

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

UNAUDITED INTERIM FINANCIAL STATEMENTS
30 SEPTEMBER 2021

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

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

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

	Note	Group		Bank	
		30-Sep-21 RM'000	31-Dec-20 RM'000	30-Sep-21 RM'000	31-Dec-20 RM'000
ASSETS					
Cash and short-term funds	11	4,917,474	6,069,508	4,917,474	6,069,508
Deposits and placements with financial institutions	12	999,725	1,149,710	999,725	1,149,710
Securities purchased under resale agreements		-	1,170,004	-	1,170,004
Financial assets at fair value through profit or loss ("FVTPL")	13	8,020,673	4,346,399	8,020,673	4,346,399
Debt instruments at fair value through other comprehensive income ("FVOCI")	14	24,782,691	25,638,935	24,782,691	25,638,935
Equity instruments at fair value through other comprehensive income ("FVOCI")	15	159,964	158,385	159,964	158,385
Debt Instruments at amortised cost	16	1,064,196	519,844	1,064,196	519,844
Loans, advances and financing	17	86,758,402	85,506,564	86,844,870	85,608,272
Derivative financial assets	18	601,665	814,118	601,665	814,118
Other assets	19	787,909	1,060,930	793,795	1,101,564
Statutory deposits with Bank Negara Malaysia		204,460	196,451	204,460	196,451
Investment in subsidiaries		-	-	490,020	400,020
Investment in an associate		9,719	9,637	13,522	13,522
Property, plant and equipment		1,085,522	919,556	357,953	319,484
Right-of-use assets		70,149	76,974	126,730	148,751
Deferred tax assets		157,198	74,577	157,198	74,577
TOTAL ASSETS		129,619,747	127,711,592	129,534,936	127,729,544
LIABILITIES					
Deposits from customers	20	97,060,446	93,590,472	97,068,763	93,680,388
Deposits and placements of banks and other financial institutions	21	15,736,132	16,948,757	15,736,152	16,948,777
Obligations on securities sold under repurchase agreements		1,136,950	924,777	1,136,950	924,777
Bills and acceptances payable		214,251	205,025	214,251	205,025
Derivative financial liabilities	18	515,737	1,082,914	515,737	1,082,914
Other liabilities	22	1,680,444	1,905,524	1,679,153	1,907,109
Lease liabilities		73,457	79,200	129,247	153,808
Tax payable		195,217	118,789	193,502	118,107
Subordinated bonds	23	1,367,586	1,377,166	1,367,586	1,377,166
Deferred tax liabilities		18,843	18,843	-	-
TOTAL LIABILITIES		117,999,063	116,251,467	118,041,341	116,398,071

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION (cont'd.)
AS AT 30 SEPTEMBER 2021

		Group		Bank	
	Notes	30-Sep-21	31-Dec-20	30-Sep-21	31-Dec-20
		RM'000	RM'000	RM'000	RM'000
EQUITY ATTRIBUTABLE TO					
EQUITY HOLDERS OF					
THE BANK					
Share capital		792,555	792,555	792,555	792,555
Reserves		10,828,129	10,667,570	10,701,040	10,538,918
TOTAL EQUITY		11,620,684	11,460,125	11,493,595	11,331,473
TOTAL LIABILITIES AND EQUITY		129,619,747	127,711,592	129,534,936	127,729,544
COMMITMENTS AND					
CONTINGENCIES	33	152,192,211	121,487,155	152,064,736	121,228,697

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 2020.

UNITED OVERSEAS BANK (MALAYSIA) BHD

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**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

Group	Note	Third Quarter Ended		Nine Month Ended	
		30-Sep-21 RM'000	30-Sep-20 RM'000	30-Sep-21 RM'000	30-Sep-20 RM'000
Operating revenue	25	1,249,748	1,295,972	3,709,973	4,273,122
Interest income	26	999,054	1,040,507	2,957,723	3,417,718
Interest expense	27	(386,340)	(513,062)	(1,153,459)	(1,797,211)
Net interest income		612,714	527,445	1,804,264	1,620,507
Net income from Islamic Banking operations	36	41,070	15,083	111,677	46,337
Other operating income	28	189,641	213,437	583,399	710,473
Operating income		843,425	755,965	2,499,340	2,377,317
Other operating expenses	29	(316,944)	(297,576)	(943,102)	(921,083)
Operating profit before allowances for expected credit losses		526,481	458,389	1,556,238	1,456,234
(Allowances for)/write-back of expected credit losses on:					
Loans, advances and financing	30	(198,892)	(281,477)	(318,864)	(414,546)
Other financial assets	30	(20,973)	6,801	(31,123)	(9,355)
Commitments and contingencies	30	(10,559)	(5,335)	(27,733)	(9,887)
		296,057	178,378	1,178,518	1,022,446
Share of net profit of an associate		29	31	82	127
Profit before taxation		296,086	178,409	1,178,600	1,022,573
Income tax expense		(70,298)	(43,024)	(287,844)	(252,179)
Profit for the period attributable to equity holders of the Bank		225,788	135,385	890,756	770,394
Basic/diluted earnings per share (sen)		48.0	28.8	189.5	163.9

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2020.

UNITED OVERSEAS BANK (MALAYSIA) BHD
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS (cont'd.)
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

Bank	Note	Third Quarter Ended		Nine Month Ended	
		30-Sep-21 RM'000	30-Sep-20 RM'000	30-Sep-21 RM'000	30-Sep-20 RM'000
Operating revenue	25	1,250,449	1,296,832	3,712,119	4,276,241
Interest income	26	999,683	1,041,297	2,959,660	3,420,632
Interest expense	27	(386,800)	(513,315)	(1,155,190)	(1,798,404)
Net interest income		612,883	527,982	1,804,470	1,622,228
Net income from Islamic					
Banking operations	36	41,070	15,083	111,677	46,337
Other operating income	28	189,713	213,507	583,608	710,678
Operating income		843,666	756,572	2,499,755	2,379,243
Other operating expenses	29	(316,896)	(298,847)	(944,617)	(925,051)
Operating profit before allowances for expected credit lossess		526,770	457,725	1,555,138	1,454,192
(Allowances for)/write-back of expected credit losses on:					
Loans, advances and financing	30	(198,869)	(281,600)	(318,868)	(414,514)
Other financial assets	30	(20,973)	6,801	(31,123)	(9,355)
Commitments and contingencies	30	(10,559)	(5,335)	(27,733)	(9,887)
Profit before taxation		296,369	177,591	1,177,414	1,020,436
Income tax expense		(69,496)	(42,505)	(285,095)	(250,837)
Profit for the period attributable to equity holders of the Bank		226,873	135,086	892,319	769,599
Basic/diluted earnings per share (sen)		48.3	28.7	189.9	163.7

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 2020.

UNITED OVERSEAS BANK (MALAYSIA) BHD
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**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

Group	Third Quarter Ended		Nine Month Ended	
	30-Sep-21 RM'000	30-Sep-20 RM'000	30-Sep-21 RM'000	30-Sep-20 RM'000
Profit for the period	225,788	135,385	890,756	770,394
<i>Other comprehensive income:</i>				
<u>Items that will be reclassified subsequently to income statements:</u>				
Net fair value changes in debt instruments at fair value through other comprehensive income	(81,936)	33,720	(295,285)	165,794
Income tax effect	19,664	(8,093)	70,868	(39,791)
	(62,272)	25,627	(224,417)	126,003
<u>Items that will not be reclassified subsequently to income statements:</u>				
Net fair value changes in equity instruments at fair value through other comprehensive income	(84)	530	1,768	(31,551)
Gains on disposal of equity	-	-	6	-
Income tax effect	20	(127)	(424)	7,573
	(64)	403	1,350	(23,978)
Total other comprehensive income for the period, net of tax	(62,336)	26,030	(223,067)	102,025
Total comprehensive income for the period attributable to equity holders	163,452	161,415	667,689	872,419

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 2020.

UNITED OVERSEAS BANK (MALAYSIA) BHD
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME (cont'd.)
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

	Third Quarter Ended		Nine Month Ended	
	30-Sep-21 RM'000	30-Sep-20 RM'000	30-Sep-21 RM'000	30-Sep-20 RM'000
Bank				
Profit for the period	226,873	135,086	892,319	769,599
Other comprehensive income:				
<u>Items that will be reclassified subsequently to income statements:</u>				
Net fair value changes in debt instruments at fair value through other comprehensive income	(81,936)	33,720	(295,285)	165,794
Income tax effect	19,664	(8,093)	70,868	(39,791)
	(62,272)	25,627	(224,417)	126,003
<u>Items that will not be reclassified subsequently to income statements:</u>				
Net fair value changes in equity instruments at fair value through other comprehensive income	(84)	530	1,768	(31,551)
Gains on disposal of equity	-	-	6	-
Income tax effect	20	(127)	(424)	7,573
	(64)	403	1,350	(23,978)
Total other comprehensive income for the period, net of tax	(62,336)	26,030	(223,067)	102,025
Total comprehensive income for the period attributable to equity holders	164,537	161,116	669,252	871,624

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 2020.

Company No. 199301017069 (271809K)

UNITED OVERSEAS BANK (MALAYSIA) BHD
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**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

GROUP	← Non-distributable →			Distributable	
	Share capital	Revaluation reserves	Fair value through other comprehensive income reserve	Retained profits	Total
2021	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2021	792,555	184,130	309,046	10,174,394	11,460,125
Profit for the period	-	-	-	890,756	890,756
Gain on disposal on equity	-	-	(6)	6	-
Other comprehensive income for the period	-	-	(223,067)	-	(223,067)
Total comprehensive income for the period	-	-	(223,073)	890,762	667,689
Dividends paid:					
- final dividend for the financial year ended 31 December 2020				(507,130)	(507,130)
Balance as at 30 September 2021	792,555	184,130	85,973	10,558,026	11,620,684

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY (cont'd.)
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

GROUP (cont'd.)

	← Non-distributable →			Distributable	Total
	Share capital	Revaluation reserves	Fair value through other comprehensive income reserve	Retained profits	
2020	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2020	792,555	184,130	169,736	9,763,631	10,910,052
Profit for the period	-	-	-	770,394	770,394
Other comprehensive income for the period	-	-	102,025	-	102,025
Total comprehensive income for the period	-	-	102,025	770,394	872,419
Dividends paid:					
- final dividend for the financial year ended 31 December 2019				(607,240)	(607,240)
Balance as at 30 September 2020	792,555	184,130	271,761	9,926,785	11,175,231

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 2020.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

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

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2020.

