

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

UNAUDITED INTERIM FINANCIAL STATEMENTS
31 MARCH 2013

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 2013**

	Notes	Group		Bank	
		31-Mar-13 RM'000	31-Dec-12 RM'000	31-Mar-13 RM'000	31-Dec-12 RM'000
ASSETS					
Cash and Short-Term funds	11	14,932,618	7,247,301	14,932,618	7,247,301
Deposits and Placements with Financial Institutions	12	502,413	60,990	502,413	60,990
Financial assets at fair value through profit or loss	13	3,287,242	3,239,208	3,287,242	3,239,208
Available-for-Sale Securities	14	4,978,984	11,580,541	4,978,984	11,580,541
Loans and Advances	15	56,319,874	54,997,275	56,516,329	55,193,389
Derivatives Financial Assets	16	180,062	154,077	180,062	154,077
Other Assets	17	592,316	545,955	596,652	550,278
Statutory Deposits with Bank Negara Malaysia		1,784,000	1,758,800	1,784,000	1,758,800
Investment in Subsidiaries		-	-	50	50
Investment in Associates		254,706	244,366	122,733	122,733
Property, Plant and Equipment		379,281	375,283	149,443	144,017
Deferred Tax Assets		232,086	232,474	239,538	239,925
Total assets		83,443,582	80,436,270	83,290,064	80,291,309
LIABILITIES AND EQUITY					
Deposits from Customers	18	66,140,859	65,587,850	66,162,127	65,607,074
Deposits and Placements of Banks and Other Financial Institutions	19	5,886,618	4,354,662	5,887,044	4,355,088
Bills and Acceptances Payable		3,434,286	2,706,726	3,434,286	2,706,726
Derivatives Financial Liabilities	16	175,959	183,980	175,959	183,980
Other Liabilities	20	1,397,922	1,461,475	1,396,834	1,460,204
Tax payable		79,180	73,469	79,186	73,460
Subordinated Bonds	21	499,366	499,258	499,366	499,258
Total liabilities		77,614,190	74,867,420	77,634,802	74,885,790
Share Capital		470,000	470,000	470,000	470,000
Reserves		5,359,392	5,098,850	5,185,262	4,935,519
Shareholders' equity		5,829,392	5,568,850	5,655,262	5,405,519
TOTAL LIABILITIES AND EQUITY		83,443,582	80,436,270	83,290,064	80,291,309
COMMITMENTS AND CONTINGENCIES	29	48,999,921	42,933,869	48,999,921	42,933,869

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013**

Group	Notes	First Quarter Ended		Three months Ended	
		31-Mar-13 RM'000	31-Mar-12 RM'000	31-Mar-13 RM'000	31-Mar-12 RM'000
Operating Revenue	22	1,007,001	911,173	1,007,001	911,173
Interest Income	23	868,156	760,270	868,156	760,270
Interest Expense	24	(497,137)	(412,611)	(497,137)	(412,611)
Net Interest Income		371,019	347,659	371,019	347,659
Other Operating Income	25	160,548	155,533	160,548	155,533
Operating Income		531,567	503,192	531,567	503,192
Other Operating Expenses	26	(184,134)	(164,666)	(184,134)	(164,666)
Operating Profit before allowance for Impairment on Loans and Advances, Impairment loss on AFS securities and provision for Commitments and Contingencies		347,433	338,526	347,433	338,526
Allowance for impairment on Loans and Advances	27	(400)	(49,435)	(400)	(49,435)
Impairment loss on AFS securities		(15,077)	-	(15,077)	-
Net write back / (provision) for Commitments and Contingencies		(2,577)	5,060	(2,577)	5,060
		329,379	294,151	329,379	294,151
Share of net profit of associates		10,340	5,157	10,340	5,157
Profit before Taxation		339,719	299,308	339,719	299,308
Income Tax expense		(80,336)	(73,892)	(80,336)	(73,892)
Profit after Taxation		259,383	225,416	259,383	225,416
Basic earnings per share (sen)		55.2	48.0	55.2	48.0

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INTERIM FINANCIAL STATEMENTS

UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013

Group	First Quarter		Three months	
	Ended		Ended	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
	RM'000	RM'000	RM'000	RM'000
Profit for the period	259,383	225,416	259,383	225,416
Other Comprehensive Income:				
Net gain/(loss) on Revaluation of Available-for-Sale Securities	1,546	(3,246)	1,546	(3,246)
Income tax relating to components of other comprehensive income	(387)	-	(387)	-
Total Comprehensive Income for the period	260,542	222,170	260,542	222,170

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**INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013**

