

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

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2023**

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

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

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

		Group		Bank	
	Note	30-Sep-23 RM'000	31-Dec-22 RM'000	30-Sep-23 RM'000	31-Dec-22 RM'000
<b>ASSETS</b>					
Cash and short-term funds	12	6,679,459	7,690,591	6,679,459	7,690,591
Securities purchased under resale agreements		255,201	333,751	255,201	333,751
Financial assets at fair value through profit or loss ("FVTPL")	13	5,972,110	8,193,160	5,972,110	8,193,160
Debt instruments at fair value through other comprehensive income ("FVOCI")	14	23,778,814	20,167,367	23,778,814	20,167,367
Equity instruments at fair value through other comprehensive income ("FVOCI")	15	218,185	153,681	218,185	153,681
Debt Instruments at amortised cost	16	9,533,171	7,937,593	9,533,171	7,937,593
Loans, advances and financing	17	104,595,776	103,108,949	104,897,491	103,195,366
Derivative financial assets	18	1,743,289	1,623,534	1,743,289	1,623,534
Other assets	19	2,207,666	1,576,798	2,213,841	1,581,892
Statutory deposits with Bank Negara Malaysia		1,716,505	1,815,933	1,716,505	1,815,933
Investment in subsidiaries		-	-	350,020	570,020
Investment in an associate		418	418	4,758	4,758
Property, plant and equipment		1,392,702	1,307,789	643,400	535,357
Right-of-use assets		81,727	93,166	519,627	134,964
Intangible assets	20	459,844	480,157	459,844	480,157
Deferred tax assets		388,878	361,850	371,741	344,713
<b>TOTAL ASSETS</b>		<b>159,023,745</b>	<b>154,844,737</b>	<b>159,357,456</b>	<b>154,762,837</b>
<b>LIABILITIES</b>					
Deposits from customers	21	114,711,896	110,884,809	114,743,375	110,900,274
Deposits and placements of banks and other financial institutions	22	17,623,128	16,338,616	17,623,128	16,338,616
Obligations on securities sold under repurchase agreements		4,437,661	5,523,321	4,437,661	5,523,321
Bills and acceptances payable		333,929	239,443	333,929	239,443
Derivative financial liabilities	18	1,645,097	2,287,130	1,645,097	2,287,130
Other liabilities	23	4,831,831	4,563,668	4,794,271	4,521,899
Lease liabilities		87,847	98,970	531,232	145,038
Tax payable		123,382	223,311	125,510	224,441
Subordinated bonds	24	1,747,304	2,346,727	1,747,304	2,346,727
Deferred tax liabilities		31,732	31,732	-	-
<b>TOTAL LIABILITIES</b>		<b>145,573,807</b>	<b>142,537,727</b>	<b>145,981,507</b>	<b>142,526,889</b>

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**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

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

		<b>Group</b>		<b>Bank</b>	
	<b>Note</b>	<b>30-Sep-23</b>	<b>31-Dec-22</b>	<b>30-Sep-23</b>	<b>31-Dec-22</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK</b>					
Share capital		<b>792,555</b>	792,555	<b>792,555</b>	792,555
Reserves		<b>12,657,383</b>	11,514,455	<b>12,583,394</b>	11,443,393
<b>TOTAL EQUITY</b>		<b>13,449,938</b>	12,307,010	<b>13,375,949</b>	12,235,948
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>159,023,745</b>	154,844,737	<b>159,357,456</b>	154,762,837
<b>COMMITMENTS AND CONTINGENCIES</b>	33	<b>253,213,976</b>	232,548,810	<b>253,213,465</b>	232,548,810

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

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

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

Group	Note	Third Quarter Ended		Nine Months Ended	
		30-Sep-23 RM'000	30-Sep-22 RM'000	30-Sep-23 RM'000	30-Sep-22 RM'000
Operating revenue	25	<b>2,036,110</b>	1,641,877	<b>6,183,796</b>	4,291,782
Interest income	26	<b>1,671,702</b>	1,215,639	<b>4,879,675</b>	3,249,728
Interest expense	27	<b>(961,730)</b>	(509,664)	<b>(2,722,522)</b>	(1,314,456)
Net interest income		<b>709,972</b>	705,975	<b>2,157,153</b>	1,935,272
Net income from Islamic					
Banking operations	36	<b>38,430</b>	40,526	<b>121,248</b>	109,104
Other operating income	28	<b>359,531</b>	297,602	<b>1,163,413</b>	701,602
Operating income		<b>1,107,933</b>	1,044,103	<b>3,441,814</b>	2,745,978
Other operating expenses	29	<b>(710,588)</b>	(378,069)	<b>(2,004,430)</b>	(1,088,341)
Operating profit before allowance for expected credit losses ("ECL")		<b>397,345</b>	666,034	<b>1,437,384</b>	1,657,637
Write-back of/(allowance for) ECL on:					
- Loans, advances and financing	30	<b>141,075</b>	(178,125)	<b>2,553</b>	(24,312)
- Other financial assets	30	<b>7,713</b>	(20,765)	<b>10,230</b>	(1,900)
- Commitments and contingencies	30	<b>(69,008)</b>	4,803	<b>(114,522)</b>	74,227
		<b>477,125</b>	471,947	<b>1,335,645</b>	1,705,652
Share of results of an associate		-	-	-	(565)
Profit before taxation		<b>477,125</b>	471,947	<b>1,335,645</b>	1,705,087
Income tax expense		<b>(83,450)</b>	(163,768)	<b>(304,238)</b>	(553,185)
Profit for the period attributable to equity holders of the Bank		<b>393,675</b>	308,179	<b>1,031,407</b>	1,151,902
Basic/diluted earnings per share (sen)		<b>83.8</b>	65.6	<b>219.4</b>	245.1

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

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

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

Bank	Note	Third Quarter Ended		Nine Months Ended	
		30-Sep-23 RM'000	30-Sep-22 RM'000	30-Sep-23 RM'000	30-Sep-22 RM'000
Operating revenue	25	<b>2,035,287</b>	1,642,648	<b>6,184,470</b>	4,293,976
Interest income	26	<b>1,672,761</b>	1,216,370	<b>4,882,592</b>	3,251,726
Interest expense	27	<b>(966,019)</b>	(510,039)	<b>(2,738,333)</b>	(1,315,494)
Net interest income		<b>706,742</b>	706,331	<b>2,144,259</b>	1,936,232
Net income from Islamic					
Banking operations	36	<b>38,430</b>	40,526	<b>121,248</b>	109,104
Other operating income	28	<b>357,650</b>	297,641	<b>1,161,170</b>	701,798
Operating income		<b>1,102,822</b>	1,044,498	<b>3,426,677</b>	2,747,134
Other operating expenses	29	<b>(705,620)</b>	(374,885)	<b>(1,991,211)</b>	(1,085,035)
Operating profit before allowance for ECL		<b>397,202</b>	669,613	<b>1,435,466</b>	1,662,099
Write-back of/(allowance for) ECL on:					
- Loans, advances and financing	30	<b>140,190</b>	(178,125)	<b>1,695</b>	(24,312)
- Other financial assets	30	<b>7,817</b>	(20,745)	<b>10,217</b>	230
- Commitments and contingencies	30	<b>(69,008)</b>	4,803	<b>(114,522)</b>	74,227
Profit before taxation		<b>476,201</b>	475,546	<b>1,332,856</b>	1,712,244
Income tax expense		<b>(83,633)</b>	(163,740)	<b>(304,376)</b>	(551,657)
Profit for the period attributable to equity holders of the Bank		<b>392,568</b>	311,806	<b>1,028,480</b>	1,160,587
Basic/diluted earnings per share (sen)		<b>83.5</b>	66.3	<b>218.8</b>	246.9

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 2022.

Company No. 199301017069 (271809K)

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

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

Group	Third Quarter Ended		Nine Months Ended	
	30-Sep-23 RM'000	30-Sep-22 RM'000	30-Sep-23 RM'000	30-Sep-22 RM'000
Profit for the period	<b>393,675</b>	308,179	<b>1,031,407</b>	1,151,902
<b><i>Other comprehensive income/(losses):</i></b>				
<u>Items that will be reclassified subsequently to income statements:</u>				
Net fair value changes in debt instruments at FVOCI	<b>(90,436)</b>	(86,208)	<b>82,234</b>	(456,624)
Income tax effect	<b>21,705</b>	20,690	<b>(19,736)</b>	109,590
	<b>(68,731)</b>	(65,518)	<b>62,498</b>	(347,034)
<u>Items that will not be reclassified subsequently to income statements:</u>				
Net fair value changes in equity instruments at FVOCI	<b>94</b>	6	<b>64,504</b>	(3,122)
Income tax effect	<b>(23)</b>	(2)	<b>(15,481)</b>	749
	<b>71</b>	4	<b>49,023</b>	(2,373)
Total other comprehensive (losses)/income for the period, net of tax	<b>(68,660)</b>	(65,514)	<b>111,521</b>	(349,407)
Gain on disposal of equity	-	-	-	250
Total comprehensive income for the period attributable to equity holders	<b>325,015</b>	242,665	<b>1,142,928</b>	802,745

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

Company No. 199301017069 (271809K)

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

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

	Third Quarter Ended		Nine Months Ended	
	30-Sep-23 RM'000	30-Sep-22 RM'000	30-Sep-23 RM'000	30-Sep-22 RM'000
<b>Bank</b>				
Profit for the period	<b>392,568</b>	311,806	<b>1,028,480</b>	1,160,587
<b><i>Other comprehensive income/(losses):</i></b>				
<u>Items that will be reclassified subsequently to income statements:</u>				
Net fair value changes in debt instruments at FVOCI	<b>(90,436)</b>	(86,208)	<b>82,234</b>	(456,624)
Income tax effect	<b>21,705</b>	20,690	<b>(19,736)</b>	109,590
	<b>(68,731)</b>	(65,518)	<b>62,498</b>	(347,034)
<u>Items that will not be reclassified subsequently to income statements:</u>				
Net fair value changes in equity instruments at FVOCI	<b>94</b>	6	<b>64,504</b>	(3,122)
Income tax effect	<b>(23)</b>	(2)	<b>(15,481)</b>	749
	<b>71</b>	4	<b>49,023</b>	(2,373)
Total other comprehensive (losses)/income for the period, net of tax	<b>(68,660)</b>	(65,513)	<b>111,521</b>	(349,406)
Gain on disposal of equity	-	-	-	250
Total comprehensive income for the period attributable to equity holders	<b>323,908</b>	246,293	<b>1,140,001</b>	811,431

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

Company No. 199301017069 (271809K)

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

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

	← Non-distributable →			Distributable	Total
	Share capital	Revaluation reserves	FVOCI reserve	Retained profits	
<b>Group 2023</b>	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2023	792,555	233,495	(166,561)	11,447,521	12,307,010
Profit for the period	-	-	-	1,031,407	1,031,407
Other comprehensive income for the period	-	-	111,521	-	111,521
Total comprehensive income for the period	-	-	111,521	1,031,407	1,142,928
Balance as at 30 September 2023	792,555	233,495	(55,040)	12,478,928	13,449,938

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

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

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

	← Non-distributable →			Distributable	Total
	Share capital	Revaluation reserves	FVOCI reserve	Retained profits	
<b>Group (cont'd.) 2022</b>	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2022	792,555	192,735	(7,099)	10,809,329	11,787,520
Profit for the period	-	-	-	1,151,902	1,151,902
Gain/(loss) on disposal on equity	-	-	(233)	250	17
Other comprehensive losses for the period	-	-	(349,174)	-	(349,174)
Total comprehensive (losses)/income for the period	-	-	(349,407)	1,152,152	802,745
Balance as at 30 September 2022	792,555	192,735	(356,506)	11,961,481	12,590,265

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**UNITED OVERSEAS BANK (MALAYSIA) BHD**

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

	Share capital	Non-distributable FVOCI reserve	Distributable Retained profits	Total
	RM'000	RM'000	RM'000	RM'000
<b>Bank 2023</b>				
Balance as at 1 January 2023	792,555	(173,464)	11,616,857	12,235,948
Profit for the period	-	-	1,028,480	1,028,480
Other comprehensive income for the period	-	111,521	-	111,521
Total comprehensive income for the period	-	111,521	1,028,480	1,140,001
Balance as at 30 September 2023	792,555	(61,943)	12,645,337	13,375,949

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**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

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

	Share capital	Non-distributable FVOCI reserve	Distributable Retained profits	Total
	RM'000	RM'000	RM'000	RM'000
<b>Bank (cont'd.) 2022</b>				
Balance as at 1 January 2022	792,555	(14,002)	10,878,366	11,656,919
Profit for the period	-	-	1,160,587	1,160,587
Gain/(loss) on disposal on equity	-	(233)	250	17
Other comprehensive losses for the period	-	(349,173)	-	(349,173)
Total comprehensive (losses)/income for the period	-	(349,406)	1,160,837	811,431
Balance as at 30 September 2022	792,555	(363,408)	12,039,203	12,468,350