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**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY (cont'd.)
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

BANK (cont'd.)	Non-distributable		Distributable	
	Share capital	Fair value through other comprehensive income reserve	Retained profits	Total
2020	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2020	792,555	162,834	9,830,387	10,785,776
Profit for the period	-	-	769,599	769,599
Other comprehensive income for the period	-	102,025	-	102,025
Total comprehensive income for the period	-	102,025	769,599	871,624
Dividends paid:				
- final dividend for the financial year ended 31 December 2019			(607,240)	(607,240)
Balance as at 30 September 2020	792,555	264,859	9,992,746	11,050,160

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 2020.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

	Group		Bank	
	30-Sep-21 RM'000	30-Sep-20 RM'000	30-Sep-21 RM'000	30-Sep-20 RM'000
Profit before taxation	1,178,600	1,022,573	1,177,414	1,020,436
Adjustments for non-operating and non-cash items	<u>(177,878)</u>	<u>(206,936)</u>	<u>(74,916)</u>	<u>(156,311)</u>
Operating profit before working capital changes	1,000,722	815,637	1,102,498	864,125
Changes in working capital:				
Net changes in operating assets	(4,161,511)	(1,641,610)	(4,208,376)	(1,676,891)
Net changes in operating liabilities	1,784,491	7,133,319	1,681,198	7,121,847
Tax expense paid	<u>(223,591)</u>	<u>(117,957)</u>	<u>(221,876)</u>	<u>(116,239)</u>
Net cash (used in)/generated from operating activities	(1,599,889)	6,189,389	(1,646,556)	6,192,842
Net cash generated from/(used in) investing activities	814,580	(5,191,596)	861,247	(5,195,049)
Net cash used in financing activities	<u>(516,710)</u>	<u>(839,430)</u>	<u>(516,710)</u>	<u>(839,430)</u>
Net (decrease)/increase in cash and cash equivalents	(1,302,019)	158,363	(1,302,019)	158,363
Cash and cash equivalents at beginning of the period	<u>7,219,218</u>	<u>1,830,129</u>	<u>7,219,218</u>	<u>1,830,129</u>
Cash and cash equivalents at end of the period	<u>5,917,199</u>	<u>1,988,492</u>	<u>5,917,199</u>	<u>1,988,492</u>
Analysis of cash and cash equivalents				
Cash and short-term funds	4,917,474	1,988,492	4,917,474	1,988,492
Deposits and placements with financial institutions	999,725	-	999,725	-
	<u>5,917,199</u>	<u>1,988,492</u>	<u>5,917,199</u>	<u>1,988,492</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 2020.

UNITED OVERSEAS BANK (MALAYSIA) BHD

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EXPLANATORY NOTES

1. BASIS OF PREPARATION

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

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group and of the Bank for the financial year ended 31 December 2020. The explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial positions and performance of the Group and of the Bank since the financial year ended 31 December 2020.

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 2020, 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 2021:

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

Effective for financial periods beginning on or after 1 January 2022

Amendments to MFRS 3 Reference to the Conceptual Framework

Amendments to MFRS 116 Property, Plant and Equipment Proceeds before Intended Use

Amendments to MFRS 137 Onerous Contracts – Cost of Fulfilling a Contract

Annual Improvements to MFRS Standards 2018-2020 Cycle

Effective for financial periods beginning on or after 1 January 2023

MFRS 17 Insurance Contracts

Amendments to MFRS 101 Classification of Liabilities as Current or Non-current

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 of the Bank.

2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2020 was not subject to any qualification.

3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

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

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

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows of the Group and of the Bank for the financial period ended 30 September 2021.

UNITED OVERSEAS BANK (MALAYSIA) BHD

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EXPLANATORY NOTES

5. CHANGES IN ESTIMATES

There were no significant changes in estimates of amounts reported in prior financial year that have a material effect on the financial results and position of the Group and of the Bank for the financial period ended 30 September 2021.

6. DEBT AND EQUITY SECURITIES

There were no issuances of shares, share buy-backs and repayment of debt and equity securities by the Group and the Bank during the financial period ended 30 September 2021.

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 2020.

8. DIVIDENDS

A final single-tier dividend of 107.9 sen in respect of the financial year ended 31 December 2020 amounting to RM 507,130,000 was paid in May 2021.

9. SIGNIFICANT EVENTS SUBSEQUENT TO THE REPORTING DATE

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

10. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the financial period ended 30 September 2021.

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EXPLANATORY NOTES

11. CASH AND SHORT-TERM FUNDS

	Group and Bank	
	30-Sep-21	31-Dec-20
	RM'000	RM'000
Cash and balances with banks and other financial institutions	1,401,760	1,096,170
Money at call and deposit placements maturing within one month	3,591,226	5,030,008
	<u>4,992,986</u>	<u>6,126,178</u>
Less: Allowances for ECL	(75,512)	(56,670)
	<u>4,917,474</u>	<u>6,069,508</u>

12. DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	Group and Bank	
	30-Sep-21	31-Dec-20
	RM'000	RM'000
Licensed banks	1,000,000	1,150,000
Less: Allowances for ECL	(275)	(290)
	<u>999,725</u>	<u>1,149,710</u>

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

	Group and Bank	
	30-Sep-21	31-Dec-20
	RM'000	RM'000
Money market instruments		
Malaysian Government treasury bills	3,192,078	662,524
Malaysian Government securities	348,429	677,488
Negotiable instruments of deposits	1,699,669	900,116
	<u>5,240,176</u>	<u>2,240,128</u>
Unquoted securities in Malaysia		
Cagamas bonds	506,017	265,363
Private debt securities	2,274,480	1,840,908
	<u>2,780,497</u>	<u>2,106,271</u>
	<u>8,020,673</u>	<u>4,346,399</u>

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EXPLANATORY NOTES

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

	Group and Bank	
	30-Sep-21	31-Dec-20
	RM'000	RM'000
Money market instruments		
Bank Negara Malaysia bills	-	1,149,308
Malaysian Government securities	17,032,466	16,664,179
Negotiable instruments of deposits	1,639,573	2,640,101
	18,672,039	20,453,588
Unquoted securities in Malaysia		
Cagamas bonds	1,749,487	1,537,218
Private debt securities	4,361,165	3,648,129
	6,110,652	5,185,347
Total debt instruments at FVOCI	24,782,691	25,638,935

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

	Group and Bank	
	30-Sep-21	31-Dec-20
	RM'000	RM'000
Quoted securities		
Shares of corporations in Malaysia	1,766	2,456
Unquoted securities		
Shares of corporations in Malaysia	158,198	155,929
	159,964	158,385

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

	Group and Bank	
	30-Sep-21	31-Dec-20
	RM'000	RM'000
Money market instruments		
Malaysian Government securities	350,200	-
Private debt securities of companies incorporated In Malaysia		
Unquoted corporate bonds	721,822	524,854
Less: Allowances for ECL	(7,826)	(5,010)
	1,064,196	519,844

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

	Group		Bank	
	30-Sep-21 RM'000	31-Dec-20 RM'000	30-Sep-21 RM'000	31-Dec-20 RM'000
Overdrafts	2,671,505	2,712,538	2,671,505	2,712,538
Term loans/financing and revolving credits				
- Housing loans/financing	33,665,679	33,277,257	33,665,679	33,277,257
- Syndicated term loans/financing	877,156	921,066	877,156	921,066
- Other term loans/financing	38,547,405	38,757,375	38,635,126	38,860,332
Credit card receivables	2,305,349	2,617,464	2,305,349	2,617,464
Bills receivables	1,192,111	1,115,519	1,192,111	1,115,519
Trust receipts	5,150,931	3,056,688	5,150,931	3,056,688
Claims on customers under acceptance credits	4,630,474	5,145,177	4,630,474	5,145,177
Staff loans	37,420	38,575	37,420	38,575
Others	18,463	240	18,463	240
	89,096,493	87,641,899	89,184,214	87,744,856
Unearned interest/income	(145,587)	(182,752)	(145,587)	(182,752)
Gross loans, advances and financing	88,950,906	87,459,147	89,038,627	87,562,104
Allowances for impairment on loans advances and financing				
-Stage 1- 12 month ECL	(539,033)	(711,051)	(540,286)	(712,300)
-Stage 2- Lifetime ECL non impaired	(1,102,416)	(785,956)	(1,102,416)	(785,956)
-Stage 3- Lifetime ECL credit-impaired	(551,055)	(455,576)	(551,055)	(455,576)
Net loans, advances and financing	86,758,402	85,506,564	86,844,870	85,608,272

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

	Group		Bank	
	30-Sep-21 RM'000	31-Dec-20 RM'000	30-Sep-21 RM'000	31-Dec-20 RM'000
Maturing within one year	23,491,434	22,416,133	23,579,155	22,519,090
One year to three years	5,353,161	6,423,980	5,353,161	6,423,980
Three years to five years	7,178,146	6,604,606	7,178,146	6,604,606
Over five years	52,928,165	52,014,428	52,928,165	52,014,428
	88,950,906	87,459,147	89,038,627	87,562,104

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

	Group		Bank	
	30-Sep-21	31-Dec-20	30-Sep-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Domestic non-banking financial institutions				
- Stockbroking companies	25,086	10,135	25,086	10,135
- Others	3,025,983	2,166,855	3,025,983	2,166,855
Domestic business enterprises				
- Small medium enterprises	20,689,502	20,491,025	20,689,502	20,491,025
- Others	15,740,893	15,088,909	15,828,614	15,191,866
Individuals	42,775,788	42,953,031	42,775,788	42,953,031
Foreign entities	6,693,654	6,749,192	6,693,654	6,749,192
	88,950,906	87,459,147	89,038,627	87,562,104

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

	Group		Bank	
	30-Sep-21	31-Dec-20	30-Sep-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
- Housing loans/financing	-	13,414	-	13,414
- Other fixed rate loans /financing	9,945,942	11,146,092	9,945,942	11,146,092
Variable rate				
- Base rate/base lending /financing rate-plus	54,522,888	54,799,091	54,522,888	54,799,091
- Cost-plus	23,750,695	20,775,520	23,838,416	20,878,477
- Other variable rates	731,381	725,030	731,381	725,030
	88,950,906	87,459,147	89,038,627	87,562,104

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

	Group		Bank	
	30-Sep-21	31-Dec-20	30-Sep-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Agriculture, hunting, forestry and fishing	1,740,315	1,829,451	1,740,315	1,829,451
Mining and quarrying	1,097,340	1,072,933	1,097,340	1,072,933
Manufacturing	8,132,344	7,313,797	8,132,344	7,313,797
Electricity, gas and water	400,165	249,564	400,165	249,564
Construction	6,944,473	7,239,448	6,944,473	7,239,448
Wholesale, retail trade, restaurants and hotels	12,244,211	11,295,941	12,244,211	11,295,941
Transport, storage and communication	1,790,672	2,019,115	1,790,672	2,019,115
Finance, insurance and business services	4,778,482	4,153,056	4,778,482	4,153,056
Real estate	3,995,688	4,074,470	4,083,409	4,177,427
Community, social and personal services	149,424	154,290	149,424	154,290
Households				
- purchase of residential properties	34,353,718	34,001,017	34,353,718	34,001,017
- purchase of non residential properties	8,370,043	8,657,987	8,370,043	8,657,987
- others	4,954,031	5,398,078	4,954,031	5,398,078
	88,950,906	87,459,147	89,038,627	87,562,104

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EXPLANATORY NOTES**17. LOANS, ADVANCES AND FINANCING (cont'd.)****(v) Movements in impaired loans, advances and financing are as follows:**

