United Overseas Bank (Malaysia) Bhd
Annual Report 2024

Building the Future of ASEAN

The cover for this year's Annual Report features one of nine bonsai trees we have planted around UOB Plaza in Singapore since 2024. Specially incorporated into our office landscape, these living works of art add a touch of nature to the heart of the Central Business District, allowing visitors to appreciate their beauty in this urban oasis.

Bonsai trees require meticulous nurturing over many years to achieve their optimal form. Cultivating bonsai trees involves discipline and perseverance. With the right maintenance and care, bonsai trees with their strong foundations can flourish for generations.

The qualities associated with the art of bonsai reflect UOB's unique culture and values. Anchored by a strong foundation, together with careful nurturing and a long-term view to investing, UOB has grown over 90 years into a leading bank in the region with one of the largest footprint in Southeast Asia.

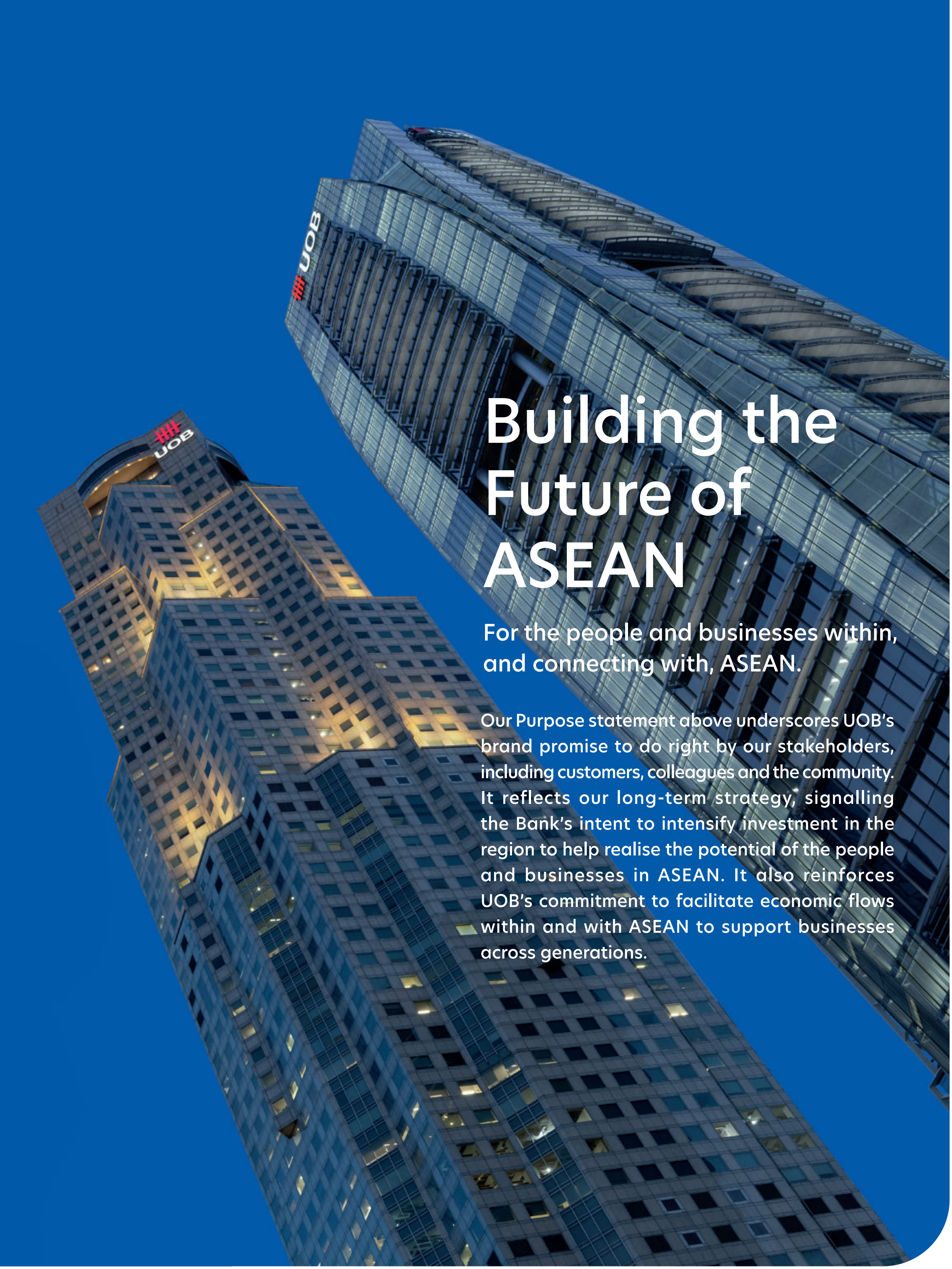
Our culture and values will continue to guide us as we work towards our purpose of building the future of ASEAN.

Contents

Overview

Governance

Financial Report



Building the Future of ASEAN

For the people and businesses within, and connecting with, ASEAN.

Our Purpose statement above underscores UOB's brand promise to do right by our stakeholders, including customers, colleagues and the community. It reflects our long-term strategy, signalling the Bank's intent to intensify investment in the region to help realise the potential of the people and businesses in ASEAN. It also reinforces UOB's commitment to facilitate economic flows within and with ASEAN to support businesses across generations.

United Overseas Bank (Malaysia) Bhd and its subsidiaries
31 December 2024

Overview

About UOB Malaysia

UOB Malaysia is rated among the top banks in Malaysia with a long-term AAA rating from Ratings Agency of Malaysia. It has over seven decades of presence in the country, and operates 55 branches nationwide, offering both conventional and Islamic banking services to its customers.

UOB Malaysia is a subsidiary of UOB, a leading bank in Asia with a global network of around 470 offices in 19 countries and territories in Asia Pacific, Europe, and North America. UOB has adopted a customer-centric approach to creating long-term value by staying relevant through its enterprising spirit and doing right by its customers. UOB is focused on building the future of ASEAN – for the people and businesses within, and connecting with ASEAN.

The Bank connects businesses to opportunities in the region with its unparalleled regional footprint and leverages data and insights to innovate and create personalised banking experiences and solutions catering to each customer's unique needs and evolving preferences. UOB is also committed to helping businesses forge a sustainable future, by fostering social inclusiveness, creating positive environmental impact and pursuing economic progress. UOB believes in being a responsible financial services provider and is steadfast in its support of art, social development of children and education, doing right by its communities and stakeholders.

For further information, please visit www.uob.com.my.

Our Purpose and Strategic Priorities

Building the future of ASEAN — for the people and businesses within, and connecting with, ASEAN.

Guided by our values and supported by our fundamental strengths, we focus on supporting our customers as we drive performance across our franchise.

Our approach to supporting our customers is based on a long-term mindset to stay prudent and disciplined in balancing growth with responsibility.

Our Strategic Focus

Create financial solutions that are personalised to individuals and businesses to help them achieve their personal and business financial goals through our omni-channel approach.

Help customers grow sustainably and integrate sustainability into our business and operations to drive responsible growth for positive and meaningful impact to the economy, society and environment.

Connect our customers across ASEAN, with Greater China and the rest of the world, through our sector specialisation, ecosystem partnerships and integrated digital platform, using a One Bank approach.

Build employee pride through fostering a culture of care, growth and trust, as we attract and grow our own timber.

Our Fundamental Strengths

Robust governance and risk management; strong capital and funding base

Established and integrated network

Diverse pool of talent and expertise

Asian heritage and Southeast Asian roots

Our Values

Honourable

Enterprising

United

Committed

Where UOB Operates

~470

branches and offices in Asia Pacific, Europe and North America.

Asia

Brunei	2	Myanmar	2
Hong Kong	2	Philippines	1
India	2	Singapore	61
Indonesia	117	South Korea	1
Japan	2	Taiwan	2
Mainland China	20	Thailand	189
Malaysia	58	Vietnam	7

Australia	1	United Kingdom	1
Canada	3	USA	2
France	1		

Our Awards and Accolades in 2024

Alpha South East Asia

Alpha South East Asia Financial Institution Awards 2024
- Best Transactional Banking Online Platform (UOB Infinity)

ASEAN Centre for Energy

ASEAN Energy Efficient and Conservation Best Practices Awards 2024
- Energy Efficient Building (New and Existing Building)

Asian Banking & Finance

Asian Banking and Finance Awards 2024
- International Retail Bank of the Year - Malaysia
- Mobile Banking & Payment Initiative of the Year

Asian Banking & Finance Wholesale Banking Awards 2024
- Best International Cash Management Bank in Malaysia
- Best International Trade Finance Bank in Malaysia
- Best International Green Financing Bank in Malaysia

Asian Banking & Finance Retail Banking Awards 2024
- Sustainability Initiative of the Year (Malaysia)

Asian Business Review

Asian Experience Awards 2024
- Malaysia Digital Experience of the Year

Corporate Treasurer

Corporate Treasurer Awards 2024
- Financial Institution Awards
  - Best Transaction Bank
  - Best Cash Management Bank
  - Best for Digital Solutions
- Best Strategies & Initiatives
  - Best Technology Initiative
    - For a brokerage firm
    - For an education technology provider
    - For a retail & wholesale supermarket
    - For an automotive retailer, distributor & assembler

ESGBusiness

ESGBusiness Awards 2024
- Renewable Energy Financing Programme Award
- Workplace Wellness Programme (Malaysia)

FinanceAsia

FinanceAsia Achievement Awards 2024
- Best Syndicated Loan Deal (Southeast Asia)

Global Finance

World's Best Digital Banks 2024
- Best Mobile Banking App

Graduan

Graduan Brand Awards 2024
- Malaysia's Most Preferred Employers - Foreign Bank

Great Place To Work

Great Place To Work Certification
- Certified Great Place to Work (Aug 2024 - Aug 2025)

HR Online

Employee Experience Awards
- Most Sustainable & Innovative Office Design (Silver)
- Best Parental & Caregiver Support Programme (Gold)

International Finance

International Finance Awards 2024
- Best Mobile Banking App
- Most Innovative Digital Bank

Malaysian Green Technology and Climate Change Corporation (MGTC)

National Energy Award 2023
- Special Awards for Sustainable Energy Financing (SEF) under Foreign Bank Category

National Energy Awards 2024
- Energy Efficient Building (New and Existing Building)

Meed - Retail Banker International

Retail Banker International Asia Trailblazer Awards
- Excellence in Mobile Banking

Talentbank

Talentbank
- 2025 Graduates' Choice of Employers to Work For (Banking)

TalentCorp

Life At Work Awards 2024
- Employee Care and Wellbeing (1st Runner Up)

The Asian Banker

Excellence in Retail Finance and Technology Innovation Awards 2024
- Best Foreign Retail Bank in Malaysia

The Asset

Triple A Awards for Sustainable Finance 2024
- Best Sustainability-Linked Loan - Telecom (Malaysia)

Triple A Digital Awards 2024
- Best Retail Mobile Banking Experience

Triple A Sustainable Infrastructure Awards 2024
- Logistics Deal of the Year
- Renewable Energy Deal of the Year – Waste-to-Energy
- Transport Deal of the Year - Port
- Digital Infrastructure Deal of the Year

Triple A Islamic Finance Awards 2024
- Best ASEAN Green SRI Sukuk - Real Estate
- Best Islamic Acquisition Financing

Triple A Treasurise (Treasury, Trade, Supply Chain, Risk, ESG) Awards 2024
- Best Transaction Bank in Malaysia
- Best Cash Management Bank in Malaysia
- Best Solution (Payments and Collection)
  - For an education technology provider
  - For a brokerage firm
- Best Solution (Liquidity and Investments & Payments and Collection)
  - For an automotive body parts manufacturer
- Best Solution (Supply Chain)
  - For a retail & wholesale supermarket
  - For a furniture designer & exporter
- Best Solution (Structured Trade Finance)
  - For a plastic recycling and manufacturer

The Association of Banks in Malaysia

50th Anniversary CSR Excellence Award 2024
- Vulnerable or Underserved Communities (Champion)

The Digital Banker

Digital CX Awards 2024
- Best Digital Banking for CX

Chairman's Statement

The Malaysian economy in 2024 outperformed expectations, underpinned by strong domestic demand, a resilient labour market, and the continued recovery in tourism, construction and real estate. Positive investment catalysts, stable interest rates and supportive fiscal policies provided further impetus to growth, while improved exports reinforced the nation's economic resilience.

Against this backdrop, UOB Malaysia delivered another year of strong financial performance. We achieved our highest net profit before tax to date at RM2.2 billion, a 15.9 per cent increase from RM1.9 billion in 2023. Our operating income grew by 2.3 per cent to RM4.7 billion, with positive contributions across all income streams, including net interest income, Islamic banking, net foreign exchange gains, and fees and commissions.

Concurrently, the Bank's prudent risk management approach and ongoing efforts to enhance asset quality led to a significant decrease in total allowances for expected credit losses, which fell by 52.1 per cent to RM159 million. This improvement was largely driven by lower expected credit losses on non-impaired assets, commitments, and contingencies, and also a reduction in provisions for impaired assets. The Bank's continuous disciplined cost management also helped to reduce total expenses.

Gross loans, advances, and financing grew by 2.1 per cent to RM109.5 billion, reflecting the Bank's commitment to supporting businesses and individuals in their financial needs. While non-bank deposits declined slightly by 1.2 per cent to RM114.6 billion, we continued to strengthen our deposit base, as evidenced by an improved CASA mix compared to the previous year.

Navigating uncertainties, capturing opportunities

The global economic outlook for 2025 remains moderate, shaped by ongoing monetary policy adjustments, geopolitical tensions, trade protectionism and climate-related challenges. While the US Federal Reserve is expected to ease monetary policy, its pace will depend on inflation and growth trends.

In China, policy support has sustained its economic activity, though downside risks from potential tariffs persist. Despite these uncertainties, Southeast Asia's economic prospects remain optimistic, supported by strong domestic drivers, structural reforms, and a more accommodative global policy stance.

Malaysia's economy is poised for resilient growth in 2025, backed by favourable labour market conditions, targeted fiscal support, growing tourism activity, and ongoing investments in key projects. Significant investment pipelines, including RM25 billion from government-linked investment companies and more than RM40 billion in government construction projects, will further strengthen economic momentum.

The Johor-Singapore Special Economic Zone, along with other thriving economic corridors in Malaysia including the Northern Region's growth in high-technology investments and Sarawak's emergence as a renewable energy hub, present new opportunities for cross-border trade, and investment. These developments also open up avenues for greater industry collaboration. As the Chair of ASEAN in 2025, Malaysia is well-positioned to drive regional economic cooperation and strengthen its role as a strategic hub in the region.

Chairman's Statement (Continued)

Board acknowledgements

I would like to extend my sincere appreciation to our management team and dedicated employees for their unwavering commitment to advancing the Bank's mission, serving our customers and stakeholders with excellence, and championing sustainability.

We are pleased to welcome Datin Paduka Sarena Cheah to the Board, bringing with her a wealth of experience that will further strengthen our governance and strategic direction. We also look forward to her invaluable contributions and insights that will shape UOB Malaysia's growth and success.

On behalf of the Board, I extend my gratitude to our customers and partners for their unwavering support. As we move forward, UOB Malaysia remains committed to driving sustainable growth, deepening client relationships and contributing meaningfully to Malaysia's economic progress.

Ching Yew Chye
Chairman

May 2025

Board of Directors and its Committees

As at 15 April 2025

Board

- Ching Yew Chye (Chairman)
  Independent
- Wee Ee Cheong (Deputy Chairman)
  Executive
- Ng Wei Wei
  Managing Director and Chief Executive Officer
- Chin Shoon Chong, Arthur
  Independent
- Tunku Alina Binti Raja Muhd Alias
  Independent
- Datin Paduka Sarena Cheah Yean Tih
  Independent

Nominating Committee

- Tunku Alina Binti Raja Muhd Alias (Chairperson)
- Wee Ee Cheong
- Chin Shoon Chong, Arthur
- Datin Paduka Sarena Cheah Yean Tih

Remuneration Committee

- Tunku Alina Binti Raja Muhd Alias (Chairperson)
- Chin Shoon Chong, Arthur
- Datin Paduka Sarena Cheah Yean Tih

Risk Management Committee

- Chin Shoon Chong, Arthur (Chairman)
- Ching Yew Chye
- Tunku Alina Binti Raja Muhd Alias
- Datin Paduka Sarena Cheah Yean Tih

Audit Committee

- Datin Paduka Sarena Cheah Yean Tih (Chairperson)
- Chin Shoon Chong, Arthur
- Tunku Alina Binti Raja Muhd Alias

Board of Directors

As at 15 April 2025

Ching Yew Chye

Board Chairman
Independent

Appointed as a director: 1 June 2018
Appointed as Board Chairman: 16 June 2023

Mr Ching started his career in Robert Horne Group of Companies in Northampton, England in 1977 and thereafter moved on to Scicon Consultancy in London, England in 1979. He then joined Accenture in 1982, a global management consulting, technology services and outsourcing company listed on the New York Stock Exchange. He retired from Accenture as Senior Partner in May 2007 after a successful career spanning of more than 25 years of service.

Board Committee Position

- Risk Management Committee (Member)

Current Directorship in Other Companies and Principal Commitments

- AIA General Berhad (Chairman)
- Genting Plantations Berhad (Director)

Past Directorships in Other Companies and Principal Commitments

- AIA Bhd (Chairman)
- Petronas Chemicals Group Berhad (Director)
- HSBC Bank Malaysia Berhad (Director)
- Avenue Invest Berhad (Director)
- China YuChai Limited (Director)
- Yorkville Advisors HK Ltd (Member of Advisory Board)
- YTL Starhill Global REIT Management Limited (Director)

Education and Achievements

- Bachelor of Science (Honours), University of London, UK

Board of Directors

As at 15 April 2025

Wee Ee Cheong

Deputy Chairman
Executive

Appointed as a director: 23 March 1994
Appointed as Deputy Chairman: 25 July 2001

A career banker with more than 40 years' experience in the UOB Group. Mr Wee is also active in the banking and financial services industry and the community through his involvement in various industry-based organisations.

Board Committee Position
- Nominating Committee (Member)

Current Directorship in Other Companies and Principal Commitments
- United Overseas Bank Limited (Deputy Chairman and Chief Executive Officer)
- United Overseas Insurance Limited (Chairman)
- PT Bank UOB Indonesia (President Commissioner)
- United Overseas Bank (China) Limited (Chairman)
- United Overseas Bank (Thai) Public Company Limited (Chairman)
- The Association of Banks in Singapore (Council Member)
- The Institute of Banking & Finance (Council Member)
- Singapore-China Foundation (Member, Board of Governors)
- Singapore Chinese Chamber of Commerce & Industry (Honorary Council Member)
- Nanyang Academy of Fine Arts (Patron)
- Wee Foundation (Director)

Past Directorships in Other Companies and Principal Commitments
- Far Eastern Bank Limited (Director)
- Pan Pacific Hotels Group Limited (Director)
- United International Securities Ltd (Director)
- UOL Group Limited (Director)
- Housing & Development Board (Deputy Chairman)
- Port of Singapore Authority (Director)
- Visa AP Senior Client Council (Member)

Education and Achievements
- Master of Arts (Applied Economics), American University, Washington, DC
- Bachelor of Science (Business Administration), American University, Washington, DC
- Singapore Public Service Star (2013)
- Singapore Corporate Awards, Best CEO (large cap listed companies) (2022)
- The Asian Banker CEO Leadership Achievement for Singapore Award (2022)
- The Business Times Businessman of the Year (2021/2022)
- The Investors' Choice Outstanding CEO Award by Securities Investors Association (Singapore) (2024)

Ng Wei Wei

Managing Director and Chief Executive Officer

Appointed to the Board as Managing Director and Chief Executive Officer: 1 May 2022

Ms Ng is a career banker with over two decades of experience. She has held various senior country and regional leadership roles at global financial institutions in Malaysia and Hong Kong. In 2019, she returned to UOB Malaysia as the Managing Director and Country Head of Wholesale Banking and was subsequently promoted to Deputy CEO in 2021.

Since taking the helm as CEO in 2022, Ms Ng has been instrumental in the Bank's transformation. She led the successful acquisition and integration of Citigroup's consumer banking business in Malaysia and has been championing the Connectivity, Sustainability and Digitalisation strategies of the Bank. She leads the Bank's efforts in facilitating foreign direct investments into the country and the region, as well as actively supports Malaysia's green agenda. Under her leadership, UOB Malaysia was named Malaysia's Best Bank at the World's Best Bank Awards 2025 by Global Finance and Malaysia's Best Bank and Best Sustainable Bank for the International Categories (2025) by FinanceAsia.

Ms Ng is a strong advocate for sustainability, talent development, and women empowerment in the workforce. In 2023, she formed the Bank's inaugural Diversity, Equity and Inclusion (DEI) committee to champion an inclusive workplace culture.

Board Committee Position
- Nil

Current Directorship in Other Companies and Principal Commitments
- The Association of Banks in Malaysia (Council Member)
- The Asian Institute of Chartered Bankers (Council Member)

Past Directorships in Other Companies and Principal Commitments
- Nil

Education and Achievements
- Bachelor of Commerce with double major in Accounting and Management, Monash University of Melbourne, Australia
- Chartered Banker, Chartered Banker Institute, United Kingdom
- Chartered Banker, Asian Institute of Chartered Bankers
- Distinguished alumnus honoured on the inaugural Monash Business School Wall of Fame (2024)
- The ASEAN Woman Banker Lifetime Achievement Award, ASEAN Banking & Finance Summit (2025)

Board of Directors

As at 15 April 2025

Chin Shoon Chong, Arthur

Independent

Appointed as a director: 10 April 2023

Mr Arthur Chin started his career as an auditor since 1988. In 1992, he joined KPMG and was appointed as Partner in 2007 until his retirement in December 2021 as KPMG Financial Services partner after having a career span of more than 30 years of experience in audit and related fields involving initial public offering, accounting advisory, corporate advisory, restructuring and due diligence review. Being a partner of KPMG, he was involved in financial services audit mainly in foreign owned banks as well as some insurance companies in Malaysia. He also led audits in other industries such as credit services, steel and aluminium, pharmaceutical and healthcare, consumer and industrial goods.

Board Committee Position
- Risk Management Committee (Chairman)
- Audit Committee (Member)
- Nominating Committee (Member)
- Remuneration Committee (Member)

Current Directorship in Other Companies and Principal Commitments
- Nil

Past Directorships in Other Companies and Principal Commitments
- Nil

Education and Achievements
- Malaysian Institute of Certified Public Accountants (Member)
- Malaysian Institute of Accountants (Member)
- Chartered Institute of Management Accountants (CIMA), UK (Member)

Tunku Alina Binti Raja Muhd Alias

Independent

Appointed as a director: 1 September 2023

Tunku Alina is an experienced independent director serving on multiple boards of public listed and private companies. She is a lawyer by profession and is a trained mediator and facilitator. She volunteers as an advisor to United Nations Global Compact Malaysia-Brunei and as Endeavor Malaysia mentor to start-up entrepreneurs. Sustainability and corporate governance, with an emphasis on climate change risks and board progression, are her focus areas and to this end, she frequently contributes in activities and programs by the Institute of Corporate Directors Malaysia, Leadwomen and the 30% Club Malaysia Chapter.

Board Committee Position
- Nominating Committee (Chairperson)
- Remuneration Committee (Chairperson)
- Audit Committee (Member)
- Risk Management Committee (Member)

Current Directorship in Other Companies and Principal Commitments
- Nestle Malaysia Berhad (Director)
- Inari Amertron Berhad (Director)
- Batu Kawan Berhad (Director)
- JA Russell & Co Sdn Bhd (Chairperson)
- Joyous Waves Sdn Bhd (Director)

Past Directorships in Other Companies and Principal Commitments
- Harps Holdings Berhad (Chairperson)
- Malaysian Building Society Berhad (Director)
- MBSB Bank Berhad (Director)
- Chemical Company of Malaysia Berhad (Director)
- Malaysian Pacific Industries Berhad (Director)
- IJM Corporation Berhad (Director)

Education and Achievements
- Bachelor of Laws, University of Malaya
- Masters in Law, King's College, London
- Advance Management Programme, Oxford University – Green Templeton College
- PhD in Islamic Finance, International Centre for Education in Islamic Finance

Datin Paduka Sarena Cheah Yean Tih
Independent

Appointed as a director: 1 January 2025

Datin Paduka Sarena started her career with Sunway Group since 1995, with active involvement in Corporate Finance, Internal Audit and Business Development divisions, across various business segments including education, healthcare and property development. On 1 May 2015, she was appointed as Managing Director of the Property Development Division, Malaysia/Singapore and as Executive Deputy Chair on 2 January 2025.

Board Committee Position
- Audit Committee (Chairperson)
- Nominating Committee (Member)
- Remuneration Committee (Member)
- Risk Management Committee (Member)

Current Directorship in Other Companies and Principal Commitments
- Sunway Berhad Group (Executive Deputy Chair)
- Sunreit Capital Behad (Director)
- Sunreit Bond Berhad (Director)
- Sunreit Perpetual Bond Berhad (Director)
- Yayasan Raja Muda Selangor (Trustee)
- Malaysian Investment Development Authority (MIDA) (Director)

Past Directorships in Other Companies and Principal Commitments
- Real Estate Housing and Developers Association Malaysia (REHDA) (Member)
- Bank of America (Malaysia) Berhad (Director)
- Institute of Corporate Directors Malaysia (Director)

Education and Achievements
- Bachelor of Commerce (Accounting and Finance), University of Western Australia
- Master's Degree in Business Administration, Melbourne Business School
- Australian Society of Certified Practising Accountants (Fellow Member)
- Capital Markets Services Representative's License (CMSRL), Securities Commission of Malaysia

Corporate Information

As at 31 December 2024

Management Committee Members

Ng Wei Wei
Chief Executive Officer

Cheah Shu Kheem, Andy
Managing Director
Country Head, Wholesale Banking

Fan Lee Boey, Elaine
Managing Director
Country Head, Personal Financial Services

Lee Che Kong
Managing Director
Country Head, Global Markets

Chang Yeong Gung
Managing Director
Country Head, Finance & Corporate Services
Chief Financial Officer

Loke Chee Keen, Daniel
Executive Director
Country Head, Compliance

Mohamad Fazli Mohamad Sarujee
Executive Director
Country Head, Technology & Operations

Mohd Fhauzi Muridan
Executive Director
Country Head, Islamic Banking

Phuah Ah Keng
Executive Director
Country Head, Channels & Digitalisation

Salika Suksuwan
Executive Director
Country Head, Human Resources

Tan Tii Lam
Executive Director
Country Head, Risk Management

Wan Yoke Nee, Penny
Executive Director
Country Head, Legal & Secretariat

Wong See Hong, Bill
Executive Director
Country Head, Internal Audit

Lai Tak Ming (Retired 1 January 2025)
Executive Director
Advisor, Human Resources

Yap Kok Tee (Retired 1 January 2025)
Executive Director
Advisor, Channels & Digitalisation

Secretaries
Wan Yoke Nee, Penny
Lai Su Ming

Auditors
Ernst & Young PLT
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

Share Capital
Share capital: RM792,555,000

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

Head Office
UOB Plaza 1 Kuala Lumpur,
No. 7 Jalan Raja Laut,
50350 Kuala Lumpur

Telephone: 03-2692 7722
Facsimile: 03-2694 4552
SWIFT: UOVBMYKL
Email: uobcustomerservice@UOB.com.my
Website: www.UOB.com.my

Branch Network

Federal Territory / Negeri Sembilan

Central Area I

Kuala Lumpur Main Branch
Ground Floor, UOB Plaza 1
7, Jalan Raja Laut
50350 Kuala Lumpur
Area Manager: Phuah Ah Keng

Federal Territory

Kuala Lumpur Main Branch
Ground Floor, UOB Plaza 1
7, Jalan Raja Laut
50350 Kuala Lumpur
Manager: Joe Ng Weng Bu

Jalan Imbi Branch
197-199, Jalan Imbi
55100 Kuala Lumpur
Manager: Claire Wong Chai Chee

Jalan Pudu Branch
408-410, Jalan Pudu
55100 Kuala Lumpur
Manager: Max Ong Chun-Chiat

Bangsar Branch
Bangunan Bangsaria
45E, Jalan Maarof
Bangsar Baru
59100 Kuala Lumpur
Manager: Jenny Lim Hsin Ee

Sri Petaling Branch
1, Jalan Radin Bagus 6
Bandar Baru Sri Petaling
57000 Kuala Lumpur
Manager: Johnsen Phoon Leong Yew

Jalan Ampang Branch
Menara Citibank
No 165, Jalan Ampang
50450 Kuala Lumpur
Manager: Mona Tan Swee Ling

Negeri Sembilan

Seremban Branch
24-26, Jalan Dato Lee Fong Yee
70000 Seremban
Manager: Jeffrey Liewn Chee Kean

Federal Territory / Selangor

Central Area II

2108, Jalan Meru
41050 Klang
Area Manager: Tracia Kek Choon Yian

Federal Territory

Kepong Branch
82, Ground Floor
Jalan 3/62D, Medan Putra Business Centre
Sri Menjalara, Off Jalan Damansara
52200 Kuala Lumpur
Manager : James Lim Ming Thiong

Selangor

Ijok Branch
57, Jalan PPAJ 3/1
Pusat Perdagangan Alam Jaya
42300 Bandar Puncak Alam
Manager: Oh Seng Hu

Klang Branch
2108, Jalan Meru
41050 Klang
Manager: Violet Koh Geok Lan

Kota Damansara Branch
48, Jalan PJU 5/8
Dataran Sunway
Kota Damansara
47810 Petaling Jaya
Manager: Ching Wei Peng

Bandar Bukit Tinggi Branch
32A, Lorong Batu Nilam 4b
Bandar Bukit Tinggi 1
41200 Klang
Manager: Yeoh Kean Hiong

USJ Taipan Branch
No 7, Jalan USJ 10/1
USJ Taipan Triangle
47620 UEP Subang Jaya
Manager: Samantha Wong Thien Sen

Centro Klang Branch
G101, Centro Business Centre,
8, Jalan Batu Tiga Lama,
41300 Klang
Manager: Oh Seng Hu

Damansara Perdana Branch
Lot W106 & W107
Metropolitan Square Centre Wing,
Jalan PJU 8/1, Damansara Perdana
47820 Petaling Jaya
Manager: Ching Wei Peng

USJ Triangle (Digital Self-Service Branch)
No 9A, Jalan USJ 10/1H, Taipan Triangle,
47610 Subang Jaya

Selangor

Central Area III

1, Jalan SS21/58, Ground Floor
Uptown 1, Damansara Uptown
47400 Petaling Jaya
Area Manager: Wong Yin Pheng

Ampang Branch
495, Jalan Lima
Taman Ampang Utama
Jalan Ampang
68000 Ampang, Selangor
Manager: Donald Hew Chun Kie

Cheras Branch
35, Jalan Desa Cahaya 11
Taman Desa Bukit Cahaya
56100 Cheras, Selangor
Manager: Wendy Yap Nyet Foong

Damansara Uptown Branch
1, Jalan SS21/58
Ground Floor, Uptown 1, Damansara Uptown
47400 Petaling Jaya
Manager: Andy Loo Say Chye

Jalan Othman Branch
39-45, Jalan Othman
46000 Petaling Jaya
Manager: Jeffery Wong Wen Yeong

Jalan Tengah Branch
2-6, Jalan Tengah
46200 Petaling Jaya
Manager: Vanessa Yew Shok Leng

Puchong Branch
6, Jalan Kenari 5
Bandar Puchong Jaya
47100 Puchong
Manager: Susan Ee Sook Sun

Bandar Puteri Puchong Branch
No 26, Jalan Puteri 1/1, Bandar Puteri,
47100 Puchong
Manager: Vanessa Yew Shok Leng

Bandar Tun Hussein Onn (Digital Self-Service Branch)
No 54 A, B & C, Jalan Suarasa 8/4,
Bandar Tun Hussein Onn,
43200 Cheras

Pahang / Terengganu / Kelantan

East Coast Area

2, Jalan Besar
25000 Kuantan
Area Manager: Georgina Tia Lee Ping

Pahang

Kuantan Branch
2, Jalan Besar
25000 Kuantan
Manager: Lee Kar Choon

Bentong Branch
61-62, Jalan Loke Yew
28700 Bentong
Manager: Karen Lee Shek Fern

Raub Branch
14 & 16, Jalan Tun Razak
27600 Raub
Manager: Karen Lee Shek Fern

Terengganu

Kuala Terengganu Branch
51, Jalan Sultan Ismail
20200 Kuala Terengganu
Manager: An Tay Pei Yian

