

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

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
30 SEPTEMBER 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 SEPTEMBER 2022**

	Note	Group		Bank	
		30-Sep-22 RM'000	31-Dec-21 RM'000	30-Sep-22 RM'000	31-Dec-21 RM'000
ASSETS					
Cash and short-term funds	11	6,592,262	10,063,224	6,592,262	10,063,224
Deposits and placements with financial institutions	12	299,949	-	299,949	-
Securities purchased under resale agreements		65,573	77,705	65,573	77,705
Financial assets at fair value through profit or loss ("FVTPL")	13	8,732,107	4,594,153	8,732,107	4,594,153
Debt instruments at fair value through other comprehensive income ("FVOCI")	14	22,641,533	22,142,903	22,641,533	22,142,903
Equity instruments at fair value through other comprehensive income ("FVOCI")	15	153,635	157,024	153,635	157,024
Debt Instruments at amortised cost	16	6,729,777	1,176,380	6,729,777	1,176,380
Loans, advances and financing	17	89,552,427	87,712,734	89,635,997	87,804,018
Derivative financial assets	18	2,417,505	515,746	2,417,505	515,746
Other assets	19	1,377,756	901,255	1,390,952	903,498
Statutory deposits with Bank Negara Malaysia		193,217	180,667	193,217	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		1,248,771	1,135,441	463,522	372,868
Right-of-use assets		64,653	66,048	108,541	118,290
Deferred tax assets		358,665	262,147	358,665	262,147
TOTAL ASSETS		140,437,012	128,995,174	140,366,777	128,912,165
LIABILITIES					
Deposits from customers	20	100,448,465	97,074,345	100,485,691	97,101,837
Deposits and placements of banks and other financial institutions	21	16,628,030	15,344,500	16,628,030	15,344,520
Structured deposits		1,221,146	257,069	1,221,146	257,069
Obligations on securities sold under repurchase agreements		3,291,611	546,768	3,291,611	546,768
Bills and acceptances payable		281,152	208,321	281,152	208,321
Derivative financial liabilities	18	2,039,785	520,281	2,039,785	520,281
Other liabilities	22	2,152,341	1,638,240	2,150,121	1,632,764
Lease liabilities		68,934	69,455	114,715	125,595
Tax payable		339,986	155,402	340,884	154,823
Subordinated bonds	23	1,345,292	1,363,268	1,345,292	1,363,268
Deferred tax liabilities		30,005	30,005	-	-
TOTAL LIABILITIES		127,846,747	117,207,654	127,898,427	117,255,246

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UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

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

		Group		Bank	
	Note	30-Sep-22	31-Dec-21	30-Sep-22	31-Dec-21
		RM'000	RM'000	RM'000	RM'000
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK					
Share capital		792,555	792,555	792,555	792,555
Reserves		11,797,710	10,994,965	11,675,795	10,864,364
TOTAL EQUITY		<u>12,590,265</u>	<u>11,787,520</u>	<u>12,468,350</u>	<u>11,656,919</u>
TOTAL LIABILITIES AND EQUITY		<u>140,437,012</u>	<u>128,995,174</u>	<u>140,366,777</u>	<u>128,912,165</u>
COMMITMENTS AND CONTINGENCIES	32	<u>209,060,252</u>	<u>148,148,043</u>	<u>208,988,342</u>	<u>148,041,422</u>

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 SEPTEMBER 2022

Group	Note	Third Quarter Ended		Nine Months Ended	
		30-Sep-22 RM'000	30-Sep-21 RM'000	30-Sep-22 RM'000	30-Sep-21 RM'000
Operating revenue	24	1,641,877	1,249,748	4,291,782	3,709,973
Interest income	25	1,215,639	999,054	3,249,728	2,957,723
Interest expense	26	(509,664)	(386,340)	(1,314,456)	(1,153,459)
Net interest income		705,975	612,714	1,935,272	1,804,264
Net income from Islamic Banking operations	35	40,526	41,070	109,104	111,677
Other operating income	27	297,602	189,641	701,602	583,399
Operating income		1,044,103	843,425	2,745,978	2,499,340
Other operating expenses	28	(378,069)	(316,944)	(1,088,341)	(943,102)
Operating profit before allowances for expected credit losses		666,034	526,481	1,657,637	1,556,238
Write-back of/(allowances for) expected credit losses ("ECL") on:					
Loans, advances and financing	29	(178,125)	(198,892)	(24,312)	(318,864)
Other financial assets	29	(20,765)	(20,973)	(1,900)	(31,123)
Commitments and contingencies	29	4,803	(10,559)	74,227	(27,733)
		471,947	296,057	1,705,652	1,178,518
Share of results of an associate		-	29	(565)	82
Profit before taxation		471,947	296,086	1,705,087	1,178,600
Income tax expense		(163,768)	(70,298)	(553,185)	(287,844)
Profit for the period attributable to equity holders of the Bank		308,179	225,788	1,151,902	890,756
Basic/diluted earnings per share (sen)		65.6	48.0	245.1	189.5

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.

UNITED OVERSEAS BANK (MALAYSIA) BHD

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

Bank	Note	Third Quarter Ended		Nine Months Ended	
		30-Sep-22 RM'000	30-Sep-21 RM'000	30-Sep-22 RM'000	30-Sep-21 RM'000
Operating revenue	24	1,642,648	1,250,449	4,293,976	3,712,119
Interest income	25	1,216,370	999,683	3,251,726	2,959,660
Interest expense	26	(510,039)	(386,800)	(1,315,494)	(1,155,190)
Net interest income		706,331	612,883	1,936,232	1,804,470
Net income from Islamic					
Banking operations	35	40,526	41,070	109,104	111,677
Other operating income	27	297,641	189,713	701,798	583,608
Operating income		1,044,498	843,666	2,747,134	2,499,755
Other operating expenses	28	(374,885)	(316,896)	(1,085,035)	(944,617)
Operating profit before allowances for expected credit losses		669,613	526,770	1,662,099	1,555,138
Write-back of/(allowances for) ECL on:					
Loans, advances and financing	29	(178,125)	(198,869)	(24,312)	(318,868)
Other financial assets	29	(20,745)	(20,973)	230	(31,123)
Commitments and contingencies	29	4,803	(10,559)	74,227	(27,733)
Profit before taxation		475,546	296,369	1,712,244	1,177,414
Income tax expense		(163,740)	(69,496)	(551,657)	(285,095)
Profit for the period attributable to equity holders of the Bank		311,806	226,873	1,160,587	892,319
Basic/diluted earnings per share (sen)		66.3	48.3	246.9	189.9

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 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 SEPTEMBER 2022**

Group	Third Quarter Ended		Nine Months Ended	
	30-Sep-22 RM'000	30-Sep-21 RM'000	30-Sep-22 RM'000	30-Sep-21 RM'000
Profit for the period	308,179	225,788	1,151,902	890,756
<i>Other comprehensive (loss)/income:</i>				
<u>Items that will be reclassified subsequently</u>				
<u>to income statements:</u>				
Net fair value changes in debt instruments at fair value through other comprehensive income	(86,208)	(81,936)	(456,624)	(295,285)
Income tax effect	20,690	19,664	109,590	70,868
	(65,518)	(62,272)	(347,034)	(224,417)
<u>Items that will not be reclassified subsequently</u>				
<u>to income statements:</u>				
Net fair value changes in equity instruments at fair value through other comprehensive income	6	(84)	(3,122)	1,768
Income tax effect	(2)	20	749	(424)
	4	(64)	(2,373)	1,344
Total other comprehensive loss for the period, net of tax	(65,514)	(62,336)	(349,407)	(223,073)
Gains on disposal of equity	-	-	250	6
Total comprehensive income for the period attributable to equity holders	242,665	163,452	802,745	667,689

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 SEPTEMBER 2022**

	Third Quarter Ended		Nine Months Ended	
	30-Sep-22 RM'000	30-Sep-21 RM'000	30-Sep-22 RM'000	30-Sep-21 RM'000
Bank				
Profit for the period	311,806	226,873	1,160,587	892,319
<i>Other comprehensive (loss)/income:</i>				
<u>Items that will be reclassified subsequently to income statements:</u>				
Net fair value changes in debt instruments at fair value through other comprehensive income	(86,208)	(81,936)	(456,624)	(295,285)
Income tax effect	20,690	19,664	109,590	70,868
	(65,518)	(62,272)	(347,034)	(224,417)
<u>Items that will not be reclassified subsequently to income statements:</u>				
Net fair value changes in equity instruments at fair value through other comprehensive income	6	(84)	(3,122)	1,768
Income tax effect	(2)	20	749	(424)
	4	(64)	(2,373)	1,344
Total other comprehensive loss for the period, net of tax	(65,514)	(62,336)	(349,406)	(223,073)
Gains on disposal of equity	-	-	250	6
Total comprehensive income for the period attributable to equity holders	246,292	164,537	811,431	669,252

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
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**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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	-	-	-	1,151,902	1,151,902
Gain on disposal on equity	-	-	(233)	250	17
Other comprehensive loss for the period	-	-	(349,174)	-	(349,174)
Total comprehensive (losses)/income for the period	-	-	(349,407)	1,152,152	802,745
Balance as at 30 September 2022	792,555	192,735	(356,506)	11,961,481	12,590,265

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UNITED OVERSEAS BANK (MALAYSIA) BHD

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**CONDENSED INTERIM FINANCIAL STATEMENTS
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY (cont'd.)
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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	-	-	-	890,756	890,756
Gain on disposal on equity	-	-	(6)	6	-
Other comprehensive loss for the period	-	-	(223,067)	-	(223,067)
Total comprehensive (losses)/income for the period	-	-	(223,073)	890,762	667,689
Transactions with owners:					
Dividends paid:					
- final dividend for the financial year ended 31 December 2020	-	-	-	(507,130)	(507,130)
Balance as at 30 September 2021	792,555	184,130	85,973	10,558,026	11,620,684

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

BANK	Non-distributable		Distributable	Total
	Share capital	Fair value through other comprehensive income reserve	Retained profits	
2022	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	-	-	1,160,587	1,160,587
Gain on disposal on equity	-	(233)	250	17
Other comprehensive loss for the period	-	(349,173)	-	(349,173)
Total comprehensive (losses)/income for the period	-	(349,406)	1,160,837	811,431
Balance as at 30 September 2022	792,555	(363,408)	12,039,203	12,468,350

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

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

BANK (cont'd.)