	Group and Bank	
	30-Sep-21	31-Dec-20
	RM'000	RM'000
As at 1 January	1,678,371	1,560,810
Classified as impaired during the financial period/year	1,064,886	693,199
Amount recovered	(245,914)	(245,989)
Reclassified as non-impaired	(110,476)	(180,113)
Amount written off	(125,234)	(149,536)
As at 30 September/31 December	<u>2,261,633</u>	<u>1,678,371</u>
Less: Stage 3-Lifetime ECL credit-impaired	(551,054)	(455,576)
Net impaired loans, advances and financing	<u>1,710,579</u>	<u>1,222,795</u>
Ratio of net impaired loans, advances and financing to gross loans, advances and financing less allowances for ECL on credit-impaired provisions	<u>1.9%</u>	<u>1.4%</u>

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

	Group and Bank	
	30-Sep-21	31-Dec-20
	RM'000	RM'000
Agriculture, hunting, forestry and fishing	1,261	559
Mining and quarrying	639	776
Manufacturing	228,962	213,580
Construction	418,179	314,203
Wholesale, retail trade, restaurants and hotels	265,159	212,724
Transport, storage and communication	94,694	92,750
Finance, insurance and business services	28,000	23,895
Real estate	162,733	181,370
Community, social and personal services	-	-
Households		
- purchase of residential properties	751,784	466,125
- purchase of non-residential properties	202,262	96,145
- others	107,960	76,244
	<u>2,261,633</u>	<u>1,678,371</u>

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

	Group and Bank	
	30-Sep-21	31-Dec-20
	RM'000	RM'000
In Malaysia	<u>2,261,633</u>	<u>1,678,371</u>

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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:

	Group and Bank		
	Contract or underlying principal amount RM'000	Positive fair value RM'000	Negative fair value RM'000
As at 30 September 2021			
Foreign exchange contracts			
- forwards	11,358,452	48,949	41,685
- swaps	36,741,810	178,440	155,012
- options	1,263,447	5,732	1,410
Interest rate related contracts			
- swaps	49,051,198	308,120	284,432
- futures	180,885	160	-
- options	180,000	2,026	154
Equity related contracts			
- options	38,337	506	6,313
Commodity related contracts			
- swaps	155,733	33,192	5,469
- futures	162,552	251	-
- options	63,293	24,289	21,262
		<u>601,665</u>	<u>515,737</u>

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

	Group and Bank		
	Contract or underlying principal amount RM'000	Positive fair value RM'000	Negative fair value RM'000
As at 31 December 2020			
Foreign exchange contracts			
- forwards	9,713,638	55,637	184,919
- swaps	24,958,066	200,756	485,544
- options	791,805	2,244	1,789
Interest rate related contracts			
- swaps	33,593,528	496,446	367,052
- futures	12,851	20	-
- options	180,000	2,584	242
Equity related contracts			
- options	118,736	4,263	4,391
Commodity related contracts			
- swaps	247,483	41,350	8,785
- futures	224,233	72	29,095
- options	66,321	10,746	1,097
		<u>814,118</u>	<u>1,082,914</u>

The table above analyses the principal amounts and the positive and negative fair values of the Group's and the Bank's financial derivatives. The notional amounts of these instruments indicate the value of transactions outstanding at the reporting date for both trading and hedging instruments. They do not necessarily indicate the amount of future cash flows or the fair value of the derivatives and therefore, do not represent total amount of risk. The positive and negative fair values represent the favourable and unfavourable fair values respectively of hedging and trading derivatives as a result of fluctuations in the value of the underlying relative to their contractual terms as at reporting date.

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EXPLANATORY NOTES**19. OTHER ASSETS**

	Group		Bank	
	30-Sep-21	31-Dec-20	30-Sep-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Other receivables, deposits and prepayments	257,263	435,856	258,036	471,336
Accrued interest/income receivable	208,909	237,647	208,909	237,647
Amount due from subsidiaries	-	-	5,113	5,154
Amount due from fellow subsidiary	73	1,235	73	1,235
Amount due from holding company	-	167	-	167
Amount due from ultimate holding company	376	1,178	376	1,178
Precious metal accounts	327,380	389,136	327,380	389,136
Less: Allowances for ECL	(6,092)	(4,289)	(6,092)	(4,289)
	787,909	1,060,930	793,795	1,101,564

20. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	30-Sep-21	31-Dec-20	30-Sep-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Demand deposits	30,804,323	27,338,425	30,811,268	27,428,341
Savings deposits	6,042,793	5,401,159	6,042,793	5,401,159
Fixed deposits	55,886,158	58,037,500	55,886,158	58,037,500
Others	4,327,172	2,813,388	4,328,544	2,813,388
	97,060,446	93,590,472	97,068,763	93,680,388

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

	Group		Bank	
	30-Sep-21	31-Dec-20	30-Sep-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Due within six months	41,212,419	40,752,152	41,212,419	40,752,152
Six months to one year	14,486,184	17,012,237	14,486,184	17,012,237
One year to three years	187,481	262,971	187,481	262,971
Three years to five years	74	10,140	74	10,140
	55,886,158	58,037,500	55,886,158	58,037,500

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

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

	Group		Bank	
	30-Sep-21 RM'000	31-Dec-20 RM'000	30-Sep-21 RM'000	31-Dec-20 RM'000
Business enterprises				
- Subsidiaries	-	-	6,945	89,916
- Related companies	765	827	765	827
- Others	43,998,324	40,443,369	43,999,696	40,443,369
Individuals	49,488,491	50,459,732	49,488,491	50,459,732
Others	3,572,866	2,686,544	3,572,866	2,686,544
	97,060,446	93,590,472	97,068,763	93,680,388

21. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	30-Sep-21 RM'000	31-Dec-20 RM'000	30-Sep-21 RM'000	31-Dec-20 RM'000
Licensed banks in Malaysia	3,332,742	396,613	3,332,742	396,613
Bank Negara Malaysia	1,059,801	1,153,243	1,059,801	1,153,243
Other financial institutions	11,343,589	15,398,901	11,343,609	15,398,921
	15,736,132	16,948,757	15,736,152	16,948,777

22. OTHER LIABILITIES

	Group		Bank	
	30-Sep-21 RM'000	31-Dec-20 RM'000	30-Sep-21 RM'000	31-Dec-20 RM'000
Allowances for ECL on commitments and contingencies	160,089	132,356	160,089	132,356
Accrued interest payable	173,695	262,411	173,695	262,411
Accruals and provisions for operational expenses	129,349	155,095	128,030	153,615
Other payables and accruals	1,150,549	1,267,567	1,150,577	1,270,632
Deferred income	66,762	88,095	66,762	88,095
	1,680,444	1,905,524	1,679,153	1,907,109

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EXPLANATORY NOTES

23. SUBORDINATED BONDS

	Group and Bank	
	30-Sep-21	31-Dec-20
	RM'000	RM'000
<i>At amortised cost</i>		
RM600 million subordinated bond 2018/2028, at par (Note (a))	617,586	627,166
RM750 million subordinated bond 2020/2030, at par (Note (b))	750,000	750,000
	<u>1,367,586</u>	<u>1,377,166</u>
Accumulated fair value hedge loss (Note (c))	<u>(17,586)</u>	<u>(27,166)</u>

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

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

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

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

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

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

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

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

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

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

- (c) Fair value hedge

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

As at 30 September 2021, the Bank had an interest rate swap agreement in place with notional amount of RM600 million (31 December 2020: RM600 million) for Bond 1.

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

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

The movements in fair value of the interest rate swap of unrealised loss of RM9,580,000 (31 December 2020: RM14,946,000 unrealised loss) are recognised in trading and investment income during the period. There is no ineffectiveness recognised for this hedge.

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EXPLANATORY NOTES

24 Movements in allowances for ECL

(a) Other financial assets:

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

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
Group and Bank	12-month ECL RM'000	Lifetime ECL non impaired RM'000	Lifetime ECL credit-impaired RM'000	Total ECL RM'000
As at 1 January 2021	78,455	1,632	39,960	120,047
<u>Movements with profit or loss impact:</u>				
New/additional during the period	37,067	58	-	37,125
Maturity/settlement/reduction during the period	(5,317)	(685)	-	(6,002)
As at 30 September 2021	<u>110,205</u>	<u>1,005</u>	<u>39,960</u>	<u>151,170</u>
As at 1 January 2020	54,397	550	39,960	94,907
<u>Movements with profit or loss impact:</u>				
New/additional during the year	56,133	1,085	-	57,218
Maturity/settlement/reduction during the year	(32,075)	(3)	-	(32,078)
As at 31 December 2020	<u>78,455</u>	<u>1,632</u>	<u>39,960</u>	<u>120,047</u>

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EXPLANATORY NOTES

24 Movements in allowances for ECL (cont'd.)

(b) Commitments and contingencies

Group and Bank	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12-month ECL RM'000	Lifetime ECL non impaired RM'000	Lifetime ECL credit-impaired RM'000	
As at 1 January 2021	75,917	38,846	17,593	132,356
<u>Movements with profit or loss impact:</u>				
Transferred to Stage 1	7,883	(14,290)	-	(6,407)
Transferred to Stage 2	(3,504)	20,483	-	16,979
Transferred to Stage 3	-	-	-	-
New/additional during the period	36,230	10,034	14,908	61,172
Maturity/settlement/reduction during the period	(18,370)	(8,525)	(17,116)	(44,011)
As at 30 September 2021	<u>98,156</u>	<u>46,548</u>	<u>15,385</u>	<u>160,089</u>
As at 1 January 2020	78,450	18,299	13,983	110,732
<u>Movements with profit or loss impact:</u>				
Transferred to Stage 1	2,194	(7,517)	-	(5,323)
Transferred to Stage 2	(3,101)	17,859	-	14,758
Transferred to Stage 3	(7)	-	9,018	9,011
New/additional during the year	38,207	11,428	-	49,635
Maturity/settlement/reduction during the year	(39,826)	(1,223)	(5,408)	(46,457)
As at 31 December 2020	<u>75,917</u>	<u>38,846</u>	<u>17,593</u>	<u>132,356</u>

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EXPLANATORY NOTES

24 Movements in allowances for ECL (cont'd.)

(c) Loans, advances and financing

Group	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12-month ECL RM'000	Lifetime ECL non impaired RM'000	Lifetime ECL credit-impaired RM'000	
As at 1 January 2021	711,051	785,956	455,576	1,952,583
<u>Movements with profit or loss impact:</u>				
Transferred to Stage 1	10,219	(60,489)	(4,120)	(54,390)
Transferred to Stage 2	(13,635)	159,513	(7,825)	138,053
Transferred to Stage 3	(1,487)	(20,267)	161,731	139,977
New/additional during the period	120,678	303,104	113,770	537,552
Maturity/settlement/reduction during the period	(287,793)	(65,401)	(54,823)	(408,017)
<u>Movements without profit or loss impact:</u>				
Amounts written off	-	-	(102,143)	(102,143)
Other movements	-	-	(11,111)	(11,111)
As at 30 September 2021	539,033	1,102,416	551,055	2,192,504
As at 1 January 2020	869,349	367,276	286,132	1,522,757
<u>Movements with profit or loss impact:</u>				
Transferred to Stage 1	4,918	(26,164)	(4,439)	(25,685)
Transferred to Stage 2	(23,657)	112,048	(11,214)	77,177
Transferred to Stage 3	(665)	(15,351)	169,358	153,342
New/additional during the year	157,037	376,064	236,775	769,876
Maturity/settlement/reduction during the year	(295,931)	(27,917)	(74,951)	(398,799)
<u>Movements without profit or loss impact:</u>				
Amounts written off	-	-	(133,998)	(133,998)
Other movements	-	-	(12,087)	(12,087)
As at 31 December 2020	711,051	785,956	455,576	1,952,583

