,941</b>	(1,461,694)	<b>669,819</b>	(1,462,049)
Net changes in operating liabilities	<b>1,720,851</b>	2,755,292	<b>1,719,623</b>	2,757,519
Tax expense paid	<b>(66,859)</b>	(74,625)	<b>(66,858)</b>	(74,608)
Net cash generated from operating activities	<b>2,743,628</b>	1,460,015	<b>2,721,926</b>	1,459,855
Net cash generated (used in)/from investing activities	<b>(2,052,799)</b>	6,666,617	<b>(2,031,097)</b>	6,666,777
Net cash generated from financing activities	<b>113</b>	108	<b>113</b>	108
Net changes in cash and cash equivalents	<b>690,942</b>	8,126,740	<b>690,942</b>	8,126,740
Cash and cash equivalents at beginning of the financial period	<b>17,906,938</b>	7,308,291	<b>17,906,938</b>	7,308,291
Cash and cash equivalents at end of the financial period	<b>18,597,880</b>	15,435,031	<b>18,597,880</b>	15,435,031

The unaudited interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to these unaudited interim financial statements.

## UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

### EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2014

#### 1. BASIS OF PREPARATION

The unaudited interim financial statements for the financial period ended 31 March 2014 have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB").

The 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 2013, except for the adoption of the following Malaysian Financial Reporting Standards ("MFRSs"), amendments to MFRSs and IC Interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB"):-

i) Amendments to MFRS 10, MFRS 12 and MFRS 127	Investment Entities
ii) Amendments to MFRS 132	Financial Instruments: Presentation-Offsetting Financial Assets and Financial Liabilities
iii) Amendments to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets
iv) Amendments to MFRS 139	Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting
v) IC Interpretation 21	Levies

The adoption of the MFRSs, and amendments to MFRSs and IC Interpretations above did not have any material impact on the financial statements of the Group and the Bank in the current financial period.

The Group and the Bank have not adopted the following MFRSs, amendments to MFRSs and IC Interpretations that have been issued by the MASB as they are not yet effective:-

#### Effective for financial periods beginning on or after 1 July 2014

i) Amendments to MFRS 2	Share-based Payment (Annual Improvements to MFRSs 2010-2012 Cycle)
ii) Amendments to MFRS 3	Business Combinations (Annual Improvements to MFRSs 2010-2012 Cycle)
iii) Amendments to MFRS 3	Business Combinations (Annual Improvements to MFRSs 2011-2013 Cycle)
iv) Amendments to MFRS 8	Operating Segments (Annual Improvements to MFRSs 2010-2012 Cycle)
v) Amendments to MFRS 13	Fair Value Measurement (Annual Improvements to MFRSs 2011-2013 Cycle)
vi) Amendments to MFRS 116	Property, Plant and Equipment (Annual Improvements to MFRSs 2010-2012 Cycle)
vii) Amendments to MFRS 119	Defined Benefit Plans: Employee Contributions
viii) Amendments to MFRS 124	Related Party Disclosures (Annual Improvements to MFRSs 2010-2012 Cycle)
ix) Amendments to MFRS 138	Intangible Assets (Annual Improvements to MFRSs 2010-2012 Cycle)

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

(Incorporated in Malaysia)

### **EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2014**

#### **1. BASIS OF PREPARATION (con'td.)**

Effective for financial periods beginning on or after 1 July 2014 (con'td.)

x) Amendments to MFRS 140	Investment Property (Annual Improvements to MFRSs 2011-2013 Cycle)
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Effective date to be announced by MASB

i) MFRS 9	Financial Instruments (2009)
ii) MFRS 9	Financial Instruments (2010)
iii) MFRS 9	Financial Instruments (Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139)
iv) Amendments to MFRS 7	Financial Instruments: Disclosures - Mandatory Date of MFRS 9 and Transition Disclosures
v) Amendments to MFRS 9	Financial Instruments-Mandatory Date of MFRS 9 and Transition Disclosures

Except for MFRS 9, the initial application of all the above applicable MFRSs and the amendments is not expected to have any material impact on the financial statements upon their first adoption.

#### **2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2013 was not subject to any qualification.

#### **3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS**

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

#### **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 2014.

#### **5. CHANGES IN ESTIMATES**

There were no significant changes in estimates of amounts reported in prior financial periods that have a material effect on the financial results and position of the Group and the Bank for the financial period ended 31 March 2014.

#### **6. DEBT AND EQUITY SECURITIES**

There were no issuance and repayment of debt and equity securities during the financial period ended 31 March 2014.

#### **7. VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment are stated at valuation less accumulated depreciation and any accumulated impairment losses. 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 year ended 31 December 2013.

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
AS AT 31 MARCH 2014****8. DIVIDENDS**

There were no dividend paid for the financial period ended 31 March 2014.

**9. SIGNIFICANT EVENTS SUBSEQUENT TO THE REPORTING DATE**

There were no material events subsequent to the reporting 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 for the financial period ended 31 March 2014.