Kelantan

Kota Bharu Branch
No 724, Jalan Sultanah Zainab
15000 Kota Bharu
Manager: Wei Hui Kim

Perak / Pulau Pinang / Kedah

North Area Centre
1st Floor, 64E-H, Lebuh Bishop
10200 Pulau Pinang
Area Manager: Jonathan How Boon Seong

Perak

Ipoh Branch
2, Jalan Dato' Seri Ahmad Said
30450 Ipoh
Manager: Caryl Shim Weng Han

Pulau Pinang

Bukit Mertajam Branch
1, Jalan Tembikai
Taman Mutiara
14000 Bukit Mertajam
Manager: Ang Zhen Yao

Butterworth Branch
4071 & 4072, Jalan Bagan Luar
12000 Butterworth
Manager: Tay G. Lim

Jalan Kelawei Branch
9, Jalan Kelawei
10250 Pulau Pinang
Manager: Lee Ai Pin

Lebuh Bishop Branch
64E-H Lebuh Bishop
10200 Pulau Pinang
Manager: Tan Yang Cheng

Penang Garden Branch
No 42, Jalan Sultan Ahmad Shah
10050 Pulau Pinang
Manager: Celina Khor She Ying

Bukit Tengah (Digital Self-Service Branch)
1819-B, Jalan Perusahaan
13600 Seberang Perai
Pulau Pinang

Kedah

Alor Setar Branch
55, Jalan Gangsa
Kawasan Perusahaan Mergong 2
05150 Alor Setar
Manager: Angela Eng Seah Yeam

Sungai Petani Branch
No 4, Jalan Cempaka 1/3
Amanjaya Square
08000 Sungai Petani
Manager: Jaslyn Law Chew Shih

Melaka / Johor

South Area Centre
Bangunan UOB
8, Jalan Ponderosa 2/1
Taman Ponderosa
81100 Johor Bahru
Area Manager: Goh Boon Siang

Melaka

Kota Laksamana Branch
No 24, Jalan KLJ 4
Taman Kota Laksamana Jaya
75200 Melaka
Manager: Maria Tan Swee Tin

Malim Branch
1, Jalan PPM 8, Plaza Pandan
Malim Business Park
Jalan Balai Panjang
75250 Melaka
Manager: Cheryn Kuan Siew Mun

Durian Tunggal (Digital Self-Service Branch)
DT3615, Jalan Angkasa Nuri,
1, Taman Angkasa Nuri,
76100 Durian Tunggal, Melaka

Johor

Muar Branch
10, Jalan Pesta 1/1
Kg. Kenangan Tun Dr. Ismail (1)
Jalan Bakri
84000 Muar
Manager: Rowanne Gan Siok May

Batu Pahat Branch
Ground Floor, Wisma Sing Long
9, Jalan Zabedah
83000 Batu Pahat
Manager : Livia Wong Li Ngoh

City Square Branch
Lot 1-23, Johor Bahru City Square
106-108, Jalan Wong Ah Fook
80000 Johor Bahru
Manager: Ricky Teo Choh Meng

Kluang Branch
14-16, Jalan Dato Kapt Ahmad
86000 Kluang
Manager : Livia Wong Li Ngoh

Kulai Branch
No 245, Jalan Kiambang 10
Vervocity, Indahpura
81000 Kulai
Manager: Ben Liew Kar Voon

Taman Ponderosa Branch
Bangunan UOB
Ground Floor, No 8, Jalan Ponderosa 2/1
Taman Ponderosa
81100 Johor Bahru
Manager: Rachel Chong Siet Foon

Southkey Mozek Branch
#01-01, Block C,
Komersil Southkey Mozek,
Persiaran Southkey1,
Kota Southkey
80150 Johor Bahru
Manager: Lim Fang Chii

Sabah / Sarawak

East Malaysia Area
UOB Tower CT160, Level 1,
Block C, iCom Square
Jalan Pending
93450 Kuching
Area Manager: Lee Kui Ping

Sabah

Kota Kinabalu Branch
Bangunan UOB
70, Jalan Gaya
88000 Kota Kinabalu
Manager: Chua Fui Ming

Sandakan Branch
Lot 91 & 92, Block 10
Bandar Prima Square, Jalan Utara
90000 Sandakan
Manager: Kennedy Choo Wei Hong

Tuaran Branch
9 & 10, Jalan Datuk Dusing
89208 Tuaran
Manager: Chua Fui Ming

Sarawak

Sibu Branch
8, Lorong 7A Jalan Pahlawan
Jaya Li Hua Commercial Centre
96000 Sibu
Manager: Cheow Chee Seng

Miri Branch
108 & 110, Jalan Bendahara
98000 Miri
Manager: Jeremy Lim Wei Yaw

Kuching Branch
UOB Tower CT160, Level 1,
Block C, iCom Square
Jalan Pending
93450 Kuching
Manager: Emily Rolanda Yong

Bintulu Branch
207 & 208, Parkcity Commerce Square
(Phase III), Jalan Tun Ahmad Zaidi
97000 Bintulu
Manager: Kuan Tze Loi

United Overseas Bank (Malaysia) Bhd and its subsidiaries

31 December 2024

Governance


UOB

Corporate Governance

Board of Directors - Composition, Function and Conduct

The Board of UOB (Malaysia) upholds strong corporate governance, which is vital to the Bank's growth and success. The Board, together with Management, ensures that principles of good corporate governance are upheld and observed across the entire Bank. The Bank's corporate governance practices are guided by the principles set out in the Policy on Corporate Governance issued by Bank Negara Malaysia (BNM) and the Malaysian Code on Corporate Governance.

Board Duties

The Board's responsibilities, as set out in its Charter include:

- providing strategic direction, entrepreneurial leadership and guidance;
- approving annual business plans and budget;
- ensuring the financial statements are true and fair;
- monitoring financial performance;
- determining capital/debt structure;
- setting dividend policy and declaring dividends;
- reviewing risk management framework/policies, culture and internal controls;
- reviewing and approving Internal Ratings Based Framework; and
- managing Money Laundering/Terrorism Financing risks.

The Board also approves other material matters pertaining to remuneration policy, risk appetite, technology, data and productivity initiatives, policies relating to Shariah matters, Islamic Banking products and services, and matters reserved to the Board by the requirements of law and the regulators.

The Board receives updates through regular management reports, and interacts with Management outside of Board meetings. These would enable the Board to oversee the Bank's performance, operations and governance initiatives with greater depth and understanding.

Board Delegation

Four Board Committees, namely the Nominating Committee (NC), Remuneration Committee (RC), Risk Management Committee (RMC) and Audit Committee (AC) are set up to support and supplement the Board in its roles and responsibilities, through delegation of authority from the Board.

Each of the Board Committee operates within defined terms of reference (TORs) which set out the committee's composition, roles and responsibilities, operating processes including decision-making by the committee and reporting to the Board. These TORs are reviewed annually for continued relevance. After each Board Committee meeting, the chairman/chairperson of the respective Board Committees reports to the Board on significant issues and concerns discussed, and where applicable, recommendations made during the meetings.

Common membership in the Board Committees facilitates the sharing of information between relevant Board Committees and enables better coordination of the work among the Board Committees.

Board and Board Committee Meetings

Board and Board Committee meetings are scheduled well ahead of the start of a calendar year. Additional meetings are held during the year if required by circumstances. Directors are informed of meeting dates well in advance and received comprehensive information related to the agenda items prior to a meeting. Papers for a meeting are uploaded onto a secure portal which directors can access via tablet devices provided by the Bank.

Managing Potential Conflicts of Interests

Each director is required to act honestly, in good faith and with due care and diligence when exercising his/her powers. All directors have to notify the Bank in a timely manner of any change in interests or other appointments. Where a director has an interest in a matter being discussed, he/she is required to recuse himself/herself from the discussion and abstain from voting on the matter.

Board Attendance

Directors' attendance at Board and Board Committee meetings in 2024 is set out in the table below. The contributions of directors go beyond their attendance at formal meetings. Directors have individually or collectively engaged Management outside formal meetings in their oversight of the affairs of the Bank.

	Number of meetings attended in 2024				
	Board of Directors	Audit Committee	Risk Management Committee	Remuneration Committee	Nominating Committee
Mr Ching Yew Chye	7^	4	4	2	3
Mr Wee Ee Cheong	5	N/A	N/A	N/A	2
Ms Ng Wei Wei	6	N/A	N/A	N/A	N/A
Mr Arthur Chin Shoon Chong	7	4^	4^	2	3
Tunku Alina Raja Muhd Alias	7	4	4	2^	3^
Number of meetings held in 2024	7	4	4	2	3

^ Chairman/Chairperson of Committee.

Board Independence, Composition and Diversity

The Board currently comprises six members, the majority of whom are independent directors. Mr Ching Yew Chye, Mr Arthur Chin Shoon Chong, Tunku Alina binti Raja Muhd Alias and Datin Paduka Sarena Cheah Yean Tih (who was appointed on 1 January 2025) are independent directors. Annually, the NC assists the Board to assess the overall composition and effectiveness of the Board and Board Committees as well as each director's independence according to the criteria in BNM's Guidelines on Corporate Governance. For the year under review, the NC concluded that the independent directors continue to demonstrate conduct and behaviour that are essential indicators of independence and that each of them continues to fulfil the definition of independence.

The profiles of the directors can be found in the Board of Directors section of this report. Collectively, the directors have vast and varied experience in banking, finance, business and management, and the skills and expertise relevant to the business of the Bank. The Board leverages the range of deep skills, expertise, experience and insights of its members in the discharge of its duties. The on-going review, appointment and re-appointment of the directors has ensured that the Board comprises a composition of longer-serving directors and newer ones to provide continuity and stability and to facilitate knowledge transfer.

Chief Executive Officer

Ms Ng Wei Wei, who is also the CEO of UOB (Malaysia), leads the management team and implements the strategies of the Bank as well as the decisions of the Board. With the assistance of senior management, the CEO takes executive responsibility for the day-to-day operations and business of the Bank, including seeking business opportunities and ensuring the system of internal controls and risk management framework and policies of the Bank are relevant, adequate and effective. The CEO also ensures that the Bank provides a conducive and healthy work environment for employees and the values of the Bank are observed in the Bank's activities.

Induction and Continuous Development

Training and development are important to enable the Board to keep abreast of prudential requirements and best practices. For the year under review, the Board had attended various training programmes related to their duties as directors including artificial intelligence, sustainability, banking trends, technology risk management, cyber security and anti-money laundering. As part of the Bank's continuous development programmes, new and existing directors receive training on topics that are relevant to the business of the Bank and thereby providing the directors with the relevant knowledge and skills to perform their roles effectively. They also attended external programmes organised by FIDE Forum and Asia School of Business.

A new director receives an induction package upon appointment. The package includes amongst other materials, the articles of directorship which enumerate a director's general duties, obligations and responsibilities, the Board Charter, TORs of the Board Committees, and guidance on directors' duties and relevant company policies. The induction process consists of meetings with key senior management and briefings on key areas of the Bank's business, risk management and support functions. A new director who is also appointed to serve on Board Committees is briefed on specialised or technical topics relevant to the activities of those Board Committees.

Access to Information

Directors have unfettered access to information, the internal and external auditors and senior management for the purpose of carrying out their duties. Comprehensive information is provided to directors in advance of each meeting to enable their deliberation and decision-making at the meeting. The information provided includes financial, strategic, risk management and operational reports. Directors may approach Management should they require additional information. Senior executives are present at meetings to provide additional information or clarification on matters tabled. Where relevant, professional advisers may be invited to brief the Board or Board Committees.

Whether individually or as a group, directors may seek independent professional advice in the course of discharging their duties at the expense of the Bank.

Role of Company Secretaries

The Board is supported by the Secretariat team and has independent access to the company secretaries, whose appointment and removal are subject to the Board's approval. The company secretaries are responsible to ensure that Board procedures are adhered to, advise the Board on corporate governance matters, assist the Board to monitor the execution of its decisions and facilitate communication between the Board and senior management. The company secretaries also organise the induction of new directors and the directors' continuous development programmes, and provide updates on applicable laws and regulations.

Board Committees

The NC, RC, RMC and AC have been constituted in accordance with BNM's Policy on Corporate Governance. The roles and duties of each Board Committee are explained further in this section.

Nominating Committee

The main responsibilities of the NC are as follows:

- review nominations for appointment and re-appointments as well as removal of directors, Shariah Committee members, CEO and key senior management officers and company secretaries;
- review the size and overall composition of the Board and Board Committees annually and to ensure the Board and each Board Committee has an appropriate size and mix of competencies;
- assess the effectiveness of the Board and Board Committees, as well as contribution and performance of each director to the effectiveness of the Board;
- assess the independence of each director annually based on the criteria in BNM's Policy on Corporate Governance;
- assess the performance of Shariah Committee members, CEO, key senior management officers and the company secretaries;
- ensure all directors receive an appropriate continuous development programme in order to keep abreast with the latest developments in the industry;
- assess the fitness and propriety of directors, Shariah Committee members, CEO, key senior management and company secretaries; and
- oversee the succession plan for the Board, CEO and key senior management officers.

Remuneration Committee

The main duties of the RC are as follows:

- provide a formal and transparent procedure for developing remuneration policy for directors, Shariah Committee members, CEO and key senior management officers;
- ensure that compensation is competitive and consistent with UOB (Malaysia)'s culture, objectives and strategy; and
- oversee the design and operation of the Bank's remuneration system, and recommends the framework of remuneration for directors, Shariah Committee members, CEO and key senior management officers for the Board's approval.

Each year, RC reviews and ensures the remuneration package is sufficient to attract and retain directors, Shariah committee members, CEO and key senior management officers.

Risk Management Committee

The RMC oversees risk management matters. Key areas of oversight include the following:

- establishment and operation of a robust risk management system on an enterprise-wide basis, policies, processes and procedures to identify, monitor, control and report risks;
- review the adequacy and effectiveness of the risk management framework in managing credit, market, liquidity, interest rate, operational, regulatory compliance, Shariah non-compliance, technology, environmental and reputational risks;
- review the Bank's framework in managing Anti Financial Crime and risks arising thereof;
- review risk management strategies, policies and risk appetite;
- review bank-wide stress test scenarios, assumptions, parameters and results, reasonableness of proposed actions and contingency plans, and senior management's attestation on the overall state of business continuity preparedness of the Bank;
- provide oversight over technology-related matters;
- examine whether incentives provided by the remuneration system take into consideration risks, capital, liquidity and the likelihood and timing of earnings, without prejudice to the tasks of the RC;
- approve the appointment, resignation and dismissal of the Chief Risk Officer and review the performance of the risk management function; and
- review and endorse the environmental risk management framework in managing the environmental risk exposures.

Audit Committee

The AC oversees the Bank's financial reporting, and the effectiveness and adequacy of the Bank's internal control system. The AC also oversees matters relating to the following:

- financial statements and quality of, and any significant change in, accounting policies and practices;
- appointment, reappointment, evaluation and remuneration of the external auditor and plans, reports and results of external audit;
- integrated fraud management;
- review of fraud and whistleblowing cases reported to the Bank;
- review of policies and procedures for detecting fraud and whistleblowing;
- the review of and updates to the Board on credit transactions and exposures with connected parties and all related party transactions;
- review the accuracy and adequacy of the chairman's statement in the directors' report, corporate governance disclosures and interim financial reports in relation to the preparation of financial statements; and
- the appointment, resignation, resignation, dismissal, evaluation and compensation of the Head of Internal Audit.

The AC has authority to investigate any matters within its TOR and has the full cooperation of and access to Management. It also has direct access to the internal and external auditors. The AC meets the external auditors to review the annual financial statements, nature and scope of the external audit and audit plan, significant changes in accounting standards and audit issues. The AC also meets the external auditors separately in the absence of Management at least annually. In addition, the AC reviews the adequacy of the scope, functions and resources of the internal audit function in performing its duties independently. Significant audit findings are highlighted to the AC through audit reports and at the AC meetings. The AC also meets with the internal and external auditors as often as they deem appropriate to be apprised of matters which are under review.

Audit Committee (Continued)

Each quarter, the AC meets to review the financial statements before recommending them to the Board for approval. In reviewing the financial statements, the AC assesses the accounting policies and practices applied and any judgement made that may have a significant impact on the financial statements. AC meetings may involve discussions of accounting standards and accounting practices and developments, especially those that have an impact on the business of the Bank and its reporting obligations.

The AC is also entrusted to review fraud and whistleblowing cases reported to the Bank. Annually, the AC reviews the policy governing the management of whistleblowing cases.

Financial Reporting

In presenting the annual accounts and quarterly announcements, the Board is committed to present a balanced, clear and understandable assessment of the financial position and prospect of the Bank. The Board is assisted by the AC to oversee the Bank's financial reporting by scrutinising the information to be disclosed to ensure accuracy, adequacy and completeness. The statement by Directors in respect of preparation of the annual audited financial statements of the Bank is set out on page 149.

Internal Controls

The Bank maintains an effective and well-established system of internal controls and risk management processes to ensure customers' interests and the Bank's assets are safeguarded. To meet this requirement, procedures and policies are in place to protect assets against unauthorised use or disposal; for maintaining proper accounting records; and for ensuring the reliability and usefulness of financial information.

The Bank's business and support units use various self-assessment tools to assess their compliance with internal controls, risk management processes and applicable regulations. The results of the self-assessments are regularly reviewed by Senior Management.

Internal Audit (IA) evaluates the adequacy and effectiveness of internal controls, risk management and governance processes; and their level of compliance with applicable rules and regulations. The results of the evaluation are acknowledged by Senior Management and independently reported to the Audit Committee (AC). The AC regularly reviews actions taken on lapses and deficiencies identified in reports prepared by the IA and management's responses to these recommendations to ensure lapses are dealt with adequately and promptly.

Based on the internal controls and risk management processes established and maintained by the Bank, the work performed by IA, and the reviews performed by Senior Management and the relevant Board Committees, the Board - with the concurrence of the AC and the Risk Management Committee (RMC) - is of the opinion that the Bank's systems of risk management and internal controls, including financial, operational, compliance (including AML/CFT and sanctions) and information technology controls, was adequate and effective during the year.

The Board notes that no system of risk management and internal controls can provide absolute assurance against material error, loss or fraud. UOB (Malaysia)'s system of risk management and internal controls provides reasonable but not absolute assurance that the Bank will not be affected by any adverse event which may be reasonably foreseen.

Internal Audit

The Bank has a well-established internal audit (IA) function which has a primary reporting line to the Audit Committee (AC). The authority and responsibilities of IA is reviewed by AC every year. The Head of IA reports administratively to CEO and he is a member of Management Committee, which oversees the overall performance of UOBM, country corporate functions and business segments. This equips him with a good view of the material initiatives and activities of the Bank, enabling him to perform his role more effectively.

The primary role of the IA function is to provide independent assessment of the adequacy and effectiveness of the Bank's system of internal controls, risk management and governance processes. IA operates within the framework defined in its IA Charter, adopts the *Global Internal Audit Standards* set by the Institute of Internal Auditors and is guided by *The Internal Audit Function in Banks* issued by the Basel Committee on Banking Supervision. These guidelines set out the mission and the objectives of an internal audit function and the performance standards expected of internal audit activities. In performing its role, IA has unfettered access to all records, documents, property and personnel of the Bank.

Internal Audit (Continued)

To ensure IA maintains its high performance standards, IA conducts an internal quality assurance (QA) review and conduct a self-assessment of its activities against these standards and guidelines annually. In addition, an independent external quality assurance review of the IA function is also conducted once every five years. The current review on IA will be completed in 2025.

The internal audit report rating in IA's methodology consists of an audit rating and a Management Governance and Oversight Rating (MGOR). The audit rating reflects the current state of the audited entity's control environment, while the MGOR provides an indicative measure of its management team in terms of:

- the effectiveness of its governance structure;
- the overall risk awareness and control consciousness; and
- the competence and willingness of its leaders when discharging their supervisory duties.

Entities with a strong MGOR and a good control environment may be subject to less frequent and/or intense audits. Conversely, a poor MGOR or a weak control environment may lead to more frequent and/or intense audits.

In 2024, IA undertook the following key initiatives and activities:

- Completed pilot audits using Behavioural Informed (BI) audit approach. The BI audit approach incorporates culture concepts to assess behaviours and culture in audits;
- Continued to use advanced data analytics and leverage on technology enablers in our work;
- Continued to upskill, deepen business knowledge and capabilities, and keep pace with industry developments and emerging risks, including the areas of sustainability, blockchain and digital assets, anti-money laundering, generative AI and Shariah compliance; and
- Continued industry collaboration and deepen engagement with internal stakeholders towards a more effective audit process.

IA reviews and audits the Bank's businesses and operations according to a risk-based audit plan. Audit projects are prioritised and scoped based on IA's assessment of the Bank's risks and controls over the various risk types. The internal audit plan is reviewed at least annually and tabled to the AC for approval.

The results of each audit are reported to the AC and Management; and their resolution action plans and progress are closely monitored. Significant findings, together with the status of rectification, are then discussed at the AC Meetings and the minutes are formally tabled to the Board of Directors. In addition, Head of IA also reports significant findings and other control concerns to the Head of Group Audit monthly or more frequently if warranted.

Remuneration Framework

UOB's Remuneration Framework sets out the principles and philosophies that guide the design, operation and management of our remuneration programmes. The objective is to ensure that we attract, motivate and retain a highly-skilled workforce, while encouraging value-based behaviours, aligned with our vision to become a trusted bank, that support the business objectives and strengthen the long-term financial strength of the Bank and the Group.

The Remuneration Committee (RC) conducts regular reviews of the compensation practices and programmes to ensure that we are consistent with regulatory requirements and are responsive to market developments.

Our Approach to Remuneration

The Bank's total compensation comprises two main components namely fixed pay and variable pay.

Total Compensation			
Fixed Pay		Variable Pay	
Base salary	Fixed allowance	Cash bonus	Deferral (Shares/Cash)

Our Approach to Remuneration (Continued)

- Fixed pay consists of base salary and fixed allowances that are pegged to the market value of the job.
- Variable pay which comprises of cash bonus and deferrals in the form of cash or shares where applicable, rewards employees based on the performance of the Bank, business units as well as the employee's individual performance.

We take a holistic view of various factors to determine and to ensure fair compensation for every employee. These factors include:

- **pay for position**: the market value of the employee;
- **pay for performance**: the performance of the Bank, business units and employee's individual achievement of performance targets;
- **pay for person**: the employee's personal attributes such as skills and experience;
- **living the UOB Values**: employee's demonstration of our UOB Values of Honour, Enterprise, Unity and Commitment.

Determining Variable Pay

UOB's performance-based variable pay is linked to the performance of the Bank, business functions and the employee's individual achievement of performance targets. The Bank's scorecard includes performance measures in three categories:

(1) financial outcomes,
(2) strategic drivers, and
(3) risk and reputation.

Financial outcomes metrics include Growth, Profitability, Productivity and Asset Quality. Strategic drivers include key initiatives that would help ensure the Bank's sustainability and propel it forward in the changing business environment. This includes Connectivity, Funding, Customer, Employee and Diversification. Under risk and reputation, the Bank takes account of the Risk Appetite Statement output assessed by the Risk Management Committee. Any breach in Risk Appetite Statement may result in adjustment in the total variable pay for the year. The Bank's key performance indicators are cascaded to business functions accordingly and subsequently to individual employees.

Employees are assessed based on
(1) performance objectives, (2) competency behaviours and (3) behaviour that uphold to UOB Values. Variable pay of each employee is differentiated by the employee's overall performance based on these three areas.

Remuneration Governance

Control Functions

Employees in control functions, namely Risk Management, Audit, Credit and Compliance are compensated independently of the performance of the business lines or business units they oversee. Compensation for these employees is determined based on the overall performance of the Bank, the achievement of operational key performance indicators of the control functions and the performance of the individual employee.

In addition, the remunerations for the Chief Risk Officer and the Head of Internal Audit are approved by the Risk Management Committee and the Audit Committee respectively.

Variable Pay Deferrals

UOB's variable pay deferral policy applies to all senior ranked employees and material risk takers (MRT). Material risk taker refers to employees with significant organisational responsibilities who have material impact on the Bank's performance and risk profile, and employees with high risk mandate. The variable pay deferral is essential to meeting the following objectives:

- to align compensation payment schedules with the time horizon of risks;
- to align the interests of employees with the long-term interests of shareholders;
- to retain key employees whose contributions are essential to the long-term growth and profitability of the Bank;
- to deliver compensation in a manner that drives the long-term performance of the Bank.

Remuneration Governance (Continued)

Variable Pay Deferrals (Continued)

Under the variable pay deferral policy, variable pay is subject to deferral ranging from 20% to 40%, with the proportion of deferral increasing with the amount of total variable pay granted. Variable pay deferrals are either in the form of deferred cash or Executive Equity Plan (EEP) shares award under the UOB Share Plan and will vest over three years. Unvested portions of the deferred shares and deferred cash will be eligible for dividends, subject to declaration by Group and interest respectively.

Malus of unvested deferred compensation and/or clawback of paid deferred compensation will be triggered by conduct constituting, causing or contributing to, inter alia, material violation of risk limits, financial losses or adverse change in risk profile, restatement of financial results or misconduct, malfeasance or fraud.

Summary of 2024 Remuneration Outcomes

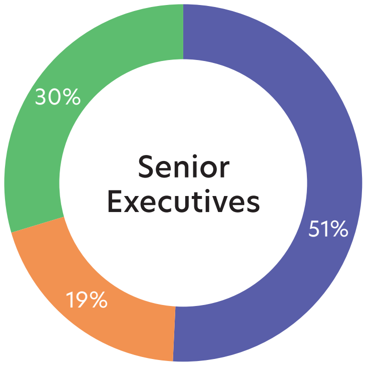
1. Breakdown of total remuneration for CEO for FY2024

Name	Fixed Pay (RM'000)	Variable Pay: Unrestricted (RM'000)	Deferred Variable Pay: EEP under the UOB Share Plan (RM'000)
Ng Wei Wei	1,620	2,100	1,400

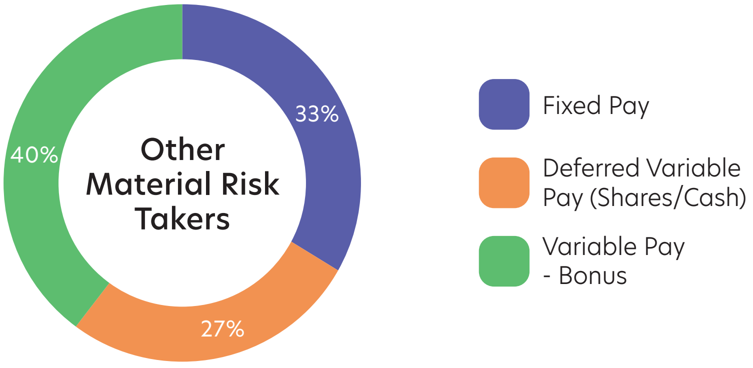
2. Breakdown of Remuneration Awarded to Senior Executives (SEs) and Material Risk Takers (MRTs) for FY2024

- Senior Executives (SEs) refers to the Chief Executive Officer and members of senior management comprising of country heads of Executive Director and Managing Director grades. There were 27 Senior Executives in 2024.
- In addition to all SEs, there were 2 other MRTs in 2024.

Material Risk taker refers to employees with significant organisational responsibilities who have material impact on the Bank's performance and risk profile, and employees with high risk mandate.



Total remuneration for FY2024 is RM37.01mil



Total remuneration for FY2024 is RM3.86mil

Summary of 2024 Remuneration Outcomes (Continued)

3. Guaranteed Bonuses, Sign-on Awards and Severance Payments for FY2024

Category of Remuneration	SEs	MRTs
Number of guaranteed bonuses	-	-
Number of sign-on awards	-	-
Number of severance payments	-	-
Total amounts of above payments made for the financial year (RM'000)	-	-

4. Breakdown of Deferred Remuneration

Category	SEs	MRTs
Total amount of outstanding deferred remuneration		
- Cash (RM'000)	73	0
- Shares (RM'000)	22,946	2,606
Total amount of deferred remuneration paid in FY2024		
- Cash (RM'000)	0	0
- Shares (RM'000)	5,881	363
Outstanding deferred remuneration (performance adjustments):		
- Of which exposed to ex-post adjustments	100%	100%
- Reductions in current year due to ex-post adjustments (explicit[1])	-	-
- Reductions in current year due to ex-post adjustments (implicit[2])	-	-
Outstanding retained remuneration (performance adjustments):		
- Of which exposed to ex-post adjustments	-	-
- Reductions in current year due to ex-post adjustments (explicit)	-	-
- Reductions in current year due to ex-post adjustments (implicit)	-	-

[1] Examples of explicit ex-post adjustments include malus, clawbacks or similar reversals or downward revaluations of awards.
[2] Examples of implicit ex-post adjustments include fluctuations in the value of the shares or performance units.

Statement on Shariah Governance

UOB Malaysia first developed its Shariah Governance Framework (Framework) in 2016, adhering closely to the Shariah Governance Framework 2010 by Bank Negara Malaysia (BNM). In March 2020, the Bank replaced the Framework with the Shariah Governance Policy (Policy) by closely adhering to BNM's policy document on Shariah Governance that was issued on 20 September 2019. The Policy establishes the minimum governance standards governing the Board of Directors, Shariah Committee, senior management, Shariah control functions and secretariat to the Shariah Committee. Within the Policy, all parties are bound to exercise their duty of care and diligence to ensure the Bank's Islamic Banking business, operations and affairs comply with Shariah principles.

The Board of Directors (the Board) is ultimately accountable and responsible for the overall Shariah Governance Structure and UOB Malaysia's Shariah compliance. In keeping with this, the Board must ensure that the Shariah Governance Structure adopted by the Bank commensurate with the size, complexity, and nature of its business.

To ensure that the Bank's operations are consistently conducted in according to Shariah principles, the Bank established an independent Shariah Committee (SC) to advise the Bank and to perform an oversight role on Shariah matters in relation to the Bank's Islamic Banking business and operations. While the Board ultimately bears the responsibility and is accountable for the overall governance of the Bank, the SC shall be responsible and accountable for all its decisions, views and opinions related to Shariah. The SC comprises of the following qualified members:

1. Dr. Zaharuddin Bin Abdul Rahman* - Chairman *(served his Chairmanship and as a SC member until 15 November 2024)*
2. Dr. Muhammad Pisol Bin Muhd @ Mat Isa** - Interim Chairman *(Appointed as interim Chairman w.e.f. 12 December 2024)*
3. Dr. Samsuri Bin Sharif *(served as a SC member until 6 February 2025)*
4. Prof. Dr. Noraini Binti Mohd Ariffin
5. Assoc. Prof. Datin Dr. Wan Marhaini Binti Wan Ahmad

During the financial year, the SC met 8 times for normal meeting and 5 times for special meeting. Attendance by the SC members was recorded as follows:

SC Member	Attendance	
	Normal Meeting	Special Meeting
Dr. Zaharuddin Bin Abdul Rahman (Chairman)	7/7*	4/4*
Dr. Muhammad Pisol Bin Muhd @ Mat Isa (Interim Chairman)	8/8**	5/5**
Dr. Samsuri Bin Sharif	8/8	5/5
Prof. Dr. Noraini Binti Mohd Ariffin	7/8	5/5
Assoc. Prof. Datin Dr. Wan Marhaini Binti Wan Ahmad	8/8	5/5

SC is supported on a functional basis by the Shariah Secretariat and the Shariah control functions including Shariah Review, Shariah Risk Management and Shariah Audit. The main duties and responsibilities of the Shariah Secretariat are to provide a secretariat function to the Bank's SC, conducting research on Shariah issues and providing day-to-day Shariah advice to the Bank's internal parties based on the rulings of the BNM Shariah Advisory Council (SAC), Securities Commission Malaysia and the decisions or advice of the Bank's SC.

Meanwhile, the Shariah Review conducts regular assessments on the compliance of the Bank's operations, business, affairs and activities with Shariah requirements.

Shariah Risk Management systematically identifies, measures, monitors, and reports Shariah non-compliance risks in the operations, business, affairs and activities of the Bank.

Finally, Shariah Audit provides an independent assessment of the quality and effectiveness of the Bank's internal control, risk management systems, and governance processes. The Shariah Audit scope covers the overall compliance of the Bank's operations, business, affairs and activities with Shariah.

In addition to the above, the Management is responsible for providing adequate resources across every function involved in Shariah governance implementation to ensure end-to-end compliance with Shariah principles. The Management expects the various functions to be responsible for and to manage the implementation of any or all rulings of the SAC and the decisions or advice of the SC and they are complying with the said policy.