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EXPLANATORY NOTES

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

Bank	Stage 1	Stage 2	Stage 3	Total ECL
	12-month ECL	Lifetime ECL	Lifetime ECL	
	RM'000	non impaired	credit-impaired	RM'000
		RM'000	RM'000	RM'000
As at 1 January 2021	712,300	785,956	455,576	1,953,832
<u>Movements with profit or loss impact:</u>				
Transferred to Stage 1	10,219	(60,489)	(4,120)	(54,390)
Transferred to Stage 2	(13,635)	159,513	(7,825)	138,053
Transferred to Stage 3	(1,487)	(20,267)	161,731	139,977
New/additional during the period	120,682	303,104	113,770	537,556
Maturity/settlement/reduction during the period	(287,793)	(65,401)	(54,823)	(408,017)
<u>Movements without profit or loss impact:</u>				
Amounts written off	-	-	(102,143)	(102,143)
Other movements	-	-	(11,111)	(11,111)
As at 30 September 2021	540,286	1,102,416	551,055	2,193,757
As at 1 January 2020	870,677	367,276	286,132	1,524,085
<u>Movements with profit or loss impact:</u>				
Transferred to Stage 1	4,918	(26,164)	(4,439)	(25,685)
Transferred to Stage 2	(23,657)	112,048	(11,214)	77,177
Transferred to Stage 3	(665)	(15,351)	169,358	153,342
New/additional during the year	156,958	376,064	236,775	769,797
Maturity/settlement/reduction during the year	(295,931)	(27,917)	(74,951)	(398,799)
<u>Movements without profit or loss impact:</u>				
Amounts written off	-	-	(133,998)	(133,998)
Other movements	-	-	(12,087)	(12,087)
As at 31 December 2020	712,300	785,956	455,576	1,953,832

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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

	Third Quarter		Nine Month	
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
Group	RM'000	RM'000	RM'000	RM'000
Interest income from loans, advances and financing	750,356	813,171	2,245,712	2,695,225
Interest income from impaired loans, advances and financing	14,946	11,618	45,945	47,334
Money at call and deposit placements with financial institutions	38,755	34,718	114,575	123,488
Financial assets at FVTPL	39,346	19,983	92,579	74,337
Debt instruments at FVOCI	168,126	174,999	508,101	487,145
Debt instruments at AC	8,533	7,199	17,242	25,912
	1,020,062	1,061,688	3,024,154	3,453,441
Amortisation of premium less accretion of discount on:				
- Financial assets at FVTPL	(20)	1,456	(485)	8,518
- Debt instruments at FVOCI	(20,988)	(22,637)	(65,946)	(44,241)
	999,054	1,040,507	2,957,723	3,417,718
Bank				
Interest income from loans, advances and financing	750,982	813,962	2,247,646	2,698,140
Interest income from impaired loans, advances and financing	14,946	11,618	45,945	47,334
Money at call and deposit placements with financial institutions	38,758	34,718	114,578	123,488
Financial assets at FVTPL	39,346	19,983	92,579	74,337
Debt instruments at FVOCI	168,126	174,999	508,101	487,145
Debt instruments at AC	8,533	7,199	17,242	25,912
	1,020,691	1,062,479	3,026,091	3,456,356
Amortisation of premium less accretion of discount on:				
- Financial assets at FVTPL	(20)	1,456	(485)	8,518
- Debt instruments at FVOCI	(20,988)	(22,638)	(65,946)	(44,242)
	999,683	1,041,297	2,959,660	3,420,632

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EXPLANATORY NOTES**27. INTEREST EXPENSE**

Group	Third Quarter		Nine Month	
	Ended		Ended	
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	358,848	483,642	1,068,826	1,630,741
Deposits and placements of banks and other financial institutions	15,877	17,965	49,922	120,260
Subordinated bonds	10,064	8,481	29,869	35,963
Lease liabilities	482	641	1,508	951
Others	1,069	2,333	3,334	9,296
	386,340	513,062	1,153,459	1,797,211
Bank				
Deposits from customers	358,956	483,711	1,069,354	1,631,203
Deposits and placements of banks and other financial institutions	15,877	17,965	49,922	120,260
Subordinated bonds	10,064	8,481	29,869	35,963
Lease liabilities	834	825	2,711	1,682
Others	1,069	2,333	3,334	9,296
	386,800	513,315	1,155,190	1,798,404

28. OTHER OPERATING INCOME

Group	Third Quarter		Nine Month	
	Ended		Ended	
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
	RM'000	RM'000	RM'000	RM'000
<u>Fee income</u>				
Commission	62,369	72,036	212,841	187,716
Guarantee fees	18,797	20,971	54,969	48,785
Service charges and fees	48,097	43,542	146,335	124,433
Less: Fee expenses	(11,218)	(12,864)	(36,532)	(41,511)
	36,879	30,678	109,803	82,922
Commitment fees	7,687	8,367	23,237	25,019
Arrangement and participation fees	1,689	176	2,885	2,931
	127,421	132,228	403,735	347,373

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

Group (cont'd.)	Third Quarter Ended		Nine Month Ended	
	30-Sep-21 RM'000	30-Sep-20 RM'000	30-Sep-21 RM'000	30-Sep-20 RM'000
<u>Trading and Investment income</u>				
Gain/(loss) from sale of financial assets at FVTPL	1,011	6,020	(4,257)	43,321
Unrealised gain/(loss) on financial assets at FVTPL	1,432	2,735	(62)	(4,629)
Gain from trading derivatives	21,469	26,462	45,993	3,341
Unrealised (loss)/gain from trading derivatives	(13,220)	(28,671)	(32,319)	67,516
Unrealised gain/(loss) on fair value hedge	2,226	528	9,581	(17,810)
Gain/(loss) from sale of precious metal	1,312	(4,532)	(3,083)	(2,987)
Unrealised (loss)/gain from sale of precious metal	(870)	5,794	5,089	5,517
Gain from sale/recovery of debt instruments at FVOCI	13,265	36,364	37,909	134,290
Gross dividends from:				
- Equity instruments at FVOCI	376	459	876	959
	27,001	45,159	59,727	229,518
<u>Other income</u>				
Foreign exchange gain, net	29,949	31,550	103,741	121,596
Rental income from operating leases	15	15	45	48
Gain on disposal of property, plant and equipment	-	-	277	-
Others	5,255	4,485	15,874	11,938
	35,219	36,050	119,937	133,582
	189,641	213,437	583,399	710,473

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

Bank	Third Quarter		Nine Month	
	Ended	Ended	Ended	Ended
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
	RM'000	RM'000	RM'000	RM'000
<u>Fee income</u>				
Commission	62,369	72,036	212,841	187,716
Guarantee fees	18,797	20,971	54,969	48,785
Service charges and fees	48,184	43,627	146,589	124,686
Less: Fee expenses	(11,218)	(12,864)	(36,532)	(41,511)
	36,966	30,763	110,057	83,175
Commitment fees	7,687	8,367	23,237	25,019
Arrangement and participation fees	1,689	176	2,885	2,931
	127,508	132,313	403,989	347,626
<u>Trading and Investment income</u>				
Gain/(loss) from sale of financial assets at FVTPL	1,011	6,020	(4,257)	43,321
Unrealised gain/(loss) on financial assets at FVTPL	1,432	2,735	(62)	(4,629)
Gain from trading derivatives	21,469	26,462	45,993	3,341
Unrealised (loss)/gain from trading derivatives	(13,220)	(28,671)	(32,319)	67,516
Unrealised gain/(loss) on fair value hedge	2,226	528	9,581	(17,810)
Gain/(loss) from sale of precious metal	1,312	(4,532)	(3,083)	(2,987)
Unrealised (loss)/gain from sale of previous metal	(870)	5,794	5,089	5,517
Gain from sale/recovery of debt instruments at FVOCI	13,265	36,364	37,909	134,290
Gross dividends from:				
- Equity instruments at FVOCI	376	459	876	959
	27,001	45,159	59,727	229,518
<u>Other income</u>				
Foreign exchange gain, net	29,949	31,550	103,741	121,596
Gain on disposal of property, plant and equipment	-	-	277	-
Others	5,255	4,485	15,874	11,938
	35,204	36,035	119,892	133,534
	189,713	213,507	583,608	710,678

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EXPLANATORY NOTES**29. OTHER OPERATING EXPENSES**

Group	Third Quarter Ended		Nine Month Ended	
	30-Sep-21 RM'000	30-Sep-20 RM'000	30-Sep-21 RM'000	30-Sep-20 RM'000
Personnel expenses	191,106	178,370	566,993	571,807
Establishment related expenses	94,500	82,571	285,765	243,634
Promotion and marketing related expenses	3,013	5,287	12,076	20,405
General administrative expenses	28,325	31,348	78,268	85,237
	316,944	297,576	943,102	921,083
<u>Personnel expenses</u>				
Wages, salaries and bonus	146,554	139,193	442,030	451,180
Defined contribution plan	23,291	21,999	69,730	69,701
Other employee benefits	21,261	17,178	55,233	50,926
	191,106	178,370	566,993	571,807
<u>Establishment related expenses</u>				
Depreciation of property, plant and equipment	21,129	19,414	61,818	56,221
Depreciation of right-of-use assets	4,115	3,698	12,343	12,090
Information technology costs	45,151	37,264	144,902	107,483
Repair and maintenance	13,001	10,787	34,317	31,885
Short term lease expenses	5	166	7	509
Others	11,099	11,242	32,378	35,446
	94,500	82,571	285,765	243,634
<u>Promotion and marketing related expenses</u>				
Advertisement and publicity	3,013	5,287	12,076	20,405
<u>General administrative expenses</u>				
Fees and commissions paid	6,954	10,174	19,646	22,464
Others	21,371	21,174	58,622	62,773
	28,325	31,348	78,268	85,237

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

Bank	Third Quarter Ended		Nine Month Ended	
	30-Sep-21 RM'000	30-Sep-20 RM'000	30-Sep-21 RM'000	30-Sep-20 RM'000
Personnel expenses	190,006	177,590	563,817	568,962
Establishment related expenses	95,576	84,715	290,585	250,735
Promotion and marketing related expenses	3,010	5,281	12,073	20,382
General administrative expenses	28,304	31,261	78,142	84,972
	316,896	298,847	944,617	925,051
<u>Personnel expenses</u>				
Wages, salaries and bonus	145,667	138,430	439,455	448,802
Defined contribution plan	23,155	21,885	69,340	69,347
Other employee benefits	21,184	17,275	55,022	50,813
	190,006	177,590	563,817	568,962
<u>Establishment related expenses</u>				
Depreciation of property, plant and equipment	18,061	16,364	52,649	47,194
Depreciation of right-of-use assets	8,439	8,589	25,554	27,110
Information technology costs	45,151	37,264	144,902	107,483
Repair and maintenance	12,803	10,388	33,612	31,144
Short term lease expenses	5	166	7	509
Others	11,117	11,944	33,861	37,295
	95,576	84,715	290,585	250,735
<u>Promotion and marketing related expenses</u>				
Advertisement and publicity	3,010	5,281	12,073	20,382
<u>General administrative expenses</u>				
Fees and commissions paid	6,938	10,119	19,546	22,248
Others	21,366	21,142	58,596	62,724
	28,304	31,261	78,142	84,972

