

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

**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**30 June 2016**

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

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF FINANCIAL POSITION  
AS AT 30 JUNE 2016**

	Notes	Group		Bank	
		30-Jun-16 RM'000	31-Dec-15 RM'000	30-Jun-16 RM'000	31-Dec-15 RM'000
<b>ASSETS</b>					
Cash and short-term funds	11	<b>15,127,879</b>	7,735,351	<b>15,127,879</b>	7,735,351
Securities purchased under resale agreements		<b>1,838,195</b>	4,984,364	<b>1,838,195</b>	4,984,364
Deposits and placements with financial institutions	12	<b>10,091</b>	13,082	<b>10,091</b>	13,082
Financial assets at fair value through profit or loss ("FVTPL")	13	<b>843,824</b>	1,834,666	<b>843,824</b>	1,834,666
Available-for-sale ("AFS") securities	14	<b>5,366,209</b>	5,228,465	<b>5,366,209</b>	5,228,465
Loans and advances	15	<b>72,476,459</b>	70,872,652	<b>72,662,054</b>	71,058,275
Derivative financial assets	16	<b>564,595</b>	1,030,632	<b>564,595</b>	1,030,632
Other assets	17	<b>566,773</b>	927,195	<b>570,689</b>	931,563
Statutory deposits with Bank Negara Malaysia		<b>1,972,440</b>	2,212,280	<b>1,972,440</b>	2,212,280
Investment in subsidiaries		-	-	<b>40</b>	50
Investment in an associate		<b>11,414</b>	11,313	<b>13,522</b>	13,522
Property, plant and equipment		<b>519,215</b>	503,202	<b>224,387</b>	208,910
Tax recoverable		-	168	-	-
Deferred tax assets		<b>9,993</b>	25,086	<b>25,810</b>	40,903
<b>Total assets</b>		<b>99,307,087</b>	95,378,456	<b>99,219,735</b>	95,292,063
<b>LIABILITIES AND EQUITY</b>					
Deposits from customers	18	<b>78,678,772</b>	76,073,106	<b>78,680,941</b>	76,078,163
Deposits and placements of banks and other financial institutions	19	<b>8,364,238</b>	6,837,537	<b>8,364,268</b>	6,837,567
Bills and acceptances payables		<b>321,093</b>	305,544	<b>321,093</b>	305,544
Derivative financial liabilities	16	<b>660,112</b>	1,033,434	<b>660,112</b>	1,033,434
Other liabilities	20	<b>1,575,635</b>	1,711,546	<b>1,574,171</b>	1,709,288
Tax payable		<b>197,765</b>	140,984	<b>197,921</b>	140,960
Subordinated bonds	21	<b>1,507,487</b>	1,499,727	<b>1,507,487</b>	1,499,727
<b>Total liabilities</b>		<b>91,305,102</b>	87,601,878	<b>91,305,993</b>	87,604,683

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS**

**UNAUDITED STATEMENTS OF FINANCIAL POSITION (cont'd.)**

**AS AT 30 JUNE 2016**

		<b>Group</b>		<b>Bank</b>	
	<b>Notes</b>	<b>30-Jun-16</b>	31-Dec-15	<b>30-Jun-16</b>	31-Dec-15
		<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK</b>					
Share capital		<b>470,000</b>	470,000	<b>470,000</b>	470,000
Reserves		<b>7,531,985</b>	7,306,578	<b>7,443,742</b>	7,217,380
<b>Total equity</b>		<b>8,001,985</b>	7,776,578	<b>7,913,742</b>	7,687,380
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>99,307,087</b>	95,378,456	<b>99,219,735</b>	95,292,063
<b>Commitments and contingencies</b>	30	<b>93,778,078</b>	86,992,348	<b>93,778,078</b>	86,992,348

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2015.

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

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2016**

Group	Notes	Second Quarter Ended		Six Months Ended	
		30-Jun-16 RM'000	30-Jun-15 RM'000	30-Jun-16 RM'000	30-Jun-15 RM'000
Operating revenue	22	<b>1,320,365</b>	1,237,682	<b>2,646,817</b>	2,461,994
Interest income	23	<b>1,119,905</b>	1,064,887	<b>2,246,973</b>	2,114,303
Interest expense	24	<b>(652,243)</b>	(612,429)	<b>(1,288,643)</b>	(1,181,559)
Net interest income		<b>467,662</b>	452,458	<b>958,330</b>	932,744
Other operating income	25	<b>203,643</b>	175,640	<b>406,341</b>	353,892
Operating income		<b>671,305</b>	628,098	<b>1,364,671</b>	1,286,636
Other operating expenses	26	<b>(274,533)</b>	(270,975)	<b>(522,665)</b>	(511,818)
Operating profit before allowance for impairment on loans and advances and provision for commitments and contingencies		<b>396,772</b>	357,123	<b>842,006</b>	774,818
Allowance for impairment on loans and advances	27	<b>(58,354)</b>	(2,449)	<b>(127,164)</b>	(48,992)
Writeback of /(provision) for commitments and contingencies		<b>9,295</b>	(9,248)	<b>9,256</b>	(24,264)
		<b>347,713</b>	345,426	<b>724,098</b>	701,562
Share of net profit of an associate		<b>33</b>	590	<b>101</b>	1,171
Profit before taxation		<b>347,746</b>	346,016	<b>724,199</b>	702,733
Income tax expense		<b>(84,027)</b>	(84,319)	<b>(172,935)</b>	(167,330)
Profit for the period attributable to equity holders of the Bank		<b>263,719</b>	261,697	<b>551,264</b>	535,403
Basic Earnings per share (sen)		<b>56.1</b>	55.7	<b>117.3</b>	113.9

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2015.

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

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENTS (cont'd.)**  
**FOR THE PERIOD ENDED 30 JUNE 2016**

Bank	Notes	Second Quarter Ended		Six Months Ended	
		30-Jun-16 RM'000	30-Jun-15 RM'000	30-Jun-16 RM'000	30-Jun-15 RM'000
Operating revenue	22	<b>1,322,495</b>	1,239,857	<b>2,651,151</b>	2,466,345
Interest income	23	<b>1,122,088</b>	1,067,075	<b>2,251,390</b>	2,118,733
Interest expense	24	<b>(652,263)</b>	(612,451)	<b>(1,288,685)</b>	(1,181,614)
Net interest income		<b>469,825</b>	454,624	<b>962,705</b>	937,119
Other operating income	25	<b>203,602</b>	175,627	<b>406,413</b>	353,814
Operating income		<b>673,427</b>	630,251	<b>1,369,118</b>	1,290,933
Other operating expenses	26	<b>(276,968)</b>	(274,025)	<b>(526,278)</b>	(517,174)
Operating profit before allowance for impairment on loans and advances and provision for commitments and contingencies		<b>396,459</b>	356,226	<b>842,840</b>	773,759
Allowance for impairment on loans and advances	27	<b>(58,354)</b>	(2,449)	<b>(127,164)</b>	(48,992)
Writeback of /(provision) for commitments and contingencies		<b>9,295</b>	(9,248)	<b>9,256</b>	(24,264)
Profit before taxation		<b>347,400</b>	344,529	<b>724,932</b>	700,503
Income tax expense		<b>(83,824)</b>	(84,295)	<b>(172,713)</b>	(167,279)
Profit for the period attributable to equity holders of the Bank		<b>263,576</b>	260,234	<b>552,219</b>	533,224
Basic Earnings per share (sen)		<b>56.1</b>	55.4	<b>117.5</b>	113.5

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2015.

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

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 30 JUNE 2016**

<b>Group</b>	<b>Second Quarter</b>		<b>Six Months</b>	
	<b>Ended</b>		<b>Ended</b>	
	<b>30-Jun-16</b>	30-Jun-15	<b>30-Jun-16</b>	30-Jun-15
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Profit for the period	<b>263,719</b>	261,697	<b>551,264</b>	535,403
<i>Other comprehensive income/(loss):</i>				
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:				
Net gain on revaluation of AFS securities	<b>55,704</b>	2,561	<b>62,886</b>	21,553
Income tax effect	<b>(13,369)</b>	(743)	<b>(15,093)</b>	(5,388)
Other comprehensive income for the period, net of tax	<b>42,335</b>	1,818	<b>47,793</b>	16,165
Total comprehensive income for the period attributable to equity holders of the Bank	<b>306,054</b>	263,515	<b>599,057</b>	551,568

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2015.