Pillar 3 Disclosure

This Pillar 3 Disclosure document is prepared in accordance with the requirements under Bank Negara Malaysia Risk Weighted Capital Adequacy Framework (Basel II) - Disclosure Requirements (Pillar 3) and Capital Adequacy Framework for Islamic Banks (CAFIB) - Disclosure Requirements (Pillar 3). The disclosures are to facilitate the understanding of United Overseas Bank (Malaysia) Bhd (UOBM)'s risk profile and assessment of the Bank's capital adequacy. This is to be read in conjunction with the Bank's financial statements.

Effective July 2016, UOBM started to offer Islamic financial services under its Islamic Banking Window.

All values are presented in Ringgit Malaysia (RM) and rounded to the nearest thousand (RM'000).

Scope of Application

In accordance with the accounting standards for financial reporting, all subsidiaries of the Bank are fully consolidated from the date the Bank obtains control until the date such control ceases. The Bank's investment in an associate is accounted for using the equity method from the date the Bank obtains significant influence over the associate until the date such significant influence ceases. For the purpose of computing capital adequacy requirements at the Bank level, investment in subsidiaries and associates are deducted from regulatory capital in compliance with Bank Negara Malaysia's Capital Adequacy Framework (Capital Components).

The transfer of funds or regulatory capital within the UOBM Group is generally subject to regulatory approval.

Capital Adequacy

Our approach to capital management is to ensure that the UOBM Group maintains strong capital levels to support our businesses and growth, meet regulatory capital requirements at all times and maintain a good credit rating.

We achieve these objectives through the UOBM Group's Internal Capital Adequacy Assessment Process (ICAAP) whereby we actively monitor and manage the Group's capital position over a medium-term horizon, involving the following:

- setting capital targets for the Bank. As part of this, we take into account future regulatory changes and stakeholder expectations;
- forecasting capital demand for material risks based on the Bank's risk appetite. This is evaluated across all business segments and includes the UOBM Group's capital position before and after mitigation actions under adverse but plausible stressed conditions; and
- determining the availability and composition of different capital components.

Two committees oversee our capital planning and assessment process. The Board level - Risk Management Committee assists the Board with the management of risks arising from the business of the UOBM Group while the management level - Risk and Capital Committee manages the UOBM Group's ICAAP, overall risk profile and capital requirements. The UOBM Group's capital position, capital management plan, contingency capital plan, as well as any capital management actions, are submitted to the Management and/or to the Board for approval.

Capital Adequacy (Continued)

The aggregate breakdown of Risk-Weighted Assets (RWA) of the Bank by exposures in each risk category as at 31 December 2024:

RM'000

Item	Exposure class 2024	Exposures pre Credit Risk Mitigation (CRM)	Exposures post Credit Risk Mitigation (CRM)	RWA	Minimum capital requirement at 8%
1.0	Credit risk				
1.1	Exempted exposures under the Standardised Approach (SA)				
	On-balance sheet exposures				
	Sovereigns/central banks	26,333,604	26,333,604	-	-
	Public sector entities	233,225	233,225	-	-
	Bank, Development Financial Institutions & MDBs	4,935	4,935	987	79
	Insurance cos, securities firms and fund managers	122	122	122	10
	Corporates	293,810	290,627	288,125	23,050
	Regulatory retail	5,954,998	5,954,700	4,464,882	357,189
	Residential mortgages	4,862,474	4,862,474	1,849,344	147,948
	Higher risk assets	293	293	440	35
	Other assets	3,299,223	3,299,223	2,095,155	167,612
	Securitisation exposure	120,035	120,035	24,007	1,921
	Equity exposure	173,214	173,214	173,214	13,857
	Defaulted exposures	193,370	193,370	198,445	15,876
	Total on-balance sheet exposures	**41,469,303**	**41,465,822**	**9,094,721**	**727,577**
	Off-balance sheet exposures				
	OTC derivatives	578,344	578,344	173,636	13,891
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	3,854,281	3,853,267	2,870,012	229,601
	Defaulted exposures	933	933	1,394	112
	Total off-balance sheet exposures	**4,433,558**	**4,432,544**	**3,045,042**	**243,604**
	Total on and off-balance sheet exposures (SA)	**45,902,861**	**45,898,366**	**12,139,763**	**971,181**
1.2	Exposures under the Foundation IRB Approach (FIRB)				
	On-balance sheet exposures				
	Banks, Development Financial Institutions and MDBs	6,380,280	5,450,496	518,017	41,441
	Insurance cos, securities firms and fund managers	689,988	647,840	183,409	14,673
	Corporates	42,223,626	38,164,440	38,539,923	3,083,194
	Equity (simple risk weight)	947	947	2,842	227
	Defaulted exposures	1,118,652	1,044,686	15,694	1,256
	Total on-balance sheet exposures	**50,413,493**	**45,308,409**	**39,259,885**	**3,140,791**
	Off-balance sheet exposures				
	OTC derivatives	4,426,990	4,425,922	1,004,562	80,365
	Credit Derivatives	819	819	74	6
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	11,582,354	10,355,311	9,549,906	763,992
	Defaulted exposures	25,525	23,687	-	-
	Total off-balance sheet exposures	**16,035,688**	**14,805,739**	**10,554,542**	**844,363**
	Total on and off-balance sheet exposures (FIRB)	**66,449,181**	**60,114,148**	**49,814,427**	**3,985,154**

Capital Adequacy (Continued)

The aggregate breakdown of Risk-Weighted Assets (RWA) of the Bank by exposures in each risk category as at 31 December 2024 (Continued):

RM'000

Item	Exposure class 2024	Exposures pre CRM	Exposures post CRM	RWA	Minimum capital requirement at 8%
1.0	Credit risk (Continued)				
1.3	Exposures under the Advance IRB Approach (AIRB)				
	On-balance sheet exposures				
	Corporates	-	-	-	-
	Residential mortgages	37,190,786	37,190,786	4,509,832	360,787
	Qualifying revolving retail	3,803,270	3,803,270	1,128,543	90,283
	Other retail	15,076,182	15,076,182	2,896,027	231,682
	Defaulted exposures	1,250,158	1,250,158	676,275	54,102
	Total on-balance sheet exposures	**57,320,396**	**57,320,396**	**9,210,677**	**736,854**
	Off-balance sheet exposures				
	OTC derivatives	883	883	155	12
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	10,037,933	10,037,933	1,397,710	111,817
	Defaulted exposures	-	-	-	-
	Total off-balance sheet exposures	**10,038,816**	**10,038,816**	**1,397,865**	**111,829**
	Total on and off-balance sheet exposures (AIRB)	**67,359,212**	**67,359,212**	**10,608,542**	**848,683**
	Total exposures under IRB Approach	**133,808,393**	**127,473,360**	**60,422,969**	**4,833,837**
	Total (exempted exposures and exposures under the IRB Approach) after scaling factor	**179,711,254**	**173,371,726**	**76,188,110**	**6,095,049**
2.0	Large exposures risk requirement	-	-	-	-
3.0	Market risk	Long position	Short position		
	Interest rate risk	210,658	166,143	1,095,297	87,624
	Foreign currency risk	115,415	120,941	75,879	6,070
	Equity risk	-	-	-	-
	Commodity risk	-	-	-	-
	Options risk			537,813	43,025
4.0	Operational risk (Basic Indicator Approach)			8,087,999	647,040
5.0	Total RWA and capital requirements			85,985,098	6,878,808

Capital Adequacy (Continued)

The aggregate breakdown of Risk-Weighted Assets (RWA) of the Bank by exposures in each risk category as at 31 December 2023:

RM'000

Item	Exposure class 2023	Exposures pre Credit Risk Mitigation (CRM)	Exposures post Credit Risk Mitigation (CRM)	RWA	Minimum capital requirement at 8%
1.0	Credit risk				
1.1	Exempted exposures under the Standardised Approach (SA)				
	On-balance sheet exposures				
	Sovereigns/central banks	32,026,905	32,026,905	-	-
	Public sector entities	319,727	319,727	-	-
	Insurance cos, securities firms and fund managers	81	81	81	7
	Corporates	304,841	302,684	301,198	24,096
	Regulatory retail	6,182,007	6,181,663	4,635,409	370,832
	Residential mortgages	5,634,647	5,634,647	2,126,131	170,090
	Higher risk assets	400	400	600	48
	Other assets	2,744,461	2,744,461	2,100,161	168,013
	Securitisation exposure	120,052	120,052	24,010	1,921
	Equity exposure	217,253	217,253	217,253	17,380
	Defaulted exposures	225,909	225,909	223,687	17,895
	Total on-balance sheet exposures	**47,776,283**	**47,773,782**	**9,628,530**	**770,282**
	Off-balance sheet exposures				
	OTC derivatives	321,033	321,033	100,687	8,055
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	4,099,275	4,097,254	3,095,007	247,601
	Defaulted exposures	56	56	79	6
	Total off-balance sheet exposures	**4,420,364**	**4,418,343**	**3,195,773**	**255,662**
	Total on and off-balance sheet exposures (SA)	**52,196,647**	**52,192,125**	**12,824,303**	**1,025,944**
1.2	Exposures under the Foundation IRB Approach (FIRB)				
	On-balance sheet exposures				
	Banks, Development Financial Institutions and MDBs	4,822,080	4,822,080	452,730	36,218
	Insurance cos, securities firms and fund managers	874,085	864,048	174,713	13,977
	Corporates	40,672,475	35,941,659	36,887,948	2,951,036
	Equity (simple risk weight)	941	941	2,823	226
	Defaulted exposures	1,229,940	1,165,059	12,851	1,028
	Total on-balance sheet exposures	**47,599,521**	**42,793,787**	**37,531,065**	**3,002,485**
	Off-balance sheet exposures				
	OTC derivatives	4,020,890	4,018,203	879,005	70,320
	Credit Derivatives	601	601	81	7
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	10,346,698	9,148,741	7,709,053	616,724
	Defaulted exposures	39,440	36,935	-	-
	Total off-balance sheet exposures	**14,407,629**	**13,204,480**	**8,588,139**	**687,051**
	Total on and off-balance sheet exposures (FIRB)	**62,007,150**	**55,998,267**	**46,119,204**	**3,689,536**

Capital Adequacy (Continued)

The aggregate breakdown of Risk-Weighted Assets (RWA) of the Bank by exposures in each risk category as at 31 December 2023 (Continued):

RM'000

Item	Exposure class 2023	Exposures pre CRM	Exposures post CRM	RWA	Minimum capital requirement at 8%
1.0	Credit risk (Continued)				
1.3	Exposures under the Advance IRB Approach (AIRB)				
	On-balance sheet exposures				
	Residential mortgages	36,332,345	36,332,345	4,369,097	349,528
	Qualifying revolving retail	2,937,111	2,937,111	1,019,250	81,540
	Other retail	14,753,194	14,753,194	2,618,067	209,445
	Defaulted exposures	1,284,600	1,284,600	612,493	48,999
	Total on-balance sheet exposures	**55,307,250**	**55,307,250**	**8,618,907**	**689,512**
	Off-balance sheet exposures				
	OTC derivatives	777	777	205	16
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	8,824,231	8,824,231	1,245,201	99,616
	Defaulted exposures	360	360	-	-
	Total off-balance sheet exposures	**8,825,368**	**8,825,368**	**1,245,406**	**99,632**
	Total on and off-balance sheet exposures (AIRB)	**64,132,618**	**64,132,618**	**9,864,313**	**789,144**
	Total exposures under IRB Approach	**126,139,768**	**120,130,885**	**55,983,517**	**4,478,680**
	Total (exempted exposures and exposures under the IRB Approach) after scaling factor	**178,336,415**	**172,323,010**	**72,166,831**	**5,773,346**
2.0	Large exposures risk requirement	-	-	-	-
3.0	Market risk	Long position	Short position		
	Interest rate risk	176,118	150,971	820,632	65,651
	Foreign currency risk	22,006	20,567	24,253	1,940
	Equity risk	-	-	-	-
	Commodity risk	-	-	-	-
	Options risk			205,160	16,413
4.0	Operational risk (Basic Indicator Approach)			7,253,444	580,275
5.0	Total RWA and capital requirements			80,470,320	6,437,625

Capital Adequacy (Continued)

The aggregate breakdown of RWA under the Islamic Banking Window by exposures in each risk category as at 31 December 2024:

RM'000

Item	Exposure class 2024	Exposures pre CRM	Exposures post CRM	RWA	RWA absorbed by RSIA	Total RWA after effects of RSIA	Minimum capital requirement at 8%
1.0	Credit risk						
1.1	Exempted exposures under the Standardised Approach (SA)						
	On-balance sheet exposures						
	Sovereigns/central banks	3,554,883	3,554,883	-	-	-	-
	Corporates	4,268	3,207	2,507	-	2,507	201
	Residential mortgages	62,530	62,530	21,885	-	21,885	1,751
	Other assets	14,352	14,352	14,352	-	14,352	1,148
	Defaulted exposures	5,180	5,180	5,180	-	5,180	414
	Total on-balance sheet exposures	**3,641,213**	**3,640,152**	**43,924**	**-**	**43,924**	**3,514**
	Off-balance sheet exposures						
	OTC derivatives	162,010	162,010	35,592	-	35,592	2,847
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	-	-	-	-	-	-
	Total off-balance sheet exposures	**162,010**	**162,010**	**35,592**	**-**	**35,592**	**2,847**
	Total on and off-balance sheet exposures (SA)	**3,803,223**	**3,802,162**	**79,516**	**-**	**79,516**	**6,361**
1.2	Exposures under the FIRB Approach						
	On-balance sheet exposures						
	Banks, Development Financial Institutions and MDBs	1,945,161	1,115,428	113,938	-	113,938	9,115
	Insurance/Takaful cos, securities firms and fund managers	401,012	401,012	30,394	30,394	-	-
	Corporates	3,244,381	3,107,662	3,365,848	1,216,489	2,149,359	171,949
	Defaulted exposures	27,238	-	-	-	-	-
	Total on-balance sheet exposures	**5,617,792**	**4,624,102**	**3,510,180**	**1,246,883**	**2,263,297**	**181,064**
	Off-balance sheet exposures						
	OTC derivatives	12,892	12,892	2,521	-	2,521	202
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	565,823	545,117	753,425	220,547	532,878	42,630
	Total off-balance sheet exposures	**578,715**	**558,009**	**755,946**	**220,547**	**535,399**	**42,832**
	Total on and off-balance sheet exposures (FIRB)	**6,196,507**	**5,182,111**	**4,266,126**	**1,467,430**	**2,798,696**	**223,896**

Capital Adequacy (Continued)

The aggregate breakdown of RWA under the Islamic Banking Window by exposures in each risk category as at 31 December 2024 (Continued):

RM'000

Item	Exposure class 2024	Exposures pre CRM	Exposures post CRM	RWA	RWA absorbed by RSIA	Total RWA after effects of RSIA	Minimum capital requirement at 8%
1.0	Credit risk (Continued)						
1.3	Exposures under the AIRB Approach						
	On-balance sheet exposures						
	Corporates	-	-	-	-	-	-
	Residential mortgages	3,769,599	3,769,599	730,381	-	730,381	58,430
	Other retail	1,274,105	1,274,105	304,901	-	304,901	24,392
	Defaulted exposures	158,028	158,028	102,095	-	102,095	8,168
	Total on-balance sheet exposures	**5,201,732**	**5,201,732**	**1,137,377**	**-**	**1,137,377**	**90,990**
	Off-balance sheet exposures						
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	261,648	261,648	44,893	-	44,893	3,591
	Total off-balance sheet exposures	**261,648**	**261,648**	**44,893**	**-**	**44,893**	**3,591**
	Total on and off-balance sheet exposures (AIRB)	**5,463,380**	**5,463,380**	**1,182,270**	**-**	**1,182,270**	**94,581**
	Total exposures under IRB Approach	**11,659,887**	**10,645,491**	**5,448,396**	**1,467,430**	**3,980,966**	**318,477**
	Total (exempted exposures and exposures under the IRB Approach) after scaling factor	**15,463,110**	**14,447,653**	**5,854,816**	**1,555,476**	**4,299,340**	**343,947**
2.0	Large exposures risk requirement	-	-	-	-	-	-
3.0	Market risk	Long position	Short position				
	Interest rate risk	1,537	1,536	3,379	-	3,379	270
	Foreign currency risk	3,634	543	3,634	-	3,634	291
	Equity risk	-	-	-	-	-	-
	Commodity risk	-	-	-	-	-	-
	Options risk			-	-	-	-
4.0	Operational risk (Basic Indicator Approach)			317,084	-	317,084	25,367
5.0	Total RWA and capital requirements			6,178,913	1,555,476	4,623,437	369,875

Capital Adequacy (Continued)

The aggregate breakdown of RWA under the Islamic Banking Window by exposures in each risk category as at 31 December 2023:

RM'000

Item	Exposure class 2023	Exposures pre CRM	Exposures post CRM	RWA	RWA absorbed by RSIA	Total RWA after effects of RSIA	Minimum capital requirement at 8%
1.0	Credit risk						
1.1	Exempted exposures under the Standardised Approach (SA)						
	On-balance sheet exposures						
	Sovereigns/central banks	2,738,005	2,738,005	-	-	-	-
	Corporates	1,261	364	364	-	364	29
	Regulatory Retail	59	59	44	-	44	4
	Residential mortgages	73,843	73,843	25,845	-	25,845	2,067
	Other assets	13,520	13,520	13,520	-	13,520	1,082
	Defaulted exposures	5,951	5,951	5,951	-	5,951	476
	Total on-balance sheet exposures	**2,832,639**	**2,831,742**	**45,724**	**-**	**45,724**	**3,658**
	Off-balance sheet exposures						
	OTC derivatives	20,398	20,398	8,722	-	8,722	698
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	-	-	-	-	-	-
	Total off-balance sheet exposures	**20,398**	**20,398**	**8,722**	**-**	**8,722**	**698**
	Total on and off-balance sheet exposures (SA)	**2,853,037**	**2,852,140**	**54,446**	**-**	**54,446**	**4,356**
1.2	Exposures under the FIRB Approach						
	On-balance sheet exposures						
	Banks, Development Financial Institutions and MDBs	764,100	764,100	75,874	-	75,874	6,070
	Insurance/Takaful cos, securities firms and fund managers	701,594	701,594	70,416	70,416	-	-
	Corporates	3,639,962	3,218,795	3,639,148	1,744,556	1,894,592	151,567
	Defaulted exposures	30,356	15,252	-	-	-	-
	Total on-balance sheet exposures	**5,136,012**	**4,699,741**	**3,785,438**	**1,814,972**	**1,970,466**	**157,637**
	Off-balance sheet exposures						
	OTC derivatives	14,642	14,642	3,902	-	3,902	312
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	609,698	597,334	677,365	567,682	109,683	8,775
	Total off-balance sheet exposures	**624,340**	**611,976**	**681,267**	**567,682**	**113,585**	**9,087**
	Total on and off-balance sheet exposures (FIRB)	**5,760,352**	**5,311,717**	**4,466,705**	**2,382,654**	**2,084,051**	**166,724**

Capital Adequacy (Continued)

The aggregate breakdown of RWA under the Islamic Banking Window by exposures in each risk category as at 31 December 2023 (Continued):

RM'000

Item	Exposure class 2023	Exposures pre CRM	Exposures post CRM	RWA	RWA absorbed by RSIA	Total RWA after effects of RSIA	Minimum capital requirement at 8%
1.0	Credit risk (Continued)						
1.3	Exposures under the AIRB Approach						
	On-balance sheet exposures						
	Corporates	-	-	-	-	-	-
	Residential mortgages	3,566,620	3,566,620	670,296	-	670,296	53,624
	Other retail	1,293,632	1,293,632	324,267	-	324,267	25,941
	Defaulted exposures	171,351	171,351	101,393	-	101,393	8,111
	Total on-balance sheet exposures	**5,031,603**	**5,031,603**	**1,095,956**	**-**	**1,095,956**	**87,676**
	Off-balance sheet exposures						
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	337,241	337,241	55,718	-	55,718	4,457
	Defaulted Exposures	230	230	-	-	-	-
	Total off-balance sheet exposures	**337,471**	**337,471**	**55,718**	**-**	**55,718**	**4,457**
	Total on and off-balance sheet exposures (AIRB)	**5,369,074**	**5,369,074**	**1,151,674**	**-**	**1,151,674**	**92,133**
	Total exposures under IRB Approach	**11,129,426**	**10,680,791**	**5,618,379**	**2,382,654**	**3,235,725**	**258,857**
	Total (exempted exposures and exposures under the IRB Approach) after scaling factor	**13,982,463**	**13,532,931**	**6,009,928**	**2,525,613**	**3,484,315**	**278,745**
2.0	Large exposures risk requirement	-	-	-	-	-	-
3.0	Market risk	Long position	Short position				
	Interest rate risk	1,926	1,919	1,943	-	1,943	155
	Foreign currency risk	3,033	-	3,033	-	3,033	243
	Equity risk	-	-	-	-	-	-
	Commodity risk	-	-	-	-	-	-
	Options risk			-	-	-	-
4.0	Operational risk (Basic Indicator Approach)			286,865	-	286,865	22,949
5.0	Total RWA and capital requirements			6,301,769	2,525,613	3,776,156	302,092

Capital Structure

As at 31 December 2024, the Bank had issued the following subordinated notes:

1) Under the RM8 billion Subordinated Medium Term Notes and/or Senior Medium Term Notes Programme:
   (i) On 3 August 2020, the Bank issued RM750 million subordinated notes at 3.00% p.a. maturing on 2 August 2030;
   (ii) On 27 October 2022, the Bank issued RM1 billion subordinated notes at 4.91% p.a. maturing on 27 October 2032;

2) Under the RM5 billion Subordinated Islamic Medium Term Notes and/or Senior Medium Term Notes Programme:
   (i) On 8 February 2024, the Bank issued RM500 million subordinated Islamic notes at 4.01% p.a. maturing on 8 February 2034.

The subordinated notes are for working capital, general funding and corporate funding purposes.

For the main features of the subordinated notes, please refer to Note 22 in the financial statements.

The capital adequacy ratios of the Group and the Bank are computed in accordance with BNM's Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework (Basel II – Risk-Weighted Assets).

The capital structure of the Group and the Bank:

	Group		Bank	
	31-Dec-24 RM'000	31-Dec-23 RM'000	31-Dec-24 RM'000	31-Dec-23 RM'000
Common Equity Tier 1 (CET1)/Tier 1 Capital				
Paid-up share capital	792,555	792,555	792,555	792,555
Retained profits	13,902,695	12,996,815	14,055,169	13,159,032
Other reserves	325,539	312,870	85,159	72,490
Regulatory adjustments applied in the calculation of CET1 Capital	(1,158,883)	(1,194,967)	(1,293,438)	(1,328,553)
Total CET1/Tier 1 Capital	13,861,906	12,907,273	13,639,445	12,695,524
Tier 2 Capital				
Tier 2 Capital instruments	2,250,000	1,750,000	2,250,000	1,750,000
Loan/financing loss provision				
- Surplus eligible provisions over expected losses	373,130	339,176	374,957	340,901
- General provisions	161,244	169,764	151,748	160,304
Regulatory adjustments applied in the calculation of Tier 2 Capital	105,065	105,065	-	-
Total Tier 2 Capital	2,889,439	2,364,005	2,776,705	2,251,205
Total Capital	16,751,345	15,271,278	16,416,150	14,946,729

Capital Structure (Continued)

The capital adequacy ratios of the Group and the Bank:

	Group		Bank	
	31-Dec-24 RM'000	31-Dec-23 RM'000	31-Dec-24 RM'000	31-Dec-23 RM'000
CET1/Tier 1 Capital	16.034%*	15.945%	15.863%*	15.777%
Total Capital	19.376%*	18.865%	19.092%*	18.574%

**The CET1/Tier1 Capital and Total Capital ratios were before payment of dividend. The CET1/Tier1 Capital would be 14.973% and 18.315% for the Group and 14.796% and 18.025% for the Bank, net of proposed dividend.*

The capital adequacy ratios of Islamic Banking Window are computed in accordance with BNM Capital Adequacy Framework for Islamic Banking (Capital Components) and Capital Adequacy Framework for Islamic Banks (Risk Weighted Assets).

The capital structure of the Islamic Banking Window:

	31-Dec-24 RM'000	31-Dec-23 RM'000
Common Equity Tier 1 (CET1)/Tier 1 Capital		
Capital fund	450,000	450,000
Retained profits	258,618	160,434
Other reserves	698	1,316
Regulatory adjustments applied in the calculation of CET1 Capital	(21,542)	(13,220)
Total CET1/Tier 1 Capital	687,774	598,530
Tier 2 Capital		
Tier 2 Capital instruments	500,000	-
Financing loss provision:		
- Surplus eligible provisions over expected losses	-	935
- General provisions	994	680
Total Tier 2 Capital	500,994	1,615
Total Capital	1,188,768	600,145

Capital Structure (Continued)

The capital adequacy ratios of the Islamic Banking Window:

	31-Dec-24 RM'000	31-Dec-23 RM'000
Before the effects of RSIA		
CET1/Tier 1 Capital	11.138%	9.498%
Total Capital	19.247%	9.532%
After the effects of RSIA		
CET1/Tier 1 Capital	14.876%	15.850%
Total Capital	25.712%	15.893%

In accordance with BNM's Guidelines on the Investment Account, the credit and market risk weighted assets funded by the RSIA which qualify as risk absorbent are excluded from the calculation of capital adequacy ratio. As at 31 December 2024, credit risks related to RSIA assets excluded from the total capital ratio calculation amounted to RM1,555,476,008 (2023: RM2,525,612,204).

Risk Management

Risk Management Overview

Managing risk is an integral part of our business strategy. Our risk management approach focuses on ensuring continued financial soundness and safeguarding the interests of our stakeholders, while remaining nimble to seize value-creating business opportunities in a fast-changing environment. We are committed to upholding high standards of corporate governance, sound risk management principles and robust business practices to achieve sustainable, long-term growth. We continually strengthen our risk management practices in support of our strategic objectives.

Maintaining a Sound Risk Culture

A strong risk culture is vital to the long-term sustainability of the Bank's business franchise. Specifically, risk culture refers to the norms, attitudes and behaviours related to risk awareness, risk-taking and risk management, and controls that shape decisions on risks*. Our risk culture is based on our values. A strong risk culture ensures that our decisions and actions are considered and focused on our stakeholders, and that we are not distracted by short-term gains.

** Basel Committee on Banking Supervision: Guidelines on Corporate Governance Principles for Banks (July 2015).*

UOBM's Risk Culture Statement

Managing risk is integral to how we create long-term value for our customers and other stakeholders. Our risk culture is built on four principles: enforcing robust risk governance; balancing growth with stability; ensuring accountability for all the risk-based decisions and actions; and encouraging awareness, engagement and consistent behaviour in every employee.

Each of these principles is based on our distinctive set of values that guides every action we take. In entrenching our risk culture further across our franchise, we uphold the commitment to financial safety and soundness; fair outcomes and appropriate support for our stakeholders; sustainable and prudent business approach; and performance based on integrity, ethics and discipline.

Risk Management (Continued)

Maintaining a Sound Risk Culture (Continued)

UOBM's Risk Culture Statement (Continued)

Safeguarding our reputation in creating long term value for our stakeholders

Our Risk Culture Impact				
	Financial safety and soundness	Fair outcomes and appropriate support for all stakeholders	Sustainable and prudent approach to business	Performance based on integrity, ethics and discipline

Maintaining a sound risk culture across our franchise

Our Risk Culture Principles	**GOVERNANCE** Enforce robust governance of risk	**BALANCE** Balance growth with stability in taking risk	**ACCOUNTABILITY** Ensure accountability for risk	**CONSISTENCY** Encourage consistent risk-focused behaviour
Our Risk Culture Components	• Comprehensive risk management framework, policies and processes. • Well-defined risk appetite. • Pre-emptive supervision. • Independent control functions.	• Open communication and collaboration. • Regular risk reviews and continual improvements.	• Clear ownership and escalation through the Three Lines Model. • Balanced risk-reward remuneration. • Established consequences. • Individual accountability.	• Tone from above. • Leadership oversight and responsibility. • Clear articulation of principles and desired outcomes. • Frequent and regular sharing. • Ongoing training.

Demonstrating our unique set of values through consistent behaviour

Our Values	**Honourable**	**Enterprising**	**United**	**Committed**

Risk Management (Continued)

Our risk culture is embedded in our risk management strategy across the Bank, so as to facilitate ongoing effective discovery, management and mitigation of risks arising from external factors and our business activities, and to use capital efficiently to address these risks. Risks are managed within levels established by senior management committees and approved by the Board and its committees. We have put in place frameworks, policies, methodologies, tools and processes that help us to identify, measure, monitor and manage the material risks faced by the Bank. These enable us to focus on the fundamentals of banking and create long-term value for all our stakeholders.

Risk Governance

Our risk frameworks, policies and appetite provide the principles and guidance for the Bank's risk management activities. They guide our key decisions for capital management, strategic planning and budgeting, and performance management to ensure that the risk dimension is appropriately and adequately considered. Risk reports are submitted regularly to senior management committees and the Board to keep them apprised of the Bank's risk profile.

Responsibility for risk management starts with Board oversight of the Bank's governance structure, which ensures that the Bank's business activities are:

- conducted in a safe and sound manner and in line with the highest standards of professionalism;
- consistent with the Bank's overall business strategy and risk appetite; and
- subject to adequate risk management and internal controls.

The Board is assisted primarily by the Risk Management Committee (RMC), which reviews the overall risk appetite and level of risk capital to be maintained for the Bank.

Our Chief Executive Officer (CEO) has established senior management committees to assist her in making business decisions with due consideration for risks and returns. The main senior management committees involved are the Executive Committee (EXCO), Management Committee (MC), Asset and Liability Committee (ALCO), In-Country Credit Committee (ICCC), Credit Management Committee (CMC), Information & Technology Committee (ITC), Operational Risk Management Committee (ORMC), Risk and Capital Committee (RCC) and Anti-Financial Crime Committee (AFCC). These committees also assist the Board committees in specific risk areas.

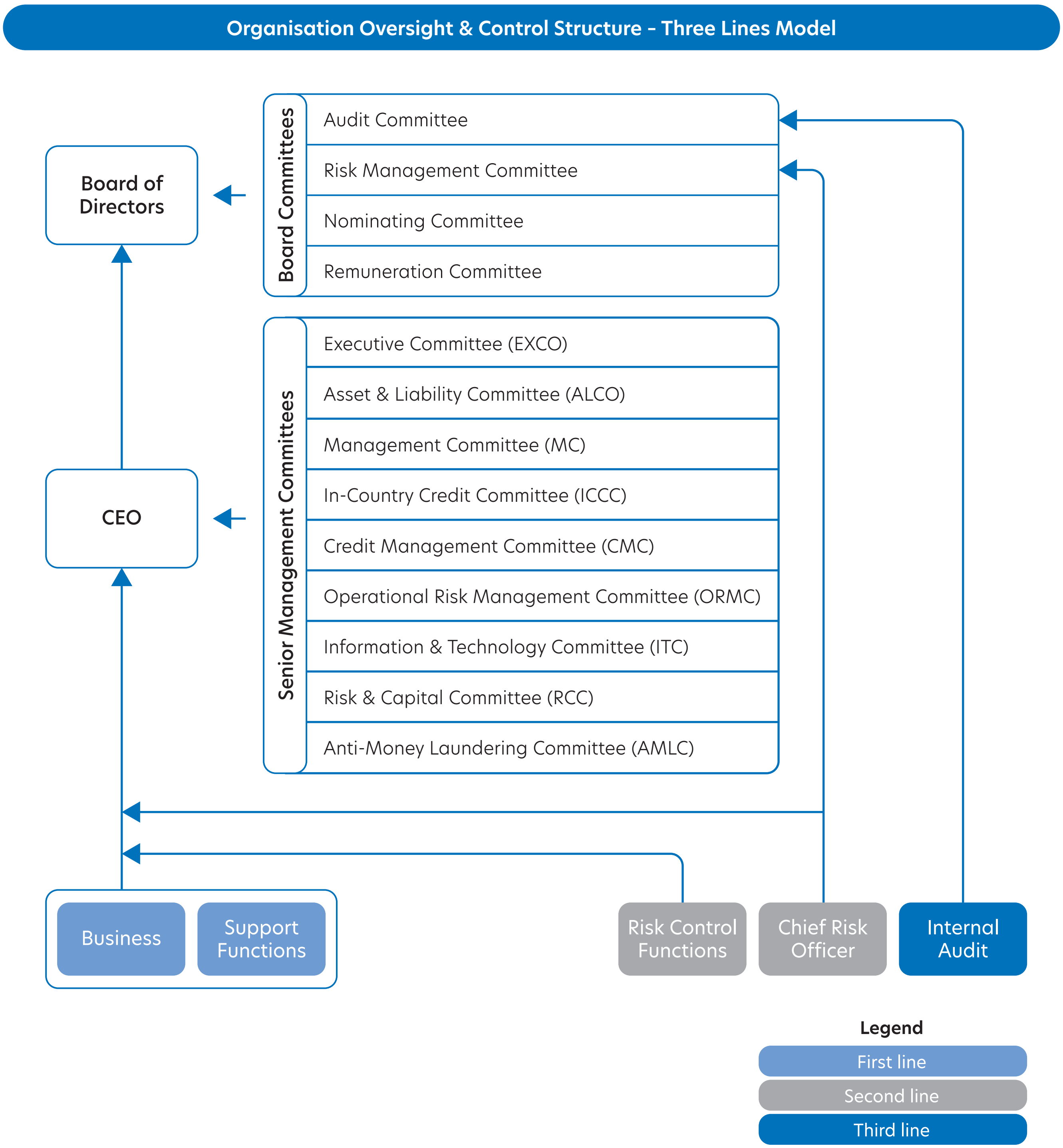
Management and the senior management committees are authorised to delegate risk appetite limits by location, business units and/or broad product lines.

