

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

**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2015**

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 SEPTEMBER 2015**

|   | Notes | Group               |                     | Bank                |                     |
|---|-------|---------------------|---------------------|---------------------|---------------------|
|   |       | 30-Sep-15<br>RM'000 | 31-Dec-14<br>RM'000 | 30-Sep-15<br>RM'000 | 31-Dec-14<br>RM'000 |
| <b>ASSETS</b>   |       |                     |                     |                     |                     |
| Cash and short-term funds   | 11    | <b>11,801,995</b>   | 10,833,347          | <b>11,801,995</b>   | 10,833,347          |
| Securities purchased under resale agreements                      |       | <b>4,334,130</b>    | 502,709             | <b>4,334,130</b>    | 502,709             |
| Deposits and placements with financial institutions               | 12    | <b>11,780</b>       | 130,516             | <b>11,780</b>       | 130,516             |
| Financial assets at fair value through profit or loss ("FVTPL")   | 13    | <b>1,821,463</b>    | 2,392,138           | <b>1,821,463</b>    | 2,392,138           |
| Available-for-sale ("AFS") securities                             | 14    | <b>4,975,652</b>    | 9,250,843           | <b>4,975,652</b>    | 9,250,843           |
| Loans and advances  | 15    | <b>68,832,285</b>   | 66,926,375          | <b>69,017,843</b>   | 67,115,580          |
| Derivative financial assets                                       | 16    | <b>2,401,719</b>    | 905,946             | <b>2,401,719</b>    | 905,946             |
| Other assets  | 17    | <b>799,767</b>      | 636,466             | <b>804,151</b>      | 637,640             |
| Statutory deposits with Bank Negara Malaysia                      |       | <b>2,106,630</b>    | 1,960,350           | <b>2,106,630</b>    | 1,960,350           |
| Investment in subsidiaries  |       | -                   | -                   | <b>50</b>           | 50                  |
| Investment in an associate  |       | <b>11,269</b>       | 96,485              | <b>13,522</b>       | 99,973              |
| Property, plant and equipment                                     |       | <b>442,700</b>      | 427,703             | <b>196,718</b>      | 180,789             |
| Tax recoverable   |       | -                   | 16,366              | -                   | 16,347              |
| Deferred tax assets   |       | -                   | -                   | <b>2,129</b>        | -                   |
| <b>Total assets</b>   |       | <b>97,539,390</b>   | 94,079,244          | <b>97,487,782</b>   | 94,026,228          |
| <b>LIABILITIES AND EQUITY</b>                                     |       |                     |                     |                     |                     |
| Deposits from customers   | 18    | <b>76,095,057</b>   | 73,056,720          | <b>76,099,084</b>   | 73,058,978          |
| Deposits and placements of banks and other financial institutions | 19    | <b>8,581,856</b>    | 8,825,269           | <b>8,581,886</b>    | 8,825,299           |
| Bills and acceptances payables                                    |       | <b>463,666</b>      | 1,732,417           | <b>463,666</b>      | 1,732,417           |
| Derivative financial liabilities                                  | 16    | <b>1,704,461</b>    | 619,755             | <b>1,704,461</b>    | 619,755             |
| Other liabilities   | 20    | <b>1,736,240</b>    | 1,711,587           | <b>1,734,386</b>    | 1,709,929           |
| Tax payable   |       | <b>23,855</b>       | -                   | <b>23,807</b>       | -                   |
| Deferred tax liabilities  |       | <b>2,341</b>        | 9,679               | -                   | 5,209               |
| Subordinated bonds  | 21    | <b>1,493,208</b>    | 999,884             | <b>1,493,208</b>    | 999,884             |
| <b>Total liabilities</b>  |       | <b>90,100,684</b>   | 86,955,311          | <b>90,100,498</b>   | 86,951,471          |

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS**

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

**AS AT SEPTEMBER 2015**

|  | Notes | Group               |                     | Bank                |                     |
|--|-------|---------------------|---------------------|---------------------|---------------------|
|  |       | 30-Sep-15<br>RM'000 | 31-Dec-14<br>RM'000 | 30-Sep-15<br>RM'000 | 31-Dec-14<br>RM'000 |
| <b>EQUITY ATTRIBUTABLE TO<br/>EQUITY HOLDERS OF<br/>THE BANK</b> |       |                     |                     |                     |                     |
| Share capital  |       | <b>470,000</b>      | 470,000             | <b>470,000</b>      | 470,000             |
| Reserves   |       | <b>6,968,706</b>    | 6,653,933           | <b>6,917,284</b>    | 6,604,757           |
| <b>Total equity</b>  |       | <b>7,438,706</b>    | 7,123,933           | <b>7,387,284</b>    | 7,074,757           |
| <b>TOTAL LIABILITIES AND EQUITY</b>                              |       | <b>97,539,390</b>   | 94,079,244          | <b>97,487,782</b>   | 94,026,228          |
| <b>Commitments and<br/>contingencies</b>                         | 30    | <b>81,922,150</b>   | 76,294,367          | <b>81,922,150</b>   | 76,294,367          |

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 2014.

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

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

| Group   | Notes | Third Quarter<br>Ended |                     | Nine Months<br>Ended |                     |
|---|-------|------------------------|---------------------|----------------------|---------------------|
|   |       | 30-Sep-15<br>RM'000    | 30-Sep-14<br>RM'000 | 30-Sep-15<br>RM'000  | 30-Sep-14<br>RM'000 |
| Operating revenue   | 22    | <b>1,304,413</b>       | 1,214,183           | <b>3,766,407</b>     | 3,492,948           |
| Interest income   | 23    | <b>1,095,625</b>       | 1,029,937           | <b>3,209,928</b>     | 2,967,711           |
| Interest expense  | 24    | <b>(617,213)</b>       | (558,308)           | <b>(1,798,772)</b>   | (1,649,011)         |
| Net interest income   |       | <b>478,412</b>         | 471,629             | <b>1,411,156</b>     | 1,318,700           |
| Other operating income  | 25    | <b>212,018</b>         | 187,437             | <b>565,910</b>       | 534,554             |
| Operating income  |       | <b>690,430</b>         | 659,066             | <b>1,977,066</b>     | 1,853,254           |
| Other operating expenses  | 26    | <b>(261,172)</b>       | (235,128)           | <b>(772,990)</b>     | (702,011)           |
| Operating profit before allowance for<br>impairment on loans and advances,<br>impairment loss on AFS securities<br>and provision for commitments<br>and contingencies |       | <b>429,258</b>         | 423,938             | <b>1,204,076</b>     | 1,151,243           |
| Allowance for impairment<br>on loans and advances   | 27    | <b>(94,181)</b>        | (31,243)            | <b>(143,173)</b>     | (125,782)           |
| Impairment loss on<br>AFS securities/an associate   |       | -                      | (19,755)            | -                    | (29,480)            |
| Writeback/(provision) for<br>commitments and contingencies  |       | <b>1,239</b>           | 153                 | <b>(23,025)</b>      | (630)               |
|   |       | <b>336,316</b>         | 373,093             | <b>1,037,878</b>     | 995,351             |
| Share of net profit of an associate   |       | <b>64</b>              | 40,603              | <b>1,235</b>         | 113,817             |
| Profit before taxation  |       | <b>336,380</b>         | 413,696             | <b>1,039,113</b>     | 1,109,168           |
| Income tax expense  |       | <b>(81,918)</b>        | (101,016)           | <b>(249,248)</b>     | (253,867)           |
| Profit for the period attributable<br>to equity holders of the Bank   |       | <b>254,462</b>         | 312,680             | <b>789,865</b>       | 855,301             |
| Basic Earnings per share (sen)  |       | <b>54.1</b>            | 66.5                | <b>168.1</b>         | 182.0               |

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 2014.

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

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENTS (cont'd.)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

| Bank  | Notes | Third Quarter<br>Ended |                     | Nine Months<br>Ended |                     |
|---|-------|------------------------|---------------------|----------------------|---------------------|
|   |       | 30-Sep-15<br>RM'000    | 30-Sep-14<br>RM'000 | 30-Sep-15<br>RM'000  | 30-Sep-14<br>RM'000 |
| Operating revenue   | 22    | <b>1,306,545</b>       | 1,357,980           | <b>3,772,890</b>     | 3,851,664           |
| Interest income   | 23    | <b>1,097,796</b>       | 1,032,079           | <b>3,216,529</b>     | 2,973,384           |
| Interest expense  | 24    | <b>(617,232)</b>       | (558,329)           | <b>(1,798,846)</b>   | (1,649,070)         |
| Net interest income   |       | <b>480,564</b>         | 473,750             | <b>1,417,683</b>     | 1,324,314           |
| Other operating income  | 25    | <b>211,979</b>         | 329,092             | <b>565,793</b>       | 887,595             |
| Operating income  |       | <b>692,543</b>         | 802,842             | <b>1,983,476</b>     | 2,211,909           |
| Other operating expenses  | 26    | <b>(263,299)</b>       | (237,316)           | <b>(780,473)</b>     | (708,637)           |
| Operating profit before allowance for<br>impairment on loans and advances,<br>impairment loss on AFS securities<br>and provision for commitments<br>and contingencies |       | <b>429,244</b>         | 565,526             | <b>1,203,003</b>     | 1,503,272           |
| Allowance for impairment<br>on loans and advances   | 27    | <b>(94,181)</b>        | (31,243)            | <b>(143,173)</b>     | (125,782)           |
| Impairment loss on<br>AFS securities  |       | -                      | -                   | -                    | (9,725)             |
| Writeback/(provision) for<br>commitments and contingencies  |       | <b>1,239</b>           | 153                 | <b>(23,025)</b>      | (630)               |
| Profit before taxation  |       | <b>336,302</b>         | 534,436             | <b>1,036,805</b>     | 1,367,135           |
| Income tax expense  |       | <b>(81,907)</b>        | (100,966)           | <b>(249,186)</b>     | (253,812)           |
| Profit for the period attributable<br>to equity holders of the Bank   |       | <b>254,395</b>         | 433,470             | <b>787,619</b>       | 1,113,323           |
| Basic Earnings per share (sen)  |       | <b>54.1</b>            | 92.2                | <b>167.6</b>         | 236.9               |

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 2014.

