

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

UNAUDITED INTERIM FINANCIAL STATEMENTS
31 MARCH 2020

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

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

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Note	Group		Bank	
		31-Mar-20 RM'000	31-Dec-19 RM'000	31-Mar-20 RM'000	31-Dec-19 RM'000
ASSETS					
Cash and short-term funds	11	6,192,733	1,330,265	6,192,733	1,330,265
Deposits and placements with financial institutions	12	399,891	499,864	399,891	499,864
Securities purchased under resale agreements		4,026,753	3,568,380	4,026,753	3,568,380
Financial assets at fair value through profit or loss ("FVTPL")	13	3,219,678	4,206,956	3,219,678	4,206,956
Debt instruments at fair value through other comprehensive income ("FVOCI")	14	17,909,271	20,026,345	17,909,271	20,026,345
Equity instruments at fair value through other comprehensive income ("FVOCI")	15	133,307	133,885	133,307	133,885
Debt Instruments at amortised cost	16	663,146	803,460	663,146	803,460
Loans, advances and financing	17	84,332,694	84,718,431	84,438,288	84,830,743
Derivative financial assets	18	1,071,401	435,026	1,071,401	435,026
Other assets	19	642,449	675,453	648,436	680,513
Statutory deposits with Bank Negara Malaysia		658,706	1,722,676	658,706	1,722,676
Investment in subsidiaries		-	-	275,020	235,020
Investment in an associate		10,368	10,317	13,522	13,522
Property, plant and equipment		779,541	746,200	292,674	275,351
Right-of-use assets		17,459	20,771	52,913	60,834
Deferred tax assets		69,832	74,542	69,832	74,542
TOTAL ASSETS		120,127,229	118,972,571	120,065,571	118,897,382
LIABILITIES					
Deposits from customers	20	90,061,697	89,106,710	90,112,227	89,135,199
Deposits and placements of banks and other financial institutions	21	14,201,399	14,177,990	14,201,419	14,178,010
Obligations on securities sold under repurchase agreements		-	313,861	-	313,861
Bills and acceptances payable		178,568	239,535	178,568	239,535
Derivative financial liabilities	18	695,520	516,085	695,520	516,085
Other liabilities	22	1,945,700	1,971,122	1,948,505	1,973,265
Lease liabilities		16,544	19,523	45,730	58,006
Tax payable		117,601	85,864	117,468	85,425
Subordinated bonds	23	1,627,708	1,612,220	1,627,708	1,612,220
Deferred tax liabilities		19,609	19,609	-	-
TOTAL LIABILITIES		108,864,346	108,062,519	108,927,145	108,111,606

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION (cont'd.)
AS AT 31 MARCH 2020

	Notes	Group		Bank	
		31-Mar-20 RM'000	31-Dec-19 RM'000	31-Mar-20 RM'000	31-Dec-19 RM'000
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK					
Share capital		792,555	792,555	792,555	792,555
Reserves		10,470,328	10,117,497	10,345,871	9,993,221
TOTAL EQUITY		11,262,883	10,910,052	11,138,426	10,785,776
TOTAL LIABILITIES AND EQUITY		120,127,229	118,972,571	120,065,571	118,897,382
COMMITMENTS AND CONTINGENCIES	33	111,959,936	103,186,530	111,624,488	102,834,131

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 2019.

UNITED OVERSEAS BANK (MALAYSIA) BHD
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

Group	Note	First Quarter Ended		Three Months Ended	
		31-Mar-20 RM'000	31-Mar-19 RM'000	31-Mar-20 RM'000	31-Mar-19 RM'000
Operating revenue	25	1,614,095	1,531,115	1,614,095	1,531,115
Interest income	26	1,250,208	1,272,262	1,250,208	1,272,262
Interest expense	27	(701,326)	(763,035)	(701,326)	(763,035)
Net interest income		548,882	509,227	548,882	509,227
Net income from Islamic					
Banking operations	36	18,086	8,819	18,086	8,819
Other operating income	28	305,483	209,404	305,483	209,404
Operating income		872,451	727,450	872,451	727,450
Other operating expenses	29	(319,971)	(288,056)	(319,971)	(288,056)
Operating profit before allowances for expected credit losses		552,480	439,394	552,480	439,394
(Allowances for)/write-back of expected credit losses on:					
Loans, advances and financing	30	(97,594)	(18,507)	(97,594)	(18,507)
Other financial assets	30	4,322	(8,423)	4,322	(8,423)
Commitments and contingencies	30	(2,473)	35,072	(2,473)	35,072
		456,735	447,536	456,735	447,536
Share of net profit of an associate		51	58	51	58
Profit before taxation		456,786	447,594	456,786	447,594
Income tax expense		(110,859)	(109,025)	(110,859)	(109,025)
Profit for the period attributable to equity holders of the Bank		345,927	338,569	345,927	338,569
Basic/diluted earnings per share (sen)		73.6	72.0	73.6	72.0

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 2019.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENTS (cont'd.)
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

Bank	Note	First Quarter Ended		Three Months Ended	
		31-Mar-20 RM'000	31-Mar-19 RM'000	31-Mar-20 RM'000	31-Mar-19 RM'000
Operating revenue	25	1,615,281	1,532,579	1,615,281	1,532,579
Interest income	26	1,251,328	1,273,663	1,251,328	1,273,663
Interest expense	27	(701,799)	(763,612)	(701,799)	(763,612)
Net interest income		549,529	510,051	549,529	510,051
Net income from Islamic					
Banking operations	36	18,086	8,819	18,086	8,819
Other operating income	28	305,550	209,467	305,550	209,467
Operating income		873,165	728,337	873,165	728,337
Other operating expenses	29	(321,265)	(289,109)	(321,265)	(289,109)
Operating profit before allowances for expected credit losses		551,900	439,228	551,900	439,228
(Allowances for)/write-back of expected credit losses on:					
Loans, advances and financing	30	(97,434)	(18,497)	(97,434)	(18,497)
Other financial assets	30	4,322	(8,423)	4,322	(8,423)
Commitments and contingencies	30	(2,473)	35,072	(2,473)	35,072
Profit before taxation		456,315	447,380	456,315	447,380
Income tax expense		(110,569)	(108,633)	(110,569)	(108,633)
Profit for the period attributable to equity holders of the Bank		345,746	338,747	345,746	338,747
Basic/diluted earnings per share (sen)		73.6	72.1	73.6	72.1

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 2019.

UNITED OVERSEAS BANK (MALAYSIA) BHD
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**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

Group	First Quarter Ended		Three Months Ended	
	31-Mar-20 RM'000	31-Mar-19 RM'000	31-Mar-20 RM'000	31-Mar-19 RM'000
Profit for the period	345,927	338,569	345,927	338,569
<i>Other comprehensive income:</i>				
<u>Items that will be reclassified subsequently to income statements:</u>				
Net fair value changes in debt instruments at fair value through other comprehensive income	9,662	70,554	9,662	70,554
Income tax effect	(2,319)	(16,933)	(2,319)	(16,933)
	7,343	53,621	7,343	53,621
<u>Items that will not be reclassified subsequently to income statements:</u>				
Net fair value changes in equity instruments at fair value through other comprehensive income	(578)	195	(578)	195
Income tax effect	139	(47)	139	(47)
	(439)	148	(439)	148
Total other comprehensive income for the period, net of tax	6,904	53,769	6,904	53,769
Total comprehensive income for the period attributable to equity holders	352,831	392,338	352,831	392,338

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 2019.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME (cont'd.)
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

	First Quarter Ended		Three Months Ended	
	31-Mar-20 RM'000	31-Mar-19 RM'000	31-Mar-20 RM'000	31-Mar-19 RM'000
Bank				
Profit for the period	345,746	338,747	345,746	338,747
<i>Other comprehensive income:</i>				
<u>Items that will be reclassified subsequently to income statements:</u>				
Net fair value changes in debt instruments at fair value through other comprehensive income	9,662	70,554	9,662	70,554
Income tax effect	(2,319)	(16,933)	(2,319)	(16,933)
	7,343	53,621	7,343	53,621
<u>Items that will not be reclassified subsequently to income statements:</u>				
Net fair value changes in equity instruments at fair value through other comprehensive income	(578)	195	(578)	195
Income tax effect	139	(47)	139	(47)
	(439)	148	(439)	148
Total other comprehensive income for the period, net of tax	6,904	53,769	6,904	53,769
Total comprehensive income for the period attributable to equity holders	352,650	392,516	352,650	392,516

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 2019.

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 31 MARCH 2020**

GROUP	← Non-distributable →			Distributable	Total
	Share capital	Revaluation reserves	Fair value through other comprehensive income reserve	Retained profits	
2020	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2020	792,555	184,130	169,736	9,763,631	10,910,052
Profit for the period	-	-	-	345,927	345,927
Other comprehensive income for the period	-	-	6,904	-	6,904
Total comprehensive income for the period	-	-	6,904	345,927	352,831
Balance as at 31 March 2020	792,555	184,130	176,640	10,109,558	11,262,883

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 2019.

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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 31 MARCH 2020**

GROUP (cont'd.)

	← Non-distributable →			Distributable	Total
	Share capital	Revaluation reserves	Fair value through other comprehensive income reserve	Retained profits	
2019	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2019	792,555	190,019	92,712	9,035,171	10,110,457
Profit for the period	-	-	-	338,569	338,569
Other comprehensive income for the period	-	-	53,769	-	53,769
Total comprehensive income for the period	-	-	53,769	338,569	392,338
Balance as at 31 March 2019	792,555	190,019	146,481	9,373,740	10,502,795

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2019.

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UNITED OVERSEAS BANK (MALAYSIA) BHD

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**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

BANK	Non-distributable		Distributable	
	Share capital	Fair value through other comprehensive income reserve	Retained profits	Total
2020	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2020	792,555	162,834	9,830,387	10,785,776
Profit for the period	-	-	345,746	345,746
Other comprehensive income for the period	-	6,904	-	6,904
Total comprehensive income for the period	-	6,904	345,746	352,650
Balance as at 31 March 2020	792,555	169,738	10,176,133	11,138,426

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 2019.