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

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

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

	<b>Group</b>		<b>Bank</b>	
	<b>30-Sep-23</b>	30-Sep-22	<b>30-Sep-23</b>	30-Sep-22
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Profit before taxation	<b>1,335,645</b>	1,705,087	<b>1,332,856</b>	1,712,244
Adjustments for non-operating and non-cash items	<b>(1,230,701)</b>	(755,349)	<b>(1,218,158)</b>	(761,127)
Operating profit before working capital changes	<b>104,944</b>	949,738	<b>114,698</b>	951,117
Changes in working capital:				
Net changes in operating assets	<b>240,945</b>	(8,259,816)	<b>23,695</b>	(8,263,055)
Net changes in operating liabilities	<b>4,175,198</b>	10,683,690	<b>4,195,421</b>	10,692,822
Tax expense paid	<b>(473,042)</b>	(354,779)	<b>(472,182)</b>	(351,774)
Net cash generated from operating activities	<b>4,048,045</b>	3,018,833	<b>3,861,632</b>	3,029,110
Net cash used in investing activities	<b>(4,437,423)</b>	(6,197,691)	<b>(4,216,242)</b>	(6,202,565)
Net cash used in financing activities	<b>(616,952)</b>	(17,380)	<b>(651,720)</b>	(22,783)
Net decrease in cash and cash equivalents	<b>(1,006,330)</b>	(3,196,238)	<b>(1,006,330)</b>	(3,196,238)
Cash and cash equivalents at beginning of the period	<b>7,696,923</b>	10,094,057	<b>7,696,923</b>	10,094,057
Cash and cash equivalents at end of the period	<b>6,690,593</b>	6,897,819	<b>6,690,593</b>	6,897,819
<b>Analysis of cash and cash equivalents</b>				
Cash and short-term funds	<b>6,690,593</b>	6,597,819	<b>6,690,593</b>	6,597,819
Deposits and placements with financial institutions	<b>-</b>	300,000	<b>-</b>	300,000
	<b>6,690,593</b>	6,897,819	<b>6,690,593</b>	6,897,819
Less: Allowance for ECL	<b>(11,134)</b>	(5,608)	<b>(11,134)</b>	(5,608)
	<b>6,679,459</b>	<b>6,892,211</b>	<b>6,679,459</b>	<b>6,892,211</b>

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

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

(Incorporated in Malaysia)

**EXPLANATORY NOTES**

**1. BASIS OF PREPARATION**

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

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group and of the Bank for the financial year ended 31 December 2022. The explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial positions and performance of the Group and of the Bank since the financial year ended 31 December 2022.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2022, except for the adoption of the following MFRS, Amendments to MFRSs, Annual Improvements to MFRSs and IC Interpretation, which are only applicable for financial periods beginning on or after 1 January 2023:

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

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

MFRS 17 Insurance Contracts

Amendments to MFRS 17 Insurance Contracts

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

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

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

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

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

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

**Effective for financial periods beginning on or after 1 January 2024**

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

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

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

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

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

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

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**EXPLANATORY NOTES**

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

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2022 was not subject to any qualification.

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

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

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

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

**5. CHANGES IN ESTIMATES**

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

**6. DEBT AND EQUITY SECURITIES**

There were no issuances of shares, share buy-backs and repayment of debt and equity securities by the Group and the Bank during the financial period ended 30 September 2023 except the Bank had redeemed the RM600 million subordinated bonds on July 25, 2023.

**7. VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment are stated at cost/valuation less accumulated depreciation and accumulated impairment losses. There was no change in the valuation of property, plant and equipment that was brought forward from the previous audited financial statements for the financial year ended 31 December 2022.

**8. INVESTMENT IN SUBSIDIARIES**

In September 2023, the Board of UOB Properties (KL) Bhd ("UOBPKL") approved the partial redemption of Redeemable Preference Shares ("RPS") amounting to RM220 million subscribed by the Bank.

**9. DIVIDENDS**

There was no proposed dividend for the financial period ended 30 September 2023.

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

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

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

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

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

	<b>Group and Bank</b>	
	<b>30-Sep-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and balances with banks and other financial institutions	4,632,466	3,253,289
Money at call and deposit placements maturing within one month	<u>2,058,127</u>	<u>4,443,634</u>
	<b>6,690,593</b>	<b>7,696,923</b>
Less: Allowance for ECL	<u>(11,134)</u>	<u>(6,332)</u>
	<b><u>6,679,459</u></b>	<b><u>7,690,591</u></b>

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

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	
	<b>12-month</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	
	<b>ECL</b>	<b>non credit-</b>	<b>credit-</b>	<b>Total ECL</b>
<b>Group and Bank</b>	<b>RM'000</b>	<b>impaired</b>	<b>impaired</b>	<b>RM'000</b>
<b>2023</b>		<b>RM'000</b>	<b>RM'000</b>	
At 1 January	6,332	-	-	6,332
Allowance made	6,331	-	-	6,331
Maturity/settlement/repayment	(1,674)	-	-	(1,674)
Exchange differences	145	-	-	145
Net total	<u>4,802</u>	-	-	<u>4,802</u>
At 30 September	<b><u>11,134</u></b>	<b>-</b>	<b>-</b>	<b><u>11,134</u></b>
 2022				
At 1 January	30,833	-	-	30,833
Allowance made	7,328	-	-	7,328
Maturity/settlement/repayment	(31,829)	-	-	(31,829)
Net total	<u>(24,501)</u>	-	-	<u>(24,501)</u>
At 31 December	<b><u>6,332</u></b>	<b>-</b>	<b>-</b>	<b><u>6,332</u></b>

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

	<b>Group and Bank</b>	
	<b>30-Sep-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Money market instruments</b>		
Malaysian Government treasury bills	392,469	896,067
Negotiable instruments of deposits	<b>3,309,651</b>	4,799,896
	<b>3,702,120</b>	<b>5,695,963</b>
<b>Unquoted securities in Malaysia</b>		
Cagamas bonds	1,274,461	571,926
Private debt securities	<b>995,529</b>	1,925,271
	<b>2,269,990</b>	<b>2,497,197</b>
<b>Total financial assets at FVTPL</b>	<b>5,972,110</b>	<b>8,193,160</b>

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

	<b>Group and Bank</b>	
	<b>30-Sep-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Money market instruments</b>		
Malaysian Government securities	19,198,697	14,568,367
Negotiable instruments of deposits	<b>3,346,536</b>	2,199,855
	<b>22,545,233</b>	<b>16,768,222</b>
<b>Unquoted securities in Malaysia</b>		
Cagamas bonds	381,848	1,241,815
Private debt securities	<b>851,733</b>	2,157,330
	<b>1,233,581</b>	<b>3,399,145</b>
<b>Total debt instruments at FVOCI</b>	<b>23,778,814</b>	<b>20,167,367</b>

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

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

Group and Bank 2023	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12-month ECL RM'000	Lifetime ECL non credit- impaired RM'000	Lifetime ECL credit- impaired RM'000	
At 1 January	4,009	-	39,960	43,969
Allowance made	27,879	-	-	27,879
Maturity/settlement/repayment	(26,241)	-	-	(26,241)
Net total	1,638	-	-	1,638
At 30 September	5,647	-	39,960	45,607
2022				
At 1 January	12,213	-	39,960	52,173
Allowance made	2,614	-	-	2,614
Maturity/settlement/repayment	(10,818)	-	-	(10,818)
Net total	(8,204)	-	-	(8,204)
At 31 December	4,009	-	39,960	43,969

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

	Group and Bank	
	30-Sep-23 RM'000	31-Dec-22 RM'000
<b>Quoted securities</b>		
Shares of corporations in Malaysia	932	924
<b>Unquoted securities</b>		
Shares of corporations in Malaysia	217,253	152,757
	<b>218,185</b>	<b>153,681</b>

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**16. DEBT INSTRUMENTS AT AMORTISED COST**

	<b>Group and Bank</b>	
	<b>30-Sep-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Money market instruments</b>		
Malaysian Government securities	<b>7,919,052</b>	6,654,658
Less: Allowance for ECL	<b>(1,204)</b>	(1,010)
	<b><u>7,917,848</u></b>	<u>6,653,648</u>
<b>Private debt securities of companies incorporated in Malaysia</b>		
Unquoted corporate bonds and sukuk	<b>1,624,528</b>	1,307,850
Less: Allowance for ECL	<b>(9,205)</b>	(23,905)
	<b><u>1,615,323</u></b>	<u>1,283,945</u>
<b>Total debt instruments at amortised cost</b>	<b><u>9,533,171</u></b>	<u>7,937,593</u>

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

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	
	<b>12-month</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	<b>Total ECL</b>
	<b>ECL</b>	<b>non credit-</b>	<b>credit-</b>	
	<b>RM'000</b>	<b>impaired</b>	<b>impaired</b>	<b>RM'000</b>
<b>Group and Bank</b>				
<b>2023</b>				
At 1 January	24,915	-	-	24,915
Allowance made	9,059	-	-	9,059
Maturity/settlement/repayment	(23,565)	-	-	(23,565)
Net total	(14,506)	-	-	(14,506)
At 30 September	<b><u>10,409</u></b>	<u>-</u>	<u>-</u>	<b><u>10,409</u></b>
<b>2022</b>				
At 1 January	1,775	-	-	1,775
Allowance made	23,140	-	-	23,140
At 31 December	<b><u>24,915</u></b>	<u>-</u>	<u>-</u>	<b><u>24,915</u></b>

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**17. LOANS, ADVANCES AND FINANCING**

	Group		Bank	
	30-Sep-23 RM'000	31-Dec-22 RM'000	30-Sep-23 RM'000	31-Dec-22 RM'000
<b>At amortised cost</b>				
Overdrafts	2,930,255	3,002,621	2,930,255	3,002,621
Term loans/financing and revolving credits:				
- Housing loans/financing	40,590,848	40,783,736	40,590,848	40,783,736
- Syndicated term loans/financing	2,584,494	2,648,989	2,584,494	2,648,989
- Other term loans/financing	39,744,078	39,659,638	40,048,306	39,747,710
Credit card receivables	8,515,864	8,593,223	8,515,864	8,593,223
Bills receivables	439,905	182,025	439,905	182,025
Trust receipts	6,003,565	4,844,389	6,003,565	4,844,389
Claims on customers under acceptance credits	6,172,056	6,014,871	6,172,056	6,014,871
Staff loans	65,734	96,911	65,734	96,911
	<b>107,046,799</b>	<b>105,826,403</b>	<b>107,351,027</b>	<b>105,914,475</b>
Unearned interest/income	(146,225)	(148,700)	(146,225)	(148,700)
<b>Gross loans, advances and financing</b>	<b>106,900,574</b>	<b>105,677,703</b>	<b>107,204,802</b>	<b>105,765,775</b>
Allowance for ECL on loans, advances and financing:				
- Stage 1 - 12 month ECL	(368,453)	(551,907)	(370,966)	(553,562)
- Stage 2 - Lifetime ECL non credit-impaired	(1,193,747)	(1,173,643)	(1,193,747)	(1,173,643)
- Stage 3 - Lifetime ECL credit-impaired	(742,598)	(843,204)	(742,598)	(843,204)
<b>Net loans, advances and financing</b>	<b>104,595,776</b>	<b>103,108,949</b>	<b>104,897,491</b>	<b>103,195,366</b>

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

	Group		Bank	
	30-Sep-23 RM'000	31-Dec-22 RM'000	30-Sep-23 RM'000	31-Dec-22 RM'000
Maturing within one year	32,422,281	30,509,145	32,726,509	30,597,217
One year to three years	7,816,307	6,749,366	7,816,307	6,749,366
Three years to five years	7,297,208	8,853,501	7,297,208	8,853,501
Over five years	59,364,778	59,565,691	59,364,778	59,565,691
	<b>106,900,574</b>	<b>105,677,703</b>	<b>107,204,802</b>	<b>105,765,775</b>

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

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

	Group		Bank	
	30-Sep-23 RM'000	31-Dec-22 RM'000	30-Sep-23 RM'000	31-Dec-22 RM'000
Domestic non-banking financial institutions:				
- Stockbroking companies	10,864	896	10,864	896
- Others	3,130,656	2,766,076	3,130,656	2,766,076
Domestic business enterprises:				
- Small and medium enterprises	22,519,804	21,931,110	22,519,804	21,931,110
- Others	19,877,699	18,928,145	20,181,927	19,016,217
Individuals	55,600,773	56,111,922	55,600,773	56,111,922
Foreign entities	5,760,778	5,939,554	5,760,778	5,939,554
	<b>106,900,574</b>	<b>105,677,703</b>	<b>107,204,802</b>	<b>105,765,775</b>

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

	Group		Bank	
	30-Sep-23 RM'000	31-Dec-22 RM'000	30-Sep-23 RM'000	31-Dec-22 RM'000
Fixed rate:				
- Housing loans/financing	101,163	40,681	101,163	40,681
- Other fixed rate loans/ financing	16,799,578	15,450,411	16,799,578	15,450,411
Variable rate:				
- Base rate/base lending/ financing rate-plus	61,318,768	62,893,388	61,318,768	62,893,388
- Cost-plus	28,180,980	26,738,319	28,485,208	26,826,391
- Other variable rates	500,085	554,904	500,085	554,904
	<b>106,900,574</b>	<b>105,677,703</b>	<b>107,204,802</b>	<b>105,765,775</b>

