

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

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
30 JUNE 2023

Domiciled in Malaysia
Registered Office:
Level 22, UOB Plaza 1
No. 7, Jalan Raja Laut,
50350 Kuala Lumpur

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

	Note	Group		Bank	
		30-Jun-23 RM'000	31-Dec-22 RM'000	30-Jun-23 RM'000	31-Dec-22 RM'000
ASSETS					
Cash and short-term funds	11	5,432,990	7,690,591	5,432,990	7,690,591
Deposits and placements with financial institutions	12	99,055	-	99,055	-
Securities purchased under resale agreements		93,818	333,751	93,818	333,751
Financial assets at fair value through profit or loss ("FVTPL")	13	5,943,639	8,193,160	5,943,639	8,193,160
Debt instruments at fair value through other comprehensive income ("FVOCI")	14	22,531,189	20,167,367	22,531,189	20,167,367
Equity instruments at fair value through other comprehensive income ("FVOCI")	15	218,091	153,681	218,091	153,681
Debt Instruments at amortised cost	16	9,309,827	7,937,593	9,309,827	7,937,593
Loans, advances and financing	17	103,365,881	103,108,949	103,450,868	103,195,366
Derivative financial assets	18	2,450,347	1,623,534	2,450,347	1,623,534
Other assets	19	1,585,708	1,576,798	1,602,619	1,581,892
Statutory deposits with Bank					
Negara Malaysia		1,645,697	1,815,933	1,645,697	1,815,933
Investment in subsidiaries		-	-	570,020	570,020
Investment in an associate		418	418	4,759	4,758
Property, plant and equipment		1,385,927	1,307,789	628,634	535,357
Right-of-use assets		87,240	93,166	523,718	134,964
Intangible assets	20	461,345	480,157	461,345	480,157
Deferred tax assets		360,525	361,850	343,388	344,713
TOTAL ASSETS		154,971,697	154,844,737	155,310,004	154,762,837
LIABILITIES					
Deposits from customers	21	114,643,921	110,884,809	114,674,260	110,900,274
Deposits and placements of banks and other financial institutions	22	15,807,345	16,338,616	15,807,345	16,338,616
Obligations on securities sold under repurchase agreements		2,053,036	5,523,321	2,053,036	5,523,321
Bills and acceptances payable		221,703	239,443	221,703	239,443
Derivative financial liabilities	18	1,992,879	2,287,130	1,992,879	2,287,130
Other liabilities	23	4,439,737	4,563,668	4,402,772	4,521,899
Lease liabilities		92,983	98,970	540,617	145,038
Tax payable		215,278	223,311	217,191	224,441
Subordinated bonds	24	2,348,160	2,346,727	2,348,160	2,346,727
Deferred tax liabilities		31,732	31,732	-	-
TOTAL LIABILITIES		141,846,774	142,537,727	142,257,963	142,526,889

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION (cont'd.)
AS AT 30 JUNE 2023**

	Note	Group		Bank	
		30-Jun-23 RM'000	31-Dec-22 RM'000	30-Jun-23 RM'000	31-Dec-22 RM'000
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK					
Share capital		792,555	792,555	792,555	792,555
Reserves		12,332,368	11,514,455	12,259,486	11,443,393
TOTAL EQUITY		13,124,923	12,307,010	13,052,041	12,235,948
TOTAL LIABILITIES AND EQUITY		154,971,697	154,844,737	155,310,004	154,762,837
COMMITMENTS AND CONTINGENCIES	33	244,987,339	232,548,810	244,987,339	232,548,810

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 2022.

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**

Group	Note	Second Quarter Ended		Six Months Ended	
		30-Jun-23 RM'000	30-Jun-22 RM'000	30-Jun-23 RM'000	30-Jun-22 RM'000
Operating revenue	25	2,019,056	1,399,547	4,147,686	2,649,905
Interest income	26	1,616,237	1,036,500	3,207,973	2,034,089
Interest expense	27	(909,036)	(419,700)	(1,760,792)	(804,792)
Net interest income		707,201	616,800	1,447,181	1,229,297
Net income from Islamic					
Banking operations	37	46,130	34,197	82,818	68,578
Other operating income	28	390,739	204,205	803,882	404,000
Operating income		1,144,070	855,202	2,333,881	1,701,875
Other operating expenses	29	(688,867)	(374,346)	(1,293,842)	(710,272)
Operating profit before allowance for expected credit losses ("ECL")		455,203	480,856	1,040,039	991,603
Write-back of/(allowance for) ECL on:					
- Loans, advances and financing	30	(127,085)	183,751	(138,522)	153,813
- Other financial assets	30	(28,720)	(3,598)	2,517	18,865
- Commitments and contingencies	30	(59,162)	73,244	(45,514)	69,424
		240,236	734,253	858,520	1,233,705
Share of results of an associate		-	11	-	(565)
Profit before taxation		240,236	734,264	858,520	1,233,140
Income tax expense		(73,307)	(234,802)	(220,788)	(389,417)
Profit for the period attributable to equity holders of the Bank		166,929	499,462	637,732	843,723
Basic/diluted earnings per share (sen)		35.5	106.3	135.7	179.5

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 2022.

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**

Bank	Note	Second Quarter Ended		Six Months Ended	
		30-Jun-23 RM'000	30-Jun-22 RM'000	30-Jun-23 RM'000	30-Jun-22 RM'000
Operating revenue	25	2,019,678	1,400,316	4,149,183	2,651,328
Interest income	26	1,617,162	1,037,119	3,209,831	2,035,356
Interest expense	27	(913,478)	(419,972)	(1,772,314)	(805,455)
Net interest income		703,684	617,147	1,437,517	1,229,901
Net income from Islamic Banking operations	37	46,130	34,197	82,818	68,578
Other operating income	28	390,435	204,355	803,520	404,157
Operating income		1,140,249	855,699	2,323,855	1,702,636
Other operating expenses	29	(684,373)	(376,359)	(1,285,591)	(710,150)
Operating profit before allowance for ECL		455,876	479,340	1,038,264	992,486
Write-back of/(allowance for) ECL on:					
- Loans, advances and financing	30	(127,163)	183,750	(138,495)	153,813
- Other financial assets	30	(28,833)	(982)	2,400	20,975
- Commitments and contingencies	30	(59,162)	73,245	(45,514)	69,424
Profit before taxation		240,718	735,353	856,655	1,236,698
Income tax expense		(74,962)	(234,047)	(220,743)	(387,917)
Profit for the period attributable to equity holders of the Bank		165,756	501,306	635,912	848,781
Basic/diluted earnings per share (sen)		35.3	106.7	135.3	180.6

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

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**

Group	Second Quarter Ended		Six Months Ended	
	30-Jun-23 RM'000	30-Jun-22 RM'000	30-Jun-23 RM'000	30-Jun-22 RM'000
Profit for the period	166,929	499,462	637,732	843,723
<i>Other comprehensive income/(losses):</i>				
<u>Items that will be reclassified subsequently</u>				
<u>to income statements:</u>				
Net fair value changes in debt instruments at FVOCI	6,984	(245,238)	172,670	(370,416)
Income tax effect	(1,632)	58,857	(41,441)	88,900
	5,352	(186,381)	131,229	(281,516)
<u>Items that will not be reclassified subsequently</u>				
<u>to income statements:</u>				
Net fair value changes in equity instruments at FVOCI	64,380	(2,891)	64,410	(3,128)
Income tax effect	(15,451)	694	(15,458)	751
	48,929	(2,197)	48,952	(2,377)
Total other comprehensive income/(losses) for the period, net of tax	54,281	(188,578)	180,181	(283,893)
Gain on disposal of equity	-	250	-	250
Total comprehensive income for the period attributable to equity holders	221,210	311,134	817,913	560,080

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 2022.

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME (cont'd.)
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**

	Second Quarter Ended		Six Months Ended	
	30-Jun-23 RM'000	30-Jun-22 RM'000	30-Jun-23 RM'000	30-Jun-22 RM'000
Bank				
Profit for the period	165,756	501,306	635,912	848,781
<i>Other comprehensive income/(losses):</i>				
<u>Items that will be reclassified subsequently</u>				
<u>to income statements:</u>				
Net fair value changes in debt instruments at FVOCI	6,984	(245,238)	172,670	(370,416)
Income tax effect	(1,632)	58,857	(41,441)	88,900
	5,352	(186,381)	131,229	(281,516)
<u>Items that will not be reclassified subsequently</u>				
<u>to income statements:</u>				
Net fair value changes in equity instruments at FVOCI	64,380	(2,891)	64,410	(3,128)
Income tax effect	(15,451)	694	(15,458)	751
	48,929	(2,197)	48,952	(2,377)
Total other comprehensive income/(losses) for the period, net of tax	54,281	(188,578)	180,181	(283,893)
Gain on disposal of equity	-	250	-	250
Total comprehensive income for the period attributable to equity holders	220,037	312,978	816,093	565,138

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 2022.

Company No. 199301017069 (271809K)

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

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**

	← Non-distributable →			Distributable Retained profits	Total
	Share capital	Revaluation reserves	FVOCI reserve		
Group 2023	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2023	792,555	233,495	(166,561)	11,447,521	12,307,010
Profit for the period	-	-	-	637,732	637,732
Other comprehensive income for the period	-	-	180,181	-	180,181
Total comprehensive income for the period	-	-	180,181	637,732	817,913
Balance as at 30 June 2023	792,555	233,495	13,620	12,085,253	13,124,923

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 2022.

Company No. 199301017069 (271809K)

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY (cont'd.)
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**

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

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

Company No. 199301017069 (271809K)

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY (cont'd.)
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**

	Share capital	Non-distributable FVOCI reserve	Distributable Retained profits	Total
	RM'000	RM'000	RM'000	RM'000
Bank 2023				
Balance as at 1 January 2023	792,555	(173,464)	11,616,857	12,235,948
Profit for the period	-	-	635,912	635,912
Other comprehensive income for the period	-	180,181	-	180,181
Total comprehensive income for the period	-	180,181	635,912	816,093
Balance as at 30 June 2023	<u>792,555</u>	<u>6,717</u>	<u>12,252,769</u>	<u>13,052,041</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 2022.

Company No. 199301017069 (271809K)

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY (cont'd.)
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**

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

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

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**

	Group		Bank	
	30-Jun-23	30-Jun-22	30-Jun-23	30-Jun-22
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	858,520	1,233,140	856,655	1,236,698
Adjustments for non-operating and non-cash items	(681,077)	(507,729)	(671,402)	(513,797)
Operating profit before working capital changes	177,443	725,411	185,253	722,901
Changes in working capital:				
Net changes in operating assets	1,479,800	(2,161,429)	1,469,323	(2,160,992)
Net changes in operating liabilities	(393,514)	7,223,029	(373,835)	7,237,497
Tax expense paid	(284,395)	(177,478)	(283,568)	(175,349)
Net cash generated from operating activities	979,334	5,609,533	997,173	5,624,057
Net cash used in investing activities	(3,121,521)	(3,788,368)	(3,121,069)	(3,796,859)
Net cash used in financing activities	(11,533)	(8,966)	(29,824)	(14,999)
Net (decrease)/increase in cash and cash equivalents	(2,153,720)	1,812,199	(2,153,720)	1,812,199
Cash and cash equivalents at beginning of the period	7,696,923	10,094,057	7,696,923	10,094,057
Cash and cash equivalents at end of the period	5,543,203	11,906,256	5,543,203	11,906,256
Analysis of cash and cash equivalents				
Cash and short-term funds	5,443,203	11,626,256	5,443,203	11,626,256
Deposits and placements with financial institutions	100,000	280,000	100,000	280,000
	5,543,203	11,906,256	5,543,203	11,906,256
Less: Allowance for ECL	(11,158)	(7,340)	(11,158)	(7,340)
	5,532,045	11,898,916	5,532,045	11,898,916

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 2022.