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

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME (cont'd.)**  
**FOR THE PERIOD ENDED 30 JUNE 2016**

	Second Quarter		Six Months	
	Ended		Ended	
<b>Bank</b>	<b>30-Jun-16</b>	30-Jun-15	<b>30-Jun-16</b>	30-Jun-15
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Profit for the period	<b>263,576</b>	260,234	<b>552,219</b>	533,224
<i>Other comprehensive income/(loss):</i>				
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:				
Net gain on revaluation of AFS securities	<b>55,704</b>	2,561	<b>62,886</b>	21,553
Income tax effect	<b>(13,369)</b>	(743)	<b>(15,093)</b>	(5,388)
Other comprehensive income for the period, net of tax	<b>42,335</b>	1,818	<b>47,793</b>	16,165
Total comprehensive income for the period attributable to equity holders of the Bank	<b>305,911</b>	262,052	<b>600,012</b>	549,389

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2015.

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 JUNE 2016**

GROUP	← 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>2016</b>							
Balance as at 1 January 2016	470,000	322,555	470,000	145,190	63,289	6,305,544	7,776,578
Profit for the period	-	-	-	-	-	551,264	551,264
Other comprehensive income	-	-	-	-	47,793	-	47,793
Total comprehensive income	-	-	-	-	47,793	551,264	599,057
Transactions with owners:							
Dividends paid:							
- final dividend for the year ended 31 December 2015	-	-	-	-	-	(373,650)	(373,650)
Balance as at 30 June 2016	470,000	322,555	470,000	145,190	111,082	6,483,158	8,001,985

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2015.

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS**

**UNAUDITED STATEMENTS OF CHANGES IN EQUITY (cont'd.)**

**FOR THE PERIOD ENDED 30 JUNE 2016**

<b>GROUP (cont'd.)</b>	← 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>2015</b>							
Balance as at 1 January 2015	470,000	322,555	470,000	104,297	65,132	5,691,949	7,123,933
Profit for the period	-	-	-	-	-	535,403	535,403
Other comprehensive income	-	-	-	-	16,165	-	16,165
Total comprehensive income	-	-	-	-	16,165	535,403	551,568
Transactions with owners:							
Dividends paid:							
- final dividend for the year ended 31 December 2014	-	-	-	-	-	(453,080)	(453,080)
Balance as at 30 June 2015	470,000	322,555	470,000	104,297	81,297	5,774,272	7,222,421

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2015.

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 JUNE 2016**

<b>BANK</b>	← Non-distributable			Distributable		Total
	Share capital	Share premium	Statutory reserve	Net unrealised reserves on AFS securities	Retained profits	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2016</b>						
Balance as at 1 January 2016	470,000	322,555	470,000	56,387	6,368,438	7,687,380
Profit for the period	-	-	-	-	552,219	552,219
Other comprehensive income	-	-	-	47,793	-	47,793
Total comprehensive income	-	-	-	47,793	552,219	600,012
Transactions with owners:						
Dividends paid:						
- final dividend for the year ended 31 December 2015	-	-	-	-	(373,650)	(373,650)
Balance as at 30 June 2016	470,000	322,555	470,000	104,180	6,547,007	7,913,742

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2015.

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS**

**UNAUDITED STATEMENTS OF CHANGES IN EQUITY (cont'd.)**

**FOR THE PERIOD ENDED 30 JUNE 2016**

<b>BANK (cont'd.)</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>2015</b>						
Balance as at 1 January 2015	470,000	322,555	470,000	58,230	5,753,972	7,074,757
Profit for the period	-	-	-	-	533,224	533,224
Other comprehensive income	-	-	-	16,165	-	16,165
Total comprehensive income	-	-	-	16,165	533,224	549,389
Transactions with owners:						
Dividends paid:						
- final dividend for the year ended 31 December 2014	-	-	-	-	(453,080)	(453,080)
Balance as at 30 June 2015	470,000	322,555	470,000	74,395	5,834,116	7,171,066

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2015.

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

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 JUNE 2016**

	Group		Bank	
	30-Jun-16 RM'000	30-Jun-15 RM'000	30-Jun-16 RM'000	30-Jun-15 RM'000
Profit before taxation	<b>724,199</b>	702,733	<b>724,932</b>	700,503
Adjustments for non-operating and non-cash items	<b>257,952</b>	(117,162)	<b>252,971</b>	(119,069)
Operating profit before working capital changes	<b>982,151</b>	585,571	<b>977,903</b>	581,434
Changes in working capital:				
Net changes in operating assets	<b>3,480,108</b>	562,966	<b>3,480,587</b>	563,564
Net changes in operating liabilities	<b>3,406,048</b>	(963,498)	<b>3,403,953</b>	(962,522)
Tax expense paid	<b>(115,987)</b>	(161,681)	<b>(115,752)</b>	(161,658)
Net cash generated from operating activities	<b>7,752,320</b>	23,358	<b>7,746,691</b>	20,818
Net cash generated from investing activities	<b>3,107</b>	3,713,867	<b>8,736</b>	3,716,407
Net cash (used in)/generated from financing activities	<b>(365,890)</b>	47,036	<b>(365,890)</b>	47,036
Net increase in cash and cash equivalents	<b>7,389,537</b>	3,784,261	<b>7,389,537</b>	3,784,261
Cash and cash equivalents at beginning of the period	<b>7,748,433</b>	10,963,863	<b>7,748,433</b>	10,963,863
Cash and cash equivalents at end of the period	<b>15,137,970</b>	14,748,124	<b>15,137,970</b>	14,748,124
<b>Analysis of cash and cash equivalents</b>				
Cash and short term funds	<b>15,127,879</b>	14,234,745	<b>15,127,879</b>	14,234,745
Deposits and placements with financial institutions	<b>10,091</b>	513,379	<b>10,091</b>	513,379
	<b>15,137,970</b>	14,748,124	<b>15,137,970</b>	14,748,124

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2015.

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**EXPLANATORY NOTES**

**1. BASIS OF PREPARATION**

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB").

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Bank for the financial year ended 31 December 2015. The explanatory notes attached to the condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial positions and performance of the Group and the Bank since the financial year ended 31 December 2015.

The significant accounting policies and method of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2015.

The Group and the Bank have not adopted the following MFRSs and Amendments to MFRSs that have been issued by the MASB as they are not yet effective:

***Effective for financial periods beginning on or after 1 January 2018***

*MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)*

*MFRS 15: Revenue from Contracts with Customers*

*Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Bank plan to adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are expected to have no significant impact to the financial statements of the Group and the Bank upon their initial application except as described below:

**MFRS 9 Financial Instruments**

In November 2014, MASB issued the final version of MFRS 9 *Financial Instruments* which reflects all phases of the financial instruments and replaces MFRS 139 *Financial Instruments: Recognition and Measurement* and all previous versions of MFRS 9. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory.

The standard introduces new requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

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

**EXPLANATORY NOTES**

**1. BASIS OF PREPARATION (cont'd.)**

Except for MFRS 9, the initial application of all the above applicable MFRSs and the Amendments to MFRSs are not expected to have any material financial impact to the Group and the Bank 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 2015 was not subject to any qualification.

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

The business operations of the Group and the Bank were 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 30 June 2016.

**5. CHANGES IN ESTIMATES**

There were no significant changes in estimates of amounts reported in prior financial year that have a material effect on the financial results and position of the Group and the Bank for the financial period ended 30 June 2016.

**6. DEBT AND EQUITY SECURITIES**

There were no issuances of shares, share buy-backs and repayment of debt and equity securities during the financial period ended 30 June 2016.

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

Property, plant and equipment are stated at cost/valuation less accumulated depreciation and accumulated impairment losses. There was no change in the valuation of property, plant and equipment that was brought forward from the previous audited financial statements for the financial year ended 31 December 2015.

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

**EXPLANATORY NOTES**

**8. DIVIDENDS**

A final single-tier dividend of 79.5% in respect of the financial year ended 31 December 2015, amounting to RM373,650,000 was paid on 25 April 2016.

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

Save as disclosed below, there were no other material events subsequent to the end of the reporting date that require disclosure or adjustments to the unaudited condensed interim financial statements.

On 8 July 2016, Bank Negara Malaysia had given its approval for the Bank to commence its Islamic Banking business under its Islamic Banking Window ("IBW").

**10. CHANGES IN THE COMPOSITION OF THE GROUP**

There were no changes in the composition of the Group for the financial period ended 30 June 2016.