**11. CASH AND SHORT-TERM FUNDS**

	<b>Group and Bank</b>	
	<b>31-Mar-14</b>	31-Dec-13
	<b>RM'000</b>	RM'000
Cash and balances with banks and other financial institutions	<b>368,461</b>	568,619
Money at call and deposit placements maturing within one month	<b>13,918,000</b>	14,535,515
	<b>14,286,461</b>	15,104,134

**12. DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS**

	<b>Group and Bank</b>	
	<b>31-Mar-14</b>	31-Dec-13
	<b>RM'000</b>	RM'000
Licensed banks	<b>1,231,419</b>	2,804
Bank Negara Malaysia	<b>3,080,000</b>	2,800,000
	<b>4,311,419</b>	2,802,804

**13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>Group and Bank</b>	
	<b>31-Mar-14</b>	31-Dec-13
	<b>RM'000</b>	RM'000
<b>Held-for-trading securities</b>		
<b>At fair value:</b>		
Bank Negara Malaysia bills	-	520,776
Malaysian Government treasury bills	<b>113,297</b>	156,609
Malaysian Government securities	<b>402,222</b>	178,292
Private debt securities	<b>19,774</b>	20,046
Bankers' acceptances and Islamic accepted bills	<b>351,170</b>	155,272
<b>Total held-for-trading securities</b>	<b>886,463</b>	1,030,995
<b>Designated as fair value through profit or loss</b>		
<b>In Malaysia but denominated in United States Dollar</b>		
Private debt securities	<b>678,024</b>	678,539
<b>Total financial assets at fair value through profit or loss</b>	<b>1,564,487</b>	1,709,534

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
AS AT 31 MARCH 2014****14. AVAILABLE-FOR-SALE SECURITIES**

	<b>Group and Bank</b>	
	<b>31-Mar-14</b>	31-Dec-13
	<b>RM'000</b>	RM'000
<b>At fair value</b>		
<b>Money market instruments:</b>		
Malaysian Government securities	<b>3,932,954</b>	2,019,524
Negotiable instruments of deposits	<b>300,030</b>	-
Cagamas bonds	<b>774,093</b>	708,571
	<b>5,007,077</b>	2,728,095
<b>Private debt securities of Companies incorporated</b>		
In Malaysia:		
Quoted Corporate bonds	<b>361,042</b>	360,664
Impairment loss	<b>(39,960)</b>	(30,235)
	<b>321,082</b>	330,429
<b>Quoted securities:</b>		
Shares of corporations outside Malaysia	<b>16,574</b>	17,363
Shares of corporations in Malaysia	<b>3,550</b>	3,937
	<b>20,124</b>	21,300
<b>At cost</b>		
<b>Unquoted securities:</b>		
Shares	<b>12,272</b>	12,272
Private debt securities	<b>276</b>	276
	<b>12,548</b>	12,548
<b>Total available-for-sale securities</b>	<b>5,360,831</b>	3,092,372

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AS AT 31 MARCH 2014****15. LOANS AND ADVANCES**

	<b>Group</b>		<b>Bank</b>	
	<b>31-Mar-14</b>	<b>31-Dec-13</b>	<b>31-Mar-14</b>	<b>31-Dec-13</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Overdrafts	<b>2,793,982</b>	2,805,718	<b>2,793,982</b>	2,805,856
Term loans and revolving credits				
Housing loans	<b>23,259,000</b>	22,798,703	<b>23,259,000</b>	22,798,703
Syndicated term loans	<b>509,297</b>	465,207	<b>509,297</b>	465,207
Factoring	<b>25,577</b>	16,675	<b>25,577</b>	16,675
Other term loans	<b>28,027,784</b>	27,463,553	<b>28,218,860</b>	27,634,463
Credit cards receivable	<b>2,057,828</b>	2,108,922	<b>2,057,828</b>	2,108,922
Bills receivable	<b>208,933</b>	187,714	<b>208,933</b>	187,714
Trust receipts	<b>1,508,207</b>	1,519,341	<b>1,508,207</b>	1,519,341
Claims on customers under acceptance credits	<b>4,843,794</b>	4,929,703	<b>4,843,794</b>	4,929,703
Staff loans	<b>56,150</b>	56,270	<b>56,150</b>	56,270
Others	<b>3,520</b>	1,916	<b>3,520</b>	1,916
	<b>63,294,072</b>	62,353,722	<b>63,485,148</b>	62,524,770
Unearned interest	<b>(50,274)</b>	(43,083)	<b>(50,274)</b>	(43,083)
<b>Gross loans and advances</b>	<b>63,243,798</b>	62,310,639	<b>63,434,874</b>	62,481,687
<b>Allowance for losses on loans and advances</b>				
- Individual impairment	<b>(255,970)</b>	(274,857)	<b>(255,970)</b>	(274,857)
- Collective impairment	<b>(757,272)</b>	(727,504)	<b>(757,272)</b>	(727,504)
<b>Net loans and advances</b>	<b>62,230,556</b>	61,308,278	<b>62,421,632</b>	61,479,326

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AS AT 31 MARCH 2014****15. LOANS AND ADVANCES (con'td.)****(i) By maturity structure:**