Risk management is the responsibility of every employee in the Bank. We strive to instill awareness of the risks created by their actions and the accountability for the consequences of those actions in our employees. We have established frameworks to ensure appropriate oversight, accountability and management of all risk types encountered in the course of our business. The Bank adopts and adapts the parent bank's governance structure, frameworks and policies to comply with local regulatory requirements. This ensures that the approach across the regional UOB franchise is consistent and sufficiently adaptable to suit local operating environments.

Risk Management (Continued)

Risk Governance (Continued)

Our organisational control structure is based on the Three Lines Model as follows:



Risk Management

Risk Governance (Continued)

First Line - The Risk Owner

The business and support units own and have primary responsibility for implementing and executing effective controls to manage the risks arising from their business activities. This includes establishing adequate managerial and supervisory controls to ensure compliance with risk policies, appetite, limits and controls and highlight control breakdowns, inadequacy of processes and unexpected risk events.

Second Line - Risk Oversight

The risk and control oversight functions (i.e., Risk Management and Compliance) and Chief Risk Officer as the Second Line, support the Bank's strategy of balancing growth with stability by establishing risk frameworks, policies, appetite and limits which the business functions must adhere to and comply with in their operations. They are also responsible for the independent review and monitoring of the Bank's risk profile and for highlighting any significant vulnerabilities and risk issues to the respective senior management committees.

The independence of risk and control oversight functions from business functions ensures that the necessary checks and balances are in place.

Third Line - Independent Audit

Internal auditors conduct risk-based audits covering all aspects of the First and Second Lines to provide independent assurance to the CEO, the Audit Committee (AC) and the Board on the adequacy and effectiveness of our system of risk management and internal controls. The internal auditor's overall opinion of the internal controls and risk management system is provided to the AC and the Board annually.

Risk Appetite

Our risk appetite framework defines the amount of risk we are able and willing to take in the pursuit of our business objectives. It ensures that the Bank’s risk profile remains within well-defined and tolerable boundaries. The framework has been formulated based on the following key criteria:

- Alignment to the Bank's key business strategy;
- Relevance to the respective stakeholders, with appropriate levels of granularity;
- Practical, consistent and comprehensible metrics for communication and implementation; and
- Analytically-substantiated and measurable metrics.

Our risk appetite defines suitable thresholds and limits across the key risk areas including credit risk, country risk, market risk, liquidity risk, operational risk, technology risk, reputation risk, and conduct risk. Our risk-taking approach is focused on businesses which we understand and whose risks we are well-equipped to manage. This approach helps us to minimise earnings volatility and ensures that our high credit ratings, strong capital and stable funding base remain intact. This enables us to remain a steadfast partner to our customers through changing economic conditions and cycles.

Our risk appetite framework and risk appetite are reviewed and approved annually by the Board. Management monitors and reports the risk profiles and compliance with the Bank's risk appetite to the Board on a regular basis.

Basel Framework

The Bank has adopted the Basel Framework and observed the Bank Negara Malaysia (BNM) Risk Weighted Capital Adequacy Framework (Basel II) for banks incorporated in Malaysia. The Bank takes a prudent and proactive approach in navigating the evolving regulatory landscape, with emphasis on sound risk management principles in delivering sustainable returns.

The Bank has adopted the Foundation Internal Ratings-Based (FIRB) Approach for its non-retail exposures and the Advanced Internal Ratings-Based (AIRB) Approach for its retail exposures*. For market risk, the Bank has adopted the Standardised Approach (SA). For operational risk, the Bank has adopted the Basic Indicator Approach (BIA).

The Bank has also adopted the Internal Capital Adequacy Assessment Process (ICAAP) to assess, on an ongoing basis, the amount of capital necessary to support its activities. The ICAAP is reviewed periodically to ensure that the Bank remains well-capitalised, taking into account all material risks. Stress-testing is conducted to determine capital adequacy under stressed conditions.

Note:
i) The Shariah Committee (SC) is a committee of Shariah members appointed by the shareholder of the Bank through the Board of Directors (Board) to advise the Board and Management on Shariah related matters in order for the Bank to comply with the Shariah requirements and Shariah regulatory governance of the Islamic Banking business.
ii) *The acquired consumer banking portfolio from Citibank Bhd is reported under Standardised Approach.

Risk Management (Continued)

Material Risks

Our business strategies, products, customer profiles and operating environment expose us to a number of financial and non-financial risks. Identifying and monitoring key risks are integral to the Bank's approach to risk management, enabling us to make proper assessments of these risks and mitigate them proactively across the Bank. The table below summarises the key risks that could impact the achievement of the Bank's strategic objectives. Details of these key risks can be found in the pages that follow.

Material Risk	Definition	How risk is managed
Credit risk	The risk of loss arising from failure by a borrower or counterparty to meet its financial obligations when they are due.	Through our credit risk management framework, policies, models and limits.
Market risk	The risk of loss from movements in the market rates or prices (such as changes in interest rates, foreign exchange rates, equity prices, commodity prices and credit spreads) of the underlying asset. It includes interest rate risk in the banking book (IRRBB) which is the potential loss of capital or reduction in earnings due to changes in the interest rates environment.	Through our market risk management framework, policies, Value-at-Risk (VaR) models and limits. IRRBB is managed through the Bank's balance sheet risk management framework and interest rate risk in the banking book management policies and limits.
Liquidity risk	The risk that arises from our inability to meet our obligations, or to fund increases in assets as they fall due.	Through our balance sheet risk management framework, liquidity risk management policies, ratios and limits.
Operational risk	The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Such loss may be in the form of financial loss or other damage, for example, loss of reputation and public confidence that will impact our creditability and/or ability to transact, to maintain liquidity and/or obtain new business. Operational risk includes banking operations risk, conduct risk, fraud risk, legal risk, regulatory compliance risk, reputational risk, technology risk and third-party and outsourcing risk but excludes strategic and business risk.	Through the respective risk management frameworks, policies and operational risk management programmes, including Key Risk and Control Self-assessments, Key Operational Risk Indicators, Incident Reporting, Management Risk Awareness, Outsourcing Risk Assessment, Third-Party Non-outsourcing Risk Assessment, Product Programme and Scenario Analysis.
Financial Crime risk	Financial crime risk is defined as the risk of regulatory sanctions, financial loss, or damage to the Bank's reputation and franchise value that may arise when the Bank fails to comply with anti-financial crime laws, regulations, rules, standards, or codes of conduct (established by industry associations) that are applicable to the Bank's business activities and operations. Financial crime risk types include money laundering, terrorism financing, internal fraud, mules and scams, bribery and corruption, and all other illegal or unethical dealings.	Through our financial crime risk management framework, policies, procedures and management tolerance.

Risk Management (Continued)

Material Risks (Continued)

Material Risk	Definition	How risk is managed
Strategic and Business risks	Strategic risk refers to the current or prospective negative impact on earnings, capital or reputation arising from adverse strategic decisions, improper implementation of decisions or a lack of responsiveness to industry, economic or technological changes. Business risk refers to the adverse impact on earnings or capital arising from changes in business parameters such as volume, margin and cost.	Through our strategic and business risk management policy.
Model risk	The risk arising from: • the use of an inappropriate model that is unable to accurately evaluate market prices or that is not a mainstream model in the market (such as pricing models); or • inaccurately estimating the probability or magnitude of future losses (such as risk measurement models) and the use of those estimates.	Through our model risk governance framework and managed under the respective material risk types for which there is a quantitative model.
Environmental, Social and Governance risk	ESG risk refers to both financial risks (i.e., credit risk, market risk and liquidity risk) and non-financial risks (e.g., operational risk and reputational damage) arising from ESG issues, including climate change. While a key component of ESG risk arises indirectly from the financial services we provide to our customers, it can also result directly from our own operations.	The different aspects of ESG risk are managed through relevant frameworks, policies and guidelines, including our Environmental Risk Management Framework and Responsible Financing Policy.

Credit Risk

Credit risk is the risk of loss arising from any failure by a borrower or counterparty to meet its financial obligations when they are due. It is the single largest risk that the Bank faces in the core business as a commercial bank, arising primarily from loans/financing and other lending-related commitments to retail, corporate and institutional borrowers. Treasury and capital market operations and investments also expose the Bank to counterparty and issuer credit risks.

The Bank adopts a holistic approach towards assessing credit risk and ensures that credit risk management is part of an integrated approach to enterprise risk management. Integral to the management of credit risk is a framework that clearly defines policies and processes relating to the identification, measurement and management of credit risk. The Bank continually monitors the operating environment to identify emerging risks and formulate appropriate mitigating measures.

Credit Risk Governance and Organisation

The CMC supports the CEO and RMC in managing the Bank's overall credit risk exposures and serves as an executive forum for discussions on all credit-related matters. The CMC also reviews and assesses the Bank's credit portfolios and credit risk profiles.

The Credit Risk Management under Risk Management develops bank-wide credit policies and guidelines, and facilitates business development within a framework that results in prudent, consistent and efficient credit risk management. It is responsible for the analysis, management and reporting of credit risk to the CMC, RMC and Board. The comprehensive credit risk reports cover the Bank's overall credit portfolio across various dimensions including country, industry, product and business segment.

Credit Risk Policies and Processes

The Bank has established credit policies and processes to manage credit risk in the following key areas:

Credit approval process

Credit origination and approval functions are segregated to maintain the independence and integrity of the credit approval process. Credit approval authority is delegated to officers based on their experience, seniority and track record. All credit approval officers are guided by credit policies and credit acceptance guidelines that are reviewed periodically to ensure their continued relevance to the Bank's business strategy and the business environment.

Credit concentration risk

Credit concentration risk may arise from a single large exposure or from multiple exposures that are closely correlated. We manage such risks by setting exposure limits on borrowers, obligor groups, portfolios, industries and countries, generally expressed as a percentage of the Bank's eligible capital base.

We manage our credit risk exposures through a robust credit underwriting, structuring and monitoring process. For example, our country risk exposures are managed within an established framework that involves setting country limits. Such limits are based on the country's risk rating, economic potential measured by its gross domestic product and the Bank's business strategy. We perform regular assessments of emerging risks and in-depth reviews on industry trends to provide a forward-looking view on developments that could impact the Bank's portfolio. The Bank also conducts frequent stress testing to assess the resilience of our portfolio in the event of a marked deterioration in operating conditions.

Our credit exposures are well-diversified across industries and balanced exposure towards Wholesale Banking and Retail Banking. The Bank remains vigilant about risks in the sector and actively take steps to manage the exposure.

Credit stress test

Credit stress testing is a core component of the Bank's credit portfolio management process. Its objectives are:

- to assess the profit and loss as well as balance sheet impact of business strategies;
- to quantify the sensitivity of performance drivers under various macroeconomic and business planning scenarios; and
- to evaluate the impact of Management's decisions on capital, funding and leverage.

We conduct stress tests to understand potential credit portfolio losses resulting from stress scenarios, and where applicable, assess their impact on our profitability, balance sheet quality, capital and leverage. Stress tests also help us to identify the vulnerabilities of various business units and enable us to formulate appropriate mitigating measures.

Credit Risk (Continued)

Credit Risk Policies and Processes (Continued)

Credit stress test (Continued)

The Bank's stress test scenarios consider potential and plausible macroeconomic, climate and geopolitical events in varying degrees of likelihood and severity. These are developed in consultation with relevant business units and approved by senior management committees.

Credit Monitoring and Remedial Management

The Bank regularly monitors credit exposures, portfolio performance and emerging risks that may impact its credit risk profile. The Board and senior management committees are updated on credit trends through internal risk reports so that the necessary mitigating measures can be implemented promptly.

Delinquency monitoring

The Bank closely monitors the delinquency of borrowing accounts, which is a key indicator of credit quality. An account is considered delinquent when payment has not been received by the payment due date. All delinquent accounts, including revolving credit facilities (such as an overdraft) with limit excesses, are closely tracked and managed through a disciplined process by officers from the business units and the risk management function. Where appropriate, such accounts are also subject to more frequent credit reviews.

Classification and loan/financing loss impairment

The Bank classifies its credit portfolios according to the borrowers' ability to repay the credit facilities from their normal source of income.

All borrowing accounts are categorised as 'Pass', 'Special Mention' or 'Non-Performing'. 'Non-Performing' or impaired accounts are further sub-divided into 'Substandard', 'Doubtful' or 'Loss' in accordance with the Bank's policy. Any account that is delinquent or past due (or in excess of the approval limit for a revolving credit facility such as an overdraft) for more than 90 days will automatically be categorised as 'Non-Performing'. In addition, any account that exhibits weaknesses which are likely to affect repayment on existing terms adversely may be categorised as 'Non-Performing'. The accounting definition of impaired and the regulatory definition of default are generally aligned.

Upgrading and de-classification of a 'Non-Performing' account to 'Pass' or 'Special Mention' must be supported by a credit assessment of the repayment capability, cash flows and financial position of the borrower. The Bank must also be satisfied that the account has exhibited a sustained trend of improvement.

A credit facility is rescheduled or restructured when a bank grants concessions (usually non-commercial) to a borrower because of a deterioration in the financial position of the borrower or the inability of the borrower to meet the original repayment schedule.

A rescheduled or restructured account may be categorised as 'Non-Performing' when the account exhibits signs of significant increase in credit risk. The rescheduled or restructured account is to be placed on the appropriate classified grade based on the Bank's assessment of the financial condition of the borrower and the ability of the borrower to repay under the rescheduled or restructured terms. A rescheduled or restructured account must comply fully with the rescheduled or restructured terms before it can be de-classified.

The Bank provides for impairment based on local regulatory requirements including Bank Negara Malaysia (BNM) guidelines and MFRS9 for local reporting purposes. Where necessary, additional impairment is provided to comply with the Bank's impairment policy and the BNM's requirements.

Special Asset Management

Special Asset Management (SAM) is an independent division that manages the restructuring, workout and recovery of the Bank's non-performing portfolios. Its primary objectives are (i) to restructure/nurse the non-performing accounts back to financial health, whenever possible, for transfer back to the business units for management and (ii) to maximise recovery of the non-performing accounts that the Bank intends to exit.

Write-Off Policy

A non-performing account is written off when the prospect of recovery is considered poor or when all feasible avenues of recovery have been exhausted.

Credit Risk (Continued)

(i) The credit exposures of the Bank by sectors as at 31 December 2024:

Bank	Sovereigns /central banks RM'000	Public sector entities RM'000	Banks, DFIs and MDBs RM'000	Insurance cos, securities firms and fund managers RM'000	Corporates (including specialised lending and SMEs) RM'000	Retail RM'000	Residential mortgages RM'000	Higher risk assets RM'000	Other assets RM'000	Securitisation exposure RM'000	Equity exposures RM'000	Grand total RM'000
Agriculture, hunting, forestry and fishing	-	-	-	-	945,500	22,406	-	-	-	-	-	967,906
Mining and quarrying	-	-	-	-	245,754	27,789	-	-	-	-	-	273,543
Manufacturing	-	-	-	-	11,282,142	1,508,749	-	-	-	-	-	12,790,891
Electricity, gas and water	-	-	-	-	1,816,553	45,124	-	-	-	-	-	1,861,677
Construction	-	-	-	-	13,260,176	622,314	-	-	-	-	-	13,882,490
Wholesale, retail trade, restaurants and hotels	-	-	-	-	10,663,618	4,930,577	-	-	-	-	-	15,594,195
Transport, storage and communication	-	-	-	-	8,630,631	531,840	-	-	-	-	-	9,162,471
Finance, insurance and business services	5,494,415	645,662	10,885,919	829,911	2,783,922	896,148	-	-	-	-	173,214	21,709,191
Real estate	-	-	-	-	4,618,558	1,383,552	42,457,829	1,805	-	120,035	947	48,582,726
Community, social and personal services	20,990,208	-	-	-	892,670	152,179	-	-	-	-	-	22,035,057
Households	-	-	-	-	-	26,310,166	3,170,779	17	-	-	-	29,480,962
Others	-	-	-	-	20,698	-	-	-	3,349,447	-	-	3,370,145
	26,484,623	645,662	10,885,919	829,911	55,160,222	36,430,844	45,628,608	1,822	3,349,447	120,035	174,161	179,711,254

Note: The credit exposures in the tables (i) to (iv) and table (viii) are based on exposures as defined under BNM's Capital Adequacy Framework for Standardised Approach and IRB Approach respectively.

Credit Risk (Continued)

(i) The credit exposures of the Bank by sectors as at 31 December 2023:

Bank	Sovereigns /central banks RM'000	Public sector entities RM'000	Banks, DFIs and MDBs RM'000	Insurance cos, securities firms and fund managers RM'000	Corporates (including specialised lending and SMEs) RM'000	Retail RM'000	Residential mortgages RM'000	Higher risk assets RM'000	Other assets RM'000	Securitisation exposure RM'000	Equity exposures RM'000	Grand total RM'000
Agriculture, hunting, forestry and fishing	-	-	-	-	1,362,974	19,648	-	-	-	-	-	1,382,622
Mining and quarrying	-	-	-	-	236,778	8,200	-	-	-	-	-	244,978
Manufacturing	-	-	18,901	-	10,143,690	1,334,387	-	-	-	-	9	11,496,987
Electricity, gas and water	-	-	-	-	1,784,070	43,376	-	-	-	-	-	1,827,446
Construction	-	-	-	-	12,901,882	520,802	-	-	-	-	-	13,422,684
Wholesale, retail trade, restaurants and hotels	-	-	14,601	-	9,830,343	4,595,689	-	-	-	-	-	14,440,633
Transport, storage and communication	-	-	1,654	-	7,780,939	486,607	-	-	-	-	-	8,269,200
Finance, insurance and business services	-	-	8,853,362	997,786	3,082,390	919,457	-	-	-	-	217,253	14,070,248
Real estate	-	-	-	-	4,458,660	1,278,901	42,237,575	2,130	-	120,052	932	48,098,250
Community, social and personal services	32,181,906	440,160	-	-	912,990	142,778	-	-	-	-	-	33,677,834
Households	-	-	-	-	-	25,242,830	3,344,504	240	-	-	-	28,587,574
Others	-	-	-	-	28,599	-	-	-	2,789,360	-	-	2,817,959
	32,181,906	440,160	8,888,518	997,786	52,523,315	34,592,675	45,582,079	2,370	2,789,360	120,052	218,194	178,336,415

Note: The credit exposures in the tables (i) to (iv) and table (viii) are based on exposures as defined under BNM's Capital Adequacy Framework for Standardised Approach and IRB Approach respectively.

Credit Risk (Continued)

(ii) The credit exposures under the Islamic Banking Window by sectors as at 31 December 2024:

Islamic Banking Window	Sovereigns /central banks RM'000	Public sector entities RM'000	Banks, DFIs and MDBs RM'000	Insurance/ Takaful cos, securities firms and fund managers RM'000	Corporates (including specialised financing and SMEs) RM'000	Retail RM'000	Residential mortgages RM'000	Other assets RM'000	Equity exposures RM'000	Grand total RM'000
Agriculture, hunting, forestry and fishing	-	-	-	-	297,306	1,284	-	-	-	298,590
Mining and quarrying	-	-	-	-	29,076	-	-	-	-	29,076
Manufacturing	-	-	-	-	609,469	169,300	-	-	-	778,769
Electricity, gas and water	-	-	-	-	751,799	5,648	-	-	-	757,447
Construction	-	-	-	-	591,061	54,526	-	-	-	645,587
Wholesale, retail trade, restaurants and hotels	-	-	-	-	358,719	510,852	-	-	-	869,571
Transport, storage and communication	-	-	-	-	488,468	62,469	-	-	-	550,937
Finance, insurance and business services	970,158	158,024	1,956,661	404,886	187,645	145,645	-	-	-	3,823,019
Real estate	-	-	-	-	318,326	166,184	4,080,633	-	-	4,565,143
Community, social and personal services	2,584,725	-	-	-	211,345	32,118	-	-	-	2,828,188
Households	-	-	-	-	-	238,068	64,363	-	-	302,431
Others	-	-	-	-	-	-	-	14,352	-	14,352
	3,554,883	158,024	1,956,661	404,886	3,843,214	1,386,094	4,144,996	14,352	-	15,463,110

Credit Risk (Continued)

(ii) The credit exposures under the Islamic Banking Window by sectors as at 31 December 2023:

Islamic Banking Window	Sovereigns /central banks RM'000	Public sector entities RM'000	Banks, DFIs and MDBs RM'000	Insurance/ Takaful cos, securities firms and fund managers RM'000	Corporates (including specialised financing and SMEs) RM'000	Retail RM'000	Residential mortgages RM'000	Other assets RM'000	Equity exposures RM'000	Grand total RM'000
Agriculture, hunting, forestry and fishing	-	-	-	-	336,028	1,365	-	-	-	337,393
Mining and quarrying	-	-	-	-	22,905		-	-	-	22,905
Manufacturing	-	-	-	-	863,049	174,607	-	-	-	1,037,656
Electricity, gas and water	-	-	-	-	733,301	5,982	-	-	-	739,283
Construction	-	-	-	-	822,251	54,525	-	-	-	876,776
Wholesale, retail trade, restaurants and hotels	-	-	-	-	378,344	517,592	-	-	-	895,936
Transport, storage and communication	-	-	-	-	469,350	66,498	-	-	-	535,848
Finance, insurance and business services	-	-	770,277	707,397	321,803	157,516	-	-	-	1,956,993
Real estate	-	-	-	-	290,510	182,958	3,958,676	-	-	4,432,144
Community, social and personal services	2,738,005	14,595	-	-	52,200	35,283	-	-	-	2,840,083
Households	-	-	-	-	-	226,451	67,474	-	-	293,925
Others	-	-	-	-	-	-	-	13,520	-	13,520
	2,738,005	14,595	770,277	707,397	4,289,741	1,422,777	4,026,150	13,520	-	13,982,462

Credit Risk (Continued)

(iii) The credit exposures of the Bank by remaining contractual maturities as at 31 December 2024:

Bank	Sovereigns /central banks RM'000	Public sector entities RM'000	Banks, DFIs and MDBs RM'000	Insurance cos, securities firms and fund managers RM'000	Corporates (including specialised lending and SMEs) RM'000	Retail RM'000	Residential mortgages RM'000	Higher risk assets RM'000	Other assets RM'000	Securitisation exposure RM'000	Equity exposures RM'000	Grand total RM'000
< 3 months	2,825,197	81,301	3,785,883	91,004	13,591,751	1,306,917	2,916	196	-	-	-	21,685,165
3 - 6 months	-	211,250	742,822	34,878	5,265,902	311,790	4,783	26	-	-	-	6,571,451
6 - 12 months	2,710,871	119,886	3,655,052	441,373	4,850,411	18,195,649	1,459,085	-	3,349,447	-	174,161	34,955,935
1 - 3 years	3,432,090	15,368	1,210,315	227,902	15,695,608	2,673,730	176,530	119	-	-	-	23,431,662
3 - 5 years	3,902,746	-	1,387,348	418	9,055,291	1,071,049	408,985	150	-	20,006	-	15,845,993
> 5 years	13,613,719	217,857	104,499	34,336	6,701,259	12,871,709	43,576,309	1,331	-	100,029	-	77,221,048
	26,484,623	645,662	10,885,919	829,911	55,160,222	36,430,844	45,628,608	1,822	3,349,447	120,035	174,161	179,711,254

The credit exposures of the Bank by remaining contractual maturities as at 31 December 2023:

Bank	Sovereigns /central banks RM'000	Public sector entities RM'000	Banks, DFIs and MDBs RM'000	Insurance cos, securities firms and fund managers RM'000	Corporates (including specialised lending and SMEs) RM'000	Retail RM'000	Residential mortgages RM'000	Higher risk assets RM'000	Other assets RM'000	Securitisation exposure RM'000	Equity exposures RM'000	Grand total RM'000
< 3 months	2,623,036	73,419	4,605,471	204,670	17,477,024	995,109	6,630	75	-	-	-	25,985,434
3 - 6 months	2,019,213	68,872	448,407	33,401	3,911,391	250,575	6,460	15	-	-	-	6,738,334
6 - 12 months	2,960,509	44,017	1,904,587	16,852	6,207,027	18,255,029	1,543,941	163	2,789,360	-	218,194	33,939,679
1 - 3 years	5,390,597	-	883,757	704,092	9,026,708	790,913	175,287	294	-	-	-	16,971,648
3 - 5 years	4,631,065	25,573	943,961	-	8,124,265	1,170,616	420,957	218	-	10,004	-	15,326,659
> 5 years	14,557,486	228,279	102,335	38,771	7,776,900	13,130,433	43,428,804	1,605	-	110,048	-	79,374,661
	32,181,906	440,160	8,888,518	997,786	52,523,315	34,592,675	45,582,079	2,370	2,789,360	120,052	218,194	178,336,415

Credit Risk (Continued)

(iv) The credit exposures under the Islamic Banking Window by remaining contractual maturities as at 31 December 2024:

Islamic Banking Window	Sovereigns /central banks RM'000	Public sector entities RM'000	Banks, DFIs and MDBs RM'000	Insurance/ Takaful cos, securities firms and fund managers RM'000	Corporates (including specialised financing and SMEs) RM'000	Retail RM'000	Residential mortgages RM'000	Other assets RM'000	Equity exposures RM'000	Grand total RM'000
< 3 months	932,077	17,460	728,654	762	546,594	7,675	17	-	-	2,233,239
3 - 6 months	-	60,480	97,191	3,112	91,771	1,351	11	-	-	253,916
6 - 12 months	757,858	80,084	1,129,075	401,012	90,425	231	191	14,352	-	2,473,228
1 - 3 years	662,879	-	1,741	-	1,864,296	15,766	1,671	-	-	2,546,353
3 - 5 years	-	-	-	-	296,154	7,138	7,278	-	-	310,570
> 5 years	1,202,069	-	-	-	953,974	1,353,933	4,135,828	-	-	7,645,804
	3,554,883	158,024	1,956,661	404,886	3,843,214	1,386,094	4,144,996	14,352	-	15,463,110

The credit exposures under the Islamic Banking Window by remaining contractual maturities as at 31 December 2023:

Islamic Banking Window	Sovereigns /central banks RM'000	Public sector entities RM'000	Banks, DFIs and MDBs RM'000	Insurance/ Takaful cos, securities firms and fund managers RM'000	Corporates (including specialised financing and SMEs) RM'000	Retail RM'000	Residential mortgages RM'000	Other assets RM'000	Equity exposures RM'000	Grand total RM'000
< 3 months	390,064	9,086	6,177	5,230	1,075,344	8,099	22	-	-	1,494,022
3 - 6 months	532,720	5,509	-	573	394,294	2,415	23	-	-	935,534
6 - 12 months	443,529	-	21,334	-	22,869	13,197	147	13,520	-	514,596
1 - 3 years	580,961	-	742,766	701,594	1,110,316	1,552	1,470	-	-	3,138,659
3 - 5 years	406,008	-	-	-	671,629	4,933	6,602	-	-	1,089,172
> 5 years	384,723	-	-	-	1,015,289	1,392,581	4,017,887	-	-	6,810,480
	2,738,005	14,595	770,277	707,397	4,289,741	1,422,777	4,026,151	13,520	-	13,982,463

Credit Risk (Continued)

(v) Past due and credit-impaired loans, advances and financing of the Bank analysed by economic sectors:

Bank	2024 Past due but not impaired RM'000	2024 Impaired loans RM'000	2023 Past due but not impaired RM'000	2023 Impaired loans RM'000
Agriculture, hunting, forestry and fishing	1,895	-	-	-
Mining and quarrying	-	568	-	568
Manufacturing	69,582	100,382	135,999	120,231
Electricity, gas and water	314	17	99,169	38
Construction	153,154	679,950	186,543	696,605
Wholesale, retail trade, restaurant and hotels	367,180	318,604	199,341	326,426
Transport, storage and communication	48,388	35,581	15,960	42,475
Finance, insurance and business services	45,302	33,609	49,221	32,998
Real estate	71,724	240,719	99,517	224,104
Community, social and personal services	3,794	3,989	9,808	6,478
Households:				
- purchase of residential properties	2,092,218	920,067	1,769,950	1,035,442
- purchase of non-residential properties	271,741	149,784	239,602	163,856
- others	375,549	179,740	377,093	182,570
	3,500,841	2,663,010	3,182,203	2,831,791

Past due and credit-impaired financing, advances and others under the Islamic Banking Window analysed by economic sectors:

Islamic Banking Window	2024 Past due but not impaired RM'000	2024 Credit-impaired financing, advances and others RM'000	2023 Past due but not impaired RM'000	2023 Credit-impaired financing, advances and others RM'000
Agriculture, hunting, forestry and fishing	-	-	-	-
Mining and quarrying	-	-	-	-
Manufacturing	5,593	4,173	28,958	6,659
Construction	28,319	28,670	1,113	28,788
Wholesale, retail trade, restaurant and hotels	6,887	19,159	9,188	16,842
Transport, storage and communication	1,028	2,058	3,000	5,558
Finance, insurance and business services	6,166	1,476	10,093	2,544
Real estate	13,654	-	-	-
Community, social and personal services	2,817	1,987	6,146	4,067
Households:				
- purchase of residential properties	321,320	133,755	246,062	142,734
- purchase of non-residential properties	9,432	4,188	6,482	6,820
- others	2,478	1,269	2,851	1,399
	397,694	196,735	313,893	215,411

Credit Risk (Continued)

(vi) Allowances for Expected Credit Loss (ECL) 1,2 and 3 of the Bank analysed by economic sectors:

Bank	2024 ECL 3 RM'000	2024 ECL 1 and ECL 2 RM'000	2023 ECL 3 RM'000	2023 ECL 1 and ECL 2 RM'000
Agriculture, hunting, forestry and fishing	-	13,198	-	14,842
Mining and quarrying	568	8,468	568	6,224
Manufacturing	49,665	177,132	48,481	177,598
Electricity, gas and water	17	53,312	38	23,282
Construction	119,986	227,367	136,681	272,743
Wholesale, retail trade, restaurant and hotels	131,788	445,187	165,974	471,472
Transport, storage and communication	5,153	114,112	4,695	21,468
Finance, insurance and business services	7,650	71,608	11,250	62,570
Real estate	82,612	98,781	73,416	95,491
Community, social and personal services	309	5,756	649	2,891
Households:				
- purchase of residential properties	156,086	268,394	201,865	253,605
- purchase of non-residential properties	48,662	20,201	37,076	13,640
- others	53,796	273,466	74,043	347,047
	656,292	1,776,982	754,736	1,762,873

Note: Expected Credit Loss (ECL) measurement approaches can be found in Financial Statement Note 40.1 (b).