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

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

| Group   | Third Quarter<br>Ended |                     | Nine Months<br>Ended |                     |
|---|------------------------|---------------------|----------------------|---------------------|
|   | 30-Sep-15<br>RM'000    | 30-Sep-14<br>RM'000 | 30-Sep-15<br>RM'000  | 30-Sep-14<br>RM'000 |
| Profit for the period   | <b>254,462</b>         | 312,680             | <b>789,865</b>       | 855,301             |
| <i>Other comprehensive income/(loss):</i>   |                        |                     |                      |                     |
| Other comprehensive income/(loss)<br>to be reclassified to profit or loss<br>in subsequent periods:       |                        |                     |                      |                     |
| Net gain on revaluation of AFS securities   | <b>(50,902)</b>        | (40,826)            | <b>(29,349)</b>      | 77,513              |
| Income tax effect   | <b>12,725</b>          | 10,207              | <b>7,337</b>         | (19,378)            |
| Net other comprehensive income/(loss)<br>to be reclassified to profit or loss<br>in subsequent periods    | <b>(38,177)</b>        | (30,619)            | <b>(22,012)</b>      | 58,135              |
| Other comprehensive income not to be<br>reclassified to profit or loss<br>in subsequent periods:          |                        |                     |                      |                     |
| Share of other comprehensive income<br>of an associate  | -                      | 80,713              | -                    | 80,713              |
| Net other comprehensive income not to be<br>to be reclassified to profit or loss<br>in subsequent periods | -                      | 80,713              | -                    | 80,713              |
| Other comprehensive income<br>for the period, net of tax  | <b>(38,177)</b>        | 50,094              | <b>(22,012)</b>      | 138,848             |
| Total comprehensive income for the<br>period attributable to equity<br>holders of the Bank                | <b>216,285</b>         | 362,774             | <b>767,853</b>       | 994,149             |

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 2014.

Company No. 271809K

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS**

**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME (cont'd.)**

**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

|   | Third Quarter    |           | Nine Months      |           |
|---|------------------|-----------|------------------|-----------|
|   | Ended            | Ended     | Ended            | Ended     |
| <b>Bank</b>                               | <b>30-Sep-15</b> | 30-Sep-14 | <b>30-Sep-15</b> | 30-Sep-14 |
|   | <b>RM'000</b>    | RM'000    | <b>RM'000</b>    | RM'000    |
| Profit for the period                     | <b>254,395</b>   | 433,470   | <b>787,619</b>   | 1,113,323 |
| <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>(50,902)</b>  | (40,826)  | <b>(29,349)</b>  | 77,513    |
| Income tax effect                         | <b>12,725</b>    | 10,207    | <b>7,337</b>     | (19,378)  |
| Other comprehensive income                |                  |           |                  |           |
| for the period, net of tax                | <b>(38,177)</b>  | (30,619)  | <b>(22,012)</b>  | 58,135    |
| Total comprehensive income for the        |                  |           |                  |           |
| period attributable to equity             |                  |           |                  |           |
| holders of the Bank                       | <b>216,218</b>   | 402,851   | <b>765,607</b>   | 1,171,458 |

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 2014.

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

| 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>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                                | -                   | -             | -                 | -                    | -   | 789,865          | 789,865   |
| Other comprehensive income                           | -                   | -             | -                 | -                    | (22,012)                                  | -                | (22,012)  |
| Total comprehensive income                           | -                   | -             | -                 | -                    | (22,012)                                  | 789,865          | 767,853   |
| Transactions with owners:                            |                     |               |                   |                      |   |                  |           |
| Dividends paid:                                      |                     |               |                   |                      |   |                  |           |
| - final dividend for the year ended 31 December 2014 | -                   | -             | -                 | -                    | -   | (453,080)        | (453,080) |
| Balance as at 30 September 2015                      | 470,000             | 322,555       | 470,000           | 104,297              | 43,120                                    | 6,028,734        | 7,438,706 |

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 2014.



**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 SEPTEMBER 2015**

| GROUP (con'td.)                                      | ← Non-distributable |               |                   |                      | Distributable                             |                  | Total     |
|--|---------------------|---------------|-------------------|----------------------|---|------------------|-----------|
|  | Share capital       | Share premium | Statutory reserve | Revaluation reserves | Net unrealised reserves on AFS securities | Retained profits |           |
|  | RM'000              | RM'000        | RM'000            | RM'000               | RM'000                                    | RM'000           | RM'000    |
| <b>2014</b>  |                     |               |                   |                      |   |                  |           |
| Balance as at 1 January 2014                         | 470,000             | 322,555       | 470,000           | 104,015              | (5,274)                                   | 4,910,252        | 6,271,548 |
| Profit for the period                                | -                   | -             | -                 | -                    | -   | 855,301          | 855,301   |
| Other comprehensive income                           | -                   | -             | -                 | 80,713               | 58,135                                    | -                | 138,848   |
| Total comprehensive income                           | -                   | -             | -                 | 80,713               | 58,135                                    | 855,301          | 994,149   |
| Transactions with owners:                            |                     |               |                   |                      |   |                  |           |
| Dividends paid:                                      |                     |               |                   |                      |   |                  |           |
| - final dividend for the year ended 31 December 2013 | -                   | -             | -                 | -                    | -   | (347,195)        | (347,195) |
| Balance as at 30 September 2014                      | 470,000             | 322,555       | 470,000           | 184,728              | 52,861                                    | 5,418,358        | 6,918,502 |

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 2014.

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

| <b>BANK</b>  | ← Non-distributable |               |                   | →   | Distributable    |           |
|--|---------------------|---------------|-------------------|---|------------------|-----------|
|  | Share capital       | Share premium | Statutory reserve | Net unrealised reserves on AFS securities | Retained profits | Total     |
|  | RM'000              | RM'000        | RM'000            | RM'000                                    | RM'000           | RM'000    |
| <b>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                                | -                   | -             | -                 | -   | 787,619          | 787,619   |
| Other comprehensive income                           | -                   | -             | -                 | (22,012)                                  | -                | (22,012)  |
| Total comprehensive income                           | -                   | -             | -                 | (22,012)                                  | 787,619          | 765,607   |
| Transactions with owners:                            |                     |               |                   |   |                  |           |
| Dividends paid:                                      |                     |               |                   |   |                  |           |
| - final dividend for the year ended 31 December 2014 | -                   | -             | -                 | -   | (453,080)        | (453,080) |
| Balance as at 30 September 2015                      | 470,000             | 322,555       | 470,000           | 36,218                                    | 6,088,511        | 7,387,284 |

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 2014.

**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 SEPTEMBER 2015**

| <b>BANK (con'td.)</b>                                | ← Non-distributable |               |                   | →   | Distributable    |           |
|--|---------------------|---------------|-------------------|---|------------------|-----------|
|  | Share capital       | Share premium | Statutory reserve | Net unrealised reserves on AFS securities | Retained profits | Total     |
|  | RM'000              | RM'000        | RM'000            | RM'000                                    | RM'000           | RM'000    |
| <b>2014</b>  |                     |               |                   |   |                  |           |
| Balance as at 1 January 2014                         | 470,000             | 322,555       | 470,000           | (5,274)                                   | 4,806,883        | 6,064,164 |
| Profit for the period                                | -                   | -             | -                 | -   | 1,113,323        | 1,113,323 |
| Other comprehensive income                           | -                   | -             | -                 | 58,135                                    | -                | 58,135    |
| Total comprehensive income                           | -                   | -             | -                 | 58,135                                    | 1,113,323        | 1,171,458 |
| Transactions with owners:                            |                     |               |                   |   |                  |           |
| Dividends paid:                                      |                     |               |                   |   |                  |           |
| - final dividend for the year ended 31 December 2013 | -                   | -             | -                 | -   | (347,195)        | (347,195) |
| Balance as at 30 September 2014                      | 470,000             | 322,555       | 470,000           | 52,861                                    | 5,573,011        | 6,888,427 |

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 2014.

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF CASH FLOWS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

|  | <b>Group</b>       |             | <b>Bank</b>        |             |
|--|--------------------|-------------|--------------------|-------------|
|  | <b>30-Sep-15</b>   | 30-Sep-14   | <b>30-Sep-15</b>   | 30-Sep-14   |
|  | <b>RM'000</b>      | RM'000      | <b>RM'000</b>      | RM'000      |
| Profit before taxation                                     | <b>1,039,113</b>   | 1,109,168   | <b>1,036,805</b>   | 1,367,135   |
| Adjustments for non-operating<br>and non-cash items        | <b>(579,287)</b>   | (28,973)    | <b>(582,712)</b>   | (312,346)   |
| Operating profit before working<br>capital changes         | <b>459,826</b>     | 1,080,195   | <b>454,093</b>     | 1,054,789   |
| Changes in working capital:                                |                    |             |                    |             |
| Net changes in operating assets                            | <b>(7,116,000)</b> | (2,593,291) | <b>(7,115,564)</b> | (2,609,684) |
| Net changes in operating liabilities                       | <b>3,169,567</b>   | 2,537,513   | <b>3,171,139</b>   | 2,535,889   |
| Tax expense paid   | <b>(209,029)</b>   | (170,914)   | <b>(209,032)</b>   | (170,909)   |
| Net cash (used in)/generated from<br>operating activities  | <b>(3,695,636)</b> | 853,503     | <b>(3,699,364)</b> | 810,085     |
| Net cash generated from/(used in)<br>investing activities  | <b>4,505,304</b>   | (1,142,607) | <b>4,509,032</b>   | (1,099,189) |
| Net cash generated from /(used in)<br>financing activities | <b>40,244</b>      | (346,923)   | <b>40,244</b>      | (346,923)   |
| Net increase/(decrease) in cash<br>and cash equivalents    | <b>849,912</b>     | (636,027)   | <b>849,912</b>     | (636,027)   |
| Cash and cash equivalents at<br>beginning of the period    | <b>10,963,863</b>  | 17,906,938  | <b>10,963,863</b>  | 17,906,938  |
| Cash and cash equivalents at<br>end of the period          | <b>11,813,775</b>  | 17,270,911  | <b>11,813,775</b>  | 17,270,911  |
| <b>Analysis of cash and<br/>cash equivalents</b>           |                    |             |                    |             |
| Cash and short term funds                                  | <b>11,801,995</b>  | 17,254,429  | <b>11,801,995</b>  | 17,254,429  |
| Deposits and placements with<br>financial institutions     | <b>11,780</b>      | 16,482      | <b>11,780</b>      | 16,482      |
|  | <b>11,813,775</b>  | 17,270,911  | <b>11,813,775</b>  | 17,270,911  |

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 2014.

**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 2014. The explanatory notes attached to the condensed interim financial standards provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2014.

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 2014.

The Group and the Bank have not adopted the following MFRSs and Amendments to MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") as they are not yet effective:-

***Effective for financial periods beginning on or after 1 January 2016***

*Annual Improvements to MFRSs 2012–2014 Cycle*

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

*Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities:*

*Applying the Consolidation Exception*

*Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations*

*MFRS 14: Regulatory Deferral Accounts*

*Amendments to MFRS 101: Disclosure Initiative*

*Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation*

*Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants*

*Amendments to MFRS 127: Equity Method in Separate Financial Statements*

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**EXPLANATORY NOTES**

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

***Effective for financial periods beginning on or after 1 January 2017***

*MFRS 15: Revenue from Contracts with Customers*

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

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

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.

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 2014 was not subject to any qualification.