	<b>Group</b>		<b>Bank</b>	
	<b>31-Mar-14</b>	31-Dec-13	<b>31-Mar-14</b>	31-Dec-13
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Maturing within one year	<b>15,667,606</b>	15,705,753	<b>15,667,606</b>	15,705,891
One year to three years	<b>2,481,004</b>	2,396,913	<b>2,672,080</b>	2,567,823
Three years to five years	<b>3,954,280</b>	3,733,183	<b>3,954,280</b>	3,733,183
Over five years	<b>41,140,908</b>	40,474,790	<b>41,140,908</b>	40,474,790
	<b>63,243,798</b>	62,310,639	<b>63,434,874</b>	62,481,687

**(ii) By type of customer:**

	<b>Group</b>		<b>Bank</b>	
	<b>31-Mar-14</b>	31-Dec-13	<b>31-Mar-14</b>	31-Dec-13
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Domestic banking institutions	<b>518</b>	-	<b>518</b>	-
Domestic non-bank financial institutions				
- Stockbroking companies	<b>11,047</b>	5,397	<b>11,047</b>	5,397
- Others	<b>173,442</b>	120,874	<b>173,442</b>	120,874
Domestic business enterprises				
- Small medium enterprises	<b>13,906,852</b>	13,758,174	<b>13,906,852</b>	13,758,174
- Others	<b>13,263,689</b>	13,212,480	<b>13,454,765</b>	13,383,528
Government	<b>6</b>	-	<b>6</b>	-
Individuals	<b>30,784,625</b>	30,293,603	<b>30,784,625</b>	30,293,603
Other domestic entities	<b>49</b>	-	<b>49</b>	-
Foreign entities	<b>5,103,570</b>	4,920,111	<b>5,103,570</b>	4,920,111
	<b>63,243,798</b>	62,310,639	<b>63,434,874</b>	62,481,687

**(iii) By interest rate sensitivity:**

	<b>Group</b>		<b>Bank</b>	
	<b>31-Mar-14</b>	31-Dec-13	<b>31-Mar-14</b>	31-Dec-13
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Fixed rate				
- Housing loans	<b>40,198</b>	40,570	<b>40,198</b>	40,570
- Other fixed rate loans	<b>4,215,235</b>	4,080,341	<b>4,215,235</b>	4,080,341
Variable rate				
- Base lending rate-plus	<b>57,023,074</b>	56,166,422	<b>57,023,074</b>	56,166,560
- Cost-plus	<b>1,965,291</b>	2,023,306	<b>2,156,367</b>	2,194,216
	<b>63,243,798</b>	62,310,639	<b>63,434,874</b>	62,481,687



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	<b>Group</b>		<b>Bank</b>	
	<b>31-Mar-14</b>	<b>31-Dec-13</b>	<b>31-Mar-14</b>	<b>31-Dec-13</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Agriculture, hunting, forestry and fishing	<b>1,286,813</b>	1,254,389	<b>1,286,813</b>	1,254,389
Mining and quarrying	<b>80,444</b>	122,989	<b>80,444</b>	122,989
Manufacturing	<b>6,261,778</b>	6,339,559	<b>6,261,778</b>	6,339,559
Electricity, gas and water	<b>14,873</b>	16,064	<b>14,873</b>	16,064
Construction	<b>5,691,841</b>	5,518,212	<b>5,691,841</b>	5,518,212
Wholesale, retail trade, restaurants and hotels	<b>7,478,678</b>	7,458,621	<b>7,478,678</b>	7,458,621
Transport, storage and communication	<b>764,665</b>	709,611	<b>764,665</b>	709,611
Finance, insurance and business services	<b>2,313,598</b>	2,203,172	<b>2,313,598</b>	2,203,172
Real estate	<b>3,823,478</b>	3,792,459	<b>4,014,554</b>	3,963,507
Community, social and personal services	<b>192,439</b>	187,501	<b>192,439</b>	187,501
Households of which:	<b>35,335,081</b>	34,708,062	<b>35,335,081</b>	34,708,062
- purchase of residential properties	<b>24,026,931</b>	23,562,824	<b>24,026,931</b>	23,562,824
- purchase of non residential properties	<b>6,588,622</b>	6,317,319	<b>6,588,622</b>	6,317,319
- others	<b>4,719,528</b>	4,827,919	<b>4,719,528</b>	4,827,919
Others	<b>110</b>	-	<b>110</b>	-
	<b>63,243,798</b>	62,310,639	<b>63,434,874</b>	62,481,687

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

	<b>Group and Bank</b>	
	<b>31-Mar-14</b>	<b>31-Dec-13</b>
	<b>RM'000</b>	<b>RM'000</b>
Balance as at 1 January	<b>1,073,975</b>	994,171
Classified as impaired during the financial period/year	<b>168,871</b>	775,570
Amount recovered	<b>(78,763)</b>	(311,933)
Reclassified as non-impaired	<b>(39,122)</b>	(250,695)
Amount written off	<b>(44,036)</b>	(133,138)
Balance as at 31 March/31 December	<b>1,080,925</b>	1,073,975
Individual impairment	<b>(255,970)</b>	(274,857)
Net impaired loans and advances	<b>824,955</b>	799,118
Ratio of net impaired loans and advances to net loans and advances	<b>1.3%</b>	1.3%