Allowances for Expected Credit Loss (ECL) 1,2 and 3 under the Islamic Banking Window analysed by economic sectors:

Islamic Banking Window	2024 ECL 3 RM'000	2024 ECL 1 and ECL 2 RM'000	2023 ECL 3 RM'000	2023 ECL 1 and ECL 2 RM'000
Agriculture, hunting, forestry and fishing	-	1,669	-	498
Mining and quarrying	-	67	-	41
Manufacturing	221	6,402	1,778	16,097
Electricity, gas and water	-	6,841	-	4,977
Construction	-	3,194	14,917	2,658
Wholesale, retail trade, restaurant and hotels	2,638	27,264	3,066	24,080
Transport, storage and communication	720	1,670	620	409
Finance, insurance and business services	101	1,415	386	1,489
Real estate	-	1,918	-	2,234
Community, social and personal services	-	1,201	2	526
Households:				
- purchase of residential properties	26,585	31,356	29,631	16,888
- purchase of non-residential properties	1,254	665	1,670	339
- others	89	266	61	157
	31,608	83,928	52,131	70,393

Credit Risk (Continued)

(vii) Allowances for Expected Credit Loss 3 (ECL 3) of the Bank analysed by economic sectors:

Bank	2024 Allowances for ECL 3 made during the year RM'000	2024 Write-offs during the year RM'000	2023 Allowances for ECL 3 made during the year RM'000	2023 Write-offs during the year RM'000
Agriculture, hunting, forestry and fishing	-	-	-	-
Mining and quarrying	-	-	641	81,935
Manufacturing	8,943	4,811	13,409	49,505
Electricity, gas and water	-	-	48	-
Construction	20,357	497	19,709	3,917
Wholesale, retail trade, restaurant and hotels	25,721	48,173	99,712	64,780
Transport, storage and communication	2,583	779	1,228	265
Finance, insurance and business services	3,547	6,346	2,385	3,626
Real estate	9,773	16	8,404	-
Community, social and personal services	161	413	277	501
Households:				
- purchase of residential properties	90,143	77,867	133,856	58,099
- purchase of non-residential properties	37,903	17,585	20,936	7,563
- others	192,732	198,515	289,763	213,557
	391,862	355,002	590,368	483,748

Allowances for ECL 3 under the Islamic Banking Window analysed by economic sectors:

Islamic Banking Window	2024 Allowances for ECL 3 made during the year RM'000	2024 Write-offs during the year RM'000	2023 Allowances for ECL 3 made during the year RM'000	2023 Write-offs during the year RM'000
Agriculture, hunting, forestry and fishing	-	-	-	-
Mining and quarrying			73	81,935
Manufacturing	397	1,907	982	3,338
Electricity, gas and water			-	-
Construction	-	-	194	1,601
Wholesale, retail trade, restaurant and hotels	1,206	-	2,752	4,574
Transport, storage and communication	382	20	620	-
Finance, insurance and business services	32	-	-	-
Real estate			-	-
Community, social and personal services	-	-	2	-
Households:				
- purchase of residential properties	16,927	10,463	19,110	6,806
- purchase of non-residential properties	640	736	1,255	279
- others	86	-	61	-
	19,670	13,126	25,049	98,533

Impaired loans/financing and impairment provision by geographical area

Past due loans/financing, impaired loans/financing and impairment provision were from customers residing in Malaysia.

Credit Risk (Continued)

(viii) Credit exposures of the Bank analysed by geography:

Bank **As at 31 December 2024**	**In Malaysia RM'000**	**Outside Malaysia RM'000**	**Total RM'000**
Exempted exposures under Standardised Approach			
Sovereigns/central banks	26,484,623	-	26,484,623
Public sector entities	645,662	-	645,662
Banks, Development Financial Institutions & MDBs	4,935	-	4,935
Insurance cos, securities firms & fund managers	71,153	-	71,153
Corporates	351,732	-	351,732
Regulatory retail	9,698,430	-	9,698,430
Residential mortgages	5,001,808	-	5,001,808
Higher risk assets	1,822	-	1,822
Other assets	3,349,447	-	3,349,447
Securitisation exposure	120,035	-	120,035
Equity exposure	173,214	-	173,214
Total exempted exposures	45,902,861	-	45,902,861
Exposures under IRB Approach			
Banks, Development Financial Institutions & MDBs	7,483,096	3,397,888	10,880,984
Insurance cos, Securities firms & fund managers	662,370	96,388	758,758
Corporates	53,515,335	1,293,156	54,808,491
Residential mortgages	37,209,823	3,416,976	40,626,799
Qualifying revolving retail exposures	8,016,049	33,225	8,049,274
Other retail exposures	17,530,322	1,152,817	18,683,139
Equity exposure	947	-	947
Total IRB Approach	124,417,942	9,390,451	133,808,392
Total credit risk exposures	170,320,803	9,390,451	179,711,254

Note: Exposures outside of Malaysia are mainly loans extended to non-residents.

Credit Risk (Continued)

Credit exposures of the Bank analysed by geography (Continued):

Bank As at 31 December 2023	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Exempted exposures under Standardised Approach			
Sovereigns/central banks	32,181,906	-	32,181,906
Public sector entities	440,160	-	440,160
Banks, Development Financial Institutions & MDBs	-	-	-
Insurance cos, securities firms & fund managers	44,559	-	44,559
Corporates	358,851	-	358,851
Regulatory retail	10,237,268	-	10,237,268
Residential mortgages	5,804,868	-	5,804,868
Higher risk assets	2,370	-	2,370
Other assets	2,789,360	-	2,789,360
Securitisation exposure	120,052	-	120,052
Equity exposure	217,253	-	217,253
Total exempted exposures	52,196,647	-	52,196,647
Exposures under IRB Approach			
Banks, Development Financial Institutions & MDBs	6,980,721	1,907,797	8,888,518
Insurance cos, Securities firms & fund managers	857,392	95,835	953,227
Corporates	50,745,764	1,418,700	52,164,464
Residential mortgages	36,302,618	3,474,594	39,777,212
Qualifying revolving retail exposures	6,352,514	12,541	6,365,055
Other retail exposures	16,797,168	1,193,183	17,990,351
Equity exposure	941	-	941
Total IRB Approach	118,037,118	8,102,650	126,139,768
Total credit risk exposures	170,233,764	8,102,650	178,336,415

Note: Exposures outside of Malaysia are mainly loans extended to non-residents.

Credit Risk (Continued)

Credit Exposures under Basel II

Under Basel II, credit risk for the various asset classes may be computed using a combination of:

i. Standardised Approach (SA);
ii. Foundation Internal Ratings-Based (FIRB) Approach; and
iii. Advanced Internal Ratings-Based (AIRB) Approach.

The table below summarises the approaches adopted by the Bank for credit risk computation.

The Bank has adopted the FIRB Approach for its non-retail exposures and the AIRB Approach for its retail exposures.

	Standardised* RM'million	FIRB RM'million	AIRB RM'million
Total Credit Exposures	45,898	60,114	67,359

Note*:
- Amount under Standardised Approach refers to credit exposures where IRB Approach is not applicable.
- On 1 November 2022, the Bank had acquired Citibank Bhd's consumer banking portfolio which is reported under Standardised Approach.

The Bank had on 7 January 2010 received approval from BNM to migrate directly to the Internal Ratings Based Approach for credit risk beginning January 2010 as per the Risk Weighted Capital Adequacy Framework.

For exposures subject to the SA, approved External Credit Assessment Institutions (ECAI) ratings and prescribed risk weights based on asset class are used in the computation of regulatory capital.

The ECAI used by the Bank are Rating Agency Malaysia (RAM), Fitch Ratings, Moody's Investors Service, Malaysian Rating Corporation Berhad (MARC) and Standard & Poor's (S&P). ECAI ratings are mapped to a common credit quality grade prescribed by BNM.

Credit Risk (Continued)

The aggregate breakdown of credit risk exposures of the Bank by risk weights under the Standardised Approach as at 31 December 2024:

RM'000

Risk weights	Bank												
	Sovereigns /central banks	Public sector entities	Banks, DFIs and MDBs	Insurance cos, securities firms and fund managers	Corporates	Regulatory retail	Residential mortgages	Higher risk assets	Other assets	Securitisation exposure	Equity exposure	Total exposures after netting and CRM	Total RWA
0%	26,391,176	233,224	-	-	4,081	2,705	-	-	1,204,068	-	-	27,835,254	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	93,447	412,438	4,935	-	-	-	-	-	-	120,035	-	630,855	126,171
35%	-	-	-	-	-	-	4,448,540	-	-	-	-	4,448,540	1,556,989
50%	-	-	-	-	-	3,699	174,655	-	-	-	-	178,354	89,177
75%	-	-	-	-	-	9,650,008	149,312	-	-	-	-	9,799,320	7,349,490
90%	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	71,153	335,623	28,353	228,534	-	2,145,379	-	173,214	2,982,256	2,982,256
110%	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	7,843	13,355	767	1,822	-	-	-	23,787	35,680
270%	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-
937.5%	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**26,484,623**	**645,662**	**4,935**	**71,153**	**347,547**	**9,698,120**	**5,001,808**	**1,822**	**3,349,447**	**120,035**	**173,214**	**45,898,366**	**12,139,763**

Credit Risk (Continued)

The aggregate breakdown of credit risk exposures of the Bank by risk weights under the Standardised Approach as at 31 December 2023:

RM'000

Risk weights	Bank											
	Sovereigns /central banks	Public sector entities	Banks, DFIs and MDBs	Insurance cos, securities firms and fund managers	Corporates	Regulatory retail	Residential mortgages	Higher risk assets	Other assets	Securitisation exposure	Equity exposure	Total exposures after netting and CRM	Total RWA
0%	32,026,906	319,727	-	-	2,946	2,239	-	-	644,300	-	-	32,996,118	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	155,000	120,433	-	-	-	-	-	-	-	120,052	-	395,485	79,097
35%	-	-	-	-	-	-	5,149,752	-	-	-	-	5,149,752	1,802,413
50%	-	-	-	-	266	14,446	231,903	-	-	-	-	246,615	123,307
75%	-	-	-	-	-	10,184,984	185,733	-	-	-	-	10,370,717	7,778,038
90%	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	44,559	347,710	25,358	237,480	-	2,145,060	-	217,253	3,017,420	3,017,421
110%	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	3,761	9,887	-	2,370	-	-	-	16,018	24,027
270%	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-
937.5%	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**32,181,906**	**440,160**	**-**	**44,559**	**354,683**	**10,236,914**	**5,804,868**	**2,370**	**2,789,360**	**120,052**	**217,253**	**52,192,125**	**12,824,303**

Credit Risk (Continued)

Credit Exposures under Basel II (Continued)

The table below summarises the approaches adopted under the Islamic Banking Window for credit risk computation.

The Bank has adopted the FIRB Approach for its non-retail exposures and the AIRB Approach for its retail exposures under its Islamic Banking Window:

	Standardised* RM'million	FIRB RM'million	AIRB RM'million
Total Credit Exposures	3,802	5,182	5,463

Note*:
- Amount under Standardised Approach refers to credit exposures where IRB Approach is not applicable.
- The Islamic Banking consumer portfolio acquired from Citibank Bhd is reported under Standardised Approach.

The aggregate breakdown of credit risk exposures under Islamic Banking Window by risk weights under the Standardised Approach as at 31 December 2024:

RM'000

Risk weights	Islamic Banking Window									
	Sovereigns /central banks	Public sector entities	Banks, DFIs and MDBs	Insurance cos, securities firms and fund managers	Corporates	Regulatory Retail	Residential mortgages	Other assets	Total exposures after netting and CRM	Total RWA
0%	3,554,883	-	-	-	700	-	-	-	3,555,583	-
10%	-	-	-	-	-	-	-	-	-	-
20%	-	158,024	-	-	-	-	-	-	158,024	31,605
35%	-	-	-	-	-	-	62,529	-	62,529	21,885
50%	-	-	-	-	-	-	-	-	-	-
75%	-	-	-	-	-	-	-	-	-	-
90%	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	3,874	2,620	-	5,180	14,352	26,026	26,026
110%	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	-	-	-	-	-	-
270%	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-
937.5%	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-
Total	3,554,883	158,024	-	3,874	3,320	-	67,709	14,352	3,802,162	79,516

Credit Risk (Continued)

Credit Exposures under Basel II (Continued)

The aggregate breakdown of credit risk exposures under Islamic Banking Window by risk weights under the Standardised Approach as at 31 December 2023:

RM'000

Risk weights	Islamic Banking Window									
	Sovereigns /central banks	Public sector entities	Banks, DFIs and MDBs	Insurance cos, securities firms and fund managers	Corporates	Regulatory Retail	Residential mortgages	Other assets	Total exposures after netting and CRM	Total RWA
0%	2,738,005	-	-	-	-	-	-	-	2,738,005	-
10%	-	-	-	-	-	-	-	-	-	-
20%	-	14,595	-	-	-	-	-	-	14,595	2,919
35%	-	-	-	-	-	-	73,843	-	73,843	25,845
50%	-	-	-	-	-	-	-	-	-	-
75%	-	-	-	-	-	59	-	-	59	44
90%	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	5,803	364	-	5,951	13,520	25,638	25,638
110%	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	-	-	-	-	-	-
270%	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-
937.5%	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-
Total	**2,738,005**	**14,595**	**-**	**5,803**	**364**	**59**	**79,794**	**13,520**	**2,852,140**	**54,446**

Credit Risk (Continued)

Rated Exposures of the Bank by ECAI ratings as at 31 December 2024:

RM'000

Exposure class	Ratings of Corporates by Approved ECAIs					
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
On and off-balance sheet exposures						
Credit exposures (using corporate risk weights)						
Public sector entities (applicable for entities risk weighted based on their external ratings as corporates)		-	-	-	-	645,662
Insurance cos, securities firms and fund managers		-	-	-	-	71,153
Corporates		-	-	-	-	347,547
Total		**-**	**-**	**-**	**-**	**1,064,361**

RM'000

Exposure class	Ratings of Banking Institutions by Approved ECAIs					
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	C+ to D	Unrated
On and off-balance sheet exposures							
Banks, DFIs and MDBs		4,935	-	-	-	-	-
Total		**4,935**	**-**	**-**	**-**	**-**	**-**

RM'000

Exposure class	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	C+ to D	Unrated
On and off-balance sheet exposures							
Sovereigns/central banks		-	16,642,684	9,821,600	-	-	20,339
Total		**-**	**16,642,684**	**9,821,600**	**-**	**-**	**20,339**

Credit Risk (Continued)

Rated Exposures of the Bank by ECAI ratings as at 31 December 2023:

RM'000

Exposure class	Ratings of Corporates by Approved ECAIs					
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
<u>On and off-balance sheet exposures</u>						
Credit exposures (using corporate risk weights)						
Public sector entities (applicable for entities risk weighted based on their external ratings as corporates)		-	-	-	-	440,160
Insurance cos, securities firms and fund managers		-	-	-	-	44,559
Corporates		-	-	-	-	354,683
Total		**-**	**-**	**-**	**-**	**839,402**

RM'000

Exposure class	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	C+ to D	Unrated
<u>On and off-balance sheet exposures</u>							
Sovereigns/central banks		-	16,256,911	15,904,459	-	-	20,536
Total		**-**	**16,256,911**	**15,904,459**	**-**	**-**	**20,536**

Credit Risk (Continued)

Rated Exposures of the Islamic Banking Window by ECAI ratings as at 31 December 2024:

RM'000

Exposure class	Ratings of Corporates by Approved ECAIs					
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
<u>On and off-balance sheet exposures</u>						
Credit exposures (using corporate risk weights)						
Public sector entities (applicable for entities risk weighted based on their external ratings as corporates)		-	-	-	-	158,024
Insurance cos, securities firms and fund managers		-	-	-	-	3,874
Corporates		-	-	-	-	3,320
Total		**-**	**-**	**-**	**-**	**165,218**

RM'000

Exposure class	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	C+ to D	Unrated
<u>On and off-balance sheet exposures</u>							
Sovereigns/central banks		-	1,798,252	1,756,631	-	-	-
Total		**-**	**1,798,252**	**1,756,631**	**-**	**-**	**-**

Credit Risk (Continued)

Rated Exposures of the Islamic Banking Window by ECAI ratings as at 31 December 2023:

RM'000

Exposure class	Ratings of Corporates by Approved ECAIs					
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
On and off-balance sheet exposures						
Credit exposures (using corporate risk weights)						
Public sector entities (applicable for entities risk weighted based on their external ratings as corporates)		-	-	-	-	14,595
Insurance cos, securities firms and fund managers		-	-	-	-	5,803
Corporates		-	-	-	-	364
Total		**-**	**-**	**-**	**-**	**20,762**

RM'000

Exposure class	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	C+ to D	Unrated
On and off-balance sheet exposures							
Sovereigns/central banks		-	853,368	1,884,637	-	-	-
Total		**-**	**853,368**	**1,884,637**	**-**	**-**	**-**

Credit Risk (Continued)

Internal Credit Rating System

The Bank employs internal rating models to support the assessment of credit risk and the assignment of exposures to rating grades or pools. Internal ratings are used pervasively by the Bank in the areas of credit approval, credit review and monitoring, credit stress-testing, limits setting, pricing and collections.

The Bank has defined the roles and responsibilities of the various stakeholders in the credit rating process, including model development and review, model performance monitoring, annual model validation and independent reviews by Internal Audit in order to ensure the reliable and consistent performance of the Bank's rating systems.

Credit risk models are validated independently before they are implemented to ensure that they are fit for purpose. We monitor the robustness of these rating models on an ongoing basis and all models are subject to annual reviews by model owners to ascertain that the chosen risk factors and assumptions continue to remain relevant for the respective portfolios. All new models, model changes and annual reviews are approved by the EXCO or Board, depending on the materiality of the portfolio.

Non-Retail Exposures

The Bank has adopted the FIRB Approach for its non-retail exposures. Under this approach, the internal models estimate a probability of default (PD) or supervisory slot for each borrower. These models employ qualitative and quantitative factors to provide an assessment of the borrower's ability to meet its financial obligations. The models are calibrated to provide an estimate of the likelihood of default over a one-year time horizon. A default is considered to have occurred if:

- the obligor is unlikely to pay its credit obligations in full to the Bank, without recourse by the Bank to actions such as realising the security; or
- the obligor is past due for more than 90 days on any credit obligation to the Bank.

Supervisory loss given default (LGD) and exposure at default (EAD) parameters prescribed by the BNM are used together with the internal credit ratings to calculate risk weights and regulatory capital requirements.

While the Bank's internal risk rating grades may show some correlation with the rating grades of External Credit Assessment Institutions (ECAIs), they are not directly comparable with or equivalent to the ECAIs ratings.

Corporate Portfolio

The Bank has developed models to rate Non-bank Financial Institution (NBFI), Large Corporate (LC) and SME portfolios. Credit risk factors used to derive a borrower's risk rating include the borrower's financial strength, quality of management, business risks, and the industry in which it operates. The borrower risk-rating process is augmented by facility risk ratings, which take into account the type and structure of the facility, availability and type of collateral and seniority of the exposure.

The Bank's internal rating grade structure for the NBFI, LC and SME models consists of 16 pass grades. The models are mapped to the rating scale by calibration that takes into account the respective portfolio's long-term average default rate.

Specialised Lending Portfolio

The Bank has also developed models for three Specialised Lending portfolios, namely: Income Producing Real Estate (IPRE), Commodities Finance (CF) and Project Finance (PF). These models produce internal risk grades that are derived based on a comprehensive assessment of financial and non-financial risk factors.

The rating grade structure for the IPRE portfolio, like our Corporate models, has 16 pass grades. Risk grades derived for the CF and PF portfolios are mapped to four prescribed supervisory slotting categories, which determine the risk weights to be applied to such exposures.

Bank Portfolio

Exposures in our Bank portfolio are rated by our internal Bank model, which takes into account asset quality, capital adequacy, liquidity, management, regulatory environment and the robustness of the overall banking system. The model has an internal rating grade structure consisting of 15 pass grades.

Credit Risk (Continued)

Equity Portfolio

The Bank adopts the following approaches for its equity investments:

i. Simple Risk Weight (SRW) method for its equity investment portfolio; and
ii. PD/LGD method for its investments in Tier-1 and Tier-2 perpetual securities issued by banks.

Investment exposures adopting the SRW method are subject to the supervisory risk weights, while investment exposures adopting the PD/LGD method are rated using the Bank's internal model.

Retail Exposures

The Bank has adopted the Advanced Internal Ratings-Based (AIRB) Approach for its retail exposures, which consist of residential mortgages, qualifying revolving retail exposures and other retail exposures. Exposures within each of these asset classes are not managed individually, but as part of a pool of similar exposures that are segmented based on borrower and transaction characteristics. As the loss characteristics of retail exposures are geography and product specific, bespoke PD, LGD and EAD segmentation models are developed using empirical loss data for the respective exposures across the Bank. Where internal loss data is insufficient to provide robust risk estimates, the segmentation models may incorporate internal and/or external proxies. Where necessary, the model is augmented with appropriate margins of conservatism.

We use the Standardised Approach (SA) to calculate the credit risk-weighted exposure for the portfolios acquired from Citibank Bhd and will migrate to the AIRB upon regulatory approval from the Bank Negara Malaysia.

Retail Probability of Default Models

Retail PD models are based on pools of homogeneous exposures segmented by a combination of application scores, behavioural scores and other risk drivers reflecting borrower, facility and delinquency characteristics. PD pools are calibrated through-the-cycle using at least five years of historical data that covers a full economic cycle. For low default portfolios, internal and/or external proxies that are highly correlated with internal defaults are used to estimate the long-run average PD.

In general, the long-run observed default rates are largely lower than the PD estimates due to the model's calibration philosophy and the application of conservative overlays to account for model risk.

Retail Loss Given Default Models

Retail LGD are estimated using historical default data and the recovery experience from such defaulted cases. LGD models are segmented using material pre-default risk drivers such as facility and collateral characteristics.

LGD models are calibrated to reflect a portfolio's economic downturn experience. In addition, for residential mortgages, a LGD floor of 10 per cent is applied at the segment level.

Retail Exposure at Default Models

For revolving products, EAD is computed based on the current outstanding balance and the estimated potential drawdown of undrawn commitments, which is determined based on historical data. For closed-end products, the EAD is equal to the current outstanding balance. EAD models are generally segmented by material pre-default risk drivers such as facility type, limit and utilisation. EAD models are calibrated to reflect the portfolio long-run averages, except for portfolios that exhibit positive correlation between LGD and PD values, in which case, these portfolio's EAD models are calibrated to reflect their economic downturn conditions. The EAD values of such portfolios must be at least equal to the current outstanding balances.

Credit Risk (Continued)

Credit risk profile

The following tables provide the breakdown of exposures of the Bank using the respective internal rating scale for the models applicable to the asset classes as at 31 December 2024:

Exposures under the IRB Approach by Risk Grade

CRR band of non-retail exposures	1-9	10-16	17-20 (Default)
	RM'000	RM'000	RM'000
Non-retail exposures (EAD)			
Large corporate, SMEs and specialised lending (IPRE)	30,203,049	22,148,265	1,144,186
Bank	10,785,270	95,714	-
Insurance cos, securities firm and fund managers	758,758	-	-
Total non-retail exposures	**41,747,077**	**22,243,979**	**1,144,186**
Undrawn commitments			
Large corporate, SMEs and specialised lending (IPRE)	1,847,456	1,128,716	1,927
Bank	-	-	-
Insurance cos, securities firm and fund managers	-	-	-
Total undrawn commitments	**1,847,456**	**1,128,716**	**1,927**
Exposure weighted average LGD			
Large corporate, SMEs and specialised lending (IPRE)	43%	41%	43%
Bank	41%	45%	-
Insurance cos, securities firm and fund managers	42%	-	-
Exposure weighted average risk weight			
Large corporate, SMEs and specialised lending (IPRE)	67%	122%	1%
Bank	12%	38%	-
Insurance cos, securities firm and fund managers	29%	-	-

Specialised Lending exposures under the Supervisory Slotting Criteria

Supervisory Categories/ Risk Weights	Strong/ 50%	Strong/ 70%	Good/ 70%	Good/ 90%	Satisfactory/ 115%	Weak/ 250%	Default/ 0%
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Specialised Lending exposures (EAD)							
Project Finance	-	215,381	655,022	380,394	62,195	-	-
Risk Weighted Assets	-	150,766	458,515	342,354	71,525	-	-

Credit Risk (Continued)

Credit risk profile (Continued)

Exposures under the IRB Approach by PD range

PD range of retail exposures	0.00% to 1.00%	1.01% to 2.00%	2.01% to 99.99%	Default
	RM'000	RM'000	RM'000	RM'000
Retail exposures (EAD)				
Residential mortgages	35,044,043	948,111	3,822,705	811,940
Qualifying revolving retail	5,060,267	820,929	2,124,565	43,513
Other retail	12,829,684	3,205,122	2,253,627	394,706
Total retail exposures	**52,933,994**	**4,974,162**	**8,200,897**	**1,250,159**
Undrawn commitments				
Residential mortgages	2,235,656	295,340	93,078	-
Qualifying revolving retail	2,892,827	318,014	991,650	-
Other retail	2,131,241	858,650	222,360	-
Total undrawn commitments	**7,259,724**	**1,472,004**	**1,307,088**	**-**
Exposure weighted average LGD				
Residential mortgages	13.03%	14.11%	13.67%	13.98%
Qualifying revolving retail	36.28%	42.83%	41.11%	51.53%
Other retail	16.49%	23.81%	28.52%	20.07%
Exposure weighted average risk weight				
Residential mortgages	7.60%	21.87%	49.65%	32.70%
Qualifying revolving retail	6.73%	17.76%	58.51%	263.20%
Other retail	12.33%	26.86%	43.98%	75.05%

The following tables provide the breakdown of exposures of the Bank using the respective internal rating scale for the models applicable to the asset classes as at 31 December 2023:

Exposures under the IRB Approach by Risk Grade

CRR band of non-retail exposures	1-9	10-16	17-20 (Default)
	RM'000	RM'000	RM'000
Non-retail exposures (EAD)			
Large corporate, SMEs and specialised lending (IPRE)	28,758,420	20,803,300	1,269,372
Bank	8,862,261	26,257	-
Insurance cos, securities firm and fund managers	952,960	267	-
Total non-retail exposures	**38,573,641**	**20,829,824**	**1,269,372**
Undrawn commitments			
Large corporate, SMEs and specialised lending (IPRE)	1,715,595	586,014	11,661
Bank	-	-	-
Insurance cos, securities firm and fund managers	-	-	-
Total undrawn commitments	**1,715,595**	**586,014**	**11,661**
Exposure weighted average LGD			
Large corporate, SMEs and specialised lending (IPRE)	42%	41%	44%
Bank	45%	45%	-
Insurance cos, securities firm and fund managers	44%	45%	-
Exposure weighted average risk weight			
Large corporate, SMEs and specialised lending (IPRE)	66%	119%	1%
Bank	12%	52%	-
Insurance cos, securities firm and fund managers	23%	235%	-

Credit Risk (Continued)

Credit risk profile (Continued)

Specialised Lending exposures under the Supervisory Slotting Criteria

Supervisory Categories/ Risk Weights	Strong/ 50%	Strong/ 70%	Good/ 70%	Good/ 90%	Satisfactory/ 115%	Weak/ 250%	Default/ 0%
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Specialised Lending exposures (EAD)							
Project Finance	-	221,297	574,504	470,162	67,409	-	-
Risk Weighted Assets	-	154,908	402,153	423,146	77,520	-	-

Exposures under the IRB Approach by PD range

PD range of retail exposures	0.00% to 1.00%	1.01% to 2.00%	2.01% to 99.99%	Default
	RM'000	RM'000	RM'000	RM'000
Retail exposures (EAD)				
Residential mortgages	34,250,351	781,339	3,875,664	869,858
Qualifying revolving retail	3,741,800	691,375	1,887,023	44,857
Other retail	12,786,552	2,744,482	2,089,071	370,246
Total retail exposures	**50,778,703**	**4,217,196**	**7,851,758**	**1,284,961**
Undrawn commitments				
Residential mortgages	2,234,389	228,442	112,180	-
Qualifying revolving retail	2,247,035	272,990	863,061	-
Other retail	2,019,705	643,029	204,176	361
Total undrawn commitments	**6,501,129**	**1,144,461**	**1,179,417**	**361**
Exposure weighted average LGD				
Residential mortgages	13.00%	14.23%	13.67%	14.19%
Qualifying revolving retail	35.17%	46.75%	42.06%	51.69%
Other retail	16.18%	22.43%	25.38%	20.43%
Exposure weighted average risk weight				
Residential mortgages	7.57%	22.04%	48.01%	31.27%
Qualifying revolving retail	6.57%	20.49%	62.01%	202.92%
Other retail	12.10%	25.27%	39.66%	67.39%

Credit Risk (Continued)

Credit risk profile (Continued)

The following tables provide the breakdown of exposures of the Islamic Banking Window using the respective internal rating scale for the models applicable to the asset classes as at 31 December 2024:

Exposures under the IRB Approach by Risk Grade

CRR band of non-retail exposures	1-9	10-16	17-20 (Default)
	RM'000	RM'000	RM'000
Non-retail exposures (EAD)			
Large corporate, SMEs and specialised lending (IPRE)	1,804,553	1,430,583	27,238
Bank	1,956,661	-	-
Insurance/Takaful cos, securities firm and fund managers	401,012	-	-
Total non-retail exposures	**4,162,226**	**1,430,583**	**27,238**
Undrawn commitments			
Large corporate, SMEs and specialised lending (IPRE)	110,727	104,403	-
Bank	-	-	-
Insurance/Takaful cos, securities firm and fund managers	-	-	-
Total undrawn commitments	**110,727**	**104,403**	**-**
Exposure weighted average LGD			
Large corporate, SMEs and specialised lending (IPRE)	44%	44%	0%
Bank	26%	-	-
Insurance/Takaful cos, securities firm and fund managers	45%	-	-
Exposure weighted average risk weight			
Large corporate, SMEs and specialised lending (IPRE)	79%	160%	0%
Bank	6%	-	-
Insurance/Takaful cos, securities firm and fund managers	8%	-	-

Specialised Lending exposures under the Supervisory Slotting Criteria

Supervisory Categories/ Risk Weights	Strong/ 50%	Strong/ 70%	Good/ 70%	Good/ 90%	Satisfactory/ 115%	Weak/ 250%	Default/ 0%
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Specialised Financing exposures (EAD)							
Project Finance	-	-	576,461	-	-	-	-
Risk Weighted Assets	-	-	403,522	-	-	-	-

Credit Risk (Continued)

Credit risk profile (Continued)

Exposures under the IRB Approach by PD range

PD range of retail exposures	0.00% to 1.00%	1.01% to 2.00%	2.01% to 99.99%	Default
	RM'000	RM'000	RM'000	RM'000
Retail exposures (EAD)				
Residential mortgages	3,280,707	77,562	593,963	125,054
Other retail	645,185	516,119	191,816	32,974
Total retail exposures	**3,925,892**	**593,681**	**785,779**	**158,028**
Undrawn commitments				
Residential mortgages	150,930	28,702	3,001	-
Other retail	30,181	46,019	2,815	-
Total undrawn commitments	**181,111**	**74,721**	**5,816**	**-**
Exposure weighted average LGD				
Residential mortgages	14.53%	14.67%	15.17%	15.27%
Other retail	19.40%	25.08%	24.43%	29.56%
Exposure weighted average risk weight				
Residential mortgages	11.82%	22.45%	59.74%	15.08%
Other retail	16.54%	27.95%	36.03%	252.45%

The following tables provide the breakdown of exposures of the Islamic Banking Window using the respective internal rating scale for the models applicable to the asset classes as at 31 December 2023:

Exposures under the IRB Approach by Risk Grade

CRR band of non-retail exposures	1-9	10-16	17-20 (Default)
	RM'000	RM'000	RM'000
Non-retail exposures (EAD)			
Large corporate, SMEs and specialised lending (IPRE)	1,857,039	1,841,914	30,356
Bank	770,277	-	-
Insurance/Takaful cos, securities firm and fund managers	701,594	-	-
Total non-retail exposures	**3,328,910**	**1,841,914**	**30,356**
Undrawn commitments			
Large corporate, SMEs and specialised lending (IPRE)	54,193	174,256	-
Bank	-	-	-
Insurance/Takaful cos, securities firm and fund managers	-	-	-
Total undrawn commitments	**54,193**	**174,256**	**-**
Exposure weighted average LGD			
Large corporate, SMEs and specialised lending (IPRE)	44%	37%	23%
Bank	45%	-	-
Insurance/Takaful cos, securities firm and fund managers	45%	-	-
Exposure weighted average risk weight			
Large corporate, SMEs and specialised lending (IPRE)	84%	128%	0%
Bank	10%	-	-
Insurance/Takaful cos, securities firm and fund managers	10%	-	-

Credit Risk (Continued)

Credit risk profile (Continued)

Specialised Lending exposures under the Supervisory Slotting Criteria

Supervisory Categories/ Risk Weights	Strong/ 50%	Strong/ 70%	Good/ 70%	Good/ 90%	Satisfactory/ 115%	Weak/ 250%	Default/ 0%
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Specialised Financing exposures (EAD)							
Project Finance	-	-	514,297	44,874	-	-	-
Risk Weighted Assets	-	-	360,008	40,387	-	-	-