Company No. 199301017069 (271809K)

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**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY (cont'd.)
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

BANK (cont'd.)	Non-distributable		Distributable	Total
	Share capital	Fair value through other comprehensive income reserve	Retained profits	
2019	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2019	792,555	85,810	9,111,054	9,989,419
Profit for the period	-	-	338,747	338,747
Other comprehensive income for the period	-	53,769	-	53,769
Total comprehensive income for the period	-	53,769	338,747	392,516
Balance as at 31 March 2019	792,555	139,579	9,449,801	10,381,935

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 2019.

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

	Group		Bank	
	31-Mar-20 RM'000	31-Mar-19 RM'000	31-Mar-20 RM'000	31-Mar-19 RM'000
Profit before taxation	456,786	447,594	456,315	447,380
Adjustments for non-operating and non-cash items	<u>(51,496)</u>	<u>(59,506)</u>	<u>(23,202)</u>	<u>(36,951)</u>
Operating profit before working capital changes	405,290	388,088	433,113	410,429
Changes in working capital:				
Net changes in operating assets	1,347,576	722,010	1,326,787	661,410
Net changes in operating liabilities	787,214	(3,733,042)	800,621	(3,700,046)
Tax expense paid	<u>(76,591)</u>	<u>(109,926)</u>	<u>(75,996)</u>	<u>(108,906)</u>
Net cash generated from/(used in) operating activities	2,463,489	(2,732,870)	2,484,525	(2,737,113)
Net cash generated from investing activities	2,283,518	1,029,141	2,262,482	1,033,383
Net cash generated from financing activities	<u>15,488</u>	<u>2,640</u>	<u>15,488</u>	<u>2,641</u>
Net increase/(decrease) in cash and cash equivalents	4,762,495	(1,701,089)	4,762,495	(1,701,089)
Cash and cash equivalents at beginning of the period	<u>1,830,129</u>	<u>4,724,715</u>	<u>1,830,129</u>	<u>4,724,715</u>
Cash and cash equivalents at end of the period	<u>6,592,624</u>	<u>3,023,626</u>	<u>6,592,624</u>	<u>3,023,626</u>
Analysis of cash and cash equivalents				
Cash and short-term funds	6,192,733	3,023,626	6,192,733	3,023,626
Deposits and placements with financial institutions	<u>399,891</u>	<u>-</u>	<u>399,891</u>	<u>-</u>
	<u>6,592,624</u>	<u>3,023,626</u>	<u>6,592,624</u>	<u>3,023,626</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the year ended 31 December 2019.

UNITED OVERSEAS BANK (MALAYSIA) BHD

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EXPLANATORY NOTES

1. BASIS OF PREPARATION

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

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group and of the Bank for the financial year ended 31 December 2019. 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 2019.

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 2019, 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 2020:

Amendments to MFRS 3 Definition of a Business

Amendments to MFRS 101 and MFRS 108 Definition of Material

Amendments to MFRS 9 and MFRS 139 and MFRS 7 Interest Rate Benchmark Reform

The Conceptual Framework for Financial Reporting

Effective for financial periods beginning on or after 1 January 2021

MFRS 17 Insurance Contracts

Effective for financial periods to be determined by the MASB

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

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

2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2019 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 31 March 2020.

UNITED OVERSEAS BANK (MALAYSIA) BHD

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EXPLANATORY NOTES

5. CHANGES IN ESTIMATES

There were no significant changes in estimates of amounts reported in prior financial year that have a material effect on the financial results and position of the Group and of the Bank for the financial period ended 31 March 2020.

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 31 March 2020.

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 2019.

8. DIVIDENDS

There were no dividend paid for the financial period ended 31 March 2020.

9. SIGNIFICANT EVENTS SUBSEQUENT TO THE REPORTING DATE

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

10. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the financial period ended 31 March 2020.

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EXPLANATORY NOTES

11. CASH AND SHORT-TERM FUNDS

	Group and Bank	
	31-Mar-20	31-Dec-19
	RM'000	RM'000
Cash and balances with banks and other financial institutions	631,521	812,456
Money at call and deposit placements maturing within one month	5,593,552	554,264
	6,225,073	1,366,720
Less: Allowances for ECL	(32,340)	(36,455)
	6,192,733	1,330,265

12. DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	Group and Bank	
	31-Mar-20	31-Dec-19
	RM'000	RM'000
Licensed banks	400,000	500,000
Less: Allowances for ECL	(109)	(136)
	399,891	499,864

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

	Group and Bank	
	31-Mar-20	31-Dec-19
	RM'000	RM'000
Money market instruments		
Bank Negara Malaysia bills	590,974	1,094,279
Malaysian Government treasury bills	49,732	99,162
Malaysian Government securities	651,634	803,263
Negotiable instruments of deposits	900,225	1,349,708
	2,192,565	3,346,412
Unquoted securities in Malaysia		
Cagamas bonds	160,427	235,551
Private debt securities	866,686	624,993
	1,027,113	860,544
	3,219,678	4,206,956

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EXPLANATORY NOTES

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

	Group and Bank	
	31-Mar-20	31-Dec-19
	RM'000	RM'000
Money market instruments		
Bank Negara Malaysia bills	598,832	298,485
Malaysian Government securities	10,187,597	10,795,149
Negotiable instruments of deposits	4,000,417	6,109,376
	<u>14,786,846</u>	<u>17,203,010</u>
Unquoted securities in Malaysia		
Cagamas bonds	1,522,329	1,662,888
Private debt securities	1,600,096	1,160,447
	<u>3,122,425</u>	<u>2,823,335</u>
Total debt instruments at FVOCI	<u>17,909,271</u>	<u>20,026,345</u>

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

	Group and Bank	
	31-Mar-20	31-Dec-19
	RM'000	RM'000
Quoted securities		
Shares of corporations in Malaysia	1,498	2,076
Unquoted securities		
Shares of corporations in Malaysia	131,809	131,809
	<u>133,307</u>	<u>133,885</u>

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

	Group and Bank	
	31-Mar-20	31-Dec-19
	RM'000	RM'000
Private debt securities of companies incorporated In Malaysia		
Unquoted corporate bonds	670,425	811,000
Less: Allowances for ECL	(7,279)	(7,540)
	<u>663,146</u>	<u>803,460</u>

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

	Group		Bank	
	31-Mar-20 RM'000	31-Dec-19 RM'000	31-Mar-20 RM'000	31-Dec-19 RM'000
Overdrafts	3,241,649	3,128,424	3,241,649	3,128,424
Term loans/financing and revolving credits				
- Housing loans/financing	32,395,475	32,518,470	32,395,475	32,518,470
- Syndicated term loans/financing	951,583	933,736	951,583	933,736
- Other term loans/financing	37,580,060	36,690,664	37,686,822	36,804,304
Credit card receivables	2,769,664	2,930,443	2,769,664	2,930,443
Bills receivables	328,075	1,337,074	328,075	1,337,074
Trust receipts	3,342,793	2,982,465	3,342,793	2,982,465
Claims on customers under acceptance credits	5,491,572	5,877,468	5,491,572	5,877,468
Staff loans	38,235	37,750	38,235	37,750
Others	8,428	18,640	8,428	18,640
	86,147,534	86,455,134	86,254,296	86,568,774
Unearned interest/income	(208,005)	(213,946)	(208,005)	(213,946)
Gross loans, advances and financing	85,939,529	86,241,188	86,046,291	86,354,828
Allowances for impairment on loans advances and financing				
-Stage 1- 12 month ECL	(896,924)	(869,349)	(898,092)	(870,677)
-Stage 2- Lifetime ECL non credit-impaired	(394,666)	(367,276)	(394,666)	(367,276)
-Stage 3- Lifetime ECL credit-impaired	(315,245)	(286,132)	(315,245)	(286,132)
Net loans, advances and financing	84,332,694	84,718,431	84,438,288	84,830,743

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

	Group		Bank	
	31-Mar-20 RM'000	31-Dec-19 RM'000	31-Mar-20 RM'000	31-Dec-19 RM'000
Maturing within one year	24,241,319	25,079,072	24,241,319	25,079,072
One year to three years	5,198,648	4,732,853	5,305,410	4,846,493
Three years to five years	6,014,913	5,978,947	6,014,913	5,978,947
Over five years	50,484,649	50,450,316	50,484,649	50,450,316
	85,939,529	86,241,188	86,046,291	86,354,828

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EXPLANATORY NOTES

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

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

	Group		Bank	
	31-Mar-20 RM'000	31-Dec-19 RM'000	31-Mar-20 RM'000	31-Dec-19 RM'000
Domestic non-banking financial institutions				
- Stockbroking companies	16,228	31,643	16,228	31,643
- Others	1,739,989	1,334,225	1,739,989	1,334,225
Domestic business enterprises				
- Small medium enterprises	19,945,628	18,194,120	19,945,628	18,194,120
- Others	15,859,517	17,159,632	15,966,279	17,273,272
Individuals	42,463,834	42,513,659	42,463,834	42,513,659
Foreign entities	5,914,333	7,007,909	5,914,333	7,007,909
	85,939,529	86,241,188	86,046,291	86,354,828

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

	Group		Bank	
	31-Mar-20 RM'000	31-Dec-19 RM'000	31-Mar-20 RM'000	31-Dec-19 RM'000
Fixed rate				
- Housing loans/financing	37,432	36,953	37,432	36,953
- Other fixed rate loans /financing	10,708,024	10,668,457	10,708,024	10,668,457
Variable rate				
- Base rate/base lending /financing rate-plus	54,407,677	54,240,190	54,407,677	54,240,190
- Cost-plus	20,433,400	20,905,641	20,540,162	21,019,281
- Other variable rates	352,996	389,947	352,996	389,947
	85,939,529	86,241,188	86,046,291	86,354,828