Bank	Notes	First Quarter Ended		Three Months Ended	
		31-Mar-13 RM'000	31-Mar-12 RM'000	31-Mar-13 RM'000	31-Mar-12 RM'000
Operating Revenue	22	1,008,776	914,408	1,008,776	914,408
Interest Income	23	869,923	761,979	869,923	761,979
Interest Expense	24	(497,143)	(412,618)	(497,143)	(412,618)
Net Interest Income		372,780	349,361	372,780	349,361
Other Operating Income	25	160,556	157,019	160,556	157,019
Operating Income		533,336	506,380	533,336	506,380
Other Operating Expenses	26	(186,364)	(166,644)	(186,364)	(166,644)
Operating Profit before allowance for Impairment on Loans and Advances, Impairment loss on AFS securities and provision for Commitments and Contingencies		346,972	339,736	346,972	339,736
Allowance for impairment on Loans and Advances	27	(400)	(49,435)	(400)	(49,435)
Impairment loss on AFS securities		(15,077)	-	(15,077)	-
Net write back / (provision) for Commitments and Contingencies		(2,577)	5,060	(2,577)	5,060
Profit before Taxation		328,918	295,361	328,918	295,361
Income Tax expense		(80,334)	(74,295)	(80,334)	(74,295)
Profit after Taxation		248,584	221,066	248,584	221,066
Basic earnings per share (sen)		52.9	47.0	52.9	47.0

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INTERIM FINANCIAL STATEMENTS

UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013

	First Quarter		Three Months	
	Ended		Ended	
Bank	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
	RM'000	RM'000	RM'000	RM'000
Profit for the period	248,584	221,066	248,584	221,066
Other Comprehensive Income:				
Net gain/(loss) on Revaluation of Available-for-Sale Securities	1,546	(3,246)	1,546	(3,246)
Income tax relating to components of other comprehensive income	(387)	-	(387)	-
Total Comprehensive Income for the period	249,743	217,820	249,743	217,820

Company No. 271809K

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INTERIM FINANCIAL STATEMENTS

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013

GROUP	← Non-distributable →					Distributable	Total
	Share Capital	Share Premium	Statutory reserves	Revaluation reserves	Net unrealised reserves on AFS securities	Retained profits	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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 period	-	-	-	-	-	259,383	259,383
Other comprehensive income	-	-	-	-	1,159	-	1,159
Total comprehensive income for the 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

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INTERIM FINANCIAL STATEMENTS

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013 (con'td.)**

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	
2012							
Balance as at 1 January 2012							
As reported under FRS	470,000	322,555	470,000	73,006	308	3,326,263	4,662,132
Effects of transition to MFRS	-	-	-	-	-	202,588	202,588
As reported under MFRS	470,000	322,555	470,000	73,006	308	3,528,851	4,864,720
Profit for the period	-	-	-	-	-	225,416	225,416
Other comprehensive income	-	-	-	-	(3,246)	-	(3,246)
Total comprehensive income for the period	-	-	-	-	(3,246)	225,416	222,170
Balance as at 31 March 2012	470,000	322,555	470,000	73,006	(2,938)	3,754,267	5,086,890

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INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013

	← Non-distributable →					Distributable	
	Share Capital	Share Premium	Statutory reserves	Revaluation reserves	Net unrealised reserves on AFS securities	Retained profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>BANK</u>							
<u>2013</u>							
Balance as at 1 January 2013	470,000	322,555	470,000	-	7,292	4,135,672	5,405,519
Profit for the period	-	-	-	-	-	248,584	248,584
Other comprehensive income	-	-	-	-	1,159	-	1,159
Total comprehensive income for the 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

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INTERIM FINANCIAL STATEMENTS

UNAUDITED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013 (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	
<u>BANK (con'td.)</u>							
<u>2012</u>							
Balance as at 1 January 2012							
As reported under FRS	470,000	322,555	470,000	-	308	3,311,519	4,574,382
Effects of transition to MFRS	-	-	-	-	-	202,588	202,588
As reported under MFRS	470,000	322,555	470,000	-	308	3,514,107	4,776,970
Profit for the period	-	-	-	-	-	221,066	221,066
Other comprehensive income	-	-	-	-	(3,246)	-	(3,246)
Total comprehensive income for the period	-	-	-	-	(3,246)	221,066	217,820
Balance as at 31 March 2012	470,000	322,555	470,000	-	(2,938)	3,735,173	4,994,790