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

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

	Group		Bank	
	30-Sep-23 RM'000	31-Dec-22 RM'000	30-Sep-23 RM'000	31-Dec-22 RM'000
Agriculture, hunting, forestry and fishing	1,358,800	1,681,068	1,358,800	1,681,068
Mining and quarrying	402,484	178,004	402,484	178,004
Manufacturing	9,749,398	8,997,143	9,749,398	8,997,143
Electricity, gas and water	1,187,422	730,129	1,187,422	730,129
Construction	7,537,269	7,080,238	7,537,269	7,080,238
Wholesale, retail trade, restaurants and hotels	14,444,067	14,626,320	14,444,067	14,626,320
Transport, storage and communication	2,233,966	2,041,282	2,233,966	2,041,282
Finance, insurance and business services	5,124,387	4,513,864	5,124,387	4,513,864
Real estate	4,070,497	4,336,726	4,374,725	4,424,798
Community, social and personal services	209,573	214,071	209,573	214,071
Households:				
- Purchase of residential properties	41,185,209	41,719,876	41,185,209	41,719,876
- Purchase of non-residential properties	7,700,760	7,968,499	7,700,760	7,968,499
- Others	11,696,742	11,590,483	11,696,742	11,590,483
	<b>106,900,574</b>	<b>105,677,703</b>	<b>107,204,802</b>	<b>105,765,775</b>

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

	Group		Bank	
	30-Sep-23 RM'000	31-Dec-22 RM'000	30-Sep-23 RM'000	31-Dec-22 RM'000
In Malaysia	101,139,796	99,738,149	101,444,024	99,826,221
Outside Malaysia	5,760,778	5,939,554	5,760,778	5,939,554
	<b>106,900,574</b>	<b>105,677,703</b>	<b>107,204,802</b>	<b>105,765,775</b>

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

**(vi) Movements in credit-impaired loans, advances and financing:**

	<b>Group and Bank</b>	
	<b>30-Sep-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	<b>2,833,180</b>	2,394,946
Transfer from business acquisition	-	209,289
Classified as credit-impaired during the financial period/year	<b>1,100,590</b>	1,120,492
Amount recovered	<b>(404,171)</b>	(348,581)
Reclassified as non credit-impaired	<b>(307,290)</b>	(265,614)
Amount written-off	<b>(447,990)</b>	(277,352)
At 30 September/31 December	<b>2,774,319</b>	2,833,180
Less: Stage 3 - Lifetime ECL credit-impaired	<b>(742,598)</b>	(843,204)
Net credit-impaired loans, advances and financing	<b>2,031,721</b>	1,989,976
Ratio of net credit-impaired loans, advances and financing to gross loans, advances and financing less allowance for ECL on credit-impaired provisions	<b>1.9%</b>	<b>1.9%</b>

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

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total ECL</b>
	<b>12-month ECL</b>	<b>Lifetime ECL non credit-impaired</b>	<b>Lifetime ECL credit-impaired</b>	
<b>Group 2023</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January	<b>551,907</b>	<b>1,173,643</b>	<b>843,204</b>	<b>2,568,754</b>
Transferred to Stage 1	<b>14,159</b>	<b>(61,043)</b>	<b>(30,536)</b>	<b>(77,420)</b>
Transferred to Stage 2	<b>(16,427)</b>	<b>149,554</b>	<b>(43,630)</b>	<b>89,497</b>
Transferred to Stage 3	<b>(878)</b>	<b>(19,534)</b>	<b>348,226</b>	<b>327,814</b>
Allowance made	<b>154,009</b>	<b>114,354</b>	<b>99,698</b>	<b>368,061</b>
Maturity/settlement/repayment	<b>(333,045)</b>	<b>(163,368)</b>	<b>(99,828)</b>	<b>(596,241)</b>
Exchange differences	<b>(1,272)</b>	<b>141</b>	-	<b>(1,131)</b>
Net total	<b>(183,454)</b>	<b>20,104</b>	<b>273,930</b>	<b>110,580</b>
Amounts written-off	-	-	<b>(374,705)</b>	<b>(374,705)</b>
Other movements	-	-	<b>169</b>	<b>169</b>
At 30 September	<b>368,453</b>	<b>1,193,747</b>	<b>742,598</b>	<b>2,304,798</b>

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

Group	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12-month ECL RM'000	Lifetime ECL non credit- impaired RM'000	Lifetime ECL credit- impaired RM'000	
2022				
At 1 January	311,664	1,298,483	713,309	2,323,456
Transfer from business acquisition	99,966	66,416	62,307	228,689
Transferred to Stage 1	62,709	(223,574)	(19,417)	(180,282)
Transferred to Stage 2	(8,413)	94,469	(12,330)	73,726
Transferred to Stage 3	(2,077)	(23,460)	275,164	249,627
Allowance made	258,866	182,633	99,605	541,104
Maturity/settlement/repayment	(168,144)	(222,779)	(49,810)	(440,733)
Exchange differences	(2,664)	1,455	-	(1,209)
Net total	140,277	(191,256)	293,212	242,233
Amounts written-off	-	-	(227,341)	(227,341)
Other movements	-	-	1,717	1,717
At 31 December	551,907	1,173,643	843,204	2,568,754

**Bank  
2023**

At 1 January	553,562	1,173,643	843,204	2,570,409
Transferred to Stage 1	14,159	(61,043)	(30,536)	(77,420)
Transferred to Stage 2	(16,427)	149,554	(43,630)	89,497
Transferred to Stage 3	(878)	(19,534)	348,226	327,814
Allowance made	154,009	114,354	99,698	368,061
Maturity/settlement/repayment	(332,187)	(163,368)	(99,828)	(595,383)
Exchange differences	(1,272)	141	-	(1,131)
Net total	(182,596)	20,104	273,930	111,438
Amounts written-off	-	-	(374,705)	(374,705)
Other movements	-	-	169	169
At 30 September	370,966	1,193,747	742,598	2,307,311

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

**(vii) Movements in the allowance for ECL on loans, advances and financing: (cont'd.)**

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12-month ECL RM'000	Lifetime ECL non credit- impaired RM'000	Lifetime ECL credit- impaired RM'000	
Bank 2022				
At 1 January	312,573	1,298,483	713,309	2,324,365
Transfer from business acquisition	99,966	66,416	62,307	228,689
Transferred to Stage 1	62,709	(223,574)	(19,417)	(180,282)
Transferred to Stage 2	(8,413)	94,469	(12,330)	73,726
Transferred to Stage 3	(2,077)	(23,460)	275,164	249,627
Allowance made	259,612	182,633	99,605	541,850
Maturity/settlement/repayment	(168,144)	(222,779)	(49,810)	(440,733)
Exchange differences	(2,664)	1,455	-	(1,209)
Net total	141,023	(191,256)	293,212	242,979
Amounts written-off	-	-	(227,341)	(227,341)
Other movements	-	-	1,717	1,717
At 31 December	553,562	1,173,643	843,204	2,570,409

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

	Group and Bank	
	30-Sep-23 RM'000	31-Dec-22 RM'000
Mining and quarrying	-	83,075
Manufacturing	129,861	190,171
Electricity, gas and water	48	-
Construction	660,156	658,549
Wholesale, retail trade, restaurants and hotels	325,003	340,269
Transport, storage and communication	37,442	36,830
Finance, insurance and business services	46,935	42,710
Real estate	220,803	195,714
Community, social and personal services	7,113	11,169
Households:		
- Purchase of residential properties	1,003,073	972,294
- Purchase of non-residential properties	168,894	158,602
- Others	174,991	143,797
	2,774,319	2,833,180

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

	Group and Bank	
	30-Sep-23 RM'000	31-Dec-22 RM'000
In Malaysia	2,643,249	2,697,129
Outside Malaysia	131,070	136,051
	2,774,319	2,833,180

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**18. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)**

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

The fair values of the derivatives are as follows:

	<b>Group and Bank</b>		
	<b>Contract or underlying principal amount RM'000</b>	<b>Positive fair value RM'000</b>	<b>Negative fair value RM'000</b>
<b>As at 30 September 2023</b>			
<b><u>Trading derivatives</u></b>			
Foreign exchange contracts:			
- Forwards	18,097,395	238,163	86,500
- Swaps	75,099,082	795,333	548,513
- Options	1,788,081	13,140	8,325
Interest rate contracts:			
- Swaps	72,009,627	679,746	979,702
- Futures	140,640	110	505
- Options	17,619	38	172
Equity related contracts:			
- Options	90,583	983	3,110
Commodity contracts:			
- Swaps	388,866	14,120	14,832
- Futures	36,608	1,185	299
- Options	26,250	471	-
Credit derivative contracts:			
- Swaps	6,137	-	443
<b><u>Hedging derivatives</u></b>			
Interest rate contracts:			
- Swaps	750,000	-	2,696
	<b>1,743,289</b>	<b>1,645,097</b>	

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

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

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

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**19. OTHER ASSETS**

	<b>Group</b>		<b>Bank</b>	
	<b>30-Sep-23</b>	31-Dec-22	<b>30-Sep-23</b>	31-Dec-22
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Other receivables, deposits and prepayments	<b>1,427,999</b>	1,015,396	<b>1,427,612</b>	1,015,230
Accrued interest/income receivables	<b>511,238</b>	302,630	<b>511,238</b>	302,630
Amount due from subsidiaries	-	-	<b>6,574</b>	5,259
Amount due from a fellow subsidiary	<b>35</b>	36	<b>35</b>	36
Amount due from holding company	<b>84</b>	72	<b>84</b>	72
Amount due from ultimate holding company	<b>1,236</b>	1,336	<b>1,236</b>	1,336
Precious metal accounts	<b>277,672</b>	270,090	<b>277,672</b>	270,090
Less: Allowance for ECL	<b>(10,598)</b>	(12,762)	<b>(10,610)</b>	(12,761)
	<b>2,207,666</b>	1,576,798	<b>2,213,841</b>	1,581,892

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

<b>Group</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total ECL</b>
	<b>12-month ECL</b>	<b>Lifetime ECL non credit-impaired</b>	<b>Lifetime ECL credit-impaired</b>	
<b>2023</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January	<b>5,193</b>	<b>7,569</b>	-	<b>12,762</b>
Allowance made	<b>4,613</b>	<b>4,364</b>	-	<b>8,977</b>
Maturity/settlement/repayment	<b>(3,570)</b>	<b>(7,758)</b>	-	<b>(11,328)</b>
Exchange differences	<b>126</b>	<b>61</b>	-	<b>187</b>
Net total	<b>1,169</b>	<b>(3,333)</b>	-	<b>(2,164)</b>
At 30 September	<b>6,362</b>	<b>4,236</b>	-	<b>10,598</b>
<b>2022</b>				
At 1 January	1,580	4,914	-	6,494
Allowance made	4,900	5,317	-	10,217
Maturity/settlement/repayment	(1,287)	(2,662)	-	(3,949)
Net total	3,613	2,655	-	6,268
At 31 December	5,193	7,569	-	12,762

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

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

	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12-month ECL RM'000	Lifetime ECL non credit- impaired RM'000	Lifetime ECL credit- impaired RM'000	
<b>Bank 2023</b>				
At 1 January	4,449	8,312	-	12,761
Allowance made	5,364	3,626	-	8,990
Maturity/settlement/repayment	(3,570)	(7,758)	-	(11,328)
Exchange differences	126	61	-	187
Net total	1,920	(4,071)	-	(2,151)
At 30 September	6,369	4,241	-	10,610
<b>2022</b>				
At 1 January	1,580	7,794	-	9,374
Allowance made	4,155	6,061	-	10,216
Maturity/settlement/repayment	(1,286)	(5,543)	-	(6,829)
Net total	2,869	518	-	3,387
At 31 December	4,449	8,312	-	12,761

**20. INTANGIBLE ASSETS**

As at 30 September 2023, Goodwill was at RM340,852,000 (31 December 2022: RM363,140,000) and it has been recognised on a provisional basis, pending finalisation of the completion accounts and purchase price allocation and intangible asset valuation.

	Group and Bank	
	30-Sep-23 RM'000	31-Dec-22 RM'000
Goodwill	340,852	363,140
Other intangible assets <sup>(1)</sup>	118,992	117,017
At 30 September	459,844	480,157
<b>Represented by:</b>		
Goodwill	340,852	363,140
Intangible assets, at cost	131,000	119,000
Gross carrying amount	471,852	482,140
Accumulated amortisation for intangible assets	(12,008)	(1,983)
Net carrying amount	459,844	480,157

<sup>(1)</sup> Other intangible assets relate to the Citi consumer business consumer relationships, core deposits and credit cards.

