

**UNITED OVERSEAS BANK (MALAYSIA) BHD**  
Company No. 199301017069 (271809K)  
**AND ITS SUBSIDIARY COMPANIES**  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**30 JUNE 2022**

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

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF FINANCIAL POSITION  
AS AT 30 JUNE 2022**

|   | Note | Group               |                     | Bank                |                     |
|---|------|---------------------|---------------------|---------------------|---------------------|
|   |      | 30-Jun-22<br>RM'000 | 31-Dec-21<br>RM'000 | 30-Jun-22<br>RM'000 | 31-Dec-21<br>RM'000 |
| <b>ASSETS</b>   |      |                     |                     |                     |                     |
| Cash and short-term funds   | 11   | 11,619,031          | 10,063,224          | 11,619,031          | 10,063,224          |
| Deposits and placements with financial institutions                           | 12   | 279,885             | -                   | 279,885             | -                   |
| Securities purchased under resale agreements                                  |      | 94,881              | 77,705              | 94,881              | 77,705              |
| Financial assets at fair value through profit or loss ("FVTPL")               | 13   | 4,345,625           | 4,594,153           | 4,345,625           | 4,594,153           |
| Debt instruments at fair value through other comprehensive income ("FVOCI")   | 14   | 22,411,126          | 22,142,903          | 22,411,126          | 22,142,903          |
| Equity instruments at fair value through other comprehensive income ("FVOCI") | 15   | 153,629             | 157,024             | 153,629             | 157,024             |
| Debt Instruments at amortised cost  | 16   | 4,526,231           | 1,176,380           | 4,526,231           | 1,176,380           |
| Loans, advances and financing   | 17   | 89,007,794          | 87,712,734          | 89,097,272          | 87,804,018          |
| Derivative financial assets   | 18   | 1,426,232           | 515,746             | 1,426,232           | 515,746             |
| Other assets  | 19   | 1,011,668           | 901,255             | 1,017,035           | 903,498             |
| Statutory deposits with Bank Negara Malaysia                                  |      | 159,558             | 180,667             | 159,558             | 180,667             |
| Investment in subsidiaries  |      | -                   | -                   | 570,020             | 530,020             |
| Investment in an associate  |      | 9,182               | 9,747               | 13,522              | 13,522              |
| Property, plant and equipment   |      | 1,186,705           | 1,135,441           | 400,916             | 372,868             |
| Right-of-use assets   |      | 68,587              | 66,048              | 114,780             | 118,290             |
| Deferred tax assets   |      | 317,628             | 262,147             | 317,628             | 262,147             |
| <b>TOTAL ASSETS</b>   |      | <b>136,617,762</b>  | <b>128,995,174</b>  | <b>136,547,371</b>  | <b>128,912,165</b>  |
| <b>LIABILITIES</b>  |      |                     |                     |                     |                     |
| Deposits from customers   | 20   | 99,276,680          | 97,074,345          | 99,312,908          | 97,101,837          |
| Deposits and placements of banks and other financial institutions             | 21   | 16,953,286          | 15,344,500          | 16,953,286          | 15,344,520          |
| Obligations on securities sold under repurchase agreements                    |      | 2,160,091           | 546,768             | 2,160,091           | 546,768             |
| Bills and acceptances payable   |      | 222,457             | 208,321             | 222,457             | 208,321             |
| Derivative financial liabilities  | 18   | 1,154,291           | 520,281             | 1,154,291           | 520,281             |
| Other liabilities   | 22   | 2,713,355           | 1,895,309           | 2,712,010           | 1,889,833           |
| Lease liabilities   |      | 72,414              | 69,455              | 122,638             | 125,595             |
| Tax payable   |      | 333,171             | 155,402             | 333,221             | 154,823             |
| Subordinated bonds  | 23   | 1,354,412           | 1,363,268           | 1,354,412           | 1,363,268           |
| Deferred tax liabilities  |      | 30,005              | 30,005              | -                   | -                   |
| <b>TOTAL LIABILITIES</b>  |      | <b>124,270,162</b>  | <b>117,207,654</b>  | <b>124,325,314</b>  | <b>117,255,246</b>  |

Company No. 199301017069 (271809K)

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF FINANCIAL POSITION (cont'd.)  
AS AT 30 JUNE 2022**

|  |             | <b>Group</b>       |                  | <b>Bank</b>        |                  |
|--|-------------|--------------------|------------------|--------------------|------------------|
|  | <b>Note</b> | <b>30-Jun-22</b>   | <b>31-Dec-21</b> | <b>30-Jun-22</b>   | <b>31-Dec-21</b> |
|  |             | <b>RM'000</b>      | <b>RM'000</b>    | <b>RM'000</b>      | <b>RM'000</b>    |
| <b>EQUITY ATTRIBUTABLE TO<br/>EQUITY HOLDERS OF<br/>THE BANK</b> |             |                    |                  |                    |                  |
| Share capital  |             | <b>792,555</b>     | 792,555          | <b>792,555</b>     | 792,555          |
| Reserves   |             | <b>11,555,045</b>  | 10,994,965       | <b>11,429,502</b>  | 10,864,364       |
| <b>TOTAL EQUITY</b>  |             | <b>12,347,600</b>  | 11,787,520       | <b>12,222,057</b>  | 11,656,919       |
| <b>TOTAL LIABILITIES AND EQUITY</b>                              |             | <b>136,617,762</b> | 128,995,174      | <b>136,547,371</b> | 128,912,165      |
| <b>COMMITMENTS AND<br/>CONTINGENCIES</b>                         | 33          | <b>177,053,149</b> | 148,148,043      | <b>176,977,640</b> | 148,041,422      |

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 2021.

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

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

| Group  | Note | Second Quarter<br>Ended |                     | Six Months<br>Ended |                     |
|--|------|-------------------------|---------------------|---------------------|---------------------|
|  |      | 30-Jun-22<br>RM'000     | 30-Jun-21<br>RM'000 | 30-Jun-22<br>RM'000 | 30-Jun-21<br>RM'000 |
| Operating revenue  | 25   | <b>1,399,547</b>        | 1,221,348           | <b>2,649,905</b>    | 2,460,225           |
| Interest income  | 26   | <b>1,036,500</b>        | 972,530             | <b>2,034,089</b>    | 1,958,669           |
| Interest expense   | 27   | <b>(419,700)</b>        | (374,459)           | <b>(804,792)</b>    | (767,119)           |
| Net interest income  |      | <b>616,800</b>          | 598,071             | <b>1,229,297</b>    | 1,191,550           |
| Net income from Islamic  |      |                         |                     |                     |                     |
| Banking operations   | 37   | <b>34,197</b>           | 39,444              | <b>68,578</b>       | 70,607              |
| Other operating income   | 28   | <b>204,205</b>          | 189,444             | <b>404,000</b>      | 393,758             |
| Operating income   |      | <b>855,202</b>          | 826,959             | <b>1,701,875</b>    | 1,655,915           |
| Other operating expenses   | 29   | <b>(374,346)</b>        | (322,928)           | <b>(710,272)</b>    | (626,158)           |
| Operating profit before allowances<br>for expected credit losses     |      | <b>480,856</b>          | 504,031             | <b>991,603</b>      | 1,029,757           |
| Write-back of/(allowances for)<br>expected credit losses ("ECL") on: |      |                         |                     |                     |                     |
| Loans, advances and financing  | 30   | <b>183,751</b>          | (71,106)            | <b>153,813</b>      | (119,972)           |
| Other financial assets   | 30   | <b>(3,598)</b>          | (4,081)             | <b>18,865</b>       | (10,150)            |
| Commitments and contingencies  | 30   | <b>73,244</b>           | (4,286)             | <b>69,424</b>       | (17,174)            |
|  |      | <b>734,253</b>          | 424,558             | <b>1,233,705</b>    | 882,461             |
| Share of results of an associate                                     |      | <b>11</b>               | 29                  | <b>(565)</b>        | 53                  |
| Profit before taxation   |      | <b>734,264</b>          | 424,587             | <b>1,233,140</b>    | 882,514             |
| Income tax expense   |      | <b>(234,802)</b>        | (106,461)           | <b>(389,417)</b>    | (217,546)           |
| Profit for the period attributable<br>to equity holders of the Bank  |      | <b>499,462</b>          | 318,126             | <b>843,723</b>      | 664,968             |
| Basic/diluted earnings per share (sen)                               |      | <b>106.3</b>            | 67.7                | <b>179.5</b>        | 141.5               |

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2021.

Company No. 199301017069 (271809K)

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED INCOME STATEMENTS (cont'd.)  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

| Bank  | Note | Second Quarter Ended |                     | Six Months Ended    |                     |
|---|------|----------------------|---------------------|---------------------|---------------------|
|   |      | 30-Jun-22<br>RM'000  | 30-Jun-21<br>RM'000 | 30-Jun-22<br>RM'000 | 30-Jun-21<br>RM'000 |
| Operating revenue   | 25   | <b>1,400,316</b>     | 1,222,072           | <b>2,651,328</b>    | 2,461,670           |
| Interest income   | 26   | <b>1,037,119</b>     | 973,186             | <b>2,035,356</b>    | 1,959,977           |
| Interest expense  | 27   | <b>(419,972)</b>     | (375,037)           | <b>(805,455)</b>    | (768,390)           |
| Net interest income   |      | <b>617,147</b>       | 598,149             | <b>1,229,901</b>    | 1,191,587           |
| Net income from Islamic   |      |                      |                     |                     |                     |
| Banking operations  | 37   | <b>34,197</b>        | 39,444              | <b>68,578</b>       | 70,607              |
| Other operating income  | 28   | <b>204,355</b>       | 189,512             | <b>404,157</b>      | 393,895             |
| Operating income  |      | <b>855,699</b>       | 827,105             | <b>1,702,636</b>    | 1,656,089           |
| Other operating expenses  | 29   | <b>(376,359)</b>     | (323,618)           | <b>(710,150)</b>    | (627,721)           |
| Operating profit before allowances<br>for expected credit losses    |      | <b>479,340</b>       | 503,487             | <b>992,486</b>      | 1,028,368           |
| Write-back of/(allowances for)<br>ECL on:                           |      |                      |                     |                     |                     |
| Loans, advances and financing                                       | 30   | <b>183,751</b>       | (71,111)            | <b>153,813</b>      | (119,999)           |
| Other financial assets  | 30   | <b>(983)</b>         | (4,078)             | <b>20,975</b>       | (10,150)            |
| Commitments and contingencies                                       | 30   | <b>73,245</b>        | (4,286)             | <b>69,424</b>       | (17,174)            |
| Profit before taxation  |      | <b>735,353</b>       | 424,012             | <b>1,236,698</b>    | 881,045             |
| Income tax expense  |      | <b>(234,047)</b>     | (104,841)           | <b>(387,917)</b>    | (215,599)           |
| Profit for the period attributable<br>to equity holders of the Bank |      | <b>501,306</b>       | 319,171             | <b>848,781</b>      | 665,446             |
| Basic/diluted earnings per share (sen)                              |      | <b>106.7</b>         | 67.9                | <b>180.6</b>        | 141.6               |

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 2021.

Company No. 199301017069 (271809K)

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

| Group   | Second Quarter<br>Ended |                     | Six Months<br>Ended |                     |
|---|-------------------------|---------------------|---------------------|---------------------|
|   | 30-Jun-22<br>RM'000     | 30-Jun-21<br>RM'000 | 30-Jun-22<br>RM'000 | 30-Jun-21<br>RM'000 |
| Profit for the period   | <b>499,462</b>          | 318,126             | <b>843,723</b>      | 664,968             |
| <b><i>Other comprehensive (loss)/income:</i></b>  |                         |                     |                     |                     |
| <u>Items that will be reclassified subsequently</u>   |                         |                     |                     |                     |
| <u>to income statements:</u>  |                         |                     |                     |                     |
| Net fair value changes in debt<br>instruments at fair value through<br>other comprehensive income   | <b>(245,238)</b>        | 17,514              | <b>(370,416)</b>    | (213,349)           |
| Income tax effect   | <b>58,857</b>           | (4,202)             | <b>88,900</b>       | 51,204              |
|   | <b>(186,381)</b>        | 13,312              | <b>(281,516)</b>    | (162,145)           |
| <u>Items that will not be reclassified subsequently</u>   |                         |                     |                     |                     |
| <u>to income statements:</u>  |                         |                     |                     |                     |
| Net fair value changes in equity<br>instruments at fair value through<br>other comprehensive income | <b>(2,891)</b>          | 3,409               | <b>(3,128)</b>      | 1,852               |
| Income tax effect   | <b>694</b>              | (818)               | <b>751</b>          | (444)               |
|   | <b>(2,197)</b>          | 2,591               | <b>(2,377)</b>      | 1,408               |
| Total other comprehensive (loss)/income<br>for the period, net of tax                               | <b>(188,578)</b>        | 15,903              | <b>(283,893)</b>    | (160,737)           |
| Gains on disposal of equity   | <b>250</b>              | -                   | <b>250</b>          | 6                   |
| Total comprehensive income for the<br>period attributable to equity holders<br>holders              | <b>311,134</b>          | 334,029             | <b>560,080</b>      | 504,237             |

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 2021.

Company No. 199301017069 (271809K)

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME (cont'd.)  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

|   | Second Quarter<br>Ended |                     | Six Months<br>Ended |                     |
|---|-------------------------|---------------------|---------------------|---------------------|
|   | 30-Jun-22<br>RM'000     | 30-Jun-21<br>RM'000 | 30-Jun-22<br>RM'000 | 30-Jun-21<br>RM'000 |
| <b>Bank</b>   |                         |                     |                     |                     |
| Profit for the period   | <b>501,306</b>          | 319,171             | <b>848,781</b>      | 665,446             |
| <b><i>Other comprehensive (loss)/income:</i></b>  |                         |                     |                     |                     |
| <u>Items that will be reclassified subsequently<br/>to income statements:</u>                       |                         |                     |                     |                     |
| Net fair value changes in debt<br>instruments at fair value through<br>other comprehensive income   | <b>(245,238)</b>        | 17,514              | <b>(370,416)</b>    | (213,349)           |
| Income tax effect   | <b>58,857</b>           | (4,202)             | <b>88,900</b>       | 51,204              |
|   | <b>(186,381)</b>        | 13,312              | <b>(281,516)</b>    | (162,145)           |
| <u>Items that will not be reclassified subsequently<br/>to income statements:</u>                   |                         |                     |                     |                     |
| Net fair value changes in equity<br>instruments at fair value through<br>other comprehensive income | <b>(2,891)</b>          | 3,409               | <b>(3,128)</b>      | 1,852               |
| Income tax effect   | <b>694</b>              | (818)               | <b>751</b>          | (444)               |
|   | <b>(2,197)</b>          | 2,591               | <b>(2,377)</b>      | 1,408               |
| Total other comprehensive (loss)/income<br>for the period, net of tax                               | <b>(188,578)</b>        | 15,903              | <b>(283,893)</b>    | (160,737)           |
| Gains on disposal of equity   | <b>250</b>              | -                   | <b>250</b>          | 6                   |
| Total comprehensive income for the<br>period attributable to equity<br>holders                      | <b>312,978</b>          | 335,074             | <b>565,138</b>      | 504,715             |

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 2021.

Company No. 199301017069 (271809K)

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

**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

| GROUP                                     | ← Non-distributable → |                      |   | Distributable    | Total      |
|---|-----------------------|----------------------|---|------------------|------------|
|   | Share capital         | Revaluation reserves | Fair value through other comprehensive income reserve | Retained profits |            |
| 2022                                      | RM'000                | RM'000               | RM'000  | RM'000           | RM'000     |
| Balance as at 1 January 2022              | 792,555               | 192,735              | (7,099)   | 10,809,329       | 11,787,520 |
| Profit for the period                     | -                     | -                    | -   | 843,723          | 843,723    |
| Gain on disposal on equity                | -                     | -                    | (233)   | 250              | 17         |
| Other comprehensive loss for the period   | -                     | -                    | (283,660)   | -                | (283,660)  |
| Total comprehensive income for the period | -                     | -                    | (283,893)   | 843,973          | 560,080    |
| Balance as at 30 June 2022                | 792,555               | 192,735              | (290,992)   | 11,653,302       | 12,347,600 |

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 2021.

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS  
CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF CHANGES IN EQUITY (cont'd.)  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

| GROUP (cont'd.)  | ← Non-distributable → |                      |   | Distributable    | Total      |
|--|-----------------------|----------------------|---|------------------|------------|
|  | Share capital         | Revaluation reserves | Fair value through other comprehensive income reserve | Retained profits |            |
| 2021   | RM'000                | RM'000               | RM'000  | RM'000           | RM'000     |
| Balance as at 1 January 2021                                   | 792,555               | 184,130              | 309,046   | 10,174,394       | 11,460,125 |
| Profit for the period  | -                     | -                    | -   | 664,968          | 664,968    |
| Gain on disposal on equity                                     | -                     | -                    | (6)   | 6                | -          |
| Other comprehensive income for the period                      | -                     | -                    | (160,731)   | -                | (160,731)  |
| Total comprehensive income for the period                      | -                     | -                    | (160,737)   | 664,974          | 504,237    |
| Transactions with owners:                                      |                       |                      |   |                  |            |
| Dividends paid:  |                       |                      |   |                  |            |
| - final dividend for the financial year ended 31 December 2020 | -                     | -                    | -   | (507,130)        | (507,130)  |
| Balance as at 30 June 2021                                     | 792,555               | 184,130              | 148,309   | 10,332,238       | 11,457,232 |

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 2021.

Company No. 199301017069 (271809K)

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

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

| <b>BANK</b>                               | Non-distributable |   | Distributable    | Total      |
|---|-------------------|---|------------------|------------|
|   | Share capital     | Fair value through other comprehensive income reserve | Retained profits |            |
| <b>2022</b>                               | RM'000            | RM'000  | RM'000           | RM'000     |
| Balance as at 1 January 2022              | 792,555           | (14,002)  | 10,878,366       | 11,656,919 |
| Profit for the period                     | -                 | -   | 848,781          | 848,781    |
| Gain on disposal on equity                | -                 | (233)   | 250              | 17         |
| Other comprehensive loss for the period   | -                 | (283,660)   | -                | (283,660)  |
| Total comprehensive income for the period | -                 | (283,893)   | 849,031          | 565,138    |
| Balance as at 30 June 2022                | 792,555           | (297,895)   | 11,727,397       | 12,222,057 |

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 2021.

Company No. 199301017069 (271809K)

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF CHANGES IN EQUITY (cont'd.)  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

**BANK (cont'd.)**

|   | Share<br>capital | Non-distributable<br>Fair value<br>through other<br>comprehensive<br>income<br>reserve | Distributable<br>Retained<br>profits | Total      |
|---|------------------|--|--------------------------------------|------------|
|   | RM'000           | RM'000   | RM'000                               | RM'000     |
| <b>2021</b>   |                  |  |                                      |            |
| Balance as at 1 January 2021                                      | 792,555          | 302,144  | 10,236,774                           | 11,331,473 |
| Profit for the period   | -                | -  | 665,446                              | 665,446    |
| Gain on disposal on equity  | -                | (6)  | 6                                    | -          |
| Other comprehensive income for the period                         | -                | (160,731)  | -                                    | (160,731)  |
| Total comprehensive income for the period                         | -                | (160,737)  | 665,452                              | 504,715    |
| Dividends paid:   |                  |  |                                      |            |
| - final dividend for the financial year<br>ended 31 December 2020 |                  |  | (507,130)                            | (507,130)  |
| Balance as at 30 June 2021  | 792,555          | 141,407  | 10,395,096                           | 11,329,058 |

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 2021.