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 2013**

	Group		Bank	
	31-Mar-13 RM'000	31-Mar-12 RM'000	31-Mar-13 RM'000	31-Mar-12 RM'000
Profit before taxation	339,719	299,308	328,918	295,361
Adjustments for non-operating and non-cash items	(98,677)	(9,762)	(89,925)	(7,577)
Operating profit before working capital changes	241,042	289,546	238,993	287,784
Changes in working capital:				
Net changes in operating assets	(1,461,694)	(7,659,727)	(1,462,049)	(7,659,636)
Net changes in operating liabilities	2,755,292	2,966,435	2,757,519	2,968,086
Tax expense paid	(74,625)	(106,462)	(74,608)	(106,442)
Net cash generated from operating activities	1,460,015	(4,510,208)	1,459,855	(4,510,208)
Net cash (used in)/generated from investing activities	6,666,617	(6,266,616)	6,666,777	(6,266,616)
Net cash used in financing activities	108	121	108	121
Net changes in cash and cash equivalents	8,126,740	(10,776,703)	8,126,740	(10,776,703)
Cash and cash equivalents at beginning of the period	7,308,291	13,874,911	7,308,291	13,874,911
Cash and cash equivalents at end of the period	15,435,031	3,098,208	15,435,031	3,098,208

UNITED OVERSEAS BANK (MALAYSIA) BHD

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2013

1. BASIS OF PREPARATION

The unaudited interim financial statements for the financial period ended 31 March 2013 have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standard Board ("MASB").

These unaudited interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. 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 2012.

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 2012.

2. AUDITORS' REPORT

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2012 was not subject to any qualification.

3. 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 2013.

4. 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.

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 2013.

6. 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 2013.

7. 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 2013.

8. DIVIDENDS PAID

There were no dividend paid during the financial three months ended 31 March 2013.

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 2013.

UNITED OVERSEAS BANK (MALAYSIA) BHD

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
AS AT 31 MARCH 2013****11. CASH AND SHORT-TERM FUNDS**

	Group and Bank	
	31-Mar-13	31-Dec-12
	RM'000	RM'000
Cash and balances with banks and other financial institutions	352,618	512,503
Money at call and deposit placements maturing within one month	14,580,000	6,734,798
	14,932,618	7,247,301

12. DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	Group and Bank	
	31-Mar-13	31-Dec-12
	RM'000	RM'000
Licensed banks	2,413	990
Bank Negara Malaysia	500,000	-
Other financial institutions	-	60,000
	502,413	60,990

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group and Bank	
	31-Mar-13	31-Dec-12
	RM'000	RM'000
Held-for-trading securities		
At fair value:		
Bank Negara Malaysia bills	2,000,824	2,277,004
Malaysian Government treasury bills	130,052	56,369
Malaysian Government securities	462,139	462,026
Bankers' acceptances and Islamic accepted bills	150,930	76,188
Total held-for-trading securities	2,743,945	2,871,587
Designated as fair value through profit or loss		
In Malaysia but denominated in United States Dollar		
Private debt securities	543,297	367,621
Total financial assets at fair value through profit or loss	3,287,242	3,239,208

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
AS AT 31 MARCH 2013****14. AVAILABLE-FOR-SALE SECURITIES**

	Group and Bank	
	31-Mar-13	31-Dec-12
	RM'000	RM'000
At fair value		
Money market instruments:		
Bank Negara Malaysia bills	1,080,141	8,184,944
Malaysian Government treasury bills	49,250	118,806
Malaysian Government securities	2,946,358	2,452,165
Cagamas bonds	537,391	457,474
	4,613,140	11,213,389
Private Debt Securities of Companies Incorporated		
In Malaysia:		
Corporate bonds	360,744	349,756
Impairment loss on AFS securities	(24,068)	(8,991)
	336,676	340,765
Quoted securities:		
Shares of corporations outside Malaysia	12,504	10,895
Shares of corporations in Malaysia	2,681	2,944
	15,185	13,839
At cost		
Unquoted securities:		
Shares	12,272	12,272
Private debt securities	1,711	276
	13,983	12,548
Total available-for-sale securities	4,978,984	11,580,541

UNITED OVERSEAS BANK (MALAYSIA) BHD

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
AS AT 31 MARCH 2013****15. LOANS AND ADVANCES**