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**21. DEPOSITS FROM CUSTOMERS**

	Group		Bank	
	30-Sep-23 RM'000	31-Dec-22 RM'000	30-Sep-23 RM'000	31-Dec-22 RM'000
Demand deposits	36,028,058	34,027,354	36,058,460	34,042,154
Savings deposits	7,038,222	7,663,935	7,038,222	7,663,935
Fixed deposits	68,127,979	66,085,077	68,127,979	66,085,077
Others	3,517,637	3,108,443	3,518,714	3,109,108
	<b>114,711,896</b>	<b>110,884,809</b>	<b>114,743,375</b>	<b>110,900,274</b>

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

	Group and Bank	
	30-Sep-23 RM'000	31-Dec-22 RM'000
Due within six months	48,300,193	44,895,208
Six months to one year	19,811,758	21,163,510
One year to three years	15,434	25,820
Three years to five years	594	539
	<b>68,127,979</b>	<b>66,085,077</b>

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

	Group		Bank	
	30-Sep-23 RM'000	31-Dec-22 RM'000	30-Sep-23 RM'000	31-Dec-22 RM'000
Business enterprises:				
- Subsidiaries	-	-	31,508	14,799
- Related companies	1,029	1,048	1,016	1,048
- Others	50,727,904	46,727,364	50,727,888	46,728,030
Individuals	61,105,732	61,615,090	61,105,732	61,615,090
Others	2,877,231	2,541,307	2,877,231	2,541,307
	<b>114,711,896</b>	<b>110,884,809</b>	<b>114,743,375</b>	<b>110,900,274</b>

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

	Group		Bank	
	30-Sep-23 RM'000	31-Dec-22 RM'000	30-Sep-23 RM'000	31-Dec-22 RM'000
Licensed banks in Malaysia	989,741	316,320	989,741	316,320
Bank Negara Malaysia	920,936	961,571	920,936	961,571
Other financial institutions	15,712,451	15,060,725	15,712,451	15,060,725
	<b>17,623,128</b>	<b>16,338,616</b>	<b>17,623,128</b>	<b>16,338,616</b>

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**23. OTHER LIABILITIES**

	<b>Group</b>		<b>Bank</b>	
	<b>30-Sep-23</b>	31-Dec-22	<b>30-Sep-23</b>	31-Dec-22
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Allowance for ECL on commitments and contingencies	<b>278,382</b>	162,475	<b>278,382</b>	162,475
Accrued interest/profit payables	<b>437,304</b>	428,554	<b>437,304</b>	428,554
Accruals and provisions for operational expenses	<b>615,979</b>	978,416	<b>614,201</b>	976,316
Other payables and accruals	<b>3,478,204</b>	2,957,597	<b>3,442,422</b>	2,917,928
Deferred income	<b>21,962</b>	36,626	<b>21,962</b>	36,626
	<b>4,831,831</b>	4,563,668	<b>4,794,271</b>	4,521,899

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

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total ECL</b>
	<b>12-month ECL</b>	<b>Lifetime ECL non credit-impaired</b>	<b>Lifetime ECL credit-impaired</b>	
<b>Group and Bank 2023</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January	<b>64,764</b>	<b>37,458</b>	<b>60,253</b>	<b>162,475</b>
Transferred to Stage 1	<b>1,752</b>	<b>(15,590)</b>	-	<b>(13,838)</b>
Transferred to Stage 2	<b>(3,011)</b>	<b>29,616</b>	-	<b>26,605</b>
Transferred to Stage 3	<b>(2)</b>	<b>(95)</b>	<b>283</b>	<b>186</b>
Allowance made	<b>109,908</b>	<b>82,183</b>	<b>4,002</b>	<b>196,093</b>
Maturity/settlement/repayment	<b>(57,503)</b>	<b>(10,922)</b>	<b>(26,196)</b>	<b>(94,621)</b>
Exchange differences	<b>86</b>	<b>11</b>	-	<b>97</b>
Net total	<b>51,230</b>	<b>85,203</b>	<b>(21,911)</b>	<b>114,522</b>
Other movements	-	-	<b>1,385</b>	<b>1,385</b>
At 30 September	<b>115,994</b>	<b>122,661</b>	<b>39,727</b>	<b>278,382</b>
<b>2022</b>				
At 1 January	46,976	128,561	15,068	190,605
Transferred to Stage 1	28,353	(76,092)	-	(47,739)
Transferred to Stage 2	(1,782)	18,207	-	16,425
Transferred to Stage 3	-	-	61,065	61,065
Allowance made	44,430	5,896	29	50,355
Maturity/settlement/repayment	(53,325)	(39,125)	(14,233)	(106,683)
Exchange differences	112	11	-	123
Net total	17,788	(91,103)	46,861	(26,454)
Other movements	-	-	(1,676)	(1,676)
At 31 December	64,764	37,458	60,253	162,475

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**24. SUBORDINATED BONDS**

	<b>Group and Bank</b>	
	<b>30-Sep-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>
<i>At amortised cost</i>		
RM600 million subordinated bond 2018/2028, at par (Note (a))	-	600,204
RM750 million subordinated bond 2020/2030, at par (Note (b))	<b>747,304</b>	746,523
RM1 billion subordinated bond 2022/2032, at par (Note (c))	<b>1,000,000</b>	1,000,000
	<b><u>1,747,304</u></b>	<b><u>2,346,727</u></b>
Accumulated fair value adjustment (gain) for subordinated bonds	<b><u>(2,696)</u></b>	<b><u>(3,273)</u></b>

- (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.

On 25 July 2023, the Bank has fully redeemed Bond 1.

- (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.

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

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

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

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

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

The Bond 3 has been rated AA1 by Rating Agency Malaysia Bhd and it qualifies as Tier 2 capital for the purpose of determining the Bank's capital adequacy ratio.

- (d) Fair value hedge

The Bank primarily uses interest rate swap to hedge the interest rate risk of the bonds.

As at 30 September 2023, the Group and the Bank had interest rate swap agreements in place with notional amount totalling RM750 million (31 December 2022: RM1,350 million).

The movements in fair value of the interest rate swaps of unrealised gain of RM577,000 (31 December 2022: RM16,541,000 unrealised gain) are recognised in trading and investment income during the period.

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**25. OPERATING REVENUE**

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

**26. INTEREST INCOME**

<b>Group</b>	<b>Third Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30-Sep-23</b>	<b>30-Sep-22</b>	<b>30-Sep-23</b>	<b>30-Sep-22</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loans, advances and financing	<b>1,258,702</b>	872,184	<b>3,640,764</b>	2,383,494
Credit-impaired loans, advances and financing	<b>16,846</b>	20,693	<b>60,240</b>	47,230
Money at call and deposit placements with financial institutions	<b>68,683</b>	74,979	<b>229,871</b>	222,821
Financial assets at FVTPL	<b>46,487</b>	31,891	<b>150,490</b>	73,416
Debt instruments at FVOCI	<b>209,926</b>	184,476	<b>591,232</b>	503,322
Debt instruments at amortised cost	<b>92,921</b>	47,450	<b>260,449</b>	84,040
	<b>1,693,565</b>	1,231,673	<b>4,933,046</b>	3,314,323
Amortisation of premium less accretion of discount on:				
- Financial assets at FVTPL	<b>3,546</b>	11,442	<b>21,496</b>	23,367
- Debt instruments at FVOCI	<b>(27,449)</b>	(28,918)	<b>(78,739)</b>	(90,502)
- Debt instruments at amortised cost	<b>2,040</b>	1,442	<b>3,872</b>	2,540
	<b>1,671,702</b>	1,215,639	<b>4,879,675</b>	3,249,728
<b>Bank</b>				
Loans, advances and financing	<b>1,259,760</b>	872,912	<b>3,643,680</b>	2,385,489
Credit-impaired loans, advances and financing	<b>16,846</b>	20,693	<b>60,240</b>	47,230
Money at call and deposit placements with financial institutions	<b>68,684</b>	74,982	<b>229,872</b>	222,824
Financial assets at FVTPL	<b>46,487</b>	31,891	<b>150,490</b>	73,416
Debt instruments at FVOCI	<b>209,926</b>	184,476	<b>591,232</b>	503,322
Debt instruments at amortised cost	<b>92,921</b>	47,450	<b>260,449</b>	84,040
	<b>1,694,624</b>	1,232,404	<b>4,935,963</b>	3,316,321
Amortisation of premium less accretion of discount on:				
- Financial assets at FVTPL	<b>3,546</b>	11,442	<b>21,496</b>	23,367
- Debt instruments at FVOCI	<b>(27,449)</b>	(28,918)	<b>(78,739)</b>	(90,502)
- Debt instruments at amortised cost	<b>2,040</b>	1,442	<b>3,872</b>	2,540
	<b>1,672,761</b>	1,216,370	<b>4,882,592</b>	3,251,726

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**27. INTEREST EXPENSE**

<b>Group</b>	<b>Third Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30-Sep-23</b>	<b>30-Sep-22</b>	<b>30-Sep-23</b>	<b>30-Sep-22</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits from customers	<b>740,147</b>	414,577	<b>2,011,164</b>	1,124,299
Deposits and placements of banks and other financial institutions	<b>187,776</b>	79,066	<b>602,895</b>	148,137
Subordinated bonds	<b>19,772</b>	9,872	<b>68,714</b>	29,761
Lease liabilities	<b>689</b>	480	<b>2,292</b>	1,489
Others	<b>13,346</b>	5,669	<b>37,457</b>	10,770
	<b>961,730</b>	509,664	<b>2,722,522</b>	1,314,456
<b>Bank</b>				
Deposits from customers	<b>740,274</b>	414,685	<b>2,011,484</b>	1,124,597
Deposits and placements of banks and other financial institutions	<b>187,776</b>	79,066	<b>602,895</b>	148,137
Subordinated bonds	<b>19,772</b>	9,872	<b>68,714</b>	29,761
Lease liabilities	<b>4,851</b>	747	<b>17,783</b>	2,229
Others	<b>13,346</b>	5,669	<b>37,457</b>	10,770
	<b>966,019</b>	510,039	<b>2,738,333</b>	1,315,494

**28. OTHER OPERATING INCOME**

<b>Group</b>	<b>Third Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30-Sep-23</b>	<b>30-Sep-22</b>	<b>30-Sep-23</b>	<b>30-Sep-22</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Fee income</u>				
Commission	<b>54,700</b>	59,313	<b>176,170</b>	184,349
Guarantee fees	<b>25,500</b>	28,215	<b>72,168</b>	66,613
Service charges and fees	<b>126,774</b>	62,856	<b>395,121</b>	172,351
Less: Fee expenses	<b>(47,811)</b>	(21,275)	<b>(146,547)</b>	(54,754)
	<b>78,963</b>	41,581	<b>248,574</b>	117,597
Commitment fees	<b>6,889</b>	7,284	<b>21,035</b>	22,028
Arrangement and participation fees	<b>16,705</b>	4,426	<b>20,788</b>	22,679
	<b>182,757</b>	140,819	<b>538,735</b>	413,266

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

<b>Group (cont'd.)</b>	<b>Third Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30-Sep-23</b>	<b>30-Sep-22</b>	<b>30-Sep-23</b>	<b>30-Sep-22</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Trading and Investment income</u>				
Gain/(loss) from sale of financial assets at FVTPL	<b>35</b>	8,446	<b>(16,864)</b>	22,186
Unrealised gain/(loss) on financial assets at FVTPL	<b>3,078</b>	(555)	<b>53,764</b>	(4,477)
(Loss)/gain from trading derivatives	<b>(48,811)</b>	(57,462)	<b>(1,861)</b>	64,394
Unrealised (loss)/gain on derivatives	<b>(4,780)</b>	100,705	<b>(63,775)</b>	15,208
Unrealised gain/(loss) on fair value adjustment for sub bonds	<b>856</b>	9,119	<b>(577)</b>	17,975
Gain from sale of precious metal	<b>228</b>	1,541	<b>1,465</b>	326
Unrealised gain/(loss) on precious metal	<b>44</b>	(484)	<b>20</b>	1,832
Gain from sale/recovery of debt instruments at FVOCI	<b>7,160</b>	18,446	<b>88,679</b>	24,493
Gross dividends from equity instruments at FVOCI	<b>482</b>	168	<b>2,241</b>	960
	<b>(41,708)</b>	79,924	<b>63,092</b>	142,897
<u>Other income</u>				
Foreign exchange gain, net	<b>211,122</b>	72,198	<b>541,489</b>	131,103
Rental income from operating leases	<b>452</b>	61	<b>1,046</b>	137
Gain on disposal of property, plant and equipment	-	-	<b>42</b>	-
Others	<b>6,908</b>	4,600	<b>19,009</b>	14,199
	<b>218,482</b>	76,859	<b>561,586</b>	145,439
	<b>359,531</b>	297,602	<b>1,163,413</b>	701,602

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**EXPLANATORY NOTES**

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

Bank	Third Quarter Ended		Nine Months Ended	
	30-Sep-23 RM'000	30-Sep-22 RM'000	30-Sep-23 RM'000	30-Sep-22 RM'000
<u>Fee income</u>				
Commission	54,700	59,313	176,170	184,349
Guarantee fees	25,500	28,215	72,194	66,645
Service charges and fees	126,874	62,955	395,420	172,650
Less: Fee expenses	(47,811)	(21,275)	(146,547)	(54,754)
	79,063	41,680	248,873	117,896
Commitment fees	7,293	7,285	21,445	22,030
Arrangement and participation fees	16,705	4,426	20,788	22,679
	183,261	140,919	539,470	413,599
<u>Trading and Investment income</u>				
Gain/(loss) from sale of financial assets at FVTPL	35	8,446	(16,864)	22,186
Unrealised gain/(loss) on financial assets at FVTPL	3,078	(555)	53,764	(4,477)
(Loss)/gain from trading derivatives	(48,811)	(57,462)	(1,861)	64,394
Unrealised (loss)/gain on derivatives	(4,780)	100,705	(63,775)	15,208
Unrealised gain/(loss) on fair value adjustment for sub bonds	856	9,119	(577)	17,975
Gain from sale of precious metal	228	1,541	1,465	326
Unrealised gain/(loss) on previous metal	44	(484)	20	1,832
Gain from sale/recovery of debt instruments at FVOCI	7,160	18,446	88,679	24,493
Gross dividends from equity instruments at FVOCI	481	168	2,241	960
	(41,709)	79,924	63,092	142,897
<u>Other income</u>				
Foreign exchange gain, net	211,122	72,198	541,489	131,103
Gain on disposal of property, plant and equipment	-	-	42	-
Others	4,976	4,600	17,077	14,199
	216,098	76,798	558,608	145,302
	357,650	297,641	1,161,170	701,798