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

**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

|  | <b>Group</b>       |                  | <b>Bank</b>        |                  |
|--|--------------------|------------------|--------------------|------------------|
|  | <b>30-Jun-22</b>   | 30-Jun-21        | <b>30-Jun-22</b>   | 30-Jun-21        |
|  | <b>RM'000</b>      | RM'000           | <b>RM'000</b>      | RM'000           |
| Profit before taxation                                 | <b>1,233,140</b>   | 882,514          | <b>1,236,698</b>   | 881,045          |
| Adjustments for non-operating and non-cash items       | <b>(507,729)</b>   | (158,910)        | <b>(513,797)</b>   | (101,046)        |
| Operating profit before working capital changes        | <b>725,411</b>     | 723,604          | <b>722,901</b>     | 779,999          |
| Changes in working capital:                            |                    |                  |                    |                  |
| Net changes in operating assets                        | <b>(2,161,429)</b> | (1,193,094)      | <b>(2,160,992)</b> | (1,204,383)      |
| Net changes in operating liabilities                   | <b>7,223,029</b>   | (2,260,458)      | <b>7,237,497</b>   | (2,313,442)      |
| Tax expense paid                                       | <b>(177,478)</b>   | (161,352)        | <b>(175,349)</b>   | (160,180)        |
| Net cash generated from/(used in) operating activities | <b>5,609,533</b>   | (2,891,300)      | <b>5,624,057</b>   | (2,898,006)      |
| Net cash used in investing activities                  | <b>(3,788,368)</b> | (595,026)        | <b>(3,796,859)</b> | (588,320)        |
| Net cash used in financing activities                  | <b>(8,966)</b>     | (514,484)        | <b>(14,999)</b>    | (514,484)        |
| Net increase/(decrease) in cash and cash equivalents   | <b>1,812,199</b>   | (4,000,810)      | <b>1,812,199</b>   | (4,000,810)      |
| Cash and cash equivalents at beginning of the period   | <b>10,094,057</b>  | 7,219,218        | <b>10,094,057</b>  | 7,219,218        |
| Cash and cash equivalents at end of the period         | <b>11,906,256</b>  | 3,218,408        | <b>11,906,256</b>  | 3,218,408        |
| <b>Analysis of cash and cash equivalents</b>           |                    |                  |                    |                  |
| Cash and short-term funds                              | <b>11,626,256</b>  | 3,218,408        | <b>11,626,256</b>  | 3,218,408        |
| Deposits and placements with financial institutions    | <b>280,000</b>     | -                | <b>280,000</b>     | -                |
|  | <b>11,906,256</b>  | 3,218,408        | <b>11,906,256</b>  | 3,218,408        |
| Less: Allowance for expected credit losses             | <b>(7,340)</b>     | (62,724)         | <b>(7,340)</b>     | (62,724)         |
|  | <b>11,898,916</b>  | <b>3,155,684</b> | <b>11,898,916</b>  | <b>3,155,684</b> |

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 2021.

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**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 of the Bank for the financial year ended 31 December 2021. The explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial positions and performance of the Group and of the Bank since the financial year ended 31 December 2021.

The significant accounting policies and methods 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 2021, except for the adoption of the following MFRS, Amendments to MFRSs, Annual Improvements to MFRSs and IC Interpretation, which are only applicable for financial periods beginning on or after 1 January 2022:

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 Interest Rate Benchmark Reform Phase 2

**Effective for financial periods beginning on or after 1 January 2022**

Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRS Standards 2018-2020"

Reference to the Conceptual Framework (Amendments to MFRS 3 Business Combinations)

Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets)

**Effective for financial periods beginning on or after 1 January 2023**

Insurance Contracts (MFRS 17)

Insurance Contracts (Amendments to MFRS 17)

Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendments to MFRS 17 Insurance Contracts)

Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 Presentation of Financial Statements)

Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)

Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 Income Taxes)

**Effective for financial periods to be determined by the MASB**

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128 Consolidated Financial Statements and Investments in Associates and Joint Ventures)

The Group and the Bank plan to adopt the above pronouncements when they become effective in the respective financial periods. The initial application of the abovementioned pronouncements is not expected to have any significant impact to the financial statements of the Group and the Bank.

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**EXPLANATORY NOTES**

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

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2021 was not subject to any qualification.

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

The business operations of the Group and of 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 of the Bank for the financial period ended 30 June 2022.

**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 of the Bank for the financial period ended 30 June 2022.

**6. DEBT AND EQUITY SECURITIES**

There were no issuances of shares, share buy-backs and repayment of debt and equity securities by the Group and the Bank during the financial period ended 30 June 2022.

**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 2021.

**8. DIVIDENDS**

There was no proposed dividend for the financial year ended 31 December 2021.

**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 financial period ended 30 June 2022.

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**EXPLANATORY NOTES**

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

|  | <b>Group and Bank</b>    |                          |
|--|--------------------------|--------------------------|
|  | <b>30-Jun-22</b>         | <b>31-Dec-21</b>         |
|  | <b>RM'000</b>            | <b>RM'000</b>            |
| Cash and balances with banks and other financial institutions  | 2,064,869                | 1,335,442                |
| Money at call and deposit placements maturing within one month | <u>9,561,387</u>         | <u>8,758,615</u>         |
|  | <b>11,626,256</b>        | <b>10,094,057</b>        |
| Less: Allowances for ECL                                       | <u>(7,225)</u>           | <u>(30,833)</u>          |
|  | <b><u>11,619,031</u></b> | <b><u>10,063,224</u></b> |

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

|                          | <b>Group and Bank</b> |                  |
|--------------------------|-----------------------|------------------|
|                          | <b>30-Jun-22</b>      | <b>31-Dec-21</b> |
|                          | <b>RM'000</b>         | <b>RM'000</b>    |
| Licensed banks           | 280,000               | -                |
| Less: Allowances for ECL | <u>(115)</u>          | <u>-</u>         |
|                          | <b><u>279,885</u></b> | <b><u>-</u></b>  |

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

|  | <b>Group and Bank</b>   |                         |
|--|-------------------------|-------------------------|
|  | <b>30-Jun-22</b>        | <b>31-Dec-21</b>        |
|  | <b>RM'000</b>           | <b>RM'000</b>           |
| <b>Money market instruments</b>        |                         |                         |
| Malaysian Government treasury bills    | 686,764                 | 619,799                 |
| Malaysian Government securities        | 568,113                 | 335,233                 |
| Negotiable instruments of deposits     | <u>799,937</u>          | <u>1,999,656</u>        |
|  | <b><u>2,054,814</u></b> | <b><u>2,954,688</u></b> |
| <b>Unquoted securities in Malaysia</b> |                         |                         |
| Cagamas bonds                          | 254,881                 | 306,142                 |
| Private debt securities                | <u>2,035,930</u>        | <u>1,333,323</u>        |
|  | <b><u>2,290,811</u></b> | <b><u>1,639,465</u></b> |
| <b>Total financial assets at FVTPL</b> | <b><u>4,345,625</u></b> | <b><u>4,594,153</u></b> |

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**EXPLANATORY NOTES**

**14. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")**

|  | <b>Group and Bank</b> |                   |
|--|-----------------------|-------------------|
|  | <b>30-Jun-22</b>      | <b>31-Dec-21</b>  |
|  | <b>RM'000</b>         | <b>RM'000</b>     |
| <b>Money market instruments</b>        |                       |                   |
| Malaysian Government securities        | 14,763,767            | 14,758,380        |
| Negotiable instruments of deposits     | 2,639,700             | 3,539,347         |
|  | <u>17,403,467</u>     | <u>18,297,727</u> |
| <b>Unquoted securities in Malaysia</b> |                       |                   |
| Cagamas bonds                          | 1,822,436             | 1,333,627         |
| Private debt securities                | 3,185,223             | 2,511,549         |
|  | <u>5,007,659</u>      | <u>3,845,176</u>  |
| <b>Total debt instruments at FVOCI</b> | <u>22,411,126</u>     | <u>22,142,903</u> |

**15. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")**

|                                    | <b>Group and Bank</b> |                  |
|------------------------------------|-----------------------|------------------|
|                                    | <b>30-Jun-22</b>      | <b>31-Dec-21</b> |
|                                    | <b>RM'000</b>         | <b>RM'000</b>    |
| <b>Quoted securities</b>           |                       |                  |
| Shares of corporations in Malaysia | 872                   | 1,604            |
| <b>Unquoted securities</b>         |                       |                  |
| Shares of corporations in Malaysia | 152,757               | 155,420          |
|                                    | <u>153,629</u>        | <u>157,024</u>   |

**16. DEBT INSTRUMENTS AT AMORTISED COST ("AC")**

|  | <b>Group and Bank</b> |                  |
|--|-----------------------|------------------|
|  | <b>30-Jun-22</b>      | <b>31-Dec-21</b> |
|  | <b>RM'000</b>         | <b>RM'000</b>    |
| <b>Money market instruments</b>                                      |                       |                  |
| Malaysian Government securities                                      | 3,404,768             | 451,645          |
| <b>Private debt securities of companies incorporated in Malaysia</b> |                       |                  |
| Unquoted corporate bonds   | 1,126,095             | 726,510          |
| Less: Allowances for ECL   | (4,632)               | (1,775)          |
|  | <u>4,526,231</u>      | <u>1,176,380</u> |

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**EXPLANATORY NOTES**

**17. LOANS, ADVANCES AND FINANCING**

|   | Group               |                     | Bank                |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | 30-Jun-22<br>RM'000 | 31-Dec-21<br>RM'000 | 30-Jun-22<br>RM'000 | 31-Dec-21<br>RM'000 |
| <b>At amortised cost</b>                                  |                     |                     |                     |                     |
| Overdrafts  | 2,645,753           | 2,636,072           | 2,645,753           | 2,636,072           |
| Term loans/financing and revolving credits                |                     |                     |                     |                     |
| - Housing loans/financing                                 | 34,147,781          | 33,976,821          | 34,147,781          | 33,976,821          |
| - Syndicated term loans/financing                         | 2,232,193           | 2,089,627           | 2,232,193           | 2,089,627           |
| - Other term loans/financing                              | 38,294,418          | 37,861,219          | 38,384,805          | 37,953,412          |
| Credit card receivables                                   | 2,392,393           | 2,435,130           | 2,392,393           | 2,435,130           |
| Bills receivables   | 539,397             | 696,528             | 539,397             | 696,528             |
| Trust receipts  | 4,796,652           | 5,298,316           | 4,796,652           | 5,298,316           |
| Claims on customers under acceptance credits              | 6,152,555           | 5,141,539           | 6,152,555           | 5,141,539           |
| Staff loans   | 35,739              | 37,352              | 35,739              | 37,352              |
| Others  | 2,524               | 3,348               | 2,524               | 3,348               |
|   | <b>91,239,405</b>   | <b>90,175,952</b>   | <b>91,329,792</b>   | <b>90,268,145</b>   |
| Unearned interest/income                                  | (142,464)           | (139,762)           | (142,464)           | (139,762)           |
| <b>Gross loans, advances and financing</b>                | <b>91,096,941</b>   | <b>90,036,190</b>   | <b>91,187,328</b>   | <b>90,128,383</b>   |
| Allowances for impairment on loans advances and financing |                     |                     |                     |                     |
| - Stage 1- 12 month ECL                                   | (366,538)           | (311,664)           | (367,447)           | (312,573)           |
| - Stage 2- Lifetime ECL non impaired                      | (1,009,692)         | (1,298,483)         | (1,009,692)         | (1,298,483)         |
| - Stage 3- Lifetime ECL credit-impaired                   | (712,917)           | (713,309)           | (712,917)           | (713,309)           |
| <b>Net loans, advances and financing</b>                  | <b>89,007,794</b>   | <b>87,712,734</b>   | <b>89,097,272</b>   | <b>87,804,018</b>   |

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

|                           | Group               |                     | Bank                |                     |
|---------------------------|---------------------|---------------------|---------------------|---------------------|
|                           | 30-Jun-22<br>RM'000 | 31-Dec-21<br>RM'000 | 30-Jun-22<br>RM'000 | 31-Dec-21<br>RM'000 |
| Maturing within one year  | 24,032,719          | 23,059,461          | 24,123,106          | 23,151,654          |
| One year to three years   | 5,984,287           | 6,093,520           | 5,984,287           | 6,093,520           |
| Three years to five years | 8,526,412           | 8,278,729           | 8,526,412           | 8,278,729           |
| Over five years           | 52,553,523          | 52,604,480          | 52,553,523          | 52,604,480          |
|                           | <b>91,096,941</b>   | <b>90,036,190</b>   | <b>91,187,328</b>   | <b>90,128,383</b>   |

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**EXPLANATORY NOTES**

**17. LOANS, ADVANCES AND FINANCING (cont'd.)**

**(ii) Gross loans, advances and financing by type of customers:**

|  | Group               |                     | Bank                |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | 30-Jun-22<br>RM'000 | 31-Dec-21<br>RM'000 | 30-Jun-22<br>RM'000 | 31-Dec-21<br>RM'000 |
| Domestic non-banking<br>financial institutions |                     |                     |                     |                     |
| - Stockbroking companies                       | 10,953              | 10,744              | 10,953              | 10,744              |
| - Others                                       | 2,430,118           | 2,266,529           | 2,430,118           | 2,266,529           |
| Domestic business enterprises                  |                     |                     |                     |                     |
| - Small medium enterprises                     | 21,506,069          | 21,429,359          | 21,506,069          | 21,429,359          |
| - Others                                       | 18,376,633          | 16,976,955          | 18,467,020          | 17,069,148          |
| Individuals                                    | 43,049,399          | 43,185,006          | 43,049,399          | 43,185,006          |
| Foreign entities                               | 5,723,769           | 6,167,597           | 5,723,769           | 6,167,597           |
|  | <b>91,096,941</b>   | <b>90,036,190</b>   | <b>91,187,328</b>   | <b>90,128,383</b>   |

**(iii) Gross loans, advances and financing by interest/profit rate sensitivity:**

|  | Group               |                     | Bank                |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | 30-Jun-22<br>RM'000 | 31-Dec-21<br>RM'000 | 30-Jun-22<br>RM'000 | 31-Dec-21<br>RM'000 |
| Fixed rate                                       |                     |                     |                     |                     |
| - Housing loans/financing                        | 10,498              | 11,091              | 10,498              | 11,091              |
| - Other fixed rate loans<br>/financing           | 10,825,258          | 9,832,777           | 10,825,258          | 9,832,777           |
| Variable rate                                    |                     |                     |                     |                     |
| - Base rate/base lending<br>/financing rate-plus | 54,902,936          | 55,085,090          | 54,902,936          | 55,085,090          |
| - Cost-plus                                      | 24,737,655          | 24,397,777          | 24,828,042          | 24,489,970          |
| - Other variable rates                           | 620,594             | 709,455             | 620,594             | 709,455             |
|  | <b>91,096,941</b>   | <b>90,036,190</b>   | <b>91,187,328</b>   | <b>90,128,383</b>   |

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**17. LOANS, ADVANCES AND FINANCING (cont'd.)**

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

|  | Group               |                     | Bank                |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | 30-Jun-22<br>RM'000 | 31-Dec-21<br>RM'000 | 30-Jun-22<br>RM'000 | 31-Dec-21<br>RM'000 |
| Agriculture, hunting, forestry<br>and fishing      | 1,761,483           | 1,694,515           | 1,761,483           | 1,694,515           |
| Mining and quarrying                               | 296,561             | 597,154             | 296,561             | 597,154             |
| Manufacturing                                      | 9,459,739           | 8,835,870           | 9,459,739           | 8,835,870           |
| Electricity, gas and water                         | 502,150             | 414,011             | 502,150             | 414,011             |
| Construction                                       | 6,684,591           | 6,995,572           | 6,684,591           | 6,995,572           |
| Wholesale, retail trade,<br>restaurants and hotels | 14,301,280          | 13,678,131          | 14,301,280          | 13,678,131          |
| Transport, storage and<br>communication            | 1,950,412           | 1,520,910           | 1,950,412           | 1,520,910           |
| Finance, insurance and<br>business services        | 4,102,153           | 3,948,253           | 4,102,153           | 3,948,253           |
| Real estate  | 4,086,683           | 4,165,803           | 4,177,070           | 4,257,996           |
| Community, social and<br>personal services         | 151,932             | 156,312             | 151,932             | 156,312             |
| Households   |                     |                     |                     |                     |
| - purchase of residential<br>properties            | 34,792,193          | 34,659,950          | 34,792,193          | 34,659,950          |
| - purchase of non<br>residential properties        | 8,095,893           | 8,318,303           | 8,095,893           | 8,318,303           |
| - others   | 4,911,871           | 5,051,406           | 4,911,871           | 5,051,406           |
|  | <b>91,096,941</b>   | <b>90,036,190</b>   | <b>91,187,328</b>   | <b>90,128,383</b>   |

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**17. LOANS, ADVANCES AND FINANCING (cont'd.)**

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

|  | <b>Group and Bank</b> |                  |
|--|-----------------------|------------------|
|  | <b>30-Jun-22</b>      | <b>31-Dec-21</b> |
|  | <b>RM'000</b>         | <b>RM'000</b>    |
| As at 1 January  | <b>2,322,439</b>      | 1,678,371        |
| Classified as impaired during the financial period/year  | <b>695,288</b>        | 1,167,585        |
| Amount recovered   | <b>(158,413)</b>      | (248,872)        |
| Reclassified as non-impaired   | <b>(37,044)</b>       | (61,852)         |
| Amount written off   | <b>(137,693)</b>      | (212,793)        |
| As at 30 June  | <b>2,684,577</b>      | 2,322,439        |
| Less: Stage 3-Lifetime ECL credit-impaired   | <b>(712,917)</b>      | (713,309)        |
| Net impaired loans, advances and financing   | <b>1,971,660</b>      | 1,609,130        |
| Ratio of net impaired loans, advances and financing to gross loans, advances and financing less allowances for ECL on credit-impaired provisions | <b>2.2%</b>           | <b>1.8%</b>      |

**(vi) Credit-impaired loans, advances and financing analysed by economic sectors are as follows:**

|   | <b>Group and Bank</b> |                  |
|---|-----------------------|------------------|
|   | <b>30-Jun-22</b>      | <b>31-Dec-21</b> |
|   | <b>RM'000</b>         | <b>RM'000</b>    |
| Agriculture, hunting, forestry and fishing      | <b>1,086</b>          | 1,273            |
| Mining and quarrying                            | <b>82,244</b>         | 81,750           |
| Manufacturing                                   | <b>191,387</b>        | 205,181          |
| Construction                                    | <b>452,739</b>        | 430,926          |
| Wholesale, retail trade, restaurants and hotels | <b>350,390</b>        | 304,175          |
| Transport, storage and communication            | <b>40,107</b>         | 97,410           |
| Finance, insurance and business services        | <b>179,141</b>        | 29,184           |
| Real estate                                     | <b>187,283</b>        | 171,016          |
| Community, social and personal services         | <b>2,000</b>          | -                |
| Households                                      |                       |                  |
| - purchase of residential properties            | <b>879,490</b>        | 718,355          |
| - purchase of non-residential properties        | <b>212,057</b>        | 185,960          |
| - others  | <b>106,653</b>        | 97,209           |
|   | <b>2,684,577</b>      | 2,322,439        |

**(vii) Credit-impaired loans, advances and financing analysed by geographical distribution are as follows:**

|             | <b>Group and Bank</b> |                  |
|-------------|-----------------------|------------------|
|             | <b>30-Jun-22</b>      | <b>31-Dec-21</b> |
|             | <b>RM'000</b>         | <b>RM'000</b>    |
| In Malaysia | <b>2,684,577</b>      | 2,322,439        |

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**18. DERIVATIVE 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 for customers, these other contracts are not designated as hedge relationships and are measured at fair value through profit or loss.