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EXPLANATORY NOTES**30. ALLOWANCES FOR EXPECTED CREDIT LOSSES**

Group	Third Quarter Ended		Nine Month Ended	
	30-Sep-21 RM'000	30-Sep-20 RM'000	30-Sep-21 RM'000	30-Sep-20 RM'000
a Loans, advances and financing				
- Stage 1 ECL	(28,500)	(89,653)	(172,018)	(86,546)
- Stage 2 ECL	153,762	325,576	316,460	377,279
- Stage 3 ECL	80,952	56,512	208,733	152,902
	206,214	292,435	353,175	443,635
Credit-impaired loans, advances and financing				
- written off	10,852	6,281	33,088	24,980
- recovered	(18,174)	(17,239)	(67,399)	(54,069)
	198,892	281,477	318,864	414,546
b Other financial assets				
Placement with banks and other financial institutions, and other assets	13,438	1,034	20,625	6,802
Debt instruments measured at FVOCI	2,879	547	7,682	5,164
Debt instruments measured at AC	4,656	(8,382)	2,816	(2,611)
	20,973	(6,801)	31,123	9,355
c Commitments and contingencies				
- Stage 1 ECL	3,567	9,659	22,239	(43)
- Stage 2 ECL	6,993	(3,890)	7,702	3,787
- Stage 3 ECL	(1)	(434)	(2,208)	6,143
	10,559	5,335	27,733	9,887
Bank				
a Loans, advances and financing				
- Stage 1 ECL	(28,523)	(89,529)	(172,014)	(86,577)
- Stage 2 ECL	153,762	325,576	316,460	377,279
- Stage 3 ECL	80,952	56,512	208,733	152,902
	206,191	292,559	353,179	443,604
Credit-impaired loans, advances and financing				
- written off	10,852	6,281	33,088	24,980
- recovered	(18,174)	(17,240)	(67,399)	(54,070)
	198,869	281,600	318,868	414,514
b Other financial assets				
Placement with banks and other financial institutions, and other assets	13,438	1,034	20,625	6,802
Debt instruments measured at FVOCI	2,879	547	7,682	5,164
Debt instruments measured at AC	4,656	(8,382)	2,816	(2,611)
	20,973	(6,801)	31,123	9,355
c Commitments and contingencies				
- Stage 1 ECL	3,567	9,659	22,239	(43)
- Stage 2 ECL	6,993	(3,890)	7,702	3,787
- Stage 3 ECL	(1)	(434)	(2,208)	6,143
	10,559	5,335	27,733	9,887

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EXPLANATORY NOTES

31. SEGMENT INFORMATION

Operating Segments

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

Retail

The Retail segment covers Personal Financial Services, Business 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. Business Banking serves small enterprises, offers a range of products and services, including deposits, loans, trade, foreign exchange and insurance products.

Wholesale Banking ("WB")

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

Global Markets ("GM")

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

Others

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

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EXPLANATORY NOTES

31. SEGMENT INFORMATION (cont'd.)

Operating segments (cont'd.)

Group	Retail RM'000	WB RM'000	GM RM'000	Others RM'000	Total segments RM'000	Eliminations RM'000	Total RM'000
For period ended 30 September 2021							
Operating income	1,229,962	896,310	191,741	198,743	2,516,756	(17,416)	2,499,340
Other operating expenses	(569,830)	(214,309)	(59,064)	(116,096)	(959,299)	16,197	(943,102)
Allowances for expected credit losses	(134,620)	(242,969)	-	(94)	(377,683)	(37)	(377,720)
Share of net profit of an associate	-	-	-	82	82	-	82
Profit before taxation	<u>525,512</u>	<u>439,032</u>	<u>132,677</u>	<u>82,635</u>	<u>1,179,856</u>	<u>(1,256)</u>	<u>1,178,600</u>
Income tax expense							<u>(287,844)</u>
							<u>890,756</u>

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EXPLANATORY NOTES

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 September 2021							
Inter-segment operating income	170,089	(11,677)	(338,663)	197,667	17,416	(17,416)	-
Total depreciation	20,858	6,510	3,141	56,800	87,309	(13,148)	74,161
As at 30 September 2021							
Gross loans, advances and financing	54,208,707	34,450,014	-	379,906	89,038,627	(87,721)	88,950,906
Deposits from customers	64,793,244	32,272,237	-	1,910	97,067,391	(6,945)	97,060,446

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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 September 2020							
Operating income	1,167,754	847,978	354,793	25,048	2,395,573	(18,256)	2,377,317
Other operating expenses	(558,280)	(195,850)	(58,416)	(126,839)	(939,385)	18,302	(921,083)
Allowances for expected credit losses	(196,754)	(236,944)	-	(63)	(433,761)	(27)	(433,788)
Impairment on PPE				-	-		-
Share of net profit of an associate	-	-	-	127	127	-	127
Profit before taxation	<u>412,720</u>	<u>415,184</u>	<u>296,377</u>	<u>(101,727)</u>	<u>1,022,554</u>	<u>19</u>	<u>1,022,573</u>
Income tax expense							<u>(252,179)</u>
							<u><u>770,394</u></u>

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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 September 2020							
Inter-segment operating income	401,509	(62,291)	(355,154)	34,192	18,256	(18,256)	-
Total depreciation	19,091	6,153	3,429	54,595	83,268	(14,957)	68,311
As at 31 December 2020							
Gross loans, advances and financing	54,792,150	32,484,471	-	285,483	87,562,104	(102,957)	87,459,147
Deposits from customers	65,032,675	28,636,988	-	10,725	93,680,388	(89,916)	93,590,472

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

The capital adequacy ratios of the Group and the Bank are computed in accordance with Bank Negara Malaysia ("BNM")'s Capital Adequacy Framework (Capital Components) issued on 2 February 2018 and Basel II – Risk-Weighted Assets ("RWA") issued on 2 February 2018 and Capital Adequacy Framework (Basel II - Risk-Weighted Assets) issued on 3 May 2019.

	Group		Bank	
	30-Sep-21	31-Dec-20	30-Sep-21	31-Dec-20
	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	9,667,269	10,174,394	9,729,649	10,236,774
Other reserves	270,103	493,176	79,071	302,144
Regulatory adjustments applied in the calculation of CET1 Capital	(455,157)	(469,918)	(779,898)	(704,740)
Total CET1/Tier 1 Capital	10,274,770	10,990,207	9,821,377	10,626,733
<u>Tier 2 Capital</u>				
Tier 2 Capital instruments	1,350,000	1,350,000	1,350,000	1,350,000
Loan/financing loss provision				
- Surplus eligible provisions over expected losses	307,426	298,644	307,843	299,172
- General provisions	26,040	30,000	15,333	19,249
Regulatory adjustments applied in the calculation of Tier 2 Capital	82,858	82,858	-	-
Total Tier 2 Capital	1,766,324	1,761,502	1,673,176	1,668,421
Total Capital	12,041,094	12,751,709	11,494,553	12,295,154

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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-Sep-21	31-Dec-20	30-Sep-21	31-Dec-20
CET1/Tier 1 Capital	16.374%	18.407% *	15.849%	18.030% *
Total Capital	19.188%	21.358% *	18.549%	20.861% *

* The CET1/Tier 1 Capital and Total Capital ratios were before payment of dividend. The CET1/Tier 1 Capital would be 17.558% and 20.508% for the Group and 17.170% and 20.001% for the Bank, net of proposed dividend.

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

	Group		Bank	
	30-Sep-21 RM'000	31-Dec-20 RM'000	30-Sep-21 RM'000	31-Dec-20 RM'000
Total RWA for credit risk	55,276,716	52,985,316	54,489,519	52,213,236
Total RWA for market risk	1,659,339	1,066,648	1,659,339	1,066,648
Total RWA for operational risk	5,816,248	5,653,531	5,819,189	5,658,697
	62,752,303	59,705,495	61,968,047	58,938,581

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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.

As at 30 September 2021	Principal amount RM'000	Group Credit equivalent amount RM'000	Risk weighted amount RM'000
Direct credit substitutes	2,850,983	2,715,973	1,708,956
Transaction-related contingent items	5,851,148	2,898,729	1,886,117
Short-term self-liquidating trade-related contingencies	653,539	133,419	83,687
Lending of banks' securities or the posting of securities as collateral by banks	1,164,740	29,162	305
Foreign exchange related contracts			
- not more than one year	49,045,742	906,086	224,849
- more than one year to less than five years	317,967	25,974	10,068
Interest rate related contracts			
- not more than one year	16,468,745	140,046	81,678
- more than one year to less than five years	31,161,261	1,197,936	445,602
- five years and above	1,782,077	226,445	164,314
Equity related contracts			
- not more than one year	38,337	-	-
- more than one year to less than five years	-	-	-
Commodity related contracts			
- not more than one year	375,248	77,457	42,474
- more than one year to less than five years	6,330	-	-
Undrawn credit facility			
- not more than one year	19,130,414	941,591	158,693
- more than one year	6,488,994	4,437,751	2,715,286
- unconditionally cancellable	15,771,885	5,827,021	724,608
Other commitments	1,084,801	206,177	170,972
Total	152,192,211	19,763,767	8,417,609

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

As at 31 December 2020	Principal amount RM'000	Group Credit equivalent amount RM'000	Risk weighted amount RM'000
Direct credit substitutes	2,627,192	2,549,849	1,727,545
Transaction-related contingent items	5,866,993	2,910,012	1,801,497
Short-term self-liquidating trade-related contingencies	436,465	99,150	61,223
Lending of banks' securities or the posting of securities as collateral by banks	-	-	-
Foreign exchange related contracts			
- not more than one year	35,267,102	670,627	182,943
- more than one year to less than five years	196,407	17,149	11,954
Interest rate related contracts			
- not more than one year	6,219,513	94,004	44,549
- more than one year to less than five years	25,759,642	1,196,853	516,581
- five years and above	1,807,224	242,603	126,779
Equity related contracts			
- not more than one year	118,736	-	-
- more than one year to less than five years	-	-	-
Commodity related contracts			
- not more than one year	518,729	78,012	56,693
- more than one year to less than five years	19,308	653	65
Undrawn credit facility			
- not more than one year	19,886,620	986,423	179,466
- more than one year	6,483,994	4,456,619	2,852,274
- unconditionally cancellable	15,729,993	5,944,293	768,911
Other commitments	549,237	312,958	312,957
Total	121,487,155	19,559,205	8,643,437