	Share capital	Non-distributable Fair value through other comprehensive income reserve	Distributable Retained profits	Total
	RM'000	RM'000	RM'000	RM'000
2021				
Balance as at 1 January 2021	792,555	302,144	10,236,774	11,331,473
Profit for the period	-	-	892,319	892,319
Gain on disposal on equity	-	(6)	6	-
Other comprehensive loss for the period	-	(223,067)	-	(223,067)
Total comprehensive (losses)/income for the period	-	(223,073)	892,325	669,252
Dividends paid:				
- final dividend for the financial year ended 31 December 2020	-	-	(507,130)	(507,130)
Balance as at 30 September 2021	792,555	79,071	10,621,969	11,493,595

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

	Group		Bank	
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	1,705,087	1,178,600	1,712,244	1,177,414
Adjustments for non-operating and non-cash items	(755,349)	(177,878)	(761,127)	(74,916)
Operating profit before working capital changes	949,738	1,000,722	951,117	1,102,498
Changes in working capital:				
Net changes in operating assets	(8,259,816)	(4,161,511)	(8,263,055)	(4,208,376)
Net changes in operating liabilities	10,683,690	1,784,491	10,692,822	1,681,198
Tax expense paid	(354,779)	(223,591)	(351,774)	(221,876)
Net cash generated from/(used in) operating activities	3,018,833	(1,599,889)	3,029,110	(1,646,556)
Net cash (used in)/generated from investing activities	(6,197,691)	814,580	(6,202,565)	861,247
Net cash used in financing activities	(17,380)	(516,710)	(22,783)	(516,710)
Net decrease in cash and cash equivalents	(3,196,238)	(1,302,019)	(3,196,238)	(1,302,019)
Cash and cash equivalents at beginning of the period	10,094,057	7,219,218	10,094,057	7,219,218
Cash and cash equivalents at end of the period	6,897,819	5,917,199	6,897,819	5,917,199
Analysis of cash and cash equivalents				
Cash and short-term funds	6,597,819	4,917,474	6,597,819	4,917,474
Deposits and placements with financial institutions	300,000	999,725	300,000	999,725
	6,897,819	5,917,199	6,897,819	5,917,199
Less: Allowances for expected credit losses	(5,608)	(75,512)	(5,608)	(75,512)
	6,892,211	5,841,687	6,892,211	5,841,687

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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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.

UNITED OVERSEAS BANK (MALAYSIA) BHD

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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 September 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 September 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 September 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

On 27 October 2022, the Bank issued RM1.0 billion Basel III-compliant Tier 2 Subordinated Medium Term Notes (10 years maturity, non-callable 5 years) which bears interest at the rate of 4.91% per annum. The said subordinated bonds were issued out of the RM8 billion Medium Term Notes ("MTN") programme. Part of the proceed from the issuance will be used to redeem the existing RM600 million Bond 1 of the Bank on 25 July 2023.

On 14 January 2022, UOBL proposed acquisition of Citigroup Inc.'s (Citi) consumer banking businesses comprising its unsecured and secured lending portfolios, wealth management and retail deposit businesses (the Consumer Business) in Indonesia, Malaysia, Thailand and Vietnam. Total cash consideration on this acquisition is based on an aggregate premium plus the net asset value of the Consumer Business as at completion.

Approval from regulator has been obtained and the Bank has received the Vesting Order from the High Court of Malaya for the business acquisition in Malaysia. The assets and liabilities acquired have been transferred to the Bank with effect from 1 November 2022.

10. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the financial period ended 30 September 2022.

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

EXPLANATORY NOTES

11. CASH AND SHORT-TERM FUNDS

	Group and Bank	
	30-Sep-22	31-Dec-21
	RM'000	RM'000
Cash and balances with banks and other financial institutions	1,865,555	1,335,442
Money at call and deposit placements maturing within one month	<u>4,732,264</u>	<u>8,758,615</u>
	6,597,819	10,094,057
Less: Allowances for ECL	<u>(5,557)</u>	<u>(30,833)</u>
	<u>6,592,262</u>	<u>10,063,224</u>

Movements in the allowances for ECL on cash and short-term funds are as follows:

Group and Bank	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	Total ECL
	12-month ECL	Lifetime ECL non credit-impaired	Lifetime ECL credit-impaired	
2022	RM'000	RM'000	RM'000	RM'000
At 1 January	30,833	-	-	30,833
Allowances made	<u>10,981</u>	-	-	<u>10,981</u>
Maturity/settlement/repayment	<u>(36,257)</u>	-	-	<u>(36,257)</u>
	<u>(25,276)</u>	-	-	<u>(25,276)</u>
At 30 September	<u>5,557</u>	-	-	<u>5,557</u>
2021				
At 1 January	56,670	-	-	56,670
Allowances made	<u>24,138</u>	-	-	<u>24,138</u>
Maturity/settlement/repayment	<u>(49,975)</u>	-	-	<u>(49,975)</u>
	<u>(25,837)</u>	-	-	<u>(25,837)</u>
At 31 December	<u>30,833</u>	-	-	<u>30,833</u>

12. DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	Group and Bank	
	30-Sep-22	31-Dec-21
	RM'000	RM'000
Licensed banks	300,000	-
Less: Allowances for ECL	<u>(51)</u>	<u>-</u>
	<u>299,949</u>	<u>-</u>

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12. DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS (cont'd.)

Movements in the allowances for ECL on deposits and placements with financial institutions are as follows:

Group and Bank 2022	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12-month ECL RM'000	Lifetime ECL non credit- impaired RM'000	Lifetime ECL credit- impaired RM'000	
At 1 January	-	-	-	-
Allowances made	51	-	-	51
Maturity/settlement/repayment	-	-	-	-
	51	-	-	51
At 30 September	51	-	-	51
2021				
At 1 January	290	-	-	290
Allowances made	-	-	-	-
Maturity/settlement/repayment	(290)	-	-	(290)
	(290)	-	-	(290)
At 31 December	-	-	-	-

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

	Group and Bank	
	30-Sep-22 RM'000	31-Dec-21 RM'000
Money market instruments		
Malaysian Government treasury bills	1,759,107	619,799
Malaysian Government securities	30,181	335,233
Negotiable instruments of deposits	4,899,599	1,999,656
	6,688,887	2,954,688
Unquoted securities in Malaysia		
Cagamas bonds	54,928	306,142
Private debt securities	1,988,292	1,333,323
	2,043,220	1,639,465
Total financial assets at FVTPL	8,732,107	4,594,153

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

	Group and Bank	
	30-Sep-22	31-Dec-21
	RM'000	RM'000
Money market instruments		
Malaysian Government securities	15,044,438	14,758,380
Negotiable instruments of deposits	3,499,244	3,539,347
	<u>18,543,682</u>	<u>18,297,727</u>
Unquoted securities in Malaysia		
Cagamas bonds	1,711,912	1,333,627
Private debt securities	2,385,939	2,511,549
	<u>4,097,851</u>	<u>3,845,176</u>
Total debt instruments at FVOCI	<u>22,641,533</u>	<u>22,142,903</u>

Movements in the allowances for ECL on debt instruments at FVOCI are as follows:

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	Total ECL
	12-month ECL	Lifetime ECL non credit-impaired	Lifetime ECL credit-impaired	
Group and Bank 2022	RM'000	RM'000	RM'000	RM'000
At 1 January	12,213	-	39,960	52,173
Allowances made	3,795	-	-	3,795
Maturity/settlement/repayment	(7,284)	-	-	(7,284)
	<u>(3,489)</u>	<u>-</u>	<u>-</u>	<u>(3,489)</u>
At 30 September	<u>8,724</u>	<u>-</u>	<u>39,960</u>	<u>48,684</u>
2021				
At 1 January	13,828	-	39,960	53,788
Allowances made	13,348	-	-	13,348
Maturity/settlement/repayment	(14,963)	-	-	(14,963)
	<u>(1,615)</u>	<u>-</u>	<u>-</u>	<u>(1,615)</u>
At 31 December	<u>12,213</u>	<u>-</u>	<u>39,960</u>	<u>52,173</u>

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

	Group and Bank	
	30-Sep-22	31-Dec-21
	RM'000	RM'000
Quoted securities		
Shares of corporations in Malaysia	878	1,604
Unquoted securities		
Shares of corporations in Malaysia	152,757	155,420
	153,635	157,024

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

	Group and Bank	
	30-Sep-22	31-Dec-21
	RM'000	RM'000
Money market instruments		
Malaysian Government securities	5,439,542	451,645
Less: Allowances for ECL	(825)	-
	5,438,717	451,645
Private debt securities of companies incorporated in Malaysia		
Unquoted corporate bonds	1,319,377	726,510
Less: Allowances for ECL	(28,317)	(1,775)
	1,291,060	724,735
Total financial assets at FVTPL	6,729,777	1,176,380

Movements in the allowances for ECL on debt instruments at AC are as follows:

	Stage 1	Stage 2	Stage 3	Total ECL
	12-month ECL	Lifetime ECL non credit-impaired	Lifetime ECL credit-impaired	
Group and Bank 2022	RM'000	RM'000	RM'000	RM'000
At 1 January	1,775	-	-	1,775
Allowances made	27,367	-	-	27,367
Maturity/settlement/repayment	-	-	-	-
	27,367	-	-	27,367
At 30 September	29,142	-	-	29,142
2021				
At 1 January	5,010	-	-	5,010
Allowances write-back	(3,235)	-	-	(3,235)
At 31 December	1,775	-	-	1,775

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EXPLANATORY NOTES**17. LOANS, ADVANCES AND FINANCING**

	Group		Bank	
	30-Sep-22	31-Dec-21	30-Sep-22	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
At amortised cost				
Overdrafts	2,625,641	2,636,072	2,625,641	2,636,072
Term loans/financing and revolving credits				
- Housing loans/financing	34,258,555	33,976,821	34,258,555	33,976,821
- Syndicated term loans/financing	2,384,525	2,089,627	2,384,525	2,089,627
- Other term loans/financing	38,136,796	37,861,219	38,221,275	37,953,412
Credit card receivables	2,501,688	2,435,130	2,501,688	2,435,130
Bills receivables	247,367	696,528	247,367	696,528
Trust receipts	5,499,999	5,298,316	5,499,999	5,298,316
Claims on customers under acceptance credits	6,265,969	5,141,539	6,265,969	5,141,539
Staff loans	33,719	37,352	33,719	37,352
Others	-	3,348	-	3,348
	91,954,259	90,175,952	92,038,738	90,268,145
Unearned interest/income	(145,333)	(139,762)	(145,333)	(139,762)
Gross loans, advances and financing	91,808,926	90,036,190	91,893,405	90,128,383
Allowances for impairment on loans advances and financing				
- Stage 1- 12 month ECL	(516,685)	(311,664)	(517,594)	(312,573)
- Stage 2- Lifetime ECL non credit-impaired	(1,013,104)	(1,298,483)	(1,013,104)	(1,298,483)
- Stage 3- Lifetime ECL credit-impaired	(726,710)	(713,309)	(726,710)	(713,309)
Net loans, advances and financing	89,552,427	87,712,734	89,635,997	87,804,018

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

	Group		Bank	
	30-Sep-22	31-Dec-21	30-Sep-22	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
Maturing within one year	24,775,506	23,059,461	24,859,985	23,151,654
One year to three years	6,570,069	6,093,520	6,570,069	6,093,520
Three years to five years	7,725,093	8,278,729	7,725,093	8,278,729
Over five years	52,738,258	52,604,480	52,738,258	52,604,480
	91,808,926	90,036,190	91,893,405	90,128,383

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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-Sep-22 RM'000	31-Dec-21 RM'000	30-Sep-22 RM'000	31-Dec-21 RM'000
Domestic non-banking financial institutions				
- Stockbroking companies	913	10,744	913	10,744
- Others	2,559,955	2,266,529	2,559,955	2,266,529
Domestic business enterprises				
- Small medium enterprises	21,660,587	21,429,359	21,660,587	21,429,359
- Others	18,917,791	16,976,955	19,002,270	17,069,148
Individuals	43,165,989	43,185,006	43,165,989	43,185,006
Foreign entities	5,503,691	6,167,597	5,503,691	6,167,597
	91,808,926	90,036,190	91,893,405	90,128,383