The fair values of the derivatives are as follows:

|                                 | <b>Group and Bank</b>   |   |   |
|---------------------------------|---|---|---|
|                                 | <b>Contract or<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 30 June 2022</b>       |   |   |   |
| Foreign exchange contracts      |   |   |   |
| - forwards                      | 17,164,302  | 171,191                                   | 62,502                                    |
| - swaps                         | 43,642,560  | 597,425                                   | 363,649                                   |
| - options                       | 1,474,461   | 75,426                                    | 5,513                                     |
| Interest rate related contracts |   |   |   |
| - swaps                         | 56,354,743  | 548,822                                   | 677,721                                   |
| - futures                       | 1,434,708   | 1,038                                     | 7,473                                     |
| - options                       | 180,000   | 1,660                                     | 273                                       |
| Equity related contracts        |   |   |   |
| - options                       | 61,880  | 5   | 7,184                                     |
| Commodity related contracts     |   |   |   |
| - swaps                         | 273,440   | 30,084                                    | 14,610                                    |
| - futures                       | 145,378   | 581                                       | 14,757                                    |
| - options                       | 6,475   | -   | 609                                       |
|                                 |   | 1,426,232                                 | 1,154,291                                 |

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**18. DERIVATIVES FINANCIAL ASSETS/(LIABILITIES) (cont'd.)**

|                                 | <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 2021</b>   |   |   |   |
| Foreign exchange contracts      |   |   |   |
| - forwards                      | 11,510,741  | 31,253                                    | 46,340                                    |
| - swaps                         | 31,645,477  | 140,737                                   | 184,340                                   |
| - options                       | 886,202   | 4,250                                     | 856                                       |
| Interest rate related contracts |   |   |   |
| - swaps                         | 51,119,083  | 304,352                                   | 263,273                                   |
| - futures                       | 460,392   | 92  | 586                                       |
| - options                       | 180,000   | 1,828                                     | 117                                       |
| Equity related contracts        |   |   |   |
| - options                       | 44,935  | 20  | 10,918                                    |
| Commodity related contracts     |   |   |   |
| - swaps                         | 180,195   | 26,268                                    | 5,469                                     |
| - futures                       | 125,010   | 1,373                                     | 8,382                                     |
| - options                       | 7,891   | 5,573                                     | -   |
|                                 |   | <b>515,746</b>                            | <b>520,281</b>                            |

The table above analyses the principal amounts and the positive and negative fair values of the Group's and the Bank's financial derivatives. The notional amounts of these instruments indicate the value 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 trading and hedging derivatives as a result of fluctuations in the value of the underlying relative to their contractual terms as at reporting date.

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**19. OTHER ASSETS**

|   | Group               |                     | Bank                |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | 30-Jun-22<br>RM'000 | 31-Dec-21<br>RM'000 | 30-Jun-22<br>RM'000 | 31-Dec-21<br>RM'000 |
| Other receivables, deposits and prepayments | 527,673             | 313,392             | 527,549             | 313,248             |
| Accrued interest/income receivable          | 242,731             | 209,919             | 242,731             | 209,919             |
| Amount due from subsidiaries                | -                   | -                   | 6,263               | 5,267               |
| Amount due from a fellow subsidiary         | 36                  | 240                 | 36                  | 240                 |
| Amount due from holding company             | 57                  | 48                  | 57                  | 48                  |
| Amount due from ultimate holding company    | 3,310               | 851                 | 3,310               | 851                 |
| Precious metal accounts                     | 247,946             | 383,299             | 247,946             | 383,299             |
| Less: Allowances for ECL                    | (10,085)            | (6,494)             | (10,857)            | (9,374)             |
|   | <b>1,011,668</b>    | <b>901,255</b>      | <b>1,017,035</b>    | <b>903,498</b>      |

**20. DEPOSITS FROM CUSTOMERS**

|                  | Group               |                     | Bank                |                     |
|------------------|---------------------|---------------------|---------------------|---------------------|
|                  | 30-Jun-22<br>RM'000 | 31-Dec-21<br>RM'000 | 30-Jun-22<br>RM'000 | 31-Dec-21<br>RM'000 |
| Demand deposits  | 32,581,592          | 31,974,033          | 32,613,397          | 32,000,153          |
| Savings deposits | 6,514,081           | 6,357,942           | 6,514,081           | 6,357,942           |
| Fixed deposits   | 57,839,296          | 54,792,750          | 57,839,296          | 54,792,750          |
| Others           | 2,341,711           | 3,949,620           | 2,346,134           | 3,950,992           |
|                  | <b>99,276,680</b>   | <b>97,074,345</b>   | <b>99,312,908</b>   | <b>97,101,837</b>   |

(i) The maturity structure of fixed deposits is as follows:

|                           | Group               |                     | Bank                |                     |
|---------------------------|---------------------|---------------------|---------------------|---------------------|
|                           | 30-Jun-22<br>RM'000 | 31-Dec-21<br>RM'000 | 30-Jun-22<br>RM'000 | 31-Dec-21<br>RM'000 |
| Due within six months     | 38,181,271          | 35,175,716          | 38,181,271          | 35,175,716          |
| Six months to one year    | 19,463,625          | 19,435,185          | 19,463,625          | 19,435,185          |
| One year to three years   | 194,061             | 181,775             | 194,061             | 181,775             |
| Three years to five years | 339                 | 74                  | 339                 | 74                  |
|                           | <b>57,839,296</b>   | <b>54,792,750</b>   | <b>57,839,296</b>   | <b>54,792,750</b>   |

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

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

|                      | Group               |                     | Bank                |                     |
|----------------------|---------------------|---------------------|---------------------|---------------------|
|                      | 30-Jun-22<br>RM'000 | 31-Dec-21<br>RM'000 | 30-Jun-22<br>RM'000 | 31-Dec-21<br>RM'000 |
| Business enterprises |                     |                     |                     |                     |
| - Subsidiaries       | -                   | -                   | 31,804              | 26,120              |
| - Related companies  | 732                 | 742                 | 732                 | 742                 |
| - Others             | 45,692,229          | 44,128,146          | 45,696,653          | 44,129,518          |
| Individuals          | 51,937,665          | 49,672,108          | 51,937,665          | 49,672,108          |
| Others               | 1,646,054           | 3,273,349           | 1,646,054           | 3,273,349           |
|                      | <b>99,276,680</b>   | <b>97,074,345</b>   | <b>99,312,908</b>   | <b>97,101,837</b>   |

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

|                              | Group               |                     | Bank                |                     |
|------------------------------|---------------------|---------------------|---------------------|---------------------|
|                              | 30-Jun-22<br>RM'000 | 31-Dec-21<br>RM'000 | 30-Jun-22<br>RM'000 | 31-Dec-21<br>RM'000 |
| Licensed banks in Malaysia   | 4,333,396           | 1,782,856           | 4,333,396           | 1,782,806           |
| Bank Negara Malaysia         | 955,893             | 1,011,320           | 955,893             | 1,011,320           |
| Other financial institutions | 11,663,997          | 12,550,324          | 11,663,997          | 12,550,394          |
|                              | <b>16,953,286</b>   | <b>15,344,500</b>   | <b>16,953,286</b>   | <b>15,344,520</b>   |

**22. OTHER LIABILITIES**

|   | Group               |                     | Bank                |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | 30-Jun-22<br>RM'000 | 31-Dec-21<br>RM'000 | 30-Jun-22<br>RM'000 | 31-Dec-21<br>RM'000 |
| Allowances for ECL on commitments and contingencies | 121,181             | 190,605             | 121,181             | 190,605             |
| Accrued interest payable                            | 227,770             | 188,185             | 227,770             | 188,185             |
| Accruals and provisions for operational expenses    | 190,266             | 250,881             | 189,002             | 245,398             |
| Other payables and accruals                         | 2,122,755           | 1,203,022           | 2,122,674           | 1,203,029           |
| Deferred income                                     | 51,383              | 62,616              | 51,383              | 62,616              |
|   | <b>2,713,355</b>    | <b>1,895,309</b>    | <b>2,712,010</b>    | <b>1,889,833</b>    |

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**23. SUBORDINATED BONDS**

|  | <b>Group and Bank</b>   |                  |
|--|-------------------------|------------------|
|  | <b>30-Jun-22</b>        | 31-Dec-21        |
|  | <b>RM'000</b>           | RM'000           |
| <i>At amortised cost</i>                                     |                         |                  |
| RM600 million subordinated bond 2018/2028, at par (Note (a)) | <b>604,412</b>          | 613,268          |
| RM750 million subordinated bond 2020/2030, at par (Note (b)) | <b>750,000</b>          | 750,000          |
|  | <b><u>1,354,412</u></b> | <u>1,363,268</u> |
| Accumulated fair value hedge loss (Note (c))                 | <b><u>(4,412)</u></b>   | <u>(13,268)</u>  |

- (a) On 25 July 2018, the Bank issued RM600 million Basel III compliant Tier 2 subordinated bonds (10 years maturity, non-callable 5 years) ("the Bond 1").

The Bond 1 bears interest at the rate of 4.80% per annum. The coupon rate herein is applicable throughout the tenure of the subordinated bonds.

The Bond 1 may be redeemed at par at the option of the Bank, in part or in whole, on 25 July 2023 or at any interest payment date thereafter.

The interest is payable semi-annually in arrears on 25 January and 25 July each year commencing 25 January 2019.

The Bond 1 has been rated AA1 by Rating Agency Malaysia Bhd and it qualifies as Tier 2 capital for the purpose of determining the Bank's capital adequacy ratio.

- (b) On 3 August 2020, the Bank issued RM750 million Basel III compliant Tier 2 subordinated bonds (10 years maturity, non-callable 5 years) ("the Bond 2").

The Bond 2 bears interest at the rate of 3.00% per annum. The coupon rate herein is applicable throughout the tenure of the subordinated bonds.

The Bond 2 may be redeemed at par at the option of the Bank, in part or in whole, on 1 August 2025 or at any interest payment date thereafter.

The interest is payable semi-annually in arrears on 3 February and 3 August each year commencing 3 February 2021.

The Bond 2 has been rated AA1 by Rating Agency Malaysia Bhd and it qualifies as Tier 2 capital for the purpose of determining the Bank's capital adequacy ratio.

- (c) Fair value hedge

The Bank uses fair value hedge to protect changes in fair value of the Bond 1. The Bank primarily uses interest rate swap as hedge of interest rate risk.

As at 30 June 2022, the Bank had an interest rate swap agreement in place with notional amount of RM600 million (31 December 2021: RM600 million) for Bond 1.

For Bond 1, the Bank receives a fixed interest rate of 3.835% per annum and pays variable interests rate of 3-month KLIBOR on the notional amount.

The swap is being used to hedge exposure to changes in fair value of fixed rate of both bonds, which have a fixed rate.

The movements in fair value of the interest rate swap of unrealised gain of RM8,856,000 (31 December 2021: RM13,898,000 unrealised loss) are recognised in trading and investment income during the period. There is no ineffectiveness recognised for this hedge.

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**EXPLANATORY NOTES****24 Movements in allowances for ECL****(a) Other financial assets:****Cash and short-term funds, Debt instruments at FVOCI,  
Debt instruments at AC and Other assets**

| <b>Group</b>                                    | <b>Stage 1</b>                 | <b>Stage 2</b>                                  | <b>Stage 3</b>                                     | <b>Total ECL<br/>RM'000</b> |
|---|--------------------------------|---|--|-----------------------------|
|   | <b>12-month ECL<br/>RM'000</b> | <b>Lifetime ECL<br/>non impaired<br/>RM'000</b> | <b>Lifetime ECL<br/>credit-impaired<br/>RM'000</b> |                             |
| As at 1 January 2022                            | <b>46,401</b>                  | <b>4,914</b>                                    | <b>39,960</b>                                      | <b>91,275</b>               |
| <u>Movements with profit or loss impact:</u>    |                                |   |  |                             |
| New/addition during the period                  | <b>21,267</b>                  | <b>7,068</b>                                    | -  | <b>28,335</b>               |
| Maturity/settlement/reduction during the period | <b>(42,990)</b>                | <b>(4,210)</b>                                  | -  | <b>(47,200)</b>             |
| As at 30 June 2022                              | <b>24,678</b>                  | <b>7,772</b>                                    | <b>39,960</b>                                      | <b>72,410</b>               |
| As at 1 January 2021                            | 78,455                         | 1,632   | 39,960   | 120,047                     |
| <u>Movements with profit or loss impact:</u>    |                                |   |  |                             |
| New/addition during the year                    | 35,883                         | 5,106   | -  | 40,989                      |
| Maturity/settlement/reduction during the year   | (67,937)                       | (1,824)   | -  | (69,761)                    |
| As at 31 December 2021                          | 46,401                         | 4,914   | 39,960   | 91,275                      |
| <b>Bank</b>                                     |                                |   |  |                             |
| As at 1 January 2022                            | <b>46,401</b>                  | <b>7,794</b>                                    | <b>39,960</b>                                      | <b>94,155</b>               |
| <u>Movements with profit or loss impact:</u>    |                                |   |  |                             |
| New/addition during the period                  | <b>21,267</b>                  | <b>4,960</b>                                    | -  | <b>26,227</b>               |
| Maturity/settlement/reduction during the period | <b>(42,992)</b>                | <b>(4,210)</b>                                  | -  | <b>(47,202)</b>             |
| As at 30 June 2022                              | <b>24,676</b>                  | <b>8,544</b>                                    | <b>39,960</b>                                      | <b>73,180</b>               |
| As at 1 January 2021                            | 78,455                         | 1,632   | 39,960   | 120,047                     |
| <u>Movements with profit or loss impact:</u>    |                                |   |  |                             |
| New/addition during the year                    | 35,883                         | 7,986   | -  | 43,869                      |
| Maturity/settlement/reduction during the year   | (67,937)                       | (1,824)   | -  | (69,761)                    |
| As at 31 December 2021                          | 46,401                         | 7,794   | 39,960   | 94,155                      |

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**EXPLANATORY NOTES****24 Movements in allowances for ECL (cont'd.)****(b) Commitments and contingencies**

| <b>Group and Bank</b>                           | <b>Stage 1</b>      | <b>Stage 2</b>      | <b>Stage 3</b>         | <b>Total ECL</b> |
|---|---------------------|---------------------|------------------------|------------------|
|   | <b>12-month ECL</b> | <b>Lifetime ECL</b> | <b>Lifetime ECL</b>    |                  |
|   | <b>RM'000</b>       | <b>non impaired</b> | <b>credit-impaired</b> | <b>RM'000</b>    |
|   |                     | <b>RM'000</b>       | <b>RM'000</b>          |                  |
| As at 1 January 2022                            | <b>46,976</b>       | <b>128,561</b>      | <b>15,068</b>          | <b>190,605</b>   |
| <u>Movements with profit or loss impact:</u>    |                     |                     |                        |                  |
| Transferred to Stage 1                          | <b>17,603</b>       | <b>(74,558)</b>     | -                      | <b>(56,955)</b>  |
| Transferred to Stage 2                          | <b>(1,682)</b>      | <b>17,461</b>       | -                      | <b>15,779</b>    |
| New/addition during the period                  | <b>23,378</b>       | <b>6,952</b>        | <b>897</b>             | <b>31,227</b>    |
| Maturity/settlement/reduction during the period | <b>(24,119)</b>     | <b>(35,290)</b>     | <b>(186)</b>           | <b>(59,595)</b>  |
| Foreign translation gain                        | <b>113</b>          | <b>7</b>            | -                      | <b>120</b>       |
| As at 30 June 2022                              | <b>62,269</b>       | <b>43,133</b>       | <b>15,779</b>          | <b>121,181</b>   |
| As at 1 January 2021                            | 75,917              | 38,846              | 17,593                 | 132,356          |
| <u>Movements with profit or loss impact:</u>    |                     |                     |                        |                  |
| Transferred to Stage 1                          | 15,781              | (18,792)            | -                      | (3,011)          |
| Transferred to Stage 2                          | (8,048)             | 24,333              | -                      | 16,285           |
| New/addition during the year                    | 43,608              | 100,256             | 98                     | 143,962          |
| Maturity/settlement/reduction during the year   | (80,451)            | (16,172)            | (2,623)                | (99,246)         |
| Exchanges differences                           | 169                 | 90                  | -                      | 259              |
| As at 31 December 2021                          | <b>46,976</b>       | <b>128,561</b>      | <b>15,068</b>          | <b>190,605</b>   |

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**EXPLANATORY NOTES****24 Movements in allowances for ECL (cont'd.)****(c) Loans, advances and financing**

| <b>Group</b>                                    | <b>Stage 1</b>      | <b>Stage 2</b>      | <b>Stage 3</b>         | <b>Total ECL</b> |
|---|---------------------|---------------------|------------------------|------------------|
|   | <b>12-month ECL</b> | <b>Lifetime ECL</b> | <b>Lifetime ECL</b>    |                  |
|   | <b>RM'000</b>       | <b>non impaired</b> | <b>credit-impaired</b> | <b>RM'000</b>    |
|   |                     | <b>RM'000</b>       | <b>RM'000</b>          |                  |
| As at 1 January 2022                            | <b>311,664</b>      | <b>1,298,483</b>    | <b>713,309</b>         | <b>2,323,456</b> |
| <u>Movements with profit or loss impact:</u>    |                     |                     |                        |                  |
| Transferred to Stage 1                          | <b>31,727</b>       | <b>(171,365)</b>    | <b>(570)</b>           | <b>(140,208)</b> |
| Transferred to Stage 2                          | <b>(9,359)</b>      | <b>72,477</b>       | <b>(3,760)</b>         | <b>59,358</b>    |
| Transferred to Stage 3                          | <b>(1,172)</b>      | <b>(14,730)</b>     | <b>109,626</b>         | <b>93,724</b>    |
| New/addition during the period                  | <b>85,582</b>       | <b>24,676</b>       | <b>50,695</b>          | <b>160,953</b>   |
| Maturity/settlement/reduction during the period | <b>(48,014)</b>     | <b>(201,165)</b>    | <b>(32,592)</b>        | <b>(281,771)</b> |
| Exchanges differences                           | <b>(3,890)</b>      | <b>1,316</b>        | <b>-</b>               | <b>(2,574)</b>   |
| <u>Movements without profit or loss impact:</u> |                     |                     |                        |                  |
| Amounts written off                             | <b>-</b>            | <b>-</b>            | <b>(125,502)</b>       | <b>(125,502)</b> |
| Other movements                                 | <b>-</b>            | <b>-</b>            | <b>1,711</b>           | <b>1,711</b>     |
| As at 30 June 2022                              | <b>366,538</b>      | <b>1,009,692</b>    | <b>712,917</b>         | <b>2,089,147</b> |
| As at 1 January 2021                            | 711,051             | 785,956             | 455,576                | 1,952,583        |
| <u>Movements with profit or loss impact:</u>    |                     |                     |                        |                  |
| Transferred to Stage 1                          | 34,188              | (77,956)            | (2,501)                | (46,269)         |
| Transferred to Stage 2                          | (37,237)            | 134,368             | (1,733)                | 95,398           |
| Transferred to Stage 3                          | (1,951)             | (22,872)            | 301,676                | 276,853          |
| New/addition during the year                    | 141,266             | 556,993             | 124,952                | 823,211          |
| Maturity/settlement/reduction during the year   | (533,865)           | (78,717)            | (34,643)               | (647,225)        |
| Exchanges differences                           | (1,788)             | 711                 | -                      | (1,077)          |
| <u>Movements without profit or loss impact:</u> |                     |                     |                        |                  |
| Amounts written off                             | -                   | -                   | (187,901)              | (187,901)        |
| Other movements                                 | -                   | -                   | 57,883                 | 57,883           |
| As at 31 December 2021                          | <b>311,664</b>      | <b>1,298,483</b>    | <b>713,309</b>         | <b>2,323,456</b> |