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

	Group		Bank	
	31-Mar-20 RM'000	31-Dec-19 RM'000	31-Mar-20 RM'000	31-Dec-19 RM'000
Agriculture, hunting, forestry and fishing	1,720,470	1,489,590	1,720,470	1,489,590
Mining and quarrying	291,438	1,220,610	291,438	1,220,610
Manufacturing	7,194,633	7,124,817	7,194,633	7,124,817
Electricity, gas and water	325,228	239,591	325,228	239,591
Construction	6,904,677	7,047,184	6,904,677	7,047,184
Wholesale, retail trade, restaurants and hotels	11,487,532	11,340,909	11,487,532	11,340,909
Transport, storage and communication	2,399,023	2,001,989	2,399,023	2,001,989
Finance, insurance and business services	3,835,434	3,964,590	3,835,434	3,964,590
Real estate	4,002,652	3,902,845	4,109,414	4,016,485
Community, social and personal services	190,956	182,197	190,956	182,197
Households				
- purchase of residential properties	33,243,164	33,136,223	33,243,164	33,136,223
- purchase of non residential properties	8,715,342	8,799,090	8,715,342	8,799,090
- others	5,628,980	5,791,553	5,628,980	5,791,553
	85,939,529	86,241,188	86,046,291	86,354,828

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

	Group and Bank	
	31-Mar-20	31-Dec-19
	RM'000	RM'000
As at 1 January	1,560,810	1,433,152
Classified as impaired during the financial period/year	246,429	805,831
Amount recovered	(88,542)	(278,122)
Reclassified as non-impaired	(64,228)	(240,558)
Amount written off	(31,545)	(159,493)
As at 31 March/31 December	1,622,924	1,560,810
Less: Stage 3-Lifetime ECL credit-impaired	(315,245)	(286,132)
Net impaired loans, advances and financing	1,307,679	1,274,678
Ratio of net impaired loans, advances and financing to gross loans, advances and financing less allowances for ECL on credit-impaired provisions	1.5%	1.5%

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

	Group and Bank	
	31-Mar-20	31-Dec-19
	RM'000	RM'000
Agriculture, hunting, forestry and fishing	948	1,109
Mining and quarrying	824	978
Manufacturing	179,455	177,841
Construction	168,264	201,291
Wholesale, retail trade, restaurants and hotels	172,682	176,440
Transport, storage and communication	109,801	101,214
Finance, insurance and business services	18,574	19,803
Real estate	196,359	203,346
Community, social and personal services	256	213
Households		
- purchase of residential properties	560,532	497,044
- purchase of non-residential properties	106,478	82,771
- others	108,751	98,760
	1,622,924	1,560,810

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

	Group and Bank	
	31-Mar-20	31-Dec-19
	RM'000	RM'000
In Malaysia	1,622,924	1,560,810

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

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

The fair values of the derivatives are as follows:

	Group and Bank		
	Contract or underlying principal amount RM'000	Positive fair value RM'000	Negative fair value RM'000
As at 31 March 2020			
Foreign exchange contracts			
- forwards	8,211,849	188,701	53,247
- swaps	17,809,233	361,142	224,630
- options	2,822,202	33,339	22,357
Interest rate related contracts			
- swaps	31,855,316	460,450	374,650
- futures	-	-	-
- options	180,000	3,168	379
Equity related contracts			
- swaps	6,450	6,488	6,488
- options	303,581	8,972	8,980
Commodity related contracts			
- swaps	254,511	8,197	4,573
- futures	29,751	765	216
- options	84,760	179	-
		1,071,401	695,520

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

	Group and Bank		
	Contract or underlying principal amount RM'000	Positive fair value RM'000	Negative fair value RM'000
As at 31 December 2019			
Foreign exchange contracts			
- forwards	7,520,142	54,929	73,643
- swaps	15,828,214	85,128	220,370
- options	2,545,180	13,928	6,357
Interest rate related contracts			
- swaps	26,522,377	222,477	144,710
- options	180,000	3,552	671
Equity related contracts			
- swaps	66,493	2,149	2,149
- options	386,077	8,564	8,609
Commodity related contracts			
- swaps	412,120	34,866	55,387
- futures	44,579	5,643	854
- options	105,794	3,790	3,335
		<u>435,026</u>	<u>516,085</u>

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

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EXPLANATORY NOTES**19. OTHER ASSETS**

	Group		Bank	
	31-Mar-20	31-Dec-19	31-Mar-20	31-Dec-19
	RM'000	RM'000	RM'000	RM'000
Other receivables, deposits and prepayments	217,884	251,393	223,724	256,307
Accrued interest/income receivable	202,933	216,811	202,933	216,811
Amount due from subsidiaries	-	-	147	146
Precious metal accounts	223,586	209,442	223,586	209,442
Less: Allowances for ECL	(1,954)	(2,193)	(1,954)	(2,193)
	642,449	675,453	648,436	680,513

20. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	31-Mar-20	31-Dec-19	31-Mar-20	31-Dec-19
	RM'000	RM'000	RM'000	RM'000
Demand deposits	22,650,215	22,242,524	22,700,745	22,271,013
Savings deposits	4,476,660	4,237,973	4,476,660	4,237,973
Fixed deposits	61,147,757	61,564,118	61,147,757	61,564,118
Others	1,787,065	1,062,095	1,787,065	1,062,095
	90,061,697	89,106,710	90,112,227	89,135,199

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

	Group		Bank	
	31-Mar-20	31-Dec-19	31-Mar-20	31-Dec-19
	RM'000	RM'000	RM'000	RM'000
Due within six months	40,061,243	39,164,050	40,061,243	39,164,050
Six months to one year	20,796,455	22,069,344	20,796,455	22,069,344
One year to three years	117,911	137,679	117,911	137,679
Three years to five years	172,148	193,045	172,148	193,045
	61,147,757	61,564,118	61,147,757	61,564,118

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

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

	Group		Bank	
	31-Mar-20 RM'000	31-Dec-19 RM'000	31-Mar-20 RM'000	31-Dec-19 RM'000
Business enterprises				
- Subsidiaries	-	-	50,530	28,489
- Related companies	905	4,433	905	4,433
- Others	36,334,689	36,320,318	36,334,689	36,320,318
Individuals	51,684,253	50,828,519	51,684,253	50,828,519
Others	2,041,850	1,953,440	2,041,850	1,953,440
	90,061,697	89,106,710	90,112,227	89,135,199

21. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	31-Mar-20 RM'000	31-Dec-19 RM'000	31-Mar-20 RM'000	31-Dec-19 RM'000
Licensed banks in Malaysia	1,310,416	2,179,238	1,310,416	2,179,238
Bank Negara Malaysia	631,531	986,627	631,531	986,627
Other financial institutions	12,259,452	11,012,125	12,259,472	11,012,145
	14,201,399	14,177,990	14,201,419	14,178,010

22. OTHER LIABILITIES

	Group		Bank	
	31-Mar-20 RM'000	31-Dec-19 RM'000	31-Mar-20 RM'000	31-Dec-19 RM'000
Allowances for ECL on commitments and contingencies	113,205	110,732	113,205	110,732
Accrued interest payable	404,687	485,550	404,687	485,550
Accruals and provisions for operational expenses	78,892	176,298	77,767	174,621
Other payables and accruals	1,234,136	1,073,466	1,238,066	1,077,286
Deferred income	114,780	125,076	114,780	125,076
	1,945,700	1,971,122	1,948,505	1,973,265

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EXPLANATORY NOTES**23. SUBORDINATED BONDS**

	Group and Bank	
	31-Mar-20	31-Dec-19
	RM'000	RM'000
<i>At amortised cost</i>		
RM1 billion subordinated bond 2015/2025, at par (Note (a))	1,000,961	1,001,694
RM600 million subordinated bond 2018/2028, at par (Note (b))	626,747	610,526
	1,627,708	1,612,220
Accumulated fair value hedge loss (Note (c))	(27,708)	(12,220)

- (a) On 8 May 2015, the Bank issued RM1 billion 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 4.65% 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 8 May 2020 or at any interest payment date thereafter.

The interest is payable semi-annually in arrears on 8 May and 8 November each year commencing 9 November 2015.

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

- (b) On 25 July 2018, the Bank issued RM600 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 4.80% 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 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 2 has been rated AA1 by Rating Agency Malaysia Bhd and it qualifies as Tier 2 capital for the purpose of determining the Bank's capital adequacy ratio.

- (c) Fair value hedge

The Bank uses fair value hedge to protect changes in fair value of the Bond 1 and Bond 2. The Bank primarily uses interest rate swap as hedge of interest rate risk.

As at 31 March 2020, the Bank had an interest rate swap agreement in place with notional amount of RM500 million (31 December 2019: RM500 million) for Bond 1 and RM600 million (31 December 2019: RM600 million) for Bond 2.

For Bond 1, the Bank receives a fixed interest rate of 4.65% per annum and pays variable interests rate of 6-month KLIBOR plus 0.590% to 0.725% on the notional amount.

For Bond 2, the Bank receives a fixed interest rate of 3.835% per annum and pays variable interests rate of 3-month KLIBOR on the notional amount.

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

The movements in fair value of the interest rate swap of unrealised loss of RM15,488,000 (31 December 2019: RM10,138,000 unrealised loss) are recognised in trading and investment income during the period. There is no ineffectiveness recognised for this hedge.