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

As at 30 September 2021	Principal amount RM'000	Bank Credit equivalent amount RM'000	Risk weighted amount RM'000
Direct credit substitutes	2,850,983	2,715,973	1,708,956
Transaction-related contingent items	5,851,148	2,898,729	1,886,117
Short-term self-liquidating trade-related contingencies	653,539	133,419	83,687
Lending of banks' securities or the posting of securities as collateral by banks	1,164,740	29,162	305
Foreign exchange related contracts			
- not more than one year	49,045,742	906,086	224,849
- more than one year to less than five years	317,967	25,974	10,068
Interest rate related contracts			
- not more than one year	16,468,745	140,046	81,678
- more than one year to less than five years	31,161,261	1,197,936	445,602
- five years and above	1,782,077	226,445	164,314
Equity related contracts			
- not more than one year	38,337	-	-
- more than one year to less than five years	-	-	-
Commodity related contracts			
- not more than one year	375,248	77,457	42,474
- more than one year to less than five years	6,330	-	-
Undrawn credit facility			
- not more than one year	19,130,412	941,591	158,693
- more than one year	6,488,994	4,437,751	2,715,286
- unconditionally cancellable	15,771,885	5,827,021	724,608
Other commitments	957,328	78,702	43,497
Total	152,064,736	19,636,292	8,290,134

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

As at 31 December 2020	Principal amount RM'000	Bank Credit equivalent amount RM'000	Risk weighted amount RM'000
Direct credit substitutes	2,627,192	2,549,849	1,727,545
Transaction-related contingent items	5,866,993	2,910,012	1,801,497
Short-term self-liquidating trade-related contingencies	436,465	99,150	61,223
Lending of banks' securities or the posting of securities as collateral by banks	-	-	-
Foreign exchange related contracts			
- not more than one year	35,267,102	670,627	182,943
- more than one year to less than five years	196,407	17,149	11,954
Interest rate related contracts			
- not more than one year	6,219,513	94,004	44,549
- more than one year to less than five years	25,759,642	1,196,853	516,581
- five years and above	1,807,224	242,603	126,779
Equity related contracts			
- not more than one year	118,736	-	-
- more than one year to less than five years	-	-	-
Commodity related contracts			
- not more than one year	518,729	78,012	56,693
- more than one year to less than five years	19,308	653	65
Undrawn credit facility			
- not more than one year	19,886,620	986,423	179,466
- more than one year	6,483,994	4,456,619	2,852,274
- unconditionally cancellable	15,729,993	5,944,293	768,911
Other commitments	290,779	54,501	54,499
Total	121,228,697	19,300,748	8,384,979

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

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EXPLANATORY NOTES

34. PERFORMANCE REVIEW

For the nine months ended 30 September 2021, the Group recorded a profit before taxation of RM1,178.6 million, an increase of 15.3% or RM156.0 million compared to same period last year. The increase was due to higher operating profit and lower total allowances for expected credit losses.

Total operating income increased by 5.1% or RM122.0 million to RM2,499.3 million from higher net interest income and net income from Islamic Banking operations, offset by lower other operating income. Other operating income decreased 17.9% or RM127.1 million to RM583.4 million mainly due to higher trading and investment income in prior year and lower net foreign exchange gain, partly offset by higher fee income.

Expenses increased by 2.4% or RM22.0 million to RM943.1 million driven by higher investment in information technology cost, partly offset by lower staff expenses, promotion and marketing related expenses as well as general administrative expenses.

Total allowances for expected credit losses decreased by RM56.1 million attributable to higher pre-emptive allowances set aside for non-impaired assets in prior year, partly offset by higher expected credit loss made for impaired assets this year.

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EXPLANATORY NOTES

35. PROSPECTS FOR 2021

Despite lingering uncertainties pertaining to the COVID-19 pandemic, the global economy is expected to return to growth in 2021 albeit mixed with growth differentiated across different economies and different sectors. On a positive note, successful vaccination programs and control of the pandemic alongside significant policy support could work to revive economies and undo some of the COVID-19 damage. On the downside, potential delays in vaccine distribution or lower effectiveness of vaccines against new virus variants could lead to persistence of infections and restrictions that could weaken the economic recovery. In any case, this crisis is considered different from past recessions in many ways and higher uncertainty surrounds the outlook with some countries and segments expected to experience deeper scars due to greater exposure to the pandemic shock.

A favourable financial climate thanks to the large and extraordinary global fiscal and monetary expansion has helped to support financial stability through the pandemic crisis. A consequence of the stimulus and vaccine driven outlook is that there are increasing concerns about higher inflation brought about by the expansive fiscal stimulus and ultra-accommodative monetary policies. The positive impact of these measures could be eroded by the resultant global financial tightening amid adjustments in monetary policy in major economies. Nevertheless, given that high uncertainty surrounds the global growth outlook and divergent recoveries are expected, we expect global policy support to remain accommodative until the recovery is firmly underway. Policymakers may start to tailor their policy responses differently according to the course of the pandemic, vaccine coverage, and pace of overall recovery.

We expect Malaysia's gross domestic product (GDP) to expand in 2021 in line with expectations for positive global growth albeit near term economic recovery to be affected by the resurgence in infections and tightened containment measures. The impact is expected to ease as the vaccination roll-out progresses to allow reopening of more economic and social sectors. Higher adoption of digitalisation since last year has facilitated more consumption and business activities. The government announced further assistance under the PEMULIH package worth MYR150 billion. This brings cumulative assistance since 2020 to MYR530 billion that was announced over eight fiscal packages. In addition, the banking sector has committed to help households and businesses who require assistance. The sizeable amount of assistance alongside ongoing monetary support will help to cushion somewhat the lingering effects of the pandemic. However, given the fluid condition and pandemic uncertainties, downside risks prevail amid potential threats from new COVID-19 variants.

We expect the economy to recover once uncertainties related to COVID-19 abate. We remain optimistic that Malaysia's underlying strengths, including its strategic geographical location, significant natural resources, diversified economic structure, improved external position, favourable demographics, robust macro policies and resilient institutions will support the country's growth over the long term.

Despite the challenging conditions, we continue to stay vigilant, nimble and focused on supporting our customers through difficult times.

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36. ISLAMIC BANKING OPERATIONS

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

	Note	30-Sep-21 RM'000	31-Dec-20 RM'000
Assets			
Cash and short-term funds	a	2,091,795	1,126,268
Debt instruments at fair value through other comprehensive income ("FVOCI")	b	2,271,702	599,582
Debt Instruments at amortised cost ("AC")	c	99,567	99,721
Financing, advances and others	d	7,870,048	6,619,287
Other assets	e	8,567	2,565
Derivative financial assets	g	6,754	8,729
Statutory deposits with Bank Negara Malaysia		2,000	-
Plant and equipment		4,574	5,190
Deferred tax assets		11,067	9,975
Total assets		12,366,074	8,471,317
Liabilities and Islamic Banking funds			
Deposits from customers	h	4,844,736	4,432,076
Investment accounts due to designated financial institution	i	2,585,419	1,397,425
Deposits and placements of banks and other financial institutions	j	4,299,440	2,089,319
Bills and acceptances payable		4,181	1,277
Derivative financial liabilities	g	5,504	10,296
Other liabilities	k	100,448	79,771
Tax Payable		21,069	4,580
Total liabilities		11,860,797	8,014,744
Capital fund		450,000	450,000
Reserves		55,277	6,573
Islamic Banking funds	l	505,277	456,573
Total liabilities and Islamic Banking funds		12,366,074	8,471,317
Commitments and contingencies	t	2,601,305	1,739,540

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 2020.

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36. ISLAMIC BANKING OPERATIONS (cont'd.)**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

	Note	Third Quarter ended		Nine months ended	
		30-Sep-21 RM'000	30-Sep-20 RM'000	30-Sep-21 RM'000	30-Sep-20 RM'000
Income derived from depositors' funds	m	73,443	44,055	196,488	149,543
Income derived from investment of Islamic Banking funds	n	7,477	4,808	20,320	15,459
Income derived from investment of Investment Account funds	o	16,088	12,384	43,260	21,991
(Allowances for)/write back of expected credit losses:					
Financing, advances and others	r	(18,964)	(10,793)	(21,336)	(16,479)
Other financial assets	r	(872)	(199)	(1,540)	169
Commitment and contingencies	r	(1,348)	(3,023)	(1,595)	(2,657)
Total attributable income		75,824	47,232	235,597	168,026
Income attributable to depositors	p	(43,068)	(36,257)	(113,783)	(123,063)
Income attributable to Investment Account holder	q	(12,870)	(9,907)	(34,608)	(17,593)
Total net income		19,886	1,068	87,206	27,370
Other operating expenses	s	(7,859)	(6,578)	(22,993)	(22,901)
Profit before taxation		12,027	(5,510)	64,213	4,469
Income tax income		(2,891)	1,329	(15,425)	(1,077)
Profit after taxation		9,136	(4,181)	48,788	3,392

Other comprehensive income:

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

Net fair value change in debt instruments at fair value through other comprehensive income		(537)	(1,001)	(111)	(1,284)
Income tax effect		128	240	27	308
Total other comprehensive income for the period, net of tax		(409)	(761)	(84)	(976)
Total comprehensive income for the period		8,727	(4,942)	48,704	2,416

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

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME (cont'd.)
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

Net income from Banking operations as reported in the income statements of the Group and Bank is derived as follows:

	Third Quarter ended		Nine months ended	
	30-Sep-21 RM'000	30-Sep-20 RM'000	30-Sep-21 RM'000	30-Sep-20 RM'000
Income derived from depositors' funds	73,443	44,055	196,488	149,543
Income derived from investment of Islamic Banking funds	7,477	4,808	20,320	15,459
Income derived from investment of Investment Account funds	16,088	12,384	43,260	21,991
Income attributable to depositors	(43,068)	(36,257)	(113,783)	(123,063)
Income attributable to Investment Account holder	(12,870)	(9,907)	(34,608)	(17,593)
Net income from Islamic Banking operations reported in the income statements of the Group and Bank	41,070	15,083	111,677	46,337

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 2020.

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36. ISLAMIC BANKING OPERATIONS (cont'd.)

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN ISLAMIC BANKING FUNDS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

	Capital fund RM'000	Fair value through other comprehensive RM'000	Accumulated profit RM'000	Total RM'000
2021				
At 1 January 2021	450,000	262	6,311	456,573
Profit for the period	-	-	48,788	48,788
Other comprehensive income	-	(84)	-	(84)
Total comprehensive income	-	(84)	48,788	48,704
At 30 September 2021	450,000	178	55,099	505,277

	Capital fund RM'000	Fair value through other comprehensive RM'000	Accumulated profit/ (losses) RM'000	Total RM'000
2020				
At 1 January 2020	450,000	1,170	6,602	457,772
Profit for the period	-	-	3,392	3,392
Other comprehensive income	-	(976)	-	(976)
Total comprehensive income	-	(976)	3,392	2,416
At 30 September 2020	450,000	194	9,994	460,188

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 2020.

Company No. 199301017069 (271809K)

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36. ISLAMIC BANKING OPERATIONS (cont'd.)