Exposures under the IRB Approach by PD range

PD range of retail exposures	0.00% to 1.00%	1.01% to 2.00%	2.01% to 99.99%	Default
	RM'000	RM'000	RM'000	RM'000
Retail exposures (EAD)				
Residential mortgages	3,202,005	58,785	552,190	133,377
Other retail	657,072	523,618	203,823	38,204
Total retail exposures	**3,859,077**	**582,403**	**756,013**	**171,581**
Undrawn commitments				
Residential mortgages	223,979	16,852	5,529	-
Other retail	39,789	47,333	3,759	231
Total undrawn commitments	**263,768**	**64,185**	**9,288**	**231**
Exposure weighted average LGD				
Residential mortgages	14.65%	14.26%	15.40%	15.37%
Other retail	20.95%	25.15%	24.61%	27.36%
Exposure weighted average risk weight				
Residential mortgages	11.69%	22.24%	58.31%	11.36%
Other retail	17.78%	27.96%	38.12%	225.75%

Credit Risk (Continued)

Retail exposures of the Bank under the IRB Approach by expected loss (EL) range as at 31 December 2024:

EL% range of retail exposures	0.0% to 1.0%	1.0% to 5.0%	5.0% to 10.0%	10.0% to 30.0%	30.0% to 100.0%
	RM'000	RM'000	RM'000	RM'000	RM'000
Retail exposures (EAD)					
Residential mortgages	38,643,079	1,170,075	206,308	607,337	-
Qualifying revolving retail	6,057,031	1,515,894	127,524	254,180	94,645
Other retail	17,232,646	991,851	96,132	244,571	117,939
Total retail exposures	**61,932,756**	**3,677,820**	**429,964**	**1,106,088**	**212,584**
Undrawn commitments					
Residential mortgages	2,610,343	12,560	1,171	-	-
Qualifying revolving retail	3,373,038	714,711	8,825	101,196	4,721
Other retail	3,143,542	62,721	3,742	2,239	7
Total undrawn commitments	**9,126,923**	**789,992**	**13,738**	**103,435**	**4,728**
Exposure weighted average risk weight					
Residential mortgages	10.38%	70.04%	91.93%	2.50%	-
Qualifying revolving retail	8.58%	48.71%	110.85%	117.99%	152.51%
Other retail	16.32%	68.02%	79.52%	60.15%	15.81%

Retail exposures of the Bank under the IRB Approach by expected loss (EL) range as at 31 December 2023:

EL% range of retail exposures	0.0% to 1.0%	1.0% to 5.0%	5.0% to 10.0%	10.0% to 30.0%	30.0% to 100.0%
	RM'000	RM'000	RM'000	RM'000	RM'000
Retail exposures (EAD)					
Residential mortgages	37,848,160	1,136,676	149,553	642,823	-
Qualifying revolving retail	4,528,615	1,230,127	219,666	291,664	94,983
Other retail	16,793,617	739,483	105,020	261,231	91,000
Total retail exposures	**59,170,392**	**3,106,286**	**474,239**	**1,195,718**	**185,983**
Undrawn commitments					
Residential mortgages	2,557,917	15,575	1,519	-	-
Qualifying revolving retail	2,629,250	594,488	40,463	113,344	5,541
Other retail	2,825,972	37,743	1,992	1,333	231
Total undrawn commitments	**8,013,139**	**647,806**	**43,974**	**114,677**	**5,772**
Exposure weighted average risk weight					
Residential mortgages	10.43%	71.45%	92.83%	-	-
Qualifying revolving retail	8.53%	46.30%	107.03%	117.10%	122.70%
Other retail	15.72%	59.23%	78.64%	57.00%	9.17%

Credit Risk (Continued)

Retail exposures of the Islamic Banking Window under the IRB Approach by expected loss (EL) range as at 31 December 2024:

EL% range of retail exposures	0.0% to 1.0%	1.0% to 5.0%	5.0% to 10.0%	10.0% to 30.0%	30.0% to 100.0%
	RM'000	RM'000	RM'000	RM'000	RM'000
Retail exposures (EAD)					
Residential mortgages	3,724,956	155,459	87,290	109,581	-
Other retail	1,291,316	71,183	8,104	13,564	1,927
Total retail exposures	**5,016,272**	**226,642**	**95,394**	**123,145**	**1,927**
Undrawn commitments					
Residential mortgages	181,361	1,244	28	-	-
Other retail	78,303	712	-	-	-
Total undrawn commitments	**259,664**	**1,956**	**28**	**-**	**-**
Exposure weighted average risk weight					
Residential mortgages	15.52%	77.45%	92.23%	-	-
Other retail	24.62%	72.04%	180.90%	133.89%	68.96%

Retail exposures of the Islamic Banking Window under the IRB Approach by expected loss (EL) range as at 31 December 2023:

EL% range of retail exposures	0.0% to 1.0%	1.0% to 5.0%	5.0% to 10.0%	10.0% to 30.0%	30.0% to 100.0%
	RM'000	RM'000	RM'000	RM'000	RM'000
Retail exposures (EAD)					
Residential mortgages	3,622,447	141,528	61,773	120,609	-
Other retail	1,310,955	77,994	13,456	18,381	1,931
Total retail exposures	**4,933,402**	**219,522**	**75,229**	**138,990**	**1,931**
Undrawn commitments					
Residential mortgages	244,191	1,758	411	-	-
Other retail	90,515	116	250	-	231
Total undrawn commitments	**334,706**	**1,874**	**661**	**-**	**231**
Exposure weighted average risk weight					
Residential mortgages	15.38%	77.82%	92.88%	-	-
Other retail	26.01%	63.39%	137.55%	89.54%	91.37%

Credit Risk (Continued)

Actual loss by asset class

Actual loss consists of impairment loss allowance and write-off posted to the Bank's income statement for the financial year ended 31 December 2024.

Comparison of actual loss and expected loss by asset class

Bank RM'000

Asset class	Actual loss (FYE 31 December 2024)	Expected loss (as at 31 December 2023)	Actual loss (FYE 31 December 2023)	Expected loss (as at 31 December 2022)
Corporate	17,008	1,195,926	64,692	1,264,666
Bank	-	2,457	-	2,536
Retail	147,475	503,156	160,351	473,794
Total	**164,483**	**1,701,540**	**225,043**	**1,740,995**

The actual loss in 2024 was lower than the expected loss computed as at 31 December 2023. The Bank continues to be proactive in its risk management approach to ensure that actual losses remain within the Bank's expectations.

Expected loss (EL) is the estimated credit loss from defaults over a one-year horizon. EL is the product of PD, LGD and EAD. A comparison of actual loss and expected loss provides an indication of the predictive power of the IRB models used by the Bank.

However, they are not directly comparable due to the following reasons:

i. EL as at 31 December 2023 is a measure of expected credit loss based on the credit exposure as at that date. On the other hand, impairment loss allowance and write-offs are accounting entries relating to a fluctuating portfolio over the course of the financial year. Moreover, write-offs may relate to defaults from prior years.
ii. EL is estimated based on non-default exposures only, while impairment loss allowance is an accounting estimate of likely loss from defaulted exposures. Write-offs are recorded on defaulted exposures when no further recovery is possible.

Islamic Banking Window RM'000

Asset class	Actual loss (FYE 31 December 2024)	Expected loss (as at 31 December 2023)	Actual loss (FYE 31 December 2023)	Expected loss (as at 31 December 2022)
Corporate	(12,157)	71,713	4,693	88,957
Bank	-	17		16
Retail	8,174	53,246	13,943	43,642
Total	**(3,983)**	**124,976**	**18,636**	**132,614**

Credit Risk (Continued)

Movements in the allowance for ECL and write-off on loans, advances and financing:

Bank	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL non credit-impaired RM'000	Stage 3 Lifetime ECL credit-impaired RM'000	Total ECL RM'000
2024				
At 1 January	357,818	1,405,055	754,736	2,517,609
Transferred to Stage 1	112,793	(90,296)	(22,497)	-
Transferred to Stage 2	(12,100)	39,254	(27,154)	-
Transferred to Stage 3	(1,496)	(29,551)	31,047	-
Net remeasurement of allowance	269,322	(266,162)	244,831	247,991
Allowance made	228,005	134,852	115,984	478,841
Maturity/settlement/repayment	(116,970)	(251,235)	(85,576)	(453,781)
Exchange differences	(1,756)	(551)	-	(2,307)
Net total	477,798	(463,689)	256,635	270,744
Amounts written-off	-	-	(355,002)	(355,002)
Other movements	-	-	(77)	(77)
At 31 December	835,616	941,366	656,292	2,433,274
2023				
At 1 January	553,562	1,173,643	843,204	2,570,409
Transferred to Stage 1	94,797	(63,348)	(31,449)	-
Transferred to Stage 2	(15,771)	69,922	(54,151)	-
Transferred to Stage 3	(1,079)	(27,227)	28,306	-
Net remeasurement of allowance	(82,273)	52,417	412,825	382,969
Allowance made	154,136	292,929	149,237	596,302
Maturity/settlement/repayment	(344,993)	(93,488)	(109,631)	(548,112)
Exchange differences	(561)	207	-	(354)
Net total	(195,744)	231,412	395,137	430,805
Amounts written-off	-	-	(483,748)	(483,748)
Other movements	-	-	143	143
At 31 December	357,818	1,405,055	754,736	2,517,609

Credit Risk (Continued)

Movements in the allowances for ECL and write-off on financing, advances and others for Islamic Banking Window:

Islamic Banking Window	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL non credit-impaired RM'000	Stage 3 Lifetime ECL credit-impaired RM'000	Total ECL RM'000
2024				
At 1 January	17,656	52,737	52,131	122,524
Transferred to Stage 1	7,052	(4,069)	(2,983)	-
Transferred to Stage 2	(910)	5,198	(4,288)	-
Transferred to Stage 3	(96)	(3,402)	3,498	-
Net remeasurement of allowance	(7,583)	10,168	8,130	10,715
Allowance made	13,231	29,074	8,042	50,347
Maturity/settlement/repayment	(4,385)	(30,729)	(19,796)	(54,910)
Exchange differences	(14)	-	-	(14)
Net total	7,295	6,240	(7,397)	6,138
Amounts written-off	-	-	(13,126)	(13,126)
At 31 December	24,951	58,977	31,608	115,536
2023				
At 1 January	17,786	22,752	132,706	173,244
Transferred to Stage 1	8,177	(6,835)	(1,342)	-
Transferred to Stage 2	(614)	1,983	(1,369)	-
Transferred to Stage 3	(88)	(3,873)	3,961	-
Net remeasurement of allowance	(7,045)	(6,608)	13,290	(363)
Allowance made	10,129	46,998	7,798	64,925
Maturity/settlement/repayment	(10,689)	(1,680)	(4,380)	(16,749)
Net total	(130)	29,985	17,958	47,813
Amounts written-off	-	-	(98,533)	(98,533)
At 31 December	17,656	52,737	52,131	122,524

Credit Risk (Continued)

Credit Risk Mitigation

Our potential credit losses are mitigated through a variety of instruments such as collaterals, derivatives, guarantees and netting arrangements. The Bank generally does not grant credit facilities solely on the basis of the collateral provided. All requests for credit facilities are assessed based on the credit standing, source of repayment and debt servicing ability of the borrower.

Collateral is taken whenever possible to mitigate the credit risk assumed. The value of the collateral is monitored periodically and the frequency of valuation depends on the type, liquidity and volatility of the collateral value. The collaterals are mostly in the form of properties, cash and marketable securities. The collaterals have to fulfill certain criteria (such as legal certainty across relevant jurisdictions) in order to be eligible for the Internal Ratings-based (IRB) Approach purposes. Policies and processes are in place to monitor collateral concentration. Appropriate haircuts that reflect the underlying nature, quality, volatility and liquidity of the collaterals would be applied to the market value of collaterals as appropriate.

When extending credit facilities to small and medium-sized enterprises (SMEs), the Bank often takes personal guarantees to secure the moral commitment from the principal shareholders and directors. For IRB Approach purposes, the Bank does not recognise personal guarantees as eligible credit risk protection. Corporate guarantees are often obtained when the borrower's creditworthiness is not sufficient to justify an extension of credit. To recognise the effects of guarantees under the Foundation Internal Ratings-based (FIRB) Approach, the Bank adopts the Probability of Default (PD) substitution approach whereby the PD of an eligible guarantor of an exposure is used for calculating the capital requirement.

Exposures arising from FX, derivatives and securities financing transactions are typically mitigated through agreements such as the International Swaps and Derivatives Association (ISDA) Master Agreements, the Credit Support Annex (CSA) and the Global Master Repurchase Agreements (GMRA). Such agreements help to minimise credit exposure in the event of a default by allowing the Bank to offset what is owed to a counterparty against what is due from that counterparty.

For IRB purpose, the Bank does not recognise ISDA netting. The Current Exposure Method is used to estimate its FX and derivative exposures on a gross basis.

Credit Risk (Continued)

Credit Risk Mitigation (Continued)

The following table presents the total exposures of the Bank which are covered by eligible credit risk mitigants as at 31 December 2024:

Exposure class	Exposures before CRM	Exposures covered by guarantees/ credit derivatives	Exposures covered by eligible financial collateral	Exposures covered by other eligible collateral
	RM'000	RM'000	RM'000	RM'000
<u>Credit risk</u>				
On-balance sheet exposures				
Sovereign/central banks	26,333,604	-	-	-
Public sector entities	233,225	233,225	-	-
Banks, DFIs and MDBs	6,385,214	-	929,784	-
Insurances cos, securities firms and fund managers	690,110	-	42,148	-
Corporates	42,517,436	1,871,176	1,361,430	2,700,937
Regulatory retail	24,833,606	2,410	300	-
Residential mortgages	42,053,260	-	-	-
Higher risk assets	293	-	-	-
Other assets	3,299,223	-	-	-
Specialised financing/investment	-	-	-	-
Securitisation exposure	120,035	120,035	-	-
Equity exposures	174,161	-	-	-
Defaulted exposures*	2,052,636	9,049	27,276	39,593
Total on-balance sheet exposures	**148,692,803**	**2,235,895**	**2,360,938**	**2,740,530**
Off-balance sheet exposures				
OTC derivatives	4,164,155	1,820	1,054	15
Credit derivatives	819	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	26,316,629	175,660	2,933,812	267,526
Defaulted exposures*	14,201	-	1,029	273
Total off-balance sheet exposures	**30,495,804**	**177,480**	**2,935,895**	**267,814**
Total on and off-balance sheet exposures	**179,188,607**	**2,413,375**	**5,296,833**	**3,008,344**

*Defaulted exposure is net off specific provision.

Credit Risk (Continued)

Credit Risk Mitigation (Continued)

The following table presents the total exposures of the Bank which are covered by eligible credit risk mitigants as at 31 December 2023:

Exposure class	Exposures before CRM	Exposures covered by guarantees/ credit derivatives	Exposures covered by eligible financial collateral	Exposures covered by other eligible collateral
	RM'000	RM'000	RM'000	RM'000
<u>**Credit risk**</u>				
On-balance sheet exposures				
Sovereign/central banks	32,026,905	-	-	-
Public sector entities	319,727	319,727	-	-
Banks, DFIs and MDBs	4,822,080	-	-	-
Insurances cos, securities firms and fund managers	874,166	-	10,037	-
Corporates	40,980,139	2,217,500	1,939,821	2,793,150
Regulatory retail	23,872,312	1,782	344	-
Residential mortgages	41,966,992	-	-	-
Higher risk assets	400	-	-	-
Other assets	2,741,636	-	-	-
Specialised financing/investment	-	-	-	-
Securitisation exposure	120,052	120,052	-	-
Equity exposures	218,194	-	-	-
Defaulted exposures*	2,123,346	8,771	7,638	44,702
Total on-balance sheet exposures	**150,065,949**	**2,667,832**	**1,957,840**	**2,837,852**
Off-balance sheet exposures				
OTC derivatives	3,488,898	2,416	1,959	728
Credit derivatives	601	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	24,124,007	152,280	3,847,552	268,896
Defaulted exposures*	22,186	26	899	1,607
Total off-balance sheet exposures	**27,635,692**	**154,722**	**3,850,410**	**271,231**
Total on and off-balance sheet exposures	**177,701,641**	**2,822,554**	**5,808,250**	**3,109,083**

*Defaulted exposure is net off specific provision.

Credit Risk (Continued)

Credit Risk Mitigation (Continued)

The following table presents the total exposures of the Islamic Banking Window which are covered by eligible credit risk mitigants as at 31 December 2024:

Exposure class	Exposures before CRM	Exposures covered by guarantees/ credit derivatives	Exposures covered by eligible financial collateral	Exposures covered by other eligible collateral
	RM'000	RM'000	RM'000	RM'000
<u>Credit risk</u>				
On-balance sheet exposures				
Sovereign/central banks	3,554,883	-	-	-
Banks, DFIs and MDBs	1,945,161	-	829,734	-
Insurances/Takaful cos, securities firms and fund managers	401,012	-	-	-
Corporates	3,248,649	67,329	43,704	94,075
Regulatory retail	1,274,105	-	-	-
Residential mortgages	3,832,129	-	-	-
Other assets	14,352	-	-	-
Specialised financing/investment	-	-	-	-
Defaulted exposures*	164,676	-	27,238	-
Total on-balance sheet exposures	**14,434,967**	**67,329**	**900,676**	**94,075**
Off-balance sheet exposures				
OTC derivatives	174,902	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	827,472	7,979	20,647	60
Defaulted exposures*	-	-	-	-
Total off-balance sheet exposures	**1,002,374**	**7,979**	**20,647**	**60**
Total on and off-balance sheet exposures	**15,437,341**	**75,308**	**921,323**	**94,135**

*Defaulted exposure is net off specific provision.

Credit Risk (Continued)

Credit Risk Mitigation (Continued)

The following table presents the total exposures of the Islamic Banking Window which are covered by eligible credit risk mitigants as at 31 December 2023:

Exposure class	Exposures before CRM	Exposures covered by guarantees/ credit derivatives	Exposures covered by eligible financial collateral	Exposures covered by other eligible collateral
	RM'000	RM'000	RM'000	RM'000
<u>Credit risk</u>				
On-balance sheet exposures				
Sovereign/central banks	2,738,005	-	-	-
Banks, DFIs and MDBs	764,100	-	-	-
Insurances/Takaful cos, securities firms and fund managers	701,594	-	-	-
Corporates	3,641,222	54,861	316,173	105,891
Regulatory retail	1,293,691	-	-	-
Residential mortgages	3,640,463	-	-	-
Other assets	13,520	-	-	-
Specialised financing/investment	-	-	-	-
Defaulted exposures*	162,733	-	7,405	-
Total on-balance sheet exposures	**12,955,328**	**54,861**	**323,578**	**105,891**
Off-balance sheet exposures				
OTC derivatives	35,040	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	946,939	7,979	12,262	102
Defaulted exposures*	230	-	-	-
Total off-balance sheet exposures	**982,209**	**7,979**	**12,262**	**102**
Total on and off-balance sheet exposures	**13,937,537**	**62,840**	**335,840**	**105,993**

*Defaulted exposure is net off specific provision.

Credit Risk (Continued)

Off-Balance Sheet Exposures And Counterparty Credit Risk

Counterparty Credit Risk

Unlike normal lending risk where the notional at risk can be determined with a high degree of certainty during the contractual period, counterparty credit risk exposure fluctuates with market variables. Counterparty credit risk is measured as the sum of current mark-to-market value and an appropriate add-on factor for potential future exposure (PFE). The PFE factor is an estimate of the maximum credit exposure over the remaining life of a foreign exchange (FX)/derivative transaction and it is used for limit-setting and internal risk management.

The Bank has also established policies and processes to manage wrong-way risk, i.e., where the counterparty credit exposure is positively correlated with its default risk. Transactions that exhibit such characteristics are identified and reported to senior management regularly. Separately, transactions with specific wrong-way risk are rejected at the underwriting stage.

Credit Exposures from Foreign Exchange and Derivatives

Pre-settlement limits for FX and derivative transactions are established using the PFE approach. This approach takes into consideration the transaction currency and tenor to address the credit risk exposures arising from adverse market movements.

Credit Risk (Continued)

Off-Balance Sheet Exposures And Counterparty Credit Risk (Continued)

Credit Exposures from Foreign Exchange and Derivatives (Continued)

The Off-Balance Sheet Exposures and their related counterparty credit risk of the Bank as at 31 December 2024:

RM'000

Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	RWA
Direct credit substitutes	5,031,976		4,891,797	3,578,306
Transaction related contingent items	7,551,468		3,728,404	2,302,234
Short Term Self Liquidating trade related contingencies	653,296		136,913	97,968
Forward Asset Purchases	50,224		50,224	50,224
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions), and commitment to buy-back Islamic securities under Sell and Buy Back Agreement transactions	2,038,447		65,166	2,525
Foreign exchange related contracts				
One year or less	91,581,348	768,526	2,012,786	350,479
Over one year to five years	1,401,063	7,168	108,805	62,116
Over five years	116,313	-	11,631	11,648
Interest/Profit rate related contracts				
One year or less	47,837,909	149,535	284,156	35,518
Over one year to five years	68,596,860	334,673	2,364,585	625,003
Over five years	1,837,353	31,557	172,150	76,724
Equity related contracts				
One year or less	140,708	2,129	2,862	157
Over one year to five years	500	-	-	-
Over five years	-	-	-	-
Commodity contracts				
One year or less	597,906	8,130	49,242	16,710
Over one year to five years	9,341	57	-	-
Over five years	-	-	-	-
Credit Derivative Contracts				
One year or less	-	-	-	-
Over one year to five years	5,857	234	819	74
Over five years	-	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	8,146,986		5,579,000	3,510,971
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	27,573,089		1,621,999	724,237
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	19,944,253		5,708,901	755,771
Unutilised credit card lines	18,619,656		3,718,622	2,796,940
Off-balance sheet for securitisation exposures	-		-	-
Total	301,734,553	1,302,009	30,508,062	14,997,605

Credit Risk (Continued)

Off-Balance Sheet Exposures And Counterparty Credit Risk (Continued)

Credit Exposures from Foreign Exchange and Derivatives (Continued)

The Off-Balance Sheet Exposures and their related counterparty credit risk of the Bank as at 31 December 2023:

RM'000

Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	RWA
Direct credit substitutes	4,447,896		4,333,183	2,819,021
Transaction related contingent items	7,254,064		3,607,797	2,068,013
Short Term Self Liquidating trade related contingencies	647,859		136,698	80,596
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions), and commitment to buy-back Islamic securities under Sell and Buy Back Agreement transactions	2,966,026		49,557	2,894
Foreign exchange related contracts				
One year or less	88,836,700	761,067	1,936,509	279,242
Over one year to five years	1,269,706	19,087	109,026	73,156
Over five years	133,133	1,382	15,108	14,072
Interest/Profit rate related contracts				
One year or less	26,089,235	161,474	360,615	54,090
Over one year to five years	46,447,817	369,202	1,698,207	465,553
Over five years	1,831,500	31,404	179,315	83,115
Equity related contracts				
One year or less	68,614	427	2,207	155
Over one year to five years	14,444	553	1,708	171
Over five years	-	-	-	-
Commodity contracts				
One year or less	388,564	10,753	40,004	10,343
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	7,212,540		5,006,152	3,065,065
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	25,221,133		1,207,655	298,461
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	17,224,755		4,931,186	680,341
Unutilised credit card lines	20,212,979		4,037,834	3,034,968
Off-balance sheet for securitisation exposures	-		-	-
Total	250,272,975	1,355,349	27,653,362	13,029,337

Credit Risk (Continued)

Off-Balance Sheet Exposures And Counterparty Credit Risk (Continued)

Credit Exposures from Foreign Exchange and Derivatives (Continued)

The off-balance sheet exposures and their related counterparty credit risk of the Islamic Banking Window as at 31 December 2024:

RM'000

Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	RWA
Direct credit substitutes	179,009		179,009	285,556
Transaction related contingent items	214,053		107,029	171,575
Short Term Self Liquidating trade related contingencies	4,449		890	836
Foreign exchange related contracts with an original maturity up to one year				
One year or less	11,225,747	96,824	172,498	37,468
Over one year to five years	21,776	186	741	86
Over five years	-	-	-	-
Interest/Profit rate related contracts				
One year or less	890,000	149	663	96
Over one year to five years	100,000	92	1,000	463
Over five years	-	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	730,082		527,022	336,086
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	1,181,312		13,522	4,266
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	1,257,256		-	-
Total	15,803,684	97,251	1,002,374	836,432

Credit Risk (Continued)

Off-Balance Sheet Exposures And Counterparty Credit Risk (Continued)

Credit Exposures from Foreign Exchange and Derivatives (Continued)

The off-balance sheet exposures and their related counterparty credit risk of the Islamic Banking Window as at 31 December 2023:

RM'000

Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	RWA
Direct credit substitutes	152,922		152,922	154,006
Transaction related contingent items	220,324		110,162	116,737
Short Term Self Liquidating trade related contingencies	4,321		864	747
Foreign exchange related contracts with an original maturity up to one year				
One year or less	3,996,649	33,254	31,594	11,778
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
Interest/Profit rate related contracts				
One year or less	200,000	666	100	23
Over one year to five years	600,000	346	3,346	823
Over five years	-	-	-	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	925,188		669,076	456,951
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	758,313		14,145	4,642
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	1,143,674		-	-
Total	8,001,391	34,266	982,209	745,707

Securitisation Exposure

All securitisation transactions entered into the Bank are subject to independent risk assessment and approval. The special purpose entities involved in these transactions are established and managed by third parties and are not controlled by the Bank. Our securitisation positions are recognised as financial assets.

Risk weights for securitisation exposures in the banking book are computed based on the BNM Capital Adequacy Framework (Basel II – Risk-Weighted Assets).

The table below represents the disclosure on securitisation exposure of the Bank under Standardised Approach as at 31 December 2024:

RM'000

Exposure class 2024	Exposure Value of Positions Purchased or Retained	Eligible CRM	Exposure after CRM	Exposures subject to deduction	Distribution of Exposures after CRM according to Applicable Risk Weights						Risk Weighted Assets
					Rated Securitisation Exposures				Unrated (Look Through)		
					20%	50%	100%	1250%	Average Risk Weight	Exposure Amount	
Traditional Securitisation (Banking book) Non-Originating Banking Institution											
On-Balance Sheet											
Most Senior	120,000	120,035	120,035	-	120,035	-	-	-	-	-	24,007
Total Exposures	120,000	120,035	120,035	-	120,035	-	-	-	-	-	24,007

Securitisation Exposure (Continued)

The table below represents the disclosure on securitisation exposure of the Bank under Standardised Approach as at 31 December 2023:

RM'000

Exposure class 2023	Exposure Value of Positions Purchased or Retained	Eligible CRM	Exposure after CRM	Exposures subject to deduction	Distribution of Exposures after CRM according to Applicable Risk Weights						Risk Weighted Assets
					Rated Securitisation Exposures				Unrated (Look Through)		
					20%	50%	100%	1250%	Average Risk Weight	Exposure Amount	
Traditional Securitisation (Banking book) Non-Originating Banking Institution											
On-Balance Sheet											
Most Senior	120,000	120,052	120,052	-	120,052	-	-	-	-	-	24,010
Total Exposures	120,000	120,052	120,052	-	120,052	-	-	-	-	-	24,010

Market Risk

Market risk refers to the risk of losses to the Bank from movements in the market rates or prices (such as changes in interest rates, foreign exchange rates, equity prices, commodity prices, credit spreads) of the underlying asset.

Market risk is governed by the ALCO, which meets monthly to review and provide direction on market risk matters. The Market Risk Management (MRM) and Balance Sheet Risk Management (BSRM) under Risk Management support the ALCO, RCC, RMC and the Board with independent assessment of the market risk profile of the Bank.

The Bank's market risk framework comprises market risk policies, practices and governance structure with appropriate delegation of authority and market risk limits. The Bank employs valuation methodologies that are in line with sound market practices. Valuation and risk models are validated independently. In addition, a Product/Service Programme process is in place to ensure that all risk issues, including market risk issues, are identified and adequately addressed prior to the launch of products and services.

One of the Bank's main objectives in undertaking trading activities is to provide customer-centric products and services to support our customers' business and hedging needs. We continually review and enhance our management of derivatives risks to ensure that the complexities of the Bank's business are appropriately controlled.

Our overall market risk appetite is balanced with targeted revenue at the Bank and business unit levels and takes into account the capital position of the Bank. Market Risk appetite is established for all trading exposures and non-trading FX exposures within the Bank. This ensures that the Bank remains well-capitalised even under stress conditions. The risk appetite is translated into risk limits that are delegated to business units. These risk limits are set based on expected returns that are commensurate with the risks taken.

Market Risk (Continued)

The Bank currently adopts the Standardised Approach for the calculation of regulatory market risk capital but uses internal models to measure and control trading market risks. The financial products which are warehoused, measured and controlled using internal models include FX and FX option, plain vanilla interest rate contract and interest rate option, cross currency swap, government bond, quasi government bond, corporate bond, equities and equity options, commodity contract and commodity option.

The Bank estimates a daily Expected Shortfall (ES) within a 97.5 percent confidence interval over a one-day holding period, using the historical Value-at-Risk (VaR) simulation method, as a control for market risk. This method assumes observed historical market movements can be used to imply possible changes in market rates. ES is the average of the worse losses in the loss distribution, assuming that the losses exceed the specified percentile.

To complement the ES measure, stress and scenario tests are performed to identify the Bank's vulnerability to event risk. These tests serve to provide early warnings of plausible extreme losses to facilitate proactive management of market risks.

For backtesting purposes, the Bank uses daily VaR within a 99 percent confidence interval over a one-day holding period, based on historical simulation method. VaR uses the same loss distribution as ES. The backtesting process analyses whether the exceptions are due to model deficiencies or market volatility. All backtesting exceptions are tabled to the ALCO with recommended actions and resolutions. Backtesting results were within acceptable tolerance level in the year under review.

The Bank's daily ES as at end of December 2024 was RM5.551 million.

	Year End RM'000	High RM'000	Low RM'000	Average RM'000
2024				
Interest/profit rate	1,774	3,940	1,681	2,655
Foreign exchange	110	3,608	33	395
Commodities	4	115	0	8
Option volatility	970	1,649	712	1,152
Equities	40	247	2	23
Credit	1,149	1,461	553	932
Total diversified ES(1)	5,551	8,700	3,540	6,135
2023				
Interest/profit rate	2,623	5,910	1,630	3,163
Foreign exchange	67	3,050	25	572
Commodities	11	325	11	63
Option volatility	816	844	110	297
Equities	27	323	12	57
Credit	818	1,979	818	1,285
Total diversified ES(1)	5,610	10,729	5,447	7,546

(1) Total ES includes jump-to-default risk component (refers to the risk that a financial instrument where the mark-to-market value directly depends on the credit quality of one or more reference underlying. Financial instrument may be exposed to the sudden price change due to the unexpected default event incurred by the reference underlying.)

Equities (Disclosures for Banking Book position)

The following table presents the equity exposures in the banking book.

These exposures were classified under available-for-sale (AFS) securities and were measured at fair value.

RM'000

Type of Equities	Bank			
	31 December 2024		31 December 2023	
	Exposures	RWA	Exposures	RWA
Publicly traded equity exposures *mainly acquired via loan restructuring activities	947	2,842	941	2,823
All other equity exposures *unquoted shares which are non-traded in the stock exchange	173,214	173,214	217,253	217,253
Total	174,161	176,056	218,194	220,076

	Bank	
	31 December 2024 RM'000	31 December 2023 RM'000
Realised (loss)/gains arising from sales and liquidation	-	-
Unrealised gains included in fair value reserve	162,081	206,113

As at 31 December 2024 and 31 December 2023, there were no equity exposure under Islamic Banking Window.

Interest Rate Risk/Rate of Return Risk in The Banking Book

Interest rate risk (IRRBB)/rate of return risk in the banking book (RORRBB) is defined as the risk of potential loss of capital or reduction in earnings due to changes in the interest/profit rate environment.

We strive to meet customers' demands and preferences for products with various interest/profit rate structures and maturities. Mismatches in repricing and other characteristics of assets and liabilities give rise to sensitivity to interest/profit rate movements. As interest/profit rates and yield curves change over time, these mismatches may result in a change in the Bank's economic net worth and/or a decline in earnings. The primary objective of managing IRRBB/RORRBB is to protect and to enhance capital or economic net worth through adequate, stable and reliable growth in net interest/finance earnings under a broad range of possible economic conditions.

The ALCO oversees the effectiveness of the interest/profit rate risk management structure including endorsement of policies, limits and controls. Balance Sheet Risk Management under Risk Management supports the ALCO in monitoring the interest/profit rate risk profile of the banking book. IRRBB/RORRBB is mainly managed by shaping the desired risk exposure and tenor profile of the banking book taking into consideration the overall balance sheet position and market outlook. Behavioural models used are independently validated and governed by approved policies. The management and mitigation of IRRBB/RORRBB through hedging are managed through EXCO-approved product mandates with specified currencies, tenors and limits to ensure that the risk management and hedging activities operate within an approved delegation of authority structure. Derivatives used for hedging banking book positions are designated as hedging instruments where the qualifying criteria for hedge accounting are met. Derivatives not designated in an effective hedge accounting relationship are accounted for at fair value through profit or loss.