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**EXPLANATORY NOTES**

**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 period ended 30 September 2015.

**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 period ended 30 September 2015.

**6. DEBT AND EQUITY SECURITIES**

- i) On 30 March 2015, the Bank fully redeemed its RM500 million subordinated bonds.
- ii) On 8 May 2015, the Bank issued RM1.0 billion Basel III compliant Tier 2 subordinated bonds (10 years maturity, non-callable 5 years).

**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 2014.

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**EXPLANATORY NOTES**

**8. DIVIDENDS**

A final single tier dividend of 96.4% in respect of the financial year ended 31 December 2014, amounting to RM453,080,000 was paid on 27 April 2015.

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

There were no material events subsequent to the end of the reporting date that require disclosure or adjustments to the unaudited condensed interim financial statements.

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

There were no changes in the composition of the Group for the period ended 30 September 2015.

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

|  | <b>Group and Bank</b> |            |
|--|-----------------------|------------|
|  | <b>30-Sep-15</b>      | 31-Dec-14  |
|  | <b>RM'000</b>         | RM'000     |
| Cash and balances with banks and other financial institutions  | <b>547,495</b>        | 626,082    |
| Money at call and deposit placements maturing within one month | <b>11,254,500</b>     | 10,207,265 |
|  | <b>11,801,995</b>     | 10,833,347 |

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

|                        | <b>Group and Bank</b> |           |
|------------------------|-----------------------|-----------|
|                        | <b>30-Sep-15</b>      | 31-Dec-14 |
|                        | <b>RM'000</b>         | RM'000    |
| Financial institutions | <b>11,780</b>         | 130,516   |
|                        | <b>11,780</b>         | 130,516   |



**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-Sep-15</b>      | <b>31-Dec-14</b> |
|  | <b>RM'000</b>         | <b>RM'000</b>    |
| <b>Held-for-trading securities</b>   |                       |                  |
| <b>At fair value:</b>  |                       |                  |
| Bank Negara Malaysia bills   | -                     | 1,268,687        |
| Malaysian Government treasury bills  | -                     | 197,589          |
| Malaysian Government securities  | <b>1,060,494</b>      | 149,418          |
| Negotiable instruments of deposits   | <b>419,993</b>        | -                |
| Bankers' acceptances and Islamic accepted bills  | -                     | 165,960          |
| <b>Total held-for-trading securities</b>   | <b>1,480,487</b>      | <b>1,781,654</b> |
| <br>   |                       |                  |
| <b>Designated as FVTPL, companies incorporated in Malaysia but denominated in United States Dollar</b> |                       |                  |
| Private debt securities  | <b>340,976</b>        | 610,484          |
| <br>   |                       |                  |
| <b>Total financial assets at FVTPL</b>   | <b>1,821,463</b>      | <b>2,392,138</b> |

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

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

|  | <b>Group and Bank</b> |                  |
|--|-----------------------|------------------|
|  | <b>30-Sep-15</b>      | <b>31-Dec-14</b> |
|  | <b>RM'000</b>         | <b>RM'000</b>    |
| <b>At fair value</b>                                     |                       |                  |
| <b>Money market instruments:</b>                         |                       |                  |
| Bank Negara Malaysia bills                               | <b>73,915</b>         | 2,710,141        |
| Malaysian Government treasury bills                      | <b>487,571</b>        | 434,475          |
| Malaysian Government securities                          | <b>2,693,754</b>      | 3,096,267        |
| Negotiable instruments of deposits                       | <b>795,074</b>        | 1,775,213        |
| Cagamas bonds  | <b>692,774</b>        | 843,612          |
|  | <b>4,743,088</b>      | 8,859,708        |
| <b>Private debt securities of companies incorporated</b> |                       |                  |
| In Malaysia:   |                       |                  |
| Quoted corporate bonds                                   | <b>193,385</b>        | 317,490          |
| Impairment loss  | <b>(39,960)</b>       | (39,960)         |
|  | <b>153,425</b>        | 277,530          |
| <b>Quoted securities:</b>                                |                       |                  |
| Shares of corporations outside Malaysia                  | -                     | 22,145           |
| Shares of corporations in Malaysia                       | <b>3,428</b>          | 6,136            |
|  | <b>3,428</b>          | 28,281           |
| <b>Unquoted securities:</b>                              |                       |                  |
| Shares   | <b>75,435</b>         | 85,048           |
|  | <b>75,435</b>         | 85,048           |
| <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>4,975,652</b>      | 9,250,843        |

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

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

|   | <b>Group</b>      |                  | <b>Bank</b>       |                  |
|---|-------------------|------------------|-------------------|------------------|
|   | <b>30-Sep-15</b>  | <b>31-Dec-14</b> | <b>30-Sep-15</b>  | <b>31-Dec-14</b> |
|   | <b>RM'000</b>     | <b>RM'000</b>    | <b>RM'000</b>     | <b>RM'000</b>    |
| Overdrafts  | <b>2,952,795</b>  | 2,876,874        | <b>2,952,795</b>  | 2,876,874        |
| Term loans and revolving credits                  |                   |                  |                   |                  |
| Housing loans                                     | <b>25,192,404</b> | 24,420,580       | <b>25,192,404</b> | 24,420,580       |
| Syndicated term loans                             | <b>533,198</b>    | 468,363          | <b>533,198</b>    | 468,363          |
| Other term loans                                  | <b>31,870,625</b> | 30,531,588       | <b>32,056,183</b> | 30,720,793       |
| Credit cards receivable                           | <b>2,165,075</b>  | 2,177,562        | <b>2,165,075</b>  | 2,177,562        |
| Bills receivable                                  | <b>614,396</b>    | 1,184,560        | <b>614,396</b>    | 1,184,560        |
| Trust receipts                                    | <b>2,090,700</b>  | 1,663,712        | <b>2,090,700</b>  | 1,663,712        |
| Claims on customers under acceptance credits      | <b>4,634,263</b>  | 4,736,318        | <b>4,634,263</b>  | 4,736,318        |
| Staff loans                                       | <b>49,077</b>     | 52,130           | <b>49,077</b>     | 52,130           |
| Others  | <b>14,602</b>     | 5,249            | <b>14,602</b>     | 5,249            |
|   | <b>70,117,135</b> | 68,116,936       | <b>70,302,693</b> | 68,306,141       |
| Unearned interest                                 | <b>(82,310)</b>   | (77,643)         | <b>(82,310)</b>   | (77,643)         |
| <b>Gross loans and advances</b>                   | <b>70,034,825</b> | 68,039,293       | <b>70,220,383</b> | 68,228,498       |
| <b>Allowance for losses on loans and advances</b> |                   |                  |                   |                  |
| - Individual impairment                           | <b>(222,752)</b>  | (203,200)        | <b>(222,752)</b>  | (203,200)        |
| - Collective impairment                           | <b>(979,788)</b>  | (909,718)        | <b>(979,788)</b>  | (909,718)        |
| <b>Net loans and advances</b>                     | <b>68,832,285</b> | 66,926,375       | <b>69,017,843</b> | 67,115,580       |

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

**EXPLANATORY NOTES**

**15. LOANS AND ADVANCES (con'td.)**

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

|                           | <b>Group</b>      |            | <b>Bank</b>       |            |
|---------------------------|-------------------|------------|-------------------|------------|
|                           | <b>30-Sep-15</b>  | 31-Dec-14  | <b>30-Sep-15</b>  | 31-Dec-14  |
|                           | <b>RM'000</b>     | RM'000     | <b>RM'000</b>     | RM'000     |
| Maturing within one year  | <b>17,788,378</b> | 17,121,464 | <b>17,788,378</b> | 17,121,464 |
| One year to three years   | <b>3,589,427</b>  | 2,943,247  | <b>3,774,985</b>  | 3,132,452  |
| Three years to five years | <b>4,063,831</b>  | 4,629,488  | <b>4,063,831</b>  | 4,629,488  |
| Over five years           | <b>44,593,189</b> | 43,345,094 | <b>44,593,189</b> | 43,345,094 |
|                           | <b>70,034,825</b> | 68,039,293 | <b>70,220,383</b> | 68,228,498 |

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

|  | <b>Group</b>      |            | <b>Bank</b>       |            |
|--|-------------------|------------|-------------------|------------|
|  | <b>30-Sep-15</b>  | 31-Dec-14  | <b>30-Sep-15</b>  | 31-Dec-14  |
|  | <b>RM'000</b>     | RM'000     | <b>RM'000</b>     | RM'000     |
| Domestic banking institutions            | <b>3,153</b>      | -          | <b>3,153</b>      | -          |
| Domestic non-bank financial institutions |                   |            |                   |            |
| - Stockbroking companies                 | <b>1,933</b>      | 19         | <b>1,933</b>      | 19         |
| - Others                                 | <b>98,760</b>     | 198,139    | <b>98,760</b>     | 198,139    |
| Domestic business enterprises            |                   |            |                   |            |
| - Small medium enterprises               | <b>14,677,318</b> | 14,677,009 | <b>14,677,318</b> | 14,677,009 |
| - Others                                 | <b>14,806,326</b> | 13,892,974 | <b>14,991,884</b> | 14,082,179 |
| Individuals                              | <b>34,059,936</b> | 32,670,387 | <b>34,059,936</b> | 32,670,387 |
| Foreign entities                         | <b>6,387,399</b>  | 6,600,765  | <b>6,387,399</b>  | 6,600,765  |
|  | <b>70,034,825</b> | 68,039,293 | <b>70,220,383</b> | 68,228,498 |

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**EXPLANATORY NOTES**

**15. LOANS AND ADVANCES (con'td.)**

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

|                          | <b>Group</b>      |            | <b>Bank</b>       |            |
|--------------------------|-------------------|------------|-------------------|------------|
|                          | <b>30-Sep-15</b>  | 31-Dec-14  | <b>30-Sep-15</b>  | 31-Dec-14  |
|                          | <b>RM'000</b>     | RM'000     | <b>RM'000</b>     | RM'000     |
| Fixed rate               |                   |            |                   |            |
| - Housing loans          | <b>34,112</b>     | 36,255     | <b>34,112</b>     | 36,255     |
| - Other fixed rate loans | <b>3,266,011</b>  | 3,388,421  | <b>3,266,011</b>  | 3,388,421  |
| Variable rate            |                   |            |                   |            |
| - Base rate/base         |                   |            |                   |            |
| lending rate-plus        | <b>62,682,406</b> | 61,161,465 | <b>62,682,406</b> | 61,161,465 |
| - Cost-plus              | <b>4,052,296</b>  | 3,453,152  | <b>4,237,854</b>  | 3,642,357  |
|                          | <b>70,034,825</b> | 68,039,293 | <b>70,220,383</b> | 68,228,498 |