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EXPLANATORY NOTES

24 Movements in allowances for ECL

(a) Other financial assets:

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

	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	
Group and Bank				
As at 1 January 2020	54,397	550	39,960	94,907
<u>Movements with profit or loss impact:</u>				
New/additional during the period	9,837	20	-	9,857
Maturity/settlement/reduction during the period	(14,106)	(73)	-	(14,179)
As at 31 March 2020	50,128	497	39,960	90,585
As at 1 January 2019	42,080	574	39,960	82,614
<u>Movements with profit or loss impact:</u>				
New/additional during the year	232,720	208	-	232,928
Maturity/settlement/reduction during the year	(220,412)	(232)	-	(220,644)
Other movement	9	-	-	9
As at 31 December 2019	54,397	550	39,960	94,907

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EXPLANATORY NOTES

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

(b) Commitments and contingencies

Group and Bank	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12-month ECL RM'000	Lifetime ECL non credit- impaired RM'000	Lifetime ECL credit-impaired RM'000	
As at 1 January 2020	78,450	18,299	13,983	110,732
<u>Movements with profit or loss impact:</u>				
Transferred to Stage 1	3,671	(4,867)	-	(1,196)
Transferred to Stage 2	(2,160)	7,826	736	6,402
Transferred to Stage 3	(8)	(8)		(16)
New/additional during the period	28,021	4,291	6,660	38,972
Maturity/settlement/reduction during the period	(35,682)	(5,172)	(835)	(41,689)
As at 31 March 2020	<u>72,292</u>	<u>20,369</u>	<u>20,544</u>	<u>113,205</u>
As at 1 January 2019	101,107	31,860	15,562	148,529
<u>Movements with profit or loss impact:</u>				
Transferred to Stage 1	32,690	(41,598)	(75)	(8,983)
Transferred to Stage 2	(26,688)	41,824	-	15,136
Transferred to Stage 3	(1)	(231)	993	761
New/additional during the year	158,929	16,766	144	175,839
Maturity/settlement/reduction during the year	(187,393)	(30,273)	(2,640)	(220,306)
Exchanges differences	(194)	(40)	(1)	(235)
Other movement	-	(9)	-	(9)
As at 31 December 2019	<u>78,450</u>	<u>18,299</u>	<u>13,983</u>	<u>110,732</u>

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

Group	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12-month ECL RM'000	Lifetime ECL non credit- impaired RM'000	Lifetime ECL credit-impaired RM'000	
As at 1 January 2020	869,349	367,276	286,132	1,522,757
<u>Movements with profit or loss impact:</u>				
Transferred to Stage 1	14,034	(29,380)	(2,061)	(17,407)
Transferred to Stage 2	(13,617)	62,730	(4,274)	44,839
Transferred to Stage 3	(59)	(11,912)	38,262	26,291
New/additional during the period	106,004	40,672	44,336	191,012
Maturity/settlement/reduction during the period	(78,787)	(34,720)	(19,073)	(132,580)
Reclassification	-	-	-	-
<u>Movements without profit or loss impact:</u>				
Amounts written off	-	-	(26,000)	(26,000)
Other movements	-	-	(2,077)	(2,077)
As at 31 March 2020	896,924	394,666	315,245	1,606,835
As at 1 January 2019	797,395	362,169	212,674	1,372,238
<u>Movements with profit or loss impact:</u>				
Transferred to Stage 1	43,278	(136,731)	(7,005)	(100,458)
Transferred to Stage 2	(62,901)	235,776	(14,701)	158,174
Transferred to Stage 3	(583)	(53,267)	177,925	124,075
New/additional during the year	370,574	62,989	168,365	601,928
Maturity/settlement/reduction during the year	(277,976)	(103,645)	(100,221)	(481,842)
Exchanges differences	(438)	(15)	-	(453)
<u>Movements without profit or loss impact:</u>				
Amounts written off	-	-	(145,329)	(145,329)
Other movements	-	-	(5,576)	(5,576)
As at 31 December 2019	869,349	367,276	286,132	1,522,757

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EXPLANATORY NOTES

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

Bank	Stage 1	Stage 2	Stage 3	Total ECL RM'000
	12-month ECL RM'000	Lifetime ECL non credit- impaired RM'000	Lifetime ECL credit-impaired RM'000	
As at 1 January 2020	870,677	367,276	286,132	1,524,085
<u>Movements with profit or loss impact:</u>				
Transferred to Stage 1	14,034	(29,380)	(2,061)	(17,407)
Transferred to Stage 2	(13,617)	62,730	(4,274)	44,839
Transferred to Stage 3	(59)	(11,912)	38,262	26,291
New/additional during the period	105,844	40,672	44,336	190,852
Maturity/settlement/reduction during the period	(78,787)	(34,720)	(19,073)	(132,580)
Reclassification	-	-	-	-
<u>Movements without profit or loss impact:</u>				
Amounts written off	-	-	(26,000)	(26,000)
Other movements	-	-	(2,077)	(2,077)
As at 31 March 2020	898,092	394,666	315,245	1,608,003
As at 1 January 2019	798,668	362,169	212,674	1,373,511
<u>Movements with profit or loss impact:</u>				
Transferred to Stage 1	43,278	(136,731)	(7,005)	(100,458)
Transferred to Stage 2	(62,901)	235,776	(14,701)	158,174
Transferred to Stage 3	(583)	(53,267)	177,925	124,075
New/additional during the year	370,086	62,989	168,365	601,440
Maturity/settlement/reduction during the year	(277,433)	(103,645)	(100,221)	(481,299)
Exchanges differences	(438)	(15)	-	(453)
<u>Movements without profit or loss impact:</u>				
Amounts written off	-	-	(145,329)	(145,329)
Other movements	-	-	(5,576)	(5,576)
As at 31 December 2019	870,677	367,276	286,132	1,524,085

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EXPLANATORY NOTES**25. OPERATING REVENUE**

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

26. INTEREST INCOME

	First Quarter		Three Months	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Group	RM'000	RM'000	RM'000	RM'000
Interest income from loans, advances and financing	981,309	1,050,094	981,309	1,050,094
Interest income from impaired loans, advances and financing	26,419	15,091	26,419	15,091
Money at call and deposit placements with financial institutions	49,857	55,982	49,857	55,982
Financial assets at FVTPL	29,101	6,416	29,101	6,416
Debt instruments at FVOCI	155,033	139,039	155,033	139,039
Debt instruments at AC	10,636	3,072	10,636	3,072
	1,252,355	1,269,694	1,252,355	1,269,694
Amortisation of premium less accretion of discount on:				
- Financial assets at FVTPL	4,321	4,466	4,321	4,466
- Debt instruments at FVOCI	(6,468)	(1,898)	(6,468)	(1,898)
	1,250,208	1,272,262	1,250,208	1,272,262
Bank				
Interest income from loans, advances and financing	981,309	1,051,495	981,309	1,051,495
Interest income from impaired loans, advances and financing	26,419	15,091	26,419	15,091
Money at call and deposit placements with financial institutions	50,977	55,982	50,977	55,982
Financial assets at FVTPL	29,101	6,416	29,101	6,416
Debt instruments at FVOCI	155,033	139,039	155,033	139,039
Debt instruments at AC	10,636	3,072	10,636	3,072
	1,253,475	1,271,095	1,253,475	1,271,095
Amortisation of premium less accretion of discount on:				
- Financial assets at FVTPL	4,321	4,466	4,321	4,466
- Debt instruments at FVOCI	(6,468)	(1,898)	(6,468)	(1,898)
	1,251,328	1,273,663	1,251,328	1,273,663

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EXPLANATORY NOTES**27. INTEREST EXPENSE**

Group	First Quarter		Three Months	
	Ended		Ended	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	606,657	684,530	606,657	684,530
Deposits and placements of banks and other financial institutions	68,814	51,077	68,814	51,077
Subordinated bonds	17,248	18,227	17,248	18,227
Lease liabilities	163	215	163	215
Others	8,444	8,986	8,444	8,986
	701,326	763,035	701,326	763,035
Bank				
Deposits from customers	606,857	684,661	606,857	684,661
Deposits and placements of banks and other financial institutions	68,814	51,077	68,814	51,077
Subordinated bonds	17,248	18,227	17,248	18,227
Lease liabilities	436	660	436	660
Others	8,444	8,987	8,444	8,987
	701,799	763,612	701,799	763,612

28. OTHER OPERATING INCOME

Group	First Quarter		Three Months	
	Ended		Ended	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
	RM'000	RM'000	RM'000	RM'000
<u>Fee income</u>				
Commission	66,152	55,024	66,152	55,024
Guarantee fees	14,797	18,341	14,797	18,341
Service charges and fees	47,294	49,758	47,294	49,758
Less: Fee expenses	(16,697)	(16,688)	(16,697)	(16,688)
	30,597	33,070	30,597	33,070
Commitment fees	8,477	11,545	8,477	11,545
Arrangement and participation fees	2,075	1,867	2,075	1,867
	122,098	119,847	122,098	119,847

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

Group (cont'd.)	First Quarter		Three Months	
	Ended		Ended	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
	RM'000	RM'000	RM'000	RM'000
<u>Trading and Investment income</u>				
Gain from sale of financial assets at FVTPL	21,990	9,083	21,990	9,083
Unrealised (loss)/gain on financial assets at FVTPL	(2,931)	2,420	(2,931)	2,420
(Loss) from trading derivatives	(4,458)	(20,121)	(4,458)	(20,121)
Unrealised gain from trading derivatives	87,574	28,904	87,574	28,904
Unrealised (loss) on fair value hedge	(15,488)	(2,641)	(15,488)	(2,641)
Gain from sale of precious metal	860	321	860	321
Unrealised (loss) from sale of precious metal	(185)	(962)	(185)	(962)
Gain from sale/recovery of debt instruments at FVOCI	59,641	4,822	59,641	4,822
Gross dividends from:				
- Equity instruments at FVOCI	-	9	-	9
	147,003	21,835	147,003	21,835
<u>Other income</u>				
Foreign exchange gain, net	32,612	64,351	32,612	64,351
Rental income from operating leases	18	21	18	21
Others	3,752	3,350	3,752	3,350
	36,382	67,722	36,382	67,722
	305,483	209,404	305,483	209,404

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

Bank	First Quarter		Three Months	
	Ended		Ended	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
	RM'000	RM'000	RM'000	RM'000
<u>Fee income</u>				
Commission	66,152	55,024	66,152	55,024
Guarantee fees	14,797	18,341	14,797	18,341
Service charges and fees	47,379	49,842	47,379	49,842
Less: Fee expenses	(16,697)	(16,688)	(16,697)	(16,688)
	30,682	33,154	30,682	33,154
Commitment fees	8,477	11,545	8,477	11,545
Arrangement and participation fees	2,075	1,867	2,075	1,867
	122,183	119,931	122,183	119,931
<u>Trading and Investment income</u>				
Gain from sale of financial assets at FVTPL	59,723	9,083	21,990	9,083
Unrealised (loss)/gain on financial assets at FVTPL	(2,931)	2,420	(2,931)	2,420
(Loss) from trading derivatives	(4,458)	(20,121)	(4,458)	(20,121)
Unrealised gain from trading derivatives	87,574	28,904	87,574	28,904
Unrealised (loss) on fair value hedge	(15,488)	(2,641)	(15,488)	(2,641)
Gain from sale of precious metal	860	321	860	321
Unrealised (loss) from sale of previous metal	(185)	(962)	(185)	(962)
Gain from sale/recovery of debt instruments at FVOCI	21,908	4,822	59,641	4,822
Gross dividends from:				
- Equity instruments at FVOCI	-	9	-	9
	147,003	21,835	147,003	21,835
<u>Other income</u>				
Foreign exchange gain, net	32,612	64,351	32,612	64,351
Gain on disposal of property, plant and equipment	-	-	-	-
Loss on liquidation of subsidiaries	-	-	-	-
Others	3,752	3,350	3,752	3,350
	36,364	67,701	36,364	67,701
	305,550	209,467	305,550	209,467