	Group		Bank	
	31-Mar-13	31-Dec-12	31-Mar-13	31-Dec-12
	RM'000	RM'000	RM'000	RM'000
Overdrafts	2,840,495	2,857,897	2,840,999	2,858,059
Term loans and revolving credits				
Housing loans	21,073,537	20,351,883	21,073,537	20,351,883
Syndicated term loans	498,947	495,269	498,947	495,269
Factoring	2,657	-	2,657	-
Other term loans	24,521,247	23,828,990	24,717,198	24,024,942
Credit cards receivable	1,888,519	1,869,576	1,888,519	1,869,576
Bills receivable	149,878	132,067	149,878	132,067
Trust receipts	1,179,413	1,205,287	1,179,413	1,205,287
Claims on customers under acceptance credits	4,997,624	5,108,232	4,997,624	5,108,232
Staff loans - Others	60,364	61,985	60,364	61,985
Others	3,938	3,421	3,938	3,421
	57,216,619	55,914,607	57,413,074	56,110,721
Unearned interest	(43,647)	(45,890)	(43,647)	(45,890)
Gross loans and advances	57,172,972	55,868,717	57,369,427	56,064,831
Allowance for losses on loans and advances				
- Individual impairment	(294,131)	(317,731)	(294,131)	(317,731)
- Collective impairment	(558,967)	(553,711)	(558,967)	(553,711)
Net loans and advances	56,319,874	54,997,275	56,516,329	55,193,389

UNITED OVERSEAS BANK (MALAYSIA) BHD

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
AS AT 31 MARCH 2013****15. LOANS AND ADVANCES (con'td.)****(i) By maturity structure:**

	Group		Bank	
	31-Mar-13	31-Dec-12	31-Mar-13	31-Dec-12
	RM'000	RM'000	RM'000	RM'000
Maturing within one year	14,889,238	15,079,884	14,889,742	15,080,046
One year to three years	1,850,128	1,721,352	2,046,079	1,917,304
Three years to five years	3,310,804	3,251,262	3,310,804	3,251,262
Over five years	37,122,802	35,816,219	37,122,802	35,816,219
	57,172,972	55,868,717	57,369,427	56,064,831

(ii) By type of customer:

	Group		Bank	
	31-Mar-13	31-Dec-12	31-Mar-13	31-Dec-12
	RM'000	RM'000	RM'000	RM'000
Domestic non-bank financial institutions				
- Stockbroking companies	2,479	34	2,479	34
- Others	130,654	119,017	130,654	119,017
Domestic business enterprises				
- Small medium enterprises	12,664,373	12,506,684	12,664,373	12,506,684
- Others	12,337,984	12,304,248	12,534,439	12,500,362
Individuals	27,555,941	26,584,384	27,555,941	26,584,384
Other domestic entities	64	72	64	72
Foreign entities	4,481,477	4,354,278	4,481,477	4,354,278
	57,172,972	55,868,717	57,369,427	56,064,831

(iii) By interest/profit rate sensitivity:

	Group		Bank	
	31-Mar-13	31-Dec-12	31-Mar-13	31-Dec-12
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
Housing loans/financing	44,739	47,046	44,739	47,046
Other fixed rate loans/financing	3,068,893	3,072,442	3,068,893	3,072,442
Variable rate				
BLR plus	51,441,952	50,108,650	51,442,457	50,108,811
Cost-plus	1,897,160	1,919,914	2,093,110	2,115,866
Other variable rates	720,228	720,665	720,228	720,666
	57,172,972	55,868,717	57,369,427	56,064,831

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
AS AT 31 MARCH 2013****15. LOANS AND ADVANCES (con'td.)****(iv) By sector:**

	Group		Bank	
	31-Mar-13	31-Dec-12	31-Mar-13	31-Dec-12
	RM'000	RM'000	RM'000	RM'000
Agriculture, hunting, forestry and fishing	1,110,477	1,101,105	1,110,477	1,101,105
Mining and quarrying	133,263	131,908	133,263	131,908
Manufacturing	6,207,233	6,280,758	6,207,233	6,280,758
Electricity, gas and water	28,482	27,921	28,482	27,921
Construction	4,779,081	4,609,804	4,779,081	4,609,804
Wholesale & retail trade and restaurants & hotels	7,392,892	7,442,566	7,392,892	7,442,566
Transport, storage and communication	564,055	583,656	564,055	583,656
Finance, insurance and business services	2,212,495	2,245,269	2,212,495	2,245,269
Real estate	2,873,778	2,700,043	3,070,233	2,896,157
Community, social and personal services	198,649	176,234	198,649	176,234
Households of which:	31,580,119	30,477,854	31,580,119	30,477,854
- purchase of residential properties	22,037,237	21,270,423	22,037,237	21,270,423
- purchase of non residential properties	5,107,146	4,821,014	5,107,146	4,821,014
- others	4,435,736	4,386,417	4,435,736	4,386,417
Others	92,448	91,599	92,448	91,599
	57,172,972	55,868,717	57,369,427	56,064,831