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

EXPLANATORY NOTES

1. BASIS OF PREPARATION

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

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

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 2022, 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 2023:

Amendments to MFRS 1, MFRS 9, MFRS 141, MFRS 3, MFRS 116, MFRS 137 and Annual Improvements to MFRS Standards 2018-2020

Effective for financial periods beginning on or after 1 January 2023

MFRS 17 Insurance Contracts

Amendments to MFRS 17 Insurance Contracts

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

Extension of the Temporary Exemption from Applying MFRS 9 (Amendments to MFRS 4 Insurance

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 Estimates and Errors)

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

Effective for financial periods beginning on or after 1 January 2024

Lease Liability in a Sale and Leaseback (Amendments to MFRS 16 Leases)

Non-current Liabilities with Covenants (Amendments to MFRS 101 Presentation of Financial Statements)

Effective for financial periods to be determined by the MASB

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

The Group and the Bank plan to adopt the above pronouncements when they become effective in the respective financial periods. 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

(Incorporated in Malaysia)

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 2022 was not subject to any qualification.

3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The business operations of the Group and of the Bank were not materially affected by any seasonal or cyclical factors.

4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows of the Group and of the Bank for the financial period ended 30 June 2023.

5. CHANGES IN ESTIMATES

There were no significant changes in estimates of amounts reported in prior financial year that have a material effect on the financial results and position of the Group and of the Bank for the financial period ended 30 June 2023.

6. DEBT AND EQUITY SECURITIES

There were no issuances of shares, share buy-backs and repayment of debt and equity securities by the Group and the Bank during the financial period ended 30 June 2023.

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 2022.

8. DIVIDENDS

There was no proposed dividend for the financial year ended 31 December 2022.

9. SIGNIFICANT EVENTS SUBSEQUENT TO THE REPORTING DATE

On 16 July 2023, Citibank consumer business has successfully migrated to United Overseas Bank (Malaysia) Bhd.

The Bank has redeemed the RM600 million Basel III Compliant Tier 2 subordinated bonds on its first call date on 25 July 2023.

10. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the financial period ended 30 June 2023.

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

EXPLANATORY NOTES

11. CASH AND SHORT-TERM FUNDS

	Group and Bank	
	30-Jun-23	31-Dec-22
	RM'000	RM'000
Cash and balances with banks and other financial institutions	3,281,167	3,253,289
Money at call and deposit placements maturing within one month	2,162,036	4,443,634
	5,443,203	7,696,923
Less: Allowance for ECL	(10,213)	(6,332)
	5,432,990	7,690,591

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

Group and Bank	Stage 1	Stage 2	Stage 3	Total ECL
	12-month ECL	Lifetime ECL non credit-impaired	Lifetime ECL credit-impaired	
2023	RM'000	RM'000	RM'000	RM'000
At 1 January	6,332	-	-	6,332
Allowance made	8,373	-	-	8,373
Maturity/settlement/repayment	(4,633)	-	-	(4,633)
Exchange differences	141	-	-	141
Net total	3,881	-	-	3,881
At 30 June	10,213	-	-	10,213
2022				
At 1 January	30,833	-	-	30,833
Allowance made	7,328	-	-	7,328
Maturity/settlement/repayment	(31,829)	-	-	(31,829)
Net total	(24,501)	-	-	(24,501)
At 31 December	6,332	-	-	6,332

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

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

	Group and Bank	
	30-Jun-23	31-Dec-22
	RM'000	RM'000
Licensed bank in Malaysia	100,000	-
Less: Allowance for ECL	(945)	-
	99,055	-

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

	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime ECL	Lifetime ECL	
	ECL	non credit-	credit-	Total ECL
Group and Bank	RM'000	impaired	impaired	RM'000
2023		RM'000	RM'000	
At 1 January	-	-	-	-
Allowances made	945	-	-	945
At 30 June	945	-	-	945

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

	Group and Bank	
	30-Jun-23	31-Dec-22
	RM'000	RM'000
Money market instruments		
Bank Negara Malaysia bills	386,140	-
Malaysian Government treasury bills	987,770	896,067
Negotiable instruments of deposits	2,600,213	4,799,896
	3,974,123	5,695,963
Unquoted securities in Malaysia		
Cagamas bonds	888,889	571,926
Private debt securities	1,080,627	1,925,271
	1,969,516	2,497,197
Total financial assets at FVTPL	5,943,639	8,193,160

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

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

	Group and Bank	
	30-Jun-23	31-Dec-22
	RM'000	RM'000
Money market instruments		
Bank Negara Malaysia bills	331,178	-
Malaysian Government securities	16,502,228	14,568,367
Negotiable instruments of deposits	3,290,028	2,199,855
	<u>20,123,434</u>	<u>16,768,222</u>
Unquoted securities in Malaysia		
Cagamas bonds	675,570	1,241,815
Private debt securities	1,732,185	2,157,330
	<u>2,407,755</u>	<u>3,399,145</u>
Total debt instruments at FVOCI	<u>22,531,189</u>	<u>20,167,367</u>

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

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total ECL</u>
	<u>12-month</u>	<u>Lifetime ECL</u>	<u>Lifetime ECL</u>	
Group and Bank	ECL	non credit-	credit-	
2023	RM'000	impaired	impaired	RM'000
	RM'000	RM'000	RM'000	RM'000
At 1 January	4,009	-	39,960	43,969
Allowance made	35,693	-	-	35,693
Maturity/settlement/repayment	(31,049)	-	-	(31,049)
Net total	4,644	-	-	4,644
At 30 June	<u>8,653</u>	<u>-</u>	<u>39,960</u>	<u>48,613</u>
2022				
At 1 January	12,213	-	39,960	52,173
Allowance made	2,614	-	-	2,614
Maturity/settlement/repayment	(10,818)	-	-	(10,818)
Net total	(8,204)	-	-	(8,204)
At 31 December	<u>4,009</u>	<u>-</u>	<u>39,960</u>	<u>43,969</u>

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

EXPLANATORY NOTES

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

	Group and Bank	
	30-Jun-23	31-Dec-22
	RM'000	RM'000
Quoted securities		
Shares of corporations in Malaysia	838	924
Unquoted securities		
Shares of corporations in Malaysia	217,253	152,757
	<u>218,091</u>	<u>153,681</u>

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

	Group and Bank	
	30-Jun-23	31-Dec-22
	RM'000	RM'000
Money market instruments		
Malaysian Government securities	7,919,259	6,654,658
Less: Allowance for ECL	(1,198)	(1,010)
	<u>7,918,061</u>	<u>6,653,648</u>
Private debt securities of companies incorporated in Malaysia		
Unquoted corporate bonds	1,401,149	1,307,850
Less: Allowance for ECL	(9,383)	(23,905)
	<u>1,391,766</u>	<u>1,283,945</u>
Total debt instruments at AC	<u>9,309,827</u>	<u>7,937,593</u>

Movements in the allowance 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 2023	RM'000	RM'000	RM'000	RM'000
At 1 January	24,915	-	-	24,915
Allowance made	12,762	-	-	12,762
Maturity/settlement/repayment	(27,096)	-	-	(27,096)
Net total	(14,334)	-	-	(14,334)
At 30 June	<u>10,581</u>	-	-	<u>10,581</u>
2022				
At 1 January	1,775	-	-	1,775
Allowance made	23,140	-	-	23,140
At 31 December	<u>24,915</u>	-	-	<u>24,915</u>

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

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

	Group		Bank	
	30-Jun-23 RM'000	31-Dec-22 RM'000	30-Jun-23 RM'000	31-Dec-22 RM'000
At amortised cost				
Overdrafts	2,919,219	3,002,621	2,919,219	3,002,621
Term loans/financing and revolving credits:				
- Housing loans/financing	40,465,692	40,783,736	40,465,692	40,783,736
- Syndicated term loans/financing	2,728,685	2,648,989	2,728,685	2,648,989
- Other term loans/financing	39,726,167	39,659,638	39,812,782	39,747,710
Credit card receivables	8,643,617	8,593,223	8,643,617	8,593,223
Bills receivables	149,875	182,025	149,875	182,025
Trust receipts	5,283,818	4,844,389	5,283,818	4,844,389
Claims on customers under acceptance credits	5,963,564	6,014,871	5,963,564	6,014,871
Staff loans	99,096	96,911	99,096	96,911
	105,979,733	105,826,403	106,066,348	105,914,475
Unearned interest/income	(145,438)	(148,700)	(145,438)	(148,700)
Gross loans, advances and financing	105,834,295	105,677,703	105,920,910	105,765,775
Allowance for ECL on loans, advances and financing:				
- Stage 1 - 12 month ECL	(474,610)	(551,907)	(476,238)	(553,562)
- Stage 2 - Lifetime ECL non credit-impaired	(1,224,102)	(1,173,643)	(1,224,102)	(1,173,643)
- Stage 3 - Lifetime ECL credit-impaired	(769,702)	(843,204)	(769,702)	(843,204)
Net loans, advances and financing	103,365,881	103,108,949	103,450,868	103,195,366

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

	Group		Bank	
	30-Jun-23 RM'000	31-Dec-22 RM'000	30-Jun-23 RM'000	31-Dec-22 RM'000
Maturing within one year	30,563,619	30,509,145	30,650,234	30,597,217
One year to three years	7,242,531	6,749,366	7,242,531	6,749,366
Three years to five years	8,626,720	8,853,501	8,626,720	8,853,501
Over five years	59,401,425	59,565,691	59,401,425	59,565,691
	105,834,295	105,677,703	105,920,910	105,765,775

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

EXPLANATORY NOTES**17. LOANS, ADVANCES AND FINANCING (cont'd.)****(ii) Gross loans, advances and financing by type of customers:**

	Group		Bank	
	30-Jun-23 RM'000	31-Dec-22 RM'000	30-Jun-23 RM'000	31-Dec-22 RM'000
Domestic non-banking financial institutions:				
- Stockbroking companies	10,886	896	10,886	896
- Others	3,097,225	2,766,076	3,097,225	2,766,076
Domestic business enterprises:				
- Small and medium enterprises	22,225,190	21,931,110	22,225,190	21,931,110
- Others	19,335,566	18,928,145	19,422,181	19,016,217
Individuals	55,827,826	56,111,922	55,827,826	56,111,922
Foreign entities	5,337,602	5,939,554	5,337,602	5,939,554
	105,834,295	105,677,703	105,920,910	105,765,775

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

	Group		Bank	
	30-Jun-23 RM'000	31-Dec-22 RM'000	30-Jun-23 RM'000	31-Dec-22 RM'000
Fixed rate:				
- Housing loans/financing	48,516	40,681	48,516	40,681
- Other fixed rate loans/ financing	15,254,828	15,450,411	15,254,828	15,450,411
Variable rate:				
- Base rate/base lending/ financing rate-plus	62,539,310	62,893,388	62,539,310	62,893,388
- Cost-plus	27,475,865	26,738,319	27,562,480	26,826,391
- Other variable rates	515,776	554,904	515,776	554,904
	105,834,295	105,677,703	105,920,910	105,765,775

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

EXPLANATORY NOTES**17. LOANS, ADVANCES AND FINANCING (cont'd.)****(iv) Gross loans, advances and financing by economic sector:**

	Group		Bank	
	30-Jun-23 RM'000	31-Dec-22 RM'000	30-Jun-23 RM'000	31-Dec-22 RM'000
Agriculture, hunting, forestry and fishing	1,259,141	1,681,068	1,259,141	1,681,068
Mining and quarrying	126,870	178,004	126,870	178,004
Manufacturing	9,286,567	8,997,143	9,286,567	8,997,143
Electricity, gas and water	921,699	730,129	921,699	730,129
Construction	7,654,468	7,080,238	7,654,468	7,080,238
Wholesale, retail trade, restaurants and hotels	13,953,295	14,626,320	13,953,295	14,626,320
Transport, storage and communication	2,369,138	2,041,282	2,369,138	2,041,282
Finance, insurance and business services	5,017,319	4,513,864	5,017,319	4,513,864
Real estate	4,259,221	4,336,726	4,345,836	4,424,798
Community, social and personal services	205,009	214,071	205,009	214,071
Households:				
- Purchase of residential properties	41,325,268	41,719,876	41,325,268	41,719,876
- Purchase of non-residential properties	7,810,404	7,968,499	7,810,404	7,968,499
- Others	11,645,896	11,590,483	11,645,896	11,590,483
	105,834,295	105,677,703	105,920,910	105,765,775