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**EXPLANATORY NOTES****15. LOANS AND ADVANCES (con'td.)****(iv) Gross loans and advances by economic sector:**

|  | <b>Group</b>                      |                                   | <b>Bank</b>                       |                                   |
|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|  | <b>30-Sep-15</b><br><b>RM'000</b> | <b>31-Dec-14</b><br><b>RM'000</b> | <b>30-Sep-15</b><br><b>RM'000</b> | <b>31-Dec-14</b><br><b>RM'000</b> |
| Agriculture, hunting, forestry<br>and fishing      | <b>1,006,227</b>                  | 990,014                           | <b>1,006,227</b>                  | 990,014                           |
| Mining and quarrying                               | <b>464,469</b>                    | 1,106,982                         | <b>464,469</b>                    | 1,106,982                         |
| Manufacturing                                      | <b>5,903,916</b>                  | 5,803,480                         | <b>5,903,916</b>                  | 5,803,480                         |
| Electricity, gas and water                         | <b>47,451</b>                     | 27,273                            | <b>47,451</b>                     | 27,273                            |
| Construction                                       | <b>7,416,469</b>                  | 6,273,493                         | <b>7,416,469</b>                  | 6,273,493                         |
| Wholesale, retail trade,<br>restaurants and hotels | <b>9,060,737</b>                  | 8,413,457                         | <b>9,060,737</b>                  | 8,413,457                         |
| Transport, storage and<br>communication            | <b>1,043,271</b>                  | 1,015,091                         | <b>1,043,271</b>                  | 1,015,091                         |
| Finance, insurance and<br>business services        | <b>2,256,517</b>                  | 2,259,595                         | <b>2,256,517</b>                  | 2,259,595                         |
| Real estate  | <b>3,575,698</b>                  | 4,381,508                         | <b>3,761,256</b>                  | 4,570,713                         |
| Community, social and<br>personal services         | <b>147,941</b>                    | 225,289                           | <b>147,941</b>                    | 225,289                           |
| Households:  | <b>39,112,129</b>                 | 37,543,111                        | <b>39,112,129</b>                 | 37,543,111                        |
| - purchase of residential<br>properties            | <b>26,014,839</b>                 | 25,205,007                        | <b>26,014,839</b>                 | 25,205,007                        |
| - purchase of non<br>residential properties        | <b>8,277,710</b>                  | 7,487,772                         | <b>8,277,710</b>                  | 7,487,772                         |
| - others   | <b>4,819,580</b>                  | 4,850,332                         | <b>4,819,580</b>                  | 4,850,332                         |
|  | <b>70,034,825</b>                 | 68,039,293                        | <b>70,220,383</b>                 | 68,228,498                        |

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

**EXPLANATORY NOTES**

**15. LOANS AND ADVANCES (con'td.)**

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

|  | Group               |                     | Bank                |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | 30-Sep-15<br>RM'000 | 31-Dec-14<br>RM'000 | 30-Sep-15<br>RM'000 | 31-Dec-14<br>RM'000 |
| Balance as at 1 January  | 1,069,069           | 1,073,975           | 1,069,069           | 1,073,975           |
| Classified as impaired during the period/year                      | 644,188             | 707,098             | 644,188             | 707,098             |
| Amount recovered   | (248,686)           | (360,100)           | (248,686)           | (360,100)           |
| Reclassified as non-impaired                                       | (179,531)           | (168,008)           | (179,531)           | (168,008)           |
| Amount written off   | (75,238)            | (183,896)           | (75,238)            | (183,896)           |
| Balance as at 30 September/31 December                             | 1,209,802           | 1,069,069           | 1,209,802           | 1,069,069           |
| Individual impairment  | (222,752)           | (203,200)           | (222,752)           | (203,200)           |
| Net impaired loans and advances                                    | 987,050             | 865,869             | 987,050             | 865,869             |
| Ratio of net impaired loans and advances to net loans and advances | 1.4%                | 1.3%                | 1.4%                | 1.3%                |

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

|  | Group and Bank      |                     |
|--|---------------------|---------------------|
|  | 30-Sep-15<br>RM'000 | 31-Dec-14<br>RM'000 |
| <b><u>Collective Impairment</u></b>    |                     |                     |
| Balance as at 1 January                | 909,718             | 727,504             |
| Allowance made during the period/year  | 70,070              | 182,214             |
| Balance as at 30 September/31 December | 979,788             | 909,718             |

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**EXPLANATORY NOTES****15. LOANS AND ADVANCES (con'td.)**

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

|  | <b>Group and Bank</b> |                |
|--|-----------------------|----------------|
|  | <b>30-Sep-15</b>      | 31-Dec-14      |
|  | <b>RM'000</b>         | RM'000         |
| <b><u>Individual Impairment</u></b>                |                       |                |
| Balance as at 1 January                            | <b>203,200</b>        | 274,857        |
| Allowance made during the period/year              | <b>212,353</b>        | 217,620        |
| Amount written back in respect of recoveries       | <b>(110,515)</b>      | (110,584)      |
| Amount written off                                 | <b>(77,567)</b>       | (180,527)      |
| Interest recognised on impaired loans              | <b>(1,674)</b>        | 4,254          |
| Other adjustment/transferred to debt restructuring | <b>(3,045)</b>        | (2,420)        |
| Balance as at 30 September/31 December             | <b><u>222,752</u></b> | <u>203,200</u> |

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

|   | <b>Group and Bank</b>   |                  |
|---|-------------------------|------------------|
|   | <b>30-Sep-15</b>        | 31-Dec-14        |
|   | <b>RM'000</b>           | RM'000           |
| Mining and quarrying                            | <b>301</b>              | -                |
| Manufacturing                                   | <b>232,420</b>          | 240,290          |
| Construction                                    | <b>188,531</b>          | 214,039          |
| Wholesale, retail trade, restaurants and hotels | <b>148,954</b>          | 123,950          |
| Transport, storage and communication            | <b>97,454</b>           | 4,245            |
| Finance, insurance and business services        | <b>14,455</b>           | 15,447           |
| Real estate                                     | <b>18,872</b>           | 15,611           |
| Community, social and personal services         | <b>892</b>              | 960              |
| Households:                                     | <b>507,923</b>          | 454,527          |
| - purchase of residential properties            | <b>370,312</b>          | 341,406          |
| - purchase of non residential properties        | <b>51,059</b>           | 43,532           |
| - others  | <b>86,552</b>           | 69,589           |
|   | <b><u>1,209,802</u></b> | <u>1,069,069</u> |



**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**EXPLANATORY NOTES**

**15. LOANS AND ADVANCES (con'td.)**

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

|             | <b>Group and Bank</b> |                  |
|-------------|-----------------------|------------------|
|             | <b>30-Sep-15</b>      | <b>31-Dec-14</b> |
|             | <b>RM'000</b>         | <b>RM'000</b>    |
| In Malaysia | <b>1,209,802</b>      | <b>1,069,069</b> |

**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) (con'td.)**

|                                 | <b>Group and Bank</b>   |   |   |
|---------------------------------|---|---|---|
|                                 | <b>Contract or<br/>underlying<br/>principal<br/>amount<br/>RM'000</b> | <b>Positive<br/>fair value<br/>RM'000</b> | <b>Negative<br/>fair value<br/>RM'000</b> |
| <b>As at 31 December 2014</b>   |   |   |   |
| Foreign exchange contracts      |   |   |   |
| - forwards                      | 7,606,031   | 384,794                                   | 88,363                                    |
| - swaps                         | 18,621,080  | 256,385                                   | 231,823                                   |
| - options                       | 2,185,324   | 18,177                                    | 7,817                                     |
| Interest rate related contracts |   |   |   |
| - swaps                         | 20,842,832  | 102,400                                   | 148,029                                   |
| Equity related contracts        |   |   |   |
| - swaps                         | 1,001,139   | 20,700                                    | 20,185                                    |
| - options                       | 597,337   | 7,997                                     | 7,997                                     |
| Commodity related contracts     |   |   |   |
| - swaps                         | 665,815   | 96,893                                    | 99,635                                    |
| - future                        | 174,977   | 18,600                                    | 15,906                                    |
|                                 | 905,946   | 619,755                                   | 619,755                                   |

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**

|   | <b>Group</b>     |           | <b>Bank</b>      |           |
|---|------------------|-----------|------------------|-----------|
|   | <b>30-Sep-15</b> | 31-Dec-14 | <b>30-Sep-15</b> | 31-Dec-14 |
|   | <b>RM'000</b>    | RM'000    | <b>RM'000</b>    | RM'000    |
| Other receivables, deposits and prepayments | <b>410,281</b>   | 124,411   | <b>414,665</b>   | 125,585   |
| Accrued interest receivable                 | <b>83,822</b>    | 93,727    | <b>83,822</b>    | 93,727    |
| Precious metal accounts                     | <b>305,664</b>   | 418,328   | <b>305,664</b>   | 418,328   |
|   | <b>799,767</b>   | 636,466   | <b>804,151</b>   | 637,640   |

**18. DEPOSITS FROM CUSTOMERS**

|                                    | <b>Group</b>      |            | <b>Bank</b>       |            |
|------------------------------------|-------------------|------------|-------------------|------------|
|                                    | <b>30-Sep-15</b>  | 31-Dec-14  | <b>30-Sep-15</b>  | 31-Dec-14  |
|                                    | <b>RM'000</b>     | RM'000     | <b>RM'000</b>     | RM'000     |
| Demand deposits                    | <b>19,447,914</b> | 18,181,422 | <b>19,450,797</b> | 18,182,559 |
| Savings deposits                   | <b>1,350,895</b>  | 1,239,583  | <b>1,350,895</b>  | 1,239,583  |
| Fixed deposits                     | <b>47,811,769</b> | 44,735,404 | <b>47,812,913</b> | 44,736,525 |
| Negotiable instruments of deposits | <b>329</b>        | 16,164     | <b>329</b>        | 16,164     |
| Others                             | <b>7,484,150</b>  | 8,884,147  | <b>7,484,150</b>  | 8,884,147  |
|                                    | <b>76,095,057</b> | 73,056,720 | <b>76,099,084</b> | 73,058,978 |

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

|                           | <b>Group</b>      |            | <b>Bank</b>       |            |
|---------------------------|-------------------|------------|-------------------|------------|
|                           | <b>30-Sep-15</b>  | 31-Dec-14  | <b>30-Sep-15</b>  | 31-Dec-14  |
|                           | <b>RM'000</b>     | RM'000     | <b>RM'000</b>     | RM'000     |
| Due within six months     | <b>36,511,195</b> | 31,434,374 | <b>36,512,339</b> | 31,435,495 |
| Six months to one year    | <b>10,955,432</b> | 13,055,441 | <b>10,955,432</b> | 13,055,441 |
| One year to three years   | <b>253,235</b>    | 152,735    | <b>253,235</b>    | 152,735    |
| Three years to five years | <b>92,236</b>     | 109,018    | <b>92,236</b>     | 109,018    |
|                           | <b>47,812,098</b> | 44,751,568 | <b>47,813,242</b> | 44,752,689 |