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

	Group		Bank	
	31-Mar-13	31-Dec-12	31-Mar-13	31-Dec-12
	RM'000	RM'000	RM'000	RM'000
At 1 January	994,171	833,396	994,171	833,396
Classified as impaired during the period/year	174,941	707,381	174,941	707,381
Amount recovered	(77,467)	(265,107)	(77,467)	(265,107)
Reclassified as non-impaired	(75,082)	(181,544)	(75,082)	(181,544)
Amount written off	(33,131)	(99,955)	(33,131)	(99,955)
At 31 Mar / 31 Dec	983,432	994,171	983,432	994,171
Individual impairment	(294,131)	(317,731)	(294,131)	(317,731)
Net impaired loans and advances	689,301	676,440	689,301	676,440
Ratio of net impaired loans and advances to net loans and advances	1.2%	1.2%	1.2%	1.2%

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
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loans and advances are as follows:**

	Group and Bank	
	31-Mar-13	31-Dec-12
	RM'000	RM'000
<u>Collective Impairment</u>		
At 1 January		
As reported under FRS	553,711	721,569
Effects of transition to MFRS	-	(270,118)
As reported under MFRS	553,711	451,451
Allowance made during the period/year	5,256	102,260
At 31 Mar / 31 Dec	558,967	553,711

	Group and Bank	
	31-Mar-13	31-Dec-12
	RM'000	RM'000
<u>Individual Impairment</u>		
At 1 January	317,731	249,315
Allowance made during the period/year	48,880	307,627
Amount written back in respect of recoveries	(38,613)	(119,568)
Amount written off	(35,981)	(108,794)
Interest recognition on impaired loans	2,114	(3,658)
Transfer to debt restructuring	-	(7,191)
At 31 Mar / 31 Dec	294,131	317,731

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

	Group and Bank	
	31-Mar-13	31-Dec-12
	RM'000	RM'000
Agriculture, hunting, forestry and fishing	206	216
Manufacturing	302,273	318,562
Construction	129,607	117,252
Wholesale & retail trade and restaurants & hotels	95,508	100,718
Transport, storage and communication	6,896	5,503
Finance, insurance and business services	20,450	19,987
Real estate	21,240	22,733
Community, social and personal services	937	1,068
Households of which:	406,315	408,132
- purchase of residential properties	317,401	314,356
- purchase of non residential properties	29,581	34,721
- others	59,333	59,055
	983,432	994,171

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
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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. The fair values of the derivatives are as follows:

	Group and Bank		
	Contract or underlying principal amount RM'000	Positive fair value RM'000	Negative fair value RM'000
As at 31 March 2013			
Foreign exchange contracts			
- forwards	5,828,642	32,305	20,862
- swaps	7,342,614	32,271	19,831
- options	2,137,911	8,164	6,358
Interest rate related contracts			
- swaps	16,506,752	104,091	125,188
Equity related contracts			
- swaps	60,812	1,007	1,414
- options	517,698	2,224	2,224
Commodity related contracts			
- future	4,541	-	82
	<u>4,541</u>	<u>180,062</u>	<u>175,959</u>
As at 31 December 2012			
Foreign exchange contracts			
- forwards	3,484,309	15,779	16,824
- swaps	3,583,731	19,204	20,862
Interest rate related contracts			
- swaps	17,574,575	113,060	138,521
Options	1,444,833	6,034	7,773
	<u>1,444,833</u>	<u>154,077</u>	<u>183,980</u>

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
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	Group		Bank	
	31-Mar-13 RM'000	31-Dec-12 RM'000	31-Mar-13 RM'000	31-Dec-12 RM'000
Other receivables, deposits and prepayments	143,931	128,488	147,961	132,517
Accrued interest receivable	74,242	72,970	74,242	72,970
Amount due from subsidiaries	-	-	306	294
Precious Metal accounts	374,143	344,497	374,143	344,497
	592,316	545,955	596,652	550,278

18. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	31-Mar-13 RM'000	31-Dec-12 RM'000	31-Mar-13 RM'000	31-Dec-12 RM'000
Demand deposits	10,462,551	10,306,906	10,482,748	10,325,066
Savings deposits	3,555,444	3,234,645	3,555,444	3,234,645
Fixed deposits	37,706,167	35,047,213	37,707,238	35,048,277
Negotiable instruments of deposits	1,855,296	2,901,472	1,855,296	2,901,472
Others	12,561,401	14,097,614	12,561,401	14,097,614
	66,140,859	65,587,850	66,162,127	65,607,074

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

Due within six months	27,049,577	27,155,471	27,050,648	27,156,535
Six months to one year	12,398,894	10,672,533	12,398,894	10,672,533
One year to three years	108,559	116,233	108,559	116,233
Three years to five years	4,433	4,448	4,433	4,448
	39,561,463	37,948,685	39,562,534	37,949,749