(v) Gross loans, advances and financing by geographical distribution:

	Group		Bank	
	30-Jun-23 RM'000	31-Dec-22 RM'000	30-Jun-23 RM'000	31-Dec-22 RM'000
In Malaysia	100,496,693	99,738,149	100,583,308	99,826,221
Outside Malaysia	5,337,602	5,939,554	5,337,602	5,939,554
	105,834,295	105,677,703	105,920,910	105,765,775

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

EXPLANATORY NOTES**17. LOANS, ADVANCES AND FINANCING (cont'd.)****(vi) Movements in credit-impaired loans, advances and financing:**

	Group and Bank	
	30-Jun-23	31-Dec-22
	RM'000	RM'000
At 1 January	2,833,180	2,394,946
Transfer from business acquisition	-	209,289
Classified as credit-impaired during the financial period/year	754,361	1,120,492
Amount recovered	(289,650)	(348,581)
Reclassified as non credit-impaired	(166,056)	(265,614)
Amount written-off	(347,749)	(277,352)
At 30 June/31 December	2,784,086	2,833,180
Less: Stage 3 - Lifetime ECL credit-impaired	(769,702)	(843,204)
Net credit-impaired loans, advances and financing	2,014,384	1,989,976
Ratio of net credit-impaired loans, advances and financing to gross loans, advances and financing less allowance for ECL on credit-impaired provisions	1.9%	1.9%

(vii) Movements in the allowance for ECL on loans, advances and financing:

Group	Stage 1	Stage 2	Stage 3	Total ECL
	12-month ECL	Lifetime ECL non credit-impaired	Lifetime ECL credit-impaired	
2023	RM'000	RM'000	RM'000	RM'000
At 1 January	551,907	1,173,643	843,204	2,568,754
Transferred to Stage 1	13,488	(60,280)	(12,471)	(59,263)
Transferred to Stage 2	(13,018)	103,431	(23,143)	67,270
Transferred to Stage 3	(2,958)	(27,535)	233,143	202,650
Allowance made	235,695	169,356	69,266	474,317
Maturity/settlement/repayment	(309,883)	(134,659)	(53,621)	(498,163)
Exchange differences	(621)	146	-	(475)
Net total	(77,297)	50,459	213,174	186,336
Amounts written-off	-	-	(286,841)	(286,841)
Other movements	-	-	165	165
At 30 June	474,610	1,224,102	769,702	2,468,414

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

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

Group 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	311,664	1,298,483	713,309	2,323,456
Transfer from business acquisition	99,966	66,416	62,307	228,689
Transferred to Stage 1	62,709	(223,574)	(19,417)	(180,282)
Transferred to Stage 2	(8,413)	94,469	(12,330)	73,726
Transferred to Stage 3	(2,077)	(23,460)	275,164	249,627
Allowance made	258,866	182,633	99,605	541,104
Maturity/settlement/repayment	(168,144)	(222,779)	(49,810)	(440,733)
Exchange differences	(2,664)	1,455	-	(1,209)
Net total	140,277	(191,256)	293,212	242,233
Amounts written-off	-	-	(227,341)	(227,341)
Other movements	-	-	1,717	1,717
At 31 December	551,907	1,173,643	843,204	2,568,754
Bank				
2023				
At 1 January	553,562	1,173,643	843,204	2,570,409
Transferred to Stage 1	13,488	(60,280)	(12,471)	(59,263)
Transferred to Stage 2	(13,018)	103,431	(23,143)	67,270
Transferred to Stage 3	(2,958)	(27,535)	233,143	202,650
Allowance made	235,695	169,356	69,266	474,317
Maturity/settlement/repayment	(309,910)	(134,659)	(53,621)	(498,190)
Exchange differences	(621)	146	-	(475)
Net total	(77,324)	50,459	213,174	186,309
Amounts written-off	-	-	(286,841)	(286,841)
Other movements	-	-	165	165
At 30 June	476,238	1,224,102	769,702	2,470,042

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

EXPLANATORY NOTES**17. LOANS, ADVANCES AND FINANCING (cont'd.)****(vii) Movements in the allowance for ECL on loans, advances and financing: (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	312,573	1,298,483	713,309	2,324,365
Transfer from business acquisition	99,966	66,416	62,307	228,689
Transferred to Stage 1	62,709	(223,574)	(19,417)	(180,282)
Transferred to Stage 2	(8,413)	94,469	(12,330)	73,726
Transferred to Stage 3	(2,077)	(23,460)	275,164	249,627
Allowance made	259,612	182,633	99,605	541,850
Maturity/settlement/repayment	(168,144)	(222,779)	(49,810)	(440,733)
Exchange differences	(2,664)	1,455	-	(1,209)
Net total	141,023	(191,256)	293,212	242,979
Amounts written-off	-	-	(227,341)	(227,341)
Other movements	-	-	1,717	1,717
At 31 December	553,562	1,173,643	843,204	2,570,409

(viii) Gross credit-impaired loans, advances and financing analysed by economic sectors:

	Group and Bank	
	30-Jun-23 RM'000	31-Dec-22 RM'000
Mining and quarrying	-	83,075
Manufacturing	146,855	190,171
Construction	661,809	658,549
Wholesale, retail trade, restaurants and hotels	352,888	340,269
Transport, storage and communication	35,914	36,830
Finance, insurance and business services	44,635	42,710
Real estate	217,429	195,714
Community, social and personal services	6,442	11,169
Households:		
- Purchase of residential properties	1,005,632	972,294
- Purchase of non-residential properties	162,014	158,602
- Others	150,468	143,797
	2,784,086	2,833,180

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

	Group and Bank	
	30-Jun-23 RM'000	31-Dec-22 RM'000
In Malaysia	2,653,016	2,697,129
Outside Malaysia	131,070	136,051
	2,784,086	2,833,180

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

EXPLANATORY NOTES**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:

As at 30 June 2023	Group and Bank		
	Contract or underlying principal amount RM'000	Positive fair value RM'000	Negative fair value RM'000
<u>Trading derivatives</u>			
Foreign exchange contracts:			
- Forwards	17,492,725	344,631	110,635
- Swaps	66,170,337	1,347,543	845,882
- Options	1,538,927	23,154	7,642
Interest rate contracts:			
- Swaps	75,665,947	713,934	1,002,839
- Futures	63,101	345	-
- Options	13,386	-	158
Equity-related contracts:			
- Options	62,452	633	2,356
Commodity contracts:			
- Swaps	396,783	18,616	19,382
- Futures	63,339	1,375	1,618
- Options	18,000	9	-
Credit derivative contracts:			
- Swaps	6,119	-	327
<u>Hedging derivatives</u>			
Interest rate contracts:			
- Swaps	1,350,000	107	2,040
		2,450,347	1,992,879

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

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

As at 31 December 2022	Group and Bank		
	Contract or underlying principal amount RM'000	Positive fair value RM'000	Negative fair value RM'000
<u>Trading derivatives</u>			
Foreign exchange contracts:			
- Forwards	14,869,880	101,329	204,707
- Swaps	64,592,840	785,259	1,355,000
- Options	1,665,390	13,729	14,176
Interest rate contracts:			
- Swaps	67,832,678	707,660	702,273
- Options	183,442	1,336	320
Equity-related contracts:			
- Options	22,343	19	1,285
Commodity contracts:			
- Swaps	137,168	9,700	2,401
- Futures	92,507	1,638	2,620
- Options	42,000	2,682	871
<u>Hedging derivatives</u>			
Interest rate contracts:			
- Swaps	1,350,000	182	3,477
		1,623,534	2,287,130

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.

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

EXPLANATORY NOTES**19. OTHER ASSETS**

	Group		Bank	
	30-Jun-23	31-Dec-22	30-Jun-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Other receivables, deposits and prepayments	993,677	1,015,396	993,511	1,015,230
Accrued interest/income receivables	334,512	302,630	334,512	302,630
Amount due from subsidiaries	-	-	17,194	5,259
Amount due from a fellow subsidiary	65	36	64	36
Amount due from holding company	84	72	84	72
Amount due from ultimate holding company	3,093	1,336	3,093	1,336
Precious metal accounts	269,386	270,090	269,386	270,090
Less: Allowance for ECL	(15,109)	(12,762)	(15,225)	(12,761)
	1,585,708	1,576,798	1,602,619	1,581,892

Movements in the allowance 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	
2023	RM'000	RM'000	RM'000	RM'000
At 1 January	5,193	7,569	-	12,762
Allowance made	11,534	9,781	-	21,315
Maturity/settlement/repayment	(8,395)	(10,573)	-	(18,968)
Net total	3,139	(792)	-	2,347
At 30 June	8,332	6,777	-	15,109
2022				
At 1 January	1,580	4,914	-	6,494
Allowance made	4,900	5,317	-	10,217
Maturity/settlement/repayment	(1,287)	(2,662)	-	(3,949)
Net total	3,613	2,655	-	6,268
At 31 December	5,193	7,569	-	12,762

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

EXPLANATORY NOTES**19. OTHER ASSETS (cont'd.)**

Movements in the allowance 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				
2023				
At 1 January	4,449	8,312	-	12,761
Allowance made	12,342	9,837	-	22,179
Maturity/settlement/repayment	(8,395)	(11,320)	-	(19,715)
Net total	3,947	(1,483)	-	2,464
At 30 June	8,396	6,829	-	15,225
2022				
At 1 January	1,580	7,794	-	9,374
Allowance made	4,155	6,061	-	10,216
Maturity/settlement/repayment	(1,286)	(5,543)	-	(6,829)
Net total	2,869	518	-	3,387
At 31 December	4,449	8,312	-	12,761

20. INTANGIBLE ASSETS

As at 30 June 2023, Goodwill was at RM348,412,000 (31 December 2022: RM363,140,000) and it has been recognised on a provisional basis, pending finalisation of the completion accounts and purchase price allocation and intangible asset valuation.

	Group and Bank	
	30-Jun-23	31-Dec-22
	RM'000	RM'000
Goodwill	348,412	363,140
Other intangible assets ⁽¹⁾	112,933	117,017
At 30 June	461,345	480,157
Represented by:		
Goodwill	348,412	363,140
Intangible assets, at cost	121,000	119,000
Gross carrying amount	469,412	482,140
Accumulated amortisation for intangible assets	(8,067)	(1,983)
Net carrying amount	461,345	480,157

⁽¹⁾ Other intangible assets relate to the Citi consumer business consumer relationships and core deposits.