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

	<b>Group and Bank</b>	
	<b>30-Jun-16</b>	<b>31-Dec-15</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and balances with banks and other financial institutions	<b>550,779</b>	639,951
Money at call and deposit placements maturing within one month	<b>14,577,100</b>	7,095,400
	<b>15,127,879</b>	<b>7,735,351</b>

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

	<b>Group and Bank</b>	
	<b>30-Jun-16</b>	<b>31-Dec-15</b>
	<b>RM'000</b>	<b>RM'000</b>
Financial institutions	<b>10,091</b>	13,082
	<b>10,091</b>	<b>13,082</b>

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

**EXPLANATORY NOTES**

**13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS  
("FVTPL")**

	<b>Group and Bank</b>	
	<b>30-Jun-16</b>	31-Dec-15
	<b>RM'000</b>	RM'000
<b>Held-for-trading securities</b>		
<b>At fair value:</b>		
Malaysian Government securities	<b>235,008</b>	313,261
Negotiable instruments of deposits	<b>300,050</b>	1,190,049
<b>Total held-for-trading securities</b>	<b>535,058</b>	1,503,310
<b>Designated as FVTPL, companies incorporated in Malaysia but denominated in United States Dollar</b>		
Private debt securities	<b>308,766</b>	331,356
<b>Total financial assets at FVTPL</b>	<b>843,824</b>	1,834,666

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

**EXPLANATORY NOTES**

**14. AVAILABLE-FOR-SALE ("AFS") SECURITIES**

	<b>Group and Bank</b>	
	<b>30-Jun-16</b>	31-Dec-15
	<b>RM'000</b>	RM'000
<b>At fair value</b>		
<b>Money market instruments:</b>		
Bank Negara Malaysia bills	-	14,256
Malaysian Government treasury bills	-	158,046
Malaysian Government securities	<b>3,233,417</b>	3,368,246
Negotiable instruments of deposits	<b>660,056</b>	925,079
Cagamas bonds	<b>1,209,761</b>	529,118
	<b>5,103,234</b>	4,994,745
<b>Private debt securities of companies incorporated</b>		
In Malaysia:		
Quoted corporate bonds	<b>176,613</b>	194,872
Impairment loss	<b>(39,960)</b>	(39,960)
	<b>136,653</b>	154,912
<b>Quoted securities:</b>		
Shares of corporations outside Malaysia	-	-
Shares of corporations in Malaysia	<b>2,918</b>	3,737
	<b>2,918</b>	3,737
<b>Unquoted securities:</b>		
Shares	<b>123,128</b>	74,795
	<b>123,128</b>	74,795
<b>At Cost:</b>		
<b>Unquoted securities:</b>		
Private debt securities	<b>276</b>	276
	<b>276</b>	276
<b>Total AFS securities</b>	<b>5,366,209</b>	5,228,465
<b>Movements in allowance for impairment on private debt security is as follows:</b>		
Balance as at 1 January/30 June	<b>(39,960)</b>	(39,960)

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

**EXPLANATORY NOTES****15. LOANS AND ADVANCES**

	<b>Group</b>		<b>Bank</b>	
	<b>30-Jun-16</b>	31-Dec-15	<b>30-Jun-16</b>	31-Dec-15
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Overdrafts	<b>3,092,221</b>	3,020,017	<b>3,092,221</b>	3,020,017
Term loans and revolving credits				
- Housing loans	<b>26,460,462</b>	25,588,836	<b>26,460,462</b>	25,588,836
- Syndicated term loans	<b>784,741</b>	726,714	<b>784,741</b>	726,714
- Other term loans	<b>33,534,553</b>	32,701,629	<b>33,720,148</b>	32,887,252
Credit cards receivable	<b>2,293,164</b>	2,304,693	<b>2,293,164</b>	2,304,693
Bills receivable	<b>749,469</b>	1,121,872	<b>749,469</b>	1,121,872
Trust receipts	<b>1,929,015</b>	1,939,287	<b>1,929,015</b>	1,939,287
Claims on customers under acceptance credits	<b>4,933,551</b>	4,695,198	<b>4,933,551</b>	4,695,198
Staff loans	<b>48,135</b>	48,637	<b>48,135</b>	48,637
Others	<b>17,830</b>	11,694	<b>17,830</b>	11,694
	<b>73,843,141</b>	72,158,577	<b>74,028,736</b>	72,344,200
Unearned interest	<b>(86,432)</b>	(82,573)	<b>(86,432)</b>	(82,573)
<b>Gross loans and advances</b>	<b>73,756,709</b>	72,076,004	<b>73,942,304</b>	72,261,627
<b>Allowance for losses on loans and advances</b>				
- Individual impairment	<b>(187,332)</b>	(183,854)	<b>(187,332)</b>	(183,854)
- Collective impairment	<b>(1,092,918)</b>	(1,019,498)	<b>(1,092,918)</b>	(1,019,498)
<b>Net loans and advances</b>	<b>72,476,459</b>	70,872,652	<b>72,662,054</b>	71,058,275

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

**EXPLANATORY NOTES**

**15. LOANS AND ADVANCES (cont'd.)**

(i) **Gross loans and advances by maturity structure:**

	<b>Group</b>		<b>Bank</b>	
	<b>30-Jun-16</b>	31-Dec-15	<b>30-Jun-16</b>	31-Dec-15
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Maturing within one year	<b>19,429,050</b>	18,698,162	<b>19,429,050</b>	18,698,162
One year to three years	<b>4,109,650</b>	4,280,129	<b>4,295,245</b>	4,465,752
Three years to five years	<b>4,412,173</b>	4,258,005	<b>4,412,173</b>	4,258,005
Over five years	<b>45,805,836</b>	44,839,708	<b>45,805,836</b>	44,839,708
	<b>73,756,709</b>	72,076,004	<b>73,942,304</b>	72,261,627

(ii) **Gross loans and advances by type of customer:**

	<b>Group</b>		<b>Bank</b>	
	<b>30-Jun-16</b>	31-Dec-15	<b>30-Jun-16</b>	31-Dec-15
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Domestic banking institutions	<b>24,856</b>	21,180	<b>24,856</b>	21,180
Domestic non-bank financial institutions				
- Stockbroking companies	<b>12,010</b>	10,029	<b>12,010</b>	10,029
- Others	<b>225,127</b>	126,148	<b>225,127</b>	126,148
Domestic business enterprises				
- Small medium enterprises	<b>15,949,786</b>	15,262,243	<b>15,949,786</b>	15,262,243
- Others	<b>15,106,562</b>	15,151,497	<b>15,292,157</b>	15,337,120
Individuals	<b>35,922,714</b>	34,743,663	<b>35,922,714</b>	34,743,663
Foreign entities	<b>6,515,654</b>	6,761,244	<b>6,515,654</b>	6,761,244
	<b>73,756,709</b>	72,076,004	<b>73,942,304</b>	72,261,627

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

**EXPLANATORY NOTES**

**15. LOANS AND ADVANCES (cont'd.)**

**(iii) Gross loans and advances by interest rate sensitivity:**

	<b>Group</b>		<b>Bank</b>	
	<b>30-Jun-16</b>	<b>31-Dec-15</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Fixed rate				
- Housing loans	<b>36,153</b>	37,756	<b>36,153</b>	37,756
- Other fixed rate loans	<b>8,303,195</b>	8,131,801	<b>8,303,195</b>	8,131,801
Variable rate				
- Base rate/base lending rate-plus	<b>48,563,975</b>	47,593,910	<b>48,563,975</b>	47,593,910
- Cost-plus	<b>15,706,759</b>	15,086,407	<b>15,892,354</b>	15,272,030
- Other variable rates	<b>1,146,627</b>	1,226,130	<b>1,146,627</b>	1,226,130
	<b>73,756,709</b>	72,076,004	<b>73,942,304</b>	72,261,627