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

Business enterprises				
- Subsidiaries	-	-	21,268	19,224
- Others	29,217,368	29,156,395	29,217,368	29,156,395
Individuals	31,012,391	29,066,701	31,012,391	29,066,701
Others	5,911,100	7,364,754	5,911,100	7,364,754
	66,140,859	65,587,850	66,162,127	65,607,074

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
AS AT 31 MARCH 2013****19. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

	Group		Bank	
	31-Mar-13 RM'000	31-Dec-12 RM'000	31-Mar-13 RM'000	31-Dec-12 RM'000
Licensed banks in Malaysia	81,864	383,905	81,864	383,905
Bank Negara Malaysia	1,780,550	1,674,061	1,780,550	1,674,061
Other financial institutions outside Malaysia	4,024,204	2,296,696	4,024,630	2,297,122
	5,886,618	4,354,662	5,887,044	4,355,088

20. OTHER LIABILITIES

	Group		Bank	
	31-Mar-13 RM'000	31-Dec-12 RM'000	31-Mar-13 RM'000	31-Dec-12 RM'000
Provision for commitments and contingencies	2,742	165	2,742	165
Accrued interest payable	388,395	409,253	387,470	408,313
Accruals and provisions for operational expenses	62,164	134,297	62,018	133,998
Other accruals and provisions	639,020	604,582	639,003	604,550
Deferred income	305,601	313,178	305,601	313,178
	1,397,922	1,461,475	1,396,834	1,460,204

21. SUBORDINATED BONDS

	Group and Bank	
	31-Mar-13 RM'000	31-Dec-12 RM'000
RM500 million Subordinated Bonds 2010 / 2020, at par	500,000	500,000
Unamortised expenses relating to issue of Subordinated Bonds	(634)	(742)
	499,366	499,258

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 AA1 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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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
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Operating revenue of the Group and the Bank comprise interest income, commission income, investment income/(loss), trustee and nominee services and other income derived from banking operation.

23. INTEREST INCOME

	Group		Bank	
	Three Months Ended	Three Months Ended	Three Months Ended	Three Months Ended
	Mar-13	Mar-12	Mar-13	Mar-12
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income other than recoveries from impaired loans	681,864	602,536	683,631	604,245
- Recoveries from impaired loans	18,813	16,617	18,813	16,617
Money at call and deposit placements with financial institutions	78,974	70,815	78,974	70,815
Financial assets at fair value through profit or loss	17,919	19,264	17,919	19,264
Available-for-sale securities	72,938	52,175	72,938	52,175
Others	54	269	54	269
	870,562	761,676	872,329	763,385
Amortisation of premium less accretion of discount on:				
- Financial assets at fair value through profit or loss	(608)	(228)	(608)	(228)
- Available-for-sale securities	(1,798)	(1,178)	(1,798)	(1,178)
	868,156	760,270	869,923	761,979

24. INTEREST EXPENSE

	Group		Bank	
	Three Months Ended	Three Months Ended	Three Months Ended	Three Months Ended
	Mar-13	Mar-12	Mar-13	Mar-12
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	23,755	20,062	23,761	20,069
Deposits from customers	461,221	381,644	461,221	381,644
Subordinated Bonds	6,124	6,188	6,124	6,188
Others	6,037	4,717	6,037	4,717
	497,137	412,611	497,143	412,618

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
AS AT 31 MARCH 2013****25. OTHER OPERATING INCOME**

	Group		Bank	
	Three Months Ended Mar-13 RM'000	Mar-12 RM'000	Three Months Ended Mar-13 RM'000	Mar-12 RM'000
<u>Fee income</u>				
Commission	47,605	37,890	47,605	37,890
Guarantee fees	9,814	11,309	9,814	11,309
Service charges and fees	43,571	45,915	43,600	45,945
Commitment fees	6,108	5,849	6,116	5,852
Arrangement and participation fees	1,856	7	1,856	7
	108,954	100,970	108,991	101,003
<u>Net gains and losses on financial instruments</u>				
(Loss)/Gain from sale of financial assets at fair value through profit or loss	(7,758)	675	(7,758)	675
Gain from trading derivatives	4,900	13,187	4,900	13,187
Gain from sale of precious metal	1,447	1,255	1,447	1,255
Gain from sale/recovery of available-for-sale securities	4,903	1,705	4,903	1,705
Unrealised gain on financial assets at fair value through profit or loss	15,249	8,545	15,249	8,545
Gross dividends from : - Available-for-sale securities quoted in Malaysia	17	28	17	28
	18,758	25,395	18,758	25,395
<u>Other income</u>				
Foreign exchange gain/(loss) - realised	9,968	41,496	9,968	41,496
- unrealised	16,919	(17,798)	16,919	(17,798)
Rental income from operating leases, other than those from investment property	48	40	19	16
Rental income from investment property	-	150	-	-
Loss on disposal of property, plant and equipment	(3)	(2)	(3)	(2)
Gross dividends from : - Associate	-	-	-	1,668
Other operating income	1,078	1,071	1,078	1,071
Others	4,826	4,211	4,826	4,170
	32,836	29,168	32,807	30,621
	160,548	155,533	160,556	157,019