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

EXPLANATORY NOTES**21. DEPOSITS FROM CUSTOMERS**

	Group		Bank	
	30-Jun-23	31-Dec-22	30-Jun-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Demand deposits	36,317,331	34,027,354	36,346,576	34,042,154
Savings deposits	7,366,685	7,663,935	7,366,685	7,663,935
Fixed deposits	68,063,037	66,085,077	68,063,037	66,085,077
Others	2,896,868	3,108,443	2,897,962	3,109,108
	114,643,921	110,884,809	114,674,260	110,900,274

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

	Group and Bank	
	30-Jun-23	31-Dec-22
	RM'000	RM'000
Due within six months	45,067,690	44,895,208
Six months to one year	22,986,640	21,163,510
One year to three years	8,111	25,820
Three years to five years	596	539
	68,063,037	66,085,077

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

	Group		Bank	
	30-Jun-23	31-Dec-22	30-Jun-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Business enterprises:				
- Subsidiaries	-	-	30,352	14,799
- Related companies	1,029	1,048	1,016	1,048
- Others	50,460,404	46,727,364	50,460,404	46,728,030
Individuals	61,879,341	61,615,090	61,879,341	61,615,090
Others	2,303,147	2,541,307	2,303,147	2,541,307
	114,643,921	110,884,809	114,674,260	110,900,274

22. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	30-Jun-23	31-Dec-22	30-Jun-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Licensed banks in Malaysia	1,423,333	316,320	1,423,333	316,320
Bank Negara Malaysia	905,493	961,571	905,493	961,571
Other financial institutions	13,478,519	15,060,725	13,478,519	15,060,725
	15,807,345	16,338,616	15,807,345	16,338,616

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

EXPLANATORY NOTES**23. OTHER LIABILITIES**

	Group		Bank	
	30-Jun-23	31-Dec-22	30-Jun-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Allowance for ECL on commitments and contingencies	209,374	162,475	209,374	162,475
Accrued interest/profit payables	444,608	428,554	444,608	428,554
Accruals and provisions for operational expenses	723,408	978,416	721,928	976,316
Other payables and accruals	3,038,536	2,957,597	3,003,051	2,917,928
Deferred income	23,811	36,626	23,811	36,626
	4,439,737	4,563,668	4,402,772	4,521,899

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

Group and Bank	Stage 1	Stage 2	Stage 3	Total ECL
	12-month ECL	Lifetime ECL non credit-impaired	Lifetime ECL credit-impaired	
2023	RM'000	RM'000	RM'000	RM'000
At 1 January	64,764	37,458	60,253	162,475
Transferred to Stage 1	3,405	(20,842)	-	(17,437)
Transferred to Stage 2	(3,231)	22,650	(352)	19,067
Allowance made	78,672	28,293	3,790	110,755
Maturity/settlement/repayment	(41,999)	(7,661)	(17,315)	(66,975)
Exchange differences	92	12	-	104
Net total	36,939	22,452	(13,877)	45,514
Other movements	-	-	1,385	1,385
At 30 June	101,703	59,910	47,761	209,374
2022				
At 1 January	46,976	128,561	15,068	190,605
Transferred to Stage 1	28,353	(76,092)	-	(47,739)
Transferred to Stage 2	(1,782)	18,207	-	16,425
Transferred to Stage 3	-	-	61,065	61,065
Allowance made	44,430	5,896	29	50,355
Maturity/settlement/repayment	(53,325)	(39,125)	(14,233)	(106,683)
Exchange differences	112	11	-	123
Net total	17,788	(91,103)	46,861	(26,454)
Other movements	-	-	(1,676)	(1,676)
At 31 December	64,764	37,458	60,253	162,475

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

EXPLANATORY NOTES

24. SUBORDINATED BONDS

	Group and Bank	
	30-Jun-23	31-Dec-22
	RM'000	RM'000
<i>At amortised cost</i>		
RM600 million subordinated bond 2018/2028, at par (Note (a))	600,200	600,204
RM750 million subordinated bond 2020/2030, at par (Note (b))	747,960	746,523
RM1 billion subordinated bond 2022/2032, at par (Note (c))	1,000,000	1,000,000
	2,348,160	2,346,727
Accumulated fair value adjustment (gain) for subordinated bonds	(1,840)	(3,273)

- (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) On 27 October 2022, the Bank issued RM1.0 billion Basel III compliant Tier 2 subordinated bonds (10 years maturity, non-callable 5 years) (“the Bond 3”).

The Bond 3 bears interest at the rate of 4.91% per annum. The coupon rate herein is applicable throughout the tenure of the subordinated bonds.

The Bond 3 may be redeemed at par at the option of the Bank, in part or in whole, on 27 October 2027 or at any interest payment date thereafter.

The interest is payable semi-annually in arrears on 27 April and 27 October each year commencing 27 April 2023.

The Bond 3 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.

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

EXPLANATORY NOTES

24. SUBORDINATED BONDS (cont'd.)

(d) Fair value hedge

The Bank primarily uses interest rate swap as hedge of interest rate risk.

As at 30 June 2023, the Bank had interest rate swap agreements in place with notional amount of RM600 million (31 December 2022: RM600 million) for Bond 1 and RM750 million (31 December 2022: RM750 million) for Bond 2.

The swaps are being used to hedge exposure to changes in fair value of fixed rate of both bonds.

The movements in fair value of the interest rate swap of unrealised gain of RM1,362,000 (31 December 2022: RM16,541,000 unrealised gain) are recognised in trading and investment income during the period.

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

EXPLANATORY NOTES**25. OPERATING REVENUE**

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

26. INTEREST INCOME

Group	Second Quarter Ended		Six Months Ended	
	30-Jun-23	30-Jun-22	30-Jun-23	30-Jun-22
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	1,208,863	765,358	2,382,062	1,511,310
Credit-impaired loans, advances and financing	23,888	10,015	43,394	26,537
Money at call and deposit placements with financial institutions	78,493	80,387	161,188	147,842
Financial assets at FVTPL	48,498	17,498	104,003	41,525
Debt instruments at FVOCI	186,823	160,723	381,306	318,846
Debt instruments at AC	85,354	25,358	167,528	36,590
	1,631,919	1,059,339	3,239,481	2,082,650
Amortisation of premium less accretion of discount on:				
- Financial assets at FVTPL	7,991	7,497	17,950	11,925
- Debt instruments at FVOCI	(24,677)	(30,736)	(51,290)	(60,972)
- Debt instruments at AC	1,004	400	1,832	486
	1,616,237	1,036,500	3,207,973	2,034,089
Bank				
Loans, advances and financing	1,209,790	765,978	2,383,920	1,512,577
Credit-impaired loans, advances and financing	23,888	10,015	43,394	26,537
Money at call and deposit placements with financial institutions	78,491	80,386	161,188	147,842
Financial assets at FVTPL	48,498	17,498	104,003	41,525
Debt instruments at FVOCI	186,823	160,723	381,306	318,846
Debt instruments at AC	85,354	25,358	167,528	36,590
	1,632,844	1,059,958	3,241,339	2,083,917
Amortisation of premium less accretion of discount on:				
- Financial assets at FVTPL	7,991	7,497	17,950	11,925
- Debt instruments at FVOCI	(24,677)	(30,736)	(51,290)	(60,972)
- Debt instruments at AC	1,004	400	1,832	486
	1,617,162	1,037,119	3,209,831	2,035,356

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

EXPLANATORY NOTES

27. INTEREST EXPENSE

Group	Second Quarter Ended		Six Months Ended	
	30-Jun-23	30-Jun-22	30-Jun-23	30-Jun-22
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	686,447	364,985	1,271,017	709,722
Deposits and placements of banks and other financial institutions	185,112	43,322	415,119	69,071
Subordinated bonds	24,697	10,011	48,942	19,889
Lease liabilities	810	515	1,603	1,009
Others	11,970	867	24,111	5,101
	909,036	419,700	1,760,792	804,792
Bank				
Deposits from customers	686,550	365,101	1,271,210	709,912
Deposits and placements of banks and other financial institutions	185,112	43,322	415,119	69,071
Subordinated bonds	24,697	10,011	48,942	19,889
Lease liabilities	5,149	671	12,932	1,482
Others	11,970	867	24,111	5,101
	913,478	419,972	1,772,314	805,455

28. OTHER OPERATING INCOME

Group	Second Quarter Ended		Six Months Ended	
	30-Jun-23	30-Jun-22	30-Jun-23	30-Jun-22
	RM'000	RM'000	RM'000	RM'000
<u>Fee income</u>				
Commission	56,019	57,472	121,470	125,036
Guarantee fees	20,698	19,636	46,668	38,398
Service charges and fees	138,114	58,402	268,347	109,495
Less: Fee expenses	(50,722)	(17,452)	(98,736)	(33,479)
	87,392	40,950	169,611	76,016
Commitment fees	7,233	7,320	14,146	14,744
Arrangement and participation fees	1,822	4,626	4,083	18,253
	173,164	130,004	355,978	272,447

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

EXPLANATORY NOTES

28. OTHER OPERATING INCOME (cont'd.)

Group (cont'd.)	Second Quarter Ended		Six Months Ended	
	30-Jun-23 RM'000	30-Jun-22 RM'000	30-Jun-23 RM'000	30-Jun-22 RM'000
<u>Trading and Investment income</u>				
(Loss)/gain from sale of financial assets at FVTPL	(30,830)	7,102	(16,899)	13,740
Unrealised gain/(loss) on financial assets at FVTPL	43,862	(7,553)	50,686	(3,922)
Gain from trading derivatives	18,890	123,017	46,950	121,856
Unrealised loss on derivatives	(16,613)	(112,805)	(58,995)	(85,497)
Unrealised (loss)/gain on fair value adjustment for sub bonds	383	6,285	(1,433)	8,856
Gain/(loss) from sale of precious metal	601	5,524	1,237	(1,215)
Unrealised (loss)/gain on precious metal	(14)	(4,795)	(24)	2,316
Gain/(loss) from sale/recovery of debt instruments at FVOCI	28,179	(997)	81,519	6,047
Gross dividends from equity instruments at FVOCI	499	792	1,759	792
	44,957	16,570	104,800	62,973
<u>Other income</u>				
Foreign exchange gain, net	167,007	53,562	330,367	58,905
Rental income from operating leases	409	14	594	76
Gain on disposal of property, plant and equipment	-	-	42	-
Others	5,202	4,055	12,101	9,599
	172,618	57,631	343,104	68,580
	390,739	204,205	803,882	404,000

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

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

Bank	Second Quarter Ended		Six Months Ended	
	30-Jun-23	30-Jun-22	30-Jun-23	30-Jun-22
	RM'000	RM'000	RM'000	RM'000
<u>Fee income</u>				
Commission	56,019	57,997	121,470	125,036
Guarantee fees	20,697	19,700	46,694	38,430
Service charges and fees	138,213	58,501	268,546	109,695
Less: Fee expenses	(50,722)	(17,452)	(98,736)	(33,479)
	87,491	41,049	169,810	76,216
Commitment fees	7,239	7,321	14,152	14,745
Arrangement and participation fees	1,822	4,626	4,083	18,253
	173,268	130,693	356,209	272,680
<u>Trading and Investment income</u>				
(Loss)/gain from sale of financial assets at FVTPL	(30,830)	6,577	(16,899)	13,740
Unrealised gain/(loss) on financial assets at FVTPL	43,862	(7,553)	50,686	(3,922)
Gain from trading derivatives	18,890	123,017	46,950	121,856
Unrealised loss on derivatives	(16,613)	(112,805)	(58,995)	(85,497)
Unrealised (loss)/gain on fair value adjustment for sub bonds	383	6,285	(1,433)	8,856
Gain/(loss) from sale of precious metal	601	5,524	1,237	(1,215)
Unrealised (loss)/gain on previous metal	(14)	(4,795)	(24)	2,316
Gain/(loss) from sale/recovery of debt instruments at FVOCI	28,179	(997)	81,519	6,047
Gross dividends from equity instruments at FVOCI	500	792	1,760	792
	44,958	16,045	104,801	62,973
<u>Other income</u>				
Foreign exchange gain, net	167,007	53,562	330,367	58,905
Gain on disposal of property, plant and equipment	-	-	42	-
Others	5,202	4,055	12,101	9,599
	172,209	57,617	342,510	68,504
	390,435	204,355	803,520	404,157