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

**EXPLANATORY NOTES**

**15. LOANS AND ADVANCES (cont'd.)**

**(iv) Gross loans and advances by economic sector:**

	Group		Bank	
	30-Jun-16 RM'000	31-Dec-15 RM'000	30-Jun-16 RM'000	31-Dec-15 RM'000
Agriculture, hunting, forestry and fishing	1,366,861	1,193,721	1,366,861	1,193,721
Mining and quarrying	626,920	986,162	626,920	986,162
Manufacturing	6,114,548	6,290,410	6,114,548	6,290,410
Electricity, gas and water	71,615	65,959	71,615	65,959
Construction	7,312,325	7,592,538	7,312,325	7,592,538
Wholesale, retail trade, restaurants and hotels	9,072,090	9,083,236	9,072,090	9,083,236
Transport, storage and communication	1,025,623	1,018,265	1,025,623	1,018,265
Finance, insurance and business services	2,633,093	2,190,185	2,633,093	2,190,185
Real estate	4,295,886	3,631,753	4,481,481	3,817,376
Community, social and personal services	149,421	147,596	149,421	147,596
Households:				
- purchase of residential properties	27,303,240	26,459,480	27,303,240	26,459,480
- purchase of non residential properties	8,805,443	8,474,411	8,805,443	8,474,411
- others	4,979,644	4,942,288	4,979,644	4,942,288
	<b>73,756,709</b>	<b>72,076,004</b>	<b>73,942,304</b>	<b>72,261,627</b>

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

**EXPLANATORY NOTES**

**15. LOANS AND ADVANCES (cont'd.)**

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

	<b>Group and Bank</b>	
	<b>30-Jun-16</b>	<b>31-Dec-15</b>
	<b>RM'000</b>	<b>RM'000</b>
Balance as at 1 January	1,216,181	1,069,069
Classified as impaired during the period/year	377,843	854,466
Amount recovered	(166,085)	(318,031)
Reclassified as non-impaired	(143,913)	(245,202)
Amount written off	(63,980)	(144,121)
Balance as at 30 June/31 December	<u>1,220,046</u>	<u>1,216,181</u>
Individual impairment	(187,332)	(183,854)
Net impaired loans and advances	<u>1,032,714</u>	<u>1,032,327</u>
Ratio of net impaired loans and advances to net loans and advances	<u>1.4%</u>	<u>1.5%</u>

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

	<b>Group and Bank</b>	
	<b>30-Jun-16</b>	<b>31-Dec-15</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Collective Impairment</u></b>		
Balance as at 1 January	1,019,498	909,718
Allowance made during the period/year	73,420	109,780
Balance as at 30 June/31 December	<u>1,092,918</u>	<u>1,019,498</u>

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

**EXPLANATORY NOTES**

**15. LOANS AND ADVANCES (cont'd.)**

**(vi) Movements in allowance for losses on loans and advances are as follows (cont'd.):**

	<b>Group and Bank</b>	
	<b>30-Jun-16</b>	31-Dec-15
	<b>RM'000</b>	RM'000
<b><u>Individual Impairment</u></b>		
Balance as at 1 January	<b>183,854</b>	203,200
Allowance made during the period/year	<b>111,563</b>	273,008
Amount written back in respect of recoveries	<b>(38,426)</b>	(139,523)
Amount written off	<b>(65,654)</b>	(147,294)
Interest recognised on impaired loans	<b>(4,005)</b>	(2,492)
Other adjustment/transferred to debt restructuring	-	(3,045)
Balance as at 30 June/31 December	<b>187,332</b>	183,854

**(vii) Impaired loans and advances analysed by economic sectors are as follows:**

	<b>Group and Bank</b>	
	<b>30-Jun-16</b>	31-Dec-15
	<b>RM'000</b>	RM'000
Mining and quarrying	-	360
Manufacturing	<b>172,492</b>	204,103
Construction	<b>220,786</b>	200,318
Wholesale, retail trade, restaurants and hotels	<b>146,629</b>	140,881
Transport, storage and communication	<b>102,898</b>	100,232
Finance, insurance and business services	<b>23,556</b>	17,355
Real estate	<b>50,948</b>	48,921
Community, social and personal services	<b>770</b>	862
Households:		
- purchase of residential properties	<b>366,482</b>	370,721
- purchase of non residential properties	<b>47,041</b>	49,585
- others	<b>88,444</b>	82,843
	<b>1,220,046</b>	1,216,181

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

**EXPLANATORY NOTES**

**15. LOANS AND ADVANCES (cont'd.)**

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

	<b>Group and Bank</b>	
	<b>30-Jun-16</b>	<b>31-Dec-15</b>
	<b>RM'000</b>	<b>RM'000</b>
In Malaysia	<b>1,220,046</b>	1,216,181

**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.

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

**EXPLANATORY NOTES****16. DERIVATIVES FINANCIAL ASSETS/(LIABILITIES) (cont'd.)**

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 30 June 2016</b>			
Foreign exchange contracts			
- forwards	8,524,843	104,539	202,101
- swaps	17,430,903	140,184	132,382
- options	1,059,607	11,677	5,829
Interest rate related contracts			
- swaps	25,613,496	207,904	219,326
Equity related contracts			
- swaps	486,271	86,015	86,014
- options	389,800	467	467
Commodity related contracts			
- swaps	346,781	13,789	13,747
- futures	2,874	20	181
- options	203,900	-	65
	<b>564,595</b>	<b>660,112</b>	

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

**EXPLANATORY NOTES****16. DERIVATIVES FINANCIAL ASSETS/(LIABILITIES) (cont'd.)**

	<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 December 2015</b>			
Foreign exchange contracts			
- forwards	9,996,576	442,551	120,441
- swaps	11,827,268	176,849	346,826
- options	1,388,973	13,254	14,038
Interest rate related contracts			
- swaps	26,004,788	151,792	306,647
Equity related contracts			
- swaps	1,090,723	168,144	168,044
- options	208,905	248	248
Commodity related contracts			
- swaps	844,468	76,701	76,610
- futures	35,430	347	580
- options	225,560	746	-
	<b>1,030,632</b>	<b>1,030,632</b>	<b>1,033,434</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.

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

**EXPLANATORY NOTES**

**17. OTHER ASSETS**

	Group		Bank	
	30-Jun-16 RM'000	31-Dec-15 RM'000	30-Jun-16 RM'000	31-Dec-15 RM'000
Other receivables, deposits and prepayments	<b>175,650</b>	521,391	<b>179,438</b>	525,759
Accrued interest receivable	<b>103,607</b>	104,660	<b>103,607</b>	104,660
Amount due from subsidiaries	-	-	<b>128</b>	-
Precious metal accounts	<b>287,516</b>	301,144	<b>287,516</b>	301,144
	<b>566,773</b>	927,195	<b>570,689</b>	931,563

**18. DEPOSITS FROM CUSTOMERS**

	Group		Bank	
	30-Jun-16 RM'000	31-Dec-15 RM'000	30-Jun-16 RM'000	31-Dec-15 RM'000
Demand deposits	<b>19,438,480</b>	19,486,339	<b>19,439,479</b>	19,490,243
Savings deposits	<b>1,374,999</b>	1,320,941	<b>1,374,999</b>	1,320,941
Fixed deposits	<b>48,935,876</b>	46,918,827	<b>48,937,046</b>	46,919,980
Negotiable instruments of deposits	<b>337</b>	331	<b>337</b>	331
Others	<b>8,929,080</b>	8,346,668	<b>8,929,080</b>	8,346,668
	<b>78,678,772</b>	76,073,106	<b>78,680,941</b>	76,078,163

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

	Group		Bank	
	30-Jun-16 RM'000	31-Dec-15 RM'000	30-Jun-16 RM'000	31-Dec-15 RM'000
Due within six months	<b>31,953,631</b>	33,536,308	<b>31,954,801</b>	33,537,461
Six months to one year	<b>16,739,821</b>	13,146,945	<b>16,739,821</b>	13,146,945
One year to three years	<b>221,599</b>	108,715	<b>221,599</b>	108,715
Three years to five years	<b>21,162</b>	127,190	<b>21,162</b>	127,190
	<b>48,936,213</b>	46,919,158	<b>48,937,383</b>	46,920,311

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

**EXPLANATORY NOTES**

**18. DEPOSITS FROM CUSTOMERS (cont'd.)**

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

	Group		Bank	
	30-Jun-16 RM'000	31-Dec-15 RM'000	30-Jun-16 RM'000	31-Dec-15 RM'000
Business enterprises				
- Subsidiaries	-	-	2,169	5,057
- Others	30,543,689	30,222,791	30,543,689	30,222,791
Individuals	40,594,510	39,893,837	40,594,510	39,893,837
Others	7,540,573	5,956,478	7,540,573	5,956,478
	<b>78,678,772</b>	<b>76,073,106</b>	<b>78,680,941</b>	<b>76,078,163</b>