Our banking book interest/profit rate exposure is quantified on a monthly basis using dynamic simulation techniques. We employ a holistic approach towards balance sheet risk management, using an in-house enterprise risk management system to integrate liquidity risk and IRRBB/RORRBB into a single platform to facilitate the Bank's reporting across entities in a timely manner.

Interest/profit rate risk varies with different repricing periods, currencies, embedded options and interest/profit rate basis. Embedded options may be in the form of loan prepayment and time deposit early withdrawal. In Economic Value of Equity (EVE) sensitivity simulations, we compute the present value for repricing cash flows, with a focus on changes in EVE under different interest rate scenarios. This economic perspective measures interest rate risks across the full maturity profile of the balance sheet, including off-balance sheet items. We estimate the potential effects of interest/profit rate changes on Net Interest/finance Income (NII/NFI) by simulating the possible future course of interest/profit rates and expected changes in business activities over time. Mismatches over a longer tenor would result in greater changes in EVE than similar positions in the shorter tenor while mismatches over a shorter tenor would have a greater impact on NII/NFI.

Interest rate scenarios used in simulations include the six standard scenarios prescribed by the Basel Committee on Banking Supervision as well as internal scenarios covering historical interest rate movements and hypothetical scenarios. These scenarios cover changes in the shape of the yield curve, including steepener and flattener, parallel shift, as well as short rate up and down scenarios.

Stress tests are also performed regularly to determine the adequacy of capital in meeting the impact of extreme interest/profit rate movements on the balance sheet. Such tests are also performed to provide early warnings of potential extreme losses, facilitating the proactive management of interest/profit rate risks in an environment of rapid financial market changes.

The risks arising from the trading book, such as interest/profit rates, foreign exchange rates and equity prices are managed and controlled under the market risk framework.

Interest Rate Risk/Rate of Return Risk in The Banking Book (Continued)

Interest/Profit Rate Sensitivity Analysis - Banking Book

The table below shows the results of 100 and 200 basis points parallel interest/profit rate shocks to EVE and NII/NFI. The repricing profile of loans is generally based on the earliest possible repricing dates. Interest/profit rate flooring effects are taken into consideration. Loan prepayment and time deposit early withdrawal rates are estimated based on past statistics and trends where possible and material. The average repricing maturity of core non-maturity deposits is determined through empirical models.

Economic Value of Equity (EVE)

	Increase/ (Decrease) in basis points	Sensitivity of EVE	Increase/ (Decrease) in basis points	Sensitivity of EVE
31 December 2024		**RM'000**		**RM'000**
Currency				
Total	**+200/(200)**	**(532,572)/1,068,984**	**+100/(100)**	**(320,329)/453,019**
MYR	+200/(200)	(635,611)/1,182,151	+100/(100)	(373,063)/508,283
USD	+200/(200)	104,359/(114,461)	+100/(100)	53,390/(55,914)
31 December 2023				
Currency				
Total	**+200/(200)**	**(1,257,807)/1,667,502**	**+100/(100)**	**(673,496)/775,402**
MYR	+200/(200)	(1,356,668)/1,772,862	+100/(100)	(723,714)/827,245
USD	+200/(200)	98,861/(105,360)	+100/(100)	50,218/(51,843)

Net Interest/Finance Income (NII/NFI)

	Increase/ (Decrease) in basis points	Sensitivity of NII/NFI	Increase/ (Decrease) in basis points	Sensitivity of NII/NFI
31 December 2024		**RM'000**		**RM'000**
Currency				
Total	**+200/(200)**	**368,378/(457,612)**	**+100/(100)**	**184,212/(209,120)**
MYR	+200/(200)	483,887/(562,127)	+100/(100)	241,944/(263,737)
USD	+200/(200)	(75,798)/75,626	+100/(100)	(37,897)/37,872
31 December 2023				
Currency				
Total	**+200/(200)**	**273,371/(390,942)**	**+100/(100)**	**136,699/(166,651)**
MYR	+200/(200)	343,873/(461,440)	+100/(100)	171,948/(201,900)
USD	+200/(200)	(70,502)/70,498	+100/(100)	(35,249)/35,249

Liquidity Risk

Liquidity risk is the risk that arises from the Bank's inability to meet its obligations, or to fund increases in assets as they fall due. The Bank maintains sufficient liquidity to fund its day-to-day operations, to meet deposit withdrawals and loan/financing disbursements, to participate in new investments, and to repay borrowings. Hence, liquidity is managed in a manner to address known as well as unanticipated cash funding needs.

Liquidity risk is managed in accordance with a framework of policies, controls and limits approved by the Board. These policies, controls and limits enable the Bank to monitor and manage liquidity risk to ensure that sufficient sources of funds are available over a range of market conditions. This is done by minimising excessive funding concentrations by diversifying the sources and terms of funding and maintaining a portfolio of high quality and marketable debt securities.

The Bank takes a conservative stance on its liquidity management by continuing to gather core deposits, ensuring that liquidity limits are strictly adhered to and that there are adequate liquid assets to meet potential cash shortfall.

The distribution of deposits is actively managed to ensure a balance between cost effectiveness, continued accessibility to funds, and diversification of funding sources. Important factors in ensuring liquidity are competitive pricing, proactive management of the Bank's core deposits and the maintenance of customer confidence.

Our liquidity risk management is aligned with the regulatory liquidity risk management framework and is measured and managed on a projected cash flow basis. The Bank's liquidity risk is monitored under business-as-usual and stress scenarios. Cash flow mismatch limits are established to limit the Bank's liquidity exposure. The Bank also employs liquidity early warning indicators and trigger points to signal possible contingency situations.

The Bank's liquidity ratios, Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), are above the regulatory requirement.

Contingency funding plans are in place to identify potential liquidity crisis using a series of warning indicators. Crisis management processes and various strategies including funding and communication plans have been developed to minimise the impact of any liquidity crunch.

The policy of the Bank is to be self-sufficient in its funding capabilities with readily available liquidity support from the parent bank.

The table in Note 41 to the financial statements provides the maturity mismatch analysis of the Bank's near and long-term time bands relating to the cash inflows and outflows based on contractual maturity arising from the Bank's activities.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk includes banking operations risk, technology risk, fraud risk*, legal risk, regulatory compliance risk (including Shariah non-compliance risk), reputational risk, conduct risk, third party and outsourcing risk.

The Bank's primary objective is to foster a sound reputation and operating environment. Operational risk is managed through a framework of policies and procedures to help business and support units properly identify, assess, monitor, mitigate and report their risks. The ORMC meets monthly to provide oversight of operational risk matters across the Bank.

The Operational Risk Governance structure adopts the Three Lines Model. The business and support units, as the First Line, are responsible for establishing a robust control environment as part of their day-to-day operations. Each business and support unit is responsible for implementing the operational risk framework and policies, embedding appropriate internal controls into processes and maintaining business resilience for key activities.

The Operational Risk Management (ORM) under Risk Management, as part of the Second Line, provides overarching governance of operational risk through relevant frameworks, policies, programmes and systems. It also monitors operational risk incidents, key risk and control self-assessment results, outsourcing and third party non-outsourcing matters, key operational risk indicator breaches, product and service programme matters and operational risks self-identified by the First Line. Any material risks are then reported to the ORMC and the Board to ensure they are promptly escalated and addressed.

Internal Audit, as the Third Line, provides an independent and objective assessment on the overall effectiveness of the risk governance framework and internal controls through periodic audit reviews.

The Bank has an established business continuity and crisis management programme which ensures prompt recovery of critical business and support units should there be unforeseen events or business disruptions. Scenario exercises are conducted to test the effectiveness of business continuity plans and crisis management protocol. An annual attestation is provided to the Board on the state of business continuity readiness of the Bank.

Our Insurance programme covers crime and civil liability, cyber liability, property damage, terrorism, public liability, as well as directors' and officers' liability. The programme reduces operational losses through adequate insurance coverage.

The Bank adopts the Basic Indicator Approach for the calculation of operational risk capital.

The subject-specific key risks that we focus on include but not limited to the risks discussed below.

Banking Operations Risk

Any potential adverse impact, arising from inadequate or failed internal processes, people and systems or from external events, on the proper fulfillment of the Bank's services and obligations to customers as well as proper recording of information including financial transactions.

Technology Risk

Technology risk is defined as any potential adverse outcome, damage, loss, violation, failure or disruption arising from the use of or reliance on information and communication technologies. The governance of technology risk rests with the ORMC, which facilitates a holistic oversight of operational risk matters across the Bank. Our Technology Risk Management Framework ensures that technology and cyber risks are managed in a systematic and consistent manner. The scope of technology risk management covers many aspects, including technology asset management, technology resiliency and the service continuity aspects of business continuity management, cybersecurity management and information security management.

A dedicated Technology Risk Management (TRM) function within ORM, as part of the Second Line, drives the governance and oversight for technology risk management across the Bank. TRM works closely with business and support units, including the technology and information security teams, to oversee, review and strengthen their practices in technology risk management. We adopt a risk-based approach in assessing and managing technology and cyber risks. The ORMC, RMC and Board are briefed regularly on technology risk appetite and technology risk matters.

*Fraud risk which has pertinent operational or reputational risk elements.

Operational Risk (Continued)

Regulatory Compliance Risk (including Shariah non-compliance risk)

Regulatory compliance risk refers to the risk of financial loss, damage to reputation or franchise value of the Bank when it fails to comply with laws, regulations, rules, standards or industry codes of conduct applicable to the Bank's business activities and operations. A change in laws and regulations can also increase the cost of operations and the cost of capital for the Bank, thereby impacting the Bank's earnings or returns. This risk is identified, monitored and managed through a structured governance framework of compliance policies, procedures and guidelines. The framework also manages the risk of regulatory breaches relating to sanctions, anti-money laundering and countering the financing of terrorism. Regulatory Compliance Risk includes Shariah non-compliance risk and it is the risk that arises from the Bank's failure to comply with the Shariah rules and principles determined by the Shariah Committee of the Bank or Shariah Advisory Council of Bank Negara Malaysia.

Legal Risk

Legal risk arises from unenforceable, unfavourable, defective or unintended contracts or transactions, lawsuits or claims, developments in laws and regulations, or non-compliance with applicable laws and regulations. Business and support units work with both internal and external legal counsels to ensure that legal risks are effectively managed.

Reputational Risk

Reputational risk is the risk of adverse impact on earnings, liquidity or capital arising from negative stakeholder perception or opinion of the Bank's business practices, activities and financial condition. The Bank recognises the impact of reputational risk and has established a policy which sets the guiding principles for risk identification, monitoring, reporting and mitigation of risk exposure and communication with our stakeholders. There are also policies relating to media communication and social media to protect the Bank's reputation.

Conduct risk

Conduct risk is the risk of improper employee behaviour or action that results in unfair stakeholder outcomes, negative impact on market integrity and other issues that damage the reputation of the Bank. This includes the failure of supervising managers to reasonably manage a conduct issue or report the misconduct on a timely basis. Conduct risk is managed through a multi-faceted approach leveraging the frameworks, policies and procedures on operational risk management, fraud risk management, whistle blowing, trade surveillance, employee discipline, code of conduct, remuneration, fair dealing and anti-money laundering. The corporate governance oversight of conduct risk is provided by the ORMC, RMC and Board.

Third-Party and Outsourcing Risk

Third-party risk, including non-outsourcing risk and outsourcing risk is the risk of adverse financial, operational, reputational, legal and compliance impact arising from the failure of a service provider to provide the service or to comply with legal and regulatory requirements, or a service provider's breaches of security. The Bank manages this risk through the Third-Party and Outsourcing Risk Management Framework, policy, procedures and guidelines, supported by outsourcing and third-party risk management module in the Governance, Risk and Compliance (GRC) system.

Financial Crime Risk

Financial crime risk is defined as the risk of regulatory sanctions, financial loss, or damage to the Bank's reputation and franchise value that may arise when the Bank fails to comply with anti-financial crime laws, regulations, rules, standards, or codes of conduct (established by industry associations) that are applicable to the Bank's business activities and operations. Financial crime risk types include money laundering, terrorism financing, internal fraud, mules and scams, bribery and corruption, and all other illegal or unethical dealings.

Money laundering, terrorism financing and sanctions risks collectively relates to the risk of being involved in or abetting money laundering activities and violating sanctions laws and regulations that will damage the Bank's reputation as an established organisation with strong and robust anti-money laundering/countering the financing of terrorism and sanctions regime. The coverage of money laundering risk extends to its predicate offences, such as tax evasion.

Internal Fraud risk is defined as the risk of any intentional act or attempt by the Bank's employee(s) to misrepresent, deceive, or conceal for a personal or business gain, or to avoid a disadvantage. Internal Fraud is not restricted to monetary or material benefits.

Financial Crime Risk (Continued)

Mules risk refers to the risk of bank accounts being abused by customers, knowingly or unknowingly, to facilitate transfers or movements of money illegally acquired (e.g., scam proceeds) on behalf of someone else, while scams risk refers to external fraud risk where customers are deceitfully or criminally misled through dishonest schemes, leading them to make financial transactions, or give away personal details or data ultimately resulting in the theft of money in their accounts.

Bribery occurs when an individual (directly or indirectly) promises, offers, gives, or seeks, accepts, or receives a payment or favour (monetary or otherwise) to improperly influence a business outcome or to confer an unfair business advantage. Bribery and corruption risks may arise in the course of activities, e.g., interaction with public officials and state-owned or state-controlled entities, provision or acceptance of gifts and entertainment, engagement of third parties, hiring, donations and sponsorships.

Also, the Bank adopts a zero tolerance policy against any form of bribery and corruption, and all other illegal or unethical dealings. All employees are required to comply fully with laws and regulations governing bribery and corruption which include the Malaysian Anti-Corruption Commission Act 2009 (MACC Act) and the UK Bribery Act 2010 amongst others. The Bank's contracts with customers, service providers, agents and business associates contain provisions prohibiting bribery and corruption practices. Procedures and controls are put in place to identify and manage the risks of bribery and corruption across our business. All employees are also educated via the UOB Code of Conduct and mandatory online training on what would constitute corrupt practices as well as related legal and regulatory requirements on bribery and corruption.

Environmental, Social and Governance Risk

Environmental, Social and Governance (ESG) risk includes both financial risks (i.e., credit risk, market risk and liquidity risk) and non-financial risks (e.g., operational risk and reputation damage) arising from ESG issues such as climate change. While a key component of ESG risk arises indirectly from the financial services we provide to our customers, it can also result directly from our own operations. Our Group Sustainability Committee identifies and reviews ESG factors material to the UOB Group, and ensures that sustainability factors are considered in all aspects of our operations (including day-to-day decision-making processes). The specific risk associated with each factor is monitored and managed in accordance with the respective frameworks, policies or guidelines.

Responsible Financing Policy

The Bank has established, since 2016, a Responsible Financing Policy which is approved by the Board. The policy is embedded within our Corporate Credit Policy so that ESG considerations are integrated into our credit evaluation and approval processes. The Credit Approval function is responsible for ensuring that ESG risks are adequately addressed and, where necessary, customers or projects with elevated ESG risks are escalated for further review prior to approval. Consistent with our overall risk management approach, ESG risks are managed through the Bank's Three Lines Model control structure.

Our Responsible Financing Policy applies to all borrowing customers of Wholesale Banking and to the Bank's capital market underwriting activities. Account officers are required to conduct due diligence on all new and existing borrowers during the onboarding process and annual credit review. Under the policy, customers are assessed for material ESG risks, including alignment with the Bank's responsible financing exclusion list, as well as their capacity for, commitment to and track record in ESG risk management.

We have implemented sector-specific Credit Acceptance Guidelines and have responsible financing checklists in place to help our account officers identify, assess and review ESG risks. Borrowers that fall within the following eight ESG-sensitive industries are subject to enhanced due diligence in accordance with sector-specific guidelines developed by the Bank.

• Agriculture	• Forestry
• Metals and Mining	• Defence
• Chemical	• Energy
• Infrastructure	• Waste

As part of our ESG risk classification approach, borrowers are classified as either 'high', 'medium' or 'low' ESG risk. This is based on the level of ESG risk inherent in their business operations and the residual ESG risk after taking into consideration their mitigation measures, as well as their ESG risk management capacity.

ESG Risk (Continued)

Responsible Financing Policy (Continued)

We notify our customers of their need to adhere to our Responsible Financing Policy and seek their representations and warranties to ensure compliance, including with the host country's ESG regulations. We also encourage them to follow established industry standards, to obtain relevant certifications and to adopt best practices pertaining to, for example, proper water and waste management, greenhouse gas emissions mitigation and occupational health and safety management. The policy references international standards and conventions such as the Roundtable on Sustainable Palm Oil, Forest Stewardship Council, World Heritage Convention, and best industry practices provided by the World Bank and the International Finance Corporation.

Our Responsible Financing Policy prohibits our financing of companies:

- where their operations or projects threaten the outstanding universal value or special characteristics of UNESCO World Heritage Sites, Ramsar Wetlands, forests of high conservation value (HCV), or would impact critical natural habitats significantly;
- involved in animal cruelty and the trade of endangered species as defined by the Convention on International Trade in Endangered Species (CITES) of Wild Fauna and Flora;
- without measures in place to manage or to mitigate the risk of air, soil and water pollution which may negatively impact terrestrial or marine ecosystems;
- involved in the exploitation of labour, including forced labour and child labour, taking reference from the International Labour Organisation (ILO) standards;
- in violation of the rights of local or indigenous communities; and
- involved in open burning for land clearance.

These financing prohibitions are cross-cutting commitments applicable to all new and existing customers and help to bolster our efforts in fostering sustainable development through responsible financing.

Equator Principles

To strengthen our processes and practices on environmental and social risk management further, UOB Group formally adopted the Equator Principles (EP) in 2021. The EP is a risk management framework, adopted by financial institutions, for determining, assessing and managing environmental and social risks in projects and is primarily intended to provide a minimum standard for due diligence and monitoring.

EP requirements have been incorporated into our Responsible Financing Policy for bank-wide implementation. Dedicated EP Implementation Guidelines and toolkits have been developed to provide detailed guidance for transaction screening, categorisation, as well as environmental and social risk assessment. The In-country Credit Committee is required to review and approve high-risk projects, i.e. Category A projects, as well as appropriate Category B projects under the definition of EP.

In addition, dedicated training programmes in the form of online webinars and e-learning courses have been rolled out to relevant employees to strengthen the Bank's capabilities in EP.

Monitoring

We engage our borrowing customers proactively and continually work with them to improve their ESG practices and performance. In addition, we monitor our borrowers on an ongoing basis for any adverse ESG-related news. Borrowers with any known material ESG-related incidents will trigger an immediate review to ensure ESG risks will be addressed and managed promptly and appropriately. We require our borrowers to rectify any breaches of our policy within a reasonable timeframe with account officers responsible for monitoring their progress. However, if we deem our borrowers unable or unwilling to commit to adequately managing the potential adverse impact from ESG issues on their operations, we are prepared to review and to reassess the relationship, or to reject the transaction.

Training and Capacity Building

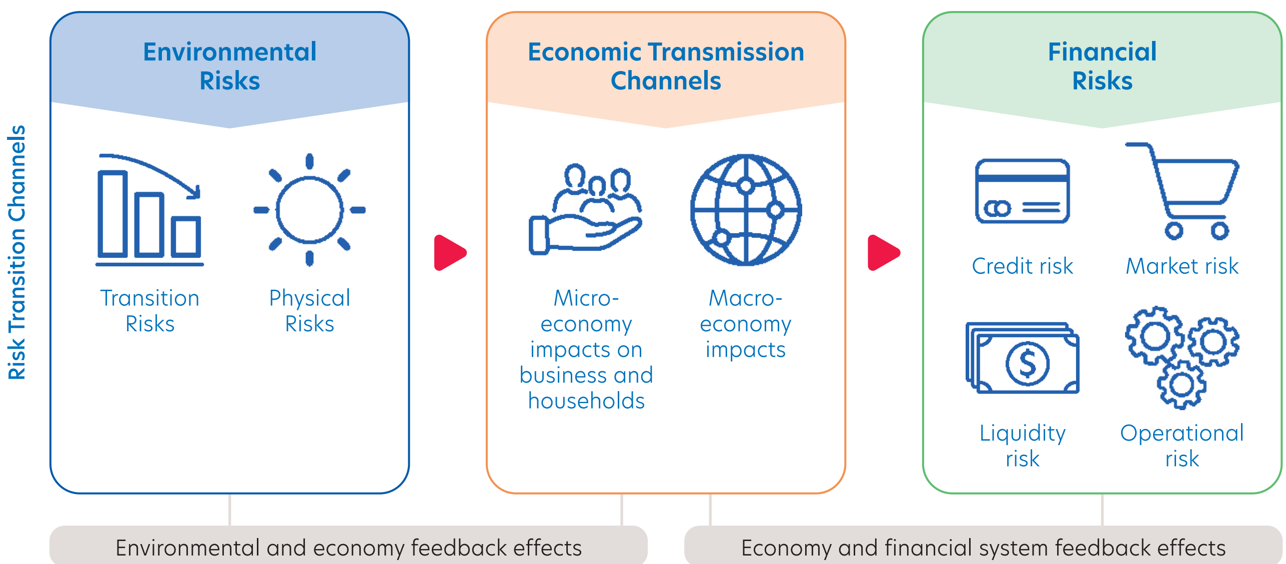
Strengthening our internal capacity on ESG risk management remains a key focus as ESG risk becomes increasingly mainstream. All our employees in relevant roles are trained on our Responsible Financing Policy and processes.

ESG Risk (Continued)

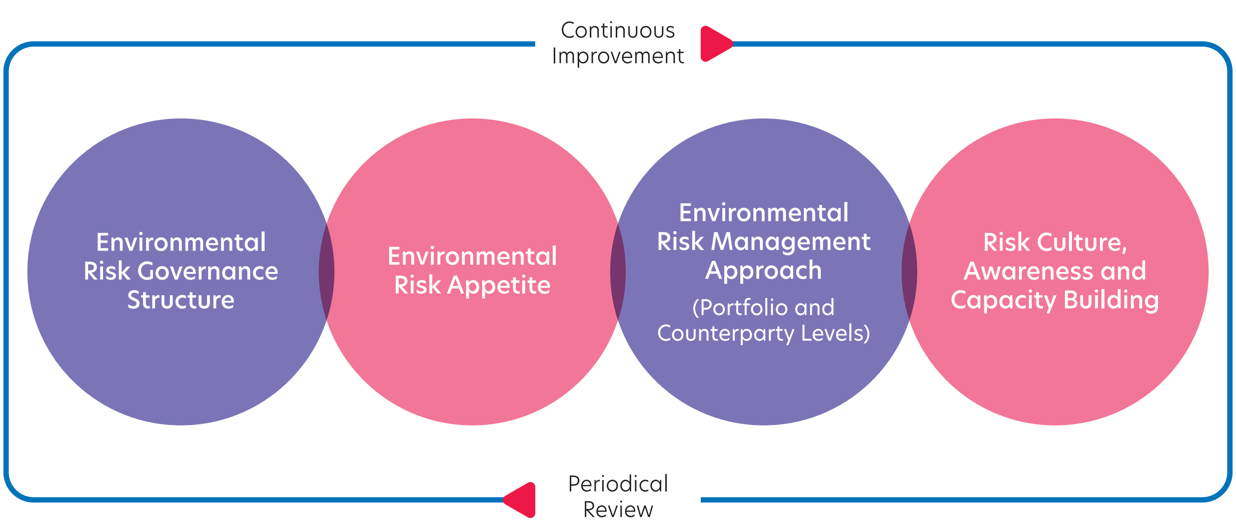
Environmental Risk Management Framework

In line with our Group, UOBM has established an Environmental Risk Management Framework, approved by the Board. This framework, with a key focus on climate risk management, covers governance, policy and control processes in relation to the management of environmental risk at both portfolio and counterparty levels in the Bank's lending and capital market underwriting activities.

The framework is also aligned with the principles set out in the BNM Climate Risk Management and Scenario Analysis Policy.



Key Aspects of UOBM Environmental Risk Management Framework



ESG Risk (Continued)

Environmental Risk Management Framework (Continued)

The Board provides oversight of environmental risk including climate change-related issues with the support from the RMC. The roles and responsibilities of the Board under the governance structure include:

- review and approval of risk management frameworks and policies;
- review and approval of risk appetite statement; and
- review and determine climate related issues that need to be addressed through the Bank's strategies and business plans.

The EXCO supports the Board in the management of matters related to environmental risk. The EXCO reviews climate change-related issues and provides strategic direction including the allocation of resources for the management of the Bank's climate-related issues.

The RCC, MC and CMC support the EXCO in the review of sustainability related matters, frameworks, policies, risk appetite statement, stress tests and scenario analysis for the management of climate risk. The Country Sustainability Committee (CSC) identifies and review environmental related risks and opportunities that have the potential to affect or influence the Bank's operations.

The Bank will continue to step up our efforts and capabilities in the areas of risk management, scenario analysis, stress testing and disclosure requirements. This will also include reviewing our business strategies, taking into consideration our parent bank's net zero commitment and promote a just orderly transition that continues to support economic growth of the country.

Climate Risks

Climate change is one of the most complex and defining issues of our time and there is a critical need for the world to reach 'net zero' by 2050 in alignment with the Paris Agreement and the 1.5°C trajectory outlined by the Intergovernmental Panel on Climate Change. As a leading financial institution in Malaysia, we are committed to strengthening our portfolio resilience and to be a positive force in the fight against climate change.

Climate Risk Management

Climate risks are complex and transverse in nature, and may potentially translate into known risk types for banks including credit risk, market risk, liquidity risk and operational risk.

Climate risk is identified, assessed, managed and monitored through our Environmental Risk Management Framework, which is approved by the Board. UOBM Business Continuity Management (BCM) Policy and Guidelines further integrate BCM into day-to-day operations and risk management, including coverage of climate-related risks.

Restricted Specific Investment Account and Shariah Governance

Restricted Specific Investment Account (RSIA)

United Overseas Bank (Malaysia) Bhd's Islamic Banking Window did not have any RSIA arrangement with third party as at 31 December 2024.

Shariah Governance

This is disclosed in United Overseas Bank (Malaysia) Bhd's Annual Report, under the section "Corporate Governance".

No actual Shariah non-compliance event had been detected for the financial year ended 31 December 2024. As such, no Shariah non-compliant income had been recorded for the year.

Climate-Related Disclosures

Sustainability at UOB Malaysia

At UOB Malaysia, we believe in sustainable development that meets the needs of the present without compromising the ability of future generations to meet their own needs (Brundtland Commission, 1987). This entails respect for the environment, human rights, labour rights, decent work and economic growth, data privacy and business ethics.

To embed sustainability across the Bank, we are guided by UOB's overarching Group Sustainability Framework that supports decision-making at all levels. This Framework provides guidance on how to manage sustainability-related risks and business opportunities that significantly impact the environment, society and the economy. The Framework is underpinned by various relevant policies which define our commitments and guide our approach to conducting business in a sustainable manner.

One of the core components of the Framework is a comprehensive Group Sustainability Strategy that is informed by our corporate purpose and mirrors our business approach of balancing growth with responsibility. UOB Malaysia's strategy also takes into account the expectations and demands of our key internal and external stakeholders. This ensures that we remain pragmatic and progressive through managing environmental, social and governance (ESG) risks and opportunities sensibly and in line with market realities.

Sustainability at UOB Malaysia (Continued)

Illustration of the UOB's Sustainability Strategy:

Corporate purpose: Building the future of ASEAN

Group Sustainability Framework: Guiding management of sustainability-related risks and opportunities to support decision-making

Sustainability strategy pillars and objectives

Creating sustainable value for our stakeholders

Drive Growth Sustainably	Keep Customers at the Centre	Develop Professionals of Principle	Uphold Corporate Responsibility
• Contribute economically to the progress of our communities • Embed environmental, social and governance risk in our approach to risk management • Integrate social and environmental considerations into our credit evaluation and approval processes • Adopt and promote climate-resilient practices to support our customers in their transition to a low carbon economy • Develop and provide sustainable financing and sustainable investment solutions	• Protect customer data and privacy through secure and robust systems and practices • Ensure fair dealing • Create intuitive and impactful customer experiences • Make banking simpler, smarter and safer through ethical use of technology and data • Make banking more accessible and inclusive • Support businesses across all stages of growth	• Develop high-performing teams and future-focused individuals • Promote work-life harmony • Encourage volunteerism and advocacy for social and environmental causes • Ensure employee engagement and satisfaction • Ensure workplace health, safety and well-being • Embrace diverse abilities and strengths	• Maintain highest standards of governance and risk culture • Ensure regulatory compliance • Protect the financial system against abuse • Incorporate sustainability principles into our procurement practices • Manage direct impact and encourage environmental stewardship • Champion social development in art, children and education

Refining our sustainability strategy continually through stakeholder engagement

Guiding principles

- Forge a sustainable future with our customers
- Aligned to business strategy and stakeholder interests
- Pragmatic and progressive
- Regulatory compliance as the baseline
- Values-driven

UOB values

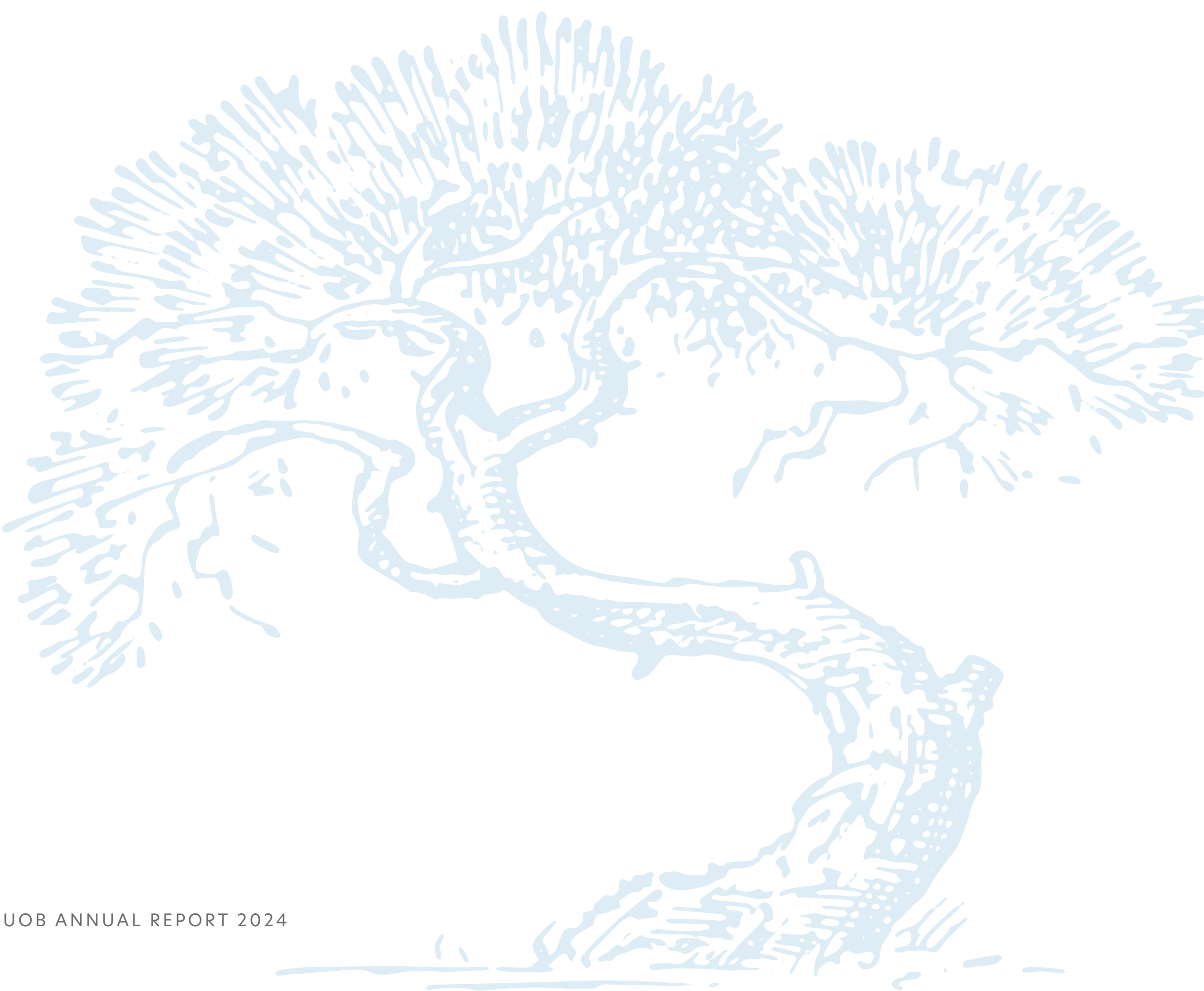
- Honourable
- Enterprising
- United
- Committed

Sustainability at UOB Malaysia (Continued)

As a financial institution, we are cognisant of the considerable impact that we can have in catalysing and facilitating decarbonisation, seeking to balance growth with responsibility through supporting a just transition. Hence, with the aspiration of being a leading sustainable bank and having committed to achieve net zero by 2050, we have incorporated climate change-related considerations into various critical components of our Sustainability Framework, Sustainability Strategy, risk management-related processes, as well as our financing evaluations and decisions in recent years.