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

EXPLANATORY NOTES**29. OTHER OPERATING EXPENSES**

Group	Second Quarter Ended		Six Months Ended	
	30-Jun-23 RM'000	30-Jun-22 RM'000	30-Jun-23 RM'000	30-Jun-22 RM'000
Personnel expenses	314,403	209,271	614,319	410,874
Establishment related expenses	171,880	124,146	328,579	227,620
Promotion and marketing related expenses	29,487	7,462	53,213	11,086
General administrative expenses	173,097	33,467	297,731	60,692
	688,867	374,346	1,293,842	710,272
<u>Personnel expenses</u>				
Wages, salaries and bonus	246,594	161,540	484,242	316,707
Defined contribution plan	36,194	25,430	71,476	49,693
Other employee benefits	31,615	22,301	58,601	44,474
	314,403	209,271	614,319	410,874
<u>Establishment related expenses</u>				
Depreciation of property, plant and equipment	36,031	24,946	70,551	49,368
Depreciation of right-of-use assets	4,171	4,586	9,870	8,623
Amortisation of intangible assets	3,109	-	6,084	-
Information technology costs	80,308	70,809	153,287	125,284
Repair and maintenance	16,301	9,175	37,201	18,637
Short-term lease expenses	863	78	1,064	78
Others	31,097	14,552	50,522	25,630
	171,880	124,146	328,579	227,620
<u>Promotion and marketing related expenses</u>				
Advertisement and publicity	29,487	7,462	53,213	11,086
<u>General administrative expenses</u>				
Fees and commissions paid	80,947	7,619	98,852	14,906
Others	92,150	25,848	198,879	45,786
	173,097	33,467	297,731	60,692

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

EXPLANATORY NOTES

29. OTHER OPERATING EXPENSES (cont'd.)

Bank	Second Quarter		Six Months	
	Ended	Ended	Ended	Ended
	30-Jun-23	30-Jun-22	30-Jun-23	30-Jun-22
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	312,931	208,058	611,475	408,461
Establishment related expenses	170,561	127,374	325,084	230,042
Promotion and marketing related expenses	29,477	7,459	53,184	11,083
General administrative expenses	171,404	33,468	295,848	60,564
	684,373	376,359	1,285,591	710,150
<u>Personnel expenses</u>				
Wages, salaries and bonus	245,335	160,546	481,884	314,743
Defined contribution plan	36,000	25,282	71,111	49,402
Other employee benefits	31,596	22,230	58,480	44,316
	312,931	208,058	611,475	408,461
<u>Establishment related expenses</u>				
Depreciation of property, plant and equipment	28,237	20,794	54,961	41,075
Depreciation of right-of-use assets	11,135	6,838	23,718	13,051
Amortisation of intangible assets	3,108	-	6,083	-
Information technology costs	80,308	70,809	153,287	125,284
Repair and maintenance	15,903	11,727	36,537	21,131
Short-term lease expenses	1,438	3,083	2,228	4,593
Others	30,432	14,123	48,270	24,908
	170,561	127,374	325,084	230,042
<u>Promotion and marketing related expenses</u>				
Advertisement and publicity	29,477	7,459	53,184	11,083
<u>General administrative expenses</u>				
Fees and commissions paid	80,907	7,563	98,633	14,790
Others	90,497	25,905	197,215	45,774
	171,404	33,468	295,848	60,564

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

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

Group	Second Quarter Ended		Six Months Ended	
	30-Jun-23 RM'000	30-Jun-22 RM'000	30-Jun-23 RM'000	30-Jun-22 RM'000
Loans, advances and financing:				
- Stage 1 ECL	(33,030)	90,665	(77,297)	54,874
- Stage 2 ECL	47,772	(338,999)	50,459	(288,791)
- Stage 3 ECL	137,334	86,197	213,174	123,399
	152,076	(162,137)	186,336	(110,518)
Credit-impaired loans, advances and financing:				
- Written-off	35,249	7,978	62,852	16,167
- Recovered	(60,240)	(29,592)	(110,666)	(59,462)
	127,085	(183,751)	138,522	(153,813)
Other financial assets:				
- Stage 1 ECL	23,076	(5,549)	(1,725)	(21,723)
- Stage 2 ECL	5,644	9,147	(792)	2,858
	28,720	3,598	(2,517)	(18,865)
Commitments and contingencies:				
- Stage 1 ECL	46,391	11,452	36,939	15,293
- Stage 2 ECL	26,110	(84,745)	22,452	(85,428)
- Stage 3 ECL	(13,339)	49	(13,877)	711
	59,162	(73,244)	45,514	(69,424)
Total	214,967	(253,397)	181,519	(242,102)

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

EXPLANATORY NOTES**30. ALLOWANCE FOR/(WRITE-BACK OF) EXPECTED CREDIT LOSSES ("ECL") (cont'd.)**

Bank	Second Quarter		Six Months	
	Ended	Ended	Ended	Ended
	30-Jun-23	30-Jun-22	30-Jun-23	30-Jun-22
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing:				
- Stage 1 ECL	(32,952)	90,665	(77,324)	54,874
- Stage 2 ECL	47,772	(338,999)	50,459	(288,791)
- Stage 3 ECL	137,334	86,197	213,174	123,399
	152,154	(162,137)	186,309	(110,518)
Credit-impaired loans, advances and financing:				
- Written-off	35,249	7,978	62,852	16,167
- Recovered	(60,240)	(29,591)	(110,666)	(59,462)
	127,163	(183,750)	138,495	(153,813)
Other financial assets:				
- Stage 1 ECL	23,875	(5,551)	(917)	(21,725)
- Stage 2 ECL	4,958	6,533	(1,483)	750
	28,833	982	(2,400)	(20,975)
Commitments and contingencies:				
- Stage 1 ECL	46,391	11,451	36,939	15,293
- Stage 2 ECL	26,110	(84,745)	22,452	(85,428)
- Stage 3 ECL	(13,339)	49	(13,877)	711
	59,162	(73,245)	45,514	(69,424)
Total	215,158	(256,013)	181,609	(244,212)

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

EXPLANATORY NOTES

31. SEGMENT INFORMATION

Operating Segments

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

Retail

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

Wholesale Banking ("WB")

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

Global Markets ("GM")

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

Others

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

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

EXPLANATORY NOTES

31. SEGMENT INFORMATION (cont'd.)

Operating segments (cont'd.)

Group	Retail	WB	GM	Others	Total segments	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
For period ended 30 June 2023							
Operating income	887,583	1,039,645	210,692	220,463	2,358,383	(24,502)	2,333,881
Other operating expenses	(598,432)	(300,923)	(54,916)	(371,492)	(1,325,763)	31,922	(1,293,841)
Allowance for ECL	(127,324)	(54,396)	-	201	(181,519)	-	(181,519)
Profit before taxation	161,827	684,326	155,776	(150,828)	851,101	7,420	858,521
Income tax expense							(220,788)
							<u>637,733</u>

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

EXPLANATORY NOTES

31. 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
Other information							
For period ended 30 June 2023							
Inter-segment operating income	59,019	39,207	(311,327)	237,603	24,502	(24,502)	-
Total depreciation	21,606	11,886	2,131	59,468	95,091	(14,670)	80,421
As at 30 June 2023							
Gross loans, advances and financing	60,747,758	44,736,721	-	436,431	105,920,910	(86,615)	105,834,295
Deposits from customers	67,969,497	46,700,904	-	3,872	114,674,273	(30,352)	114,643,921

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

EXPLANATORY NOTES

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

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

EXPLANATORY NOTES

31. 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
Other information							
For period ended 30 June 2022							
Inter-segment operating income	53,898	3,692	(185,845)	140,851	12,596	(12,596)	-
Total depreciation	14,891	7,466	1,937	38,165	62,459	(4,468)	57,991
As at 31 December 2022							
Gross loans, advances and financing	61,459,374	43,902,466	-	408,056	105,769,896	(92,193)	105,677,703
Deposits from customers	67,368,252	43,519,874	-	22,803	110,910,929	(26,120)	110,884,809

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

EXPLANATORY NOTES**32. CAPITAL MANAGEMENT AND CAPITAL ADEQUACY**

The capital adequacy ratios of the Group and the Bank are computed in accordance with Bank Negara Malaysia ("BNM")'s Capital Adequacy Framework (Capital Components) issued on 9 December 2020 and Capital Adequacy Framework (Basel II - Risk-Weighted Assets) issued on 3 May 2019.

	Group		Bank	
	30-Jun-23	31-Dec-22	30-Jun-23	31-Dec-22
	RM'000	RM'000	RM'000	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	12,085,253	11,447,521	12,252,768	11,616,857
Other reserves	247,115	66,934	6,718	(173,464)
Regulatory adjustments applied in the calculation of CET1 Capital	(1,147,822)	(1,140,963)	(1,499,485)	(1,492,626)
Total CET1/Tier 1 Capital	11,977,101	11,166,047	11,552,556	10,743,322
<u>Tier 2 Capital</u>				
Tier 2 Capital instruments	2,350,000	2,350,000	2,350,000	2,350,000
Loan/financing loss provision:				
- Surplus eligible provisions over expected losses	322,629	320,555	323,118	321,073
- General provisions	167,890	164,706	158,408	155,041
Regulatory adjustments applied in the calculation of Tier 2 Capital	105,073	105,073	-	-
Total Tier 2 Capital	2,945,592	2,940,334	2,831,526	2,826,114
Total Capital	14,922,693	14,106,381	14,384,082	13,569,436

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

EXPLANATORY NOTES

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

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

	Group		Bank	
	30-Jun-23	31-Dec-22	30-Jun-23	31-Dec-22
CET1/Tier 1 Capital	15.373%	14.711%	14.960%	14.283%
Total Capital	19.154%	18.585%	18.626%	18.040%

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

	Group		Bank	
	30-Jun-23	31-Dec-22	30-Jun-23	31-Dec-22
	RM'000	RM'000	RM'000	RM'000
Total RWA for credit risk	69,865,263	68,645,310	69,188,273	67,958,409
Total RWA for market risk	1,231,241	901,920	1,231,241	901,920
Total RWA for operational risk	6,810,963	6,355,695	6,804,729	6,356,550
	77,907,467	75,902,925	77,224,243	75,216,879

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

EXPLANATORY NOTES**33. COMMITMENTS AND CONTINGENCIES**

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

Group and Bank As at 30 June 2023	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Direct credit substitutes	4,556,300	4,447,803	2,621,956
Transaction-related contingent items	7,013,360	3,471,804	2,159,052
Short-term self-liquidating trade-related contingencies	611,703	129,523	80,477
Lending of banks' securities or the posting of securities as collateral by banks	2,131,287	78,251	6,389
Foreign exchange related contracts:			
- Not more than one year	83,778,044	2,689,628	491,828
- More than one year to less than five years	1,162,194	95,265	65,185
- Five years and above	261,751	28,666	28,707
Interest rate related contracts:			
- Not more than one year	33,712,404	430,636	60,529
- More than one year to less than five years	41,720,981	1,683,778	470,093
- Five years and above	1,659,049	182,528	85,386
Equity related contracts:			
- Not more than one year	28,748	-	-
- more than one year to less than five years	33,704	3,330	311
Commodity related contracts:			
- Not more than one year	326,452	28,842	10,219
- More than one year to less than five years	151,670	28,943	6,925
Credit derivative contracts:			
- Not more than one year	6,119	612	97
Undrawn credit facility:			
- Not more than one year	22,914,699	1,062,587	196,338
- More than one year	7,121,586	4,900,299	2,789,407
- Unconditionally cancellable	37,244,225	9,663,934	3,569,524
Other commitments	553,063	115,345	25,749
Total	244,987,339	29,041,774	12,668,172

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

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

Group and Bank As at 31 December 2022	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Direct credit substitutes	4,444,105	4,325,833	2,603,485
Transaction-related contingent items	6,494,369	3,223,817	2,157,317
Short-term self-liquidating trade-related contingencies	494,007	94,954	50,785
Lending of banks' securities or the posting of securities as collateral by banks	5,919,105	398,295	1,582
Foreign exchange related contracts:			
- Not more than one year	79,993,510	1,982,711	292,423
- More than one year to less than five years	993,533	79,272	46,275
- Five years and above	141,067	14,768	17,401
Interest rate related contracts:			
- Not more than one year	30,970,334	465,608	71,312
- More than one year to less than five years	36,907,880	1,524,240	422,064
- Five years and above	1,487,906	158,040	78,114
Equity related contracts:			
- Not more than one year	21,343	-	-
- More than one year to less than five years	1,000	-	-
- Five years and above			
Commodity related contracts:			
- Not more than one year	266,506	28,373	12,325
- More than one year to less than five years	5,169	-	-
- five years and above			
Undrawn credit facility:			
- Not more than one year	21,546,214	1,139,707	262,216
- More than one year	7,161,591	4,809,176	2,685,427
- Unconditionally cancellable	34,819,906	9,337,125	3,541,162
Other commitments	881,265	57,411	57,411
Total	232,548,810	27,639,330	12,299,299

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).