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

	Group		Bank	
	30-Jun-16 RM'000	31-Dec-15 RM'000	30-Jun-16 RM'000	31-Dec-15 RM'000
Licensed banks in Malaysia	301,938	727,430	301,938	727,430
Bank Negara Malaysia	1,505,238	1,520,239	1,505,238	1,520,239
Other financial institutions	6,557,062	4,589,868	6,557,092	4,589,898
	<b>8,364,238</b>	<b>6,837,537</b>	<b>8,364,268</b>	<b>6,837,567</b>

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

**EXPLANATORY NOTES****20. OTHER LIABILITIES**

	<b>Group</b>		<b>Bank</b>	
	<b>30-Jun-16</b>	31-Dec-15	<b>30-Jun-16</b>	31-Dec-15
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Provision for commitments and contingencies	<b>15,260</b>	24,516	<b>15,260</b>	24,516
Accrued interest payable	<b>675,205</b>	639,669	<b>674,304</b>	638,768
Accruals and provisions for operational expenses	<b>128,318</b>	182,031	<b>128,025</b>	180,916
Amount due to subsidiaries	-	-	-	26
Other payables and accruals	<b>522,248</b>	626,435	<b>521,978</b>	626,167
Deferred income	<b>234,604</b>	238,895	<b>234,604</b>	238,895
	<b>1,575,635</b>	1,711,546	<b>1,574,171</b>	1,709,288

**21. SUBORDINATED BONDS**

	<b>Group and Bank</b>	
	<b>30-Jun-16</b>	31-Dec-15
	<b>RM'000</b>	RM'000
RM500 million Subordinated Bonds 2013/2023, at par (Note (a))	<b>500,000</b>	500,000
RM1.0 billion Subordinated Bonds 2015/2025, at par (Note (b))	<b>1,007,487</b>	999,727
	<b>1,507,487</b>	1,499,727
Of which, fair value hedge gain/(loss)	<b>7,487</b>	(273)

- (a) On 30 August 2013, the Bank issued RM500 million Basel III compliant subordinated bonds (10 years maturity, non-callable 5 years) ("the Bonds 1").

The Bonds 1 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 1 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.

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

**EXPLANATORY NOTES**

**21. SUBORDINATED BONDS (cont'd.)**

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

The Bonds 1 qualify as Tier 2 capital for the purpose of determining the Bank's capital adequacy ratio.

- (b) On 8 May 2015, the Bank issued RM1.0 billion Basel III compliant Tier 2 subordinated bonds (10 years maturity, non-callable 5 years) ("the Bonds 2").

The Bonds 2 bear interest at the rate of 4.65% per annum. The coupon rate herein is applicable throughout the tenure of the subordinated bonds.

The Bonds 2 may be redeemed at par at the option of the Bank, in part or in whole, on 8 May 2020 or at any interest payment date thereafter.

The interest is payable semi-annually in arrears on 8 May and 8 November each year commencing 9 November 2015.

The Bonds 2 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.

As at 30 June 2016, the Bank had an interest rate swap agreement in place with notional amount of RM500 million (2015: RM500 million) whereby the Bank receives a fixed interest rate of 4.65% per annum and pays variable interests rate of KLIBOR 6M plus 0.725% on the notional amount. The swap is being used to hedge exposure to changes in fair value of fixed rate of the Bonds 2.

The increase/(decrease) in fair value of the interest rate swap of RM7,486,909 (2015: (RM272,583)) has been recognised in trading and investment income and offset with a similar gain/(loss) on the trading transactions. There is no ineffectiveness recognised for this hedge.

**22. OPERATING REVENUE**

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

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

**EXPLANATORY NOTES****23. INTEREST INCOME**

Group	Second Quarter Ended		Six Months Ended	
	30-Jun-16 RM'000	30-Jun-15 RM'000	30-Jun-16 RM'000	30-Jun-15 RM'000
Interest income from loans and advances	<b>941,920</b>	885,840	<b>1,884,034</b>	1,742,429
Interest income from impaired loans and advances	<b>18,128</b>	15,834	<b>48,929</b>	44,388
Money at call and deposit placements with financial institutions	<b>94,206</b>	97,850	<b>179,246</b>	169,806
Financial assets at FVTPL	<b>10,800</b>	6,641	<b>30,834</b>	21,129
AFS securities	<b>57,457</b>	62,067	<b>107,544</b>	144,597
Others	<b>845</b>	-	<b>2,528</b>	-
	<b>1,123,356</b>	1,068,232	<b>2,253,115</b>	2,122,349
Amortisation of premium less accretion of discount on:				
- financial assets at FVTPL	<b>(160)</b>	(197)	<b>(313)</b>	(328)
- AFS securities	<b>(3,291)</b>	(3,148)	<b>(5,829)</b>	(7,718)
	<b>1,119,905</b>	1,064,887	<b>2,246,973</b>	2,114,303
<b>Bank</b>				
Interest income from loans and advances	<b>944,103</b>	888,028	<b>1,888,451</b>	1,746,859
Interest income from impaired loans and advances	<b>18,128</b>	15,834	<b>48,929</b>	44,388
Money at call and deposit placements with financial institutions	<b>94,206</b>	97,850	<b>179,246</b>	169,806
Financial assets at FVTPL	<b>10,800</b>	6,641	<b>30,834</b>	21,129
AFS securities	<b>57,457</b>	62,067	<b>107,544</b>	144,597
Others	<b>845</b>	-	<b>2,528</b>	-
	<b>1,125,539</b>	1,070,420	<b>2,257,532</b>	2,126,779
Amortisation of premium less accretion of discount on:				
- financial assets at FVTPL	<b>(160)</b>	(197)	<b>(313)</b>	(328)
- AFS securities	<b>(3,291)</b>	(3,148)	<b>(5,829)</b>	(7,718)
	<b>1,122,088</b>	1,067,075	<b>2,251,390</b>	2,118,733

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

**EXPLANATORY NOTES**

**24. INTEREST EXPENSE**

Group	Second Quarter		Six Months	
	Ended		Ended	
	30-Jun-16	30-Jun-15	30-Jun-16	30-Jun-15
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	<b>618,489</b>	580,462	<b>1,222,505</b>	1,119,900
Deposits and placements of banks and other financial institutions	<b>16,250</b>	18,891	<b>30,604</b>	33,463
Subordinated bonds	<b>17,061</b>	12,551	<b>34,325</b>	24,160
Others	<b>443</b>	525	<b>1,209</b>	4,036
	<b>652,243</b>	612,429	<b>1,288,643</b>	1,181,559
<b>Bank</b>				
Deposits from customers	<b>618,509</b>	580,484	<b>1,222,547</b>	1,119,955
Deposits and placements of banks and other financial institutions	<b>16,250</b>	18,891	<b>30,604</b>	33,463
Subordinated bonds	<b>17,061</b>	12,551	<b>34,325</b>	24,160
Others	<b>443</b>	525	<b>1,209</b>	4,036
	<b>652,263</b>	612,451	<b>1,288,685</b>	1,181,614

**25. OTHER OPERATING INCOME**

Group	Second Quarter		Six Months	
	Ended		Ended	
	30-Jun-16	30-Jun-15	30-Jun-16	30-Jun-15
	RM'000	RM'000	RM'000	RM'000
<b><u>Fee income</u></b>				
Commission	<b>55,209</b>	55,757	<b>107,073</b>	110,747
Guarantee fees	<b>23,864</b>	19,597	<b>43,365</b>	38,540
Service charges and fees	<b>54,417</b>	48,343	<b>101,902</b>	100,396
Commitment fees	<b>7,873</b>	8,136	<b>14,987</b>	15,383
Arrangement and participation fees	<b>6,451</b>	-	<b>6,704</b>	70
	<b>147,814</b>	131,833	<b>274,031</b>	265,136