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

	30-Sep-21	30-Sep-20
	RM'000	RM'000
Profit before taxation	64,213	4,469
Adjustments for non-operating and non-cash items	25,443	17,040
Operating profit before working capital changes	89,656	21,509
Changes in working capital:		
Net changes in operating assets	(1,278,124)	(2,031,341)
Net changes in operating liabilities	3,827,969	1,284,335
Net cash generated from/(used in) operating activities	2,639,501	(725,497)
Net cash (used in)/generated from investing activities	(1,673,974)	1,006,093
Net increase in cash and cash equivalents	965,527	280,596
Cash and cash equivalents at beginning of the period	1,126,268	48,626
Cash and cash equivalents at end of the period	2,091,795	329,222
Analysis of cash and cash equivalents		
Cash and short term funds	2,091,795	329,222

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 2020.

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

a. Cash and short-term funds

	30-Sep-21	31-Dec-20
	RM'000	RM'000
Cash and balances with banks and other financial institutions	637,441	390,539
Money at call and deposit placements maturing within one month	1,456,600	737,000
Less: Allowances for ECL	(2,246)	(1,271)
	<u>2,091,795</u>	<u>1,126,268</u>

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

	30-Sep-21	31-Dec-20
	RM'000	RM'000
Money market instruments		
Government Islamic investment	<u>2,271,702</u>	<u>599,582</u>

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

	30-Sep-21	31-Dec-20
Private debt securities of companies incorporated In Malaysia		
Unquoted corporate bonds	100,000	100,000
Less: Allowances for ECL	(433)	(279)
	<u>99,567</u>	<u>99,721</u>

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

d. Financing, advances and others

(i) Financing by type of Shariah contract:

30 September 2021

	Sale based contracts			Total RM'000
	<i>Tawarruq</i> RM'000	<i>Murabahah</i> RM'000	<i>Bai Al-Dayn</i> RM'000	
Term financing and revolving credits				
- Housing financing	2,849,938	-	-	2,849,938
- Others term financing	4,973,667	-	-	4,973,667
Trust receipt	-	11,353	-	11,353
Claim on customers under acceptance credit	-	112,926	169	113,095
Gross financing, advances and others	7,823,605	124,279	169	7,948,053
Allowances for ECL on financing, advances and others				
Stage 1 - 12 month ECL				(26,126)
Stage 2 - Lifetime ECL non impaired				(29,310)
Stage 3 - Lifetime ECL credit impaired				(22,569)
Net financing, advances and others				7,870,048

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36. ISLAMIC BANKING OPERATIONS (cont'd.)

EXPLANATORY NOTES

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

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

31 December 2020

	Sale based contracts			Total RM'000
	<i>Tawarruq</i> RM'000	<i>Murabahah</i> RM'000	<i>Bai Al-Dayn</i> RM'000	
Term financing and revolving credits				
- Housing financing	2,546,577	-	-	2,546,577
- Others term financing	4,051,967	-	-	4,051,967
Trust receipt		15,541		15,541
Claim on customers under acceptance credit	-	80,351	1,242	81,593
Gross financing, advances and others	<u>6,598,544</u>	<u>95,892</u>	<u>1,242</u>	<u>6,695,678</u>
Allowances for ECL on financing, advances and others				
Stage 1 - 12 month ECL				(20,975)
Stage 2 - Lifetime ECL non impaired				(34,732)
Stage 3 - Lifetime ECL credit impaired				<u>(20,684)</u>
Net financing, advances and others				<u>6,619,287</u>

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

As at 30 September 2021, the gross exposure and expected credit loss relating to RSIA financing amounted to RM2,215,628,677 (31 December 2020: RM1,371,993,842) and RM7,055,589 (31 December 2020: RM18,574,864) respectively.

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

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

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

	30-Sep-21	31-Dec-20
	RM'000	RM'000
Maturing within one year	740,282	764,442
One year to three years	64,632	60,529
Three years to five years	1,432,086	1,259,523
Over five years	5,711,053	4,611,184
	<u>7,948,053</u>	<u>6,695,678</u>

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

	30-Sep-21	31-Dec-20
	RM'000	RM'000
Domestic non-banking financial institutions		
- Others	1,681,834	1,014,590
Domestic business enterprises		
- Small medium enterprises	1,843,531	1,717,267
- Others	1,337,039	1,188,433
Individuals	2,941,800	2,640,821
Foreign entities	143,849	134,567
	<u>7,948,053</u>	<u>6,695,678</u>

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

	30-Sep-21	31-Dec-20
	RM'000	RM'000
Fixed rate		
- Other fixed rate financing	1,380,067	1,355,749
Variable rates		
- Base rate/base financing rate-plus	4,191,779	3,788,362
- Cost-plus	2,376,207	1,551,567
	<u>7,948,053</u>	<u>6,695,678</u>

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36. ISLAMIC BANKING OPERATIONS (cont'd.)

EXPLANATORY NOTES

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

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

	30-Sep-21	31-Dec-20
	RM'000	RM'000
Agriculture	408,444	509,375
Mining and quarrying	90,505	96,819
Manufacturing	530,155	464,879
Electricity, gas and water	240,278	56,921
Construction	433,791	442,653
Wholesale, retail trade, restaurants and hotels	883,551	719,588
Transport, storage and communication	125,066	120,339
Finance, insurance and business services	1,853,157	1,180,935
Real estate	268,835	302,114
Community, social and personal services	28,626	26,666
Households		
- purchase of residential properties	2,857,166	2,553,839
- purchase of non residential properties	166,401	160,022
- others	62,078	61,528
	<u>7,948,053</u>	<u>6,695,678</u>

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

	30-Sep-21	31-Dec-20
	RM'000	RM'000
As at 1 January	75,903	38,486
Classified as impaired during the period	53,009	42,179
Amount recovered	(7,955)	(2,072)
Reclassified as non credit impaired	(2,881)	(1,082)
Amount written off	(5,157)	(1,608)
As at 30 September / 31 December	<u>112,919</u>	<u>75,903</u>
Allowance for ECL on credit impaired	(22,569)	(20,684)
Net impaired financing, advances and others	<u>90,350</u>	<u>55,219</u>

Ratio of net impaired financing, advances and others
to gross financing, advances and others
less allowances for ECL on credit impaired

1.1%

0.8%

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

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

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

	30-Sep-21	31-Dec-20
	RM'000	RM'000
Manufacturing	18,482	15,485
Construction	3,335	4,386
Wholesale, retail trade, restaurants and hotels	10,024	10,006
Households		
- purchase of residential properties	79,592	45,488
- purchase of non-residential properties	1,343	538
- others	143	-
	<u>112,919</u>	<u>75,903</u>

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

	30-Sep-21	31-Dec-20
	RM'000	RM'000
In Malaysia	<u>112,919</u>	<u>75,903</u>

e. Other assets

	30-Sep-21	31-Dec-20
	RM'000	RM'000
Other receivables, deposits and prepayments	3,895	1,187
Profit receivables	4,678	1,383
Less: Allowances for ECL	(6)	(5)
	<u>8,567</u>	<u>2,565</u>

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

f. Movements in loss allowances for expected credit losses

(a) Other financial assets:

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

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	12 months ECL RM'000	Lifetime ECL non impaired RM'000	Lifetime ECL credit-impaired RM'000	Total ECL RM'000
As at 1 January 2021	1,614	3	-	1,617
<u>Movements with P&L impact:</u>				
New/additional during the period	1,409	134	-	1,543
Maturity/settlement/reduction during the period	(3)	-	-	(3)
As at 30 September 2021	<u>3,020</u>	<u>137</u>	<u>-</u>	<u>3,157</u>
As at 1 January 2020	1,434	1	-	1,435
<u>Movements with P&L impact:</u>				
New/additional during the year	897	2	-	899
Maturity/settlement/reduction during the year	(717)	-	-	(717)
As at 31 December 2020	<u>1,614</u>	<u>3</u>	<u>-</u>	<u>1,617</u>

The current year expected credit loss (ECL) movement is based on net basis meanwhile the previous year ECL movement was based on gross basis.

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

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

(b) Contingent liabilities and commitments

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	12-month ECL RM'000	Lifetime ECL non impaired RM'000	Lifetime ECL credit-impaired RM'000	Total ECL RM'000
As at 1 January 2021	5,148	2,865	-	8,013
<u>Movements with P&L impact:</u>				
Transferred to Stage 1	373	(2,317)	-	(1,944)
Transferred to Stage 2	(84)	549	-	465
New/additional during the period	5,522	46	-	5,568
Maturity/settlement/reduction during the period	(350)	(337)	-	(687)
As at 30 September 2021	<u>10,609</u>	<u>806</u>	<u>-</u>	<u>11,415</u>
As at 1 January 2020	3,133	2,568	-	5,701
<u>Movements with P&L impact:</u>				
Transferred to Stage 1	370	(419)	-	(49)
Transferred to Stage 2	(541)	1,760	-	1,219
New/additional during the year	9,146	584	-	9,730
Maturity/settlement/reduction during the year	(6,960)	(1,623)	-	(8,583)
Foreign translation gain	-	(5)	-	(5)
As at 31 December 2020	<u>5,148</u>	<u>2,865</u>	<u>-</u>	<u>8,013</u>

The current year expected credit loss (ECL) movement is based on net basis meanwhile the previous year ECL movement was based on gross basis.

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36. ISLAMIC BANKING OPERATIONS (cont'd.)
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f. Movements in loss allowances for expected credit losses (cont'd)

(c) Financing, advances and others

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	12-month ECL RM'000	Lifetime ECL non impaired RM'000	Lifetime ECL credit-impaired RM'000	Total ECL RM'000
As at 1 January 2021	20,975	34,732	20,684	76,391
<u>Movements with P&L impact:</u>				
Transferred to Stage 1	2,077	(20,457)	-	(18,380)
Transferred to Stage 2	(739)	11,642	(228)	10,675
Transferred to Stage 3	(39)	(894)	7,494	6,561
New/additional during the period	11,008	2,128	4,713	17,849
Maturity/settlement/reduction during the period	(7,156)	2,159	(3,793)	(8,790)
	5,151	(5,422)	8,186	7,915
<u>Movements without profit or loss impact:</u>				
Amounts written off	-	-	(5,653)	(5,653)
Other movements	-	-	(648)	(648)
As at 30 September 2021	<u>26,126</u>	<u>29,310</u>	<u>22,569</u>	<u>78,005</u>
As at 1 January 2020	10,763	27,330	7,115	45,208
<u>Movements with P&L impact:</u>				
Transferred to Stage 1	1,217	(7,722)	-	(6,505)
Transferred to Stage 2	(2,884)	17,670	(105)	14,681
Transferred to Stage 3	(282)	(1,605)	3,263	1,376
New/additional during the year	75,965	7,591	16,337	99,893
Maturity/settlement/reduction during the year	(63,804)	(8,532)	(2,917)	(75,253)
	10,212	7,402	16,578	34,192
Amounts written off	-	-	(1,956)	(1,956)
Other movements	-	-	(1,053)	(1,053)
As at 31 December 2020	<u>20,975</u>	<u>34,732</u>	<u>20,684</u>	<u>76,391</u>

The current year expected credit loss (ECL) movement is based on net basis meanwhile the previous year ECL movement was based on gross basis.