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

	Group		Bank	
	30-Sep-22 RM'000	31-Dec-21 RM'000	30-Sep-22 RM'000	31-Dec-21 RM'000
Fixed rate				
- Housing loans/financing	46,456	11,091	46,456	11,091
- Other fixed rate loans /financing	11,096,168	9,832,777	11,096,168	9,832,777
Variable rate				
- Base rate/base lending /financing rate-plus	54,910,263	55,085,090	54,910,263	55,085,090
- Cost-plus	25,167,312	24,397,777	25,251,791	24,489,970
- Other variable rates	588,727	709,455	588,727	709,455
	91,808,926	90,036,190	91,893,405	90,128,383

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

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

	Group		Bank	
	30-Sep-22	31-Dec-21	30-Sep-22	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
Agriculture, hunting, forestry and fishing	1,652,579	1,694,515	1,652,579	1,694,515
Mining and quarrying	161,727	597,154	161,727	597,154
Manufacturing	9,424,361	8,835,870	9,424,361	8,835,870
Electricity, gas and water	606,364	414,011	606,364	414,011
Construction	6,985,223	6,995,572	6,985,223	6,995,572
Wholesale, retail trade, restaurants and hotels	14,825,438	13,678,131	14,825,438	13,678,131
Transport, storage and communication	1,904,250	1,520,910	1,904,250	1,520,910
Finance, insurance and business services	4,126,647	3,948,253	4,126,647	3,948,253
Real estate	4,117,412	4,165,803	4,201,891	4,257,996
Community, social and personal services	151,057	156,312	151,057	156,312
Households				
- purchase of residential properties	34,872,519	34,659,950	34,872,519	34,659,950
- purchase of non-residential properties	8,001,028	8,318,303	8,001,028	8,318,303
- others	4,980,321	5,051,406	4,980,321	5,051,406
	91,808,926	90,036,190	91,893,405	90,128,383

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

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

	Group and Bank	
	30-Sep-22	31-Dec-21
	RM'000	RM'000
As at 1 January	2,394,946	1,678,371
Classified as impaired during the financial period/year	786,624	1,240,092
Amount recovered	(243,941)	(248,872)
Reclassified as non credit-impaired	(224,945)	(61,852)
Amount written off	(176,785)	(212,793)
As at 30 September/31 December	<u>2,535,899</u>	<u>2,394,946</u>
Less: Stage 3-Lifetime ECL credit-impaired	<u>(726,710)</u>	<u>(713,309)</u>
Net impaired loans, advances and financing	<u>1,809,189</u>	<u>1,681,637</u>
Ratio of net impaired loans, advances and financing to gross loans, advances and financing less allowances for ECL on credit-impaired provisions	<u>2.0%</u>	<u>1.9%</u>

(vi) **Movements in the allowances for ECL on loans, advances and financing:**

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total ECL</u>
	<u>12-month ECL</u>	<u>Lifetime ECL non credit-impaired</u>	<u>Lifetime ECL credit-impaired</u>	
Group 2022	RM'000	RM'000	RM'000	RM'000
At 1 January	311,664	1,298,483	713,309	2,323,456
Transferred to Stage 1	45,775	(200,432)	(15,369)	(170,026)
Transferred to Stage 2	(12,846)	100,534	(8,696)	78,992
Transferred to Stage 3	(1,726)	(18,050)	162,929	143,153
Allowances made	242,429	34,617	68,925	345,971
Maturity/settlement/repayment	(64,823)	(204,531)	(39,245)	(308,599)
Exchange differences	(3,788)	2,483	-	(1,305)
Net total	<u>205,021</u>	<u>(285,379)</u>	<u>168,544</u>	<u>88,186</u>
Amounts written off	-	-	(158,087)	(158,087)
Other movements	-	-	2,944	2,944
At 30 September	<u>516,685</u>	<u>1,013,104</u>	<u>726,710</u>	<u>2,256,499</u>

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EXPLANATORY NOTES**17. LOANS, ADVANCES AND FINANCING (cont'd.)****(vi) Movements in the allowance for ECL on loans, advances and financing: (cont'd.)**

Group	Stage 1	Stage 2	Stage 3	Total ECL
	12-month ECL	Lifetime ECL non credit-impaired	Lifetime ECL credit-impaired	
2021	RM'000	RM'000	RM'000	RM'000
At 1 January	711,051	785,956	455,576	1,952,583
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
Allowances made	141,266	556,993	124,952	823,211
Maturity/settlement/ repayment	(533,865)	(78,717)	(34,643)	(647,225)
Exchange differences	(1,788)	711	-	(1,077)
Net total	(399,387)	512,527	387,751	500,891
Amounts written off	-	-	(187,901)	(187,901)
Other movements	-	-	57,883	57,883
At 31 December	311,664	1,298,483	713,309	2,323,456
Bank				
2022				
At 1 January	312,573	1,298,483	713,309	2,324,365
Transferred to Stage 1	45,775	(200,432)	(15,369)	(170,026)
Transferred to Stage 2	(12,846)	100,534	(8,696)	78,992
Transferred to Stage 3	(1,726)	(18,050)	162,929	143,153
Allowances made	242,429	34,617	68,925	345,971
Maturity/settlement/ repayment	(64,823)	(204,531)	(39,245)	(308,599)
Exchange differences	(3,788)	2,483	-	(1,305)
Net total	205,021	(285,379)	168,544	88,186
Amounts written off	-	-	(158,087)	(158,087)
Other movements	-	-	2,944	2,944
At 30 September	517,594	1,013,104	726,710	2,257,408
2021				
At 1 January	712,300	785,956	455,576	1,953,832
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
Allowances made	142,177	556,993	124,952	824,122
Maturity/settlement/ repayment	(535,116)	(78,717)	(34,643)	(648,476)
Exchange differences	(1,788)	711	-	(1,077)
Net total	(399,727)	512,527	387,751	500,551
Amounts written off	-	-	(187,901)	(187,901)
Other movements	-	-	57,883	57,883
At 31 December	312,573	1,298,483	713,309	2,324,365

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

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

	Group and Bank	
	30-Sep-22	31-Dec-21
	RM'000	RM'000
Agriculture, hunting, forestry and fishing	1,099	1,276
Mining and quarrying	82,299	81,750
Manufacturing	198,356	210,436
Construction	614,408	445,367
Wholesale, retail trade, restaurants and hotels	346,148	309,863
Transport, storage and communication	39,068	103,371
Finance, insurance and business services	42,925	30,148
Real estate	191,112	181,574
Community, social and personal services	8,441	-
Households		
- purchase of residential properties	746,551	740,211
- purchase of non-residential properties	170,940	190,879
- others	94,552	100,071
	2,535,899	2,394,946

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

	Group and Bank	
	30-Sep-22	31-Dec-21
	RM'000	RM'000
In Malaysia	2,535,899	2,394,946

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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:

	Group and Bank		
	Contract or underlying principal amount RM'000	Positive fair value RM'000	Negative fair value RM'000
As at 30 September 2022			
Foreign exchange contracts			
- forwards	18,304,531	252,905	113,716
- swaps	64,635,428	1,361,933	869,909
- options	2,086,010	30,560	13,914
Interest rate related contracts			
- swaps	64,379,093	745,085	1,014,713
- futures	393,805	520	711
- options	183,500	255	1,452
Equity related contracts			
- options	31,708	12	5,398
Commodity related contracts			
- swaps	156,228	25,529	7,762
- futures	61,687	706	11,330
- options	2,563	-	880
		2,417,505	2,039,785

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

	Group and Bank		
	Contract or underlying principal amount RM'000	Positive fair value RM'000	Negative fair value RM'000
As at 31 December 2021			
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	-
		<u>515,746</u>	<u>520,281</u>

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-Sep-22	31-Dec-21	30-Sep-22	31-Dec-21
	RM'000	RM'000	RM'000	RM'000
Other receivables, deposits and prepayments	763,617	313,392	768,636	313,248
Accrued interest/income receivable	327,097	209,919	327,097	209,919
Amount due from subsidiaries	-	-	8,927	5,267
Amount due from a fellow subsidiary	-	240	-	240
Amount due from holding company	114	48	114	48
Amount due from ultimate holding company	965	851	965	851
Precious metal accounts	295,704	383,299	295,704	383,299
Less: Allowances for ECL	(9,741)	(6,494)	(10,491)	(9,374)
	1,377,756	901,255	1,390,952	903,498

Movements in the allowances for ECL on other assets are as follows:

Group	Stage 1	Stage 2	Stage 3	Total ECL
	12-month ECL	Lifetime ECL non credit-impaired	Lifetime ECL credit-impaired	
2022	RM'000	RM'000	RM'000	RM'000
At 1 January	1,580	4,914	-	6,494
Allowances made	3,725	3,052	-	6,777
Maturity/settlement/repayment	(1,015)	(2,515)	-	(3,530)
	2,710	537	-	3,247
At 30 September	4,290	5,451	-	9,741
2021				
At 1 January	2,657	1,632	-	4,289
Allowances made	1,632	5,106	-	6,738
Maturity/settlement/repayment	(2,709)	(1,824)	-	(4,533)
	(1,077)	3,282	-	2,205
At 31 December	1,580	4,914	-	6,494

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19. OTHER ASSETS (cont'd.)

Movements in the allowances for ECL on other assets are as follows (cont'd.):

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12-month ECL RM'000	Lifetime ECL non credit- impaired RM'000	Lifetime ECL credit- impaired RM'000	
Bank 2022				
At 1 January	1,580	7,794	-	9,374
Allowances made	3,723	3,828	-	7,551
Maturity/settlement/repayment	(1,015)	(5,419)	-	(6,434)
	2,708	(1,591)	-	1,117
At 30 September	4,288	6,203	-	10,491
2021				
At 1 January	2,657	1,632	-	4,289
Allowances made	1,632	7,986	-	9,618
Maturity/settlement/repayment	(2,709)	(1,824)	-	(4,533)
	(1,077)	6,162	-	5,085
At 31 December	1,580	7,794	-	9,374

20. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	30-Sep-22 RM'000	31-Dec-21 RM'000	30-Sep-22 RM'000	31-Dec-21 RM'000
Demand deposits	32,197,198	31,974,033	32,230,000	32,000,153
Savings deposits	6,536,232	6,357,942	6,536,232	6,357,942
Fixed deposits	58,695,610	54,792,750	58,695,610	54,792,750
Others	3,019,425	3,949,620	3,023,849	3,950,992
	100,448,465	97,074,345	100,485,691	97,101,837

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

	Group		Bank	
	30-Sep-22 RM'000	31-Dec-21 RM'000	30-Sep-22 RM'000	31-Dec-21 RM'000
Due within six months	42,313,490	35,175,716	42,313,490	35,175,716
Six months to one year	16,207,400	19,435,185	16,207,400	19,435,185
One year to three years	174,387	181,775	174,387	181,775
Three years to five years	333	74	333	74
	58,695,610	54,792,750	58,695,610	54,792,750

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20. DEPOSITS FROM CUSTOMERS (cont'd.)