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**EXPLANATORY NOTES**

**29. OTHER OPERATING EXPENSES**

Group	Third Quarter Ended		Nine Months Ended	
	30-Sep-23 RM'000	30-Sep-22 RM'000	30-Sep-23 RM'000	30-Sep-22 RM'000
Personnel expenses	<b>302,079</b>	206,242	<b>916,398</b>	617,116
Establishment related expenses	<b>182,041</b>	123,534	<b>510,620</b>	351,154
Promotion and marketing related expenses	<b>27,251</b>	9,873	<b>80,464</b>	20,959
General administrative expenses	<b>199,217</b>	38,420	<b>496,948</b>	99,112
	<b>710,588</b>	378,069	<b>2,004,430</b>	1,088,341
<u>Personnel expenses</u>				
Wages, salaries and bonus	<b>237,645</b>	160,259	<b>721,887</b>	476,966
Defined contribution plan	<b>36,438</b>	25,028	<b>107,914</b>	74,721
Other employee benefits	<b>27,996</b>	20,955	<b>86,597</b>	65,429
	<b>302,079</b>	206,242	<b>916,398</b>	617,116
<u>Establishment related expenses</u>				
Depreciation of property, plant and equipment	<b>37,812</b>	26,211	<b>108,363</b>	75,579
Depreciation of right-of-use assets	<b>5,326</b>	4,302	<b>15,196</b>	12,925
Amortisation of intangible assets	<b>3,941</b>	-	<b>10,025</b>	-
Information technology costs	<b>95,900</b>	62,234	<b>249,187</b>	187,518
Repair and maintenance	<b>17,588</b>	15,757	<b>54,789</b>	34,394
Short-term lease expenses	<b>538</b>	188	<b>1,602</b>	266
Others	<b>20,936</b>	14,842	<b>71,458</b>	40,472
	<b>182,041</b>	123,534	<b>510,620</b>	351,154
<u>Promotion and marketing related expenses</u>				
Advertisement and publicity	<b>27,251</b>	9,873	<b>80,464</b>	20,959
<u>General administrative expenses</u>				
Fees and commissions paid	<b>118,424</b>	11,160	<b>217,276</b>	26,066
Others	<b>80,793</b>	27,260	<b>279,672</b>	73,046
	<b>199,217</b>	38,420	<b>496,948</b>	99,112

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**EXPLANATORY NOTES**

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

<b>Bank</b>	<b>Third Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30-Sep-23</b>	<b>30-Sep-22</b>	<b>30-Sep-23</b>	<b>30-Sep-22</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Personnel expenses	<b>300,693</b>	204,991	<b>912,168</b>	613,452
Establishment related expenses	<b>178,635</b>	121,673	<b>503,719</b>	351,715
Promotion and marketing related expenses	<b>27,251</b>	9,868	<b>80,435</b>	20,951
General administrative expenses	<b>199,041</b>	38,353	<b>494,889</b>	98,917
	<b>705,620</b>	374,885	<b>1,991,211</b>	1,085,035
<u>Personnel expenses</u>				
Wages, salaries and bonus	<b>236,456</b>	159,247	<b>718,340</b>	473,990
Defined contribution plan	<b>36,255</b>	24,874	<b>107,366</b>	74,276
Other employee benefits	<b>27,982</b>	20,870	<b>86,462</b>	65,186
	<b>300,693</b>	204,991	<b>912,168</b>	613,452
<u>Establishment related expenses</u>				
Depreciation of property, plant and equipment	<b>29,091</b>	22,052	<b>84,052</b>	63,127
Depreciation of right-of-use assets	<b>11,970</b>	6,372	<b>35,688</b>	19,423
Amortisation of intangible assets	<b>3,942</b>	-	<b>10,025</b>	-
Information technology costs	<b>95,900</b>	62,233	<b>249,187</b>	187,517
Repair and maintenance	<b>18,669</b>	14,145	<b>55,206</b>	35,276
Short-term lease expenses	<b>1,303</b>	2,442	<b>3,531</b>	7,035
Others	<b>17,760</b>	14,429	<b>66,030</b>	39,337
	<b>178,635</b>	121,673	<b>503,719</b>	351,715
<u>Promotion and marketing related expenses</u>				
Advertisement and publicity	<b>27,251</b>	9,868	<b>80,435</b>	20,951
<u>General administrative expenses</u>				
Fees and commissions paid	<b>118,260</b>	11,122	<b>216,893</b>	25,912
Others	<b>80,781</b>	27,231	<b>277,996</b>	73,005
	<b>199,041</b>	38,353	<b>494,889</b>	98,917

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**EXPLANATORY NOTES**

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

<b>Group</b>	<b>Third Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30-Sep-23</b>	<b>30-Sep-22</b>	<b>30-Sep-23</b>	<b>30-Sep-22</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loans, advances and financing:				
- Stage 1 ECL	<b>(106,157)</b>	150,147	<b>(183,454)</b>	205,021
- Stage 2 ECL	<b>(30,355)</b>	3,412	<b>20,104</b>	(285,379)
- Stage 3 ECL	<b>60,756</b>	45,145	<b>273,930</b>	168,544
	<b>(75,756)</b>	198,704	<b>110,580</b>	88,186
Credit-impaired loans, advances and financing:				
- Written-off	<b>24,444</b>	7,833	<b>87,296</b>	24,000
- Recovered	<b>(89,763)</b>	(28,412)	<b>(200,429)</b>	(87,874)
	<b>(141,075)</b>	178,125	<b>(2,553)</b>	24,312
Other financial assets:				
- Stage 1 ECL	<b>(5,172)</b>	23,086	<b>(6,897)</b>	1,363
- Stage 2 ECL	<b>(2,541)</b>	(2,321)	<b>(3,333)</b>	537
	<b>(7,713)</b>	20,765	<b>(10,230)</b>	1,900
Commitments and contingencies:				
- Stage 1 ECL	<b>14,291</b>	(1,931)	<b>51,230</b>	13,362
- Stage 2 ECL	<b>62,751</b>	(2,082)	<b>85,203</b>	(87,510)
- Stage 3 ECL	<b>(8,034)</b>	(790)	<b>(21,911)</b>	(79)
	<b>69,008</b>	(4,803)	<b>114,522</b>	(74,227)
<b>Total</b>	<b>(79,780)</b>	194,087	<b>101,739</b>	(48,015)

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**EXPLANATORY NOTES**

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

<b>Bank</b>	<b>Third Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>30-Sep-23</b>	<b>30-Sep-22</b>	<b>30-Sep-23</b>	<b>30-Sep-22</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loans, advances and financing:				
- Stage 1 ECL	<b>(105,272)</b>	150,147	<b>(182,596)</b>	205,021
- Stage 2 ECL	<b>(30,355)</b>	3,412	<b>20,104</b>	(285,379)
- Stage 3 ECL	<b>60,756</b>	45,145	<b>273,930</b>	168,544
	<b>(74,871)</b>	198,704	<b>111,438</b>	88,186
Credit-impaired loans, advances and financing:				
- Written-off	<b>24,444</b>	7,833	<b>87,296</b>	24,000
- Recovered	<b>(89,763)</b>	(28,412)	<b>(200,429)</b>	(87,874)
	<b>(140,190)</b>	178,125	<b>(1,695)</b>	24,312
Other financial assets:				
- Stage 1 ECL	<b>(5,229)</b>	23,086	<b>(6,146)</b>	1,361
- Stage 2 ECL	<b>(2,588)</b>	(2,341)	<b>(4,071)</b>	(1,591)
	<b>(7,817)</b>	20,745	<b>(10,217)</b>	(230)
Commitments and contingencies:				
- Stage 1 ECL	<b>14,291</b>	(1,931)	<b>51,230</b>	13,362
- Stage 2 ECL	<b>62,751</b>	(2,082)	<b>85,203</b>	(87,510)
- Stage 3 ECL	<b>(8,034)</b>	(790)	<b>(21,911)</b>	(79)
	<b>69,008</b>	(4,803)	<b>114,522</b>	(74,227)
<b>Total</b>	<b>(78,999)</b>	194,067	<b>102,610</b>	(50,145)

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

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**EXPLANATORY NOTES**

**31. SEGMENT INFORMATION**

**Operating Segments**

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

**Retail**

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

**Wholesale Banking ("WB")**

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

**Global Markets ("GM")**

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

**Others**

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

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**EXPLANATORY NOTES**

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

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

<b>Group</b>	<b>Retail</b>	<b>WB</b>	<b>GM</b>	<b>Others</b>	<b>Total</b>	<b>Eliminations</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>segments</b>	<b>RM'000</b>	<b>RM'000</b>
<b>For period ended 30 September 2023</b>							
Operating income	1,344,924	1,592,421	266,254	274,607	3,478,206	(36,392)	3,441,814
Other operating expenses	(911,087)	(448,891)	(82,547)	(608,801)	(2,051,326)	46,896	(2,004,430)
Allowance for ECL	(106,361)	3,708	-	914	(101,739)	-	(101,739)
Profit before taxation	<b>327,476</b>	<b>1,147,238</b>	<b>183,707</b>	<b>(333,280)</b>	<b>1,325,141</b>	<b>10,504</b>	<b>1,335,645</b>
Income tax expense							<b>(304,238)</b>
							<b>1,031,407</b>

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**EXPLANATORY NOTES**

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

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

<b>Group (cont'd.)</b>	<b>Retail RM'000</b>	<b>WB RM'000</b>	<b>GM RM'000</b>	<b>Others RM'000</b>	<b>Total segments RM'000</b>	<b>Eliminations RM'000</b>	<b>Total RM'000</b>
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**Other information**

**For period ended 30 September 2023**

Inter-segment operating income/ (expense)	145,654	66,404	(523,666)	348,000	36,392	(36,392)	-
Total depreciation	32,973	17,870	2,824	91,619	145,286	(21,727)	123,559

**As at 30 September 2023**

Gross loans, advances and financing	60,527,936	46,008,398	-	668,468	107,204,802	(304,228)	106,900,574
Deposits from customers	67,374,781	47,352,809	-	15,814	114,743,404	(31,508)	114,711,896

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**EXPLANATORY NOTES**

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

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

<b>Group (cont'd.)</b>	<b>Retail RM'000</b>	<b>WB RM'000</b>	<b>GM RM'000</b>	<b>Others RM'000</b>	<b>Total segments RM'000</b>	<b>Eliminations RM'000</b>	<b>Total RM'000</b>
<b>For period ended 30 September 2022</b>							
Operating income	900,650	1,314,666	292,411	257,701	2,765,428	(19,450)	2,745,978
Other operating expenses	(538,621)	(367,034)	(72,093)	(130,598)	(1,108,346)	20,005	(1,088,341)
Allowance for ECL	(124,022)	174,227	-	(66)	50,139	(2,124)	48,015
Share of net profit of an associate	-	-	-	(565)	(565)	-	(565)
Profit before taxation	<u>238,007</u>	<u>1,121,859</u>	<u>220,318</u>	<u>126,472</u>	<u>1,706,656</u>	<u>(1,569)</u>	<u>1,705,087</u>
Income tax expense							<u>(553,185)</u>
							<u>1,151,902</u>

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**EXPLANATORY NOTES**

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

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

<b>Group (cont'd.)</b>	<b>Retail RM'000</b>	<b>WB RM'000</b>	<b>GM RM'000</b>	<b>Others RM'000</b>	<b>Total segments RM'000</b>	<b>Eliminations RM'000</b>	<b>Total RM'000</b>
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**Other information**

**For period ended 30 September 2022**

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

**As at 31 December 2022**

Gross loans, advances and financing	61,459,374	43,902,466	-	408,056	105,769,896	(92,193)	105,677,703
Deposits from customers	67,368,252	43,519,874	-	22,803	110,910,929	(26,120)	110,884,809

**UNITED OVERSEAS BANK (MALAYSIA) BHD**

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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 9 December 2020 and Capital Adequacy Framework (Basel II - Risk-Weighted Assets) issued on 3 May 2019.