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EXPLANATORY NOTES**29. OTHER OPERATING EXPENSES**

Group	First Quarter		Three Months	
	Ended	Ended	Ended	Ended
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	207,068	197,495	207,068	197,495
Establishment related expenses	79,194	58,961	79,194	58,961
Promotion and marketing related expenses	9,881	7,391	9,881	7,391
General administrative expenses	23,828	24,209	23,828	24,209
	319,971	288,056	319,971	288,056
<u>Personnel expenses</u>				
Wages, salaries and bonus	164,576	155,001	164,576	155,001
Defined contribution plan	25,482	25,005	25,482	25,005
Other employee benefits	17,010	17,489	17,010	17,489
	207,068	197,495	207,068	197,495
<u>Establishment related expenses</u>				
Depreciation of property, plant and equipment	18,081	16,037	18,081	16,037
Depreciation of right-of-use assets	4,157	3,363	4,157	3,363
Information technology costs	34,699	11,483	34,699	11,483
Repair and maintenance	10,835	16,461	10,835	16,461
Short term lease expenses	27	723	27	723
Others	11,395	10,894	11,395	10,894
	79,194	58,961	79,194	58,961
<u>Promotion and marketing related expenses</u>				
Advertisement and publicity	9,881	7,391	9,881	7,391
<u>General administrative expenses</u>				
Fees and commissions paid	5,991	7,260	5,991	7,260
Others	17,837	16,949	17,837	16,949
	23,828	24,209	23,828	24,209

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

Bank	First Quarter Ended		Three Months Ended	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
	RM'000	RM'000	RM'000	RM'000
Personnel expenses	206,097	196,157	206,097	196,157
Establishment related expenses	81,509	61,492	81,509	61,492
Promotion and marketing related expenses	9,876	7,319	9,876	7,319
General administrative expenses	23,783	24,141	23,783	24,141
	321,265	289,109	321,265	289,109
<u>Personnel expenses</u>				
Wages, salaries and bonus	163,769	153,893	163,769	153,893
Defined contribution plan	25,364	24,850	25,364	24,850
Other employee benefits	16,964	17,414	16,964	17,414
	206,097	196,157	206,097	196,157
<u>Establishment related expenses</u>				
Depreciation of property, plant and equipment	15,126	13,184	15,126	13,184
Depreciation of right-of-use assets	9,222	8,377	9,222	8,377
Depreciation of investment property	-	-	-	-
Amortisation of prepaid land lease payments	-	-	-	-
Information technology costs	34,699	11,483	34,699	11,483
Repair and maintenance	10,647	16,289	10,647	16,289
Short term lease expenses	27	723	27	723
Rental of premises	-	-	-	-
Others	11,788	11,436	11,788	11,436
	81,509	61,492	81,509	61,492
<u>Promotion and marketing related expenses</u>				
Advertisement and publicity	9,876	7,319	9,876	7,319
<u>General administrative expenses</u>				
Fees and commissions paid	5,955	7,208	5,955	7,208
Others	17,828	16,933	17,828	16,933
	23,783	24,141	23,783	24,141

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

Group	First Quarter		Three Months	
	Ended		Ended	
	31-Mar-20 RM'000	31-Mar-19 RM'000	31-Mar-20 RM'000	31-Mar-19 RM'000
a	Loans, advances and financing			
- Stage 1 ECL	27,575	562	27,575	562
- Stage 2 ECL	27,390	(4,355)	27,390	(4,355)
- Stage 3 ECL	57,190	28,738	57,190	28,738
	112,155	24,945	112,155	24,945
	Credit-impaired loans, advances and financing			
- written off	8,614	7,708	8,614	7,708
- recovered	(23,175)	(14,146)	(23,175)	(14,146)
	97,594	18,507	97,594	18,507
b	Other financial assets			
Placement with banks and other financial institutions, and other assets	(4,491)	(6,115)	(4,491)	(6,115)
Debt instruments measured at FVOCI	429	10,249	429	10,249
Debt instruments measured at AC	(260)	4,289	(260)	4,289
	(4,322)	8,423	(4,322)	8,423
c	Commitments and contingencies			
- Stage 1 ECL	(6,158)	(26,164)	(6,158)	(26,164)
- Stage 2 ECL	2,070	(6,563)	2,070	(6,563)
- Stage 3 ECL	6,561	(2,345)	6,561	(2,345)
	2,473	(35,072)	2,473	(35,072)
	Bank			
a	Loans, advances and financing			
- Stage 1 ECL	27,415	552	27,415	552
- Stage 2 ECL	27,390	(4,355)	27,390	(4,355)
- Stage 3 ECL	57,190	28,738	57,190	28,738
	111,995	24,935	111,995	24,935
	Credit-impaired loans, advances and financing			
- written off	8,614	7,708	8,614	7,708
- recovered	(23,175)	(14,146)	(23,175)	(14,146)
	97,434	18,497	97,434	18,497
b	Other financial assets			
Placement with banks and other financial institutions, and other assets	(4,491)	(6,115)	(4,491)	(6,115)
Debt instruments measured at FVOCI	429	10,249	429	10,249
Debt instruments measured at AC	(260)	4,289	(260)	4,289
	(4,322)	8,423	(4,322)	8,423
c	Commitments and contingencies			
- Stage 1 ECL	(6,157)	(26,163)	(6,157)	(26,163)
- Stage 2 ECL	2,069	(6,564)	2,069	(6,564)
- Stage 3 ECL	6,561	(2,345)	6,561	(2,345)
	2,473	(35,072)	2,473	(35,072)

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EXPLANATORY NOTES

31. SEGMENT INFORMATION

Operating Segments

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

Retail

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

Wholesale Banking ("WB")

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

Global Markets ("GM")

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

Others

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

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EXPLANATORY NOTES

31. SEGMENT INFORMATION (cont'd.)

Operating segments (cont'd.)

Group	Retail RM'000	WB RM'000	GM RM'000	Others RM'000	Total segments RM'000	Eliminations RM'000	Total RM'000
For period ended 31 March 2020							
Operating income	374,885	302,227	154,884	46,552	878,548	(6,097)	872,451
Other operating expenses	(196,940)	(69,303)	(19,646)	(40,155)	(326,044)	6,073	(319,971)
Allowances for expected credit losses	(30,051)	(65,531)	-	(14)	(95,596)	(149)	(95,745)
Share of net profit of an associate	-	-	-	51	51	-	51
Profit before taxation	147,894	167,393	135,238	6,434	456,959	(173)	456,786
Income tax expense							(110,859)
							<u>345,927</u>

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EXPLANATORY NOTES

31. SEGMENT INFORMATION (cont'd.)

Operating segments (cont'd.)

Group (cont'd.)	Retail RM'000	WB RM'000	GM RM'000	Others RM'000	Total segments RM'000	Eliminations RM'000	Total RM'000
Other information							
For period ended 31 March 2020							
Inter-segment operating income	117,348	(24,089)	(127,748)	40,586	6,097	(6,097)	-
Total depreciation	6,038	2,000	1,154	18,090	27,282	(5,044)	22,238
As at 31 March 2020							
Gross loans, advances and financing	54,189,411	31,507,861	-	349,019	86,046,291	(106,762)	85,939,529
Deposits from customers	64,551,855	25,548,137	-	12,235	90,112,227	(50,530)	90,061,697

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EXPLANATORY NOTES

31. SEGMENT INFORMATION (cont'd.)

Operating segments (cont'd.)

Group (cont'd.)	Retail RM'000	WB RM'000	GM RM'000	Others RM'000	Total segments RM'000	Eliminations RM'000	Total RM'000
For period ended 31 March 2019							
Operating income	340,774	274,022	60,799	57,974	733,569	(6,119)	727,450
Other operating expenses	(183,305)	(62,990)	(14,234)	(33,765)	(294,294)	6,238	(288,056)
Allowances for expected credit losses	8,935	(471)	(312)	(1)	8,151	(9)	8,142
Share of net profit of an associate	-	-	-	58	58	-	58
Profit before taxation	166,404	210,561	46,253	24,266	447,484	110	447,594
Income tax expense							(109,025)
							<u>338,569</u>

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EXPLANATORY NOTES

31. SEGMENT INFORMATION (cont'd.)

Operating segments (cont'd.)

Group (cont'd.)	Retail RM'000	WB RM'000	GM RM'000	Others RM'000	Total segments RM'000	Eliminations RM'000	Total RM'000
Other information							
For period ended 31 March 2019							
Inter-segment operating income	78,736	56,811	(199,537)	70,109	6,119	(6,119)	-
Total depreciation	4,866	1,718	839	16,969	24,392	(4,992)	19,400
As at 31 December 2019							
Gross loans, advances and financing	54,342,979	31,690,124	-	321,725	86,354,828	(113,640)	86,241,188
Deposits from customers	63,708,604	25,414,849	-	11,747	89,135,200	(28,490)	89,106,710

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

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

	Group		Bank	
	31-Mar-20	31-Dec-19	31-Mar-20	31-Dec-19
	RM'000	RM'000	RM'000	RM'000
<u>Common Equity Tier 1 ("CET1")/</u>				
<u>Tier 1 Capital</u>				
Paid-up share capital	792,555	792,555	792,555	792,555
Retained profits	9,763,630	9,763,631	9,830,386	9,830,387
Other reserves	360,771	353,866	169,739	162,834
Regulatory adjustments applied in the calculation of CET1 Capital	(375,347)	(374,785)	(485,205)	(438,805)
Total CET1/Tier 1 Capital	10,541,609	10,535,267	10,307,475	10,346,971
<u>Tier 2 Capital</u>				
Tier 2 Capital instruments	1,600,000	1,600,000	1,600,000	1,600,000
Loan/financing loss provision				
- Surplus eligible provisions over expected losses	311,657	309,252	312,216	309,953
- General provisions	24,687	25,764	14,408	15,472
Regulatory adjustments applied in the calculation of Tier 2 Capital	82,858	85,508	-	-
Total Tier 2 Capital	2,019,202	2,020,524	1,926,624	1,925,425
Total Capital	12,560,811	12,555,791	12,234,099	12,272,396