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

	Group		Bank	
	30-Sep-22 RM'000	31-Dec-21 RM'000	30-Sep-22 RM'000	31-Dec-21 RM'000
Business enterprises				
- Subsidiaries	-	-	32,802	26,120
- Related companies	1,016	742	1,016	742
- Others	45,852,344	44,128,146	45,856,768	44,129,518
Individuals	52,098,861	49,672,108	52,098,861	49,672,108
Others	2,496,244	3,273,349	2,496,244	3,273,349
	100,448,465	97,074,345	100,485,691	97,101,837

21. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	30-Sep-22 RM'000	31-Dec-21 RM'000	30-Sep-22 RM'000	31-Dec-21 RM'000
Licensed banks in Malaysia	47,875	1,782,856	47,875	1,782,806
Bank Negara Malaysia	1,044,092	1,011,320	1,044,092	1,011,320
Other financial institutions	15,536,063	12,550,324	15,536,063	12,550,394
	16,628,030	15,344,500	16,628,030	15,344,520

22. OTHER LIABILITIES

	Group		Bank	
	30-Sep-22 RM'000	31-Dec-21 RM'000	30-Sep-22 RM'000	31-Dec-21 RM'000
Allowances for ECL on commitments and contingencies	116,378	190,605	116,378	190,605
Accrued interest payable	253,899	188,185	253,899	188,185
Accruals and provisions for operational expenses	199,698	250,881	198,401	245,398
Other payables and accruals	1,538,192	945,953	1,537,269	945,960
Deferred income	44,174	62,616	44,174	62,616
	2,152,341	1,638,240	2,150,121	1,632,764

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22. OTHER LIABILITIES (cont'd.)

Movements in the allowance for ECL on irrevocable commitments and contingencies are as follows:

Group and Bank 2022	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12-month ECL RM'000	Lifetime ECL non credit- impaired RM'000	Lifetime ECL credit- impaired RM'000	
At 1 January	46,976	128,561	15,068	190,605
Transferred to Stage 1	19,334	(75,771)	-	(56,437)
Transferred to Stage 2	(2,637)	18,141	-	15,504
Allowance made	28,070	7,435	138	35,643
Maturity/settlement/repayment	(31,617)	(37,328)	(217)	(69,162)
Foreign translation gain/(loss)	212	13	-	225
	13,362	(87,510)	(79)	(74,227)
At 30 September	60,338	41,051	14,989	116,378

2021

At 1 January	75,917	38,846	17,593	132,356
Transferred to Stage 1	15,781	(18,792)	-	(3,011)
Transferred to Stage 2	(8,048)	24,333	-	16,285
Allowance made	43,608	100,256	98	143,962
Maturity/settlement/repayment	(80,451)	(16,172)	(2,623)	(99,246)
Foreign translation gain/(loss)	169	90	-	259
	(28,941)	89,715	(2,525)	58,249
At 31 December	46,976	128,561	15,068	190,605

23. SUBORDINATED BONDS

	Group and Bank	
	30-Sep-22 RM'000	31-Dec-21 RM'000
<i>At amortised cost</i>		
RM600 million subordinated bond 2018/2028, at par (Note (a))	595,292	613,268
RM750 million subordinated bond 2020/2030, at par (Note (b))	750,000	750,000
	1,345,292	1,363,268
Accumulated fair value hedge loss (Note (c))	4,707	(13,268)

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23. SUBORDINATED BONDS (cont'd.)

- (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 September 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 RM17,975,000 (31 December 2021: RM13,898,000 unrealised gain) 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. 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.

25. INTEREST INCOME

Group	Third Quarter Ended		Nine Months Ended	
	30-Sep-22 RM'000	30-Sep-21 RM'000	30-Sep-22 RM'000	30-Sep-21 RM'000
Interest income from loans, advances and financing	872,184	750,356	2,383,207	2,245,712
Interest income from impaired loans, advances and financing	20,693	14,946	47,517	45,945
Money at call and deposit placements with financial institutions	74,979	38,755	222,821	114,575
Financial assets at FVTPL	31,891	39,346	73,416	92,579
Debt instruments at FVOCI	184,476	168,126	503,322	508,101
Debt instruments at AC	48,642	8,533	85,718	17,242
	1,232,865	1,020,062	3,316,001	3,024,154
Amortisation of premium less accretion of discount on:				
- Financial assets at FVTPL	11,442	(20)	23,367	(485)
- Debt instruments at FVOCI	(28,668)	(20,988)	(89,640)	(65,946)
	1,215,639	999,054	3,249,728	2,957,723
Bank				
Interest income from loans, advances and financing	872,913	750,982	2,385,203	2,247,646
Interest income from impaired loans, advances and financing	20,693	14,946	47,517	45,945
Money at call and deposit placements with financial institutions	74,982	38,758	222,824	114,578
Financial assets at FVTPL	31,891	39,346	73,416	92,579
Debt instruments at FVOCI	184,476	168,126	503,322	508,101
Debt instruments at AC	48,642	8,533	85,718	17,242
	1,233,597	1,020,691	3,318,000	3,026,091
Amortisation of premium less accretion of discount on:				
- Financial assets at FVTPL	11,442	(20)	23,367	(485)
- Debt instruments at FVOCI	(28,669)	(20,988)	(89,641)	(65,946)
	1,216,370	999,683	3,251,726	2,959,660

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26. INTEREST EXPENSE

Group	Third Quarter Ended		Nine Months Ended	
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	414,577	358,848	1,124,299	1,068,826
Deposits and placements of banks and other financial institutions	79,066	15,877	148,137	49,922
Subordinated bonds	9,872	10,064	29,761	29,869
Lease liabilities	480	482	1,489	1,508
Others	5,669	1,069	10,770	3,334
	509,664	386,340	1,314,456	1,153,459
Bank				
Deposits from customers	414,685	358,956	1,124,597	1,069,354
Deposits and placements of banks and other financial institutions	79,066	15,877	148,137	49,922
Subordinated bonds	9,872	10,064	29,761	29,869
Lease liabilities	747	834	2,229	2,711
Others	5,669	1,069	10,770	3,334
	510,039	386,800	1,315,494	1,155,190

27. OTHER OPERATING INCOME

Group	Third Quarter Ended		Nine Months Ended	
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
	RM'000	RM'000	RM'000	RM'000
<u>Fee income</u>				
Commission	59,313	60,529	184,349	205,784
Guarantee fees	28,215	18,797	66,613	54,969
Service charges and fees	61,308	48,097	168,528	146,335
Less: Fee expenses	(21,275)	(11,218)	(54,754)	(36,532)
	40,033	36,879	113,774	109,803
Commitment fees	7,284	7,687	22,028	23,237
Arrangement and participation fees	4,426	1,689	22,679	2,885
	139,271	125,581	409,443	396,678

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EXPLANATORY NOTES

27. OTHER OPERATING INCOME (cont'd.)

Group (cont'd.)	Third Quarter Ended		Nine Months Ended	
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
	RM'000	RM'000	RM'000	RM'000
<u>Trading and Investment income</u>				
Gain from sale of financial assets at FVTPL	8,446	2,851	22,186	2,800
Unrealised (loss)/gain on financial assets at FVTPL	(555)	1,432	(4,477)	(62)
(Loss)/gain from trading derivatives	(57,462)	21,469	64,394	45,993
Unrealised gain/(loss) from trading derivatives	100,705	(13,220)	15,208	(32,319)
Unrealised gain on fair value hedge	9,119	2,226	17,975	9,581
Gain/(loss) from sale of precious metal	1,541	1,312	326	(3,083)
Unrealised (loss)/gain from sale of precious metal	(484)	(870)	1,832	5,089
Gain from sale/recovery of debt instruments at FVOCI	18,446	13,265	24,493	37,909
Gross dividends from:				
- Equity instruments at FVOCI	166	376	960	876
	79,922	28,841	142,897	66,784
<u>Other income</u>				
Foreign exchange gain, net	72,817	29,949	132,227	103,741
Rental income from operating leases	61	15	137	45
Gain on disposal of property, plant and equipment	-	-	-	277
Others	5,531	5,255	16,898	15,874
	78,409	35,219	149,262	119,937
	297,602	189,641	701,602	583,399

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27. OTHER OPERATING INCOME (cont'd.)

Bank	Third Quarter Ended		Nine Months Ended	
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
	RM'000	RM'000	RM'000	RM'000
<u>Fee income</u>				
Commission	59,313	60,529	184,349	205,784
Guarantee fees	28,215	18,797	66,645	54,969
Service charges and fees	61,407	48,184	168,827	146,589
Less: Fee expenses	(21,275)	(11,218)	(54,754)	(36,532)
	40,132	36,966	114,073	110,057
Commitment fees	7,285	7,687	22,030	23,237
Arrangement and participation fees	4,426	1,689	22,679	2,885
	139,371	125,668	409,776	396,932
<u>Trading and Investment income</u>				
Gain from sale of financial assets at FVTPL	8,446	2,851	22,186	2,800
Unrealised (loss)/gain on financial assets at FVTPL	(555)	1,432	(4,477)	(62)
(Loss)/gain from trading derivatives	(57,462)	21,469	64,394	45,993
Unrealised gain/(loss) from trading derivatives	100,705	(13,220)	15,208	(32,319)
Unrealised gain on fair value hedge	9,119	2,226	17,975	9,581
Gain/(loss) from sale of precious metal	1,541	1,312	326	(3,083)
Unrealised (loss)/gain from sale of previous metal	(484)	(870)	1,832	5,089
Gain from sale/recovery of debt instruments at FVOCI	18,446	13,265	24,493	37,909
Gross dividends from:				
- Equity instruments at FVOCI	166	376	960	876
	79,922	28,841	142,897	66,784
<u>Other income</u>				
Foreign exchange gain, net	72,817	29,949	132,227	103,741
Gain on disposal of property, plant and equipment	-	-	-	277
Others	5,531	5,255	16,898	15,874
	78,348	35,204	149,125	119,892
	297,641	189,713	701,798	583,608

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EXPLANATORY NOTES

28. OTHER OPERATING EXPENSES

Group	Third Quarter Ended		Nine Months Ended	
	30-Sep-22 RM'000	30-Sep-21 RM'000	30-Sep-22 RM'000	30-Sep-21 RM'000
Personnel expenses	206,242	191,683	617,116	566,406
Establishment related expenses	123,534	94,500	351,154	285,765
Promotion and marketing related expenses	9,873	1,061	20,959	8,011
General administrative expenses	38,420	29,700	99,112	82,920
	378,069	316,944	1,088,341	943,102
<u>Personnel expenses</u>				
Wages, salaries and bonus	160,259	146,554	476,966	442,030
Defined contribution plan	25,028	23,291	74,721	69,730
Other employee benefits	20,955	21,838	65,429	54,646
	206,242	191,683	617,116	566,406
<u>Establishment related expenses</u>				
Depreciation of property, plant and equipment	26,211	21,129	75,579	61,818
Depreciation of right-of-use assets	4,302	4,115	12,925	12,343
Information technology costs	62,234	45,151	187,518	144,902
Repair and maintenance	15,757	13,001	34,394	34,317
Short term lease expenses	188	5	266	7
Others	14,842	11,099	40,472	32,378
	123,534	94,500	351,154	285,765
<u>Promotion and marketing related expenses</u>				
Advertisement and publicity	9,873	1,061	20,959	8,011
<u>General administrative expenses</u>				
Fees and commissions paid	11,160	6,954	26,066	19,646
Others	27,260	22,746	73,046	63,274
	38,420	29,700	99,112	82,920

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28. OTHER OPERATING EXPENSES (cont'd.)