	<b>Group</b>		<b>Bank</b>	
	<b>30-Sep-23</b>	31-Dec-22	<b>30-Sep-23</b>	31-Dec-22
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<u>Common Equity Tier 1 ("CET1")/</u>				
<u>Tier 1 Capital</u>				
Paid-up share capital	<b>792,555</b>	792,555	<b>792,555</b>	792,555
Retained profits	<b>12,085,252</b>	11,447,521	<b>12,252,767</b>	11,616,857
Other reserves	<b>178,456</b>	66,934	<b>(61,942)</b>	(173,464)
Regulatory adjustments applied in the calculation of CET1 Capital	<b>(1,169,084)</b>	(1,140,963)	<b>(1,300,747)</b>	(1,492,626)
Total CET1/Tier 1 Capital	<b>11,887,179</b>	11,166,047	<b>11,682,633</b>	10,743,322
<u>Tier 2 Capital</u>				
Tier 2 Capital instruments	<b>1,750,000</b>	2,350,000	<b>1,750,000</b>	2,350,000
Loan/financing loss provision:				
- Surplus eligible provisions over expected losses	<b>331,814</b>	320,555	<b>333,533</b>	321,073
- General provisions	<b>167,777</b>	164,706	<b>158,357</b>	155,041
Regulatory adjustments applied in the calculation of Tier 2 Capital	<b>105,073</b>	105,073	-	-
Total Tier 2 Capital	<b>2,354,664</b>	2,940,334	<b>2,241,890</b>	2,826,114
Total Capital	<b>14,241,843</b>	14,106,381	<b>13,924,523</b>	13,569,436

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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-23	31-Dec-22	30-Sep-23	31-Dec-22
CET1/Tier 1 Capital	14.811%	14.711%	14.643%	14.283%
Total Capital	<u>17.745%</u>	<u>18.585%</u>	<u>17.453%</u>	<u>18.040%</u>

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

	Group		Bank	
	30-Sep-23 RM'000	31-Dec-22 RM'000	30-Sep-23 RM'000	31-Dec-22 RM'000
Total RWA for credit risk	71,381,964	68,645,310	70,914,864	67,958,409
Total RWA for market risk	1,827,094	901,920	1,827,095	901,920
Total RWA for operational risk	<u>7,049,248</u>	<u>6,355,695</u>	<u>7,039,440</u>	<u>6,356,550</u>
	<u>80,258,306</u>	<u>75,902,925</u>	<u>79,781,399</u>	<u>75,216,879</u>

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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.

<b>Group</b>	<b>Principal</b>	<b>Credit</b>	<b>Risk</b>
<b>As at 30 September 2023</b>	<b>amount</b>	<b>equivalent</b>	<b>weighted</b>
	<b>RM'000</b>	<b>amount</b>	<b>amount</b>
		<b>RM'000</b>	<b>RM'000</b>
Direct credit substitutes	4,473,183	4,357,327	2,763,745
Transaction-related contingent items	7,173,072	3,559,042	2,096,280
Short-term self-liquidating trade-related contingencies	659,929	139,994	86,132
Lending of banks' securities or the posting of securities as collateral by banks	4,562,446	81,075	2,387
Foreign exchange related contracts:			
- Not more than one year	93,490,248	2,242,241	372,428
- More than one year to less than five years	1,302,102	110,017	76,257
- Five years and above	192,208	20,667	20,697
Interest rate related contracts:			
- Not more than one year	27,681,318	299,537	51,822
- More than one year to less than five years	43,489,882	1,739,047	472,262
- Five years and above	1,746,686	205,775	95,444
Equity related contracts:			
- Not more than one year	14,413	375	28
- more than one year to less than five years	76,170	3,948	378
Commodity related contracts:			
- Not more than one year	375,708	39,972	10,670
- More than one year to less than five years	76,016	13,092	3,230
Credit derivative contracts:			
- Not more than one year	6,137	614	90
Undrawn credit facility:			
- Not more than one year	22,610,341	1,108,318	208,940
- More than one year	7,271,526	5,038,708	3,073,869
- Unconditionally cancellable	37,461,560	8,947,552	3,800,561
Other commitments	551,031	87,051	25,100
<b>Total</b>	<b>253,213,976</b>	<b>27,994,352</b>	<b>13,160,320</b>

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

<b>Bank</b>	<b>Principal</b>	<b>Credit</b>	<b>Risk</b>
<b>As at 30 September 2023</b>	<b>amount</b>	<b>equivalent</b>	<b>weighted</b>
	<b>RM'000</b>	<b>amount</b>	<b>amount</b>
		<b>RM'000</b>	<b>RM'000</b>
Direct credit substitutes	4,473,183	4,357,327	2,763,745
Transaction-related contingent items	7,173,072	3,559,042	2,096,280
Short-term self-liquidating trade-related contingencies	659,929	139,994	86,132
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- Not more than one year	27,681,318	299,537	51,822
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- Five years and above	1,746,686	205,775	95,444
Equity related contracts:			
- Not more than one year	14,413	375	28
- more than one year to less than five years	76,170	3,948	378
Commodity related contracts:			
- Not more than one year	375,708	39,972	10,671
- More than one year to less than five years	76,016	13,092	3,230
Credit derivative contracts:			
- Not more than one year	6,137	614	90
Undrawn credit facility:			
- Not more than one year	22,610,341	1,108,318	208,940
- More than one year	7,271,526	5,038,709	3,073,869
- Unconditionally cancellable	37,461,560	8,947,552	3,800,561
Other commitments	550,520	86,538	24,588
<b>Total</b>	<b>253,213,465</b>	<b>27,993,840</b>	<b>13,159,809</b>

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

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

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

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

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

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

**34. PERFORMANCE REVIEW**

For the nine months ended 30 September 2023, the Group posted an operating profit of RM1,437.4 million, 13.3% or RM220.3 million lower than same period last year and total allowances for expected credit losses ("ECL") was at RM101.7 million. This resulted in a profit before tax of RM1,335.6 million for the nine months ended 30 September 2023, which was 21.7% or RM369.4 million lower than the same period of last year.

Total operating income increased by 25.3% or RM695.8 million to RM3,441.8 million. Net interest income grew by 11.5% or RM221.9 million to RM2,157.2 million driven by asset growth and the effect of Overnight Policy Rate hikes. Other operating income increased by 65.8% or RM461.8 million to RM1,163.4 million mainly contributed by higher net foreign exchange gain and fee income, partially offset by lower trading and investment income.

Expenses increased to RM2,004.4 million mainly due to the enlarged business operations post-acquisition of the retail franchise of Citibank and the related one-off costs incurred this year.

Total allowances for ECL increased by RM149.8 million mainly due to higher write-back of ECL from prior year on non credit-impaired assets coupled with higher ECL made for credit-impaired assets in current year.

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**35. PROSPECTS FOR 2023**

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

In Malaysia, the economy has moderated affected by weaker external demand and slower commodities production. MYR is weighed down by expectations of higher-for-longer Fed rates, demand for safe-haven USD assets and lingering concerns over contagion risks from China's property sector. Nevertheless growth has been supported by resilient domestic spending amid the challenging external environment. Household spending remains resilient amid improved employment prospects and wage growth. Government subsidies have helped to moderate the impact on inflation. The tourism sector has gradually recovered with higher visitor arrivals from the region. Investment prospects improved from the realisation of infrastructure projects and foreign direct investments. However businesses are likely to face continued headwinds from elevated costs and weak external demand. Climate-related risks and opportunities are also likely to be important considerations for businesses.

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

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

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

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**36. ISLAMIC BANKING OPERATIONS**

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

	Note	30-Sep-23 RM'000	31-Dec-22 RM'000
<b>Assets</b>			
Cash and short-term funds	a	2,221,019	3,414,153
Debt instruments at FVOCI	b	1,495,545	611,879
Debt instruments at amortised cost	c	1,049,049	1,057,889
Other assets	e	45,832	23,020
Derivative financial assets	f	29,720	40,703
Financing, advances and others	d	9,072,225	8,462,188
Statutory deposits with Bank Negara Malaysia		65,000	10,500
Plant and equipment		10,550	10,903
Deferred tax assets		20,701	14,012
<b>Total assets</b>		<b>14,009,641</b>	<b>13,645,247</b>
<b>Liabilities and Islamic Banking funds</b>			
Deposits from customers	g	6,462,974	5,397,682
Investment accounts due to designated financial institutions	h	3,925,655	3,567,075
Deposits and placements of banks and other financial institutions	i	2,944,285	4,027,838
Bills and acceptances payable		14,088	4,526
Other liabilities	j	44,272	51,302
Derivative financial liabilities	f	29,321	38,407
Tax payable		18,479	24,991
<b>Total liabilities</b>		<b>13,439,074</b>	<b>13,111,821</b>
Capital fund		450,000	450,000
Reserves		120,567	83,426
<b>Islamic Banking funds</b>	k	<b>570,567</b>	<b>533,426</b>
<b>Total liabilities and Islamic Banking funds</b>		<b>14,009,641</b>	<b>13,645,247</b>
<b>Commitments and contingencies</b>	s	<b>4,974,379</b>	<b>3,970,598</b>

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

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**36. ISLAMIC BANKING OPERATIONS (Cont'd.)**

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

	Note	Third Quarter ended		Nine Months ended	
		30-Sep-23 RM'000	30-Sep-22 RM'000	30-Sep-23 RM'000	30-Sep-22 RM'000
Income derived from depositors' funds	l	93,336	73,983	257,768	200,648
Income derived from investment of Islamic Banking funds	m	9,420	7,221	26,102	18,089
Income derived from investment of Investment Account funds	n	39,806	31,682	117,757	83,869
(Allowance for)/write-back of ECL on:					
- Financing, advances and others	q	(17,392)	(30,480)	(42,221)	(37,680)
- Other financial assets	q	210	786	1,689	(1,301)
- Commitments and contingencies	q	2,336	(653)	2,689	658
Total attributable income		127,716	82,539	363,784	264,283
Income attributable to depositors	o	(72,644)	(47,379)	(187,311)	(127,620)
Income attributable to Investment Account holders	p	(31,488)	(24,981)	(93,068)	(65,882)
Total net income		23,584	10,179	83,405	70,781
Other operating expenses	r	(10,862)	(9,471)	(33,028)	(28,314)
Profit before taxation		12,722	708	50,377	42,467
Income tax expense		(2,963)	(173)	(12,136)	(10,200)
Profit after taxation		9,759	535	38,241	32,267
<b>Other comprehensive income :</b>					
<u>Items that will be reclassified subsequently to income statements:</u>					
Net fair value change in debt instruments at FVOCI		(5,421)	742	(1,447)	(7,723)
Income tax effect		1,301	(178)	347	1,854
Total other comprehensive income/(loss) for the period, net of tax		(4,120)	564	(1,100)	(5,869)
Total comprehensive income for the period		5,639	1,099	37,141	26,398

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**36. ISLAMIC BANKING OPERATIONS (Cont'd.)**

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

	Third Quarter ended		Nine Months ended	
	30-Sep-23 RM'000	30-Sep-22 RM'000	30-Sep-23 RM'000	30-Sep-22 RM'000
Income derived from depositors' funds	<b>93,336</b>	73,983	<b>257,768</b>	200,648
Income derived from investment of Islamic Banking funds	<b>9,420</b>	7,221	<b>26,102</b>	18,089
Income derived from investment of Investment Account funds	<b>39,806</b>	31,682	<b>117,757</b>	83,869
Income attributable to depositors	<b>(72,644)</b>	(47,379)	<b>(187,311)</b>	(127,620)
Income attributable to Investment Account holders	<b>(31,488)</b>	(24,981)	<b>(93,068)</b>	(65,882)
Net income from Islamic Banking operations reported in the income statements of the Group and Bank	<b>38,430</b>	40,526	<b>121,248</b>	109,104

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

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**36. ISLAMIC BANKING OPERATIONS (Cont'd.)**

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

	<b>Capital fund RM'000</b>	<b>FVOCI reserve RM'000</b>	<b>Retained profits RM'000</b>	<b>Total RM'000</b>
<b>2023</b>				
Balance as at 1 January	<b>450,000</b>	<b>(3,318)</b>	<b>86,744</b>	<b>533,426</b>
Profit for the year	-	-	<b>38,241</b>	<b>38,241</b>
Other comprehensive (losses)	-	<b>(1,100)</b>	-	<b>(1,100)</b>
Total comprehensive (losses)/ income for the period	-	<b>(1,100)</b>	<b>38,241</b>	<b>37,141</b>
Balance as at 30 September 2023	<b>450,000</b>	<b>(4,418)</b>	<b>124,985</b>	<b>570,567</b>
<b>2022</b>				
Balance as at 1 January	450,000	(966)	14,261	463,295
Profit for the year	-	-	32,267	32,267
Other comprehensive (losses)	-	(5,869)	-	(5,869)
Total comprehensive (losses)/ income for the period	-	(5,869)	32,267	26,398
Balance as at 30 September 2022	450,000	(6,835)	46,528	489,693

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

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**36. ISLAMIC BANKING OPERATIONS (Cont'd.)**

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

	<b>30-Sep-23</b>	<b>30-Sep-22</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit before taxation	<b>50,377</b>	42,467
Adjustments for non-operating and non-cash items	<b>(20,847)</b>	(7,589)
Operating profit before working capital changes	<b>29,530</b>	34,878
Changes in working capital:		
Net changes in operating assets	<b>(714,564)</b>	(441,771)
Net changes in operating liabilities	<b>336,454</b>	1,543,288
Tax expense paid	<b>(24,990)</b>	-
Net cash (used in)/generated from operating activities	<b>(373,570)</b>	1,136,395
Net cash used in investing activities	<b>(819,788)</b>	(293,523)
Net (decrease)/increase in cash and cash equivalents	<b>(1,193,358)</b>	842,872
Cash and cash equivalents at beginning of the period	<b>3,414,659</b>	1,687,902
Cash and cash equivalents at end of the period	<b>2,221,301</b>	2,530,774
<b>Analysis of cash and cash equivalents</b>		
Cash and short-term funds	<b>2,221,301</b>	2,530,774
Less: Allowance for ECL	<b>(282)</b>	(343)
	<b>2,221,019</b>	2,530,431