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

**EXPLANATORY NOTES**

**25. OTHER OPERATING INCOME (cont'd.)**

Group (cont'd.)	Second Quarter Ended		Six Months Ended	
	30-Jun-16 RM'000	30-Jun-15 RM'000	30-Jun-16 RM'000	30-Jun-15 RM'000
<b><u>Trading and Investment income</u></b>				
Gain from sale of financial assets at FVTPL	<b>2,498</b>	255	<b>8,321</b>	4,381
(Loss)/gain from trading derivatives	<b>(7,542)</b>	4,928	<b>(8,297)</b>	4,375
Unrealised gain/(loss) from trading derivatives	<b>(1,143)</b>	(11,005)	<b>9,297</b>	(14,762)
(Loss)/gain from sale of precious metal	<b>826</b>	229	<b>(248)</b>	(736)
Unrealised (loss)/gain from sale of precious metal	<b>(15)</b>	81	<b>(36)</b>	720
Gain from sale/recovery of AFS securities	<b>8,168</b>	4,208	<b>19,106</b>	6,527
Unrealised loss on financial assets at FVTPL	<b>(1,401)</b>	(1,650)	<b>(240)</b>	775
Gross dividends from:				
- AFS securities unquoted in Malaysia	<b>512</b>	527	<b>512</b>	556
	<b>1,903</b>	(2,427)	<b>28,415</b>	1,836
<b><u>Other income</u></b>				
Foreign exchange gain	<b>50,624</b>	43,260	<b>97,182</b>	80,464
Rental income from operating leases	<b>107</b>	130	<b>216</b>	254
(Loss)/gain on disposal of property, plant and equipment	<b>(4)</b>	(3)	<b>(4)</b>	92
Others	<b>3,199</b>	2,847	<b>6,501</b>	6,110
	<b>53,926</b>	46,234	<b>103,895</b>	86,920
	<b>203,643</b>	175,640	<b>406,341</b>	353,892

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

**EXPLANATORY NOTES**

**25. OTHER OPERATING INCOME (cont'd.)**

Bank	Second Quarter Ended		Six Months Ended	
	30-Jun-16 RM'000	30-Jun-15 RM'000	30-Jun-16 RM'000	30-Jun-15 RM'000
<b><u>Fee income</u></b>				
Commission	<b>55,209</b>	55,757	<b>107,073</b>	110,747
Guarantee fees	<b>23,864</b>	19,597	<b>43,365</b>	38,540
Service charges and fees	<b>54,481</b>	48,437	<b>102,031</b>	100,525
Commitment fees	<b>7,875</b>	8,138	<b>14,991</b>	15,388
Arrangement and participation fees	<b>6,451</b>	-	<b>6,704</b>	70
	<b>147,880</b>	131,929	<b>274,164</b>	265,270
<b><u>Trading and Investment income</u></b>				
Gain from sale of financial assets at FVTPL	<b>2,498</b>	255	<b>8,321</b>	4,381
(Loss)/gain from trading derivatives	<b>(7,542)</b>	4,928	<b>(8,297)</b>	4,375
Unrealised gain/(loss) from trading derivatives	<b>(1,143)</b>	(11,005)	<b>9,297</b>	(14,762)
(Loss)/gain from sale of precious metal	<b>826</b>	229	<b>(248)</b>	(736)
Unrealised (loss)/gain from sale of precious metal	<b>(15)</b>	81	<b>(36)</b>	720
Gain from sale/recovery of AFS securities	<b>8,168</b>	4,208	<b>19,106</b>	6,527
Unrealised loss on financial assets at FVTPL	<b>(1,401)</b>	(1,650)	<b>(240)</b>	775
Gross dividends from: - AFS securities unquoted in Malaysia	<b>512</b>	527	<b>512</b>	556
	<b>1,903</b>	(2,427)	<b>28,415</b>	1,836

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

**EXPLANATORY NOTES**

**25. OTHER OPERATING INCOME (cont'd.)**

	Second Quarter		Six Months	
	Ended		Ended	
<b>Bank (cont'd.)</b>	<b>30-Jun-16</b>	30-Jun-15	<b>30-Jun-16</b>	30-Jun-15
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b><u>Other income</u></b>				
Foreign exchange gain	<b>50,624</b>	43,260	<b>97,182</b>	80,464
Rental income from operating leases	-	21	-	42
(Loss)/gain on disposal of property, plant and equipment	<b>(4)</b>	(3)	<b>(4)</b>	92
Gain on liquidation of subsidiary	-	-	<b>144</b>	-
Others	<b>3,199</b>	2,847	<b>6,512</b>	6,110
	<b>53,819</b>	46,125	<b>103,834</b>	86,708
	<b>203,602</b>	175,627	<b>406,413</b>	353,814

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

**EXPLANATORY NOTES**

**26. OTHER OPERATING EXPENSES**

Group	Second Quarter Ended		Six Months Ended	
	30-Jun-16 RM'000	30-Jun-15 RM'000	30-Jun-16 RM'000	30-Jun-15 RM'000
Personnel expenses	<b>174,987</b>	180,458	<b>329,794</b>	343,515
Establishment related expenses	<b>55,969</b>	56,663	<b>108,613</b>	98,548
Promotion and marketing related expenses	<b>9,490</b>	9,565	<b>20,243</b>	21,200
General administrative expenses	<b>34,087</b>	24,289	<b>64,015</b>	48,555
	<b>274,533</b>	270,975	<b>522,665</b>	511,818
<u>Personnel expenses</u>				
Wages, salaries and bonus	<b>136,907</b>	144,025	<b>260,514</b>	273,290
Defined contribution plan	<b>21,676</b>	22,275	<b>41,029</b>	41,469
Other employee benefits	<b>16,404</b>	14,158	<b>28,251</b>	28,756
	<b>174,987</b>	180,458	<b>329,794</b>	343,515
<u>Establishment related expenses</u>				
Depreciation of property, plant and equipment	<b>12,664</b>	11,610	<b>27,349</b>	22,864
Information technology costs	<b>11,843</b>	15,890	<b>26,369</b>	26,854
Repair and maintenance	<b>6,552</b>	3,318	<b>10,374</b>	7,754
Rental of premises	<b>3,795</b>	3,291	<b>7,607</b>	6,583
Others	<b>21,115</b>	22,554	<b>36,914</b>	34,493
	<b>55,969</b>	56,663	<b>108,613</b>	98,548
<u>Promotion and marketing related expenses</u>				
Advertisement and publicity	<b>9,490</b>	9,565	<b>20,243</b>	21,200
<u>General administrative expenses</u>				
Fees and commissions paid	<b>10,302</b>	9,830	<b>21,079</b>	18,790
Others	<b>23,785</b>	14,459	<b>42,936</b>	29,765
	<b>34,087</b>	24,289	<b>64,015</b>	48,555

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

**EXPLANATORY NOTES****26. OTHER OPERATING EXPENSES (cont'd.)**

<b>Bank</b>	<b>Second Quarter</b>		<b>Six Months</b>	
	<b>Ended</b>		<b>Ended</b>	
	<b>30-Jun-16</b>	30-Jun-15	<b>30-Jun-16</b>	30-Jun-15
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Personnel expenses	<b>173,970</b>	179,524	<b>327,878</b>	341,695
Establishment related expenses	<b>59,444</b>	60,708	<b>114,210</b>	105,810
Promotion and marketing related expenses	<b>9,480</b>	9,557	<b>20,225</b>	21,175
General administrative expenses	<b>34,074</b>	24,236	<b>63,965</b>	48,494
	<b>276,968</b>	274,025	<b>526,278</b>	517,174
<u>Personnel expenses</u>				
Wages, salaries and bonus	<b>136,065</b>	143,225	<b>258,923</b>	271,724
Defined contribution plan	<b>21,552</b>	22,154	<b>40,795</b>	41,238
Other employee benefits	<b>16,353</b>	14,145	<b>28,160</b>	28,733
	<b>173,970</b>	179,524	<b>327,878</b>	341,695
<u>Establishment related expenses</u>				
Depreciation of property, plant and equipment	<b>10,680</b>	10,072	<b>22,268</b>	19,788
Information technology costs	<b>11,843</b>	15,890	<b>26,369</b>	26,854
Repair and maintenance	<b>6,239</b>	3,205	<b>9,954</b>	7,517
Rental of premises	<b>8,526</b>	7,689	<b>17,070</b>	15,379
Others	<b>22,156</b>	23,852	<b>38,549</b>	36,272
	<b>59,444</b>	60,708	<b>114,210</b>	105,810
<u>Promotion and marketing related expenses</u>				
Advertisement and publicity	<b>9,480</b>	9,557	<b>20,225</b>	21,175
<u>General administrative expenses</u>				
Fees and commissions paid	<b>10,299</b>	9,791	<b>21,042</b>	18,751
Others	<b>23,775</b>	14,445	<b>42,923</b>	29,743
	<b>34,074</b>	24,236	<b>63,965</b>	48,494