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

EXPLANATORY NOTES

34. CREDIT EXPOSURE ARISING FROM CREDIT TRANSACTIONS WITH CONNECTED PARTIES

	Group and Bank	
	30-Jun-23	31-Dec-22
Outstanding credit exposures with connected parties (RM'000)	<u>2,594,175</u>	<u>2,396,117</u>
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	<u>2.449%</u>	<u>2.265%</u>
Percentage of outstanding credit exposures to connected parties which is impaired or in default	<u>0.0001%</u>	<u>0.0003%</u>

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

35. PERFORMANCE REVIEW

For the six months ended 30 June 2023, the Group posted an operating profit of RM1,040.0 million, 4.9% or RM48.4 million higher than same period last year. However, the higher operating profit was offset by the increase in total allowances for expected credit losses. This resulted in a profit before tax of RM858.5 million for the first half of this year, which was 30.4% or RM374.6 million lower than prior year.

Total operating income increased by 37.1% or RM631.9 million to RM2,333.8 million from higher net interest income, other operating income and net income from Islamic Banking operations. Net interest income grew by 17.7% or RM217.9 million to RM1,447.2 million driven by asset growth and the effect of OPR hikes. Other operating income increased 99.0% or RM399.9 million to RM803.9 million mainly from higher net foreign exchange gain, trading and investment income as well as fee income.

Expenses increased by 82.1% or RM583.5 million to RM1,293.8 million partly due to one-off consumer banking business integration cost from Citigroup as well as our continued investment in our people and technology infrastructure to support business growth.

Total allowances for expected credit losses increased by RM423.6 million mainly due to higher write-back of expected credit loss from the prior year on non-impaired assets, commitments and contingencies as well as other financial assets, coupled with higher expected credit loss made for impaired assets.

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

EXPLANATORY NOTES

36. PROSPECTS FOR 2023

Global economic growth is set to be slower in 2023 amid key risk factors including financial stability risks due to the tightening of financial conditions, potential global funding markets dysfunction and geopolitical tensions including the escalating Russia-Ukraine war. Following the fallout in the United States and European banking sectors, the authorities' swift, targeted and decisive response to restore public confidence in the global banking system has defused potential contagion and systemic risks significantly. Despite warnings of recession risks in advanced economies amid simultaneous rate hikes, these economies are showing potential for resilience amid robust labour markets. It is noted that many economies no longer consider COVID-19 as a downside growth risk which has supported regional travel and tourism. As China's post-COVID recovery is delayed, we think stronger monetary and fiscal support from China's authorities will help to navigate Malaysia's largest trade partner through a soft patch before staging a recovery later in the year. This delivers a balance of risks particularly for Asian economies.

In Malaysia, the economy continues to strengthen driven by domestic demand with labour market conditions improving and households remaining resilient. Government subsidies have helped to moderate the impact on inflation. The tourism sector has gradually recovered with higher visitor arrivals from the region. Despite slower external demand amid softer global growth, domestic demand will remain the prime driver of Malaysia's economy supported by household spending and investments from the realisation of infrastructure projects and foreign direct investments.

Further efforts to expand digitalisation, sustainability, and decarbonisation activities will drive new growth areas. Despite heightened volatility in global financial markets and the local currency, these developments have not derailed Malaysia's economy as domestic liquidity and the functioning of domestic markets have remained stable. Such factors, supported by robust fundamentals, will further support Malaysia's economy amid the uncertainties of 2023. Potential downside risks to Malaysia's growth outlook could stem from weaker-than-expected global growth, higher risk aversion in global financial markets, further escalation of geopolitical tensions, volatile commodity prices, worsening supply chain disruptions, and climate-related risks.

Overall, there are grounds for optimism as Malaysia's diversified economic structure provides underlying strength and resilience. Ongoing policy support with a record budget allocation for 2023 and an accommodative monetary policy, will serve to support sustainable economic growth.

Amid these market conditions, we will remain focused on ensuring the resilience of our business model and continuing to drive improvements in customer experience.

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

37. ISLAMIC BANKING OPERATIONS

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

	Note	30-Jun-23 RM'000	31-Dec-22 RM'000
Assets			
Cash and short-term funds	a	3,434,142	3,414,153
Debt instruments at FVOCI	b	1,027,919	611,879
Debt instruments at amortised cost	c	1,049,164	1,057,889
Other assets	e	20,408	23,020
Derivative financial assets	f	55,538	40,703
Financing, advances and others	d	8,643,959	8,462,188
Statutory deposits with Bank Negara Malaysia		41,500	10,500
Plant and equipment		11,017	10,903
Deferred tax assets		9,111	14,012
Total assets		14,292,758	13,645,247
Liabilities and Islamic Banking funds			
Deposits from customers	g	5,138,640	5,397,682
Investment accounts due to designated financial institutions	h	3,457,892	3,567,075
Deposits and placements of banks and other financial institutions	i	4,989,918	4,027,838
Bills and acceptances payable		1,669	4,526
Other liabilities	j	53,046	51,302
Derivative financial liabilities	f	56,448	38,407
Tax payable		30,217	24,991
Total liabilities		13,727,830	13,111,821
Capital fund		450,000	450,000
Reserves		114,928	83,426
Islamic Banking funds	k	564,928	533,426
Total liabilities and Islamic Banking funds		14,292,758	13,645,247
Commitments and contingencies	s	4,749,311	3,970,598

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 2022.

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

37. ISLAMIC BANKING OPERATIONS (Cont'd.)**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**

	Note	Second Quarter ended		Six Months ended	
		30-Jun-23 RM'000	30-Jun-22 RM'000	30-Jun-23 RM'000	30-Jun-22 RM'000
Income derived from depositors' funds	l	87,130	62,083	164,432	126,665
Income derived from investment of Islamic Banking funds	m	8,973	5,827	16,682	10,868
Income derived from investment of Investment Account funds	n	39,215	27,711	77,951	52,187
(Allowance for)/write-back of ECL on:					
- Financing, advances and others	q	(20,201)	(6,083)	(24,829)	(7,200)
- Other financial assets	q	1,953	(624)	1,479	(2,087)
- Commitments and contingencies	q	3,624	(161)	353	1,311
Total attributable income		120,694	88,753	236,068	181,744
Income attributable to depositors	o	(58,173)	(39,739)	(114,667)	(80,241)
Income attributable to Investment Account holders	p	(31,015)	(21,685)	(61,580)	(40,901)
Total net income		31,506	27,329	59,821	60,602
Other operating expenses	r	(11,201)	(10,390)	(22,166)	(18,843)
Profit before taxation		20,305	16,939	37,655	41,759
Income tax expense		(5,036)	(4,069)	(9,173)	(10,027)
Profit after taxation		15,269	12,870	28,482	31,732

Other comprehensive income :**Items that will be reclassified subsequently
to income statements:**

Net fair value change in debt instruments at FVOCI		(478)	(9,477)	3,974	(8,465)
Income tax effect		115	2,275	(954)	2,032
Total other comprehensive income/(loss) for the period, net of tax		(363)	(7,202)	3,020	(6,433)
Total comprehensive income for the period		14,906	5,668	31,502	25,299

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

37. ISLAMIC BANKING OPERATIONS (Cont'd.)

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME (cont'd.)
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**

	Second Quarter ended		Six Months ended	
	30-Jun-23 RM'000	30-Jun-22 RM'000	30-Jun-23 RM'000	30-Jun-22 RM'000
Income derived from depositors' funds	87,130	62,083	164,432	126,665
Income derived from investment of Islamic Banking funds	8,973	5,827	16,682	10,868
Income derived from investment of Investment Account funds	39,215	27,711	77,951	52,187
Income attributable to depositors	(58,173)	(39,739)	(114,667)	(80,241)
Income attributable to Investment Account holders	(31,015)	(21,685)	(61,580)	(40,901)
Net income from Islamic Banking operations reported in the income statements of the Group and Bank	46,130	34,197	82,818	68,578

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 2022.

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

37. ISLAMIC BANKING OPERATIONS (Cont'd.)

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN ISLAMIC BANKING FUNDS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**

	Capital fund RM'000	FVOCI reserve RM'000	Retained profit RM'000	Total RM'000
2023				
Balance as at 1 January	450,000	(3,318)	86,744	533,426
Profit for the year	-	-	28,482	28,482
Other comprehensive income	-	3,020	-	3,020
Total comprehensive income	-	3,020	28,482	31,502
Balance as at 30 June	450,000	(298)	115,226	564,928
2022				
Balance as at 1 January	450,000	(966)	14,261	463,295
Profit for the year	-	-	31,732	31,732
Other comprehensive income	-	(6,433)	-	(6,433)
Total comprehensive income	-	(6,433)	31,732	25,299
Balance as at 30 June	450,000	(7,399)	45,993	488,594

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 2022.

Company No. 199301017069 (271809K)

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

37. ISLAMIC BANKING OPERATIONS (Cont'd.)

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**

	30-Jun-23	30-Jun-22
	RM'000	RM'000
Profit before taxation	37,655	41,759
Adjustments for non-operating and non-cash items	<u>(7,119)</u>	<u>7,848</u>
Operating profit before working capital changes	30,536	49,607
Changes in working capital:		
Net changes in operating assets	(246,371)	(333,362)
Net changes in operating liabilities	<u>611,136</u>	<u>1,100,564</u>
Net cash generated from operating activities	395,301	816,809
Net cash generated used in investing activities	<u>(375,286)</u>	<u>(731,629)</u>
Net increase in cash and cash equivalents	20,015	85,180
Cash and cash equivalents at beginning of the period	<u>3,414,660</u>	<u>1,686,916</u>
Cash and cash equivalents at end of the period	<u>3,434,675</u>	<u>1,772,096</u>
Analysis of cash and cash equivalents		
Cash and short-term funds	3,434,675	1,772,096
Less: Allowance for ECL	<u>(533)</u>	<u>(143)</u>
	<u>3,434,142</u>	<u>1,771,953</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 2022.