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**EXPLANATORY NOTES****24 Movements in allowances for ECL (cont'd.)****(c) Loans, advances and financing (cont'd')**

|   | <u>Stage 1</u>      | <u>Stage 2</u>      | <u>Stage 3</u>         |                  |
|---|---------------------|---------------------|------------------------|------------------|
| <b>Bank</b>                                     | <b>12-month ECL</b> | <b>Lifetime ECL</b> | <b>Lifetime ECL</b>    | <b>Total ECL</b> |
|   | <b>RM'000</b>       | <b>non impaired</b> | <b>credit-impaired</b> | <b>RM'000</b>    |
|   |                     | <b>RM'000</b>       | <b>RM'000</b>          |                  |
| As at 1 January 2022                            | 312,573             | 1,298,483           | 713,309                | 2,324,365        |
| <u>Movements with profit or loss impact:</u>    |                     |                     |                        |                  |
| Transferred to Stage 1                          | 31,727              | (171,365)           | (570)                  | (140,208)        |
| Transferred to Stage 2                          | (9,359)             | 72,477              | (3,760)                | 59,358           |
| Transferred to Stage 3                          | (1,172)             | (14,730)            | 109,626                | 93,724           |
| New/addition during the period                  | 85,582              | 24,676              | 50,695                 | 160,953          |
| Maturity/settlement/reduction during the period | (48,014)            | (201,165)           | (32,592)               | (281,771)        |
| Exchanges differences                           | (3,890)             | 1,316               | -                      | (2,574)          |
| <u>Movements without profit or loss impact:</u> |                     |                     |                        |                  |
| Amounts written off                             | -                   | -                   | (125,502)              | (125,502)        |
| Other movements                                 | -                   | -                   | 1,711                  | 1,711            |
| As at 30 June 2022                              | <b>367,447</b>      | <b>1,009,692</b>    | <b>712,917</b>         | <b>2,090,056</b> |
| As at 1 January 2021                            | 712,300             | 785,956             | 455,576                | 1,953,832        |
| <u>Movements with profit or loss impact:</u>    |                     |                     |                        |                  |
| Transferred to Stage 1                          | 34,188              | (77,956)            | (2,501)                | (46,269)         |
| Transferred to Stage 2                          | (37,237)            | 134,368             | (1,733)                | 95,398           |
| Transferred to Stage 3                          | (1,951)             | (22,872)            | 301,676                | 276,853          |
| New/addition during the year                    | 142,177             | 556,993             | 124,952                | 824,122          |
| Maturity/settlement/reduction during the year   | (535,116)           | (78,717)            | (34,643)               | (648,476)        |
| Exchanges differences                           | (1,788)             | 711                 | -                      | (1,077)          |
| <u>Movements without profit or loss impact:</u> |                     |                     |                        |                  |
| Amounts written off                             | -                   | -                   | (187,901)              | (187,901)        |
| Other movements                                 | -                   | -                   | 57,883                 | 57,883           |
| As at 31 December 2021                          | <b>312,573</b>      | <b>1,298,483</b>    | <b>713,309</b>         | <b>2,324,365</b> |

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**25. OPERATING REVENUE**

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

**26. INTEREST INCOME**

|  | Second Quarter<br>Ended |                     | Six Months<br>Ended |                     |
|--|-------------------------|---------------------|---------------------|---------------------|
|  | 30-Jun-22<br>RM'000     | 30-Jun-21<br>RM'000 | 30-Jun-22<br>RM'000 | 30-Jun-21<br>RM'000 |
| <b>Group</b>   |                         |                     |                     |                     |
| Interest income from loans, advances and financing               | <b>765,071</b>          | 743,648             | <b>1,511,023</b>    | 1,495,356           |
| Interest income from impaired loans, advances and financing      | <b>10,302</b>           | 16,089              | <b>26,824</b>       | 30,999              |
| Money at call and deposit placements with financial institutions | <b>80,387</b>           | 37,637              | <b>147,842</b>      | 75,820              |
| Financial assets at FVTPL  | <b>17,498</b>           | 25,925              | <b>41,525</b>       | 53,233              |
| Debt instruments at FVOCI  | <b>160,723</b>          | 165,112             | <b>318,846</b>      | 339,975             |
| Debt instruments at AC   | <b>25,757</b>           | 4,334               | <b>37,076</b>       | 8,709               |
|  | <b>1,059,738</b>        | 992,745             | <b>2,083,136</b>    | 2,004,092           |
| Amortisation of premium less accretion of discount on:           |                         |                     |                     |                     |
| - Financial assets at FVTPL                                      | <b>7,497</b>            | 614                 | <b>11,925</b>       | (465)               |
| - Debt instruments at FVOCI                                      | <b>(30,735)</b>         | (20,829)            | <b>(60,972)</b>     | (44,958)            |
|  | <b>1,036,500</b>        | 972,530             | <b>2,034,089</b>    | 1,958,669           |
| <b>Bank</b>  |                         |                     |                     |                     |
| Interest income from loans, advances and financing               | <b>765,691</b>          | 744,303             | <b>1,512,290</b>    | 1,496,664           |
| Interest income from impaired loans, advances and financing      | <b>10,302</b>           | 16,089              | <b>26,824</b>       | 30,999              |
| Money at call and deposit placements with financial institutions | <b>80,386</b>           | 37,637              | <b>147,842</b>      | 75,820              |
| Financial assets at FVTPL  | <b>17,498</b>           | 25,925              | <b>41,525</b>       | 53,233              |
| Debt instruments at FVOCI  | <b>160,723</b>          | 165,112             | <b>318,846</b>      | 339,975             |
| Debt instruments at AC   | <b>25,757</b>           | 4,334               | <b>37,076</b>       | 8,709               |
|  | <b>1,060,357</b>        | 993,400             | <b>2,084,403</b>    | 2,005,400           |
| Amortisation of premium less accretion of discount on:           |                         |                     |                     |                     |
| - Financial assets at FVTPL                                      | <b>7,497</b>            | 614                 | <b>11,925</b>       | (465)               |
| - Debt instruments at FVOCI                                      | <b>(30,735)</b>         | (20,828)            | <b>(60,972)</b>     | (44,958)            |
|  | <b>1,037,119</b>        | 973,186             | <b>2,035,356</b>    | 1,959,977           |

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**27. INTEREST EXPENSE**

| Group   | Second Quarter Ended |           | Six Months Ended |           |
|---|----------------------|-----------|------------------|-----------|
|   | 30-Jun-22            | 30-Jun-21 | 30-Jun-22        | 30-Jun-21 |
|   | RM'000               | RM'000    | RM'000           | RM'000    |
| Deposits from customers   | <b>364,985</b>       | 347,544   | <b>709,722</b>   | 709,978   |
| Deposits and placements of banks and other financial institutions | <b>43,322</b>        | 16,350    | <b>69,071</b>    | 34,045    |
| Subordinated bonds  | <b>10,011</b>        | 9,955     | <b>19,889</b>    | 19,805    |
| Lease liabilities   | <b>515</b>           | 504       | <b>1,009</b>     | 1,026     |
| Others  | <b>867</b>           | 106       | <b>5,101</b>     | 2,265     |
|   | <b>419,700</b>       | 374,459   | <b>804,792</b>   | 767,119   |
| <b>Bank</b>   |                      |           |                  |           |
| Deposits from customers   | <b>365,101</b>       | 347,701   | <b>709,912</b>   | 710,398   |
| Deposits and placements of banks and other financial institutions | <b>43,322</b>        | 16,350    | <b>69,071</b>    | 34,045    |
| Subordinated bonds  | <b>10,011</b>        | 9,955     | <b>19,889</b>    | 19,805    |
| Lease liabilities   | <b>671</b>           | 925       | <b>1,482</b>     | 1,877     |
| Others  | <b>867</b>           | 106       | <b>5,101</b>     | 2,265     |
|   | <b>419,972</b>       | 375,037   | <b>805,455</b>   | 768,390   |

**28. OTHER OPERATING INCOME**

| Group                              | Second Quarter Ended |           | Six Months Ended |           |
|------------------------------------|----------------------|-----------|------------------|-----------|
|                                    | 30-Jun-22            | 30-Jun-21 | 30-Jun-22        | 30-Jun-21 |
|                                    | RM'000               | RM'000    | RM'000           | RM'000    |
| <u>Fee income</u>                  |                      |           |                  |           |
| Commission                         | <b>57,472</b>        | 52,307    | <b>125,036</b>   | 145,255   |
| Guarantee fees                     | <b>19,636</b>        | 17,739    | <b>38,398</b>    | 36,172    |
| Service charges and fees           | <b>56,127</b>        | 55,198    | <b>107,220</b>   | 98,238    |
| Less: Fee expenses                 | <b>(17,452)</b>      | (14,866)  | <b>(33,479)</b>  | (25,314)  |
|                                    | <b>38,675</b>        | 40,332    | <b>73,741</b>    | 72,924    |
| Commitment fees                    | <b>7,320</b>         | 7,834     | <b>14,744</b>    | 15,550    |
| Arrangement and participation fees | <b>4,626</b>         | 668       | <b>18,253</b>    | 1,196     |
|                                    | <b>127,729</b>       | 118,880   | <b>270,172</b>   | 271,097   |

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

| <b>Group (cont'd.)</b>                                      | <b>Second Quarter Ended</b> |           | <b>Six Months Ended</b> |           |
|---|-----------------------------|-----------|-------------------------|-----------|
|   | <b>30-Jun-22</b>            | 30-Jun-21 | <b>30-Jun-22</b>        | 30-Jun-21 |
|   | <b>RM'000</b>               | RM'000    | <b>RM'000</b>           | RM'000    |
| <u>Trading and Investment income</u>                        |                             |           |                         |           |
| Gain/(loss) from sale of financial assets at FVTPL          | <b>7,102</b>                | 7,839     | <b>13,740</b>           | (51)      |
| Unrealised loss on financial assets at FVTPL                | <b>(7,553)</b>              | (72)      | <b>(3,922)</b>          | (1,494)   |
| Gain from from trading derivatives                          | <b>123,017</b>              | 30,854    | <b>121,856</b>          | 24,524    |
| Unrealised loss from trading derivatives                    | <b>(112,805)</b>            | (19,646)  | <b>(85,497)</b>         | (19,099)  |
| Unrealised gain on fair value hedge                         | <b>6,285</b>                | 251       | <b>8,856</b>            | 7,355     |
| Gain/(loss) from sale of precious metal                     | <b>5,524</b>                | 9,600     | <b>(1,215)</b>          | (4,395)   |
| Unrealised (loss)/gain from sale of precious metal          | <b>(4,795)</b>              | (8,926)   | <b>2,316</b>            | 5,959     |
| (Loss)/gain from sale/recovery of debt instruments at FVOCI | <b>(997)</b>                | 5,139     | <b>6,047</b>            | 24,644    |
| Gross dividends from:                                       |                             |           |                         |           |
| - Equity instruments at FVOCI                               | <b>794</b>                  | 500       | <b>794</b>              | 500       |
|   | <b>16,572</b>               | 25,539    | <b>62,975</b>           | 37,943    |
| <u>Other income</u>   |                             |           |                         |           |
| Foreign exchange gain, net                                  | <b>54,067</b>               | 39,634    | <b>59,410</b>           | 73,792    |
| Rental income from operating leases                         | <b>14</b>                   | 15        | <b>76</b>               | 30        |
| Gain on disposal of property, plant and equipment           | -                           | -         | -                       | 277       |
| Others  | <b>5,823</b>                | 5,376     | <b>11,367</b>           | 10,619    |
|   | <b>59,904</b>               | 45,025    | <b>70,853</b>           | 84,718    |
|   | <b>204,205</b>              | 189,444   | <b>404,000</b>          | 393,758   |

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

| <b>Bank</b>   | <b>Second Quarter Ended</b> |                  | <b>Six Months Ended</b> |                  |
|---|-----------------------------|------------------|-------------------------|------------------|
|   | <b>30-Jun-22</b>            | <b>30-Jun-21</b> | <b>30-Jun-22</b>        | <b>30-Jun-21</b> |
|   | <b>RM'000</b>               | <b>RM'000</b>    | <b>RM'000</b>           | <b>RM'000</b>    |
| <u>Fee income</u>   |                             |                  |                         |                  |
| Commission  | <b>57,997</b>               | 52,307           | <b>125,036</b>          | 145,255          |
| Guarantee fees  | <b>19,700</b>               | 17,739           | <b>38,430</b>           | 36,172           |
| Service charges and fees                                    | <b>56,226</b>               | 55,281           | <b>107,420</b>          | 98,405           |
| Less: Fee expenses  | <b>(17,452)</b>             | (14,866)         | <b>(33,479)</b>         | (25,314)         |
|   | <b>38,774</b>               | 40,415           | <b>73,941</b>           | 73,091           |
| Commitment fees   | <b>7,321</b>                | 7,834            | <b>14,745</b>           | 15,550           |
| Arrangement and participation fees                          | <b>4,626</b>                | 668              | <b>18,253</b>           | 1,196            |
|   | <b>128,418</b>              | 118,963          | <b>270,405</b>          | 271,264          |
| <u>Trading and Investment income</u>                        |                             |                  |                         |                  |
| Gain/(loss) from sale of financial assets at FVTPL          | <b>6,577</b>                | 7,839            | <b>13,740</b>           | (51)             |
| Unrealised loss on financial assets at FVTPL                | <b>(7,553)</b>              | (72)             | <b>(3,922)</b>          | (1,494)          |
| Gain from trading derivatives                               | <b>123,017</b>              | 30,854           | <b>121,856</b>          | 24,524           |
| Unrealised loss from trading derivatives                    | <b>(112,805)</b>            | (19,646)         | <b>(85,497)</b>         | (19,099)         |
| Unrealised gain on fair value hedge                         | <b>6,285</b>                | 251              | <b>8,856</b>            | 7,355            |
| Gain/(loss) from sale of precious metal                     | <b>5,524</b>                | 9,600            | <b>(1,215)</b>          | (4,395)          |
| Unrealised (loss)/gain from sale of precious metal          | <b>(4,795)</b>              | (8,926)          | <b>2,316</b>            | 5,959            |
| (Loss)/gain from sale/recovery of debt instruments at FVOCI | <b>(997)</b>                | 5,139            | <b>6,047</b>            | 24,644           |
| Gross dividends from:                                       |                             |                  |                         |                  |
| - Equity instruments at FVOCI                               | <b>794</b>                  | 500              | <b>794</b>              | 500              |
|   | <b>16,047</b>               | 25,539           | <b>62,975</b>           | 37,943           |
| <u>Other income</u>   |                             |                  |                         |                  |
| Foreign exchange gain, net                                  | <b>54,067</b>               | 39,634           | <b>59,410</b>           | 73,792           |
| Gain on disposal of property, plant and equipment           | -                           | -                | -                       | 277              |
| Others  | <b>5,823</b>                | 5,376            | <b>11,367</b>           | 10,619           |
|   | <b>59,890</b>               | 45,010           | <b>70,777</b>           | 84,688           |
|   | <b>204,355</b>              | 189,512          | <b>404,157</b>          | 393,895          |

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**29. OTHER OPERATING EXPENSES**

| Group   | Second Quarter<br>Ended |                     | Six Months<br>Ended |                     |
|---|-------------------------|---------------------|---------------------|---------------------|
|   | 30-Jun-22<br>RM'000     | 30-Jun-21<br>RM'000 | 30-Jun-22<br>RM'000 | 30-Jun-21<br>RM'000 |
| Personnel expenses                                  | <b>209,271</b>          | 187,551             | <b>410,874</b>      | 374,723             |
| Establishment related expenses                      | <b>124,146</b>          | 99,910              | <b>227,620</b>      | 191,265             |
| Promotion and marketing<br>related expenses         | <b>7,462</b>            | 2,739               | <b>11,086</b>       | 6,950               |
| General administrative expenses                     | <b>33,467</b>           | 32,728              | <b>60,692</b>       | 53,220              |
|   | <b>374,346</b>          | 322,928             | <b>710,272</b>      | 626,158             |
| <u>Personnel expenses</u>                           |                         |                     |                     |                     |
| Wages, salaries and bonus                           | <b>161,540</b>          | 146,584             | <b>316,707</b>      | 295,476             |
| Defined contribution plan                           | <b>25,430</b>           | 23,080              | <b>49,693</b>       | 46,439              |
| Other employee benefits                             | <b>22,301</b>           | 17,887              | <b>44,474</b>       | 32,808              |
|   | <b>209,271</b>          | 187,551             | <b>410,874</b>      | 374,723             |
| <u>Establishment related expenses</u>               |                         |                     |                     |                     |
| Depreciation of property, plant<br>and equipment    | <b>24,946</b>           | 20,713              | <b>49,368</b>       | 40,689              |
| Depreciation of right-of-use assets                 | <b>4,586</b>            | 4,125               | <b>8,623</b>        | 8,228               |
| Information technology costs                        | <b>70,809</b>           | 51,793              | <b>125,284</b>      | 99,751              |
| Repair and maintenance                              | <b>9,175</b>            | 11,249              | <b>18,637</b>       | 21,316              |
| Short term lease expenses                           | <b>78</b>               | 2                   | <b>78</b>           | 2                   |
| Others  | <b>14,552</b>           | 12,028              | <b>25,630</b>       | 21,279              |
|   | <b>124,146</b>          | 99,910              | <b>227,620</b>      | 191,265             |
| <u>Promotion and marketing<br/>related expenses</u> |                         |                     |                     |                     |
| Advertisement and publicity                         | <b>7,462</b>            | 2,739               | <b>11,086</b>       | 6,950               |
| <u>General administrative expenses</u>              |                         |                     |                     |                     |
| Fees and commissions paid                           | <b>7,619</b>            | 9,291               | <b>14,906</b>       | 12,692              |
| Others  | <b>25,848</b>           | 23,437              | <b>45,786</b>       | 40,528              |
|   | <b>33,467</b>           | 32,728              | <b>60,692</b>       | 53,220              |