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

	<b>Group and Bank</b>	
	<b>31-Mar-14</b>	31-Dec-13
	<b>RM'000</b>	RM'000
<b><u>Collective Impairment</u></b>		
Balance as at 1 January	<b>727,504</b>	553,711
Allowance made during the financial period/year	<b>29,768</b>	173,793
Balance as at 31 March/31 December	<b>757,272</b>	727,504
<b><u>Individual Impairment</u></b>		
Balance as at 1 January	<b>274,857</b>	317,731
Allowance made during the financial period/year	<b>47,532</b>	265,748
Amount written back in respect of recoveries	<b>(23,310)</b>	(174,890)
Amount written off	<b>(43,839)</b>	(139,088)
Interest recognised on impaired loans	<b>730</b>	6,791
Transfer to debt restructuring	<b>-</b>	(1,435)
Balance as at 31 March/31 December	<b>255,970</b>	274,857

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

	<b>Group and Bank</b>	
	<b>31-Mar-14</b>	31-Dec-13
	<b>RM'000</b>	RM'000
Agriculture, hunting, forestry and fishing	<b>149</b>	164
Manufacturing	<b>273,148</b>	281,825
Construction	<b>217,233</b>	198,229
Wholesale, retail trade, restaurants and hotels	<b>116,158</b>	125,429
Transport, storage and communication	<b>3,082</b>	1,909
Finance, insurance and business services	<b>19,106</b>	22,976
Real estate	<b>19,689</b>	16,709
Community, social and personal services	<b>896</b>	904
Households of which:	<b>431,464</b>	425,830
- purchase of residential properties	<b>327,398</b>	320,463
- purchase of non residential properties	<b>37,806</b>	37,862
- others	<b>66,260</b>	67,505
	<b>1,080,925</b>	1,073,975

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(viii) Impaired loans and advances analysed by geographical distribution are as follows:

	<b>Group and Bank</b>	
	<b>31-Mar-14</b>	31-Dec-13
	<b>RM'000</b>	RM'000
In Malaysia	<b>1,080,925</b>	1,073,975

**16. DERIVATIVES FINANCIAL ASSETS/(LIABILITIES)**

Financial derivatives are instruments whose values change in response to the change in one or more "underlying", such as foreign exchange rate, security price and credit index. They include forwards, swaps, futures, options and credit derivatives. In the normal course of business, the Group and the Bank customise derivatives to meet specific needs of their customers. The Group and the Bank also transact in these derivatives for proprietary trading purposes as well as to manage its assets/liabilities and structural positions. While the Group and the Bank also enter into other foreign exchange forward contracts with the intention to reduce the foreign exchange risk of expected sales and purchases, these other contracts are not designated as hedge relationships and are measured at fair value through profit or loss.

The fair values of the 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 2014</b>			
Foreign exchange contracts	7,693,060	71,931	29,489
- forwards	8,586,894	50,425	61,400
- swaps	1,623,940	4,949	11,013
- options			
Interest rate related contracts			
- swaps	19,820,251	107,410	146,399
Equity related contracts			
- swaps	469,278	9,436	9,239
- options	342,777	7,143	7,143
Commodity related contracts			
- swaps	188,270	354	1,107
- future	80,658	5,083	4,035
	<b>256,731</b>	<b>269,825</b>	

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**EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
AS AT 31 MARCH 2014****16. DERIVATIVES FINANCIAL ASSETS/(LIABILITIES) (con'td.)**

	Group and Bank		
	Contract or underlying principal amount RM'000	Positive fair value RM'000	Negative fair value RM'000
<b>As at 31 December 2013</b>			
Foreign exchange contracts			
- forwards	7,172,580	106,612	52,315
- swaps	7,235,948	83,977	29,180
- options	1,456,045	16,628	12,739
Interest rate related contracts			
- swaps	17,435,054	106,927	156,244
Equity related contracts			
- swaps	196,010	4,433	4,125
- options	588,596	1,508	1,508
Commodity related contracts			
- swaps	7,926	18	26
- future	7,836	20	38
	<b>7,836</b>	<b>320,123</b>	<b>256,175</b>

The table above analyses the principal amounts and the positive and negative fair values of the Group and Bank's financial derivatives. The notional amounts of these instruments indicate the volume of transactions outstanding at the reporting date for both trading and hedging instruments. They do not necessarily indicate the amount of future cash flows or the fair value of the derivatives and therefore, do not represent total amount of risk. The positive and negative fair values represent the favourable and unfavourable fair values respectively of hedging and trading derivatives as a result of fluctuations in the value of the underlying relative to their contractual terms as at reporting date.