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

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

a. Cash and short-term funds

	30-Jun-23	31-Dec-22
	RM'000	RM'000
Cash and balances with banks and other financial institutions	1,713,795	836,859
Money at call and deposit placements maturing within one month	<u>1,720,880</u>	<u>2,577,800</u>
	3,434,675	3,414,659
Less: Allowance for ECL	<u>(533)</u>	<u>(506)</u>
	<u>3,434,142</u>	<u>3,414,153</u>

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

	<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
2023				
At 1 January	506	-	-	506
Allowance made	469	-	-	469
Maturity/settlement/repayment	(445)	-	-	(445)
Exchange differences	3	-	-	3
Net total	<u>27</u>	<u>-</u>	<u>-</u>	<u>27</u>
At 30 June	<u>533</u>	<u>-</u>	<u>-</u>	<u>533</u>
2022				
As at 1 January	986	-	-	986
Allowance made	506	-	-	506
Maturity/settlement/repayment	(1,023)	-	-	(1,023)
Exchange differences	37	-	-	37
Net total	<u>(480)</u>	<u>-</u>	<u>-</u>	<u>(480)</u>
As at 31 December	<u>506</u>	<u>-</u>	<u>-</u>	<u>506</u>

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

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

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

	30-Jun-23	31-Dec-22
	RM'000	RM'000
Money market instruments		
Bank Negara Malaysia bills	331,178	-
Government Islamic investments	696,741	611,879
	<u>1,027,919</u>	<u>611,879</u>

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

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	12-months ECL	Lifetime ECL non credit- impaired	Lifetime ECL credit- impaired	Total ECL
	RM'000	RM'000	RM'000	RM'000
2023				
At 1 January	93	-	-	93
Allowance made	378	-	-	378
Maturity/settlement/repayment	(315)	-	-	(315)
Net total	63	-	-	63
At 30 June	<u>156</u>	<u>-</u>	<u>-</u>	<u>156</u>
2022				
At 1 January	409	-	-	409
Allowance made	93	-	-	93
Maturity/settlement/repayment	(409)	-	-	(409)
Net total	(316)	-	-	(316)
At 31 December	<u>93</u>	<u>-</u>	<u>-</u>	<u>93</u>

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

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

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

	30-Jun-23 RM'000	31-Dec-22 RM'000
Money market instruments		
Government Islamic investment	967,358	971,038
Less: Allowance for ECL	(146)	(147)
	<u>967,212</u>	<u>970,891</u>
Private debt securities of companies incorporated in Malaysia		
Unquoted corporate sukuk	82,000	87,000
Less: Allowance for ECL	(48)	(2)
	<u>81,952</u>	<u>86,998</u>
Total debt instruments at AC	<u>1,049,164</u>	<u>1,057,889</u>

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

	<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
2023				
At 1 January	149	-	-	149
Allowance made	46	-	-	46
Maturity/settlement/repayment	(1)	-	-	(1)
Net total	45	-	-	45
At 30 June	<u>194</u>	<u>-</u>	<u>-</u>	<u>194</u>
2022				
At 1 January	26	-	-	26
Allowance made	147	-	-	147
Maturity/settlement/repayment	(24)	-	-	(24)
Net total	123	-	-	123
At 31 December	<u>149</u>	<u>-</u>	<u>-</u>	<u>149</u>

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

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

d. Financing, advances and others

(i) Financing by type of Shariah contract:

	Sale based contracts			Total
	Tawarruq	Murabahah	Bai Al-Dayn	
	RM'000	RM'000	RM'000	RM'000
2023				
Term financing and revolving credits:				
- Housing financing	3,569,575	-	-	3,569,575
- Other term financing and revolving credits	5,086,489	-	-	5,086,489
Trust receipts	8,076	-	-	8,076
Claim on customers under acceptance credit	-	152,360	1,285	153,645
Gross financing, advances and others	<u>8,664,140</u>	<u>152,360</u>	<u>1,285</u>	<u>8,817,785</u>
Allowance for ECL on financing, advances and others:				
- Stage 1 - 12-month ECL				(25,067)
- Stage 2 - Lifetime ECL non credit-impaired				(93,792)
- Stage 3 - Lifetime ECL credit-impaired				(54,967)
Net financing, advances and others				<u>8,643,959</u>

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

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

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

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

	Sale based contracts			Total RM'000
	Tawarruq RM'000	Murabahah RM'000	Bai Al-Dayn RM'000	
2022				
Term financing and revolving credits:				
- Housing financing	3,441,940	-	-	3,441,940
- Other term financing	5,069,540	-	-	5,069,540
Trust receipts	8,703	-	-	8,703
Claim on customers under acceptance credit	-	114,119	1,130	115,249
Gross financing, advances and others	<u>8,520,183</u>	<u>114,119</u>	<u>1,130</u>	<u>8,635,432</u>
Allowance for ECL on financing, advances and others:				
- Stage 1 - 12-month ECL				(17,786)
- Stage 2 - Lifetime ECL non credit-impaired				(22,752)
- Stage 3 - Lifetime ECL credit-impaired				(132,706)
Net financing, advances and others				<u>8,462,188</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") allowance arising thereon.

As at 30 June 2023, the gross exposure and expected credit loss relating to RSIA financing amounted to RM2,526,127,960 (31 December 2022: RM2,371,390,347) and RM80,425,890 (31 December 2022: RM17,383,012) respectively.

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

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

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

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

	30-Jun-23	31-Dec-22
	RM'000	RM'000
Maturing within one year	696,621	588,267
One year to three years	1,452,393	1,154,727
Three years to five years	833,555	1,164,643
Over five years	5,835,216	5,727,795
	<u>8,817,785</u>	<u>8,635,432</u>

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

	30-Jun-23	31-Dec-22
	RM'000	RM'000
Domestic non-banking financial institutions:		
- Others	1,088,982	1,087,117
Domestic business enterprises:		
- Small and medium enterprises	1,906,407	1,866,517
- Others	1,986,228	1,977,245
Individuals	3,690,911	3,557,518
Foreign entities	145,257	147,035
	<u>8,817,785</u>	<u>8,635,432</u>

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

	30-Jun-23	31-Dec-22
	RM'000	RM'000
Fixed rate:		
- Fixed rate financing	154,849	351,965
Variable rates:		
- Base rate/base financing rate-plus	5,064,965	4,922,508
- Cost-plus	3,597,971	3,360,959
	<u>8,817,785</u>	<u>8,635,432</u>

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

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

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

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

	30-Jun-23	31-Dec-22
	RM'000	RM'000
Agriculture	271,588	262,358
Mining and quarrying	14,916	90,251
Manufacturing	1,002,411	1,059,492
Electricity, gas and water	428,423	386,232
Construction	331,170	362,925
Wholesale, retail trade, restaurants and hotels	999,786	943,902
Transport, storage and communication	260,360	161,509
Finance, insurance and business services	1,270,549	1,271,117
Real estate	316,864	305,560
Community, social and personal services	85,550	87,534
Households:		
- Purchase of residential properties	3,576,932	3,449,434
- Purchase of non-residential properties	197,936	194,329
- Others	61,300	60,789
	<u>8,817,785</u>	<u>8,635,432</u>

(vi) Gross financing, advances and others by geographical distribution:

	30-Jun-23	31-Dec-22
	RM'000	RM'000
In Malaysia	8,672,528	8,488,208
Outside Malaysia	145,257	147,224
	<u>8,817,785</u>	<u>8,635,432</u>

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

**37. ISLAMIC BANKING OPERATIONS (Cont'd.)
EXPLANATORY NOTES****d. Financing, advances and others (cont'd.)****(vii) Movements in the Allowance for ECL on financing, advances and others:**

	<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
2023				
At 1 January	17,786	22,752	132,706	173,244
Transferred to Stage 1	247	(3,542)	(1,213)	(4,508)
Transferred to Stage 2	(820)	22,176	(1,322)	20,034
Transferred to Stage 3	(13)	(2,165)	7,520	5,342
Allowance made	11,393	61,439	8,375	81,207
Maturity/settlement/repayment	(3,526)	(6,868)	(3,021)	(13,415)
Net total	7,281	71,040	10,339	88,660
Amounts written-off	-	-	(88,078)	(88,078)
At 30 June	<u>25,067</u>	<u>93,792</u>	<u>54,967</u>	<u>173,826</u>
2022				
At 1 January	16,663	38,497	108,844	164,004
Transfer from business acquisition	93	531	660	1,284
Transferred to Stage 1	6,889	(21,418)	(2,988)	(17,517)
Transferred to Stage 2	(1,064)	12,198	(850)	10,284
Transferred to Stage 3	(417)	(2,491)	27,529	24,621
Allowance made	10,044	40	9,191	19,275
Maturity/settlement/repayment	(14,422)	(4,605)	(3,717)	(22,744)
Net total	1,030	(16,276)	29,165	13,919
Amounts written-off	-	-	(5,963)	(5,963)
At 31 December	<u>17,786</u>	<u>22,752</u>	<u>132,706</u>	<u>173,244</u>

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

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

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

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

	30-Jun-23	31-Dec-22
	RM'000	RM'000
At 1 January	251,343	200,362
Transfer from business acquisition	-	3,304
Classified as credit-impaired during the financial year	41,709	103,502
Amount recovered	(9,928)	(24,614)
Reclassified as non credit-impaired	(12,708)	(24,861)
Amount written-off	(88,082)	(6,350)
At 30 June/31 December	<u>182,334</u>	<u>251,343</u>
Less: Stage 3 - Lifetime ECL credit-impaired	<u>(54,967)</u>	<u>(132,706)</u>
Net credit-impaired financing, advances and others	<u>127,367</u>	<u>118,637</u>
Ratio of net credit-impaired financing, advances and others to gross financing, advances and others less allowance for ECL on credit-impaired provisions	<u>1.4%</u>	<u>1.4%</u>

(ix) Credit-impaired financing, advances and others analysed by economic sectors:

	30-Jun-23	31-Dec-22
	RM'000	RM'000
Mining and quarrying	-	81,862
Manufacturing	7,929	7,814
Construction	31,621	31,598
Wholesale, retail trade, restaurants and hotels	10,396	15,759
Transport, storage and communication	3,319	3,317
Finance, insurance and business services	2,473	2,411
Community, social and personal services	5,002	4,954
Households:		
- Purchase of residential properties	116,156	99,293
- Purchase of non-residential properties	5,141	4,114
- Others	297	221
	<u>182,334</u>	<u>251,343</u>

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

	30-Jun-23	31-Dec-22
	RM'000	RM'000
In Malaysia	177,857	249,005
Outside Malaysia	4,477	2,338
	<u>182,334</u>	<u>251,343</u>

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

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

e. Other assets

	30-Jun-23	31-Dec-22
	RM'000	RM'000
Other receivables, deposits and prepayments	2,759	10,538
Profit receivables	17,718	14,165
Less: Allowance for ECL	(69)	(1,683)
	<u>20,408</u>	<u>23,020</u>

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

	<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
2023				
At 1 January	1,131	552	-	1,683
Allowance made	5,019	4,370	-	9,389
Maturity/settlement/repayment	(6,157)	(4,913)	-	(11,070)
Exchange differences	45	22	-	67
Net total	<u>(1,093)</u>	<u>(521)</u>	-	<u>(1,614)</u>
At 30 June	<u>38</u>	<u>31</u>	-	<u>69</u>
2022				
At 1 January	2	1	-	3
Allowance made	1,131	551	-	1,682
Maturity/settlement/repayment	(2)	-	-	(2)
Net total	<u>1,129</u>	<u>551</u>	-	<u>1,680</u>
At 31 December	<u>1,131</u>	<u>552</u>	-	<u>1,683</u>

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

37. 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 customises derivatives to meet specific needs of their customers. The Bank also transacts in these derivatives for proprietary trading purposes as well as to manage its assets/liabilities and structural positions. While the Bank also enters 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
2023			
Foreign exchange contracts:			
- Forwards	1,395,710	51,948	2,555
- Swaps	-	-	50,535
Profit rate related contracts:			
- Swaps	813,280	3,590	3,358
	<u>813,280</u>	<u>55,538</u>	<u>56,448</u>
2022			
Foreign exchange contracts:			
- Forwards	839,202	33,761	29,765
- Swaps	-	-	2,083
Profit rate related contracts:			
- Swaps	476,500	6,942	6,559
	<u>476,500</u>	<u>40,703</u>	<u>38,407</u>

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

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

g. Deposits from customers

(i) By type of deposits:

	30-Jun-23	31-Dec-22
	RM'000	RM'000
Non-Mudharabah fund		
Demand deposits:		
- Qard	873,487	665,189
Savings deposits:		
- Qard	81,651	73,393
Fixed deposits:		
- Tawarruq	3,691,832	4,598,424
Other deposits:		
- Tawarruq	491,670	60,676
	<u>5,138,640</u>	<u>5,397,682</u>

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

	30-Jun-23	31-Dec-22
	RM'000	RM'000
Due within six months	3,276,788	2,219,342
Six months to one year	415,042	2,369,081
One year to three years	2	10,001
	<u>3,691,832</u>	<u>4,598,424</u>

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

	30-Jun-23	31-Dec-22
	RM'000	RM'000
Business enterprises	1,739,342	1,462,398
Individuals	2,750,187	3,672,164
Others	649,111	263,120
	<u>5,138,640</u>	<u>5,397,682</u>

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

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

h. Investment accounts due to designated financial institutions

	30-Jun-23	31-Dec-22
	RM'000	RM'000
Mudharabah RSIA		
Licensed bank	3,538,318	3,584,458
Amount receivable from Conventional Bank	(80,426)	(17,383)
	<u>3,457,892</u>	<u>3,567,075</u>

i. Deposits and placements of banks and other financial institutions

	30-Jun-23	31-Dec-22
	RM'000	RM'000
Non-Mudharabah fund		
Other financial institutions	<u>4,989,918</u>	<u>4,027,838</u>

j. Other liabilities

	30-Jun-23	31-Dec-22
	RM'000	RM'000
Allowance for ECL on commitments and contingencies	10,325	10,745
Accrued profit payables	29,807	28,833
Accruals and provisions for operational expenses	1,067	1,004
Other payables and accruals	5,196	3,176
Deferred income	6,651	7,544
	<u>53,046</u>	<u>51,302</u>

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

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

j. Other liabilities (cont'd.)