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

**EXPLANATORY NOTES**

**18. DEPOSITS FROM CUSTOMERS (con'td.)**

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

|                      | Group               |                     | Bank                |                     |
|----------------------|---------------------|---------------------|---------------------|---------------------|
|                      | 30-Sep-15<br>RM'000 | 31-Dec-14<br>RM'000 | 30-Sep-15<br>RM'000 | 31-Dec-14<br>RM'000 |
| Business enterprises |                     |                     |                     |                     |
| - Subsidiaries       | -                   | -                   | 4,027               | 2,258               |
| - Others             | 30,435,196          | 30,482,982          | 30,435,196          | 30,482,982          |
| Individuals          | 40,502,876          | 37,077,155          | 40,502,876          | 37,077,155          |
| Others               | 5,156,985           | 5,496,583           | 5,156,985           | 5,496,583           |
|                      | <b>76,095,057</b>   | <b>73,056,720</b>   | <b>76,099,084</b>   | <b>73,058,978</b>   |

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

|                              | Group               |                     | Bank                |                     |
|------------------------------|---------------------|---------------------|---------------------|---------------------|
|                              | 30-Sep-15<br>RM'000 | 31-Dec-14<br>RM'000 | 30-Sep-15<br>RM'000 | 31-Dec-14<br>RM'000 |
| Licensed banks in Malaysia   | 619,831             | 171,010             | 619,831             | 171,010             |
| Bank Negara Malaysia         | 1,626,028           | 1,729,771           | 1,626,028           | 1,729,771           |
| Other financial institutions | 6,335,997           | 6,924,488           | 6,336,027           | 6,924,518           |
|                              | <b>8,581,856</b>    | <b>8,825,269</b>    | <b>8,581,886</b>    | <b>8,825,299</b>    |

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

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

|  | <b>Group</b>     |                  | <b>Bank</b>      |                  |
|--|------------------|------------------|------------------|------------------|
|  | <b>30-Sep-15</b> | <b>31-Dec-14</b> | <b>30-Sep-15</b> | <b>31-Dec-14</b> |
|  | <b>RM'000</b>    | <b>RM'000</b>    | <b>RM'000</b>    | <b>RM'000</b>    |
| Provision for commitments and contingencies      | <b>24,666</b>    | 1,642            | <b>24,666</b>    | 1,642            |
| Accrued interest payable                         | <b>689,369</b>   | 435,832          | <b>688,469</b>   | 434,882          |
| Accruals and provisions for operational expenses | <b>156,151</b>   | 161,909          | <b>155,438</b>   | 161,305          |
| Amount due to subsidiaries                       | -                | -                | <b>28</b>        | 47               |
| Other payables and accruals                      | <b>621,035</b>   | 841,747          | <b>620,766</b>   | 841,596          |
| Deferred income                                  | <b>245,019</b>   | 270,457          | <b>245,019</b>   | 270,457          |
|  | <b>1,736,240</b> | 1,711,587        | <b>1,734,386</b> | 1,709,929        |

**21. SUBORDINATED BONDS**

|   | <b>Group and Bank</b> |                  |
|---|-----------------------|------------------|
|   | <b>30-Sep-15</b>      | <b>31-Dec-14</b> |
|   | <b>RM'000</b>         | <b>RM'000</b>    |
| RM500 million Subordinated Bonds 2010/2020, at par (Note (a)) | -                     | 500,000          |
| RM500 million Subordinated Bonds 2013/2023, at par (Note (b)) | <b>500,000</b>        | 500,000          |
| RM1.0 billion Subordinated Bonds 2015/2025, at par (Note (c)) | <b>993,208</b>        | -                |
| Unamortised expenses relating to issue of Subordinated Bonds  | -                     | (116)            |
|   | <b>1,493,208</b>      | 999,884          |

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

The Bonds 1 bear interest at the rate of 4.88% per annum from 29 March 2010 to 29 March 2015 and thereafter, at the rate of 5.88% per annum from 30 March 2015 to the date of early redemption in full of such Bonds 1 or maturity date of the Bonds (whichever is earlier).

The Bonds 1 may be redeemed at par at the option of the Bank, in whole but not in part, on 30 March 2015 or at any interest payment date thereafter.

The interest is payable semi-annually in arrears on 29 March and 29 September each year commencing 29 September 2010.

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**EXPLANATORY NOTES**

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

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

On 30 March 2015, the Bonds 1 have been fully redeemed.

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

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

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

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

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

- (c) 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 3").

The Bonds 3 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 3 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 3 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.

**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**

| <b>Group</b>   | <b>Third Quarter Ended</b>  |                             | <b>Nine Months Ended</b>    |                             |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|  | <b>30-Sep-15<br/>RM'000</b> | <b>30-Sep-14<br/>RM'000</b> | <b>30-Sep-15<br/>RM'000</b> | <b>30-Sep-14<br/>RM'000</b> |
| Interest income from loans and advances                          | <b>907,628</b>              | 832,121                     | <b>2,650,057</b>            | 2,376,020                   |
| Interest income from impaired loans and advances                 | <b>19,581</b>               | 23,369                      | <b>63,969</b>               | 58,943                      |
| Money at call and deposit placements with financial institutions | <b>115,390</b>              | 118,617                     | <b>285,196</b>              | 376,827                     |
| Financial assets at FVTPL  | <b>6,457</b>                | 7,331                       | <b>27,586</b>               | 21,105                      |
| AFS securities   | <b>48,963</b>               | 55,546                      | <b>193,560</b>              | 151,593                     |
|  | <b>1,098,019</b>            | 1,036,984                   | <b>3,220,368</b>            | 2,984,488                   |
| Amortisation of premium less accretion of discount on:           |                             |                             |                             |                             |
| - financial assets at FVTPL                                      | <b>(222)</b>                | (408)                       | <b>(550)</b>                | (773)                       |
| - AFS securities   | <b>(2,172)</b>              | (6,639)                     | <b>(9,890)</b>              | (16,004)                    |
|  | <b>1,095,625</b>            | 1,029,937                   | <b>3,209,928</b>            | 2,967,711                   |
| <b>Bank</b>  |                             |                             |                             |                             |
| Interest income from loans and advances                          | <b>909,799</b>              | 834,263                     | <b>2,656,658</b>            | 2,381,693                   |
| Interest income from impaired loans and advances                 | <b>19,581</b>               | 23,369                      | <b>63,969</b>               | 58,943                      |
| Money at call and deposit placements with financial institutions | <b>115,390</b>              | 118,617                     | <b>285,196</b>              | 376,827                     |
| Financial assets at FVTPL  | <b>6,457</b>                | 7,331                       | <b>27,586</b>               | 21,105                      |
| AFS securities   | <b>48,963</b>               | 55,546                      | <b>193,560</b>              | 151,593                     |
|  | <b>1,100,190</b>            | 1,039,126                   | <b>3,226,969</b>            | 2,990,161                   |
| Amortisation of premium less accretion of discount on:           |                             |                             |                             |                             |
| - financial assets at FVTPL                                      | <b>(222)</b>                | (408)                       | <b>(550)</b>                | (773)                       |
| - AFS securities   | <b>(2,172)</b>              | (6,639)                     | <b>(9,890)</b>              | (16,004)                    |
|  | <b>1,097,796</b>            | 1,032,079                   | <b>3,216,529</b>            | 2,973,384                   |



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

**EXPLANATORY NOTES**

**24. INTEREST EXPENSE**

| Group  | Third Quarter  |           | Nine Months      |           |
|--|----------------|-----------|------------------|-----------|
|  | Ended          |           | Ended            |           |
|  | 30-Sep-15      | 30-Sep-14 | 30-Sep-15        | 30-Sep-14 |
|  | RM'000         | RM'000    | RM'000           | RM'000    |
| Deposits from customers  | <b>584,261</b> | 487,874   | <b>1,704,161</b> | 1,427,257 |
| Deposits and placements of banks<br>and other financial institutions | <b>14,824</b>  | 38,020    | <b>48,733</b>    | 122,054   |
| Subordinated bonds   | <b>16,906</b>  | 12,001    | <b>41,066</b>    | 35,539    |
| Others   | <b>1,222</b>   | 20,413    | <b>4,812</b>     | 64,161    |
|  | <b>617,213</b> | 558,308   | <b>1,798,772</b> | 1,649,011 |
| <b>Bank</b>  |                |           |                  |           |
| Deposits from customers  | <b>584,280</b> | 487,895   | <b>1,704,235</b> | 1,427,316 |
| Deposits and placements of banks<br>and other financial institutions | <b>14,824</b>  | 38,020    | <b>48,733</b>    | 122,054   |
| Subordinated bonds   | <b>16,906</b>  | 12,001    | <b>41,066</b>    | 35,539    |
| Others   | <b>1,222</b>   | 20,413    | <b>4,812</b>     | 64,161    |
|  | <b>617,232</b> | 558,329   | <b>1,798,846</b> | 1,649,070 |

**25. OTHER OPERATING INCOME**

| Group                              | Third Quarter  |           | Nine Months    |           |
|------------------------------------|----------------|-----------|----------------|-----------|
|                                    | Ended          |           | Ended          |           |
|                                    | 30-Sep-15      | 30-Sep-14 | 30-Sep-15      | 30-Sep-14 |
|                                    | RM'000         | RM'000    | RM'000         | RM'000    |
| <b><u>Fee income</u></b>           |                |           |                |           |
| Commission                         | <b>62,936</b>  | 56,080    | <b>173,683</b> | 167,547   |
| Guarantee fees                     | <b>15,653</b>  | 15,855    | <b>54,193</b>  | 43,571    |
| Service charges and fees           | <b>47,893</b>  | 51,996    | <b>148,289</b> | 149,329   |
| Commitment fees                    | <b>7,154</b>   | 6,920     | <b>22,537</b>  | 21,922    |
| Arrangement and participation fees | <b>4,535</b>   | 77        | <b>4,605</b>   | 3,820     |
|                                    | <b>138,171</b> | 130,928   | <b>403,307</b> | 386,189   |