Bank	Third Quarter Ended		Nine Months Ended	
	30-Sep-22 RM'000	30-Sep-21 RM'000	30-Sep-22 RM'000	30-Sep-21 RM'000
Personnel expenses	204,991	190,583	613,452	563,230
Establishment related expenses	121,673	95,576	351,715	290,585
Promotion and marketing related expenses	9,868	1,058	20,951	8,008
General administrative expenses	38,353	29,679	98,917	82,794
	374,885	316,896	1,085,035	944,617
<u>Personnel expenses</u>				
Wages, salaries and bonus	159,247	145,667	473,990	439,455
Defined contribution plan	24,874	23,155	74,276	69,340
Other employee benefits	20,870	21,761	65,186	54,435
	204,991	190,583	613,452	563,230
<u>Establishment related expenses</u>				
Depreciation of property, plant and equipment	22,052	18,061	63,127	52,649
Depreciation of right-of-use assets	6,372	8,439	19,423	25,554
Information technology costs	62,233	45,151	187,517	144,902
Repair and maintenance	14,145	12,803	35,276	33,612
Short term lease expenses	2,442	5	7,035	7
Others	14,429	11,117	39,337	33,861
	121,673	95,576	351,715	290,585
<u>Promotion and marketing related expenses</u>				
Advertisement and publicity	9,868	1,058	20,951	8,008
<u>General administrative expenses</u>				
Fees and commissions paid	11,122	6,938	25,912	19,546
Others	27,231	22,741	73,005	63,248
	38,353	29,679	98,917	82,794

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EXPLANATORY NOTES**29. ALLOWANCES FOR/(WRITE-BACK OF) EXPECTED CREDIT LOSSES**

Group	Third Quarter		Nine Months	
	Ended		Ended	
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing				
- Stage 1 ECL	150,147	(28,500)	205,021	(172,018)
- Stage 2 ECL	3,412	153,762	(285,379)	316,460
- Stage 3 ECL	45,145	80,952	168,544	208,733
	198,704	206,214	88,186	353,175
Credit-impaired loans, advances and financing				
- written off	7,833	10,852	24,000	33,088
- recovered	(28,412)	(18,174)	(87,874)	(67,399)
	178,125	198,892	24,312	318,864
Other financial assets				
- Stage 1 ECL	11,873	14,608	1,363	22,096
- Stage 2 ECL	8,892	6,365	537	9,027
	20,765	20,973	1,900	31,123
Commitments and contingencies				
- Stage 1 ECL	(1,931)	3,567	13,362	22,239
- Stage 2 ECL	(2,082)	6,993	(87,510)	7,702
- Stage 3 ECL	(790)	(1)	(79)	(2,208)
	(4,803)	10,559	(74,227)	27,733
Bank				
Loans, advances and financing				
- Stage 1 ECL	150,147	(28,523)	205,021	(172,014)
- Stage 2 ECL	3,412	153,762	(285,379)	316,460
- Stage 3 ECL	45,145	80,952	168,544	208,733
	198,704	206,191	88,186	353,179
Credit-impaired loans, advances and financing				
- written off	7,833	10,852	24,000	33,088
- recovered	(28,412)	(18,174)	(87,874)	(67,399)
	178,125	198,869	24,312	318,868
Other financial assets				
- Stage 1 ECL	11,101	14,608	1,361	22,096
- Stage 2 ECL	9,644	6,365	(1,591)	9,027
	20,745	20,973	(230)	31,123
Commitments and contingencies				
- Stage 1 ECL	(1,931)	3,567	13,362	22,239
- Stage 2 ECL	(2,082)	6,993	(87,510)	7,702
- Stage 3 ECL	(790)	(1)	(79)	(2,208)
	(4,803)	10,559	(74,227)	27,733

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EXPLANATORY NOTES

30. 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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30. SEGMENT INFORMATION (cont'd.)

Operating segments (cont'd.)

Group	Retail RM'000	WB RM'000	GM RM'000	Others RM'000	Total segments RM'000	Eliminations RM'000	Total RM'000
For period ended 30 September 2022							
Operating income	900,635	1,314,681	292,411	257,701	2,765,428	(19,450)	2,745,978
Other operating expenses	(538,621)	(367,034)	(72,093)	(130,598)	(1,108,346)	20,005	(1,088,341)
Allowances for expected credit losses	(124,022)	174,227	-	(66)	50,139	(2,124)	48,015
Share of net profit of an associate	-	-	-	(565)	(565)	-	(565)
Profit before taxation	<u>237,992</u>	<u>1,121,874</u>	<u>220,318</u>	<u>126,472</u>	<u>1,706,656</u>	<u>(1,569)</u>	<u>1,705,087</u>
Income tax expense							<u>(553,185)</u>
							<u>1,151,902</u>

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30. SEGMENT INFORMATION (cont'd.)

Operating segments (cont'd.)

Group (cont'd.)	Retail RM'000	WB RM'000	GM RM'000	Others RM'000	Total segments RM'000	Eliminations RM'000	Total RM'000
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Other information

For period ended 30 September 2022

Inter-segment operating income	81,602	(2,730)	(314,520)	255,098	19,450	(19,450)	-
Total depreciation	23,094	11,906	2,886	57,177	95,063	(6,559)	88,504

As at 30 September 2022

Gross loans, advances and financing	47,919,428	43,611,138	-	362,839	91,893,405	(84,479)	91,808,926
Deposits from customers	56,698,804	43,785,245	-	(2,782)	100,481,267	(32,802)	100,448,465

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30. SEGMENT INFORMATION (cont'd.)

Operating segments (cont'd.)

Group (cont'd.)	Retail RM'000	WB RM'000	GM RM'000	Others RM'000	Total segments RM'000	Eliminations RM'000	Total RM'000
For period ended 30 September 2021							
Operating income	928,413	1,198,318	191,305	198,720	2,516,756	(17,416)	2,499,340
Other operating expenses	(442,119)	(342,021)	(59,064)	(116,095)	(959,299)	16,197	(943,102)
Allowances for expected credit losses	(82,875)	(297,016)	-	2,208	(377,683)	(37)	(377,720)
Share of net profit of an associate	-	-	-	82	82	-	82
Profit before taxation	<u>403,419</u>	<u>559,281</u>	<u>132,241</u>	<u>84,915</u>	<u>1,179,856</u>	<u>(1,256)</u>	<u>1,178,600</u>
Income tax expense							<u>(287,844)</u>
							<u>890,756</u>

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EXPLANATORY NOTES

30. SEGMENT INFORMATION (cont'd.)

Operating segments (cont'd.)

Group (cont'd.)	Retail RM'000	WB RM'000	GM RM'000	Others RM'000	Total segments RM'000	Eliminations RM'000	Total RM'000
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Other information

For period ended 30 September 2021

Inter-segment operating income	117,325	27,715	(325,291)	197,667	17,416	(17,416)	-
Total depreciation	18,619	8,748	3,141	56,801	87,309	(13,148)	74,161

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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31. 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 Capital Adequacy Framework (Basel II - Risk-Weighted Assets) issued on 3 May 2019.

	Group		Bank	
	30-Sep-22 RM'000	31-Dec-21 RM'000	30-Sep-22 RM'000	31-Dec-21 RM'000
<u>Common Equity Tier 1 ("CET1")/</u>				
<u>Tier 1 Capital</u>				
Paid-up share capital	792,555	792,555	792,555	792,555
Retained profits	11,653,302	10,809,329	11,727,397	10,878,366
Other reserves	(163,771)	185,636	(363,408)	(14,002)
Regulatory adjustments applied in the calculation of CET1 Capital	(613,440)	(532,347)	(1,021,274)	(899,615)
Total CET1/Tier 1 Capital	<u>11,668,646</u>	<u>11,255,173</u>	<u>11,135,270</u>	<u>10,757,304</u>
<u>Tier 2 Capital</u>				
Tier 2 Capital instruments	1,350,000	1,350,000	1,350,000	1,350,000
Loan/financing loss provision				
- Surplus eligible provisions over expected losses	317,530	312,387	318,027	312,822
- General provisions	30,861	26,425	20,089	15,541
Regulatory adjustments applied in the calculation of Tier 2 Capital	86,731	86,731	-	-
Total Tier 2 Capital	<u>1,785,122</u>	<u>1,775,543</u>	<u>1,688,116</u>	<u>1,678,363</u>
Total Capital	<u>13,453,768</u>	<u>13,030,716</u>	<u>12,823,386</u>	<u>12,435,667</u>

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31. CAPITAL MANAGEMENT AND CAPITAL ADEQUACY (cont'd.)

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

	Group		Bank	
	30-Sep-22	31-Dec-21	30-Sep-22	31-Dec-21
CET1/Tier 1 Capital	17.942%	17.740%	17.329%	17.171%
Total Capital	<u>20.687%</u>	<u>20.538%</u>	<u>19.956%</u>	<u>19.850%</u>

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

	Group		Bank	
	30-Sep-22 RM'000	31-Dec-21 RM'000	30-Sep-22 RM'000	31-Dec-21 RM'000
Total RWA for credit risk	57,378,588	56,467,374	56,599,795	55,669,148
Total RWA for market risk	1,472,106	1,137,181	1,472,106	1,137,181
Total RWA for operational risk	6,184,016	5,840,780	6,185,232	5,843,126
	<u>65,034,710</u>	<u>63,445,335</u>	<u>64,257,133</u>	<u>62,649,455</u>

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32. 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.

Group	Principal	Credit	Risk
As at 30 September 2022	amount	equivalent	weighted
	RM'000	amount	amount
		RM'000	RM'000
Direct credit substitutes	3,970,910	3,860,911	2,415,589
Transaction-related contingent items	6,436,406	3,188,895	2,191,626
Short-term self-liquidating trade-related contingencies	484,376	107,302	56,388
Lending of banks' securities or the posting of securities as collateral by banks	3,443,300	151,690	1,581
Foreign exchange related contracts			
- not more than one year	84,288,882	2,657,194	422,617
- more than one year to less than five years	561,447	56,298	34,075
- five years and above	175,640	19,022	22,413
Interest rate related contracts			
- not more than one year	23,515,477	322,370	56,076
- more than one year to less than five years	39,748,826	1,689,591	456,772
- five years and above	1,692,095	207,532	118,586
Equity related contracts			
- not more than one year	31,708	-	-
Commodity related contracts			
- not more than one year	218,978	39,528	17,106
- more than one year to less than five years	1,500	-	-
Undrawn credit facility			
- not more than one year	19,836,033	1,215,567	228,434
- more than one year	6,851,182	4,685,419	2,524,575
- unconditionally cancellable	16,985,242	5,571,449	749,963
Other commitments	818,250	357,581	168,846
Total	209,060,252	24,130,349	9,464,647

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32. COMMITMENTS AND CONTINGENCIES (cont'd.)