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

**EXPLANATORY NOTES****27. ALLOWANCE FOR IMPAIRMENT ON LOANS AND ADVANCES**

Group	Second Quarter Ended		Six Months Ended	
	30-Jun-16 RM'000	30-Jun-15 RM'000	30-Jun-16 RM'000	30-Jun-15 RM'000
<b>Allowance for impaired loans and advances</b>				
(a) Individual impairment				
- made in the period	<b>61,317</b>	77,527	<b>111,563</b>	156,679
- written back in the period	<b>(16,324)</b>	(44,251)	<b>(38,426)</b>	(79,074)
(b) Collective impairment				
- made/(written back) in the period	<b>23,647</b>	(19,126)	<b>73,420</b>	(8,122)
<b>Impaired loans and advances</b>				
- written off	<b>873</b>	(266)	<b>1,526</b>	793
- recovered	<b>(11,159)</b>	(11,435)	<b>(20,919)</b>	(21,284)
	<b>58,354</b>	2,449	<b>127,164</b>	48,992
<b>Bank</b>				
<b>Allowance for impaired loans and advances</b>				
(a) Individual impairment				
- made in the period	<b>61,317</b>	77,527	<b>111,563</b>	156,679
- written back in the period	<b>(16,324)</b>	(44,251)	<b>(38,426)</b>	(79,074)
(b) Collective impairment				
- made/(written back) in the period	<b>23,647</b>	(19,126)	<b>73,420</b>	(8,122)
<b>Impaired loans and advances</b>				
- written off	<b>873</b>	(266)	<b>1,526</b>	793
- recovered	<b>(11,159)</b>	(11,435)	<b>(20,919)</b>	(21,284)
	<b>58,354</b>	2,449	<b>127,164</b>	48,992

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**EXPLANATORY NOTES**

**28. SEGMENT INFORMATION**

**Operating Segments**

The following segment information has been prepared in accordance with MFRS 8 Operating Segments, which defines the requirements for the disclosure of financial information of an entity's operating segments. It is prepared on the basis of the "management approach", which requires presentation of the segments on the basis of internal reports about the components of the entity which are regularly reviewed by the chief operating decision-maker in order to allocate resources to a segment and to assess its performance. The Group's businesses are organised into the following four segments based on the types of products and services that it provides:

***Retail***

The Retail segment covers Consumer, Privilege, Business and Private Banking. Consumer Banking serves the individual customers, while Business Banking serves small enterprises with a wide range of products and services, including deposits, loans, investments, credit and debit cards and insurance products. Privilege Banking provides an extended range of financial services, including wealth management, and restricted products such as structured notes, funds of hedge funds, and insurance plans to wealthy and affluent customers. Private Banking caters to the high net worth individuals and accredited investors, offering financial and portfolio planning, including investment management, asset management and estate planning.

***Wholesale Banking (WB)***

The WB segment encompasses Commercial Banking, Corporate Banking, Financial Institutions Group ("FIG"), Investment Banking and Transaction Banking. Commercial Banking serves the medium and large enterprises, while Corporate Banking serves large local corporations, government-linked companies and agencies. FIG serves financial institutions as well as non-bank financial institutions. Commercial Banking, Corporate Banking and FIG provide customers with a broad range of products and services that include current accounts, deposits, lending, asset finance, ship finance, trade finance, structured finance, cash management and cross-border payments. Investment Banking provides services that include lead managing and underwriting equity offerings, corporate advisory services structuring, underwriting and arranging syndicated loans and underwriting and lead managing bond issues. Transaction Banking provides trade finance and cash management services.

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**EXPLANATORY NOTES**

**28. SEGMENT INFORMATION (cont'd.)**

**Operating segments (cont'd.)**

***Global Markets (GM)***

The GM segment provides a comprehensive range of treasury products and services, including foreign exchange, money market, fixed income, derivatives, margin trading, commodities, gold products, as well as an array of structured products. It is a player in Malaysian Ringgit treasury instruments in the region. It also engages in proprietary investment activities and management of excess liquidity and capital funds.

***Others***

The other segments includes property-related activities and income and expenses not attributable to other operating segments. It also includes equity, which being the source of fund for the Group and the Bank, will receive the corresponding funds credit or income to reflect its economic contribution.

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**EXPLANATORY NOTES**

**28. SEGMENT INFORMATION (cont'd.)**

**Operating segments (cont'd.)**

Group	Retail RM'000	WB RM'000	GM RM'000	Others RM'000	Total segments RM'000	Eliminations RM'000	Total RM'000
<b>For period ended 30 June 2016</b>							
Operating income	630,537	524,552	36,946	186,239	1,378,274	(13,603)	1,364,671
Other operating expenses	(348,154)	(104,006)	(24,986)	(57,442)	(534,588)	11,923	(522,665)
Allowance for impairment on loans and advances	(28,171)	(98,980)	-	(13)	(127,164)	-	(127,164)
Writeback of provision commitments and contingencies	-	9,256	-	-	9,256	-	9,256
Share of net profit of an associate	-	-	-	101	101	-	101
Profit before taxation	<u>254,212</u>	<u>330,822</u>	<u>11,960</u>	<u>128,885</u>	<u>725,879</u>	<u>(1,680)</u>	<u>724,199</u>
Income tax expense							<u>(172,935)</u>
							<u>551,264</u>

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**EXPLANATORY NOTES**

**28. SEGMENT INFORMATION (cont'd.)**

**Operating segments (cont'd.)**

<b>Group (cont'd.)</b>	<b>Retail RM'000</b>	<b>WB RM'000</b>	<b>GM RM'000</b>	<b>Others RM'000</b>	<b>Total segments RM'000</b>	<b>Eliminations RM'000</b>	<b>Total RM'000</b>
<b>Other information</b>							
<b>For period ended 30 June 2016</b>							
Inter-segment operating income	19,171	145,234	(358,235)	207,433	13,603	(13,603)	-
Depreciation of property, plant and equipment	4,072	761	1,155	21,319	27,307	42	27,349
<b>As at 30 June 2016</b>							
Gross loans and advances	47,356,551	26,183,698	-	402,055	73,942,304	(185,595)	73,756,709
Deposits from customers	49,599,395	28,532,043	422,810	126,693	78,680,941	(2,169)	78,678,772

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**EXPLANATORY NOTES**

**28. SEGMENT INFORMATION (cont'd.)**

**Operating segments (cont'd.)**

<b>Group (cont'd.)</b>	<b>Retail RM'000</b>	<b>WB RM'000</b>	<b>GM RM'000</b>	<b>Others RM'000</b>	<b>Total segments RM'000</b>	<b>Eliminations RM'000</b>	<b>Total RM'000</b>
<b>For period ended 30 June 2015</b>							
Operating income	603,909	463,100	66,707	165,760	1,299,476	(12,840)	1,286,636
Other operating expenses	(344,370)	(94,822)	(20,231)	(63,941)	(523,364)	11,546	(511,818)
Allowance for impairment on loans and advances	(32,879)	(16,143)	-	30	(48,992)	-	(48,992)
Writeback of /(provision) for commitments and contingencies	20	(24,284)	-	-	(24,264)	-	(24,264)
Share of net profit of an associate	-	-	-	1,171	1,171	-	1,171
Profit before taxation	<u>226,680</u>	<u>327,851</u>	<u>46,476</u>	<u>103,020</u>	<u>704,027</u>	<u>(1,294)</u>	<u>702,733</u>
Income tax expense							<u>(167,330)</u>
							<u>535,403</u>

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**EXPLANATORY NOTES**

**28. SEGMENT INFORMATION (cont'd.)**

**Operating segments (cont'd.)**

Group (cont'd.)	Retail RM'000	WB RM'000	GM RM'000	Others RM'000	Total segments RM'000	Eliminations RM'000	Total RM'000
<b>Other information</b>							
<b>For period ended 30 June 2015</b>							
Inter-segment operating income	(25,067)	157,925	(299,757)	179,739	12,840	(12,840)	-
Depreciation of property, plant and equipment	3,493	532	962	17,910	22,897	(33)	22,864
<b>As at 31 December 2015</b>							
Gross loans and advances	46,135,673	25,740,028	-	385,926	72,261,627	(185,623)	72,076,004
Deposits from customers	47,954,204	27,301,943	710,872	111,144	76,078,163	(5,057)	76,073,106

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**EXPLANATORY NOTES****29. CAPITAL MANAGEMENT AND CAPITAL ADEQUACY**

The capital adequacy ratios of the Group and the Bank are computed in accordance with Bank Negara Malaysia ("BNM")'s Capital Adequacy Framework (Capital Components) and Basel II – Risk-weighted Assets framework.