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

**EXPLANATORY NOTES**

**25. OTHER OPERATING INCOME (con'td.)**

| Group (con'td.)  | Third Quarter<br>Ended |                     | Nine Months<br>Ended |                     |
|--|------------------------|---------------------|----------------------|---------------------|
|  | 30-Sep-15<br>RM'000    | 30-Sep-14<br>RM'000 | 30-Sep-15<br>RM'000  | 30-Sep-14<br>RM'000 |
| <b><u>Trading and Investment income</u></b>                                      |                        |                     |                      |                     |
| (Loss)/gain from sale of financial assets at FVTPL                               | (5,052)                | 1,397               | (671)                | 2,203               |
| (Loss)/gain from trading derivatives   | (3,809)                | 4,162               | 566                  | 9,500               |
| Unrealised gain/(loss) from trading derivatives                                  | 6,468                  | 9,867               | (8,294)              | 2,803               |
| Gain from sale of precious metal   | 2,392                  | 832                 | 1,656                | 1,382               |
| Unrealised (loss)/gain from sale of precious metal                               | (195)                  | -                   | 525                  | -                   |
| Gain from sale/recovery of AFS securities  | 31,493                 | 1,591               | 38,020               | 2,226               |
| Unrealised (loss)/gain on financial assets at FVTPL                              | (372)                  | (900)               | 403                  | (3,744)             |
| Gross dividends from:  |                        |                     |                      |                     |
| - AFS securities unquoted in Malaysia  | 285                    | 253                 | 841                  | 774                 |
|  | <b>31,210</b>          | <b>17,202</b>       | <b>33,046</b>        | <b>15,144</b>       |
| <b><u>Other income</u></b>   |                        |                     |                      |                     |
| Foreign exchange gain  | 39,299                 | 35,973              | 119,763              | 123,694             |
| Rental income from operating leases, other than those from investment properties | 108                    | 143                 | 362                  | 211                 |
| (Loss)/gain on disposal of property, plant and equipment                         | (24)                   | 25                  | 68                   | (120)               |
| Others   | 3,254                  | 3,166               | 9,364                | 9,436               |
|  | <b>42,637</b>          | <b>39,307</b>       | <b>129,557</b>       | <b>133,221</b>      |
|  | <b>212,018</b>         | <b>187,437</b>      | <b>565,910</b>       | <b>534,554</b>      |

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

**EXPLANATORY NOTES****25. OTHER OPERATING INCOME (con'td.)**

| <b>Bank</b>   | <b>Third Quarter</b> |                  | <b>Nine Months</b> |                  |
|---|----------------------|------------------|--------------------|------------------|
|   | <b>30-Sep-15</b>     | <b>30-Sep-14</b> | <b>30-Sep-15</b>   | <b>30-Sep-14</b> |
|   | <b>RM'000</b>        | <b>RM'000</b>    | <b>RM'000</b>      | <b>RM'000</b>    |
| <b><u>Fee income</u></b>                            |                      |                  |                    |                  |
| Commission  | <b>62,936</b>        | 56,080           | <b>173,683</b>     | 167,547          |
| Guarantee fees                                      | <b>15,653</b>        | 15,855           | <b>54,193</b>      | 43,571           |
| Service charges and fees                            | <b>47,959</b>        | 52,042           | <b>148,484</b>     | 149,435          |
| Commitment fees                                     | <b>7,157</b>         | 6,923            | <b>22,545</b>      | 21,929           |
| Arrangement and participation fees                  | <b>4,535</b>         | 77               | <b>4,605</b>       | 3,820            |
|   | <b>138,240</b>       | 130,977          | <b>403,510</b>     | 386,302          |
| <b><u>Trading and Investment income</u></b>         |                      |                  |                    |                  |
| (Loss)/gain from sale of financial assets at FVTPL  | <b>(5,052)</b>       | 1,397            | <b>(671)</b>       | 2,203            |
| (Loss)/gain from trading derivatives                | <b>(3,809)</b>       | 4,162            | <b>566</b>         | 9,500            |
| Unrealised gain/(loss) from trading derivatives     | <b>6,468</b>         | 9,867            | <b>(8,294)</b>     | 2,803            |
| Gain from sale of precious metal                    | <b>2,392</b>         | 832              | <b>1,656</b>       | 1,382            |
| Unrealised (loss)/gain from sale of precious metal  | <b>(195)</b>         | -                | <b>525</b>         | -                |
| Gain from sale/recovery of AFS securities           | <b>31,493</b>        | 1,591            | <b>38,020</b>      | 2,226            |
| Unrealised (loss)/gain on financial assets at FVTPL | <b>(372)</b>         | (900)            | <b>403</b>         | (3,744)          |
| Gross dividends from:                               |                      |                  |                    |                  |
| - AFS securities unquoted in Malaysia               | <b>285</b>           | 253              | <b>841</b>         | 774              |
| - subsidiaries                                      | -                    | -                | -                  | 230              |
| - an associate                                      | -                    | 141,708          | -                  | 352,849          |
|   | <b>31,210</b>        | 158,910          | <b>33,046</b>      | 368,223          |

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

**EXPLANATORY NOTES**

**25. OTHER OPERATING INCOME (con'td.)**

|  | Third Quarter  |           | Nine Months    |           |
|--|----------------|-----------|----------------|-----------|
|  | 30-Sep-15      | 30-Sep-14 | 30-Sep-15      | 30-Sep-14 |
| <b>Bank (con'td.)</b>  | <b>RM'000</b>  | RM'000    | <b>RM'000</b>  | RM'000    |
| <b><u>Other income</u></b>   |                |           |                |           |
| Foreign exchange gain  | <b>39,299</b>  | 35,973    | <b>119,763</b> | 123,694   |
| Rental income from operating leases, other than those from investment properties | -              | 42        | <b>42</b>      | 61        |
| (Loss)/gain on disposal of property, plant and equipment                         | <b>(24)</b>    | 25        | <b>68</b>      | (120)     |
| Others   | <b>3,254</b>   | 3,165     | <b>9,364</b>   | 9,435     |
|  | <b>42,529</b>  | 39,205    | <b>129,237</b> | 133,070   |
|  | <b>211,979</b> | 329,092   | <b>565,793</b> | 887,595   |

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

**EXPLANATORY NOTES****26. OTHER OPERATING EXPENSES**

| Group   | Third Quarter<br>Ended |                     | Nine Months<br>Ended |                     |
|---|------------------------|---------------------|----------------------|---------------------|
|   | 30-Sep-15<br>RM'000    | 30-Sep-14<br>RM'000 | 30-Sep-15<br>RM'000  | 30-Sep-14<br>RM'000 |
| Personnel expenses                                  | <b>171,658</b>         | 153,420             | <b>515,173</b>       | 456,613             |
| Establishment related expenses                      | <b>50,289</b>          | 43,938              | <b>148,837</b>       | 119,075             |
| Promotion and marketing<br>related expenses         | <b>11,251</b>          | 11,756              | <b>32,451</b>        | 38,620              |
| General administrative expenses                     | <b>27,974</b>          | 26,014              | <b>76,529</b>        | 87,703              |
|   | <b>261,172</b>         | 235,128             | <b>772,990</b>       | 702,011             |
| <u>Personnel expenses</u>                           |                        |                     |                      |                     |
| Wages, salaries and bonus                           | <b>134,201</b>         | 119,256             | <b>407,491</b>       | 357,817             |
| Defined contribution plan                           | <b>21,105</b>          | 18,712              | <b>62,574</b>        | 55,737              |
| Other employee benefits                             | <b>16,352</b>          | 15,452              | <b>45,108</b>        | 43,059              |
|   | <b>171,658</b>         | 153,420             | <b>515,173</b>       | 456,613             |
| <u>Establishment related expenses</u>               |                        |                     |                      |                     |
| Depreciation of property, plant<br>and equipment    | <b>11,725</b>          | 8,796               | <b>34,589</b>        | 25,912              |
| Hire of equipment                                   | <b>22</b>              | 17                  | <b>44</b>            | 43                  |
| Information technology costs                        | <b>14,153</b>          | 11,523              | <b>41,007</b>        | 24,877              |
| Repair and maintenance                              | <b>4,863</b>           | 5,524               | <b>12,617</b>        | 14,275              |
| Rental of premises                                  | <b>3,309</b>           | 3,630               | <b>9,892</b>         | 10,217              |
| Others  | <b>16,217</b>          | 14,448              | <b>50,688</b>        | 43,751              |
|   | <b>50,289</b>          | 43,938              | <b>148,837</b>       | 119,075             |
| <u>Promotion and marketing<br/>related expenses</u> |                        |                     |                      |                     |
| Advertisement and publicity                         | <b>11,251</b>          | 11,756              | <b>32,451</b>        | 38,620              |
| <u>General administrative expenses</u>              |                        |                     |                      |                     |
| Fees and commissions paid                           | <b>9,351</b>           | 11,195              | <b>28,141</b>        | 34,227              |
| Others  | <b>18,623</b>          | 14,819              | <b>48,388</b>        | 53,476              |
|   | <b>27,974</b>          | 26,014              | <b>76,529</b>        | 87,703              |

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

**EXPLANATORY NOTES****26. OTHER OPERATING EXPENSES (con'td.)**

| <b>Bank</b>   | <b>Third Quarter<br/>Ended</b> |                             | <b>Nine Months<br/>Ended</b> |                             |
|---|--------------------------------|-----------------------------|------------------------------|-----------------------------|
|   | <b>30-Sep-15<br/>RM'000</b>    | <b>30-Sep-14<br/>RM'000</b> | <b>30-Sep-15<br/>RM'000</b>  | <b>30-Sep-14<br/>RM'000</b> |
| Personnel expenses                                  | <b>170,577</b>                 | 152,538                     | <b>512,272</b>               | 454,066                     |
| Establishment related expenses                      | <b>53,527</b>                  | 47,030                      | <b>159,337</b>               | 128,347                     |
| Promotion and marketing<br>related expenses         | <b>11,236</b>                  | 11,745                      | <b>32,411</b>                | 38,580                      |
| General administrative expenses                     | <b>27,959</b>                  | 26,003                      | <b>76,453</b>                | 87,644                      |
|   | <b>263,299</b>                 | 237,316                     | <b>780,473</b>               | 708,637                     |
| <u>Personnel expenses</u>                           |                                |                             |                              |                             |
| Wages, salaries and bonus                           | <b>133,381</b>                 | 118,522                     | <b>405,105</b>               | 355,618                     |
| Defined contribution plan                           | <b>20,986</b>                  | 18,604                      | <b>62,224</b>                | 55,417                      |
| Other employee benefits                             | <b>16,210</b>                  | 15,412                      | <b>44,943</b>                | 43,031                      |
|   | <b>170,577</b>                 | 152,538                     | <b>512,272</b>               | 454,066                     |
| <u>Establishment related expenses</u>               |                                |                             |                              |                             |
| Depreciation of property, plant<br>and equipment    | <b>10,142</b>                  | 7,260                       | <b>29,930</b>                | 21,312                      |
| Hire of equipment                                   | <b>22</b>                      | 17                          | <b>44</b>                    | 43                          |
| Information technology costs                        | <b>14,153</b>                  | 11,523                      | <b>41,007</b>                | 24,877                      |
| Repair and maintenance                              | <b>4,609</b>                   | 5,311                       | <b>12,126</b>                | 13,729                      |
| Rental of premises                                  | <b>7,707</b>                   | 8,028                       | <b>23,086</b>                | 22,948                      |
| Others  | <b>16,894</b>                  | 14,891                      | <b>53,144</b>                | 45,438                      |
|   | <b>53,527</b>                  | 47,030                      | <b>159,337</b>               | 128,347                     |
| <u>Promotion and marketing<br/>related expenses</u> |                                |                             |                              |                             |
| Advertisement and publicity                         | <b>11,236</b>                  | 11,745                      | <b>32,411</b>                | 38,580                      |
| <u>General administrative expenses</u>              |                                |                             |                              |                             |
| Fees and commissions paid                           | <b>9,349</b>                   | 11,195                      | <b>28,100</b>                | 34,193                      |
| Others  | <b>18,610</b>                  | 14,808                      | <b>48,353</b>                | 53,451                      |
|   | <b>27,959</b>                  | 26,003                      | <b>76,453</b>                | 87,644                      |