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**29. OTHER OPERATING EXPENSES (cont'd.)**

| <b>Bank</b>                                     | <b>Second Quarter Ended</b> |                  | <b>Six Months Ended</b> |                  |
|---|-----------------------------|------------------|-------------------------|------------------|
|   | <b>30-Jun-22</b>            | <b>30-Jun-21</b> | <b>30-Jun-22</b>        | <b>30-Jun-21</b> |
|   | <b>RM'000</b>               | <b>RM'000</b>    | <b>RM'000</b>           | <b>RM'000</b>    |
| Personnel expenses                              | <b>208,058</b>              | 186,467          | <b>408,461</b>          | 372,647          |
| Establishment related expenses                  | <b>127,374</b>              | 101,743          | <b>230,042</b>          | 195,009          |
| Promotion and marketing related expenses        | <b>7,459</b>                | 2,742            | <b>11,083</b>           | 6,950            |
| General administrative expenses                 | <b>33,468</b>               | 32,666           | <b>60,564</b>           | 53,115           |
|   | <b>376,359</b>              | 323,618          | <b>710,150</b>          | 627,721          |
| <u>Personnel expenses</u>                       |                             |                  |                         |                  |
| Wages, salaries and bonus                       | <b>160,546</b>              | 145,722          | <b>314,743</b>          | 293,788          |
| Defined contribution plan                       | <b>25,282</b>               | 22,952           | <b>49,402</b>           | 46,185           |
| Other employee benefits                         | <b>22,230</b>               | 17,793           | <b>44,316</b>           | 32,674           |
|   | <b>208,058</b>              | 186,467          | <b>408,461</b>          | 372,647          |
| <u>Establishment related expenses</u>           |                             |                  |                         |                  |
| Depreciation of property, plant and equipment   | <b>20,794</b>               | 17,662           | <b>41,075</b>           | 34,588           |
| Depreciation of right-of-use assets             | <b>6,838</b>                | 8,629            | <b>13,051</b>           | 17,115           |
| Information technology costs                    | <b>70,809</b>               | 51,793           | <b>125,284</b>          | 99,751           |
| Repair and maintenance                          | <b>11,727</b>               | 10,890           | <b>21,131</b>           | 20,809           |
| Short term lease expenses                       | <b>3,083</b>                | 2                | <b>4,593</b>            | 2                |
| Others  | <b>14,123</b>               | 12,767           | <b>24,908</b>           | 22,744           |
|   | <b>127,374</b>              | 101,743          | <b>230,042</b>          | 195,009          |
| <u>Promotion and marketing related expenses</u> |                             |                  |                         |                  |
| Advertisement and publicity                     | <b>7,459</b>                | 2,742            | <b>11,083</b>           | 6,950            |
| <u>General administrative expenses</u>          |                             |                  |                         |                  |
| Fees and commissions paid                       | <b>7,563</b>                | 9,245            | <b>14,790</b>           | 12,608           |
| Others  | <b>25,905</b>               | 23,421           | <b>45,774</b>           | 40,507           |
|   | <b>33,468</b>               | 32,666           | <b>60,564</b>           | 53,115           |

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**EXPLANATORY NOTES****30. (WRITE-BACK OF)/ALLOWANCES FOR EXPECTED CREDIT LOSSES**

| Group   | Second Quarter      |                     | Six Months          |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | Ended               |                     | Ended               |                     |
|   | 30-Jun-22<br>RM'000 | 30-Jun-21<br>RM'000 | 30-Jun-22<br>RM'000 | 30-Jun-21<br>RM'000 |
| Loans, advances and financing   |                     |                     |                     |                     |
| - Stage 1 ECL   | 90,665              | (144,163)           | 54,874              | (143,518)           |
| - Stage 2 ECL   | (338,999)           | 154,091             | (288,791)           | 162,698             |
| - Stage 3 ECL   | 86,197              | 77,635              | 123,399             | 127,781             |
|   | <b>(162,137)</b>    | 87,563              | <b>(110,518)</b>    | 146,961             |
| Credit-impaired loans, advances and financing                           |                     |                     |                     |                     |
| - written off   | 7,978               | 7,981               | 16,167              | 22,236              |
| - recovered   | (29,592)            | (24,438)            | (59,462)            | (49,225)            |
|   | <b>(183,751)</b>    | 71,106              | <b>(153,813)</b>    | 119,972             |
| Other financial assets  |                     |                     |                     |                     |
| Placement with banks and other financial institutions, and other assets | 2,537               | 1,368               | (19,901)            | 7,187               |
| Debt instruments measured at FVOCI                                      | (2,098)             | 3,029               | (2,335)             | 4,803               |
| Debt instruments measured at AC   | 3,159               | (316)               | 3,371               | (1,840)             |
|   | <b>3,598</b>        | 4,081               | <b>(18,865)</b>     | 10,150              |
| Commitments and contingencies   |                     |                     |                     |                     |
| - Stage 1 ECL   | 11,452              | 9,536               | 15,293              | 18,672              |
| - Stage 2 ECL   | (84,745)            | (4,538)             | (85,428)            | 709                 |
| - Stage 3 ECL   | 49                  | (712)               | 711                 | (2,207)             |
|   | <b>(73,244)</b>     | 4,286               | <b>(69,424)</b>     | 17,174              |
| <b>Bank</b>   |                     |                     |                     |                     |
| Loans, advances and financing   |                     |                     |                     |                     |
| - Stage 1 ECL   | 90,665              | (144,158)           | 54,874              | (143,491)           |
| - Stage 2 ECL   | (338,999)           | 154,091             | (288,791)           | 162,698             |
| - Stage 3 ECL   | 86,197              | 77,635              | 123,399             | 127,781             |
|   | <b>(162,137)</b>    | 87,568              | <b>(110,518)</b>    | 146,988             |
| Credit-impaired loans, advances and financing                           |                     |                     |                     |                     |
| - written off   | 7,978               | 7,981               | 16,167              | 22,236              |
| - recovered   | (29,592)            | (24,438)            | (59,462)            | (49,225)            |
|   | <b>(183,751)</b>    | 71,111              | <b>(153,813)</b>    | 119,999             |
| Other financial assets  |                     |                     |                     |                     |
| Placement with banks and other financial institutions, and other assets | (78)                | 1,365               | (22,011)            | 7,187               |
| Debt instruments measured at FVOCI                                      | (2,098)             | 3,029               | (2,335)             | 4,803               |
| Debt instruments measured at AC   | 3,159               | (316)               | 3,371               | (1,840)             |
|   | <b>983</b>          | 4,078               | <b>(20,975)</b>     | 10,150              |
| Commitments and contingencies   |                     |                     |                     |                     |
| - Stage 1 ECL   | 11,451              | 9,536               | 15,293              | 18,672              |
| - Stage 2 ECL   | (84,745)            | (4,538)             | (85,428)            | 709                 |
| - Stage 3 ECL   | 49                  | (712)               | 711                 | (2,207)             |
|   | <b>(73,245)</b>     | 4,286               | <b>(69,424)</b>     | 17,174              |

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**EXPLANATORY NOTES**

**31. 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 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 Personal Financial Services and Private Banking. Personal Financial Services serves the individual customers, offers a wide range of products and services, including deposits, loans, credit and debit cards, insurance products, and also provides an extended range of financial services, including wealth management to wealthy and affluent customers. Private Banking is an integral part of the Group, dedicated to providing high-net-worth clients with financial and portfolio planning services. We are focused on helping our clients achieve sustainable growth and legacy solutions of their wealth for future generations via bespoke wealth management and credit advisory.

**Wholesale Banking ("WB")**

The WB segment encompasses Commercial Banking, Business Banking, Corporate Banking, Multinational Corporates ("MNC") and Financial Institutions Group ("FIG"). Commercial Banking serves the medium and large enterprises while Business Banking serves small enterprises. Corporate Banking serves large local corporations, government-linked companies and agencies and MNC covers multinational corporations. FIG serves financial institutions as well as non-bank financial institutions. Commercial Banking, Business Banking, Corporate Banking, MNC and FIG provide customers with a broad range of products and services. These include current accounts, deposits, lending, trade finance, structured finance, cash management, foreign exchange, cross-border payments, insurance as well as investment banking services including principal advisor, lead manager and facility agent for the arrangement of both syndicated loans and Private Debt Securities ("PDS").

**Global Markets ("GM")**

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

**Others**

Other segments include corporate support functions and decisions not attributable to business segments mentioned above and property-related activities.

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**31. 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 June 2022</b>  |                          |                      |                      |                          |                                      |                                |                         |
| Operating income                      | 585,450                  | 840,688              | 150,346              | 137,987                  | 1,714,471                            | (12,596)                       | 1,701,875               |
| Other operating expenses              | (351,830)                | (242,152)            | (46,871)             | (81,686)                 | (722,539)                            | 12,267                         | (710,272)               |
| Allowances for expected credit losses | (127,471)                | 371,742              | -                    | (64)                     | 244,207                              | (2,105)                        | 242,102                 |
| Share of net profit of an associate   | -                        | -                    | -                    | (565)                    | (565)                                | -                              | (565)                   |
| Profit before taxation                | <u>106,149</u>           | <u>970,278</u>       | <u>103,475</u>       | <u>55,672</u>            | <u>1,235,574</u>                     | <u>(2,434)</u>                 | <u>1,233,140</u>        |
| Income tax expense                    |                          |                      |                      |                          |                                      |                                | <u>(389,417)</u>        |
|                                       |                          |                      |                      |                          |                                      |                                | <u>843,723</u>          |

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**31. 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> |
|------------------------|--------------------------|----------------------|----------------------|--------------------------|--------------------------------------|--------------------------------|-------------------------|
|------------------------|--------------------------|----------------------|----------------------|--------------------------|--------------------------------------|--------------------------------|-------------------------|

**Other information**

**For period ended 30 June 2022**

|                                |        |       |           |         |        |          |        |
|--------------------------------|--------|-------|-----------|---------|--------|----------|--------|
| Inter-segment operating income | 53,898 | 3,692 | (185,845) | 140,851 | 12,596 | (12,596) | -      |
| Total depreciation             | 14,891 | 7,466 | 1,937     | 38,165  | 62,459 | (4,468)  | 57,991 |

**As at 30 June 2022**

|                                     |            |            |   |         |            |          |            |
|-------------------------------------|------------|------------|---|---------|------------|----------|------------|
| Gross loans, advances and financing | 47,893,516 | 42,948,054 | - | 345,758 | 91,187,328 | (90,387) | 91,096,941 |
| Deposits from customers             | 56,598,894 | 42,668,545 | - | 41,045  | 99,308,484 | (31,804) | 99,276,680 |

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**EXPLANATORY NOTES**

**31. 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 June 2021</b>  |                          |                      |                      |                          |                                      |                                |                         |
| Operating income                      | 628,647                  | 792,164              | 123,129              | 123,487                  | 1,667,427                            | (11,512)                       | 1,655,915               |
| Other operating expenses              | (291,284)                | (230,464)            | (39,767)             | (75,512)                 | (637,027)                            | 10,869                         | (626,158)               |
| Allowances for expected credit losses | (35,696)                 | (111,460)            | -                    | (147)                    | (147,303)                            | 7                              | (147,296)               |
| Share of net profit of an associate   | -                        | -                    | -                    | 53                       | 53                                   | -                              | 53                      |
| Profit before taxation                | <u>301,667</u>           | <u>450,240</u>       | <u>83,362</u>        | <u>47,881</u>            | <u>883,150</u>                       | <u>(636)</u>                   | <u>882,514</u>          |
| Income tax expense                    |                          |                      |                      |                          |                                      |                                | <u>(217,546)</u>        |
|                                       |                          |                      |                      |                          |                                      |                                | <u>664,968</u>          |

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**31. 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> |
|------------------------|--------------------------|----------------------|----------------------|--------------------------|--------------------------------------|--------------------------------|-------------------------|
|------------------------|--------------------------|----------------------|----------------------|--------------------------|--------------------------------------|--------------------------------|-------------------------|

**Other information**

**For period ended 30 June 2021**

|                                |        |        |           |         |        |          |        |
|--------------------------------|--------|--------|-----------|---------|--------|----------|--------|
| Inter-segment operating income | 86,705 | 18,302 | (216,604) | 123,109 | 11,512 | (11,512) | -      |
| Total depreciation             | 12,502 | 5,758  | 2,077     | 37,426  | 57,763 | (8,846)  | 48,917 |

**As at 31 December 2021**

|                                     |            |            |   |         |            |          |            |
|-------------------------------------|------------|------------|---|---------|------------|----------|------------|
| Gross loans, advances and financing | 48,082,550 | 41,605,520 | - | 440,313 | 90,128,383 | (92,193) | 90,036,190 |
| Deposits from customers             | 54,365,512 | 42,732,450 | - | 2,503   | 97,100,465 | (26,120) | 97,074,345 |

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**EXPLANATORY NOTES**

**32. 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 2 February 2018 and Basel II – Risk-Weighted Assets ("RWA") issued on 2 February 2018 and Capital Adequacy Framework (Basel II - Risk-Weighted Assets) issued on 3 May 2019.

|  | Group               |                     | Bank                |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | 30-Jun-22<br>RM'000 | 31-Dec-21<br>RM'000 | 30-Jun-22<br>RM'000 | 31-Dec-21<br>RM'000 |
| <u>Common Equity Tier 1 ("CET1")/<br/>Tier 1 Capital</u>               |                     |                     |                     |                     |
| Paid-up share capital  | <b>792,555</b>      | 792,555             | <b>792,555</b>      | 792,555             |
| Retained profits   | <b>11,653,302</b>   | 10,809,329          | <b>11,727,397</b>   | 10,878,366          |
| Other reserves   | <b>(98,257)</b>     | 185,636             | <b>(297,895)</b>    | (14,002)            |
| Regulatory adjustments applied in<br>the calculation of CET1 Capital   | <b>(572,297)</b>    | (532,347)           | <b>(980,131)</b>    | (899,615)           |
| Total CET1/Tier 1 Capital  | <b>11,775,303</b>   | 11,255,173          | <b>11,241,926</b>   | 10,757,304          |
| <u>Tier 2 Capital</u>  |                     |                     |                     |                     |
| Tier 2 Capital instruments   | <b>1,350,000</b>    | 1,350,000           | <b>1,350,000</b>    | 1,350,000           |
| Loan/financing loss provision  |                     |                     |                     |                     |
| - Surplus eligible provisions<br>over expected losses                  | <b>320,589</b>      | 312,387             | <b>321,120</b>      | 312,822             |
| - General provisions   | <b>29,890</b>       | 26,425              | <b>19,067</b>       | 15,541              |
| Regulatory adjustments applied in<br>the calculation of Tier 2 Capital | <b>86,731</b>       | 86,731              | -                   | -                   |
| Total Tier 2 Capital   | <b>1,787,210</b>    | 1,775,543           | <b>1,690,187</b>    | 1,678,363           |
| Total Capital  | <b>13,562,513</b>   | 13,030,716          | <b>12,932,113</b>   | 12,435,667          |

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

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

|                     | Group          |           | Bank           |           |
|---------------------|----------------|-----------|----------------|-----------|
|                     | 30-Jun-22      | 31-Dec-21 | 30-Jun-22      | 31-Dec-21 |
| CET1/Tier 1 Capital | 18.030%        | 17.740%   | 17.420%        | 17.171%   |
| Total Capital       | <b>20.767%</b> | 20.538%   | <b>20.040%</b> | 19.850%   |

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

|                                | Group             |            | Bank              |            |
|--------------------------------|-------------------|------------|-------------------|------------|
|                                | 30-Jun-22         | 31-Dec-21  | 30-Jun-22         | 31-Dec-21  |
|                                | RM'000            | RM'000     | RM'000            | RM'000     |
| Total RWA for credit risk      | 57,932,774        | 56,467,374 | 57,155,403        | 55,669,148 |
| Total RWA for market risk      | 1,364,985         | 1,137,181  | 1,364,985         | 1,137,181  |
| Total RWA for operational risk | 6,010,828         | 5,840,780  | 6,012,389         | 5,843,126  |
|                                | <b>65,308,587</b> | 63,445,335 | <b>64,532,777</b> | 62,649,455 |

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**33. COMMITMENTS AND CONTINGENCIES**

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

| <b>Group<br/>As at 30 June 2022</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> |
|--|--|--|--|
| Direct credit substitutes  | 3,625,427                              | 3,489,275  | 2,482,573                                      |
| Transaction-related contingent items   | 6,049,147                              | 2,994,122  | 1,971,680                                      |
| Short-term self-liquidating trade-related contingencies                          | 548,224                                | 115,945  | 68,940   |
| Lending of banks' securities or the posting of securities as collateral by banks | 2,197,958                              | 37,961   | 931  |
| Foreign exchange related contracts   |  |  |  |
| - not more than one year   | 61,772,649                             | 1,604,879  | 318,423  |
| - more than one year to less than five years                                     | 451,391                                | 39,139   | 16,874   |
| - five years and above   | 57,283                                 | 6,170  | 7,270  |
| Interest rate related contracts  |  |  |  |
| - not more than one year   | 18,151,674                             | 177,797  | 38,508   |
| - more than one year to less than five years                                     | 38,377,098                             | 1,529,718  | 484,587  |
| - five years and above   | 1,440,679                              | 156,519  | 95,519   |
| Equity related contracts   |  |  |  |
| - not more than one year   | 61,880                                 | 344  | 26   |
| Commodity related contracts  |  |  |  |
| - not more than one year   | 413,395                                | 53,802   | 22,445   |
| - more than one year to less than five years                                     | 11,898                                 | -  | -  |
| Undrawn credit facility  |  |  |  |
| - not more than one year   | 19,727,343                             | 1,336,779  | 256,198  |
| - more than one year   | 6,407,890                              | 4,359,208  | 2,487,946                                      |
| - unconditionally cancellable  | 16,522,288                             | 5,546,114  | 693,753  |
| Other commitments  | 1,236,925                              | 321,094  | 171,843  |
| <b>Total</b>   | <b>177,053,149</b>                     | <b>21,768,866</b>                                  | <b>9,117,516</b>                               |

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

| <b>Group</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 31 December 2021</b>  |  |  |  |
| Direct credit substitutes  | 3,283,375                              | 3,189,255  | 2,369,357                                      |
| Transaction-related contingent items   | 6,050,045                              | 3,001,739  | 2,059,927                                      |
| Short-term self-liquidating trade-related contingencies                          | 620,294                                | 136,216  | 80,964   |
| Lending of banks' securities or the posting of securities as collateral by banks | 563,417                                | 16,649   | 723  |
| Foreign exchange related contracts   |  |  |  |
| - not more than one year   | 43,703,666                             | 729,714  | 168,577  |
| - more than one year to less than five years                                     | 338,754                                | 28,112   | 11,370   |
| Interest rate related contracts  |  |  |  |
| - not more than one year   | 17,383,220                             | 140,160  | 73,134   |
| - more than one year to less than five years                                     | 32,775,558                             | 1,261,652  | 472,061  |
| - five years and above   | 1,600,697                              | 186,264  | 100,431  |
| Equity related contracts   |  |  |  |
| - not more than one year   | 44,935                                 | -  | -  |
| Commodity related contracts  |  |  |  |
| - not more than one year   | 313,096                                | 50,241   | 23,086   |
| - more than one year to less than five years                                     |  |  |  |
| Undrawn credit facility  |  |  |  |
| - not more than one year   | 18,968,168                             | 895,675  | 150,388  |
| - more than one year   | 6,644,725                              | 4,577,876  | 2,845,756                                      |
| - unconditionally cancellable  | 15,466,455                             | 5,616,882  | 690,206  |
| Other commitments  | 391,638                                | 124,684  | 124,684  |
| <b>Total</b>   | <b>148,148,043</b>                     | <b>19,955,119</b>                                  | <b>9,170,664</b>                               |