**17. OTHER ASSETS**

	Group		Bank	
	31-Mar-14 RM'000	31-Dec-13 RM'000	31-Mar-14 RM'000	31-Dec-13 RM'000
Other receivables, deposits and prepayments	<b>114,946</b>	187,714	<b>117,732</b>	191,390
Accrued interest receivable	<b>88,822</b>	91,159	<b>88,822</b>	91,159
Amount due from subsidiaries	-	-	<b>103</b>	118
Precious metal accounts	<b>430,091</b>	428,655	<b>430,091</b>	428,655
	<b>633,859</b>	707,528	<b>636,748</b>	711,322

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	<b>Group</b>		<b>Bank</b>	
	<b>31-Mar-14</b>	<b>31-Dec-13</b>	<b>31-Mar-14</b>	<b>31-Dec-13</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Demand deposits	<b>16,809,306</b>	16,435,460	<b>16,809,608</b>	16,437,099
Savings deposits	<b>1,260,041</b>	1,175,726	<b>1,260,041</b>	1,175,726
Fixed deposits	<b>40,254,775</b>	40,082,790	<b>40,255,874</b>	40,083,882
Negotiable instruments of deposits	<b>162,595</b>	466,963	<b>162,595</b>	466,963
Others	<b>11,277,064</b>	11,126,535	<b>11,277,064</b>	11,126,535
	<b>69,763,781</b>	69,287,474	<b>69,765,182</b>	69,290,205

- (i) **The maturity structure of fixed deposits and negotiable instruments of deposits is as follows:**

	<b>Group</b>		<b>Bank</b>	
	<b>31-Mar-14</b>	<b>31-Dec-13</b>	<b>31-Mar-14</b>	<b>31-Dec-13</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Due within six months	<b>28,610,243</b>	29,397,720	<b>28,611,342</b>	29,398,812
Six months to one year	<b>11,435,714</b>	10,556,700	<b>11,435,714</b>	10,556,700
One year to three years	<b>296,537</b>	592,009	<b>296,537</b>	592,009
Three years to five years	<b>74,876</b>	3,324	<b>74,876</b>	3,324
	<b>40,417,370</b>	40,549,753	<b>40,418,469</b>	40,550,845

- (ii) **The deposits are sourced from the following customers:**

	<b>Group</b>		<b>Bank</b>	
	<b>31-Mar-14</b>	<b>31-Dec-13</b>	<b>31-Mar-14</b>	<b>31-Dec-13</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Business enterprises				
- Subsidiaries	-	-	<b>1,401</b>	2,731
- Others	<b>29,075,284</b>	29,832,835	<b>29,075,284</b>	29,832,835
Individuals	<b>33,417,528</b>	32,969,314	<b>33,417,528</b>	32,969,314
Others	<b>7,270,969</b>	6,485,325	<b>7,270,969</b>	6,485,325
	<b>69,763,781</b>	69,287,474	<b>69,765,182</b>	69,290,205

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**EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
AS AT 31 MARCH 2014****19. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

	<b>Group</b>		<b>Bank</b>	
	<b>31-Mar-14</b>	<b>31-Dec-13</b>	<b>31-Mar-14</b>	<b>31-Dec-13</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Licensed banks in Malaysia	<b>193,934</b>	201,265	<b>193,934</b>	201,265
Bank Negara Malaysia	<b>1,731,995</b>	1,748,559	<b>1,731,995</b>	1,748,559
Other financial institutions outside Malaysia	<b>9,312,084</b>	7,973,457	<b>9,312,260</b>	7,973,874
	<b>11,238,013</b>	9,923,281	<b>11,238,189</b>	9,923,698

**20. OTHER LIABILITIES**

	<b>Group</b>		<b>Bank</b>	
	<b>31-Mar-14</b>	<b>31-Dec-13</b>	<b>31-Mar-14</b>	<b>31-Dec-13</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Provision for commitments and contingencies	<b>4,607</b>	932	<b>4,607</b>	932
Accrued interest payable	<b>424,023</b>	418,688	<b>423,015</b>	417,640
Accruals and provisions for operational expenses	<b>66,255</b>	140,110	<b>66,036</b>	139,608
Other accruals and provisions	<b>734,617</b>	650,638	<b>734,596</b>	650,599
Deferred income	<b>288,691</b>	295,937	<b>288,691</b>	295,937
	<b>1,518,193</b>	1,506,305	<b>1,516,945</b>	1,504,716

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**EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
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	<b>Group and Bank</b>	
	<b>31-Mar-14</b>	31-Dec-13
	<b>RM'000</b>	RM'000
RM500 million Subordinated Bonds 2010/2020, at par (Note (a))	<b>500,000</b>	500,000
RM500 million Subordinated Bonds 2013/2023, at par (Note (b))	<b>500,000</b>	500,000
Unamortised expenses relating to issue of Subordinated Bonds	<b>(322)</b>	(436)
	<b>999,678</b>	999,564

- (a) On 29 March 2010, the Bank issued RM500 million 10 years Subordinated Bonds due in 2020 callable with step-up in 2015 (the "Bonds 1").

The Bonds 1 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 1 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 1 have been rated AA1 by Rating Agency Malaysia Bhd and they qualify as Tier 2 capital for the purpose of determining the Bank's capital adequacy ratio.

- (b) On 30 August 2013, the Bank issued RM500 million Basel III compliant subordinated bonds (10 years maturity, non-callable 5 years) ("the Bonds 2").

The Bonds 2 bear interest at the rate of 4.55% per annum from 30 August 2013 to 30 August 2018 and thereafter, the rate of interest will be reset to a fixed rate per annum equal to the Initial Spread (1.05%) plus the prevailing 5 years Malaysian Government Securities Rate.

The Bonds 2 may be redeemed at par at the option of the Bank, in whole but not in part, on 30 August 2018 or at any interest payment date thereafter.

