

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

PILLAR 3 DISCLOSURE
30 JUNE 2012

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

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

**PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2012****1. CAPITAL MANAGEMENT AND CAPITAL ADEQUACY**

The information of the Group and the Bank are disclosed pursuant to the requirements of Bank Negara Malaysia's Risk Weighted Capital Adequacy Framework (Basel II) - Disclosure Requirements (Pillar 3).

(a) Capital Structure

	Group			Bank		
	30-Jun-12	31-Dec-11 (Restated)	1-Jan-11 (Restated)	30-Jun-12	31-Dec-11 (Restated)	1-Jan-11 (Restated)
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Tier I capital						
Paid-up share capital	470,000	470,000	470,000	470,000	470,000	470,000
Share premium	322,555	322,555	322,555	322,555	322,555	322,555
Retained profits - audited	3,264,476	3,528,851	2,901,101	3,249,732	3,514,107	2,909,278
Statutory reserve	470,000	470,000	470,000	470,000	470,000	470,000
Less: Deferred tax assets	(288,790)	(290,595)	(148,576)	(288,850)	(290,655)	(148,602)
Total Tier I capital	4,238,241	4,500,811	4,015,080	4,223,437	4,486,007	4,023,231
Tier II capital						
Subordinated bonds	500,000	500,000	500,000	500,000	500,000	500,000
Collective impairment (proportion of Standardised Approach's RWA)	80,992	72,501	61,756	78,420	70,090	59,419
Surplus/(Deficit) of total Eligible Provisions over total Expected Loss (IRB approach)	17,783	(11,953)	(2,828)	20,356	(9,542)	(492)
Total Tier II capital	598,775	560,548	558,928	598,776	560,548	558,927
Total capital	4,837,016	5,061,359	4,574,008	4,822,213	5,046,555	4,582,158
Less : Investment in subsidiaries	-	-	-	(50)	(50)	(50)
Capital base	4,837,016	5,061,359	4,574,008	4,822,163	5,046,505	4,582,108

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

	Group			Bank		
	30-Jun-12	31-Dec-11 (Restated)	1-Jan-11 (Restated)	30-Jun-12	31-Dec-11 (Restated)	1-Jan-11 (Restated)
Core capital ratio	11.27%	13.48%	15.05%	11.29%	13.49%	15.19%
Risk-weighted capital ratio	12.86%	15.16%	17.14%	12.89%	15.17%	17.30%

The comparative capital adequacy ratios have been restated for the effects of changes in accounting policies as a result of convergence with the Malaysia Financial Reporting Standards ('MFRS') framework on 1 January 2012.

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

**PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2012****2. CREDIT RISK****(a) Appendix I : Disclosure on Capital Adequacy under the Standardised / IRB Approach**

RM'000

Item	Exposure Class	Gross Exposures / EAD before CRM	Net Exposures / EAD after CRM	Risk Weighted Assets	Minimum Capital Requirement at 8%
1.0	Credit Risk				
1.1	Exempted Exposure under Standardised Approach				
	On-Balance Sheet Exposure				
	Public Sector Entities	32,034	-	-	-
	Corporates	1,158,882	1,102,800	867,079	69,366
	Regulatory Retail	5,155,147	4,867,827	3,650,827	292,066
	Other Assets	261,558	261,558	191,480	15,318
	Defaulted Exposures	138,851	137,915	115,515	9,241
	Total for On-Balance Sheet Exposures	6,746,472	6,370,100	4,824,901	385,991
	Off-Balance Sheet Exposures				
	OTC Derivatives	26,157	26,157	20,727	1,658
	Off balance sheet exposure other than OTC derivatives or credit derivatives	240,971	185,591	164,032	13,123
	Defaulted Exposures	615	440	25	2
	Total for Off-Balance Sheet Exposure	267,743	212,188	184,784	14,783
	Total On and Off-Balance Sheet Exposures	7,014,215	6,582,288	5,009,685	400,774
1.2	Exposure under the FIRB Approach				
	On-Balance Sheet Exposure				
	Sovereigns/Central Bank	18,299,032	18,299,032	-	-
	Banks, Development Financial Institutions & MDBs	1,182,476	1,182,476	302,081	24,167
	Corporates	18,628,770	16,471,711	17,868,987	1,429,519
	Equity (Simple Risk Weight)	147,715	147,715	588,363	47,069
	Defaulted Exposures	468,868	453,232	-	-
	Total for On-Balance Sheet Exposures	38,726,861	36,554,166	18,759,431	1,500,755
	Off-Balance Sheet Exposures				
	OTC Derivatives	637,667	637,667	318,962	25,517
	Off balance sheet exposure other than OTC derivatives or credit derivatives	2,720,609	2,090,985	1,750,520	140,042
	Defaulted Exposures	3,424	2,668	-	-
	Total for Off-Balance Sheet Exposure	3,361,700	2,731,320	2,069,482	165,559
	Total On and Off-Balance Sheet Exposures (FIRB)	42,088,561	39,285,486	20,828,913	1,666,314
	Exposure under the AIRB Approach				
	On-Balance Sheet Exposure				
	Residential Mortgages	20,400,477	20,400,477	2,392,087	191,367
	Qualifying Revolving Retail Exposures	1,649,902	1,649,902	801,495	64,120
	Other Retail Exposures	5,736,786	5,739,157	1,014,831	81,186
	Defaulted Exposures	372,975	372,975	210,901	16,872
	Total for On-Balance Sheet Exposures	28,160,140	28,162,511	4,419,314	353,545
	Off-Balance Sheet Exposures				
	Off balance sheet exposure other than OTC derivatives or credit derivatives	1,237,555	1,235,184	159,845	12,788
	Total for Off-Balance Sheet Exposure	1,237,555	1,235,184	159,845	12,788
	Total On and Off-Balance Sheet Exposures (AIRB)	29,397,695	29,397,695	4,579,159	366,333
	Total (Exempted Exposures and Exposures under IRB Approach)	71,486,256	68,683,181	25,408,072	2,032,647
	Total (Exempted Exposures and Exposures under IRB Approach) after scaling factor			26,932,556	2,154,605
2.0	Large Exposures Risk Requirement	106,752	106,752	427,009	34,161
3.0	Market Risk (Standardised Approach)	Long Position	Short Position		
	Interest Rate Risk	14,067,806	8,449,203	549,065	43,925
	Foreign Currency Risk	1,290,903	(76,651)	1,290,903	103,272
4.0	Operational Risk (Basic Indicator Approach)	-	-	3,206,352	256,508
5.0	Total RWA and Capital Requirements	-	-	37,415,569	2,993,246