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

| <b>Bank</b>  | <b>Principal</b>   | <b>Credit</b>     | <b>Risk</b>      |
|--|--------------------|-------------------|------------------|
| <b>As at 30 June 2022</b>  | <b>amount</b>      | <b>equivalent</b> | <b>weighted</b>  |
|  | <b>RM'000</b>      | <b>amount</b>     | <b>amount</b>    |
|  |                    | <b>RM'000</b>     | <b>RM'000</b>    |
| Direct credit substitutes  | 3,625,427          | 3,489,275         | 2,482,573        |
| Transaction-related contingent items   | 6,049,147          | 2,994,122         | 1,971,680        |
| Short-term self-liquidating trade-related contingencies                          | 548,224            | 115,945           | 68,940           |
| Lending of banks' securities or the posting of securities as collateral by banks | 2,197,958          | 37,961            | 931              |
| Foreign exchange related contracts   |                    |                   |                  |
| - not more than one year   | 61,772,649         | 1,604,879         | 318,423          |
| - more than one year to less than five years                                     | 451,391            | 39,139            | 16,874           |
| - five years and above   | 57,283             | 6,170             | 7,270            |
| Interest rate related contracts  |                    |                   |                  |
| - not more than one year   | 18,151,674         | 177,797           | 38,508           |
| - more than one year to less than five years                                     | 38,377,098         | 1,529,718         | 484,587          |
| - five years and above   | 1,440,679          | 156,519           | 95,519           |
| Equity related contracts   |                    |                   |                  |
| - not more than one year   | 61,880             | 344               | 26               |
| Commodity related contracts  |                    |                   |                  |
| - not more than one year   | 413,395            | 53,802            | 22,445           |
| - more than one year to less than five years                                     | 11,898             | -                 | -                |
| Undrawn credit facility  |                    |                   |                  |
| - not more than one year   | 19,727,341         | 1,336,779         | 256,198          |
| - more than one year   | 6,407,890          | 4,359,208         | 2,487,946        |
| - unconditionally cancellable  | 16,522,288         | 5,546,114         | 693,753          |
| Other commitments  | 1,161,418          | 245,586           | 96,335           |
| <b>Total</b>   | <b>176,977,640</b> | <b>21,693,358</b> | <b>9,042,008</b> |

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

| <b>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 31 December 2021</b>  |  |  |  |
| Direct credit substitutes  | 3,283,375                              | 3,189,255  | 2,369,357                                      |
| Transaction-related contingent items   | 6,050,045                              | 3,001,739  | 2,059,927                                      |
| Short-term self-liquidating trade-related contingencies                          | 620,294                                | 136,216  | 80,964   |
| Lending of banks' securities or the posting of securities as collateral by banks | 563,417                                | 16,649   | 723  |
| Foreign exchange related contracts   |  |  |  |
| - not more than one year   | 43,703,666                             | 729,714  | 168,577  |
| - more than one year to less than five years                                     | 338,754                                | 28,112   | 11,370   |
| Interest rate related contracts  |  |  |  |
| - not more than one year   | 17,383,220                             | 140,160  | 73,134   |
| - more than one year to less than five years                                     | 32,775,558                             | 1,261,652  | 472,061  |
| - five years and above   | 1,600,697                              | 186,264  | 100,431  |
| Equity related contracts   |  |  |  |
| - not more than one year   | 44,935                                 | -  | -  |
| Commodity related contracts  |  |  |  |
| - not more than one year   | 313,096                                | 50,241   | 23,086   |
| Undrawn credit facility  |  |  |  |
| - not more than one year   | 18,968,166                             | 895,675  | 150,388  |
| - more than one year   | 6,644,725                              | 4,577,876  | 2,845,756                                      |
| - unconditionally cancellable  | 15,466,455                             | 5,616,882  | 690,206  |
| Other commitments  | 285,019                                | 18,063   | 18,064   |
| <b>Total</b>   | <b>148,041,422</b>                     | <b>19,848,498</b>                                  | <b>9,064,044</b>                               |

Disclosure of the principal amount and credit equivalent of the commitments and contingencies are as per BNM's Risk Weighted Capital Adequacy Framework (Basel II) - Disclosure Requirements (Pillar 3).

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

|   | <b>Group and Bank</b> |                  |
|---|-----------------------|------------------|
|   | <b>30-Jun-22</b>      | <b>31-Dec-21</b> |
| Outstanding credit exposures with connected parties (RM'000)  | <b>1,247,131</b>      | <b>1,202,508</b> |
| Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures | <b>1.368%</b>         | <b>1.335%</b>    |
| Percentage of outstanding credit exposures to connected parties which is impaired or in default           | <b>0.079%</b>         | <b>0.079%</b>    |

The credit exposures above are derived based on Bank Negara Malaysia's revised guidelines on Credit Transaction and Exposure with Connected Parties issued on 16 July 2014.

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**35. PERFORMANCE REVIEW**

For the six months ended 30 June 2022, the Group recorded a profit before taxation of RM1,233.1 million, an increase of 39.7% or RM350.6 million compared to same period last year. The increase was due to higher operating income and lower total allowances for expected credit losses, partly offset by higher other operating expenses.

Total operating income increased by 2.8% or RM46.0 million to RM1,701.9 million from higher net interest income and other operating income, partly offset by lower net income from Islamic Banking operations. Other operating income increased 2.6% or RM10.2 million to RM404.0 million mainly due to higher trading and investment income, partly offset by lower net foreign exchange gain and fee income.

Expenses increased by 13.4% or RM84.1 million to RM710.3 million mainly driven by higher staff expenses and establishment related expenses.

Total allowances for expected credit losses decreased by RM389.4 million attributable to write-back of expected credit loss for non-impaired assets, other financial assets as well as commitments and contingencies, coupled with lower expected credit loss made for impaired assets.

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### **EXPLANATORY NOTES**

#### **36. PROSPECTS FOR 2022**

The global economy is expected to sustain a positive albeit slower growth in 2022 alongside the sustained reopening of most economies and improvement in labour market conditions. The global outlook continues to be affected by developments in Russia-Ukraine, COVID-19, global supply chain conditions, commodity price shocks, and financial market volatility. The economic fallout from these events have led to a slowdown in global growth and accelerated inflation. Several central banks have adjusted their monetary policy settings at a faster pace amid higher and more persistent inflationary pressures. Consequently, there are rising concerns of recession or stagflation amidst the further rise in inflation. We do not yet see a widespread recession on the horizon. Our current forecasts project a slower growth and higher inflation for the major economies that we cover. For Asia (excluding China), we expect the growth trajectory to pick-up where economies are opening up. In China, we expect the economy to recover in the second half of the year alongside the rollout of more stimulus measures.

We expect Malaysia's gross domestic product (GDP) to improve in 2022 supported by the easing of restrictions and reopening of international borders. Despite rising headwinds to global growth and elevated price pressures, Malaysia's economy continued to show signs of firmer growth as the labour market improved, consumption recovered, trade flows strengthened, and foreign direct investments rebounded. Malaysia recorded higher foreign direct investments that came from multiple sources as stronger trade demand and supply chain shifted. Higher adoption of digitalisation has facilitated more consumption and business activities. New areas of sustainable development are emerging as the country charts a net zero pathway. Key drivers for overall investment include post-pandemic shift towards automation and digitalisation, greater ESG adoption, continuation of infrastructure projects, and digital connectivity enhancements. The government continues to provide subsidies and targeted support to vulnerable segments in 2022 to help contain inflation pressures and alleviate higher cost of living. Main challenges to the outlook include a weaker-than-expected global growth, escalation of geopolitical conflicts, and further disruptions to supply chains.

We remain optimistic that Malaysia's underlying strengths, including its strategic geographical location, abundant natural resources, diversified economic structure, improved external position, favourable demographics, robust macro policies and resilient institutions will support the country's growth over the long term.

Amid these market conditions, we continue to stay attuned to our customers' needs by strengthening our capabilities to provide them with progressive banking solutions.

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**37. ISLAMIC BANKING OPERATIONS**

**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF FINANCIAL POSITION  
AS AT 30 JUNE 2022**

|   | Note | 30-Jun-22<br>RM'000 | 31-Dec-21<br>RM'000 |
|---|------|---------------------|---------------------|
| <b>Assets</b>   |      |                     |                     |
| Cash and short-term funds   | a    | 1,771,953           | 1,686,916           |
| Debt instruments at fair value through other comprehensive income ("FVOCI") | b    | 2,129,039           | 1,973,099           |
| Debt instruments at amortised cost ("AC")                                   | c    | 660,989             | 98,974              |
| Financing, advances and others  | d    | 8,149,900           | 7,859,764           |
| Other assets  | e    | 18,221              | 4,167               |
| Derivative financial assets   | g    | 23,936              | 1,964               |
| Plant and equipment   |      | 7,756               | 4,363               |
| Deferred tax assets   |      | 15,256              | 10,993              |
| <b>Total assets</b>   |      | <b>12,777,050</b>   | <b>11,640,240</b>   |
| <b>Liabilities and Islamic Banking funds</b>                                |      |                     |                     |
| Deposits from customers   | h    | 4,528,516           | 5,134,316           |
| Investment accounts due to designated financial institution                 | i    | 3,523,586           | 2,755,451           |
| Deposits and placements of banks and other financial institutions           | j    | 4,137,290           | 3,159,928           |
| Bills and acceptances payable   |      | 8,771               | 599                 |
| Derivative financial liabilities  | g    | 23,684              | 1,711               |
| Other liabilities   | k    | 51,197              | 121,786             |
| Tax payable   |      | 15,412              | 3,154               |
| <b>Total liabilities</b>  |      | <b>12,288,456</b>   | <b>11,176,945</b>   |
| Capital fund  |      | 450,000             | 450,000             |
| Reserves  |      | 38,594              | 13,295              |
| <b>Islamic Banking funds</b>  | l    | <b>488,594</b>      | <b>463,295</b>      |
| <b>Total liabilities and Islamic Banking funds</b>                          |      | <b>12,777,050</b>   | <b>11,640,240</b>   |
| <b>Commitments and contingencies</b>  | t    | <b>3,941,499</b>    | <b>2,780,689</b>    |

*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 2021.*

**UNITED OVERSEAS BANK (MALAYSIA) BHD**  
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**37. ISLAMIC BANKING OPERATIONS (cont'd.)**

**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 JUNE 2022**

|   | Note | Second Quarter ended |                     | Six months ended    |                     |
|---|------|----------------------|---------------------|---------------------|---------------------|
|   |      | 30-Jun-22<br>RM'000  | 30-Jun-21<br>RM'000 | 30-Jun-22<br>RM'000 | 30-Jun-21<br>RM'000 |
| Income derived from depositors' funds   | m    | <b>61,957</b>        | 67,907              | <b>126,665</b>      | 123,045             |
| Income derived from investment of Islamic Banking funds                                       | n    | <b>5,953</b>         | 6,983               | <b>10,868</b>       | 12,843              |
| Income derived from investment of Investment Account funds                                    | o    | <b>27,711</b>        | 15,218              | <b>52,187</b>       | 27,172              |
| (Allowances for)/write back of expected credit losses:  |      |                      |                     |                     |                     |
| Financing, advances and others  | r    | <b>(6,083)</b>       | 8,554               | <b>(7,200)</b>      | (2,372)             |
| Other financial assets  | r    | <b>(624)</b>         | 276                 | <b>(2,087)</b>      | (668)               |
| Commitment and contingencies  | r    | <b>(161)</b>         | (679)               | <b>1,311</b>        | (247)               |
| Total attributable income   |      | <b>88,753</b>        | 98,259              | <b>181,744</b>      | 159,773             |
| Income attributable to depositors   | p    | <b>(39,739)</b>      | (38,489)            | <b>(80,241)</b>     | (70,715)            |
| Income attributable to Investment Account holder  | q    | <b>(21,685)</b>      | (12,175)            | <b>(40,901)</b>     | (21,738)            |
| Total net income  |      | <b>27,329</b>        | 47,595              | <b>60,602</b>       | 67,320              |
| Other operating expenses  | s    | <b>(10,390)</b>      | (7,962)             | <b>(18,843)</b>     | (15,134)            |
| Profit before taxation  |      | <b>16,939</b>        | 39,633              | <b>41,759</b>       | 52,186              |
| Income tax expense  |      | <b>(4,069)</b>       | (9,519)             | <b>(10,027)</b>     | (12,534)            |
| Profit after taxation   |      | <b>12,870</b>        | 30,114              | <b>31,732</b>       | 39,652              |
| Other comprehensive income:   |      |                      |                     |                     |                     |
| <u>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</u> |      |                      |                     |                     |                     |
| Net fair value change in debt instruments at fair value through other comprehensive income    |      | <b>(9,477)</b>       | 1,443               | <b>(8,465)</b>      | 426                 |
| Income tax effect   |      | <b>2,275</b>         | (345)               | <b>2,032</b>        | (101)               |
| Total other comprehensive income for the period, net of tax                                   |      | <b>(7,202)</b>       | 1,098               | <b>(6,433)</b>      | 325                 |
| Total comprehensive income for the period   |      | <b>5,668</b>         | 31,212              | <b>25,299</b>       | 39,977              |

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**37. ISLAMIC BANKING OPERATIONS (cont'd.)**

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME (cont'd.)**  
**FOR THE PERIOD ENDED 30 JUNE 2022**

|  | Second Quarter  |           | Six months      |           |
|--|-----------------|-----------|-----------------|-----------|
|  | ended           |           | ended           |           |
|  | 30-Jun-22       | 30-Jun-21 | 30-Jun-22       | 30-Jun-21 |
|  | RM'000          | RM'000    | RM'000          | RM'000    |
| Income derived from depositors' funds  | <b>61,957</b>   | 67,907    | <b>126,665</b>  | 123,045   |
| Income derived from investment of<br>Islamic Banking funds   | <b>5,953</b>    | 6,983     | <b>10,868</b>   | 12,843    |
| Income derived from investment of<br>Investment Account funds  | <b>27,711</b>   | 15,218    | <b>52,187</b>   | 27,172    |
| Income attributable to depositors  | <b>(39,739)</b> | (38,489)  | <b>(80,241)</b> | (70,715)  |
| Income attributable to Investment<br>Account holder  | <b>(21,685)</b> | (12,175)  | <b>(40,901)</b> | (21,738)  |
| Net income from Islamic Banking<br>operations reported in the income<br>statements of the Group and Bank | <b>34,197</b>   | 39,444    | <b>68,578</b>   | 70,607    |

*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 2021.*

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**37. ISLAMIC BANKING OPERATIONS (cont'd.)**

**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF CHANGES IN ISLAMIC BANKING FUNDS  
FOR THE PERIOD ENDED 30 JUNE 2022**

|                            | Capital<br>fund<br>RM'000 | Fair value<br>through other<br>comprehensive<br>reserve<br>RM'000 | Retained<br>profits<br>RM'000 | Total<br>RM'000 |
|----------------------------|---------------------------|---|-------------------------------|-----------------|
| <b>2022</b>                |                           |   |                               |                 |
| At 1 January 2022          | 450,000                   | (966)   | 14,261                        | 463,295         |
| Profit for the period      | -                         | -   | 31,732                        | 31,732          |
| Other comprehensive income | -                         | (6,433)   | -                             | (6,433)         |
| Total comprehensive income | -                         | (6,433)   | 31,732                        | 25,299          |
| At 30 June 2022            | 450,000                   | (7,399)   | 45,993                        | 488,594         |

|                            | Capital<br>fund<br>RM'000 | Fair value<br>through other<br>comprehensive<br>RM'000 | Retained<br>profits<br>RM'000 | Total<br>RM'000 |
|----------------------------|---------------------------|--|-------------------------------|-----------------|
| <b>2021</b>                |                           |  |                               |                 |
| At 1 January 2021          | 450,000                   | 262  | 6,311                         | 456,573         |
| Profit for the period      | -                         | -  | 39,652                        | 39,652          |
| Other comprehensive income | -                         | 325  | -                             | 325             |
| Total comprehensive income | -                         | 325  | 39,652                        | 39,977          |
| At 30 June 2021            | 450,000                   | 587  | 45,963                        | 496,550         |

*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 2021.*

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**37. ISLAMIC BANKING OPERATIONS (cont'd.)**

**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF CASH FLOWS  
FOR THE PERIOD ENDED 30 JUNE 2022**

|  | <b>30-Jun-22</b> | 30-Jun-21   |
|--|------------------|-------------|
|  | <b>RM'000</b>    | RM'000      |
| Profit before taxation                               | <b>41,759</b>    | 52,186      |
| Adjustments for non-operating and non-cash items     | <b>(20,649)</b>  | 4,646       |
| Operating profit before working capital changes      | <b>21,110</b>    | 56,832      |
| Changes in working capital:                          |                  |             |
| Net changes in operating assets                      | <b>(334,936)</b> | (542,662)   |
| Net changes in operating liabilities                 | <b>1,100,564</b> | 1,534,052   |
| Net cash generated from operating activities         | <b>786,738</b>   | 1,048,222   |
| Net cash used in investing activities                | <b>(702,968)</b> | (1,678,438) |
| Net increase/(decrease) in cash and cash equivalents | <b>83,770</b>    | (630,216)   |
| Cash and cash equivalents at beginning of the period | <b>1,687,902</b> | 1,126,268   |
| Cash and cash equivalents at end of the period       | <b>1,772,096</b> | 496,052     |
| <b>Analysis of cash and cash equivalents</b>         |                  |             |
| Cash and short term funds                            | <b>1,772,096</b> | 496,052     |
| Less: Allowances for ECL                             | <b>(143)</b>     | (1,603)     |
|  | <b>1,771,953</b> | 494,449     |

*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 2021.*

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**37. ISLAMIC BANKING OPERATIONS (cont'd.)**  
**EXPLANATORY NOTES**

**a. Cash and short-term funds**

|  | <b>30-Jun-22</b>        | 31-Dec-21        |
|--|-------------------------|------------------|
|  | <b>RM'000</b>           | RM'000           |
| Cash and balances with banks and other financial institutions  | <b>1,072,096</b>        | 680,902          |
| Money at call and deposit placements maturing within one month | <b>700,000</b>          | 1,007,000        |
| Less: Allowances for ECL                                       | <b>(143)</b>            | (986)            |
|  | <b><u>1,771,953</u></b> | <u>1,686,916</u> |

**b. Debt Instruments at Fair Value Through Other Comprehensive Income ("FVOCI")**

|                                 | <b>30-Jun-22</b>        | 31-Dec-21        |
|---------------------------------|-------------------------|------------------|
|                                 | <b>RM'000</b>           | RM'000           |
| <b>Money market instruments</b> |                         |                  |
| Government Islamic investment   | <b><u>2,129,039</u></b> | <u>1,973,099</u> |

**c. Debt Instruments at Amortised Cost ("AC")**

|  | <b>30-Jun-22</b>      | 31-Dec-21     |
|--|-----------------------|---------------|
|  | <b>RM'000</b>         | RM'000        |
| <b>Money market instruments</b>                                      |                       |               |
| Government Islamic investment  | <b>568,078</b>        | -             |
| <b>Private debt securities of companies incorporated in Malaysia</b> |                       |               |
| Unquoted corporate sukuk   | <b>93,000</b>         | 99,000        |
| Less: Allowances for ECL   | <b>(89)</b>           | (26)          |
|  | <b><u>660,989</u></b> | <u>98,974</u> |