The interest is payable semi-annually in arrears on 28 February and 30 August each year commencing 28 February 2014.

The Bonds 2 qualify as Tier 2 capital for the purpose of determining the Bank's capital adequacy ratio.

**22. OPERATING REVENUE**

Operating revenue of the Group and the Bank comprise interest income, commission income, trading income/(loss), investment income/(loss) and other income derived from banking operations.

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**EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
AS AT 31 MARCH 2014****23. INTEREST INCOME**

	Group		Bank	
	Quarter/Year-to-date		Quarter/Year-to-date	
	Ended		Ended	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
	RM'000	RM'000	RM'000	RM'000
Interest income from loans and advances	<b>759,203</b>	681,864	<b>760,929</b>	683,631
Interest income from impaired loans and advances	<b>17,923</b>	18,813	<b>17,923</b>	18,813
Money at call and deposit placements with financial institutions	<b>146,172</b>	78,974	<b>146,172</b>	78,974
Financial assets at fair value through profit or loss	<b>5,827</b>	17,919	<b>5,827</b>	17,919
Available-for-sale securities	<b>37,474</b>	72,938	<b>37,474</b>	72,938
Others	-	54	-	54
	<b>966,599</b>	870,562	<b>968,325</b>	872,329
Amortisation of premium less accretion of discount on:				
- financial assets at fair value through profit or loss	<b>(99)</b>	(608)	<b>(99)</b>	(608)
- available-for-sale securities	<b>(2,904)</b>	(1,798)	<b>(2,904)</b>	(1,798)
	<b>963,596</b>	868,156	<b>965,322</b>	869,923

**24. INTEREST EXPENSE**

	Group		Bank	
	Quarter/Year-to-date		Quarter/Year-to-date	
	Ended		Ended	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	<b>482,193</b>	461,221	<b>482,193</b>	461,221
Deposits and placements of banks and other financial institutions	<b>43,108</b>	23,755	<b>43,127</b>	23,761
Subordinated bonds	<b>13,859</b>	6,124	<b>13,859</b>	6,124
Others	<b>19,011</b>	6,037	<b>19,011</b>	6,037
	<b>558,171</b>	497,137	<b>558,190</b>	497,143



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	Group		Bank	
	Quarter/Year-to-date		Quarter/Year-to-date	
	Ended		Ended	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
	RM'000	RM'000	RM'000	RM'000
<b><u>Fee income</u></b>				
Commission	<b>49,307</b>	47,605	<b>49,307</b>	47,605
Guarantee fees	<b>12,845</b>	9,814	<b>12,845</b>	9,814
Service charges and fees	<b>54,524</b>	43,571	<b>54,553</b>	43,600
Commitment fees	<b>7,570</b>	6,108	<b>7,573</b>	6,116
Arrangement and participation fees	<b>2,626</b>	1,856	<b>2,626</b>	1,856
	<b>126,872</b>	108,954	<b>126,904</b>	108,991
<b><u>Trading and Investment income</u></b>				
Gain/(loss) from sale of financial assets at fair value through profit or loss	<b>192</b>	(6,899)	<b>192</b>	(6,899)
Loss from trading derivatives	<b>(5,205)</b>	(9,769)	<b>(5,205)</b>	(9,769)
Unrealised (loss)/gain from trading derivatives	<b>(3,782)</b>	8,667	<b>(3,782)</b>	8,667
Gain from sale of precious metal	<b>432</b>	1,447	<b>432</b>	1,447
Gain from sale/recovery of available-for-sale securities	<b>530</b>	4,903	<b>530</b>	4,903
Unrealised (loss)/gain on financial assets at fair value through profit or loss	<b>(136)</b>	10,726	<b>(136)</b>	10,726
Gross dividends from:				
- available-for-sale securities				
unquoted in Malaysia	<b>521</b>	17	<b>521</b>	17
- subsidiaries	-	-	<b>230</b>	-
- an associate	-	-	<b>211,141</b>	-
	<b>(7,448)</b>	9,092	<b>203,923</b>	9,092
<b><u>Other income</u></b>				
Foreign exchange gain/(loss)				
- realised	<b>124,004</b>	9,968	<b>124,004</b>	9,968
- unrealised	<b>(77,628)</b>	26,585	<b>(77,628)</b>	26,585
Rental income from operating leases, other than those from investment properties	<b>42</b>	48	<b>19</b>	19
Loss on disposal of property, plant and equipment	<b>(156)</b>	(3)	<b>(156)</b>	(3)
Other operating income	<b>1,161</b>	1,078	<b>1,161</b>	1,078
Others	<b>3,194</b>	4,826	<b>3,194</b>	4,826
	<b>50,617</b>	42,502	<b>50,594</b>	42,473
	<b>170,041</b>	160,548	<b>381,421</b>	160,556