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

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

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

	<b>30-Sep-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and balances with banks and other financial institutions	<b>2,221,301</b>	836,859
Money at call and deposit placements maturing within one month	-	2,577,800
	<b>2,221,301</b>	3,414,659
Less: Allowance for ECL	<b>(282)</b>	(506)
	<b>2,221,019</b>	3,414,153

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

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	12-months	Lifetime ECL	Lifetime ECL	Total ECL
	ECL	non credit-	credit-	
	RM'000	impaired	impaired	RM'000
	RM'000	RM'000	RM'000	RM'000
<b>2023</b>				
At 1 January	<b>506</b>	-	-	<b>506</b>
Allowance made	<b>166</b>	-	-	<b>166</b>
Maturity/settlement/repayment	<b>(393)</b>	-	-	<b>(393)</b>
Exchange differences	<b>3</b>	-	-	<b>3</b>
Net total	<b>(224)</b>	-	-	<b>(224)</b>
At 30 September	<b>282</b>	-	-	<b>282</b>
<b>2022</b>				
As at 1 January	986	-	-	986
Allowance made	506	-	-	506
Maturity/settlement/repayment	(1,023)	-	-	(1,023)
Exchange differences	37	-	-	37
Net total	(480)	-	-	(480)
As at 31 December	506	-	-	506

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

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

	30-Sep-23 RM'000	31-Dec-22 RM'000
<b>Money market instruments</b>		
Government Islamic investments	1,296,617	611,879
Negotiable instruments of deposits	198,928	-
	<u>1,495,545</u>	<u>611,879</u>

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

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	12-months ECL RM'000	Lifetime ECL non credit- impaired RM'000	Lifetime ECL credit- impaired RM'000	Total ECL RM'000
<b>2023</b>				
At 1 January	93	-	-	93
Allowance made	318	-	-	318
Maturity/settlement/repayment	(151)	-	-	(151)
Net total	167	-	-	167
At 30 September	<u>260</u>	<u>-</u>	<u>-</u>	<u>260</u>
<b>2022</b>				
At 1 January	409	-	-	409
Allowance made	93	-	-	93
Maturity/settlement/repayment	(409)	-	-	(409)
Net total	(316)	-	-	(316)
At 31 December	<u>93</u>	<u>-</u>	<u>-</u>	<u>93</u>

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

**c. Debt instruments at amortised cost**

	30-Sep-23 RM'000	31-Dec-22 RM'000
<b>Money market instruments</b>		
Government Islamic investment	965,562	971,038
Less: Allowance for ECL	(147)	(147)
	<u>965,415</u>	<u>970,891</u>
<b>Private debt securities of companies incorporated in Malaysia</b>		
Unquoted corporate sukuk	83,678	87,000
Less: Allowance for ECL	(44)	(2)
	<u>83,634</u>	<u>86,998</u>
<b>Total debt instruments at amortised cost</b>	<u>1,049,049</u>	<u>1,057,889</u>

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

	Stage 1 12-months ECL RM'000	Stage 2 Lifetime ECL non credit- impaired RM'000	Stage 3 Lifetime ECL credit- impaired RM'000	Total ECL RM'000
<b>2023</b>				
At 1 January	149	-	-	149
Allowance made	46	-	-	46
Maturity/settlement/repayment	(4)	-	-	(4)
Net total	42	-	-	42
At 30 September	<u>191</u>	<u>-</u>	<u>-</u>	<u>191</u>
<b>2022</b>				
At 1 January	26	-	-	26
Allowance made	147	-	-	147
Maturity/settlement/repayment	(24)	-	-	(24)
Net total	123	-	-	123
At 31 December	<u>149</u>	<u>-</u>	<u>-</u>	<u>149</u>

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

**d. Financing, advances and others**

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

	<b>Sale based contracts</b>			
	<b>Tawarruq</b>	<b>Murabahah</b>	<b>Bai Al-Dayn</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>2023</b>				
Term financing and revolving credits:				
- Housing financing	3,668,877	-	-	3,668,877
- Syndicated term financing	14,632	-	-	14,632
- Other term financing and revolving credits	4,963,246	-	-	4,963,246
Trust receipts	442,006	-	-	442,006
Claim on customers under acceptance credit	-	153,540	1,718	155,258
Gross financing, advances and others	<b>9,088,761</b>	<b>153,540</b>	<b>1,718</b>	<b>9,244,019</b>
Allowance for ECL on financing, advances and others:				
- Stage 1 - 12-month ECL				(24,079)
- Stage 2 - Lifetime ECL non credit-impaired				(88,438)
- Stage 3 - Lifetime ECL credit-impaired				(59,277)
Net financing, advances and others				<b>9,072,225</b>

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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):**

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

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

As at 30 September 2023, the gross exposure and expected credit loss relating to RSIA financing amounted to RM2,526,127,960 (31 December 2022: RM2,371,390,347) and RM65,380,870 (31 December 2022: RM17,383,012), 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 remaining contractual maturity:**

	<b>30-Sep-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>
Maturing within one year	1,275,027	588,267
One year to three years	1,717,070	1,154,727
Three years to five years	291,595	1,164,643
Over five years	5,960,327	5,727,795
	<b><u>9,244,019</u></b>	<b><u>8,635,432</u></b>

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

	<b>30-Sep-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>
Domestic non-banking financial institutions:		
- Others	841,778	1,087,117
Domestic business enterprises:		
- Small and medium enterprises	2,002,512	1,866,517
- Others	2,457,917	1,977,245
Individuals	3,794,443	3,557,518
Foreign entities	147,369	147,035
	<b><u>9,244,019</u></b>	<b><u>8,635,432</u></b>

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

	<b>30-Sep-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed rate:		
- Fixed rate financing	289,624	351,965
Variable rates:		
- Base rate/base financing rate-plus	5,169,094	4,922,508
- Cost-plus	3,785,301	3,360,959
	<b><u>9,244,019</u></b>	<b><u>8,635,432</u></b>

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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:**

	<b>30-Sep-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>
Agriculture	<b>298,089</b>	262,358
Mining and quarrying	<b>19,342</b>	90,251
Manufacturing	<b>1,074,808</b>	1,059,492
Electricity, gas and water	<b>468,550</b>	386,232
Construction	<b>327,969</b>	362,925
Wholesale, retail trade, restaurants and hotels	<b>1,145,374</b>	943,902
Transport, storage and communication	<b>257,246</b>	161,509
Finance, insurance and business services	<b>1,246,601</b>	1,271,117
Real estate	<b>378,546</b>	305,560
Community, social and personal services	<b>85,681</b>	87,534
Households:		
- Purchase of residential properties	<b>3,676,578</b>	3,449,434
- Purchase of non-residential properties	<b>200,424</b>	194,329
- Others	<b>64,811</b>	60,789
	<b><u>9,244,019</u></b>	<b><u>8,635,432</u></b>

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

	<b>30-Sep-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>
In Malaysia	<b>9,096,297</b>	8,488,208
Outside Malaysia	<b>147,722</b>	147,224
	<b><u>9,244,019</u></b>	<b><u>8,635,432</u></b>

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

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

**(vii) Movements in the Allowance for ECL on financing, advances and others:**

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	12-months ECL	Lifetime ECL non credit- impaired	Lifetime ECL credit- impaired	Total ECL
	RM'000	RM'000	RM'000	RM'000
<b>2023</b>				
At 1 January	17,786	22,752	132,706	173,244
Transferred to Stage 1	281	(3,771)	(1,045)	(4,535)
Transferred to Stage 2	(671)	19,048	(1,600)	16,777
Transferred to Stage 3	(56)	(2,974)	13,865	10,835
Allowance made	16,702	55,174	8,772	80,648
Maturity/settlement/repayment	(9,963)	(1,791)	(3,531)	(15,285)
Net total	6,293	65,686	16,461	88,440
Amounts written-off	-	-	(89,890)	(89,890)
At 30 September	<u>24,079</u>	<u>88,438</u>	<u>59,277</u>	<u>171,794</u>
<b>2022</b>				
At 1 January	16,663	38,497	108,844	164,004
Transfer from business acquisition	93	531	660	1,284
Transferred to Stage 1	6,889	(21,418)	(2,988)	(17,517)
Transferred to Stage 2	(1,064)	12,198	(850)	10,284
Transferred to Stage 3	(417)	(2,491)	27,529	24,621
Allowance made	10,044	40	9,191	19,275
Maturity/settlement/repayment	(14,422)	(4,605)	(3,717)	(22,744)
Net total	1,030	(16,276)	29,165	13,919
Amounts written-off	-	-	(5,963)	(5,963)
At 31 December	<u>17,786</u>	<u>22,752</u>	<u>132,706</u>	<u>173,244</u>

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

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

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

	<b>30-Sep-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	251,343	200,362
Transfer from business acquisition	-	3,304
Classified as credit-impaired during the financial period/year	75,833	103,502
Amount recovered	(13,959)	(24,614)
Reclassified as non credit-impaired	(13,202)	(24,861)
Amount written-off	(89,894)	(6,350)
At 30 September/31 December	<u>210,121</u>	<u>251,343</u>
Less: Stage 3 - Lifetime ECL credit-impaired	<u>(59,277)</u>	<u>(132,706)</u>
Net credit-impaired financing, advances and others	<u>150,844</u>	<u>118,637</u>
Ratio of net credit-impaired financing, advances and others to gross financing, advances and others less allowance for ECL on credit-impaired provisions	<u>1.4%</u>	<u>1.4%</u>

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

	<b>30-Sep-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>
Mining and quarrying	-	81,862
Manufacturing	7,986	7,814
Construction	31,673	31,598
Wholesale, retail trade, restaurants and hotels	13,758	15,759
Transport, storage and communication	5,263	3,317
Finance, insurance and business services	5,148	2,411
Community, social and personal services	5,033	4,954
Households:		
- Purchase of residential properties	135,045	99,293
- Purchase of non-residential properties	5,806	4,114
- Others	409	221
	<u>210,121</u>	<u>251,343</u>

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

	<b>30-Sep-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>
In Malaysia	205,644	249,005
Outside Malaysia	4,477	2,338
	<u>210,121</u>	<u>251,343</u>

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

**e. Other assets**

	<b>30-Sep-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>
Other receivables, deposits and prepayments	<b>14,197</b>	10,538
Profit receivables	<b>31,644</b>	14,165
Less: Allowance for ECL	<b>(9)</b>	(1,683)
	<b>45,832</b>	<b>23,020</b>

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

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	12-months ECL RM'000	Lifetime ECL non credit- impaired RM'000	Lifetime ECL credit- impaired RM'000	Total ECL RM'000
<b>2023</b>				
At 1 January	1,131	552	-	1,683
Allowance made	5	3	-	8
Maturity/settlement/repayment	(1,169)	(571)	-	(1,740)
Exchange differences	39	19	-	58
Net total	(1,125)	(549)	-	(1,674)
At 30 September	<u>6</u>	<u>3</u>	<u>-</u>	<u>9</u>
<b>2022</b>				
At 1 January	2	1	-	3
Allowance made	1,131	551	-	1,682
Maturity/settlement/repayment	(2)	-	-	(2)
Net total	1,129	551	-	1,680
At 31 December	<u>1,131</u>	<u>552</u>	<u>-</u>	<u>1,683</u>

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

**f. Derivative financial assets/(liabilities)**

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

The fair value of the derivatives are as follows:

	<b>Contract or underlying principal amount RM'000</b>	<b>Positive fair value RM'000</b>	<b>Negative fair value RM'000</b>
<b>2023</b>			
Foreign exchange contracts:			
- Forwards	1,592,343	27,556	1,732
- Swaps	-	-	25,557
Profit rate related contracts:			
- Swaps	826,340	2,164	2,032
	<u>826,340</u>	<u>29,720</u>	<u>29,321</u>
<b>2022</b>			
Foreign exchange contracts:			
- Forwards	839,202	33,761	29,765
- Swaps	-	-	2,083
Profit rate related contracts:			
- Swaps	476,500	6,942	6,559
	<u>476,500</u>	<u>40,703</u>	<u>38,407</u>

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

**g. Deposits from customers**

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

	<b>30-Sep-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Non-Mudharabah fund</b>		
Demand deposits:		
- Qard	<b>830,546</b>	665,189
Savings deposits:		
- Qard	<b>120,268</b>	73,393
Fixed deposits:		
- Tawarruq	<b>4,824,381</b>	4,598,424
Other deposits:		
- Tawarruq	<b>687,779</b>	60,676
	<b><u>6,462,974</u></b>	<b><u>5,397,682</u></b>

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

	<b>30-Sep-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>
Due within six months	<b>3,181,513</b>	2,219,342
Six months to one year	<b>1,642,866</b>	2,369,081
One year to three years	<b>2</b>	10,001
	<b><u>4,824,381</u></b>	<b><u>4,598,424</u></b>

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

	<b>30-Sep-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>
Business enterprises	<b>2,016,973</b>	1,462,398
Individuals	<b>3,607,200</b>	3,672,164
Others	<b>838,801</b>	263,120
	<b><u>6,462,974</u></b>	<b><u>5,397,682</u></b>

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

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

	<b>30-Sep-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Mudharabah RSIA</b>		
Licensed bank	<b>3,991,036</b>	3,584,458
Amount receivable from Conventional Bank	<b>(65,381)</b>	(17,383)
	<b><u>3,925,655</u></b>	<b><u>3,567,075</u></b>