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**37. ISLAMIC BANKING OPERATIONS (cont'd.)**  
**EXPLANATORY NOTES**

**d. Financing, advances and others**

**(i) Financing by type of Shariah contract:**

**30 June 2022**

|  | <b>Sale based contracts</b>      |                                   |                                     | <b>Total<br/>RM'000</b> |
|--|----------------------------------|-----------------------------------|-------------------------------------|-------------------------|
|  | <i>Tawarruq</i><br><b>RM'000</b> | <i>Murabahah</i><br><b>RM'000</b> | <i>Bai Al-Dayn</i><br><b>RM'000</b> |                         |
| Term financing and revolving credits                 |                                  |                                   |                                     |                         |
| - Housing financing                                  | <b>3,165,277</b>                 | -                                 | -                                   | <b>3,165,277</b>        |
| - Other term financing                               | <b>5,000,709</b>                 | -                                 | -                                   | <b>5,000,709</b>        |
| Trust receipts                                       | -                                | <b>5,395</b>                      | -                                   | <b>5,395</b>            |
| Claim on customers under acceptance credit           | -                                | <b>150,553</b>                    | <b>2,019</b>                        | <b>152,572</b>          |
| Gross financing, advances and others                 | <b>8,165,986</b>                 | <b>155,948</b>                    | <b>2,019</b>                        | <b>8,323,953</b>        |
| Allowances for ECL on financing, advances and others |                                  |                                   |                                     |                         |
| Stage 1 - 12-month ECL                               |                                  |                                   |                                     | <b>(23,711)</b>         |
| Stage 2 - Lifetime ECL non impaired                  |                                  |                                   |                                     | <b>(36,691)</b>         |
| Stage 3 - Lifetime ECL credit impaired               |                                  |                                   |                                     | <b>(113,651)</b>        |
| Net financing, advances and others                   |                                  |                                   |                                     | <b>8,149,900</b>        |

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**37. ISLAMIC BANKING OPERATIONS (cont'd.)**  
**EXPLANATORY NOTES**

**d. Financing, advances and others (cont'd)**

**(i) Financing by type of Shariah contract (cont'd):**

31 December 2021

|  | Sale based contracts |                  |                    | Total<br>RM'000  |
|--|----------------------|------------------|--------------------|------------------|
|  | <i>Tawarruq</i>      | <i>Murabahah</i> | <i>Bai Al-Dayn</i> |                  |
|  | <i>RM'000</i>        | <i>RM'000</i>    | <i>RM'000</i>      |                  |
| Term financing and revolving credits                 |                      |                  |                    |                  |
| - Housing financing                                  | 2,973,323            | -                | -                  | 2,973,323        |
| - Other term financing                               | 4,921,764            | -                | -                  | 4,921,764        |
| Trust receipts                                       | -                    | 11,415           | -                  | 11,415           |
| Claim on customers under acceptance credit           | -                    | 116,844          | 422                | 117,266          |
| Gross financing, advances and others                 | <u>7,895,087</u>     | <u>128,259</u>   | <u>422</u>         | <u>8,023,768</u> |
| Allowances for ECL on financing, advances and others |                      |                  |                    |                  |
| Stage 1 - 12-month ECL                               |                      |                  |                    | (16,663)         |
| Stage 2 - Lifetime ECL non impaired                  |                      |                  |                    | (38,497)         |
| Stage 3 - Lifetime ECL credit impaired               |                      |                  |                    | (108,844)        |
| Net financing, advances and others                   |                      |                  |                    | <u>7,859,764</u> |

Included in financing and advances are specific business ventures funded by the Restricted Specific Investment Account ("RSIA") arrangement between Islamic Banking and Conventional Bank. The Conventional Bank, being the RSIA depositor, is exposed to the risks and rewards of the business venture and accounts for the expected credit loss ("ECL") allowances arising thereon.

As at 30 June 2022, the gross exposure and expected credit loss relating to RSIA financing amounted to RM2,280,088,840 (31 December 2021: RM2,149,834,281) and RM28,163,905 (31 December 2021: RM21,078,898) respectively.

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**37. ISLAMIC BANKING OPERATIONS (cont'd.)**  
**EXPLANATORY NOTES**

**d. Financing, advances and others (cont'd)**

**(ii) Gross financing, advances and others by maturity structure:**

|                           | <b>30-Jun-22</b>        | 31-Dec-21        |
|---------------------------|-------------------------|------------------|
|                           | <b>RM'000</b>           | RM'000           |
| Maturing within one year  | <b>631,736</b>          | 647,846          |
| One year to three years   | <b>125,999</b>          | 214,329          |
| Three years to five years | <b>2,152,589</b>        | 1,929,348        |
| Over five years           | <b>5,413,629</b>        | 5,232,245        |
|                           | <b><u>8,323,953</u></b> | <u>8,023,768</u> |

**(iii) Gross financing, advances and others by type of customers:**

|   | <b>30-Jun-22</b>        | 31-Dec-21        |
|---|-------------------------|------------------|
|   | <b>RM'000</b>           | RM'000           |
| Domestic non-banking financial institutions |                         |                  |
| - others                                    | <b>1,092,768</b>        | 1,023,164        |
| Domestic business enterprises               |                         |                  |
| - small medium enterprises                  | <b>1,877,475</b>        | 1,882,666        |
| - others                                    | <b>1,939,934</b>        | 1,903,068        |
| Individuals                                 | <b>3,269,473</b>        | 3,069,894        |
| Foreign entities                            | <b>144,303</b>          | 144,976          |
|   | <b><u>8,323,953</u></b> | <u>8,023,768</u> |

**(iv) Gross financing, advances and others by profit rate sensitivity:**

|                                      | <b>30-Jun-22</b>        | 31-Dec-21        |
|--------------------------------------|-------------------------|------------------|
|                                      | <b>RM'000</b>           | RM'000           |
| Fixed rate                           |                         |                  |
| - other fixed rate financing         | <b>1,399,633</b>        | 1,371,877        |
| Variable rates                       |                         |                  |
| - base rate/base financing rate-plus | <b>4,617,776</b>        | 4,362,873        |
| - cost-plus                          | <b>2,306,544</b>        | 2,289,018        |
|                                      | <b><u>8,323,953</u></b> | <u>8,023,768</u> |

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**37. ISLAMIC BANKING OPERATIONS (cont'd.)**  
**EXPLANATORY NOTES**

**d. Financing, advances and others (cont'd.)**

**(v) Gross financing, advances and others by economic sectors:**

|   | <b>30-Jun-22</b>        | 31-Dec-21               |
|---|-------------------------|-------------------------|
|   | <b>RM'000</b>           | RM'000                  |
| Agriculture                                     | <b>242,148</b>          | 321,952                 |
| Mining and quarrying                            | <b>88,004</b>           | 90,304                  |
| Manufacturing                                   | <b>1,111,966</b>        | 1,162,434               |
| Electricity, gas and water                      | <b>327,207</b>          | 250,684                 |
| Construction                                    | <b>401,462</b>          | 461,932                 |
| Wholesale, retail trade, restaurants and hotels | <b>986,146</b>          | 889,588                 |
| Transport, storage and communication            | <b>159,847</b>          | 124,830                 |
| Finance, insurance and business services        | <b>1,275,136</b>        | 1,201,402               |
| Real estate                                     | <b>282,853</b>          | 272,041                 |
| Community, social and personal services         | <b>35,409</b>           | 33,731                  |
| Households                                      |                         |                         |
| - purchase of residential properties            | <b>3,172,961</b>        | 2,981,304               |
| - purchase of non residential properties        | <b>178,777</b>          | 170,194                 |
| - others  | <b>62,037</b>           | 63,372                  |
|   | <b><u>8,323,953</u></b> | <b><u>8,023,768</u></b> |

**(vi) Movements in impaired financing, advances and others are as follows:**

|   | <b>30-Jun-22</b>      | 31-Dec-21      |
|---|-----------------------|----------------|
|   | <b>RM'000</b>         | RM'000         |
| As at 1 January   | <b>197,207</b>        | 75,903         |
| Classified as impaired during the period  | <b>41,177</b>         | 138,292        |
| Amount recovered  | <b>(17,938)</b>       | (9,863)        |
| Reclassified as non credit impaired   | <b>(4,279)</b>        | (931)          |
| Amount written off  | <b>(2,297)</b>        | (6,194)        |
| As at 30 June/31 December   | <b><u>213,870</u></b> | <u>197,207</u> |
| Allowance for ECL on credit impaired  | <b>(113,651)</b>      | (108,844)      |
| Net impaired financing, advances and others   | <b><u>100,219</u></b> | <u>88,363</u>  |
| Ratio of net impaired financing, advances and others to gross financing, advances and others less allowances for ECL on credit impaired | <b><u>1.2%</u></b>    | <u>1.1%</u>    |

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**37. ISLAMIC BANKING OPERATIONS (cont'd.)**  
**EXPLANATORY NOTES**

**d. Financing, advances and others (cont'd.)**

**(vii) Impaired financing, advances and others analysed by economic sectors are as follows:**

|   | <b>30-Jun-22</b>      | 31-Dec-21      |
|---|-----------------------|----------------|
|   | <b>RM'000</b>         | RM'000         |
| Mining and quarrying                            | <b>81,777</b>         | 81,750         |
| Manufacturing                                   | <b>7,682</b>          | 18,544         |
| Construction                                    | <b>3,875</b>          | 3,348          |
| Wholesale, retail trade, restaurants and hotels | <b>15,020</b>         | 10,040         |
| Transport, storage and communication            | <b>3,317</b>          | 3,315          |
| Finance, insurance and business services        | <b>685</b>            | 680            |
| Households                                      |                       |                |
| - purchase of residential properties            | <b>96,902</b>         | 78,045         |
| - purchase of non-residential properties        | <b>4,476</b>          | 1,342          |
| - others  | <b>136</b>            | 143            |
|   | <b><u>213,870</u></b> | <u>197,207</u> |

**(viii) Impaired financing, advances and others analysed by geographical distribution are as follows:**

|             | <b>30-Jun-22</b>      | 31-Dec-21      |
|-------------|-----------------------|----------------|
|             | <b>RM'000</b>         | RM'000         |
| In Malaysia | <b><u>213,870</u></b> | <u>197,207</u> |

**e. Other assets**

|   | <b>30-Jun-22</b>     | 31-Dec-21    |
|---|----------------------|--------------|
|   | <b>RM'000</b>        | RM'000       |
| Other receivables, deposits and prepayments | <b>10,568</b>        | 213          |
| Profit receivables                          | <b>10,602</b>        | 3,957        |
| Less: Allowances for ECL                    | <b>(2,949)</b>       | (3)          |
|   | <b><u>18,221</u></b> | <u>4,167</u> |

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**37. ISLAMIC BANKING OPERATIONS (cont'd.)  
EXPLANATORY NOTES**

**f. Movements in the allowances for expected credit losses**

**(a) Other financial assets:**

**Cash and short-term funds, Debt instruments at FVOCI  
and Other assets**

|   | <u>Stage 1</u>          | <u>Stage 2</u>                         | <u>Stage 3</u>                            |                     |
|---|-------------------------|--|---|---------------------|
|   | 12-months ECL<br>RM'000 | Lifetime ECL non<br>impaired<br>RM'000 | Lifetime ECL<br>credit-impaired<br>RM'000 | Total ECL<br>RM'000 |
| As at 1 January 2022                            | 1,423                   | 1                                      | -   | 1,424               |
| <u>Movements with P&amp;L impact:</u>           |                         |  |   |                     |
| New/addition during the period                  | 2,751                   | 791                                    | -   | 3,542               |
| Maturity/settlement/reduction during the period | <u>(1,455)</u>          | -                                      | -   | <u>(1,455)</u>      |
| As at 30 June 2022                              | <u>2,719</u>            | <u>792</u>                             | -   | <u>3,511</u>        |
| As at 1 January 2021                            | 1,615                   | 2                                      | -   | 1,617               |
| <u>Movements with P&amp;L impact:</u>           |                         |  |   |                     |
| New/addition during the year                    | 2,001                   | -                                      | -   | 2,001               |
| Write-back for the financial year               | <u>(2,193)</u>          | <u>(1)</u>                             | -   | <u>(2,194)</u>      |
| As at 31 December 2021                          | <u>1,423</u>            | <u>1</u>                               | -   | <u>1,424</u>        |

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**37. ISLAMIC BANKING OPERATIONS (cont'd.)  
EXPLANATORY NOTES**

**f. Movements in loss allowances for expected credit losses (cont'd)**

**(b) Contingent liabilities and commitments**

|   | <u>Stage 1</u>         | <u>Stage 2</u>                         | <u>Stage 3</u>                            |                     |
|---|------------------------|--|---|---------------------|
|   | 12-month ECL<br>RM'000 | Lifetime ECL non<br>impaired<br>RM'000 | Lifetime ECL<br>credit-impaired<br>RM'000 | Total ECL<br>RM'000 |
| As at 1 January 2022                            | 12,703                 | 4,140                                  | -   | 16,843              |
| <u>Movements with P&amp;L impact:</u>           |                        |  |   |                     |
| Transferred to Stage 1                          | 38                     | (347)                                  | -   | (309)               |
| Transferred to Stage 2                          | (66)                   | 160                                    | -   | 94                  |
| new/addition during the period                  | 3,914                  | 1,055                                  | -   | 4,969               |
| Maturity/settlement/reduction during the period | (3,769)                | (376)                                  | -   | (4,145)             |
| As at 30 June 2022                              | <u>12,820</u>          | <u>4,632</u>                           | <u>-</u>                                  | <u>17,452</u>       |
| As at 1 January 2021                            | 5,148                  | 2,865                                  | -   | 8,013               |
| <u>Movements with P&amp;L impact:</u>           |                        |  |   |                     |
| Transferred to Stage 1                          | 669                    | (2,322)                                | -   | (1,653)             |
| Transferred to Stage 2                          | (553)                  | 694                                    | -   | 141                 |
| new/addition during the year                    | 12,946                 | 3,945                                  | -   | 16,891              |
| Maturity/settlement/reduction during the year   | (5,508)                | (1,045)                                | -   | (6,553)             |
| Foreign translation gain                        | 1                      | 3                                      | -   | 4                   |
| As at 31 December 2021                          | <u>12,703</u>          | <u>4,140</u>                           | <u>-</u>                                  | <u>16,843</u>       |

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**37. ISLAMIC BANKING OPERATIONS (cont'd.)  
EXPLANATORY NOTES****f. Movements in loss allowances for expected credit losses (cont'd)****(c) Financing, advances and others**

|   | <u>Stage 1</u>         | <u>Stage 2</u>                         | <u>Stage 3</u>                            |                     |
|---|------------------------|--|---|---------------------|
|   | 12-month ECL<br>RM'000 | Lifetime ECL non<br>impaired<br>RM'000 | Lifetime ECL<br>credit-impaired<br>RM'000 | Total ECL<br>RM'000 |
| As at 1 January 2022                            | 16,663                 | 38,497                                 | 108,844                                   | 164,004             |
| <u>Movements with P&amp;L impact:</u>           |                        |  |   |                     |
| Transferred to Stage 1                          | 866                    | (9,166)                                | (277)                                     | (8,577)             |
| Transferred to Stage 2                          | (1,438)                | 9,254                                  | (632)                                     | 7,184               |
| Transferred to Stage 3                          | (30)                   | (1,229)                                | 6,158                                     | 4,899               |
| new/addition during the period                  | 9,388                  | 2,388                                  | 5,838                                     | 17,614              |
| Maturity/settlement/reduction during the period | (1,738)                | (3,053)                                | (3,995)                                   | (8,786)             |
|   | <b>7,048</b>           | <b>(1,806)</b>                         | <b>7,092</b>                              | <b>12,334</b>       |
| <u>Movements without profit or loss impact:</u> |                        |  |   |                     |
| Amounts written off                             | -                      | -                                      | (2,285)                                   | (2,285)             |
| Other movements                                 | -                      | -                                      | -   | -                   |
| As at 30 June 2022                              | <b>23,711</b>          | <b>36,691</b>                          | <b>113,651</b>                            | <b>174,053</b>      |
| As at 1 January 2021                            | 20,975                 | 34,732                                 | 20,684                                    | 76,391              |
| <u>Movements with P&amp;L impact:</u>           |                        |  |   |                     |
| Transferred to Stage 1                          | 2,642                  | (19,561)                               | (28)                                      | (16,947)            |
| Transferred to Stage 2                          | (3,749)                | 8,420                                  | (38)                                      | 4,633               |
| Transferred to Stage 3                          | (248)                  | (1,657)                                | 89,451                                    | 87,546              |
| new/addition during the year                    | 13,430                 | 33,652                                 | 4,840                                     | 51,922              |
| Maturity/settlement/reduction during the year   | (16,387)               | (17,089)                               | (1,242)                                   | (34,718)            |
|   | <b>(4,312)</b>         | <b>3,765</b>                           | <b>92,983</b>                             | <b>92,436</b>       |
| Amounts written off                             | -                      | -                                      | (6,786)                                   | (6,786)             |
| Other movements                                 | -                      | -                                      | 1,963                                     | 1,963               |
| As at 31 December 2021                          | <b>16,663</b>          | <b>38,497</b>                          | <b>108,844</b>                            | <b>164,004</b>      |

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**37. ISLAMIC BANKING OPERATIONS (cont'd.)**  
**EXPLANATORY NOTES**

**g. Financial Derivatives**

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 Bank customise derivatives to meet specific needs of their customers. The Bank also transact in these derivatives for proprietary trading purposes as well as to manage its assets/liabilities and structural positions. While the Bank also enter into other foreign exchange forward contracts with the intention to reduce the foreign exchange risk of expected sales and purchases for customers, these other contracts are not designated as hedge relationships and are measured at fair value through profit or loss.