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
AS AT 31 MARCH 2013****26. OTHER OPERATING EXPENSES**

	Group		Bank	
	Three Months Ended		Three Months Ended	
	Mar-13	Mar-12	Mar-13	Mar-12
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	120,577	96,961	119,777	95,710
Establishment related expenses	28,679	27,648	31,979	30,107
Promotion and marketing related expenses	11,154	6,851	10,892	7,844
General administrative expenses	23,724	33,206	23,716	32,983
	184,134	164,666	186,364	166,644
<u>Personnel expenses</u>				
Wages, salaries and bonus	96,890	75,905	96,219	74,825
Employees Provident Fund Contributions (EPF)	15,249	11,723	15,149	11,569
Other employee benefits	8,438	9,333	8,409	9,316
	120,577	96,961	119,777	95,710
<u>Establishment related expenses</u>				
Depreciation of property, plant and equipment	8,546	8,129	6,958	6,826
Hire of equipment	23	17	22	17
Information technology costs	2,485	3,454	2,457	3,454
Repair and maintenance	3,877	3,715	3,953	3,352
Rental of premises	3,697	3,268	8,204	7,097
Others	10,051	9,065	10,385	9,361
	28,679	27,648	31,979	30,107
<u>Promotion and marketing related expenses</u>				
Advertisement and publicity	7,334	4,152	7,331	4,148
Others	3,820	2,699	3,561	3,696
	11,154	6,851	10,892	7,844
<u>General administrative expenses</u>				
Fees and commissions paid	10,871	18,804	10,869	18,656
Others	12,853	14,402	12,847	14,327
	23,724	33,206	23,716	32,983

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
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	Group		Bank	
	Three Months Ended		Three Months Ended	
	Mar-13	Mar-12	Mar-13	Mar-12
	RM'000	RM'000	RM'000	RM'000
Allowance for impaired loans and advances				
(a) Individual impairment				
- Made in the financial period	48,880	88,258	48,880	88,258
- Written back in the financial period	(38,613)	(30,917)	(38,613)	(30,917)
(b) Collective impairment				
- Made in the financial period	5,256	9,499	5,256	9,499
Impaired loans and advances				
- Written back	(2,850)	(2,431)	(2,850)	(2,431)
- Recovered	(12,273)	(14,974)	(12,273)	(14,974)
	400	49,435	400	49,435

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
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The Group computes capital adequacy ratios in accordance with Bank Negara Malaysia's Capital Adequacy framework (Capital Components).

	Group		Bank	
	31-Mar-13	31-Dec-12	31-Mar-13	31-Dec-12
	RM'000	RM'000	RM'000	RM'000
<u>Common Equity Tier 1 (CET1) Capital</u>				
Paid-up share capital	470,000	470,000	470,000	470,000
Share premium	322,555	322,555	322,555	322,555
Retained profits - audited	4,191,509	4,191,509	4,135,672	4,135,672
Statutory reserve	470,000	470,000	470,000	470,000
Other reserves	130,997	129,837	8,451	7,291
Regulatory adjustments applied in the calculation of CET1 Capital	(366,132)	(365,943)	(251,197)	(251,008)
Total CET1 / Tier 1 capital	5,218,929	5,217,958	5,155,481	5,154,510
<u>Tier 2 capital</u>				
Tier II capital instruments	450,000	500,000	450,000	500,000
Loan/financing loss provision				
- Surplus eligible provisions over expected losses	88,635	80,847	92,015	84,208
- Collective impairment provisions	95,003	91,195	91,623	87,834
Regulatory adjustments applied in the calculation of Tier 2 Capital	(67,659)	(67,659)	(122,783)	(122,783)
Total Tier II capital	565,979	604,383	510,855	549,259
Total capital	5,784,908	5,822,341	5,666,336	5,703,769

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
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(a) The capital adequacy ratios of the Group and the Bank are as follows:

	Group		Bank	
	31-Mar-13	31-Dec-12	31-Mar-13	31-Dec-12
CET1/ Tier 1 ratio	13.91%	14.12%	13.83%	14.04%
Total Capital	15.42%	15.76%	15.20%	15.53%
CET1/ Tier 1 ratio*	13.06%	13.25%	12.97%	13.16%
Total Capital*	14.56%	14.89%	14.34%	14.66%