Group	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
As at 31 December 2021			
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
Total	148,148,043	19,955,119	9,170,664

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32. COMMITMENTS AND CONTINGENCIES (cont'd.)

Bank	Principal amount	Credit equivalent amount	Risk weighted amount
As at 30 September 2022	RM'000	RM'000	RM'000
Direct credit substitutes	3,970,910	3,860,911	2,415,589
Transaction-related contingent items	6,436,406	3,188,895	2,191,626
Short-term self-liquidating trade-related contingencies	484,376	107,302	56,388
Lending of banks' securities or the posting of securities as collateral by banks	3,443,300	151,690	1,581
Foreign exchange related contracts			
- not more than one year	84,288,882	2,657,194	422,617
- more than one year to less than five years	561,447	56,298	34,075
- five years and above	175,640	19,022	22,413
Interest rate related contracts			
- not more than one year	23,515,477	322,370	56,076
- more than one year to less than five years	39,748,826	1,689,591	456,772
- five years and above	1,692,095	207,532	118,586
Equity related contracts			
- not more than one year	31,708	-	-
Commodity related contracts			
- not more than one year	218,978	39,528	17,106
- more than one year to less than five years	1,500	-	-
Undrawn credit facility			
- not more than one year	19,836,032	1,215,567	228,434
- more than one year	6,851,182	4,685,419	2,524,575
- unconditionally cancellable	16,985,242	5,571,449	749,963
Other commitments	746,341	285,670	96,936
Total	208,988,342	24,058,438	9,392,737

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32. COMMITMENTS AND CONTINGENCIES (cont'd.)

Bank	Principal amount	Credit equivalent amount	Risk weighted amount
As at 31 December 2021	RM'000	RM'000	RM'000
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
Total	148,041,422	19,848,498	9,064,044

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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33. PERFORMANCE REVIEW

For the nine months ended 30 September 2022, the Group recorded a profit before taxation of RM1,705.1 million, an increase of 44.7% or RM526.5 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 9.9% or RM246.6 million to RM2,746.0 million from higher net interest income and other operating income, partly offset by lower net income from Islamic Banking operations. Net interest income grew by 7.3% or RM131.0m to RM1,935.3m led by loans growth and OPR hikes. Other operating income increased 20.3% or RM118.2 million to RM701.6 million mainly from higher trading and investment income, net foreign exchange gain and fee income.

Expenses increased by 15.4% or RM145.2 million to RM1,088.3 million mainly driven by higher staff expenses and establishment related expenses.

Total allowances for expected credit losses decreased by RM425.7 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

34. PROSPECTS FOR 2022

The global economy shows more signs of moderation as inflation pressures remained high and central banks in advanced economies are tightening their monetary policies at a faster and more aggressive pace. The global outlook continues to be affected by developments in Russia-Ukraine, COVID-19, further escalation of geopolitical conflicts, global supply chain disruptions, commodity price shocks, and financial market volatility. The narrative has turned recessionary for US, Eurozone and UK, but the magnitude of the GDP contraction for these economies is expected to be shallow for now. For Asia, we expect the growth trajectory to remain positive where economies are opening up and underpinned by support from domestic demand. In China, we expect the economy to recover in the second half of the year alongside the rollout of more stimulus measures, gradual easing of COVID measures, and eventual lifting of border restrictions by 2023.

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, elevated price pressures, and increased volatility in financial and foreign exchange markets, 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 chains 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. Domestic liquidity and financial markets remained stable and orderly even as the Ringgit alongside other currencies weakened against the US dollar. Main challenges to the outlook include a weaker-than-expected global growth, escalation of geopolitical conflicts, further disruptions to supply chains, global inflationary pressures, and volatile financial markets.

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.

Looking ahead, we continue to focus on building a sustainable business whilst putting our customers and the community at the centre.

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35. ISLAMIC BANKING OPERATIONS

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

	Note	30-Sep-22 RM'000	31-Dec-21 RM'000
Assets			
Cash and short-term funds	a	2,530,431	1,686,916
Debt instruments at fair value through other comprehensive income ("FVOCI")	b	1,332,241	1,973,099
Debt instruments at amortised cost ("AC")	c	1,062,715	98,974
Financing, advances and others	d	8,176,631	7,859,764
Other assets	e	66,409	4,167
Derivative financial assets	f	25,931	1,964
Plant and equipment		9,110	4,363
Deferred tax assets		14,867	10,993
Total assets		13,218,335	11,640,240
Liabilities and Islamic Banking funds			
Deposits from customers	g	4,773,785	5,134,316
Investment accounts due to designated financial institution	h	3,488,785	2,755,451
Deposits and placements of banks and other financial institutions	i	4,345,068	3,159,928
Bills and acceptances payable		34,889	599
Derivative financial liabilities	f	24,803	1,711
Other liabilities	j	49,091	121,786
Tax payable		12,221	3,154
Total liabilities		12,728,642	11,176,945
Capital fund		450,000	450,000
Reserves		39,693	13,295
Islamic Banking funds	k	489,693	463,295
Total liabilities and Islamic Banking funds		13,218,335	11,640,240
Commitments and contingencies	s	3,869,433	2,780,689

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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35. ISLAMIC BANKING OPERATIONS (Cont'd.)

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

	Note	Third Quarter ended		Nine months ended	
		30-Sep-22 RM'000	30-Sep-21 RM'000	30-Sep-22 RM'000	30-Sep-21 RM'000
Income derived from depositors' funds	l	73,983	73,443	200,648	196,488
Income derived from investment of Islamic Banking funds	m	7,221	7,477	18,089	20,320
Income derived from investment of Investment Account funds	n	31,682	16,088	83,869	43,260
(Allowances for)/write-back of ECL on:					
Financing, advances and others	q	(30,480)	(18,964)	(37,680)	(21,336)
Other financial assets	q	786	(872)	(1,301)	(1,540)
Commitments and contingencies	q	(653)	(1,348)	658	(1,595)
Total attributable income		82,539	75,824	264,283	235,597
Income attributable to depositors	o	(47,379)	(43,068)	(127,620)	(113,783)
Income attributable to Investment Account holder	p	(24,981)	(12,870)	(65,882)	(34,608)
Total net income		10,179	19,886	70,781	87,206
Other operating expenses	r	(9,471)	(7,859)	(28,314)	(22,993)
Profit before taxation		708	12,027	42,467	64,213
Income tax expense		(173)	(2,891)	(10,200)	(15,425)
Profit after taxation		535	9,136	32,267	48,788

Other comprehensive income :

Other comprehensive income to be reclassified to profit or loss in subsequent periods:

Net fair value change in debt instruments at fair value through other comprehensive income		742	(537)	(7,723)	(111)
Income tax effect		(178)	128	1,854	27
Total other comprehensive income/(loss) for the period, net of tax		564	(409)	(5,869)	(84)
Total comprehensive income for the period		1,099	8,727	26,398	48,704

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35. ISLAMIC BANKING OPERATIONS (Cont'd.)

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

	Third Quarter		Nine months	
	ended	ended	ended	ended
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
	RM'000	RM'000	RM'000	RM'000
Income derived from depositors' funds	73,983	73,443	200,648	196,488
Income derived from investment of Islamic Banking funds	7,221	7,477	18,089	20,320
Income derived from investment of Investment Account funds	31,682	16,088	83,869	43,260
Income attributable to depositors	(47,379)	(43,068)	(127,620)	(113,783)
Income attributable to Investment Account holder	(24,981)	(12,870)	(65,882)	(34,608)
Net income from Islamic Banking operations reported in the income statements of the Group and Bank	40,526	41,070	109,104	111,677

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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35. ISLAMIC BANKING OPERATIONS (Cont'd.)

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

	Capital fund RM'000	Fair value through other comprehensive income reserve RM'000	Retained profits RM'000	Total RM'000
2022				
Balance as at 1 January 2022	450,000	(966)	14,261	463,295
Profit for the period	-	-	32,267	32,267
Other comprehensive income	-	(5,869)	-	(5,869)
Total comprehensive income	-	(5,869)	32,267	26,398
Balance as at 30 September 2022	450,000	(6,835)	46,528	489,693
2021				
Balance as at 1 January 2021	450,000	262	6,311	456,573
Profit for the period	-	-	48,788	48,788
Other comprehensive income	-	(84)	-	(84)
Total comprehensive income	-	(84)	48,788	48,704
Balance as at 30 September 2021	450,000	178	55,099	505,277

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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35. ISLAMIC BANKING OPERATIONS (Cont'd.)

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

	30-Sep-22	30-Sep-21
	RM'000	RM'000
Profit before taxation	42,467	64,213
Adjustments for non-operating and non-cash items	(7,589)	25,443
Operating profit before working capital changes	34,878	89,656
Changes in working capital:		
Net changes in operating assets	(441,771)	(1,278,124)
Net changes in operating liabilities	1,543,288	3,827,969
Net cash generated from operating activities	1,136,395	2,639,501
Net cash used in investing activities	(293,523)	(1,671,728)
Net increase in cash and cash equivalents	842,872	967,773
Cash and cash equivalents at beginning of the period	1,687,902	1,126,268
Cash and cash equivalents at end of the period	2,530,774	2,094,041
Analysis of cash and cash equivalents		
Cash and short-term funds	2,530,774	2,094,041
Less: Allowances for ECL	(343)	(2,246)
	2,530,431	2,091,795

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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35. ISLAMIC BANKING OPERATIONS (Cont'd.)
EXPLANATORY NOTES

a. Cash and short-term funds

	30-Sep-22	31-Dec-21
	RM'000	RM'000
Cash and balances with banks and other financial institutions	728,774	680,902
Money at call and deposit placements maturing within one month	1,802,000	1,007,000
	2,530,774	1,687,902
Less: Allowances for ECL	(343)	(986)
	2,530,431	1,686,916

Movements in the allowances for ECL on cash and short-term funds:

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	12-months ECL RM'000	Lifetime ECL non credit- impaired RM'000	Lifetime ECL credit- impaired RM'000	Total ECL RM'000
As at 1 January 2022	986	-	-	986
Allowances made	343	-	-	343
Maturity/settlement/repayment	(1,060)	-	-	(1,060)
Exchange differences	74	-	-	74
	(643)	-	-	(643)
As at 30 September 2022	343	-	-	343
As at 1 January 2021	1,271	-	-	1,271
Allowances made	1,576	-	-	1,576
Maturity/settlement/repayment	(1,861)	-	-	(1,861)
	(285)	-	-	(285)
As at 31 December 2021	986	-	-	986

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35. ISLAMIC BANKING OPERATIONS (Cont'd.)
EXPLANATORY NOTES

b. Debt instruments at fair value through other comprehensive income ("FVOCI")

	30-Sep-22	31-Dec-21
	RM'000	RM'000
<u>Money market instruments</u>		
Government Islamic investment	<u>1,332,241</u>	<u>1,973,099</u>

Movements in the allowances for ECL on debt instruments at FVOCI:

	Stage 1	Stage 2	Stage 3	
	12-months	Lifetime ECL	Lifetime ECL	Total ECL
	ECL	non credit-	credit-	
	RM'000	impaired	impaired	RM'000
	RM'000	RM'000	RM'000	RM'000
As at 1 January 2022	409	-	-	409
Allowances made	205	-	-	205
Maturity/settlement/repayment	(409)	-	-	(409)
	(204)	-	-	(204)
As at 30 September 2022	<u>205</u>	<u>-</u>	<u>-</u>	<u>205</u>
As at 1 January 2021	62	-	-	62
Allowances made	425	-	-	425
Maturity/settlement/repayment	(78)	-	-	(78)
	347	-	-	347
As at 31 December 2021	<u>409</u>	<u>-</u>	<u>-</u>	<u>409</u>

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35. ISLAMIC BANKING OPERATIONS (Cont'd.)
EXPLANATORY NOTES

c. Debt instruments at amortised cost ("AC")

	30-Sep-22 RM'000	31-Dec-21 RM'000
<u>Money market instruments</u>		
Government Islamic investment	972,867	-
Less: Allowances for ECL	(148)	-
	<u>972,719</u>	<u>-</u>
<u>Private debt securities of companies incorporated in Malaysia</u>		
Unquoted corporate sukuk	90,000	99,000
Less: Allowances for ECL	(4)	(26)
	<u>89,996</u>	<u>98,974</u>
Total debt instruments at AC	<u>1,062,715</u>	<u>98,974</u>

Movements in the allowances for ECL on debt instruments at AC:

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	12-months ECL RM'000	Lifetime ECL non credit- impaired RM'000	Lifetime ECL credit- impaired RM'000	Total ECL RM'000
As at 1 January 2022	26	-	-	26
Allowances made	148	-	-	148
Maturity/settlement/repayment	(22)	-	-	(22)
	<u>126</u>	<u>-</u>	<u>-</u>	<u>126</u>
As at 30 September 2022	<u>152</u>	<u>-</u>	<u>-</u>	<u>152</u>
As at 1 January 2021	279	-	-	279
Maturity/settlement/repayment	(253)	-	-	(253)
As at 31 December 2021	<u>26</u>	<u>-</u>	<u>-</u>	<u>26</u>

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35. ISLAMIC BANKING OPERATIONS (Cont'd.)

EXPLANATORY NOTES

d. Financing, advances and others

(i) Financing by type of Shariah contract:

30 September 2022

	Sale based contracts			Total RM'000
	Tawarruq RM'000	Murabahah RM'000	Bai Al-Dayn RM'000	
Term financing and revolving credits				
- Housing financing	3,260,566	-	-	3,260,566
- Other term financing and revolving credits	4,945,934	-	-	4,945,934
Trust receipts	6,108	-	-	6,108
Claim on customers under acceptance credit	-	162,565	850	163,415
Gross financing, advances and others	8,212,608	162,565	850	8,376,023
Allowances for impairment on financing, advances and others				
Stage 1 - 12-month ECL				(18,347)
Stage 2 - Lifetime ECL non credit-impaired				(43,367)
Stage 3 - Lifetime ECL credit-impaired				(137,678)
Net financing, advances and others				8,176,631

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35. 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 RM'000
	Tawarruq RM'000	Murabahah RM'000	Bai Al-Dayn RM'000	
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 impairment on financing, advances and others				
Stage 1 - 12-month ECL				(16,663)
Stage 2 - Lifetime ECL non credit-impaired				(38,497)
Stage 3 - Lifetime ECL credit-impaired				<u>(108,844)</u>
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 September 2022, the gross exposure and expected credit loss relating to RSIA financing amounted to RM2,244,155,905 (31 December 2021: RM2,149,834,281) and RM20,292,189 (31 December 2021: RM21,078,898) respectively.

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35. ISLAMIC BANKING OPERATIONS (Cont'd.)
EXPLANATORY NOTES

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

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

	30-Sep-22	31-Dec-21
	RM'000	RM'000
Maturing within one year	607,174	647,846
One year to three years	1,152,072	214,329
Three years to five years	1,090,330	1,929,348
Over five years	5,526,447	5,232,245
	<u>8,376,023</u>	<u>8,023,768</u>

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

	30-Sep-22	31-Dec-21
	RM'000	RM'000
Domestic non-banking financial institutions		
- others	1,100,276	1,023,164
Domestic business enterprises		
- small medium enterprises	1,880,495	1,882,666
- others	1,882,150	1,903,068
Individuals	3,367,980	3,069,894
Foreign entities	145,122	144,976
	<u>8,376,023</u>	<u>8,023,768</u>

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

	30-Sep-22	31-Dec-21
	RM'000	RM'000
Fixed rate		
- other fixed rate financing	1,415,318	1,371,877
Variable rates		
- base rate/base financing rate-plus	4,725,579	4,362,873
- cost-plus	2,235,126	2,289,018
	<u>8,376,023</u>	<u>8,023,768</u>

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35. ISLAMIC BANKING OPERATIONS (Cont'd.)
EXPLANATORY NOTES

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

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

	30-Sep-22	31-Dec-21
	RM'000	RM'000
Agriculture	229,554	321,952
Mining and quarrying	87,986	90,304
Manufacturing	1,066,745	1,162,434
Electricity, gas and water	329,921	250,684
Construction	379,414	461,932
Wholesale, retail trade, restaurants and hotels	988,625	889,588
Transport, storage and communication	162,553	124,830
Finance, insurance and business services	1,283,281	1,201,402
Real estate	299,286	272,041
Community, social and personal services	35,555	33,731
Households		
- purchase of residential properties	3,268,300	2,981,304
- purchase of non-residential properties	184,485	170,194
- others	60,318	63,372
	<u>8,376,023</u>	<u>8,023,768</u>

(vi) Movements in the allowances for ECL on financing, advances and others:

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	12-months	Lifetime ECL	Lifetime ECL	Total ECL
	ECL	non credit-	credit-	
	RM'000	impaired	impaired	RM'000
	RM'000	RM'000	RM'000	RM'000
As at 1 January 2022	16,663	38,497	108,844	164,004
Transferred to Stage 1	1,412	(12,782)	(2,092)	(13,462)
Transferred to Stage 2	(3,129)	14,320	(953)	10,238
Transferred to Stage 3	(403)	(2,130)	32,185	29,652
Allowances made	5,972	5,979	7,934	19,885
Maturity/settlement/ repayment	(2,168)	(517)	(3,894)	(6,579)
	1,684	4,870	33,180	39,734
Amounts written off	-	-	(4,346)	(4,346)
As at 30 September 2022	<u>18,347</u>	<u>43,367</u>	<u>137,678</u>	<u>199,392</u>

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35. ISLAMIC BANKING OPERATIONS (Cont'd.)
EXPLANATORY NOTES

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

(vi) Movements in the allowances for ECL on financing, advances and others (cont'd.):

	Stage 1	Stage 2	Stage 3	
	12-months ECL RM'000	Lifetime ECL non credit- impaired RM'000	Lifetime ECL credit- impaired RM'000	Total ECL RM'000
As at 1 January 2021	20,975	34,732	20,684	76,391
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
Allowances made	13,430	33,652	4,840	51,922
Maturity/settlement/ repayment	(16,387)	(17,089)	(1,242)	(34,718)
	(4,312)	3,765	92,983	92,436
Amounts written off	-	-	(6,786)	(6,786)
Other movements	-	-	1,963	1,963
As at 31 December 2021	<u>16,663</u>	<u>38,497</u>	<u>108,844</u>	<u>164,004</u>

(vii) Movements in credit-impaired financing, advances and others:

	30-Sep-22 RM'000	31-Dec-21 RM'000
As at 1 January	200,362	75,903
Classified as impaired during the period/year	91,192	141,447
Amount recovered	(21,489)	(9,863)
Reclassified as non credit-impaired	(20,894)	(931)
Amount written off	(4,358)	(6,194)
As at 30 September/31 December	244,813	200,362
Less: Stage 3 - Lifetime ECL credit-impaired	(137,678)	(108,844)
Net impaired financing, advances and others	107,135	91,518
Ratio of net impaired financing, advances and others to gross financing, advances and others less allowances for ECL on credit-impaired provisions	1.3%	1.1%

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35. ISLAMIC BANKING OPERATIONS (Cont'd.)
EXPLANATORY NOTES

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

(viii) Impaired financing, advances and others analysed by economic sectors:

	30-Sep-22	31-Dec-21
	RM'000	RM'000
Mining and quarrying	81,832	81,750
Manufacturing	7,745	18,733
Construction	33,789	3,595
Wholesale, retail trade, restaurants and hotels	16,656	10,636
Transport, storage and communication	3,317	3,315
Finance, insurance and business services	2,383	682
Community, social and personal services	4,925	-
Households		
- purchase of residential properties	89,531	80,157
- purchase of non-residential properties	4,458	1,351
- others	177	143
	<u>244,813</u>	<u>200,362</u>

(ix) Credit-impaired financing, advances and others analysed by geographical distribution:

	30-Sep-22	31-Dec-21
	RM'000	RM'000
In Malaysia	<u>244,813</u>	<u>200,362</u>

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35. ISLAMIC BANKING OPERATIONS (Cont'd.)
EXPLANATORY NOTES

e. Other assets

	30-Sep-22	31-Dec-21
	RM'000	RM'000
Other receivables, deposits and prepayments	35,014	213
Profit receivable	33,420	3,957
Less: Allowances for ECL	(2,025)	(3)
	<u>66,409</u>	<u>4,167</u>

Movements in the allowances for ECL on other assets:

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	12-months ECL RM'000	Lifetime ECL non credit- impaired RM'000	Lifetime ECL credit- impaired RM'000	Total ECL RM'000
As at 1 January 2022	2	1	-	3
Allowances made	1,574	449	-	2,023
Maturity/settlement/repayment	(1)	-	-	(1)
	<u>1,573</u>	<u>449</u>	<u>-</u>	<u>2,022</u>
As at 30 September 2022	<u>1,575</u>	<u>450</u>	<u>-</u>	<u>2,025</u>
As at 1 January 2021	3	2	-	5
Write-back for the financial year	(1)	(1)	-	(2)
As at 31 December 2021	<u>2</u>	<u>1</u>	<u>-</u>	<u>3</u>

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35. ISLAMIC BANKING OPERATIONS (Cont'd.)
EXPLANATORY NOTES

f. 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 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:

	Contract or underlying principal amount RM'000	Positive fair value RM'000	Negative fair value RM'000
As at 30 September 2022			
Foreign exchange contracts			
- forwards	643,438	18,505	17,844
Profit rate related contracts			
- swaps	466,560	7,426	6,959
		<u>25,931</u>	<u>24,803</u>
As at 31 December 2021			
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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35. ISLAMIC BANKING OPERATIONS (Cont'd.)
EXPLANATORY NOTES

g. Deposits from customers

(i) By type of deposits:

	30-Sep-22	31-Dec-21
	RM'000	RM'000
<u>Non-Mudharabah fund</u>		
Demand deposits		
- Qard	542,512	728,088
Savings deposits		
- Qard	71,754	58,384
Fixed deposits		
- Tawarruq	3,186,697	3,752,842
Other deposits		
- Tawarruq	972,822	595,002
	<u>4,773,785</u>	<u>5,134,316</u>