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

PILLAR 3 DISCLOSURE**AS AT 30 JUNE 2012****2. CREDIT RISK (con'td.)****Appendix IIIe : Exposures under the IRB Approach by Risk Grade or PD Band**

RM'000

PD Range or BI's internal Risk Grading of Non Retail Exposures	AAA <A+ or 0<0.03%	A+ to <BBB or 0.03<0.16%	BBB to <BB+ or 0.16% <0.51%	BB+ < B+ or 0.51 <3.49%	or 3.49 <10.09%	CCC or 10.09. <100	Default or 10
<u>Total Non Retail Exposures (EAD)</u>							
Sovereign	18,461,045	-	-	-	-	-	-
Bank	-	440,912	1,520,838	10,324	-	-	254
Corporate...	-	115,246	1,241,021	17,504,076	1,218,557	963,707	518,783
<i>Total Exposure</i>	<i>18,461,045</i>	<i>556,158</i>	<i>2,761,859</i>	<i>17,514,400</i>	<i>1,218,557</i>	<i>963,707</i>	<i>519,037</i>
<u>Undrawn Commitments</u>							
Corporate	-	-	-	248	-	-	-
<i>Total Undrawn Commitments</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>248</i>	<i>-</i>	<i>-</i>	<i>-</i>
<u>Exposure Weighted Average LGD (%)</u>							
Sovereign	45.00%	-	-	-	-	-	-
Bank	-	45.00%	45.00%	45.00%	-	-	45.00%
Corporate...	-	45.00%	45.00%	45.00%	45.00%	45.00%	45.00%
<u>Exposure Weighted Average Risk Weight (%)</u>							
Sovereign	-	-	-	-	-	-	-
Bank	-	14.11%	36.97%	72.07%	-	-	-
Corporate...	-	24.05%	52.89%	91.53%	162.28%	201.71%	-

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

PILLAR 3 DISCLOSURE
AS AT 30 JUNE 2012

2. CREDIT RISK (con'td.)

Appendix IIIe : Exposures under the IRB Approach by Risk Grade or PD Band

RM'000

PD Range of Retail Exposure	0.00 to 1.00	1.01% to 2.00	2.01% to 99.99%	SD to default
<u>Total Retail Exposures (EAD)</u>				
Residential Mortgage	15,599,270	954,274	4,093,972	296,522
Qualifying Revolving Retail	668,486	357,251	1,016,841	21,930
Other Retail...	905,477	260,226	5,168,219	54,522
<i>Total Exposure</i>	<i>17,173,233</i>	<i>1,571,751</i>	<i>10,279,032</i>	<i>372,974</i>
<u>Undrawn Commitments</u>				
Residential Mortgage	233,365	883	12,791	-
Qualifying Revolving Retail	198,451	86,580	107,644	-
Other Retail...	508,326	2,207	84,232	-
<i>Total Undrawn Commitments</i>	<i>940,142</i>	<i>89,670</i>	<i>204,667</i>	<i>-</i>
<u>Exposure Weighted Average LGD (%)</u>				
Residential Mortgage	10.80%	10.73%	10.45%	11.40%
Qualifying Revolving Retail	30.30%	45.03%	49.33%	65.89%
Other Retail...	12.18%	10.47%	12.88%	17.62%
<u>Exposure Weighted Average Risk Weight (%)</u>				
Residential Mortgage	6.42%	16.38%	30.52%	40.73%
Qualifying Revolving Retail	6.03%	20.54%	76.78%	273.03%
Other Retail...	6.34%	11.98%	18.90%	55.47%