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

	<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
2023				
At 1 January	9,742	1,003	-	10,745
Transferred to Stage 1	4	(33)	-	(29)
Transferred to Stage 2	(334)	433	-	99
Allowance made	3,745	1,516	-	5,261
Maturity/settlement/repayment	(5,028)	(724)	-	(5,752)
Exchange differences	1	-	-	1
Net total	<u>(1,612)</u>	<u>1,192</u>	<u>-</u>	<u>(420)</u>
At 30 June	<u>8,130</u>	<u>2,195</u>	<u>-</u>	<u>10,325</u>
2022				
At 1 January	12,703	4,140	-	16,843
Transferred to Stage 1	3,439	(3,836)	-	(397)
Transferred to Stage 2	(515)	698	-	183
Allowance made	722	814	-	1,536
Maturity/settlement/repayment	(6,608)	(813)	-	(7,421)
Exchange differences	1	-	-	1
Net total	<u>(2,961)</u>	<u>(3,137)</u>	<u>-</u>	<u>(6,098)</u>
At 31 December	<u>9,742</u>	<u>1,003</u>	<u>-</u>	<u>10,745</u>

k. Islamic Banking funds

	30-Jun-23 RM'000	31-Dec-22 RM'000
Capital fund	450,000	450,000
FVOCI reserve	(298)	(3,318)
Retained profits	115,226	86,744
	<u>564,928</u>	<u>533,426</u>

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

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

I. Income derived from depositors' funds

	Second Quarter ended		Six Months ended	
	30-Jun-23 RM'000	30-Jun-22 RM'000	30-Jun-23 RM'000	30-Jun-22 RM'000
<u>Finance income and hibah</u>				
Financing, advances and others	60,323	43,015	115,333	83,758
Credit-impaired financing, advances and others	995	1,316	3,088	3,851
Money at call and deposit placements with financial institutions	1,779	1,811	3,835	6,042
FVOCI securities	13,492	13,368	26,588	25,081
	76,589	59,510	148,844	118,732
<u>Other operating income</u>				
Trading income	851	451	1,668	1,265
Commision income	1,626	1,630	3,496	2,942
Fee income	8,058	482	10,377	3,682
Others	6	10	47	44
	87,130	62,083	164,432	126,665

m. Income derived from investment of Islamic Banking funds

	Second Quarter ended		Six Months ended	
	30-Jun-23 RM'000	30-Jun-22 RM'000	30-Jun-23 RM'000	30-Jun-22 RM'000
<u>Finance income and hibah</u>				
Financing, advances and others	6,203	4,038	11,689	7,207
Credit-impaired financing, advances and others	102	123	310	311
Money at call and deposit placements with financial institutions	186	168	390	502
FVOCI securities	1,388	1,257	2,694	2,172
	7,879	5,586	15,083	10,192
<u>Other operating income</u>				
Trading income	88	42	170	107
Commision income	167	153	353	253
Fee income	838	45	1,071	312
Others	1	1	5	4
	8,973	5,827	16,682	10,868

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

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

n. Income derived from investment of Investment Account funds

	Second Quarter ended		Six Months ended	
	30-Jun-23 RM'000	30-Jun-22 RM'000	30-Jun-23 RM'000	30-Jun-22 RM'000
<u>Finance income and hibah</u>				
Financing, advances and others	31,704	21,278	62,036	41,768
Money at call and deposit placements with financial institutions	7,065	5,828	14,640	9,358
	38,769	27,106	76,676	51,126
<u>Other operating income</u>				
Fee income	446	605	1,275	1,061
	39,215	27,711	77,951	52,187

o. Income attributable to depositors

	Second Quarter ended		Six Months ended	
	30-Jun-23 RM'000	30-Jun-22 RM'000	30-Jun-23 RM'000	30-Jun-22 RM'000
Income attributable to depositors from non-mudharabah fund	58,173	39,739	114,667	80,241

p. Income attributable to Investment Account holders

	Second Quarter ended		Six Months ended	
	30-Jun-23 RM'000	30-Jun-22 RM'000	30-Jun-23 RM'000	30-Jun-22 RM'000
Income attributable to depositors from mudharabah fund	31,015	21,685	61,580	40,901

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

**37. ISLAMIC BANKING OPERATIONS (Cont'd.)
EXPLANATORY NOTES****q. Allowance for/(write-back of) ECL**

	Second Quarter ended		Six Months ended	
	30-Jun-23 RM'000	30-Jun-22 RM'000	30-Jun-23 RM'000	30-Jun-22 RM'000
Financing, advances and others:				
- Stage 1 ECL	5,639	2,523	7,281	7,048
- Stage 2 ECL	44,379	(1,070)	71,040	(1,806)
- Stage 3 ECL	2,215	4,602	10,339	7,092
Movement in ECL for RSIA holder*	(31,948)	10	(63,105)	(5,163)
	<u>20,285</u>	<u>6,065</u>	<u>25,555</u>	<u>7,171</u>
Credit-impaired financing, advances and others:				
- written-off	190	24	348	41
- recovered	(274)	(6)	(1,074)	(12)
	<u>20,201</u>	<u>6,083</u>	<u>24,829</u>	<u>7,200</u>
Other financial assets:				
- Stage 1 ECL	(1,335)	414	(958)	1,296
- Stage 2 ECL	(618)	210	(521)	791
	<u>(1,953)</u>	<u>624</u>	<u>(1,479)</u>	<u>2,087</u>
Commitments and contingencies:				
- Stage 1 ECL	1,825	(2,771)	(1,612)	117
- Stage 2 ECL	1,062	578	1,192	492
Movement in ECL for RSIA holder*	(6,511)	2,354	67	(1,920)
	<u>(3,624)</u>	<u>161</u>	<u>(353)</u>	<u>(1,311)</u>
Total	<u>14,624</u>	<u>6,868</u>	<u>22,997</u>	<u>7,976</u>

* The RSIA holder is the Conventional Banking (Note d(i))

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

**37. ISLAMIC BANKING OPERATIONS (Cont'd.)
EXPLANATORY NOTES****r. Other operating expenses**

	Second Quarter ended		Six Months ended	
	30-Jun-23 RM'000	30-Jun-22 RM'000	30-Jun-23 RM'000	30-Jun-22 RM'000
Personnel expenses	1,620	871	2,622	1,583
Establishment related expenses	1,915	2,044	3,605	3,097
Promotion and marketing related expenses	158	178	180	213
General administrative expenses	7,508	7,297	15,759	13,950
	11,201	10,390	22,166	18,843
<u>Personnel expenses</u>				
Wages, salaries and bonus	1,323	678	2,159	1,246
Defined contribution plan	211	108	344	199
Other employee benefits	86	85	119	138
	1,620	871	2,622	1,583
<u>Establishment related expenses</u>				
Depreciation of plant and equipment	480	212	951	424
Depreciation of right-of-use assets	27	-	53	-
Information technology costs	423	341	830	641
Repair and maintenance	1	1	36	2
Short-term lease expenses	-	4	-	6
Others	984	1,486	1,735	2,024
	1,915	2,044	3,605	3,097
<u>Promotion and marketing related expenses</u>				
Advertisement and publicity	158	178	180	213
<u>General administrative expenses</u>				
Fees and commissions paid	138	112	301	173
Management fee	7,243	7,109	14,963	13,400
Others	127	76	495	377
	7,508	7,297	15,759	13,950

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

**37. 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
2023			
Direct credit substitutes	139,152	139,152	148,205
Transaction-related contingent items	199,570	99,867	109,657
Short-term self-liquidating trade-related contingencies	915	444	199
Foreign exchange related contracts:			
- Less than one year	1,395,710	70,523	28,190
Profit rate related contracts:			
- Less than one year	513,280	663	347
- More than one year to less than five years	300,000	3,176	911
Undrawn credit facility:			
- Less than one year	411,077	13,676	5,239
- More than one year	809,653	581,901	238,771
- Unconditionally cancellable	979,954	-	-
Total	<u>4,749,311</u>	<u>909,402</u>	<u>531,519</u>
2022			
Direct credit substitutes	137,779	137,778	261,648
Transaction-related contingent items	201,412	101,196	163,942
Short-term self-liquidating trade-related contingencies	3,150	2,052	486
Foreign exchange related contracts:			
- Less than one year	834,445	12,836	9,746
- More than one year to less than five years	4,757	283	198
Profit rate related contracts:			
- Less than one year	376,500	941	659
- More than one year to less than five years	100,000	1,000	262
Undrawn credit facility:			
- Less than one year	315,820	12,099	4,232
- More than one year	897,964	635,263	280,511
- Unconditionally cancellable	1,098,771	-	-
Total	<u>3,970,598</u>	<u>903,448</u>	<u>721,684</u>

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

**37. 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-Jun-23	31-Dec-22
	RM'000	RM'000
<u>Common Equity Tier 1 ("CET1")/Tier 1 Capital</u>		
Capital fund	450,000	450,000
Retained profits	115,226	86,744
Other reserves	(298)	(3,318)
Regulatory adjustments applied in the calculation of CET1 Capital	(9,708)	(14,025)
Total CET1/Tier 1 Capital	555,220	519,401
<u>Tier 2 Capital</u>		
Financing loss provision:		
- Surplus eligible provisions over expected losses	19,281	18,722
- General provisions	972	788
Total Tier 2 Capital	20,253	19,510
Total Capital	575,473	538,911

(a) The capital adequacy ratios are as follows:

	30-Jun-23	31-Dec-22
	RM'000	RM'000
Before the effects of RSIA		
CET1/Tier 1 Capital	8.928%	9.521%
Total Capital	9.511%	10.101%
After the effects of RSIA		
CET1/Tier 1 Capital	15.613%	15.221%
Total Capital	16.183%	15.793%

In accordance with BNM's Guidelines on the Investment Account, the credit risk and market risks weighted assets funded by the RSIA which qualify as risk absorbent are excluded from the calculation of capital adequacy ratio. As at 30 June 2023, credit risks related to RSIA assets excluded from the total capital ratio calculation amounted to RM2,662,575,354 (31 December 2022: RM2,043,006,700).

Company No. 199301017069 (271809K)

UNITED OVERSEAS BANK (MALAYSIA) BHD

(Incorporated in Malaysia)

**37. 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-Jun-23	31-Dec-22
	RM'000	RM'000
Total RWA for credit risk	3,291,180	3,183,356
Total RWA for market risk	7,252	4,847
Total RWA for operational risk	257,623	224,198
	<u>3,556,055</u>	<u>3,412,401</u>