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

	30-Sep-22	31-Dec-21
	RM'000	RM'000
Due within six months	560,854	1,823,430
Six months to one year	2,453,433	1,757,540
One year to three years	576	171,833
Three years to five years	171,834	39
	<u>3,186,697</u>	<u>3,752,842</u>

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

	30-Sep-22	31-Dec-21
	RM'000	RM'000
Business enterprises	1,213,058	1,565,711
Individuals	2,383,118	2,676,861
Others	1,177,609	891,744
	<u>4,773,785</u>	<u>5,134,316</u>

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35. ISLAMIC BANKING OPERATIONS (Cont'd.)
EXPLANATORY NOTES

h. Investment accounts due to designated financial institutions

	30-Sep-22	31-Dec-21
	RM'000	RM'000
<u>Mudharabah RSIA</u>		
Licensed bank	3,509,077	2,776,530
Amount receivable from Conventional Bank	(20,292)	(21,079)
	<u>3,488,785</u>	<u>2,755,451</u>

i. Deposits and placements of banks and other financial institutions

	30-Sep-22	31-Dec-21
	RM'000	RM'000
<u>Non-Mudharabah fund</u>		
Other financial institutions	<u>4,345,068</u>	<u>3,159,928</u>

j. Other liabilities

	30-Sep-22	31-Dec-21
	RM'000	RM'000
Allowances for ECL for commitments and contingencies	13,266	16,843
Accrued profit payable	25,821	102,279
Other payables, accruals and provisions for operational expenses	2,006	2,664
Deferred income	7,998	-
	<u>49,091</u>	<u>121,786</u>

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35. ISLAMIC BANKING OPERATIONS (Cont'd.)
EXPLANATORY NOTES

j. Other liabilities (cont'd.)

Movements in the allowances for ECL on commitments and contingencies:

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	12-months ECL RM'000	Lifetime ECL non credit- impaired RM'000	Lifetime ECL credit- impaired RM'000	Total ECL RM'000
As at 1 January 2022	12,703	4,140	-	16,843
Transferred to Stage 1	57	(356)	-	(299)
Transferred to Stage 2	(1,126)	1,240	-	114
Allowances made	1,047	1,331	-	2,378
Maturity/settlement/repayment	(4,215)	(1,558)	-	(5,773)
Exchange differences	3	-	-	3
	<u>(4,234)</u>	<u>657</u>	<u>-</u>	<u>(3,577)</u>
As at 30 September 2022	<u>8,469</u>	<u>4,797</u>	<u>-</u>	<u>13,266</u>
As at 1 January 2021	5,148	2,865	-	8,013
Transferred to Stage 1	669	(2,322)	-	(1,653)
Transferred to Stage 2	(553)	694	-	141
Allowances made	12,946	3,945	-	16,891
Maturity/settlement/repayment	(5,508)	(1,045)	-	(6,553)
Exchange differences	1	3	-	4
	<u>7,555</u>	<u>1,275</u>	<u>-</u>	<u>8,830</u>
As at 31 December 2021	<u>12,703</u>	<u>4,140</u>	<u>-</u>	<u>16,843</u>

k. Islamic Banking funds

	30-Sep-22 RM'000	31-Dec-21 RM'000
Capital fund	450,000	450,000
Fair value through other comprehensive income reserve	(6,835)	(966)
Accumulated profit	46,528	14,261
	<u>489,693</u>	<u>463,295</u>

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35. ISLAMIC BANKING OPERATIONS (Cont'd.)
EXPLANATORY NOTES

I. Income derived from depositors' funds

	Third Quarter ended		Nine months ended	
	30-Sep-22 RM'000	30-Sep-21 RM'000	30-Sep-22 RM'000	30-Sep-21 RM'000
<u>Finance income and hibah</u>				
Financing, advances and others	49,881	41,075	136,514	122,291
Money at call and deposit placements with financial institutions	3,528	5,949	9,569	11,857
FVOCI securities	15,821	10,342	40,902	23,246
	69,230	57,366	186,985	157,394
<u>Other operating income</u>				
Trading income	509	409	1,774	2,465
Commision income	2,299	776	5,241	3,894
Fee income	1,903	14,858	6,538	32,614
Others	42	34	110	121
	73,983	73,443	200,648	196,488

m. Income derived from investment of Islamic Banking funds

	Third Quarter ended		Nine months ended	
	30-Sep-22 RM'000	30-Sep-21 RM'000	30-Sep-22 RM'000	30-Sep-21 RM'000
<u>Finance income and hibah</u>				
Financing, advances and others	4,868	4,181	12,301	12,674
Money at call and deposit placements with financial institutions	346	606	848	1,223
FVOCI securities	1,543	1,052	3,715	2,395
	6,757	5,839	16,864	16,292
<u>Other operating income</u>				
Trading income	50	41	157	256
Commision income	225	79	478	405
Fee income	185	1,513	580	3,354
Others	4	5	10	13
	7,221	7,477	18,089	20,320

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35. ISLAMIC BANKING OPERATIONS (Cont'd.)
EXPLANATORY NOTES

n. Income derived from investment of Investment Account funds

	Third Quarter ended		Nine months ended	
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
	RM'000	RM'000	RM'000	RM'000
Finance income and hibah				
Financing, advances and others	24,368	14,418	67,197	39,442
Money at call and deposit placements with financial institutions	7,314	1,670	16,672	3,818
	31,682	16,088	83,869	43,260

o. Income attributable to depositors

	Third Quarter ended		Nine months ended	
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
	RM'000	RM'000	RM'000	RM'000
Income attributable to depositors from non-mudharabah fund	47,379	43,068	127,620	113,783

p. Income attributable to Investment Account holder

	Third Quarter ended		Nine months ended	
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
	RM'000	RM'000	RM'000	RM'000
Income attributable to depositor from mudharabah fund	24,981	12,870	65,882	34,608

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35. ISLAMIC BANKING OPERATIONS (Cont'd.)
EXPLANATORY NOTES

q. Allowances for/(write-back of) expected credit losses
other financial assets

	Third Quarter ended		Nine months ended	
	30-Sep-22 RM'000	30-Sep-21 RM'000	30-Sep-22 RM'000	30-Sep-21 RM'000
Allowances for/(write-back of) impairment on financing, advances and others				
Stage 1 ECL	(5,364)	5,127	1,684	5,151
Stage 2 ECL	6,676	(6,262)	4,870	(5,422)
Stage 3 ECL	26,088	5,843	33,180	8,186
Movement in ECL for RSIA holder*	3,035	14,201	(2,128)	13,326
	30,435	18,909	37,606	21,241
Credit-impaired financing, advances and others				
- written off	50	62	91	110
- recovered	(5)	(7)	(17)	(15)
	30,480	18,964	37,680	21,336
Other financial assets				
Stage 1 ECL	(444)	737	852	1,406
Stage 2 ECL	(342)	135	449	134
	(786)	872	1,301	1,540
Commitments and contingencies				
Stage 1 ECL	(4,351)	946	(4,234)	5,461
Stage 2 ECL	165	(1,926)	657	(2,059)
Movement in ECL for RSIA holder*	4,839	2,328	2,919	(1,807)
	653	1,348	(658)	1,595
Total	30,347	21,184	38,323	24,471

*The RSIA holder is the Conventional Banking

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35. ISLAMIC BANKING OPERATIONS (Cont'd.)
EXPLANATORY NOTES

r. **Other operating expenses**

	Third Quarter ended		Nine months ended	
	30-Sep-22 RM'000	30-Sep-21 RM'000	30-Sep-22 RM'000	30-Sep-21 RM'000
Personnel expenses	837	721	2,420	2,114
Establishment related expenses	1,633	695	4,730	2,090
Promotion and marketing related expenses	66	38	279	102
General administrative expenses	6,935	6,405	20,885	18,687
	9,471	7,859	28,314	22,993
<u>Personnel expenses</u>				
Wages, salaries and bonus	651	593	1,897	1,708
Defined contribution plan	105	95	304	274
Other employee benefits	81	33	219	132
	837	721	2,420	2,114
<u>Establishment related expenses</u>				
Depreciation of property, plant and equipment	212	216	636	647
Information technology costs	384	248	1,025	752
Repair and maintenance	2	-	4	2
Short-term lease expenses	2	-	8	-
Others	1,033	231	3,057	689
	1,633	695	4,730	2,090
<u>Promotion and marketing related expenses</u>				
Advertisement and publicity	66	38	279	102
<u>General administrative expenses</u>				
Fees and commissions paid	193	99	366	264
Management fee	6,626	6,055	20,026	18,143
Others	116	251	493	280
	6,935	6,405	20,885	18,687

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35. ISLAMIC BANKING OPERATIONS (Cont'd.)
EXPLANATORY NOTES

s. Commitments and contingencies

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

	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
As at 30 September 2022			
Direct credit substitutes	142,156	142,156	263,649
Transaction-related contingent items	196,647	98,813	154,285
Short-term self-liquidating trade-related contingencies	7,912	1,582	1,501
Foreign exchange related contracts			
- less than one year	635,995	25,240	12,007
- more than one year to less than five years	7,443	372	260
Profit rate related contracts			
- more than one year to less than five years	466,560	4,666	2,849
Undrawn credit facility			
- less than one year	270,983	14,347	4,876
- more than one year	991,794	705,222	346,208
- unconditionally cancellable	1,149,943	-	-
Total	3,869,433	992,398	785,635
As at 31 December 2021			
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
Profit rate related contracts			
- 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	-	-
Total	2,780,689	973,259	797,772

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35. ISLAMIC BANKING OPERATIONS (cont'd.)
EXPLANATORY NOTES

t. 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.

	30-Sep-22	31-Dec-21
	RM'000	RM'000
<u>Common Equity Tier 1 ("CET1")/Tier 1 Capital</u>		
Capital fund	450,000	450,000
Retained profits	45,993	14,261
Other reserves	(6,836)	(966)
Regulatory adjustments applied in the calculation of CET1 Capital	(14,866)	(11,130)
Total CET1/Tier 1 Capital	474,291	452,165
<u>Tier 2 Capital</u>		
Financing loss provision		
- Surplus eligible provisions over expected losses	19,261	18,426
- General provisions	289	122
Total Tier 2 Capital	19,550	18,548
Total Capital	493,841	470,713

(a) The capital adequacy ratios are as follows:

	30-Sep-22	31-Dec-21
Before the effects of RSIA		
CET1/Tier 1 Capital	8.731%	8.182%
Total Capital	9.311%	8.766%
After the effects of RSIA		
CET1/Tier 1 Capital	13.771%	13.965%
Total Capital	14.339%	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 September 2022, credit risks related to RSIA assets excluded from the total capital ratio calculation amounted to RM1,988,076,510 (31 December 2021: RM2,288,873,000).

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35. ISLAMIC BANKING OPERATIONS (cont'd.)
EXPLANATORY NOTES

t. 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:

	30-Sep-22	31-Dec-21
	RM'000	RM'000
Total RWA for credit risk	3,233,352	3,080,652
Total RWA for market risk	3,449	661
Total RWA for operational risk	207,323	156,436
	<u>3,444,124</u>	<u>3,237,749</u>