The fair value of the derivatives are as follows:

|                               | <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 30 June 2022</b>     |   |   |   |
| Foreign exchange contracts    |   |   |   |
| - forwards                    | 733,965   | 17,490                                    | 17,784                                    |
| Profit rate related contracts |   |   |   |
| - swaps                       | 431,200   | 6,446                                     | 5,900                                     |
|                               |   | <u>23,936</u>                             | <u>23,684</u>                             |
| <br>                          |   |   |   |
|                               | <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 2021</b> |   |   |   |
| Foreign exchange contracts    |   |   |   |
| - forwards                    | 392,992   | 1,964                                     | 1,135                                     |
| Profit rate related contracts |   |   |   |
| - swaps                       | 362,880   | -   | 576                                       |
|                               |   | <u>1,964</u>                              | <u>1,711</u>                              |

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**37. ISLAMIC BANKING OPERATIONS (cont'd.)**  
**EXPLANATORY NOTES**

**h. Deposits from customers**

**(i) By type of deposits:**

|                                   | <b>30-Jun-22</b>        | 31-Dec-21        |
|-----------------------------------|-------------------------|------------------|
|                                   | <b>RM'000</b>           | RM'000           |
| <b><u>Non-Mudharabah fund</u></b> |                         |                  |
| Demand deposits                   |                         |                  |
| - Qard                            | <b>499,611</b>          | 728,088          |
| Savings deposits                  |                         |                  |
| - Qard                            | <b>69,854</b>           | 58,384           |
| Fixed deposits                    |                         |                  |
| - Tawarruq                        | <b>3,635,289</b>        | 3,752,842        |
| Other deposits                    |                         |                  |
| - Tawarruq                        | <b>323,762</b>          | 595,002          |
|                                   | <b><u>4,528,516</u></b> | <u>5,134,316</u> |

**(ii) The maturity structure of fixed deposits is as follows:**

|                           | <b>30-Jun-22</b>        | 31-Dec-21        |
|---------------------------|-------------------------|------------------|
|                           | <b>RM'000</b>           | RM'000           |
| Due within six months     | <b>529,997</b>          | 1,823,430        |
| Six months to one year    | <b>2,932,838</b>        | 1,757,540        |
| One year to three years   | <b>620</b>              | 171,833          |
| Three years to five years | <b>171,834</b>          | 39               |
|                           | <b><u>3,635,289</u></b> | <u>3,752,842</u> |

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

|                      | <b>30-Jun-22</b>        | 31-Dec-21        |
|----------------------|-------------------------|------------------|
|                      | <b>RM'000</b>           | RM'000           |
| Business enterprises | <b>1,291,802</b>        | 1,565,711        |
| Individuals          | <b>2,716,156</b>        | 2,676,861        |
| Others               | <b>520,558</b>          | 891,744          |
|                      | <b><u>4,528,516</u></b> | <u>5,134,316</u> |

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**37. ISLAMIC BANKING OPERATIONS (cont'd.)**  
**EXPLANATORY NOTES**

**i. Investment accounts due to designated financial institutions**

|  | 30-Jun-22<br>RM'000     | 31-Dec-21<br>RM'000     |
|--|-------------------------|-------------------------|
| <b><u>Mudharabah RSIA</u></b>            |                         |                         |
| Licensed bank                            | 3,551,750               | 2,776,530               |
| Amount receivable from Conventional Bank | <u>(28,164)</u>         | <u>(21,079)</u>         |
|  | <b><u>3,523,586</u></b> | <b><u>2,755,451</u></b> |

**j. Deposits and placements of banks and other financial institutions**

|                                   | 30-Jun-22<br>RM'000 | 31-Dec-21<br>RM'000 |
|-----------------------------------|---------------------|---------------------|
| <b><u>Non-Mudharabah fund</u></b> |                     |                     |
| Other financial institutions      | <u>4,137,290</u>    | <u>3,159,928</u>    |

**k. Other liabilities**

|  | 30-Jun-22<br>RM'000 | 31-Dec-21<br>RM'000 |
|--|---------------------|---------------------|
| Allowance for ECL for commitment and contingencies               | 17,452              | 16,843              |
| Accrued profit payable   | 22,813              | 102,279             |
| Other payables, accruals and provisions for operational expenses | 2,479               | 2,664               |
| Deferred income  | 8,453               | -                   |
|  | <u>51,197</u>       | <u>121,786</u>      |

**l. Islamic Banking funds**

|   | 30-Jun-22<br>RM'000 | 31-Dec-21<br>RM'000 |
|---|---------------------|---------------------|
| Capital fund  | 450,000             | 450,000             |
| Fair value through other comprehensive income reserve | (7,399)             | (966)               |
| Accumulated profit                                    | 45,993              | 14,261              |
|   | <u>488,594</u>      | <u>463,295</u>      |

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**37. ISLAMIC BANKING OPERATIONS (cont'd.)**  
**EXPLANATORY NOTES**

**m. Income derived from depositors' funds**

|   | Second Quarter<br>ended |                     | Six months<br>ended |                     |
|---|-------------------------|---------------------|---------------------|---------------------|
|   | 30-Jun-22<br>RM'000     | 30-Jun-21<br>RM'000 | 30-Jun-22<br>RM'000 | 30-Jun-21<br>RM'000 |
| <b><u>Finance income and hibah</u></b>                              |                         |                     |                     |                     |
| Financing, advances and others                                      | <b>43,702</b>           | 41,752              | <b>86,633</b>       | 81,216              |
| Money at call and deposit placements<br>with financial institutions | <b>1,801</b>            | 3,275               | <b>6,041</b>        | 5,908               |
| FVOCI securities  | <b>13,345</b>           | 8,500               | <b>25,081</b>       | 12,904              |
|   | <b>58,848</b>           | 53,527              | <b>117,755</b>      | 100,028             |
| <b><u>Other operating income</u></b>                                |                         |                     |                     |                     |
| Trading income  | <b>447</b>              | 1,592               | <b>1,265</b>        | 2,056               |
| Commision income  | <b>1,662</b>            | 1,719               | <b>2,942</b>        | 3,118               |
| Fee income  | <b>966</b>              | 11,029              | <b>4,635</b>        | 17,756              |
| Others  | <b>34</b>               | 40                  | <b>68</b>           | 87                  |
|   | <b>61,957</b>           | 67,907              | <b>126,665</b>      | 123,045             |

**n. Income derived from investment of Islamic Banking funds**

|   | Second Quarter<br>ended |                     | Six months<br>ended |                     |
|---|-------------------------|---------------------|---------------------|---------------------|
|   | 30-Jun-22<br>RM'000     | 30-Jun-21<br>RM'000 | 30-Jun-22<br>RM'000 | 30-Jun-21<br>RM'000 |
| <b><u>Finance income and hibah</u></b>                              |                         |                     |                     |                     |
| Financing, advances and others                                      | <b>4,186</b>            | 4,300               | <b>7,433</b>        | 8,493               |
| Money at call and deposit placements<br>with financial institutions | <b>177</b>              | 338                 | <b>502</b>          | 617                 |
| FVOCI securities  | <b>1,279</b>            | 875                 | <b>2,172</b>        | 1,343               |
|   | <b>5,642</b>            | 5,513               | <b>10,107</b>       | 10,453              |
| <b><u>Other operating income</u></b>                                |                         |                     |                     |                     |
| Trading income  | <b>45</b>               | 166                 | <b>107</b>          | 215                 |
| Commision income  | <b>157</b>              | 175                 | <b>253</b>          | 326                 |
| Fee income  | <b>106</b>              | 1,126               | <b>395</b>          | 1,841               |
| Others  | <b>3</b>                | 3                   | <b>6</b>            | 8                   |
|   | <b>5,953</b>            | 6,983               | <b>10,868</b>       | 12,843              |

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**37. ISLAMIC BANKING OPERATIONS (cont'd.)**  
**EXPLANATORY NOTES**

**o. Income derived from investment of Investment Account funds**

|  | <b>Second Quarter ended</b> |               | <b>Six months ended</b> |               |
|--|-----------------------------|---------------|-------------------------|---------------|
|  | <b>30-Jun-22</b>            | 30-Jun-21     | <b>30-Jun-22</b>        | 30-Jun-21     |
|  | <b>RM'000</b>               | RM'000        | <b>RM'000</b>           | RM'000        |
| <b><u>Finance income and hibah</u></b>                           |                             |               |                         |               |
| Financing, advances and others                                   | <b>21,883</b>               | 13,486        | <b>42,829</b>           | 25,024        |
| Money at call and deposit placements with financial institutions | <b>5,828</b>                | 1,732         | <b>9,358</b>            | 2,148         |
|  | <b><u>27,711</u></b>        | <u>15,218</u> | <b><u>52,187</u></b>    | <u>27,172</u> |

**p. Income attributable to depositors**

|  | <b>Second Quarter ended</b> |           | <b>Six months ended</b> |           |
|--|-----------------------------|-----------|-------------------------|-----------|
|  | <b>30-Jun-22</b>            | 30-Jun-21 | <b>30-Jun-22</b>        | 30-Jun-21 |
|  | <b>RM'000</b>               | RM'000    | <b>RM'000</b>           | RM'000    |
| Income attributable to depositors from non-mudharabah fund | <b>39,739</b>               | 38,489    | <b>80,241</b>           | 70,715    |

**q. Income attributable to Investment Account holder**

|   | <b>Second Quarter ended</b> |           | <b>Six months ended</b> |           |
|---|-----------------------------|-----------|-------------------------|-----------|
|   | <b>30-Jun-22</b>            | 30-Jun-21 | <b>30-Jun-22</b>        | 30-Jun-21 |
|   | <b>RM'000</b>               | RM'000    | <b>RM'000</b>           | RM'000    |
| Income attributable to depositor from mudharabah fund | <b>21,685</b>               | 12,175    | <b>40,901</b>           | 21,738    |

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**37. ISLAMIC BANKING OPERATIONS (cont'd.)**

**EXPLANATORY NOTES**

**r. Allowance for impairment on financing, advances and others and other financial assets**

|   | Second Quarter<br>ended |                     | Six months<br>ended |                     |
|---|-------------------------|---------------------|---------------------|---------------------|
|   | 30-Jun-22<br>RM'000     | 30-Jun-21<br>RM'000 | 30-Jun-22<br>RM'000 | 30-Jun-21<br>RM'000 |
| Allowances for/(writeback of) impairment<br>on financing, advances and others |                         |                     |                     |                     |
| Stage 1 ECL   | <b>2,523</b>            | (1,056)             | <b>7,048</b>        | 24                  |
| Stage 2 ECL   | <b>(1,070)</b>          | (9,936)             | <b>(1,806)</b>      | 840                 |
| Stage 3 ECL   | <b>4,602</b>            | 593                 | <b>7,092</b>        | 2,343               |
| Movement in ECL for RSIA holder*  | <b>10</b>               | 1,831               | <b>(5,163)</b>      | (875)               |
|   | <b>6,065</b>            | (8,568)             | <b>7,171</b>        | 2,332               |
| Credit-impaired financing, advances and<br>others                             |                         |                     |                     |                     |
| - written off   | <b>24</b>               | 22                  | <b>41</b>           | 48                  |
| - recovered   | <b>(6)</b>              | (8)                 | <b>(12)</b>         | (8)                 |
|   | <b>6,083</b>            | (8,554)             | <b>7,200</b>        | 2,372               |
| Other financial assets  |                         |                     |                     |                     |
| Stage 1 ECL   | <b>414</b>              | 39                  | <b>1,296</b>        | 669                 |
| Stage 2 ECL   | <b>210</b>              | (315)               | <b>791</b>          | (1)                 |
|   | <b>624</b>              | (276)               | <b>2,087</b>        | 668                 |
| Commitment and contingencies  |                         |                     |                     |                     |
| Stage 1 ECL   | <b>(2,771)</b>          | 779                 | <b>117</b>          | 4,515               |
| Stage 2 ECL   | <b>578</b>              | (503)               | <b>492</b>          | (133)               |
| Movement in ECL for RSIA holder*  | <b>2,354</b>            | 403                 | <b>(1,920)</b>      | (4,135)             |
|   | <b>161</b>              | 679                 | <b>(1,311)</b>      | 247                 |
| Total   | <b>6,868</b>            | (8,151)             | <b>7,976</b>        | 3,287               |

\*The RSIA holder is the Conventional Banking

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**37. ISLAMIC BANKING OPERATIONS (cont'd.)**  
**EXPLANATORY NOTES**

**s. Other operating expenses**

|   | Second Quarter ended |                     | Six months ended    |                     |
|---|----------------------|---------------------|---------------------|---------------------|
|   | 30-Jun-22<br>RM'000  | 30-Jun-21<br>RM'000 | 30-Jun-22<br>RM'000 | 30-Jun-21<br>RM'000 |
| Personnel expenses                              | 871                  | 707                 | 1,583               | 1,393               |
| Establishment related expenses                  | 2,044                | 718                 | 3,097               | 1,395               |
| Promotion and marketing related expenses        | 178                  | 63                  | 213                 | 64                  |
| General administrative expenses                 | 7,297                | 6,474               | 13,950              | 12,282              |
|   | <b>10,390</b>        | <b>7,962</b>        | <b>18,843</b>       | <b>15,134</b>       |
| Personnel expenses                              |                      |                     |                     |                     |
| - Wages, salaries and bonus                     | 678                  | 577                 | 1,246               | 1,115               |
| - Defined contribution plan                     | 108                  | 93                  | 199                 | 179                 |
| - Other employee benefits                       | 85                   | 37                  | 138                 | 99                  |
|   | <b>871</b>           | <b>707</b>          | <b>1,583</b>        | <b>1,393</b>        |
| Establishment related expenses                  |                      |                     |                     |                     |
| - Depreciation of property, plant and equipment | 212                  | 215                 | 424                 | 431                 |
| - Repair and maintenance                        | 1                    | 1                   | 2                   | 2                   |
| - Information technology costs                  | 341                  | 264                 | 641                 | 504                 |
| - Short term lease expenses                     | 6                    | -                   | 6                   | -                   |
| - Others  | 1,484                | 238                 | 2,024               | 458                 |
|   | <b>2,044</b>         | <b>718</b>          | <b>3,097</b>        | <b>1,395</b>        |
| Promotion and marketing related expenses        |                      |                     |                     |                     |
| - Advertisement and publicity                   | 178                  | 63                  | 213                 | 64                  |
| General administrative expenses                 |                      |                     |                     |                     |
| - Fees and commissions paid                     | 112                  | 116                 | 173                 | 165                 |
| - Management fee                                | 7,109                | 6,348               | 13,400              | 12,088              |
| - Others  | 76                   | 10                  | 377                 | 29                  |
|   | <b>7,297</b>         | <b>6,474</b>        | <b>13,950</b>       | <b>12,282</b>       |

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**37. ISLAMIC BANKING OPERATIONS (cont'd.)**  
**EXPLANATORY NOTES**

**t. Commitments and contingencies**

The off-balance sheet exposures and their related counterparty credit risk are as follows:

|   | Principal<br>amount<br>RM'000 | Credit<br>equivalent<br>amount<br>RM'000 | Risk<br>weighted<br>amount<br>RM'000 |
|---|-------------------------------|--|--------------------------------------|
| <b>As at 30 June 2022</b>                               |                               |  |                                      |
| Direct credit substitutes                               | 145,043                       | 145,043                                  | 268,520                              |
| Transaction-related contingent items                    | 203,444                       | 102,212                                  | 160,397                              |
| Short-term self-liquidating trade-related contingencies | 11,819                        | 2,456                                    | 1,713                                |
| Foreign exchange related contracts                      |                               |  |                                      |
| - less than one year                                    | 724,616                       | 27,372                                   | 15,440                               |
| - more than one year to less than five years            | 9,349                         | 467                                      | 327                                  |
| Profit rate related contracts                           |                               |  |                                      |
| - more than one year to less than five years            | 431,200                       | 4,312                                    | 2,706                                |
| Undrawn credit facility                                 |                               |  |                                      |
| - less than one year                                    | 230,856                       | 7,254                                    | 2,585                                |
| - more than one year                                    | 965,800                       | 688,956                                  | 323,217                              |
| - unconditionally cancellable                           | 1,219,372                     | -  | -                                    |
| <b>Total</b>  | <b>3,941,499</b>              | <b>978,072</b>                           | <b>774,905</b>                       |
|   |                               |  |                                      |
|   | Principal<br>amount<br>RM'000 | Credit<br>equivalent<br>amount<br>RM'000 | Risk<br>weighted<br>amount<br>RM'000 |
| <b>As at 31 December 2021</b>                           |                               |  |                                      |
| Direct credit substitutes                               | 146,542                       | 146,542                                  | 281,909                              |
| Transaction-related contingent items                    | 158,716                       | 79,458                                   | 152,484                              |
| Short-term self-liquidating trade-related contingencies | 1,564                         | 313                                      | 178                                  |
| Foreign exchange related contracts                      |                               |  |                                      |
| - less than one year                                    | 378,843                       | 6,165                                    | 3,699                                |
| - more than one year to less than five years            | 14,149                        | 1,047                                    | 733                                  |
| - five years and above                                  | -                             | -  | -                                    |
| Profit rate related contracts                           |                               |  |                                      |
| - less than one year                                    | -                             | -  | -                                    |
| - more than one year to less than five years            | 362,880                       | 4,629                                    | 2,708                                |
| Undrawn credit facility                                 |                               |  |                                      |
| - less than one year                                    | 224,833                       | 7,231                                    | 2,534                                |
| - more than one year                                    | 1,011,585                     | 727,874                                  | 353,527                              |
| - unconditionally cancellable                           | 481,577                       | -  | -                                    |
| <b>Total</b>  | <b>2,780,689</b>              | <b>973,259</b>                           | <b>797,772</b>                       |

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**37. ISLAMIC BANKING OPERATIONS (cont'd.)**  
**EXPLANATORY NOTES**

**u. Capital management and capital adequacy**

The capital adequacy ratios of Islamic Banking window are computed in accordance with the BNM Capital Adequacy Framework for Islamic Banking (Capital Components) and Basel II - Risk-weighted Assets Framework for Islamic Banking.

|   | <b>30-Jun-22</b> | 31-Dec-21 |
|---|------------------|-----------|
|   | <b>RM'000</b>    | RM'000    |
| <u>Common Equity Tier 1 ("CET1")/Tier 1 Capital</u>               |                  |           |
| Capital fund  | <b>450,000</b>   | 450,000   |
| Retained profits  | <b>45,993</b>    | 14,261    |
| Other reserves  | <b>(7,399)</b>   | (966)     |
| Regulatory adjustments applied in the calculation of CET1 Capital | <b>(15,256)</b>  | (11,130)  |
| Total CET1/Tier 1 Capital   | <b>473,338</b>   | 452,165   |
| <u>Tier 2 Capital</u>   |                  |           |
| Financing loss provision  |                  |           |
| - Surplus eligible provisions over expected losses                | <b>18,940</b>    | 18,426    |
| - General provisions  | <b>347</b>       | 122       |
| Total Tier 2 Capital  | <b>19,287</b>    | 18,548    |
| Total Capital   | <b>492,625</b>   | 470,713   |

**(a) The capital adequacy ratios are as follows:**

|                                   | <b>30-Jun-22</b> | 31-Dec-21 |
|-----------------------------------|------------------|-----------|
| <b>Before the effects of RSIA</b> |                  |           |
| CET1/Tier 1 Capital               | <b>8.630%</b>    | 8.182%    |
| Total Capital                     | <b>9.212%</b>    | 8.766%    |
| <b>After the effects of RSIA</b>  |                  |           |
| CET1/Tier 1 Capital               | <b>14.025%</b>   | 13.965%   |
| Total Capital                     | <b>14.597%</b>   | 14.538%   |

In accordance with BNM's Guidelines on the Investment Account, the credit risk and market risks weighted assets funded by the RSIA which qualify as risk absorbent are excluded from the calculation of capital adequacy ratio. As at 30 June 2022, credit risks related to RSIA assets excluded from the total capital ratio calculation amounted to RM2,110,071,034 (31 December 2021: RM2,288,873,000).

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**37. ISLAMIC BANKING OPERATIONS (cont'd.)**  
**EXPLANATORY NOTES**

**u. Capital management and capital adequacy (cont'd.)**

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

|                                | <b>30-Jun-22</b>        | 31-Dec-21        |
|--------------------------------|-------------------------|------------------|
|                                | <b>RM'000</b>           | RM'000           |
| Total RWA for credit risk      | <b>3,184,362</b>        | 3,080,652        |
| Total RWA for market risk      | <b>3,121</b>            | 661              |
| Total RWA for operational risk | <b>187,463</b>          | 156,436          |
|                                | <b><u>3,374,946</u></b> | <u>3,237,749</u> |