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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	
	31-Mar-20	31-Dec-19	31-Mar-20	31-Dec-19
CET1/Tier 1 Capital	17.131%	17.073%	16.948%	16.959%
Total Capital	20.412%	20.347%	20.116%	20.115%
CET1/Tier 1 Capital*	16.144%	16.089%	15.950%	15.964%
Total Capital*	19.425%	19.363%	19.118%	19.120%

*net of proposed dividends

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

	Group		Bank	
	31-Mar-20	31-Dec-19	31-Mar-20	31-Dec-19
	RM'000	RM'000	RM'000	RM'000
Total RWA for credit risk	54,430,665	54,113,926	53,701,683	53,407,386
Total RWA for market risk	1,465,146	2,011,892	1,465,146	2,011,892
Total RWA for operational risk	5,641,227	5,581,210	5,649,910	5,590,647
	61,537,038	61,707,028	60,816,739	61,009,925

UNITED OVERSEAS BANK (MALAYSIA) BHD
(Incorporated in Malaysia)**EXPLANATORY NOTES****33. COMMITMENTS AND CONTINGENCIES**

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

As at 31 March 2020	Principal amount RM'000	Group Credit equivalent amount RM'000	Risk weighted amount RM'000
Direct credit substitutes	2,709,879	2,632,949	1,759,451
Transaction-related contingent items	5,914,681	2,944,824	1,840,971
Short-term self-liquidating trade-related contingencies	455,145	100,772	60,960
Foreign exchange related contracts			
- not more than one year	28,429,229	948,767	265,222
- more than one year to less than five years	414,055	39,743	26,531
Interest rate related contracts			
- not more than one year	9,189,460	166,200	52,879
- more than one year to less than five years	21,194,863	1,051,046	550,121
- five years and above	1,650,993	242,961	155,736
Equity related contracts			
- not more than one year	255,742	194	31
- more than one year to less than five years	54,289	-	-
Commodity related contracts			
- not more than one year	290,818	28,425	11,359
- more than one year to less than five years	78,204	14,275	1,673
Undrawn credit facility			
- not more than one year	17,650,053	938,599	182,237
- more than one year	6,820,280	4,650,028	3,082,759
- unconditionally cancellable	15,820,463	6,413,010	808,694
Other commitments	1,031,782	613,107	374,600
Total	111,959,936	20,784,900	9,173,224

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

As at 31 December 2019	Principal amount RM'000	Group Credit equivalent amount RM'000	Risk weighted amount RM'000
Direct credit substitutes	2,705,659	2,620,287	1,696,912
Transaction-related contingent items	6,107,043	3,042,267	2,036,302
Short-term self-liquidating trade-related contingencies	389,829	89,824	52,267
Foreign exchange related contracts			
- not more than one year	25,342,582	475,949	139,178
- more than one year to less than five years	550,954	39,829	24,345
Interest rate related contracts			
- not more than one year	10,034,013	133,368	60,810
- more than one year to less than five years	15,392,386	713,544	405,647
- five years and above	1,275,978	165,528	112,757
Equity related contracts			
- not more than one year	369,983	516	82
- more than one year to less than five years	82,587	-	-
Commodity related contracts			
- not more than one year	486,130	74,099	44,693
- more than one year to less than five years	76,363	9,471	1,217
Undrawn credit facility			
- not more than one year	17,191,093	879,668	175,675
- more than one year	7,483,692	5,148,254	3,548,768
- unconditionally cancellable	15,140,365	6,088,783	782,891
Other commitments	557,873	414,807	404,191
Total	103,186,530	19,896,194	9,485,735

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

As at 31 March 2020	Principal amount RM'000	Bank Credit equivalent amount RM'000	Risk weighted amount RM'000
Direct credit substitutes	2,709,879	2,632,949	1,759,451
Transaction-related contingent items	5,914,681	2,944,824	1,840,971
Short-term self-liquidating trade-related contingencies	455,145	100,772	60,960
Foreign exchange related contracts			
- not more than one year	28,429,229	948,767	265,222
- more than one year to less than five years	414,055	39,743	26,531
Interest rate related contracts			
- not more than one year	9,189,460	166,200	52,879
- more than one year to less than five years	21,194,863	1,051,046	550,121
- five years and above	1,650,993	242,961	155,736
Equity related contracts			
- not more than one year	255,742	194	31
- more than one year to less than five years	54,289	-	-
Commodity related contracts			
- not more than one year	290,818	28,425	11,359
- more than one year to less than five years	78,204	14,275	1,673
Undrawn credit facility			
- not more than one year	17,650,053	938,599	182,237
- more than one year	6,820,280	4,650,028	3,082,759
- unconditionally cancellable	15,820,463	6,413,010	808,694
Other commitments	696,334	277,659	39,152
Total	111,624,488	20,449,452	8,837,776

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

As at 31 December 2019	Principal amount RM'000	Bank Credit equivalent amount RM'000	Risk weighted amount RM'000
Direct credit substitutes	2,705,659	2,620,287	1,696,912
Transaction-related contingent items	6,107,043	3,042,267	2,036,302
Short-term self-liquidating trade-related contingencies	389,829	89,824	52,267
Foreign exchange related contracts			
- not more than one year	25,342,582	475,949	139,178
- more than one year to less than five years	550,954	39,829	24,345
Interest rate related contracts			
- not more than one year	10,034,013	133,368	60,810
- more than one year to less than five years	15,392,386	713,544	405,647
- five years and above	1,275,978	165,528	112,757
Equity related contracts			
- not more than one year	369,983	516	82
- more than one year to less than five years	82,587	-	-
Commodity related contracts			
- not more than one year	486,130	74,099	44,693
- more than one year to less than five years	76,363	9,471	1,217
Undrawn credit facility			
- not more than one year	17,191,093	879,668	175,675
- more than one year	7,483,692	5,148,254	3,548,768
- unconditionally cancellable	15,140,365	6,088,783	782,891
Other commitments	205,474	62,407	51,791
Total	102,834,131	19,543,794	9,133,335

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. PERFORMANCE REVIEW

For the three months ended 31 March 2020, the Group recorded a profit before taxation of RM456.8 million, an increase of 2.1% or RM9.2 million compared to same period last year.

Total operating income increased by 19.9% or RM145.0 million to RM872.5 million mainly from higher other operating income, net interest income and net income from Islamic Banking operations. Other operating income increased 45.9% or RM96.1 million to RM305.5 million mainly due to higher trading and investment income, partly offset by lower net foreign exchange gain.

Expenses increased by 11.1% or RM31.9 million to RM320.0 million driven by higher staff expenses and establishment related expenses.

Total allowance for expected credit losses increased by RM103.9 million mainly due to higher expected credit loss on loans, advances and financing this year coupled with last year write-back of expected credit loss on commitments and contingencies.

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EXPLANATORY NOTES

35. PROSPECTS FOR 2020

Lingering risks related to the COVID-19 outbreak, trade disputes and geopolitical tensions are expected to weigh on global growth in the year ahead. The escalation of COVID-19 has heightened risks across major economies. From our perspective, the US, large parts of Europe and many other major economies are expected to be in contraction for 2020 while China will record a recessionary growth rate. Central banks and governments have responded aggressively to tackle the negative impact brought about by COVID-19.

We expect Malaysia's gross domestic product (GDP) to contract in 2020 in tandem with our expectations for negative global growth. The outbreak of COVID-19 and the ensuing movement control order will weigh down on near term growth prospects as private sector activity slows, particularly in the first half of 2020. The effects have been widely felt across the domestic economy as global recession emerges. The overall impact on Malaysia's economy will depend on the duration and severity of the COVID-19 outbreak as well as policy responses from Malaysia's authorities and global policy responses. Malaysia announced a sizeable relief package worth RM260 billion or 18 per cent of its GDP in response to COVID-19 to preserve people's welfare, support businesses and strengthen the economy as the global pandemic worsens. We expect the economy to recover once uncertainties related to COVID-19 abate. We remain optimistic that Malaysia's underlying strengths, including its strategic geographical location, significant natural resources, diversified economic structure, improved external position, favourable demographics, robust macro policies and resilient institutions will support the country's growth over the long term.

Against the backdrop of economic contraction, we remain committed to serving our customers better.

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

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2020**

	Note	31-Mar-20 RM'000	31-Dec-19 RM'000
Assets			
Cash and short-term funds	a	238,396	48,626
Debt instruments at fair value through other comprehensive income ("FVOCI")	b	1,153,025	1,652,244
Financing, advances and others	c	4,861,963	4,353,177
Other assets	d	12,036	12,044
Derivative financial assets	f	2,432	2,637
Statutory deposits with Bank Negara Malaysia		85,000	90,000
Plant and equipment		5,826	6,030
Deferred tax assets		4,825	5,026
Total assets		6,363,503	6,169,784
Liabilities and Islamic Banking funds			
Deposits from customers	g	4,962,876	4,277,118
Investment accounts due to designated financial institution	h	373,045	373,047
Deposits and placements of banks and other financial institutions	i	503,147	973,886
Bills and acceptances payable		1,039	802
Derivative financial liabilities	f	2,913	3,057
Other liabilities	j	53,238	79,696
Tax Payable		5,475	4,406
Total liabilities		5,901,733	5,712,012
Capital fund		450,000	450,000
Reserves		11,770	7,772
Islamic Banking funds	k	461,770	457,772
Total liabilities and Islamic Banking funds		6,363,503	6,169,784
Commitments and contingencies	s	1,511,766	1,597,453

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 2019.

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36. ISLAMIC BANKING OPERATIONS (cont'd.)