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

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

| Group  | Third Quarter<br>Ended |                     | Nine Months<br>Ended |                     |
|--|------------------------|---------------------|----------------------|---------------------|
|  | 30-Sep-15<br>RM'000    | 30-Sep-14<br>RM'000 | 30-Sep-15<br>RM'000  | 30-Sep-14<br>RM'000 |
| <b>Allowance for impaired loans and advances</b> |                        |                     |                      |                     |
| (a) Individual impairment                        |                        |                     |                      |                     |
| - made in the period                             | <b>55,674</b>          | 46,076              | <b>212,353</b>       | 141,387             |
| - written back in the period                     | <b>(31,441)</b>        | (26,554)            | <b>(110,515)</b>     | (72,909)            |
| (b) Collective impairment                        |                        |                     |                      |                     |
| - made in the period                             | <b>78,192</b>          | 18,869              | <b>70,070</b>        | 84,976              |
| <b>Impaired loans and advances</b>               |                        |                     |                      |                     |
| - written off                                    | <b>1,779</b>           | 2,198               | <b>2,572</b>         | 4,885               |
| - recovered                                      | <b>(10,023)</b>        | (9,346)             | <b>(31,307)</b>      | (32,557)            |
|  | <b>94,181</b>          | 31,243              | <b>143,173</b>       | 125,782             |
| <b>Bank</b>                                      |                        |                     |                      |                     |
| <b>Allowance for impaired loans and advances</b> |                        |                     |                      |                     |
| (a) Individual impairment                        |                        |                     |                      |                     |
| - made in the period                             | <b>55,674</b>          | 46,076              | <b>212,353</b>       | 141,387             |
| - written back in the period                     | <b>(31,441)</b>        | (26,554)            | <b>(110,515)</b>     | (72,909)            |
| (b) Collective impairment                        |                        |                     |                      |                     |
| - made in the period                             | <b>78,192</b>          | 18,869              | <b>70,070</b>        | 84,976              |
| <b>Impaired loans and advances</b>               |                        |                     |                      |                     |
| - written off                                    | <b>1,779</b>           | 2,198               | <b>2,572</b>         | 4,885               |
| - recovered                                      | <b>(10,023)</b>        | (9,346)             | <b>(31,307)</b>      | (32,557)            |
|  | <b>94,181</b>          | 31,243              | <b>143,173</b>       | 125,782             |

**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 products, 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") and Debt Capital Markets. Commercial Banking serves the medium and large enterprises, while Corporate Banking serves large local corporations, government-linked companies and agencies, and FIG serves financial institutions. Commercial Banking, Corporate Banking and FIG provide customers with a broad range of products and services that include deposits, lending, asset finance, ship finance, trade finance, structured finance, cash management and cross-border payments. Debt Capital Markets specialises in solution-based structures to meet clients' financing requirements in structuring, underwriting and arranging syndicated loans for general corporate needs, leveraged buy-outs, project and structured finance, and underwriting and lead managing bond issues.



**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, futures broking, gold products, as well as an array of structured products. It is a player in Malaysian Ringgit treasury instruments as well as a provider of banknote services 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 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.)**

| <b>Group</b>                                      | <b>Retail<br/>RM'000</b> | <b>WB<br/>RM'000</b> | <b>GM<br/>RM'000</b> | <b>Others<br/>RM'000</b> | <b>Total<br/>segments<br/>RM'000</b> | <b>Eliminations<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---|--------------------------|----------------------|----------------------|--------------------------|--------------------------------------|--------------------------------|-------------------------|
| <b>For period ended 30 September 2015</b>         |                          |                      |                      |                          |                                      |                                |                         |
| Operating income                                  | 920,022                  | 706,707              | 86,423               | 283,177                  | 1,996,329                            | (19,263)                       | 1,977,066               |
| Other operating expenses                          | (517,240)                | (144,580)            | (33,429)             | (95,050)                 | (790,299)                            | 17,309                         | (772,990)               |
| Allowance for impairment on<br>loans and advances | (37,070)                 | (106,144)            | -                    | 41                       | (143,173)                            | -                              | (143,173)               |
| Provision for commitments<br>and contingencies    | 20                       | (23,045)             | -                    | -                        | (23,025)                             | -                              | (23,025)                |
| Share of net profit of<br>an associate            | -                        | -                    | -                    | 1,235                    | 1,235                                | -                              | 1,235                   |
| Profit before taxation                            | 365,732                  | 432,938              | 52,994               | 189,403                  | 1,041,067                            | (1,954)                        | 1,039,113               |
| Income tax expense                                |                          |                      |                      |                          |                                      |                                | (249,248)               |
|   |                          |                      |                      |                          |                                      |                                | <u>789,865</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<br/>RM'000</b> | <b>WB<br/>RM'000</b> | <b>GM<br/>RM'000</b> | <b>Others<br/>RM'000</b> | <b>Total<br/>segments<br/>RM'000</b> | <b>Eliminations<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---|--------------------------|----------------------|----------------------|--------------------------|--------------------------------------|--------------------------------|-------------------------|
| <b>For period ended 30 September 2015</b>     |                          |                      |                      |                          |                                      |                                |                         |
| <b>Other information</b>                      |                          |                      |                      |                          |                                      |                                |                         |
| Inter-segment operating income                | (12,953)                 | 222,204              | (468,329)            | 278,341                  | 19,263                               | (19,263)                       | -                       |
| Depreciation of property, plant and equipment | 5,226                    | 829                  | 1,495                | 27,089                   | 34,639                               | (50)                           | 34,589                  |

**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<br/>RM'000</b> | <b>WB<br/>RM'000</b> | <b>GM<br/>RM'000</b> | <b>Others<br/>RM'000</b> | <b>Total<br/>segments<br/>RM'000</b> | <b>Eliminations<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---|--------------------------|----------------------|----------------------|--------------------------|--------------------------------------|--------------------------------|-------------------------|
| <b>For period ended 30 September 2014</b>         |                          |                      |                      |                          |                                      |                                |                         |
| Operating income                                  | 901,889                  | 618,424              | 125,514              | 578,002                  | 2,223,829                            | (370,575)                      | 1,853,254               |
| Other operating expenses                          | (471,305)                | (130,275)            | (31,232)             | (85,180)                 | (717,992)                            | 15,981                         | (702,011)               |
| Allowance for impairment on<br>loans and advances | (9,154)                  | (116,623)            | -                    | (5)                      | (125,782)                            | -                              | (125,782)               |
| Impairment loss on AFS<br>securities              | -                        | -                    | (9,725)              | (19,755)                 | (29,480)                             | -                              | (29,480)                |
| Provision for commitments<br>and contingencies    | (100)                    | (530)                | -                    | -                        | (630)                                | -                              | (630)                   |
| Share of net profit of<br>an associate            | -                        | -                    | -                    | 113,817                  | 113,817                              | -                              | 113,817                 |
| Profit before taxation                            | <u>421,330</u>           | <u>370,996</u>       | <u>84,557</u>        | <u>586,879</u>           | <u>1,463,762</u>                     | <u>(354,594)</u>               | <u>1,109,168</u>        |
| Income tax expense                                |                          |                      |                      |                          |                                      |                                | <u>(253,867)</u>        |
|   |                          |                      |                      |                          |                                      |                                | <u>855,301</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<br/>RM'000</b> | <b>WB<br/>RM'000</b> | <b>GM<br/>RM'000</b> | <b>Others<br/>RM'000</b> | <b>Total<br/>segments<br/>RM'000</b> | <b>Eliminations<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---|--------------------------|----------------------|----------------------|--------------------------|--------------------------------------|--------------------------------|-------------------------|
| <b>For period ended 30 September 2014</b>     |                          |                      |                      |                          |                                      |                                |                         |
| <b>Other information</b>                      |                          |                      |                      |                          |                                      |                                |                         |
| Inter-segment operating income                | (100,618)                | 213,341              | (399,294)            | 657,146                  | 370,575                              | (370,575)                      | -                       |
| Depreciation of property, plant and equipment | 4,233                    | 491                  | 1,006                | 20,232                   | 25,962                               | (50)                           | 25,912                  |

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**EXPLANATORY NOTES**

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

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

| Group (cont'd.)                | Retail<br>RM'000 | WB<br>RM'000 | GM<br>RM'000 | Others<br>RM'000 | Total<br>segments<br>RM'000 | Eliminations<br>RM'000 | Total<br>RM'000   |
|--------------------------------|------------------|--------------|--------------|------------------|-----------------------------|------------------------|-------------------|
| <b>As at 30 September 2015</b> |                  |              |              |                  |                             |                        |                   |
| <b>Segment assets</b>          |                  |              |              |                  |                             |                        |                   |
| Gross loans                    | 45,358,921       | 24,492,421   | -            | 369,041          | 70,220,383                  | (185,558)              | 70,034,825        |
| Unallocated assets             |                  |              |              |                  |                             |                        | 27,504,565        |
| Total assets                   |                  |              |              |                  |                             |                        | <u>97,539,390</u> |
| <b>Segment liabilities</b>     |                  |              |              |                  |                             |                        |                   |
| Deposits from customers        | 48,411,624       | 26,888,777   | 698,655      | 100,028          | 76,099,084                  | (4,027)                | 76,095,057        |
| Unallocated liabilities        |                  |              |              |                  |                             |                        | 14,005,627        |
| Total liabilities              |                  |              |              |                  |                             |                        | <u>90,100,684</u> |

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**EXPLANATORY NOTES**

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

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

| Group (cont'd.)               | Retail<br>RM'000 | WB<br>RM'000 | GM<br>RM'000 | Others<br>RM'000 | Total<br>segments<br>RM'000 | Eliminations<br>RM'000 | Total<br>RM'000   |
|-------------------------------|------------------|--------------|--------------|------------------|-----------------------------|------------------------|-------------------|
| <b>As at 31 December 2014</b> |                  |              |              |                  |                             |                        |                   |
| <b>Segment assets</b>         |                  |              |              |                  |                             |                        |                   |
| Gross loans                   | 43,914,268       | 23,936,360   | -            | 377,870          | 68,228,498                  | (189,205)              | 68,039,293        |
| Unallocated assets            |                  |              |              |                  |                             |                        | 26,039,951        |
| Total assets                  |                  |              |              |                  |                             |                        | <u>94,079,244</u> |
| <b>Segment liabilities</b>    |                  |              |              |                  |                             |                        |                   |
| Deposits from customers       | 44,261,591       | 27,983,199   | 719,256      | 94,932           | 73,058,978                  | (2,258)                | 73,056,720        |
| Unallocated liabilities       |                  |              |              |                  |                             |                        | 13,898,591        |
| Total liabilities             |                  |              |              |                  |                             |                        | <u>86,955,311</u> |