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

g. Financial Derivatives

Financial derivatives are instruments whose values change in response to the change in one or more "underlying", such as foreign exchange rate, security price and credit index. They include forwards, swaps, futures, options and credit derivatives. In the normal course of business, the Bank customise derivatives to meet specific needs of their customers. The Bank also transact in these derivatives for proprietary trading purposes as well as to manage its assets/liabilities and structural positions. While the Bank also enter into other foreign exchange forward contracts with the intention to reduce the foreign exchange risk of expected sales and purchases for customers, these other contracts are not designated as hedge relationships and are measured at fair value through profit or loss.

The fair value of the derivatives are as follows:

	Contract or underlying principal amount RM'000	Positive fair value RM'000	Negative fair value RM'000
As at 30 September 2021			
Foreign exchange contracts			
- forwards	527,336	4,623	4,108
- interest rate swaps	330,860	2,131	1,396
		<u>6,754</u>	<u>5,504</u>

	Contract or underlying principal amount RM'000	Positive fair value RM'000	Negative fair value RM'000
As at 31 December 2020			
Foreign exchange contracts			
- forwards	435,412	8,729	10,296

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

h. Deposits from customers

(i) By type of deposits:

	30-Sep-21	31-Dec-20
	RM'000	RM'000
<u>Non-Mudharabah fund</u>		
Demand deposits		
- Qard	597,233	378,200
Savings deposits		
- Qard	55,714	37,970
Fixed deposits		
- Tawarruq	3,127,586	3,930,154
Other deposits		
- Tawarruq	1,064,203	85,752
	<u>4,844,736</u>	<u>4,432,076</u>

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

	30-Sep-21	31-Dec-20
	RM'000	RM'000
Due within six months	1,799,734	1,708,761
Six months to one year	1,155,377	1,958,959
One year to three years	172,409	252,408
Three years to five years	66	10,026
	<u>3,127,586</u>	<u>3,930,154</u>

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

	30-Sep-21	31-Dec-20
	RM'000	RM'000
Business enterprises	1,403,748	1,265,437
Individuals	2,096,005	2,704,069
Others	1,344,983	462,570
	<u>4,844,736</u>	<u>4,432,076</u>

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

i. Investment accounts due to designated financial institutions

	30-Sep-21	31-Dec-20
	RM'000	RM'000
<u>Mudharabah RSIA</u>		
Licensed bank	2,592,475	1,416,000
Amount receivable from Conventional Bank	(7,056)	(18,575)
	<u>2,585,419</u>	<u>1,397,425</u>

j. Deposits and placements of banks and other financial institutions

	30-Sep-21	31-Dec-20
	RM'000	RM'000
<u>Non-Mudharabah fund</u>		
Other financial institutions	4,299,440	2,089,319
	<u>4,299,440</u>	<u>2,089,319</u>

k. Other liabilities

	30-Sep-21	31-Dec-20
	RM'000	RM'000
Allowance for ECL for commitment and contingencies	11,415	8,013
Accrued profit payable	86,545	55,282
Accruals and provisions for operational expenses	2,488	16,476
	<u>100,448</u>	<u>79,771</u>

l. Islamic Banking funds

	30-Sep-21	31-Dec-20
	RM'000	RM'000
Capital fund	450,000	450,000
Fair value through other comprehensive income reserve	178	262
Accumulated profit	55,099	6,311
	<u>505,277</u>	<u>456,573</u>

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

m. Income derived from depositors' funds

	Third Quarter ended		Nine months ended	
	30-Sep-21 RM'000	30-Sep-20 RM'000	30-Sep-21 RM'000	30-Sep-20 RM'000
<u>Finance income and hibah</u>				
Financing, advances and others	41,075	38,146	122,291	122,373
Money at call and deposit placements with financial institutions	5,945	743	11,850	2,327
FVOCI securities	10,346	3,626	23,253	17,311
	57,366	42,515	157,394	142,011
<u>Other operating income</u>				
Trading income	409	179	2,465	817
Commision income	894	1,051	4,580	3,210
Fee income	14,740	286	31,928	3,452
Others	34	24	121	53
	73,443	44,055	196,488	149,543

n. Income derived from investment of Islamic Banking funds

	Third Quarter ended		Nine months ended	
	30-Sep-21 RM'000	30-Sep-20 RM'000	30-Sep-21 RM'000	30-Sep-20 RM'000
<u>Finance income and hibah</u>				
Financing, advances and others	4,181	4,164	12,674	12,678
Money at call and deposit placements with financial institutions	605	81	1,222	240
FVOCI securities	1,053	395	2,396	1,773
	5,839	4,640	16,292	14,691
<u>Other operating income</u>				
Trading income	41	19	256	83
Commision income	91	115	476	333
Fee income	1,501	31	3,283	346
Others	5	3	13	6
	7,477	4,808	20,320	15,459

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

o. Income derived from investment of Investment Account funds

	Third Quarter ended		Nine months ended	
	30-Sep-21 RM'000	30-Sep-20 RM'000	30-Sep-21 RM'000	30-Sep-20 RM'000
Financing, advances and others	14,418	12,063	39,442	20,751
Money at call and deposit placements with financial institutions	1,670	243	3,818	1,032
FVOCI securities	-	78	-	208
	16,088	12,384	43,260	21,991

p. Income attributable to depositors

	Third Quarter ended		Nine months ended	
	30-Sep-21 RM'000	30-Sep-20 RM'000	30-Sep-21 RM'000	30-Sep-20 RM'000
Income attributable to depositors from non-mudharabah fund	43,068	36,257	113,783	123,063

q. Income attributable to Investment Account holder

	Third Quarter ended		Nine months ended	
	30-Sep-21 RM'000	30-Sep-20 RM'000	30-Sep-21 RM'000	30-Sep-20 RM'000
Income attributable to depositor from mudharabah fund	12,870	9,907	34,608	17,593

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

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

	Third Quarter ended		Nine months ended	
	30-Sep-21 RM'000	30-Sep-20 RM'000	30-Sep-21 RM'000	30-Sep-20 RM'000
Allowances for/ (writeback of) impairment on financing, advances and others				
Stage 1 ECL	5,127	1,149	5,151	2,703
Stage 2 ECL	(6,262)	9,253	(5,422)	8,371
Stage 3 ECL	5,843	4,350	8,186	7,634
Movement in ECL for RSIA holder*	14,201	(3,959)	13,326	(2,229)
	18,909	10,793	21,241	16,479
Credit-impaired financing, advances and others				
- written off	62	-	110	-
- recovered	(7)	-	(15)	-
	18,964	10,793	21,336	16,479
Other financial assets				
Stage 1 ECL	737	197	1,406	(173)
Stage 2 ECL	135	2	134	4
	872	199	1,540	(169)
Commitment and contingencies				
Stage 1 ECL	946	2,307	5,461	2,266
Stage 2 ECL	(1,926)	716	(2,059)	391
Movement in ECL for RSIA holder*	2,328	-	(1,807)	-
	1,348	3,023	1,595	2,657
Total	21,184	14,015	24,471	18,967

*The RSIA holder is the Conventional Banking

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

s. Other operating expenses

	Third Quarter ended		Nine months ended	
	30-Sep-21 RM'000	30-Sep-20 RM'000	30-Sep-21 RM'000	30-Sep-20 RM'000
Personnel expenses	721	617	2,114	2,022
Establishment related expenses	695	527	2,090	1,799
Promotion and marketing related expenses	38	5	102	33
General administrative expenses	6,405	5,429	18,687	19,047
	7,859	6,578	22,993	22,901
Personnel expenses				
- Wages, salaries and bonus	593	505	1,708	1,671
- Defined contribution plan	95	83	274	270
- Other employee benefits	33	29	132	81
	721	617	2,114	2,022
Establishment related expenses				
- Depreciation of property, plant and equipment	216	215	647	646
- Repair and maintenance	-	2	2	2
- Information technology costs	248	227	752	632
- Others	231	83	689	519
	695	527	2,090	1,799
Promotion and marketing related expenses				
- Advertisement and publicity	38	5	102	33
General administrative expenses				
- Fees and commissions paid	99	141	264	2,702
- Management fee	6,055	5,204	18,143	16,125
- Others	251	84	280	220
	6,405	5,429	18,687	19,047

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

t. Commitments and contingencies

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

As at 30 September 2021	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Direct credit substitutes	47,485	47,485	43,015
Transaction-related contingent items	58,518	29,479	31,528
Short-term self-liquidating trade-related contingencies	5,796	1,159	1,004
Foreign exchange related contracts			
- less than one year	503,792	13,051	5,866
- more than one year to less than five years	23,544	1,437	1,006
Profit rate related contracts			
- more than one year to less than five years	330,860	8,749	5,602
Undrawn credit facility			
- less than one year	213,667	7,086	2,366
- more than one year	1,050,041	749,771	366,616
- unconditionally cancellable	367,602	-	-
Total	2,601,305	858,217	457,003

As at 31 December 2020	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Direct credit substitutes	35,164	35,164	36,981
Transaction-related contingent items	56,499	28,449	32,415
Short-term self-liquidating trade-related contingencies	4,362	872	1,436
Foreign exchange related contracts			
- less than one year	435,412	6,265	2,817
Undrawn credit facility			
- less than one year	260,048	6,594	2,651
- more than one year	720,560	518,124	160,519
- unconditionally cancellable	227,495	-	-
Total	1,739,540	595,468	236,819

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

u. Capital management and capital adequacy

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

	30-Sep-21	31-Dec-20
	RM'000	RM'000
<u>Common Equity Tier 1 ("CET1")/Tier 1 Capital</u>		
Capital fund	450,000	450,000
Accumulated profit	6,311	6,311
Other reserves	178	262
Regulatory adjustments applied in the calculation of CET1 Capital	(11,337)	(10,130)
Total CET1/Tier 1 Capital	445,152	446,443
<u>Tier 2 Capital</u>		
Financing loss provision		
- Surplus eligible provisions over expected losses	9,470	18,173
- General provisions	131	107
Total Tier 2 Capital	9,601	18,280
Total Capital	454,753	464,723

(a) The capital adequacy ratios are as follows:

	30-Sep-21	31-Dec-20
Before the effects of RSIA		
CET1/Tier 1 Capital	8.304%	11.187%
Total Capital	8.485%	11.645%
After the effects of RSIA		
CET1/Tier 1 Capital	13.075%	14.042%
Total Capital	13.357%	14.617%

In accordance with BNM's Guidelines on the Investment Account, the credit risk and market risks weighted assets funded by the RSIA which qualify as risk absorbent are excluded from the calculation of capital adequacy ratio. As at 30 September 2021, credit risks related to RSIA assets excluded from the total capital ratio calculation amounted to RM1,955,844,000 (31 December 2020: RM811,295,000).

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

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

	30-Sep-21	31-Dec-20
	RM'000	RM'000
Total RWA for credit risk	3,257,327	3,080,111
Total RWA for market risk	2,674	5,560
Total RWA for operational risk	144,647	93,714
	<u>3,404,648</u>	<u>3,179,385</u>