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2020

	Note	First Quarter ended		Three months ended	
		31-Mar-20 RM'000	31-Mar-19 RM'000	31-Mar-20 RM'000	31-Mar-19 RM'000
Income derived from depositors' funds	l	58,227	55,842	58,227	55,842
Income derived from investment of Islamic Banking funds	m	5,654	5,247	5,654	5,247
Income derived from investment of Investment Account funds	n	4,256	1,052	4,256	1,052
(Allowances for)/write back of expected credit losses:					
Financing, advances and others	q	(6,544)	15,853	(6,544)	15,853
Other financial assets	q	13	246	13	246
Commitment and contingencies	q	896	425	896	425
Total attributable income		62,502	78,665	62,502	78,665
Income attributable to depositors	o	(46,646)	(52,481)	(46,646)	(52,481)
Income attributable to Investment Account holder	p	(3,405)	(841)	(3,405)	(841)
Total net income		12,451	25,343	12,451	25,343
Other operating expenses	r	(7,249)	(9,142)	(7,249)	(9,142)
Profit before taxation		5,202	16,201	5,202	16,201
Income tax income		(1,253)	(3,893)	(1,253)	(3,893)
Profit after taxation		3,949	12,308	3,949	12,308
Other comprehensive income:					
<u>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</u>					
Net fair value change in debt instruments at fair value through other comprehensive income		64	4	64	4
Income tax effect		(15)	(1)	(15)	(1)
Total other comprehensive income for the period, net of tax		49	3	49	3
Total comprehensive income for the period		3,998	12,311	3,998	12,311

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36. ISLAMIC BANKING OPERATIONS (cont'd.)

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME (cont'd.)
FOR THE PERIOD ENDED 31 MARCH 2020**

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

	First Quarter		Three months	
	ended		ended	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
	RM'000	RM'000	RM'000	RM'000
Income derived from depositors' funds	58,227	55,842	58,227	55,842
Income derived from investment of Islamic Banking funds	5,654	5,247	5,654	5,247
Income derived from investment of Investment Account funds	4,256	1,052	4,256	1,052
Income attributable to depositors	(46,646)	(52,481)	(46,646)	(52,481)
Income attributable to Investment Account holder	(3,405)	(841)	(3,405)	(841)
Net income from Islamic Banking operations reported in the income statements of the Group and Bank	18,086	8,819	18,086	8,819

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 2019.

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36. ISLAMIC BANKING OPERATIONS (cont'd.)

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN ISLAMIC BANKING FUNDS
FOR THE PERIOD ENDED 31 MARCH 2020**

	Capital fund RM'000	Fair value through other comprehensive RM'000	Accumulated profit RM'000	Total RM'000
2020				
At 1 January 2020	450,000	1,170	6,602	457,772
Profit for the period	-	-	3,949	3,949
Other comprehensive income	-	49	-	49
Total comprehensive income	-	49	3,949	3,998
At 31 March 2020	450,000	1,219	10,551	461,770

	Capital fund RM'000	Fair value through other comprehensive RM'000	Accumulated profit/ (losses) RM'000	Total RM'000
2019				
At 1 January 2019	450,000	(6)	(4,478)	445,516
Profit for the period	-	-	11,080	11,080
Other comprehensive income	-	1,176	-	1,176
Total comprehensive income	-	1,176	11,080	12,256
At 31 December 2019	450,000	1,170	6,602	457,772

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 2019.

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36. ISLAMIC BANKING OPERATIONS (cont'd.)

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2020**

	31-Mar-20	31-Mar-19
	RM'000	RM'000
Profit before taxation	5,202	16,201
Adjustments for non-operating and non-cash items	4,503	(1,064)
Operating profit before working capital changes	9,705	15,137
Changes in working capital:		
Net changes in operating assets	(509,208)	(492,641)
Net changes in operating liabilities	188,652	(219,774)
Net cash used in operating activities	(310,851)	(697,278)
Net cash generated from investing activities	500,621	145,284
Net increase/ (decrease) in cash and cash equivalents	189,770	(551,994)
Cash and cash equivalents at beginning of the period	48,626	2,709,957
Cash and cash equivalents at end of the period	238,396	2,157,963
Analysis of cash and cash equivalents		
Cash and short term funds	238,396	2,157,963

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 2019.

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

a. Cash and short-term funds

	31-Mar-20	31-Dec-19
	RM'000	RM'000
Cash and balances with banks and other financial institutions	159,700	49,723
Money at call and deposit placements maturing within one month	80,000	-
Less: Allowances for ECL	(1,304)	(1,097)
	<u>238,396</u>	<u>48,626</u>

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

	31-Mar-20	31-Dec-19
	RM'000	RM'000
Money market instruments		
Government Islamic investment	1,153,025	1,353,781
Malaysia Government treasury bills	-	298,463
	<u>1,153,025</u>	<u>1,652,244</u>

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

c. Financing, advances and others

(i) Financing by type of Shariah contract:

31 March 2020

	Sale based contracts			Total RM'000
	<i>Tawarruq</i> RM'000	<i>Murabahah</i> RM'000	<i>Bai Al-Dayn</i> RM'000	
Term financing and revolving credits				
- Housing financing	2,214,665	-	-	2,214,665
- Others term financing	2,623,840	-	-	2,623,840
Trust receipt	-	2,847	-	2,847
Claim on customers under acceptance credit	-	69,958	2,146	72,104
Gross financing, advances and others	4,838,505	72,805	2,146	4,913,456
Allowances for ECL on financing, advances and others				
Stage 1 - 12 month ECL				(12,184)
Stage 2 - Lifetime ECL non credit-impaired				(29,638)
Stage 3 - Lifetime ECL credit impaired				(9,671)
Net financing, advances and others				4,861,963

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36. ISLAMIC BANKING OPERATIONS (cont'd.)

EXPLANATORY NOTES

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

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

31 December 2019

	Sale based contracts			Total RM'000
	<i>Tawarruq</i> RM'000	<i>Murabahah</i> RM'000	<i>Bai Al-Dayn</i> RM'000	
Term financing and revolving credits				
- Housing financing	2,074,390	-	-	2,074,390
- Others term financing	2,255,435	-	-	2,255,435
Trust receipt		1,579		1,579
Claim on customers under acceptance credit	-	65,293	1,688	66,981
Gross financing, advances and others	<u>4,329,825</u>	<u>66,872</u>	<u>1,688</u>	<u>4,398,385</u>
Allowances for ECL on financing, advances and others				
Stage 1 - 12 month ECL				(10,763)
Stage 2 - Lifetime ECL non credit-impaired				(27,330)
Stage 3 - Lifetime ECL credit impaired				<u>(7,115)</u>
Net financing, advances and others				<u><u>4,353,177</u></u>

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

As at 31 March 2020, the gross exposure and expected credit loss relating to RSIA financing amounted to RM319,749,705 (2019: RM312,736,235) and RM21,954,975 (2019: RM21,952,739) respectively.

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

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

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

	31-Mar-20	31-Dec-19
	RM'000	RM'000
Maturing within one year	609,732	435,011
One year to three years	92,117	93,178
Three years to five years	184,210	85,695
Over five years	4,027,397	3,784,501
	<u>4,913,456</u>	<u>4,398,385</u>

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

	31-Mar-20	31-Dec-19
	RM'000	RM'000
Domestic non-banking financial institutions		
- Others	7,119	5,613
Domestic business enterprises		
- Small medium enterprises	1,430,274	1,086,860
- Others	1,049,027	1,024,355
Individuals	2,305,513	2,164,280
Foreign entities	121,523	117,277
	<u>4,913,456</u>	<u>4,398,385</u>

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

	31-Mar-20	31-Dec-19
	RM'000	RM'000
Fixed rate		
- Other fixed rate financing	354,389	249,104
Variable rates		
- Base rate/base financing rate-plus	3,278,960	3,055,449
- Cost-plus	1,280,107	1,093,832
	<u>4,913,456</u>	<u>4,398,385</u>

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

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

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

	31-Mar-20	31-Dec-19
	RM'000	RM'000
Agriculture	510,559	358,038
Mining and quarrying	100,162	-
Manufacturing	386,391	373,749
Electricity, gas and water	60,023	60,891
Construction	282,058	279,199
Wholesale, retail trade, restaurants and hotels	641,541	589,499
Transport, storage and communication	95,464	92,738
Finance, insurance and business services	147,768	132,355
Real estate	234,480	207,671
Community, social and personal services	27,975	22,052
Households		
- purchase of residential properties	2,221,882	2,083,372
- purchase of non residential properties	128,772	139,166
- others	76,381	59,655
	4,913,456	4,398,385

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

	31-Mar-20	31-Dec-19
	RM'000	RM'000
As at 1 January	38,486	12,704
Classified as impaired during the period	19,187	36,469
Amount recovered	(88)	(1,637)
Reclassified as non credit impaired	-	(9,050)
As at 31 March/ 31 December	57,585	38,486
Allowance for ECL on credit impaired	(9,671)	(7,115)
Net impaired financing, advances and others	47,914	31,371

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

1.0%	0.7%
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36. ISLAMIC BANKING OPERATIONS (cont'd.)
EXPLANATORY NOTES

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

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

	31-Mar-20	31-Dec-19
	RM'000	RM'000
Manufacturing	662	642
Construction	4,376	654
Wholesale, retail trade, restaurants and hotels	8,223	5,028
Households		
- purchase of residential properties	43,688	31,563
- purchase of non-residential properties	536	499
- others	100	100
	<u>57,585</u>	<u>38,486</u>

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

	31-Mar-20	31-Dec-19
	RM'000	RM'000
In Malaysia	<u>57,585</u>	<u>38,486</u>

d. Other assets

	31-Mar-20	31-Dec-19
	RM'000	RM'000
Other receivables, deposits and prepayments	188	558
Profit receivables	11,850	11,488
Less: Allowances for ECL	(2)	(2)
	<u>12,036</u>	<u>12,044</u>

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

e. Movements in loss allowances for expected credit losses

(a) Other financial assets:

Cash and short term funds and debt instruments at FVOCI and other assets

	12 months ECL RM'000	Lifetime (not credit impaired) ECL RM'000	Lifetime (credit impaired) ECL RM'000	Total RM'000
As at 1 January 2020	1,434	1	-	1,435
<u>Movements with P&L impact:</u>				
New/additional during the period	131	-	-	131
Maturity/settlement/reduction during the period	(144)	-	-	(144)
As at 31 March 2020	<u>1,421</u>	<u>1</u>	<u>-</u>	<u>1,422</u>