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

PILLAR 3 DISCLOSURE**AS AT 30 JUNE 2012****2. CREDIT RISK (con'td.)****Appendix IIIf : Retail Exposures under the IRB Approach by Expected Loss Range**

	RM'000				
EL% Range of Retail Exposure	0 to 1.0%	1.0 to 5.0%	5.0 to 10.0%	10.0 to 30.0%	30.0% to 100%
<u>Total Retail Exposures (EAD)</u>					
Residential Mortgage	20,075,335	682,899	12,402	173,131	272
Qualifying Revolving Retail	1,065,057	610,857	187,096	152,742	48,756
Other Retail...	6,028,866	154,392	46,672	151,301	7,214
<i>Total Exposure</i>	<i>27,169,258</i>	<i>1,448,148</i>	<i>246,170</i>	<i>477,174</i>	<i>56,242</i>
<u>Undrawn Commitments</u>					
Residential Mortgage	246,750	289	-	-	-
Qualifying Revolving Retail	271,665	63,844	54,291	2,655	220
Other Retail...	575,870	17,804	1,089	2	-
<i>Total Undrawn Commitments</i>	<i>1,094,285</i>	<i>81,937</i>	<i>55,380</i>	<i>2,657</i>	<i>220</i>
<u>Exposure Weighted Average Risk Weight (%)</u>					
Residential Mortgage	10.38%	64.83%	10.25%	-	-
Qualifying Revolving Retail	9.85%	51.13%	103.78%	167.55%	178.38%
Other Retail...	12.56%	45.80%	55.65%	159.87%	-

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

PILLAR 3 DISCLOSURE**AS AT 30 JUNE 2012****2. CREDIT RISK (con'td.)****Appendix II : Disclosure on Risk Weights under Standardised Approach****RM'000**

Risk Weights	Exposures after netting & Credit Risk Mitigation						Total Risk Weighted Assets
	Banks, MDBs and FDIs	Insurance Cos, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Other Assets	Total Exposures after Netting & Credit Risk Mitigation	
0%	-	-	632	44,989	70,078	115,699	-
10%	-	-	-	-	-	-	-
20%	5,350	-	294,637	-	-	299,987	59,997
35%	-	-	-	-	-	-	-
50%	1,215	-	21	6,079	-	7,315	3,658
75%	-	-	-	4,956,171	-	4,956,171	3,717,128
90%	-	-	-	-	-	-	-
100%	-	185,865	700,844	33,521	231,311	1,151,541	1,151,541
110%	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-
150%	-	-	3,491	48,082	-	51,573	77,360
270%	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-
937.5%	-	-	-	-	-	-	-
1250.0%	-	-	-	-	-	-	-
Average Risk Weight	26%	100%	77%	75%	77%	76%	81%

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(Incorporated in Malaysia)

PILLAR 3 DISCLOSURE**AS AT 30 JUNE 2012****2. CREDIT RISK (con'td.)****Appendix V : Disclosure on Off-Balance Sheet Exposures and Counterparty Credit Risk**

RM'000

Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk Weighted Assets
Direct Credit Substitutes	1,475,563	-	1,475,563	924,744
Transaction related contingent items	2,579,865	-	1,289,966	786,253
Short term Self Liquidating trade related contingencies	385,087	-	77,017	50,686
Foreign exchange related contracts	10,440,762	95,155	204,398	81,825
One year or less	10,232,235	89,897	186,788	64,817
Over one year to five years	208,527	5,258	17,610	17,008
Interest/profit rate related contracts	19,996,796	201,906	541,298	371,921
One year or less	9,785,420	48,028	66,782	16,200
Over one year to five years	8,615,778	98,630	330,394	251,635
Over five years	1,595,598	55,248	144,122	104,086
Equity related contracts	105,795	-	3,759	1,411
One year or less	18,742	-	1,417	718
Over one year to five years	87,053	-	2,342	693
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	1,593	-	693	555
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	7,383,756	-	4,324	2,138
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	7,003,284	-	1,269,979	196,831
Total	49,372,501	297,061	4,866,997	2,416,364