**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) issued on 28 November 2012, which is effective from 1 January 2013 and Basel II – Risk-weighted Assets framework.

|  | <b>Group</b>     |           | <b>Bank</b>      |           |
|--|------------------|-----------|------------------|-----------|
|  | <b>30-Sep-15</b> | 31-Dec-14 | <b>30-Sep-15</b> | 31-Dec-14 |
|  | <b>RM'000</b>    | RM'000    | <b>RM'000</b>    | RM'000    |
| <u>Common Equity Tier 1 ("CET1")/</u>                                  |                  |           |                  |           |
| <u>Tier 1 Capital</u>  |                  |           |                  |           |
| Paid-up share capital  | <b>470,000</b>   | 470,000   | <b>470,000</b>   | 470,000   |
| Share premium  | <b>322,555</b>   | 322,555   | <b>322,555</b>   | 322,555   |
| Retained profits - audited   | <b>5,238,869</b> | 5,691,949 | <b>5,300,892</b> | 5,753,972 |
| Statutory reserve  | <b>470,000</b>   | 470,000   | <b>470,000</b>   | 470,000   |
| Other reserves   | <b>155,567</b>   | 184,481   | <b>36,218</b>    | 58,230    |
| Regulatory adjustments applied in<br>the calculation of CET1 Capital   | <b>(161,081)</b> | (201,767) | <b>(44,941)</b>  | (76,539)  |
| Total CET1/Tier 1 Capital  | <b>6,495,910</b> | 6,937,218 | <b>6,554,724</b> | 6,998,218 |
| <u>Tier 2 Capital</u>  |                  |           |                  |           |
| Tier 2 capital instruments   | <b>1,500,000</b> | 900,000   | <b>1,500,000</b> | 900,000   |
| Loan/financing loss provision  |                  |           |                  |           |
| - Surplus eligible provisions<br>over expected losses                  | <b>205,916</b>   | 222,867   | <b>208,593</b>   | 222,867   |
| - Collective impairment provisions                                     | <b>23,743</b>    | 58,999    | <b>22,280</b>    | 53,678    |
| Regulatory adjustments applied in<br>the calculation of Tier 2 Capital | <b>46,874</b>    | (24,091)  | <b>(8,143)</b>   | (80,019)  |
| Total Tier 2 Capital   | <b>1,776,533</b> | 1,157,775 | <b>1,722,730</b> | 1,096,526 |
| Total capital  | <b>8,272,443</b> | 8,094,993 | <b>8,277,454</b> | 8,094,744 |



**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**EXPLANATORY NOTES**

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

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

|                     | Group          |           | Bank           |           |
|---------------------|----------------|-----------|----------------|-----------|
|                     | 30-Sep-15      | 31-Dec-14 | 30-Sep-15      | 31-Dec-14 |
| CET1/Tier 1 Capital | <b>13.910%</b> | 15.461%   | <b>14.071%</b> | 15.684%   |
| Total Capital       | <b>17.714%</b> | 18.042%   | <b>17.769%</b> | 18.141%   |

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

|                                | Group               |                     | Bank                |                     |
|--------------------------------|---------------------|---------------------|---------------------|---------------------|
|                                | 30-Sep-15<br>RM'000 | 31-Dec-14<br>RM'000 | 30-Sep-15<br>RM'000 | 31-Dec-14<br>RM'000 |
| Total RWA for credit risk      | <b>40,950,115</b>   | 39,720,571          | <b>40,833,126</b>   | 39,473,651          |
| Total RWA for market risk      | <b>1,171,118</b>    | 803,362             | <b>1,171,117</b>    | 803,362             |
| Total RWA for operational risk | <b>4,578,883</b>    | 4,344,262           | <b>4,578,883</b>    | 4,344,262           |
|                                | <b>46,700,116</b>   | 44,868,195          | <b>46,583,126</b>   | 44,621,275          |

**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 incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

|   | <b>Group and Bank</b>                  |  |  |
|---|--|--|--|
|   | <b>Principal<br/>amount<br/>RM'000</b> | <b>Credit<br/>equivalent<br/>amount<br/>RM'000</b> | <b>Risk<br/>weighted<br/>amount<br/>RM'000</b> |
| <b>As at 30 September 2015</b>                          |  |  |  |
| Direct credit substitutes                               | 2,604,341                              | 2,604,341  | 1,822,395                                      |
| Transaction-related contingent items                    | 4,523,053                              | 2,240,097  | 1,316,352                                      |
| Short-term self-liquidating trade-related contingencies | 525,735                                | 114,727  | 92,647   |
| Foreign exchange related contracts                      |  |  |  |
| - less than one year                                    | 29,473,788                             | 2,258,613  | 810,502  |
| - more than one year to less than five years            | 377,949                                | 99,514   | 99,862   |
| Interest rate related contracts                         |  |  |  |
| - less than one year                                    | 5,858,214                              | 38,960   | 14,971   |
| - more than one year to less than five years            | 14,628,687                             | 575,295  | 351,025  |
| - five years and above                                  | 1,545,624                              | 107,061  | 79,976   |
| Equity related contracts                                |  |  |  |
| - less than one year                                    | 537,256                                | 45,715   | 17,077   |
| - more than one year to less than five years            | 217,577                                | 14,598   | 8,912  |
| Commodity related contracts                             |  |  |  |
| - less than one year                                    | 1,024,012                              | 174,942  | 74,117   |
| Undrawn credit facility                                 |  |  |  |
| - less than one year                                    | 10,410,232                             | 653,546  | 154,617  |
| - more than one year                                    | 1,839,048                              | 140,662  | 101,549  |
| - unconditionally cancellable                           | 8,356,634                              | 2,254,212  | 275,221  |
| <b>Total</b>  | <b>81,922,150</b>                      | <b>11,322,283</b>                                  | <b>5,219,223</b>                               |

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

**EXPLANATORY NOTES**

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

| As at 31 December 2014                                  | Group and Bank             |                                    |                                |
|---|----------------------------|------------------------------------|--------------------------------|
|   | Principal amount<br>RM'000 | Credit equivalent amount<br>RM'000 | Risk weighted amount<br>RM'000 |
| Direct credit substitutes                               | 2,284,617                  | 2,284,617                          | 1,596,309                      |
| Transaction-related contingent items                    | 4,308,410                  | 2,131,960                          | 1,432,231                      |
| Short-term self-liquidating trade-related contingencies | 303,122                    | 72,428                             | 35,560                         |
| Foreign exchange related contracts                      |                            |                                    |                                |
| - less than one year                                    | 27,635,265                 | 765,392                            | 262,353                        |
| - more than one year to less than five years            | 590,647                    | 82,900                             | 80,721                         |
| Interest rate related contracts                         |                            |                                    |                                |
| - less than one year                                    | 5,264,883                  | 17,116                             | 9,336                          |
| - more than one year to less than five years            | 14,578,461                 | 466,895                            | 258,472                        |
| - five years and above                                  | 163,980                    | 13,283                             | 10,154                         |
| Equity related contracts                                |                            |                                    |                                |
| - less than one year                                    | 657,720                    | 47,313                             | 19,670                         |
| - more than one year to less than five years            | 440,187                    | 26,634                             | 14,775                         |
| Commodity related contracts                             |                            |                                    |                                |
| - less than one year                                    | 665,815                    | 163,475                            | 127,569                        |
| Undrawn credit facility                                 |                            |                                    |                                |
| - less than one year                                    | 10,082,012                 | 753,635                            | 160,193                        |
| - more than one year                                    | 1,792,002                  | 209,253                            | 170,685                        |
| - unconditionally cancellable                           | 7,527,246                  | 2,183,862                          | 253,069                        |
| <b>Total</b>  | <b>76,294,367</b>          | <b>9,218,763</b>                   | <b>4,431,097</b>               |

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

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

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

**EXPLANATORY NOTES**

**31. PERFORMANCE REVIEW**

For the nine months ended 30 September 2015, the Group recorded a profit before taxation of RM1.04 billion, 6.3% lower than corresponding period last year mainly due to one-off gain on disposal of associate's subsidiaries in 2014. Operating profit before impairments increased by RM52.8 million or 4.6% mainly led by higher operating income; partly offset by higher operating expenses.

Total income grew by 6.7% or RM123.8 million to RM1,977.1 million mainly attributed to higher net interest income and other operating income. Net interest income increased by 7.0% or RM92.5 million to RM1,411.2 million due to loans growth and higher interest income from available-for-sales securities.

Other operating income grew by 5.9% or RM31.4 million to RM565.9 million largely contributed by both trading and investment income, and fee income, partly offset by lower gains in foreign exchange.

Total operating expenses rose 10.1% or RM71.0 million to RM773.0 million mainly due to higher staff expenses and establishment related expenses as the Group continued to invest in people and technology infrastructure to support its growing business. Expense-to-income ratio stood at 39.1%.

Allowance for impairment on loans and advances increased by 13.8% or RM17.4 million to RM143.2 million mainly contributed by higher individual impairment of RM32.3 million, partly offset by lower collective impairment of RM14.9 million. Higher provision in commitments and contingents was partly offset by non-recurring impairment on available-for-sales securities. Asset quality remained sound with net non-performing loans ratio at 1.4%.

As at 30 September 2015, both gross loans and customer deposits grew by 2.9% to RM70.0 billion and 4.2% to RM76.1 billion respectively.

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

**EXPLANATORY NOTES**

**32. PROSPECTS FOR 2015**

The global outlook has turned more challenging despite expectations of a modest pick-up in advanced economies. The risks have tilted towards emerging economies amid expectations of further moderation in growth. While financial markets have stabilised following the turbulent August month, the US dollar still maintained its strength against many of the Asian currencies.

For Malaysia, domestic demand will continue to be the key driver of growth albeit slower amid the lingering effect of the Goods and Service Tax (GST), slower fiscal spending, recent Ringgit weakness and weaker sentiment on the ground. However, investment growth will be supported by implementation of various key infrastructure projects in particular the Mass Rapid Transit (MRT) and highway projects. The government is also supporting more domestic investments by the Government-linked companies (GLCs) which would help to shore up business spending. On sectoral growth, manufacturing, services and construction will help to buoy growth while the mining sector is expected to play a secondary role amid weak commodity prices.

Notwithstanding the challenging economic outlook, the Group will continue to leverage on its core strengths and invest in capabilities to enhance customer engagement.

The Group is expected to achieve a satisfactory set of result in 2015.