	<b>Group</b>		<b>Bank</b>	
	<b>30-Jun-16</b>	31-Dec-15	<b>30-Jun-16</b>	31-Dec-15
	<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	<b>5,931,894</b>	6,305,544	<b>5,994,788</b>	6,368,438
Statutory reserve	<b>470,000</b>	470,000	<b>470,000</b>	470,000
Other reserves	<b>271,324</b>	223,531	<b>104,180</b>	56,387
Regulatory adjustments applied in the calculation of CET1 Capital	<b>(258,335)</b>	(238,046)	<b>(111,562)</b>	(90,887)
Total CET1/Tier 1 Capital	<b>7,207,438</b>	7,553,584	<b>7,249,961</b>	7,596,493
<u>Tier 2 Capital</u>				
Tier 2 capital instruments	<b>1,500,000</b>	1,500,000	<b>1,500,000</b>	1,500,000
Loan/financing loss provision				
- Surplus eligible provisions over expected losses	<b>195,135</b>	169,563	<b>201,354</b>	175,551
- Collective impairment provisions	<b>23,149</b>	25,697	<b>19,463</b>	22,073
Regulatory adjustments applied in the calculation of Tier 2 Capital	<b>67,472</b>	65,250	<b>(5,425)</b>	(8,143)
Total Tier 2 Capital	<b>1,785,756</b>	1,760,510	<b>1,715,392</b>	1,689,481
Total Capital	<b>8,993,194</b>	9,314,094	<b>8,965,353</b>	9,285,974

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

**EXPLANATORY NOTES**

**29. CAPITAL MANAGEMENT AND CAPITAL ADEQUACY (cont'd.)**

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

	Group		Bank	
	30-Jun-16	31-Dec-15	30-Jun-16	31-Dec-15
CET1/Tier 1 Capital	<b>12.846%</b>	14.155%	<b>12.989%</b>	14.314%
Total Capital	<b>16.029%</b>	17.455%	<b>16.062%</b>	17.497%

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

	Group		Bank	
	30-Jun-16 RM'000	31-Dec-15 RM'000	30-Jun-16 RM'000	31-Dec-15 RM'000
Total RWA for credit risk	<b>50,196,221</b>	47,520,377	<b>49,901,371</b>	47,230,453
Total RWA for market risk	<b>1,084,152</b>	1,167,514	<b>1,084,152</b>	1,167,514
Total RWA for operational risk	<b>4,826,270</b>	4,673,789	<b>4,831,216</b>	4,673,789
	<b>56,106,643</b>	53,361,680	<b>55,816,739</b>	53,071,756

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

**EXPLANATORY NOTES**

**30. COMMITMENTS AND CONTINGENCIES**

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

	<b>Group and Bank</b>		
	<b>Principal amount RM'000</b>	<b>Credit equivalent amount RM'000</b>	<b>Risk weighted amount RM'000</b>
<b>As at 30 June 2016</b>			
Direct credit substitutes	3,038,300	3,038,300	2,348,018
Transaction-related contingent items	5,108,190	2,591,965	1,668,200
Short-term self-liquidating trade-related contingencies	476,518	105,544	79,743
Foreign exchange related contracts			
- less than one year	26,501,737	475,566	167,404
- more than one year to less than five years	381,683	47,445	47,197
Interest rate related contracts			
- less than one year	4,504,425	17,113	7,564
- more than one year to less than five years	16,767,882	711,809	437,680
- five years and above	1,328,700	84,310	64,126
Equity related contracts			
- less than one year	314,414	19,786	10,387
- more than one year to less than five years	318,521	14,565	8,288
Commodity related contracts			
- less than one year	350,681	48,857	29,212
- more than one year to less than five years	200,000	24,000	12,000
Undrawn credit facility			
- less than one year	12,404,757	761,388	200,110
- more than one year	12,551,912	7,335,871	5,001,121
- unconditionally cancellable	9,530,358	2,321,260	269,073
<b>Total</b>	<b>93,778,078</b>	<b>17,597,779</b>	<b>10,350,123</b>

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

**EXPLANATORY NOTES**

**30. COMMITMENTS AND CONTINGENCIES (cont'd.)**

	<b>Group and Bank</b>		
	<b>Principal amount RM'000</b>	<b>Credit equivalent amount RM'000</b>	<b>Risk weighted amount RM'000</b>
<b>As at 31 December 2015</b>			
Direct credit substitutes	2,709,647	2,709,647	1,926,742
Transaction-related contingent items	4,756,334	2,356,956	1,442,940
Short-term self-liquidating trade-related contingencies	478,850	106,401	81,925
Foreign exchange related contracts			
- less than one year	22,269,024	886,191	373,404
- more than one year to less than five years	436,570	78,877	78,754
Interest rate related contracts			
- less than one year	5,023,307	24,238	9,240
- more than one year to less than five years	15,821,072	574,884	333,368
- five years and above	1,858,392	141,644	153,830
Equity related contracts			
- less than one year	538,475	40,350	16,168
- more than one year to less than five years	215,792	14,089	8,558
Commodity related contracts			
- less than one year	870,028	164,449	59,353
- more than one year to less than five years	200,000	24,000	12,000
Undrawn credit facility			
- less than one year	11,788,087	856,304	283,191
- more than one year	11,541,428	7,021,964	4,400,914
- unconditionally cancellable	8,485,342	2,278,691	277,975
<b>Total</b>	<b>86,992,348</b>	<b>17,278,685</b>	<b>9,458,362</b>

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

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

**EXPLANATORY NOTES**

**31. CREDIT EXPOSURE ARISING FROM CREDIT TRANSACTIONS WITH CONNECTED PARTIES**

	<b>Bank</b>	
	<b>30-Jun-16</b>	31-Dec-15
Outstanding credit exposures with connected parties (RM'000)	<b>447,996</b>	483,299
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<b>0.606%</b>	0.669%
Percentage of outstanding credit exposures to connected parties which is impaired or in default	<b>0.000%</b>	0.000%

The credit exposures above are derived based on Bank Negara Malaysia's revised guidelines on Credit Transaction and Exposure with Connected Parties.

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

**EXPLANATORY NOTES**

**32. PERFORMANCE REVIEW**

For the six months ended 30 June 2016, the Group recorded a profit before taxation of RM724.2 million, 3.1% increase over corresponding period last year mainly from higher operating income coupled with lower provision in commitments and contingencies, partially offset by higher other operating expenses and allowance for impairment on loans and advances.

Net interest income improved by 2.7% or RM25.6 million to RM958.3 million due to higher interest income from customer loans, partially offset by higher interest expenses from customer deposits and subordinated bonds, as well as lower interest income from available-for-sale securities.

Other operating income improved by 14.8% or RM52.4 million to RM406.3 million mainly from higher trading and investment income, higher foreign exchange gain, coupled with higher fee income.

Total operating expenses increased by 2.1% or RM10.8 million to RM522.7 million mainly due to increase in establishment related expenses and general administrative expenses, partially offset by lower staff expenses. Expense-to-income ratio improved from 39.8% to 38.3% due to higher income growth.

Allowance for impairment on loans and advances increased by RM78.2 million to RM127.2 million mainly contributed by higher collective impairment of RM81.5 million, partially offset by lower individual impairment of RM3.4 million. Asset quality remained sound with net non-performing loans ratio stable at 1.4%.

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

**EXPLANATORY NOTES**

**33. PROSPECTS FOR 2016**

Global growth remains at a tepid pace while the risks of Brexit could have profound shocks on the global economy albeit difficult to quantify given that the situation is still evolving. We think that impact of UK fallout on Asia economies is likely to be limited and shallow. However, any spillover into the European Union would have more substantial impact on Asia via the trade and investment channels.

Despite heightened risks to growth, we continue to expect Malaysia's Gross Domestic Product in real terms to expand at the lower end of the 4.0% – 4.5% growth range in 2016. We expect a modest pick-up in growth going into 2H 2016. Private consumption is likely to be the key driver of growth while private investments are still lacking. Recent pick-up in awards of key infrastructure projects is expected to spur investments in the coming months.

Despite the challenging environment, the Group will continue to invest in building capabilities in a disciplined manner, ensure balance sheet strength amidst global volatilities to maintain sustainable long-term growth.

The Group is expected to achieve a satisfactory set of results in 2016.