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	Group		Bank	
	Quarter/Year-to-date		Quarter/Year-to-date	
	Ended		Ended	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	<b>145,764</b>	120,577	<b>144,967</b>	119,777
Establishment related expenses	<b>31,200</b>	28,679	<b>33,829</b>	31,979
Promotion and marketing related expenses	<b>10,674</b>	11,154	<b>10,662</b>	10,892
General administrative expenses	<b>28,078</b>	23,724	<b>28,029</b>	23,716
	<b>215,716</b>	184,134	<b>217,487</b>	186,364
<u>Personnel expenses</u>				
Wages, salaries and bonus	<b>116,274</b>	96,890	<b>115,567</b>	96,219
Defined contribution plan	<b>18,060</b>	15,249	<b>17,958</b>	15,149
Other employee benefits	<b>11,430</b>	8,438	<b>11,442</b>	8,409
	<b>145,764</b>	120,577	<b>144,967</b>	119,777
<u>Establishment related expenses</u>				
Depreciation of property, plant and equipment	<b>8,464</b>	8,546	<b>6,936</b>	6,958
Hire of equipment	<b>11</b>	23	<b>11</b>	22
Information technology costs	<b>3,384</b>	2,485	<b>3,384</b>	2,457
Repair and maintenance	<b>3,215</b>	3,877	<b>3,385</b>	3,953
Rental of premises	<b>3,332</b>	3,697	<b>7,363</b>	8,204
Others	<b>12,794</b>	10,051	<b>12,750</b>	10,385
	<b>31,200</b>	28,679	<b>33,829</b>	31,979
<u>Promotion and marketing related expenses</u>				
Advertisement and publicity	<b>5,960</b>	7,334	<b>5,960</b>	7,331
Others	<b>4,714</b>	3,820	<b>4,702</b>	3,561
	<b>10,674</b>	11,154	<b>10,662</b>	10,892
<u>General administrative expenses</u>				
Fees and commissions paid	<b>11,411</b>	10,871	<b>11,370</b>	10,869
Others	<b>16,667</b>	12,853	<b>16,659</b>	12,847
	<b>28,078</b>	23,724	<b>28,029</b>	23,716

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	Group		Bank	
	Quarter/Year-to-date		Quarter/Year-to-date	
	Ended		Ended	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
	RM'000	RM'000	RM'000	RM'000
<b>Allowance for impaired loans and advances</b>				
(a) Individual impairment				
- made in the financial period	<b>47,532</b>	48,880	<b>47,532</b>	48,880
- written back in the financial period	<b>(23,310)</b>	(38,613)	<b>(23,310)</b>	(38,613)
(b) Collective impairment				
- made in the period	<b>29,768</b>	5,256	<b>29,768</b>	5,256
<b>Impaired loans and advances</b>				
- written off/(back)	<b>1,706</b>	(2,850)	<b>1,706</b>	(2,850)
- recovered	<b>(12,974)</b>	(12,273)	<b>(12,974)</b>	(12,273)
	<b>42,722</b>	400	<b>42,722</b>	400

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**EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
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The capital adequacy ratios of the Group and the Bank are computed in accordance with BNM's Capital Adequacy Framework (Capital Components) issued on 28 November 2012, which is effective from 1 January 2013 and Basel II – Risk-weighted Assets framework.

	<b>Group</b>		<b>Bank</b>	
	<b>31-Mar-14</b>	31-Dec-13	<b>31-Mar-14</b>	31-Dec-13
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<u>Common Equity Tier 1 ("CET1")/</u>				
<u>Tier 1 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 - audited	<b>4,910,252</b>	4,910,252	<b>4,806,883</b>	4,806,883
Statutory reserve	<b>470,000</b>	470,000	<b>470,000</b>	470,000
Other reserves	<b>116,321</b>	113,793	<b>(2,746)</b>	(5,274)
Regulatory adjustments applied in the calculation of CET1 Capital	<b>(365,050)</b>	(343,300)	<b>(248,323)</b>	(226,563)
Total CET1/Tier 1 Capital	<b>5,924,078</b>	5,943,300	<b>5,818,369</b>	5,837,601
<u>Tier 2 Capital</u>				
Tier 2 capital instruments	<b>900,000</b>	950,000	<b>900,000</b>	950,000
Loan/financing loss provision - Surplus eligible provisions over expected losses	<b>204,250</b>	193,348	<b>204,250</b>	198,014
- Collective impairment provisions	<b>35,316</b>	34,322	<b>30,120</b>	29,656
Regulatory adjustments applied in the calculation of Tier 2 Capital	<b>(42,274)</b>	(66,219)	<b>(95,822)</b>	(119,778)
Total Tier 2 Capital	<b>1,097,292</b>	1,111,451	<b>1,038,548</b>	1,057,892
Total capital	<b>7,021,370</b>	7,054,751	<b>6,856,917</b>	6,895,493

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AS AT 31 MARCH 2014****28. CAPITAL MANAGEMENT AND CAPITAL ADEQUACY (con'td.)**

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

	Group		Bank	
	31-Mar-14	31-Dec-13	31-Mar-14	31-Dec-13
CET1/Tier 1 Capital	<b>14.554%</b>	14.980%	<b>14.385%</b>	14.801%
Total Capital	<b>17.250%</b>	17.781%	<b>16.952%</b>	17.483%
CET1/ Tier 1 Capital*	<b>13.701%</b>	14.105%	<b>13.526%</b>	13.920%
Total Capital*	<b>16.397%</b>	16.906%	<b>16.094%</b>	16.603%