* net of proposed dividends

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

	Group		Bank	
	31-Mar-13 RM'000	31-Dec-12 RM'000	31-Mar-13 RM'000	31-Dec-12 RM'000
Total RWA for credit risk	32,476,559	32,264,452	32,241,683	32,027,944
Total RWA for market risk	1,031,546	797,538	1,031,546	797,538
Total RWA for operational risk	3,581,282	3,466,298	3,581,282	3,466,298
Large Exposure for Equity Holdings RWA	427,009	427,009	427,009	427,009
	37,516,396	36,955,297	37,281,520	36,718,789

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**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
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In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

	Group and Bank		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
As at 31 March 2013			
Direct credit substitutes	1,594,045	1,594,043	942,212
Transaction-related contingent items	2,907,770	1,453,885	807,220
Short-term self-liquidating trade-related contingencies	263,417	52,683	33,680
Foreign exchange related contracts			
- less than one year	12,371,117	200,448	58,135
- one year to less than five years	332,640	18,382	17,619
Interest rates related contracts			
- less than one year	3,488,098	12,234	4,306
- one year to less than five years	12,040,318	411,495	231,356
- five years and above	926,007	70,437	55,705
Equity related contracts			
- less than one year	476,554	14,297	2,501
- one year to less than five years	41,143	1,646	420
Others	14,558,812	1,362,983	200,218
Total	48,999,921	5,192,533	2,353,372

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29. COMMITMENTS AND CONTINGENCIES (con'td.)

	Group and Bank		Risk Weighted Amount RM'000
	Principal Amount RM'000	Credit Equivalent Amount RM'000	
As at 31 December 2012			
Direct credit substitutes	1,827,459	1,827,458	1,065,306
Transaction-related contingent items	2,831,763	1,415,882	815,881
Short-term self-liquidating trade-related contingencies	308,146	61,629	37,405
Foreign exchange related contracts			
- less than one year	6,308,248	107,590	33,552
- one year to less than five years	318,141	16,730	16,106
Interest rates related contracts			
- less than one year	5,182,221	17,310	5,870
- one year to less than five years	10,949,435	366,195	202,047
- five years and above	1,398,464	114,753	88,333
Equity related contracts			
- less than one year	95,013	3,885	2,496
- one year to less than five years	75,446	1,639	447
Others	13,639,533	1,246,635	175,487
Total	42,933,869	5,179,706	2,442,930

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 January 2010.

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2013

30. PERFORMANCE REVIEW

For the first quarter ended 31 March 2013, the Bank posted a pre-tax profit of RM339.7 million, an increase of RM40.4 million or 13.5% as compared to the corresponding period last year. The better performance was mainly contributed by higher total income, lower allowance for impairment on loans and advances, higher share of net profit of associates but moderated by higher other operating expenses.

Net interest income grew by 6.7% or RM23.4 million to RM371.0 million mainly driven by healthy loans growth and higher interest income from investment securities. Other operating income increased marginally by 3.2% or RM5.0 million to RM160.5 million contributed by higher fee income and higher profit on foreign exchange but offset by lower income on financial products.

Total operating expenses rose by RM19.5 million or 11.8% to RM184.1 million mainly attributed to higher staff expenses and marketing expenses. Expense to income ratio stood at 34.6%.

Allowance for impairment on loans and advances reduced by RM49.0 million to RM0.4 million mainly due to lower individual impairment. Asset quality remained healthy with the net non-performing loans ratio maintained at 1.2%.

Year to date, gross loans registered a growth of RM1.3 billion or 2.3% to RM57.2 billion. The growth was mainly from households, real estate and construction sector.

Non bank deposits grew marginally by 0.8% or RM0.6 billion to RM66.1 billion largely contributed by higher fixed deposits but offset by lower negotiable instruments of deposits and others deposits. Net loans to deposit ratio stood at 85.1%.

31. PROSPECTS FOR 2013

The global growth outlook is expected to improve with modest growth in US and in Asia. However, the Eurozone is expected to remain weak.

Nevertheless, given the challenging external environment, Malaysian economy is expected to remain steady with Gross Domestic Product (GDP) growing by 5% to 6% this year, anchored by the continued strong domestic demand in private investment and consumption and healthy employment conditions. Inflation is expected to average between 2.0% to 3.0%.

The economic performance in Asia is likely to improve in 2013 and the domestic business activities are expected to gain more traction in second half of 2013. The Bank is expected to harness the potential of its extensive regional network, through an integrated platform to leverage its regional scale and capabilities to better support cross border transactions.

The Bank is cautiously optimistic to achieve a satisfactory result in 2013.