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

	<b>30-Sep-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Non-Mudharabah fund</b>		
Other financial institutions	<b><u>2,944,285</u></b>	<b><u>4,027,838</u></b>

**j. Other liabilities**

	<b>30-Sep-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>
Allowance for ECL on commitments and contingencies	<b>10,514</b>	10,745
Accrued profit payables	<b>21,833</b>	28,833
Accruals and provisions for operational expenses	<b>996</b>	1,004
Other payables and accruals	<b>4,725</b>	3,176
Deferred income	<b>6,204</b>	7,544
	<b><u>44,272</u></b>	<b><u>51,302</u></b>

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

**j. Other liabilities (cont'd.)**

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

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	12-months ECL RM'000	Lifetime ECL non credit- impaired RM'000	Lifetime ECL credit- impaired RM'000	Total ECL RM'000
<b>2023</b>				
At 1 January	9,742	1,003	-	10,745
Transferred to Stage 1	5	(37)	-	(32)
Transferred to Stage 2	(344)	529	-	185
Allowance made	6,687	1,266	-	7,953
Maturity/settlement/repayment	(7,586)	(753)	-	(8,339)
Exchange differences	2	-	-	2
Net total	<u>(1,236)</u>	<u>1,005</u>	-	<u>(231)</u>
At 30 September	<u>8,506</u>	<u>2,008</u>	-	<u>10,514</u>
<b>2022</b>				
At 1 January	12,703	4,140	-	16,843
Transferred to Stage 1	3,439	(3,836)	-	(397)
Transferred to Stage 2	(515)	698	-	183
Allowance made	722	814	-	1,536
Maturity/settlement/repayment	(6,608)	(813)	-	(7,421)
Exchange differences	1	-	-	1
Net total	<u>(2,961)</u>	<u>(3,137)</u>	-	<u>(6,098)</u>
At 31 December	<u>9,742</u>	<u>1,003</u>	-	<u>10,745</u>

**k. Islamic Banking funds**

	<b>30-Sep-23</b> RM'000	<b>31-Dec-22</b> RM'000
Capital fund	450,000	450,000
FVOCI reserve	(4,418)	(3,318)
Retained profits	124,985	86,744
	<u>570,567</u>	<u>533,426</u>

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

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

	Third Quarter ended		Nine Months ended	
	30-Sep-23 RM'000	30-Sep-22 RM'000	30-Sep-23 RM'000	30-Sep-22 RM'000
<u>Finance income and hibah</u>				
Financing, advances and others	64,417	49,030	179,750	132,526
Credit-impaired financing, advances and others	591	1,267	3,679	5,380
Money at call and deposit placements with financial institutions	5,943	3,527	9,778	9,569
Debt instruments at FVOCI	10,209	14,820	22,286	39,888
Debt instruments at amortised cost	10,126	4,631	30,232	10,164
	<u>91,286</u>	<u>73,275</u>	<u>245,725</u>	<u>197,527</u>
Amortisation of premiums, net	(1,973)	(3,630)	(7,568)	(9,150)
<b>Total finance income and hibah</b>	<b>89,313</b>	<b>69,645</b>	<b>238,157</b>	<b>188,377</b>
<u>Other operating income</u>				
Trading income	464	509	2,132	1,774
Commision income	2,855	2,299	6,351	5,241
Fee income	678	1,506	11,055	5,188
Others	26	24	73	68
<b>Total other operating income</b>	<b>4,023</b>	<b>4,338</b>	<b>19,611</b>	<b>12,271</b>
<b>Total</b>	<b>93,336</b>	<b>73,983</b>	<b>257,768</b>	<b>200,648</b>

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

	Third Quarter ended		Nine Months ended	
	30-Sep-23 RM'000	30-Sep-22 RM'000	30-Sep-23 RM'000	30-Sep-22 RM'000
<u>Finance income and hibah</u>				
Financing, advances and others	6,496	4,785	18,185	11,967
Credit-impaired financing, advances and others	60	123	370	459
Money at call and deposit placements with financial institutions	609	345	999	847
Debt instruments at FVOCI	1,030	1,427	2,254	3,576
Debt instruments at amortised cost	1,021	471	3,057	981
	<u>9,216</u>	<u>7,151</u>	<u>24,865</u>	<u>17,830</u>
Amortisation of premiums, net	(202)	(354)	(768)	(841)
<b>Total finance income and hibah</b>	<b>9,014</b>	<b>6,797</b>	<b>24,097</b>	<b>16,989</b>

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

**m. Income derived from investment of Islamic Banking funds (cont'd.)**

	Third Quarter ended		Nine Months ended	
	30-Sep-23 RM'000	30-Sep-22 RM'000	30-Sep-23 RM'000	30-Sep-22 RM'000
<u>Other operating income</u>				
Trading income	47	50	217	157
Commision income	289	225	642	478
Fee income	68	147	1,139	459
Others	2	2	7	6
<b>Total other operating income</b>	<b>406</b>	<b>424</b>	<b>2,005</b>	<b>1,100</b>
<b>Total</b>	<b>9,420</b>	<b>7,221</b>	<b>26,102</b>	<b>18,089</b>

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

	Third Quarter ended		Nine Months ended	
	30-Sep-23 RM'000	30-Sep-22 RM'000	30-Sep-23 RM'000	30-Sep-22 RM'000
<u>Finance income and hibah</u>				
Financing, advances and others	31,922	23,913	93,958	65,681
Money at call and deposit placements with financial institutions	7,437	7,314	22,077	16,672
	<b>39,359</b>	<b>31,227</b>	<b>116,035</b>	<b>82,353</b>
<u>Other operating income</u>				
Fee income	447	455	1,722	1,516
<b>Total</b>	<b>39,806</b>	<b>31,682</b>	<b>117,757</b>	<b>83,869</b>

**o. Income attributable to depositors**

	Third Quarter ended		Nine Months ended	
	30-Sep-23 RM'000	30-Sep-22 RM'000	30-Sep-23 RM'000	30-Sep-22 RM'000
Income attributable to depositors from non-mudharabah fund	<b>72,644</b>	<b>47,379</b>	<b>187,311</b>	<b>127,620</b>

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

**p. Income attributable to Investment Account holders**

	Third Quarter ended		Nine Months ended	
	30-Sep-23 RM'000	30-Sep-22 RM'000	30-Sep-23 RM'000	30-Sep-22 RM'000
Income attributable to depositors from mudharabah fund	<b>31,488</b>	24,981	<b>93,068</b>	65,882

**q. Allowance for/(write-back of) ECL**

	Third Quarter ended		Nine Months ended	
	30-Sep-23 RM'000	30-Sep-22 RM'000	30-Sep-23 RM'000	30-Sep-22 RM'000
Financing, advances and others:				
- Stage 1 ECL	<b>(988)</b>	(5,364)	<b>6,293</b>	1,684
- Stage 2 ECL	<b>(5,354)</b>	6,676	<b>65,686</b>	4,870
- Stage 3 ECL	<b>6,122</b>	26,088	<b>16,461</b>	33,180
Movement in ECL for RSIA holder*	<b>17,569</b>	3,035	<b>(45,536)</b>	(2,128)
	<b>17,349</b>	30,435	<b>42,904</b>	37,606
Credit-impaired financing, advances and others:				
- written-off	<b>49</b>	50	<b>397</b>	91
- recovered	<b>(6)</b>	(5)	<b>(1,080)</b>	(17)
	<b>17,392</b>	30,480	<b>42,221</b>	37,680
Other financial assets:				
- Stage 1 ECL	<b>(183)</b>	(444)	<b>(1,141)</b>	852
- Stage 2 ECL	<b>(27)</b>	(342)	<b>(548)</b>	449
	<b>(210)</b>	(786)	<b>(1,689)</b>	1,301
Commitments and contingencies:				
- Stage 1 ECL	<b>376</b>	(4,351)	<b>(1,236)</b>	(4,234)
- Stage 2 ECL	<b>(187)</b>	165	<b>1,005</b>	657
Movement in ECL for RSIA holder*	<b>(2,525)</b>	4,839	<b>(2,458)</b>	2,919
	<b>(2,336)</b>	653	<b>(2,689)</b>	(658)
Total	<b>14,846</b>	30,347	<b>37,843</b>	38,323

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

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

**r. Other operating expenses**

	Third Quarter ended		Nine Months ended	
	30-Sep-23 RM'000	30-Sep-22 RM'000	30-Sep-23 RM'000	30-Sep-22 RM'000
Personnel expenses	752	837	3,374	2,420
Establishment related expenses	1,750	1,633	5,355	4,730
Promotion and marketing related expenses	58	66	238	279
General administrative expenses	8,302	6,935	24,061	20,885
	<b>10,862</b>	<b>9,471</b>	<b>33,028</b>	<b>28,314</b>
<u>Personnel expenses</u>				
Wages, salaries and bonus	549	651	2,708	1,897
Defined contribution plan	87	105	431	304
Other employee benefits	116	81	235	219
	<b>752</b>	<b>837</b>	<b>3,374</b>	<b>2,420</b>
<u>Establishment related expenses</u>				
Depreciation of plant and equipment	476	212	1,427	636
Depreciation of right-of-use assets	8	-	61	-
Information technology costs	489	384	1,319	1,025
Repair and maintenance	2	2	38	4
Short-term lease expenses	-	2	-	8
Others	775	1,033	2,510	3,057
	<b>1,750</b>	<b>1,633</b>	<b>5,355</b>	<b>4,730</b>
<u>Promotion and marketing related expenses</u>				
Advertisement and publicity	58	66	238	279
<u>General administrative expenses</u>				
Fees and commissions paid	124	193	425	366
Management fee	8,031	6,626	22,994	20,026
Others	147	116	642	493
	<b>8,302</b>	<b>6,935</b>	<b>24,061</b>	<b>20,885</b>

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

**s. Commitments and contingencies**

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

	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
<b>2023</b>			
Direct credit substitutes	138,991	138,991	158,834
Transaction-related contingent items	197,335	98,704	106,286
Short-term self-liquidating trade-related contingencies	3,075	615	625
Foreign exchange related contracts:			
- Less than one year	1,592,343	50,137	20,444
Profit rate related contracts:			
- Less than one year	526,340	676	356
- More than one year to less than five years	300,000	3,000	799
Undrawn credit facility:			
- Less than one year	368,974	14,239	4,684
- More than one year	901,201	640,667	391,142
- Unconditionally cancellable	946,120	-	-
Total	<u>4,974,379</u>	<u>947,029</u>	<u>683,170</u>
<b>2022</b>			
Direct credit substitutes	137,779	137,778	261,648
Transaction-related contingent items	201,412	101,196	163,942
Short-term self-liquidating trade-related contingencies	3,150	2,052	486
Foreign exchange related contracts:			
- Less than one year	834,445	12,836	9,746
- More than one year to less than five years	4,757	283	198
Profit rate related contracts:			
- Less than one year	376,500	941	659
- More than one year to less than five years	100,000	1,000	262
Undrawn credit facility:			
- Less than one year	315,820	12,099	4,232
- More than one year	897,964	635,263	280,511
- Unconditionally cancellable	1,098,771	-	-
Total	<u>3,970,598</u>	<u>903,448</u>	<u>721,684</u>

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

**t. Capital management and capital adequacy**

The capital adequacy ratios of Islamic Banking window are computed in accordance with the BNM Capital Adequacy Framework for Islamic Banking (Capital Components) issued on 9 December 2020 and Basel II - Risk-weighted Assets Framework for Islamic Banking issued on 3 May 2019.

	<b>30-Sep-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Common Equity Tier 1 ("CET1")/Tier 1 Capital</u>		
Capital fund	<b>450,000</b>	450,000
Retained profits	<b>115,225</b>	86,744
Other reserves	<b>(4,417)</b>	(3,318)
Regulatory adjustments applied in the calculation of CET1 Capital	<b>(21,011)</b>	(14,025)
Total CET1/Tier 1 Capital	<b>539,797</b>	519,401
<u>Tier 2 Capital</u>		
Financing loss provision:		
- Surplus eligible provisions over expected losses	<b>21,863</b>	18,722
- General provisions	<b>838</b>	788
Total Tier 2 Capital	<b>22,701</b>	19,510
Total Capital	<b>562,498</b>	538,911

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

	<b>30-Sep-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Before the effects of RSIA</b>		
CET1/Tier 1 Capital	<b>8.116%</b>	9.521%
Total Capital	<b>8.621%</b>	10.101%
<b>After the effects of RSIA</b>		
CET1/Tier 1 Capital	<b>13.517%</b>	15.221%
Total Capital	<b>14.085%</b>	15.793%

In accordance with BNM's Guidelines on the Investment Account, the credit risk and market risk weighted assets funded by the RSIA which qualify as risk absorbent are excluded from the calculation of capital adequacy ratio. As at 30 September 2023, credit risk related to RSIA assets excluded from the total capital ratio calculation amounted to RM2,657,461,709 (31 December 2022: RM2,043,006,700).

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

**t. Capital management and capital adequacy (cont'd.)**

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

	<b>30-Sep-23</b>	<b>31-Dec-22</b>
	<b>RM'000</b>	<b>RM'000</b>
Total RWA for credit risk	<b>3,710,907</b>	3,183,356
Total RWA for market risk	<b>10,290</b>	4,847
Total RWA for operational risk	<b>272,266</b>	224,198
	<b><u>3,993,463</u></b>	<b><u>3,412,401</u></b>