\* net of proposed dividends

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

	Group		Bank	
	31-Mar-14 RM'000	31-Dec-13 RM'000	31-Mar-14 RM'000	31-Dec-13 RM'000
Total RWA for credit risk	<b>35,706,897</b>	35,082,686	<b>35,451,727</b>	34,848,132
Total RWA for market risk	<b>989,274</b>	676,592	<b>989,274</b>	676,592
Total RWA for operational risk	<b>4,007,534</b>	3,916,707	<b>4,007,534</b>	3,916,707
	<b>40,703,705</b>	39,675,985	<b>40,448,535</b>	39,441,431

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AS AT 31 MARCH 2014****29. 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>Risk Weighted Amount RM'000</b>
	<b>Principal Amount RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	
<b>As at 31 March 2014</b>			
Direct credit substitutes	2,319,511	2,319,483	1,592,337
Transaction-related contingent items	3,461,972	1,711,143	1,181,563
Short-term self-liquidating trade-related contingencies	307,123	74,867	41,741
Foreign exchange related contracts			
- less than one year	17,534,523	275,772	88,107
- more than one year to less than five years	403,786	44,694	44,694
Interest rate related contracts			
- less than one year	3,713,468	14,657	6,949
- more than one year to less than five years	14,554,419	538,975	299,394
- five years and above	328,065	27,322	21,923
Equity related contracts			
- less than one year	726,031	31,162	13,030
- more than one year to less than five years	86,024	4,752	1,987
- five years and above			
Undrawn credit facility			
- less than one year	8,611,441	609,004	135,994
- more than one year	961,633	770,647	690,326
- unconditionally cancellable	7,720,138	2,086,665	265,942
<b>Total</b>	<b>60,728,135</b>	<b>8,509,143</b>	<b>4,383,987</b>

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AS AT 31 MARCH 2014****29. COMMITMENTS AND CONTINGENCIES (con'td.)**

	<b>Group and Bank</b>		<b>Risk Weighted Amount RM'000</b>
	<b>Principal Amount RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	
<b>As at 31 December 2013</b>			
Direct credit substitutes	2,438,929	2,438,883	1,742,235
Transaction-related contingent items	3,422,435	1,690,834	1,165,257
Short-term self-liquidating trade-related contingencies	287,869	74,871	39,893
Foreign exchange related contracts			
- less than one year	13,190,156	304,352	111,503
- more than one year to less than five years	366,997	53,343	53,343
Interest rate related contracts			
- less than one year	2,985,298	14,802	11,969
- more than one year to less than five years	14,146,871	542,114	310,408
- five years and above	341,234	29,264	25,922
Equity related contracts			
- less than one year	653,281	26,001	10,033
- more than one year to less than five years	33,320	2,489	683
Undrawn credit facility			
- less than one year	8,154,523	598,899	136,404
- more than one year	707,051	558,416	509,399
- unconditionally cancellable	7,414,260	2,023,651	568,720
<b>Total</b>	<b>54,142,224</b>	<b>8,357,919</b>	<b>4,685,769</b>

The credit equivalent amount is arrived at using the credit conversion factor as per Bank Negara Malaysia's 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 - Risk-weighted Assets framework effective from June 2010.

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### **EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2014**

#### **30. PERFORMANCE REVIEW**

The Group posted a pre-tax profit of RM370.8 million for the first quarter ended 31 March 2014, up by 9.1% or RM31.1 million as compared to the corresponding period last year. The better performance was mainly contributed by higher total income, higher share of net profit of associates but moderated by higher other operating expenses and higher allowance for impairment on loans and advances.

Net interest income grew by 9.3% or RM34.4 million to RM405.4 million mainly driven by loans growth. Other operating income increased by 5.9% or RM9.5 million to RM170.0 million contributed by higher fee income and higher profit on foreign exchange but partially offset by losses on trading and investment income.

Total operating expenses increased by 17.2% or RM31.6 million to RM215.7 million mainly attributed to higher staff expenses as we continued to invest in our people. Expense to income ratio stood at 37.5%.

Allowance for impairment on loans and advances increased by RM42.3 million to RM42.7 million mainly contributed by higher collective impairment and lower write back on individual impairment. Asset quality remained healthy with the net non-performing loans ratio at 1.3%.

As at 31 March 2014, gross loans increased by 1.5% or RM0.9 billion to RM63.2 billion while non bank deposits grew marginally by 0.7% or RM0.5 billion to RM69.8 billion. Net loans to deposit ratio stood at 89.2%.

#### **31. PROSPECTS FOR 2014**

The global growth outlook is expected to improve in 2014, with moderate recovery in the advanced economies and sustained growth in the emerging economies. Notwithstanding the improved outlook, there are downside risks to the global economic growth.

The Malaysian economy is expected to remain on a steady growth path with Gross Domestic Product (GDP) growing by 4.5% to 5.5% this year, as domestic demand continues to anchor growth and external sector continues to improve. Inflation is projected to average 3% to 4%.

The Group will focus on improving operational efficiencies and to drive productivity through our integration of regional infrastructure. This will provide seamless customer service and better support to our customers' expanding needs.

The Group remains on track to achieve a satisfactory result in 2014.