	12 months ECL RM'000	Lifetime (not credit impaired) ECL RM'000	Lifetime (credit impaired) ECL RM'000	Total RM'000
As at 1 January 2019	1,317	1	-	1,318
<u>Movements with P&L impact:</u>				
New/additional during the year	6,921	-	-	6,921
Maturity/settlement/reduction during the year	(6,804)	-	-	(6,804)
As at 31 December 2019	<u>1,434</u>	<u>1</u>	<u>-</u>	<u>1,435</u>

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

f. Financial Derivatives

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

The fair value of the derivatives are as follows:

	Contract or underlying principal amount RM'000	Positive fair value RM'000	Negative fair value RM'000
As at 31 March 2020			
Foreign exchange contracts - forwards	174,030	2,432	2,913

	Contract or underlying principal amount RM'000	Positive fair value RM'000	Negative fair value RM'000
As at 31 December 2019			
Foreign exchange contracts - forwards	153,257	2,637	3,057

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

g. Deposits from customers

(i) By type of deposits:

	31-Mar-20	31-Dec-19
	RM'000	RM'000
<u>Non-Mudharabah fund</u>		
Demand deposits		
- Qard	288,385	232,527
Savings deposits		
- Qard	29,305	25,256
Fixed deposits		
- Tawarruq	4,627,436	4,003,585
Other deposits		
- Tawarruq	17,750	15,750
	<u>4,962,876</u>	<u>4,277,118</u>

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

	31-Mar-20	31-Dec-19
	RM'000	RM'000
Due within six months	2,933,450	1,863,323
Six months to one year	1,432,126	1,878,402
One year to three years	90,001	90,001
Three years to five years	171,859	171,859
	<u>4,627,436</u>	<u>4,003,585</u>

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

	31-Mar-20	31-Dec-19
	RM'000	RM'000
Business enterprises	1,217,381	1,187,459
Individuals	3,038,145	2,207,545
Others	707,350	882,114
	<u>4,962,876</u>	<u>4,277,118</u>

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

h. Investment accounts due to designated financial institutions

	31-Mar-20	31-Dec-19
	RM'000	RM'000
<u>Mudharabah RSIA</u>		
Licensed bank	395,000	395,000
Amount receivable from Conventional Bank	(21,955)	(21,953)
	<u>373,045</u>	<u>373,047</u>

i. Deposits and placements of banks and other financial institutions

	31-Mar-20	31-Dec-19
	RM'000	RM'000
<u>Non-Mudharabah fund</u>		
Other financial institutions	<u>503,147</u>	<u>973,886</u>

j. Other liabilities

	31-Mar-20	31-Dec-19
	RM'000	RM'000
Allowance for ECL for commitment and contingencies	4,805	5,701
Accrued profit payable	48,048	73,954
Accruals and provisions for operational expenses	385	41
	<u>53,238</u>	<u>79,696</u>

k. Islamic Banking funds

	31-Mar-20	31-Dec-19
	RM'000	RM'000
Capital fund	450,000	450,000
Fair value through other comprehensive income reserve	1,219	1,170
Accumulated profit	10,551	6,602
	<u>461,770</u>	<u>457,772</u>

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

I. Income derived from depositors' funds

	First Quarter ended		Three months ended	
	31-Mar-20 RM'000	31-Mar-19 RM'000	31-Mar-20 RM'000	31-Mar-19 RM'000
<u>Finance income and hibah</u>				
Financing, advances and others	43,442	32,360	43,442	32,360
Money at call and deposit placements with financial institutions	1,489	20,988	1,489	20,988
FVOCI securities	8,846	352	8,846	352
	53,777	53,700	53,777	53,700
<u>Other operating income</u>				
Trading income	442	288	442	288
Commision income	1,421	1,055	1,421	1,055
Fee income	2,571	793	2,571	793
Others	16	6	16	6
	58,227	55,842	58,227	55,842

m. Income derived from investment of Islamic Banking funds

	First Quarter ended		Three months ended	
	31-Mar-20 RM'000	31-Mar-19 RM'000	31-Mar-20 RM'000	31-Mar-19 RM'000
<u>Finance income and hibah</u>				
Financing, advances and others	4,223	3,041	4,223	3,041
Money at call and deposit placements with financial institutions	145	1,971	145	1,971
FVOCI securities	863	33	863	33
	5,231	5,045	5,231	5,045
<u>Other operating income</u>				
Trading income	42	27	42	27
Commision income	138	99	138	99
Fee income	241	75	241	75
Others	2	1	2	1
	5,654	5,247	5,654	5,247

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

n. Income derived from investment of Investment Account funds

	First Quarter ended		Three months ended	
	31-Mar-20 RM'000	31-Mar-19 RM'000	31-Mar-20 RM'000	31-Mar-19 RM'000
Financing, advances and others	3,724	853	3,724	853
Money at call and deposit placements with financial institutions	532	199	532	199
	4,256	1,052	4,256	1,052

o. Income attributable to depositors

	First Quarter ended		Three months ended	
	31-Mar-20 RM'000	31-Mar-19 RM'000	31-Mar-20 RM'000	31-Mar-19 RM'000
Income attributable to depositors from non-mudharabah fund	46,646	52,481	46,646	52,481

p. Income attributable to Investment Account holder

	First Quarter ended		Three months ended	
	31-Mar-20 RM'000	31-Mar-19 RM'000	31-Mar-20 RM'000	31-Mar-19 RM'000
Income attributable to depositor from mudharabah fund	3,405	841	3,405	841

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

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

	First Quarter ended		Three months ended	
	31-Mar-20 RM'000	31-Mar-19 RM'000	31-Mar-20 RM'000	31-Mar-19 RM'000
Allowances for/ (writeback of) impairment on financing, advances and others				
Stage 1 ECL	1,421	(6,095)	1,421	(6,095)
Stage 2 ECL	2,308	(10,524)	2,308	(10,524)
Stage 3 ECL	2,817	779	2,817	779
Recovery from RSIA holder*	(2)	(13)	(2)	(13)
	6,544	(15,853)	6,544	(15,853)
Other financial assets				
Stage 1 ECL	(13)	(246)	(13)	(246)
Stage 2 ECL	-	-	-	-
	(13)	(246)	(13)	(246)
Commitment and contingencies				
Stage 1 ECL	(569)	(340)	(569)	(340)
Stage 2 ECL	(327)	(85)	(327)	(85)
Recovery from RSIA holder*	-	-	-	-
	(896)	(425)	(896)	(425)
Total	5,635	(16,524)	5,635	(16,524)

*The RSIA holder is the Conventional Banking

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

r. Other operating expenses

	First Quarter ended		Three months ended	
	31-Mar-20 RM'000	31-Mar-19 RM'000	31-Mar-20 RM'000	31-Mar-19 RM'000
Personnel expenses	625	658	625	658
Establishment related expenses	627	247	627	247
Promotion and marketing related expenses	11	45	11	45
General administrative expenses	5,986	8,192	5,986	8,192
	7,249	9,142	7,249	9,142
Personnel expenses				
- Wages, salaries and bonus	505	413	505	413
- Defined contribution plan	81	66	81	66
- Other employee benefits	39	179	39	179
	625	658	625	658
Establishment related expenses				
- Depreciation of property, plant and equipment	215	60	215	60
- Repair and maintenance	-	1	-	1
- Rental of premises	-	-	-	-
- Information technology costs	194	83	194	83
- Others	218	103	218	103
	627	247	627	247
Promotion and marketing related expenses				
- Advertisement and publicity	11	45	11	45
General administrative expenses				
- Fees and commissions paid	111	99	111	99
- Management fee	5,809	8,031	5,809	8,031
- Others	66	62	66	62
	5,986	8,192	5,986	8,192

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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:

As at 31 March 2020	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Direct credit substitutes	25,021	25,021	32,448
Transaction-related contingent items	54,340	27,505	31,357
Short-term self-liquidating trade-related contingencies	3,823	765	712
Foreign exchange related contracts			
- less than one year	174,030	4,659	2,203
Undrawn credit facility			
- less than one year	243,932	4,655	2,106
- more than one year	859,869	592,251	200,290
- unconditionally cancellable	150,751	-	-
Total	1,511,766	654,856	269,116

As at 31 December 2019	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Direct credit substitutes	11,874	11,874	6,968
Transaction-related contingent items	54,306	27,278	31,581
Short-term self-liquidating trade-related contingencies	3,259	652	359
Foreign exchange related contracts			
- less than one year	153,257	2,277	1,049
Undrawn credit facility			
- less than one year	212,341	2,119	789
- more than one year	950,177	637,296	210,473
- unconditionally cancellable	212,239	-	-
Total	1,597,453	681,496	251,219

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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) and Basel II - Risk-weighted Assets Framework for Islamic Banking.

	31-Mar-20	31-Dec-19
	RM'000	RM'000
<u>Common Equity Tier 1 ("CET1")/Tier 1 Capital</u>		
Capital fund	450,000	450,000
Accumulated profit	6,602	6,602
Other reserves	1,219	1,170
Regulatory adjustments applied in the calculation of CET1 Capital	(5,654)	(5,698)
Total CET1/Tier 1 Capital	452,167	452,074
<u>Tier 2 Capital</u>		
Financing loss provision		
- Surplus eligible provisions over expected losses	14,452	12,873
- General provisions	111	94
Total Tier 2 Capital	14,563	12,967
Total Capital	466,730	465,041

(a) The capital adequacy ratios are as follows:

	31-Mar-20	31-Dec-19
Before the effects of PSIA		
CET1/Tier 1 Capital	14.329%	16.543%
Total Capital	14.791%	17.018%
After the effects of PSIA		
CET1/Tier 1 Capital	17.111%	20.346%
Total Capital	17.662%	20.930%

In accordance with BNM's Guidelines on the Investment Account, the credit risk and market risks weighted assets funded by the RSIA which qualify as risk absorbent are excluded from the calculation of capital adequacy ratio. As at 31 March 2020, credit risks related to RSIA assets excluded from the total capital ratio calculation amounted to RM513,038,000 (31 December 2019: RM510,781,000).

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

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

	31-Mar-20	31-Dec-19
	RM'000	RM'000
Total RWA for credit risk	2,565,251	2,153,038
Total RWA for market risk	1,936	2,366
Total RWA for operational risk	75,407	66,532
	<u>2,642,594</u>	<u>2,221,936</u>