In the following section, we provide a more detailed characterisation of these components, alongside the comprehensive governance structure that we have put in place to ensure effective oversight and strategic management of the various impacts of climate change.

It is worth noting that our climate-related disclosures are aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) as stipulated within the TCFD Application Guide for Malaysian Financial Institutions issued by the Joint Committee on Climate Change (JC3).



Sustainability Governance

As part of our commitment to sustainable and responsible growth, we proactively identify, assess and manage environmental and social risks, challenges, impacts and opportunities across our value chain. This is inclusive of climate-related risks and opportunities. In essence, we have put in place a robust governance framework that encompasses both Group-wide mechanisms and those that are specific to UOB Malaysia.

An illustration of UOB's Sustainability Governance Structure:

UOB (parent company)

Sustainability Advisory Panel

Board of Directors and Executive Committee (Exco)

- Review long-term business and organisational goals, and provide strategic direction for the Bank's sustainability practices, including those addressing climate change- and nature-related issues.
- Review, determine, and oversee the management and monitoring of the Bank's material environmental, social and governance (ESG) factors and their scope, as well as evaluate key performance indicators.
- Review and approve relevant disclosures.

Management Executive Committee (MEC)

- Provides strategic direction for the Bank's sustainability policies and practices in line with the strategy approved by the Board.
- Manages and monitors sustainability-related, including climate change- and nature-related risks and opportunities, and oversees the progress, performance and reporting on such issues.
- Ensures appropriate investments are made to build capability and capacity across the Bank.

Group Sustainability Committee (GSC)

- Reviews material ESG factors, identifies risks and opportunities, sets goals and targets, evaluates emerging issues, collates and assesses relevant data, and monitors the progress of sustainability-related programmes and initiatives.

Other senior management committees

- Review and approve policies and programmes, including those related to addressing climate change-related risks and opportunities, that come under their respective mandates.

Sustainability Governance (Continued)

An illustration of UOB's Sustainability Governance Structure (Continued):

UOB Malaysia

Board of Directors

- Review long-term business and organisational goals and provide strategic direction for the Bank's sustainability practices (including those addressing climate change-related issues) while, at the same time, ensuring alignment with UOB's sustainability strategies and priorities.
- Review and approve the Bank's Risk Appetite Statement (RAS) pertaining to environmental and climate risk exposure.
- Review and approve the Bank's climate-related policies as well as relevant disclosures.

Executive Committee (Exco) and Management Committee (MC)

- Provides strategic direction for the Bank's sustainability policies and practices in line with the strategy approved by the Board.
- Supported by the Country Sustainability Committee (CSC), manages and monitors sustainability- and climate change-related risks and opportunities; sets country goals and targets; and oversees the progress, performance and reporting of such issues.
- Ensures appropriate investments are made to build capability and capacity across the Bank.

Country Sustainability Committee (CSC)

- Reviews ESG-related risks and opportunities (including climate change) – ensuring alignment with Groupwide material ESG factors while, at the same time, considering local operating context.
- Evaluates emerging issues, collate and assess relevant data, and monitor the progress of sustainability-related programmes and initiatives at country level.

Other senior management committees

- Review and endorse policies and programmes including those related to addressing climate change-related risks and opportunities, that come under their respective mandates (e.g. the Country Risk and Capital Committee reviews and endorses UOB Malaysia's Environmental Risk Management Framework).

Our sustainability governance structure ensures we have effective oversight on sustainability matters, including considerations of trade-offs between managing sustainability-related, including climate-related risks, and capturing business opportunities. The governance structure put in place also ensures connectivity among functions on targeted topics related to sustainability as well as climate change.

Sustainability Governance (Continued)

2024 Highlights

Board of Directors

Apart from discharging its responsibilities, the Board is regularly updated on sustainability-related developments, including climate-related topics. These updates encompass regulatory developments, internal policies, the direct impact of our operations, indirect impact through our financing and investment activities, and our initiatives to support customers in their sustainability journey.

In 2024, the Board:

- discussed key sustainability trends to proactively address evolving ESG challenges and opportunities across the Malaysian business ecosystem;
- reviewed the overall sustainability progress made by UOB Malaysia, including regulatory compliance, sustainable finance, client engagement and industry leadership initiatives;
- approved the Risk Appetite Statement (RAS) pertaining to environmental and climate risk exposure; and
- approved the UOB Malaysia climate-related disclosure policy, in adherence to the Climate Risk Management and Scenario Analysis (CRMSA) Policy Document.

Other Board Committees also receive reports related to climate change-related risks and opportunities that may come under their respective mandates. The Board and relevant Board Committees consider climate change-related risks and opportunities in the context of our guiding principles and sustainability strategy pillars.

Management

The CSC, as a management-level committee, comprises representatives from across the Bank's business and support units. Collectively, these units undertake activities that can impact the environment, society, and the economy, both positively and negatively. As detailed in the table above, the CSC assists the MC as well as Exco in ensuring that ESG considerations, including climate change, are integrated across the Bank's operations.

In 2024, key initiatives of the CSC included:

- leading engagements with relevant regulators on a frequent basis to share pertinent details on the progress of key sustainability initiatives and processes, particularly those that are mandated by Bank Negara Malaysia (BNM).
- monitoring progress in meeting key targets pertaining to sustainable financing, emissions reduction for the Bank's own operations, maintaining of green certifications, roll-out of various risk management-related processes, adoption of BNM's Climate Change and Principle-based Taxonomy Due Diligence Questions (CCPT DDQ) template, etc.
- establishing a Country Sustainable Procurement Working Group (SPWG) to implement sustainable sourcing practices, including requiring the Bank's top suppliers/vendors to adhere to the Bank's Supplier Sustainability Principles.
- overseeing the forming of strategic partnerships with like-minded sustainability experts, solution providers, relevant ministries and authorities, and other sustainability ecosystem players.
- overseeing roll-out of the Sustainability Academy's 200 series e-learning modules to all employees.
- reviewing the Country Decarbonisation Plan for our branch network.

Other senior management committees, such as the Risk and Capital Committee (RCC), are responsible for reviewing and endorsing policies and programmes that come under their respective mandates, including those related to addressing climate change-related risks and opportunities.

Remuneration

To ensure as well as to align our strategic focus on sustainability across the Bank, sustainability-related metrics form part of the key performance objectives for employees from various business and support functions. The key performance objectives of these employees extend to critical areas such as management of climate risk, provision of green and sustainable financing, reduction in the Bank's own environmental footprint (e.g. reduction in carbon emissions arising from the Bank's operations), etc. The variable pay for these employees are dependent on the achievement of the key performance objectives, where sustainability-related metrics have been factored in.

Training

Continuous training and capacity building are essential to ensure that both Board and senior management are well-informed with the latest sustainability developments and trends as well as develop critical skills and know-how to effectively discharge their respective responsibilities. For 2024, training on climate change include, among others, a masterclass on managing emerging climate risks and e-learning modules developed by our UOB Sustainability Academy (covering critical climate-related risks and opportunities, net zero, etc.). For more information, please refer to Pages 132 and 133.

Strategy

Climate Risk Strategy

Climate change is one of the most complex and defining issues of our time. At UOB Malaysia, we are committed to strengthening our portfolio resilience and to being a positive force in the fight against climate change.

ASEAN, our home region, is vulnerable to the growing intensity and magnitude of extreme physical weather events. Climate risks, both transition and physical, can manifest through various risk drivers and materialise at different time horizons. While chronic physical risk is expected to materialise in the long term, acute physical risk is event-driven and may manifest in the shorter term, evidenced by the physical risk events witnessed in the past few years such as the severe floods in the country.

The economic, environmental and social impacts resulting from climate change threaten to undo decades of developmental progress. As climate mitigation and adaptation measures scale up, these may also result in unintended consequences. Notably, while phasing out fossil fuels is a critical step to curb temperature rise, it may threaten energy security if implemented too abruptly.

Key climate-related risks and potential impact identified over various time horizons

Classification	Risk drivers		Examples of potential impacts	Expected time horizon
Transition risk	Policy and legal	Policy or regulatory changes to mitigate climate change impacts and to encourage shift towards renewable energy sources E.g. implementation of carbon tax, tighter energy efficiency standards and more stringent regulation of products and services	Policy changes such as the phase-out of internal combustion engine vehicles and single-use plastics, or the Extended Producer Responsibility that could lead to structural business disruption and loss of competitiveness of our clients	Short / medium term
			Implementation of carbon tax may increase operating cost, particularly for heavy emitters, potentially leading to credit deterioration of our clients	Short / medium term
		Exposure to environmental litigations amid increased stakeholder expectations	Development of regional and national Green Taxonomies may gradually shift funding preference away from brown sectors, particularly over the longer-term	Short / medium term

Note on materialisation timeline: Short term: <3 years; Medium term: 3-10 years; Long term: >10 years, in line with UOB's strategic planning horizon.

Strategy (Continued)

Climate Risk Strategy (Continued)

Key climate-related risks and potential impact identified over various time horizons (Continued)

Classification	Risk drivers		Examples of potential impacts	Expected time horizon
Transition risk	Technology	Technological improvements or innovations may lead to rapid changes in costs of production, competitiveness, and demand-supply dynamics of certain sectors and necessitate the write-off of existing assets and increased capital expenditure	Technological advances have improved the viability and cost competitiveness of green technologies, such as electric vehicles and solar/wind energy, which could disrupt demand for fossil fuel-based businesses and trigger early write-offs	Short / medium / long term
			Investment in technology, and research and development expenditure to reduce emission or to improve energy efficiency could stress the balance sheets of affected clients	Short / medium / long term
	Market	Increased volatility and uncertainty in market trends and signals caused by changing customer behaviours, increased cost of materials etc.	Shift in consumer preferences towards more sustainable products and services could lead to demand destruction for higher-carbon businesses and increased costs to adapt to market trends	Short / medium term
			Sourcing restrictions for carbon-intensive raw materials and surge in demand for critical minerals needed for electric vehicle batteries could lead to increased volatility and costs	Short / medium / long term
	Reputation	Increased expectations and scrutiny from consumers, regulators, communities and other stakeholders on climate and emissions reduction	Reduced demand for products/services, availability of funding to stigmatised sectors and our counterparties, as well as the ability to attract/retain talent	Short / medium / long term
			Banks may face heightened scrutiny and reputational impact from financing/investing in unsustainable businesses, insufficient progress in meeting emissions reduction commitment and greenwashing	Short / medium / long term
			Litigations associated with greenwashing or misrepresentation of green/sustainability credentials	Short / medium / long term

Note on materialisation timeline: Short term: <3 years; Medium term: 3-10 years; Long term: >10 years, in line with UOB's strategic planning horizon.

Strategy (Continued)

Climate Risk Strategy (Continued)

Key climate-related risks and potential impact identified over various time horizons (Continued)

Classification	Risk drivers		Examples of potential impacts	Expected time horizon
Physical risk	Acute	Increased severity and frequency of extreme weather events, such as heat waves, typhoons, floods and bushfires	More frequent and severe climate events, such as floods and droughts, in ASEAN could disrupt operations and damage physical assets, resulting in lower revenues, increased recovery/ insurance costs and asset value impairment	Short / medium / long term
			Increased frequency and severity of heat waves could have wide-ranging economic effects including damage to infrastructure, crop failure and lower labour productivity	Short / medium / long term
	Chronic	Long-term shift in climate patterns, such as temperature rise, sea level rise and sustained lower average precipitation	Shifts in climate, such as rainfall patterns, rising temperatures and sea levels could result in reduced crop outputs, affecting food production and security, as well as deterioration in living and working conditions	Long term
			Decrease in asset values in vulnerable regions, such as coastal areas in ASEAN that are susceptible to flooding	Long term

Note on materialisation timeline: Short term: <3 years; Medium term: 3-10 years; Long term: >10 years, in line with UOB's strategic planning horizon.

Developing a climate risk appetite statement (RAS) is an important aspect of climate risk management and strategy. Climate risks have been embedded into UOB Malaysia's Board-approved RAS, both qualitatively and quantitatively. The Bank has enhanced the qualitative RAS to better cover climate risk and introduced quantitative RAS climate risk metrics in pursuit of our climate risk strategy.

Strategy (Continued)

Climate Risk Strategy (Continued)

We recognise the role banks play to support sustainable development, notably through the adoption of responsible financing practices to mitigate ESG risks. Thus, we expect our borrowers to be similarly committed to sustainability and have systems in place to mitigate these risks. In this regard, UOBM's Responsible Financing Policy is applicable to all borrowing customers of Wholesale Banking and the Bank's capital market underwriting activities, covering a broad range of issues and risks under three key ESG pillars:

- **Environmental:** Greenhouse gas emissions, deforestation and forest degradation, loss of biodiversity and critical ecosystem services, water, air and soil pollution and contamination, waste management, and resource efficiency.
- **Social:** Labour standards (including child labour and forced labour), community relations and engagement, land acquisition and resettlement, human rights, health and safety, food security and other basic necessities of local communities or indigenous people.
- **Governance:** Corporate ethics and integrity, reputation, management effectiveness, and risk management.

Borrowers are assigned with an ESG risk rating for the Bank to monitor and manage ESG risk exposure of our portfolio. Through our Responsible Financing Checklist, due diligence is conducted on all new and existing borrowers to assess for any material ESG risks, including but not limited to ESG management approach and capacity, potential environmental and social impacts, climate risks, as well as historical ESG non-compliance and controversies and the relevant mitigation measures implemented.

To further facilitate the achievement of our climate change-related commitments and targets, UOB Malaysia has:

- discontinued new financing of coal-fired power plants and ceased project financing of greenfield thermal coal mines and thermal coal mine expansion.
- committed to exit financing for the thermal coal sector by 2039.
- discontinued new financing of greenfield palm oil plantations and required all mature palm oil plantations and milling operations to be certified with locally- or internationally-recognised sustainability programmes.
- discontinued new project financing for upstream oil and gas projects approved for development after 2022.

Spurring Climate Positive Actions Through Sustainable Banking

We embed ESG considerations into our financial products and services to support long-term economic, ecological and societal well-being. We offer sustainable banking products and address ESG risks and opportunities of our business, including those related to climate change, natural capital and biodiversity, and human rights.

In terms of approach, we encourage our business clients to progress responsibly and also enable sustainable lifestyles through the provision of sustainable banking products, from lending to investments. We integrate sustainability into our long-term business strategy, aligning with the United Nations Sustainable Development Goals (UN SDGs), the Paris Agreement as well as Malaysia's climate-related aspirations, policies and goals.

Responsible Financing

Our Responsible Financing Policy integrates the principles of responsible financing into our credit evaluation and approval processes. It is guided by our Environmental Risk Management (ENRM) Framework and applies to all borrowing customers of Wholesale Banking and to the Bank's capital market underwriting activities. All our colleagues in relevant roles are trained on our Responsible Financing Policy and processes via mandatory training and annual capacity-building programmes.

In addition to the above, UOB is a signatory to the Equator Principles (EP), a risk management framework used by financial institutions globally for determining, assessing and managing environmental and social risks in projects. Hence, in alignment with UOB, we integrate EP requirements into our Responsible Financing Policy.

Our responsible financing sector policies set out mandatory requirements and recommendations on managing the ESG risks of our lending portfolio in areas such as human rights, labour and working conditions, pollution prevention, resource efficiency, community health and safety, as well as biodiversity conservation. These risks are applicable throughout the financing life cycle.

Strategy (Continued)

Responsible Financing (Continued)

In 2024, we enhanced our sector policies including tightening guardrails in financing activities relating to thermal coal, hydropower and waste to energy. As of 31 December 2024, all applicable borrowers underwent ESG risk assessment with relevant risks adequately managed and mitigated in line with our policy.

Financing Businesses' Sustainable Growth

We support businesses in the transition to a low carbon economy, helping them to stay relevant and competitive for the long term. To help simplify access to sustainable financing for companies looking to build resilient businesses, we have in place sustainable finance umbrella frameworks that are aligned to internationally-recognised standards, principles and guidelines, including the Loan Market Association/Asia Pacific Loan Market Association Green Loan Principles and Sustainability Linked Loan Principles.

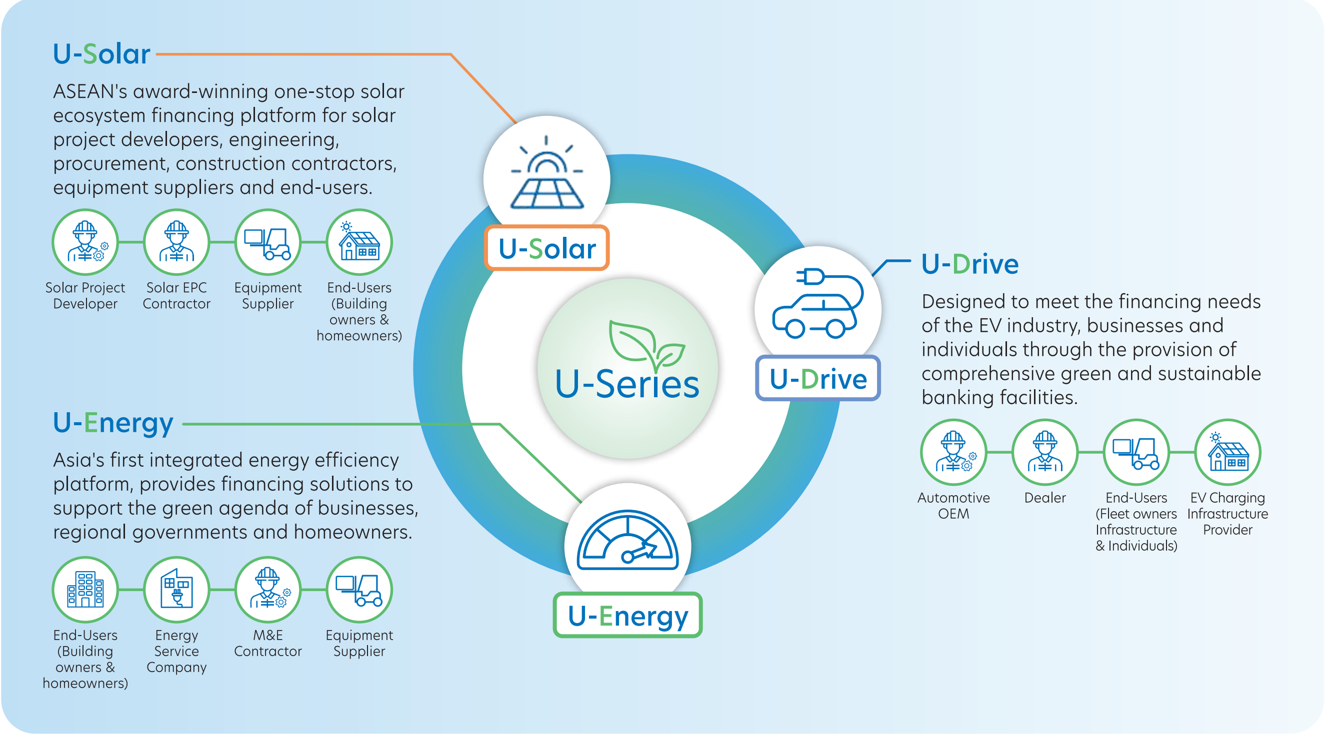
These frameworks, which obtained independent second-party opinions, set out the eligible projects or activities that qualify for green and sustainability-linked loans and bonds, trade finance and other retail banking products.

Sustainable Finance Framework for Green Building Developers and Owners	Smart City Sustainable Financing Framework	Green Financing Framework for Circular Economy	Sustainable Trade Finance Framework	Transition Finance Framework
Covers both green and sustainability-linked financing for global real estate financing across eight asset classes.	Supports companies contributing to the creation of sustainable and smart cities.	Supports companies in the 3R (renew, reuse and reduce) businesses.	Supports companies' need for shorter term financing (<1 year) using a 'principles-based' approach.	Supports the transition of the energy-intensive, fossil fuels/brown sectors, and hard-to-abate sectors

Strategy (Continued)

Financing Businesses' Sustainable Growth (Continued)

Underpinned by these frameworks, we provide a suite of sustainable financing solutions, particularly ecosystem solutions designed to meet the end-to-end needs within specific sectors, to support our clients in capturing climate-related opportunities. Such solutions include:



An apt example of the positive impacts generated by our ecosystem solutions is our U-Solar offering. Launched in 2019, U-Solar is Asia's first integrated financing platform that connects businesses and individuals to service providers to drive the development and adoption of solar power. U-Solar simplifies access to sustainable financing for solar project developers, engineering, procurement and construction contractors, and leading equipment suppliers. Residential, commercial and industrial end-users can also take up financing solutions for solar panel installations and maintenance.

As of 31 December 2024, the U-Solar programme has facilitated the generation of more than 359 gigawatt-hours of solar power and reducing more than 223 kilotonnes of CO_2 emissions, equivalent to 3.7 million tree seedlings grown for 10 years or taking 52,100 cars off the road annually.

Strategy (Continued)

2024 Highlights

ESG Capacity-Building Initiatives for Clients

As a continuation of UOB Malaysia's persistent efforts in recent years in supporting Malaysian businesses to navigate the increasingly complex and evolving global regulatory landscape, key client capacity-building initiatives for 2024 include:

- **CBAM Supply Chain Imperatives Masterclass**
  In May 2024, we conducted a Carbon Border Adjustment Mechanism (CBAM) Supply Chain Imperatives Masterclass (in collaboration with PwC Malaysia) to assist Malaysian businesses who are exporting to the EU to address requirements stipulated by the said carbon border tax. An estimated 75% of Malaysian exports to the EU – Malaysia's fourth-largest export market – are expected to be impacted by CBAM. More specifically, exporters to the EU will be required to measure and report the total carbon emissions embedded in their products. This initiative underscores UOB Malaysia's leadership in facilitating global trade and enhancing the competitiveness of local businesses.

- **Climate Journey: Navigating Decarbonisation Pathway in the Asian Agri-Sector Seminar**
  The seminar brought together a diverse group of stakeholders from across the agricultural value chain, including commodity producers, agri-traders, food processors, and fast-moving consumer goods (FMCG) companies. Participants showcased innovative projects aimed at reducing carbon emissions, while discussions emphasised the pivotal role of smallholder farmers in achieving sustainable outcomes. Attendees also explored various strategies to integrate sustainability into their operations and gained practical insights to advance their decarbonisation goals. The dialogue also underscored the necessity of building resilience in supply chains and fostering social equity, both critical to ensuring long-term sustainability in the agricultural sector.

- **Scaling Adoption of UOB Sustainability Compass**
  Launched in 2023, the UOB Sustainability Compass is a purpose-built, online assessment tool that helps SMEs obtain clear, actionable steps in a customised report for their sustainability journey. Owing to our persistent efforts at encouraging the use of the Compass especially among our clients throughout 2024, close to 1,000 Malaysian SMEs have now made use of this tailored tool to advance their sustainability agendas.

Strategy (Continued)

2024 Highlights (Continued)

ESG Capacity-Building Initiatives for Clients (Continued)

- **GreenTech Accelerator Programme 2024**
  The GreenTech Accelerator (GTA) is a six-month regional programme designed to help global GreenTech start-up scale, transform, and collaborate through strategic partnerships and pilot projects that address companies' sustainability needs. Our mission is to drive sustainable innovation by connecting GreenTech start-ups with businesses to tackle pressing sustainability challenges. The GTA focused on five key areas: carbon management, circular economy and waste management, energy efficiency, food and agriculture, sustainable cities and urban planning, and sustainability reporting.

  Within the context of the GTA programme, UOB Malaysia worked closely with various partners to provide our business clients with the necessary support to decarbonise their operations, in line with our commitment towards supporting the nation's net zero aspirations. Going beyond climate change and given sufficient resources as well as conducive policies, Greentechs and businesses can catalyse transformative progress toward achievement of ASEAN's sustainability ambitions.

Strategy (Continued)

2024 Highlights (Continued)

Internal Capacity-Building Initiatives relating to Climate Change

We have conducted various broad-based and domain-specific sustainability training programmes for our employees across all business and support functions. Collectively, these programmes have covered an extensive range of themes including risk culture, information security, anti-money laundering/countering the financing of terrorism and sanctions, anti-fraud, and anti-bribery, anti-corruption. Initiatives for 2024 include:

- **Sustainability Academy 200 Series Modules**
  As part of UOB's commitment to building a strong foundation in sustainability across the organisation, we launched the Sustainability 101 e-learning module in 2022. This essential training is mandatory for all employees, ensuring that they could contribute to the achievement of our Bank's sustainability objectives. Building on this foundation, we launched the Sustainability Academy 200 Series e-learning modules in 2024, comprising the following e-learning modules:

Essentials of Sustainability Key fundamentals on the changes to our environment, the impact on our communities and our responsibilities in economic activities.		
Climate Change Drivers and impacts of climate change, and risks and opportunities for the banking industry	**Net Zero** Fundamentals of net zero and UOB's net zero commitment	**Natural Capital and Biodiversity** Interconnection between businesses and nature, as well as how UOB contributes to a nature-positive future
Human Rights and Business Corporate responsibility to respect human rights including awareness of modern slavery, and their risks and impacts in a bank	**Workplace Safety and Health** Importance of a safe and healthy work environment, and good health and safety practices at the workplace	**Diversity and Inclusion** Introduction to diversity and inclusion, and UOB's efforts in embracing a diverse and inclusive workforce
Sustainable Banking Introduction to sustainable banking and UOB's role in mobilising capital for sustainable development	**Greenwashing** Risks and impacts of greenwashing for businesses and the banking industry	**Sustainable Supply Chain** Sustainability principles in procurement and UOB's role in building sustainable supply chains

  Since its launch in late September 2024, over 600 colleagues have attempted at least one module, of which more than half completed all ten modules.

Strategy (Continued)

2024 Highlights (Continued)

Internal Capacity-Building Initiatives relating to Climate Change (Continued)

- **Navigating Client Conversations on Sustainability Workshop**
  In line with UOB's commitment to responsible banking, we developed a targeted training programme for Wholesale Banking relationship managers (RMs) and credit analysts to enhance their ability to guide clients on sustainability-related opportunities and risks. The workshop, themed Navigating Client Conversations on Sustainability, was conducted in collaboration with an industry expert and focused on equipping RMs with, among others, the expertise to confidently engage in ESG discussions with clients. This is inclusive of the various impacts of climate change as well as decarbonisation of clients' business operations.

- **Senior Management Masterclass: Managing Emerging Climate Risks**
  As sustainability risks and opportunities evolve, senior leadership plays a pivotal role in shaping the bank's ESG strategy. To strengthen executive-level decision-making on ESG matters, we conducted a Masterclass on Managing Climate Risks for country function heads, directors and senior management.

  This session provided in-depth insights into:

  - Global and regional ESG trends – Understanding the shifting sustainability landscape and regulatory expectations.
  - Climate risk and its financial impact – Assessing both physical and transition risks and their implications for the banking sector.
  - Aligning UOB Malaysia's business strategy with long-term ESG goals – Ensuring the Bank's sustainability commitments are embedded into risk management, product innovation, and governance frameworks.

  By engaging with industry experts and key stakeholders, our senior leaders gained actionable insights that will guide UOB Malaysia's sustainability agenda and business strategy.

Leading Industry Efforts via the JC3 Platform to Upscale SMEs' ESG Adoption

UOB co-chairs the Joint Committee on Climate Change's (JC3) SME Focus Group with BNM, tasked to accelerate the adoption of sustainable practices by Malaysian SMEs. One notable achievement is the development and launch of the ESG Jumpstart Information Portal for SMEs. Since its launch in October 2023, the portal has been accessed by more than 2,500 unique visitors, garnering 7,000 page views and with uptake in available ESG financing schemes namely BNM's Low Carbon Transition Facility (LCTF) and High Tech and Green Facility (HTG). The SFG has also engaged more than 1,600 SMEs across 10 engagement programmes in 2024.

Apart from the JC3 SME Focus Group, UOB Malaysia is also an active member of the JC3 Sub-committee 1 on Risk Management as well as Sub-committee 5 on Bridging Data Gaps. In addition, a senior representative of the Bank participated as a panelist in the Climate Risk Stress Test (CRST) workshop on 23rd September 2024. The workshop was jointly organised by BNM and the JC3 Sub-committee 1 Transition and Physical Risk Working Groups.

Risk Management

Climate risks are complex and transverse in nature and may potentially translate into known financial risk types for banks including credit risk, market risk, liquidity risk and operational risk. Climate risk assessment is integrated into UOB Malaysia's risk management considerations to manage the Bank's exposure to climate-related risks and seize emerging opportunities from the transition to a lower-carbon economy.

Climate Risk Assessment

Climate risk is identified, assessed, managed and monitored through our Environmental Risk Management Framework, which is approved by the Board. This Framework covers governance, policies and control processes in relation to UOB Malaysia's lending activities and capital market underwriting that may expose UOBM to material environmental risks. Please refer to our Pillar 3 disclosures for more in-depth information on the Framework.

We manage **credit risk** associated with climate and ESG risk through our Responsible Financing Policy, which covers risk identification, assessment, mitigation and monitoring. Sectors with inherently higher ESG risk are subject to enhanced due diligence with sector-specific requirements. Based on our climate scenario analysis performed at Group level, the impact of transition and physical risk was not expected to be material in the short term, but may manifest more prominently in the longer term.

The Bank may be exposed to **market risk** arising from the change in price volatility and potential decline in valuation of the investments, due to impacts from severe physical climate events and shifts in investor preferences, particularly in carbon-intensive sectors. However, the short-dated nature of such exposures suggest that the impact is likely to be contained as trading activities will react to short-term market movements and the Bank's trading portfolio exposures will be active managed. Daily market risk stress testing using scenarios depicting various climate events are conducted for internal trading book market risk governance and risk awareness.

Liquidity risk stems from the inability to raise funds to meet the Bank's obligations due to various factors including those relating to climate change. Acute physical risk events may cause widespread physical damage and lead to a surge in clients' deposit withdrawals to finance damage repair and demand for emergency loans. In addition, decarbonisation of the economy over time may lead to difficulty in liquidating liquid assets issued by carbon-intensive corporates held by the Bank. However, this portfolio forms a limited part of our overall liquid assets. UOBM manages short-term liquidity implications of climate risk through stress testing.

Extreme weather events may also result in **operational risk** through disruptions to business continuity, due to adverse impact on the Bank's infrastructure, systems, processes and employees. The risk is particularly relevant to physical assets in parts of the country with elevated vulnerability to physical risk, in particular, flooding. To mitigate this, our key critical facilities are equipped with high resiliency and critical systems are built with high availability. In addition, our buildings have flood mitigation measures including flood gates and/or pumps. UOB Malaysia's Business Continuity Management (BCM) Policy and Guidelines further integrate BCM into day-to-day operations and risk management, including coverage of climate-related risks.

2024 Highlights

Progressive Implementation of CRMSA and CRST Requirements

Throughout 2024, we have made further progress in terms of integrating climate considerations into the Bank's governance, risk management and decision-making processes in adherence to BNM's Climate Risk Management and Scenario Analysis (CRMSA) Policy Document. By doing so, we have enhanced the Bank's overall resiliency against climate risks.

UOB Malaysia is currently conducting a climate risk stress test (CRST) exercise to assess potential vulnerabilities to various climate scenarios with estimated completion by H1 2025. The findings from this exercise will improve our approach to quantifying the various impacts of climate change.

Application of BNM's Climate Change Principle-based Taxonomy (CCPT) on Corporate and selected SME Clients

Since 2022, we have utilised BNM's Climate Change Principle-based Taxonomy (CCPT) to ensure a more standardised classification and reporting of climate-related exposures. Multiple capacity building sessions were conducted throughout the year to familiarise our personnel with the taxonomy and climate risk.

Metrics and Targets

Net Zero Targets for Financed Emissions

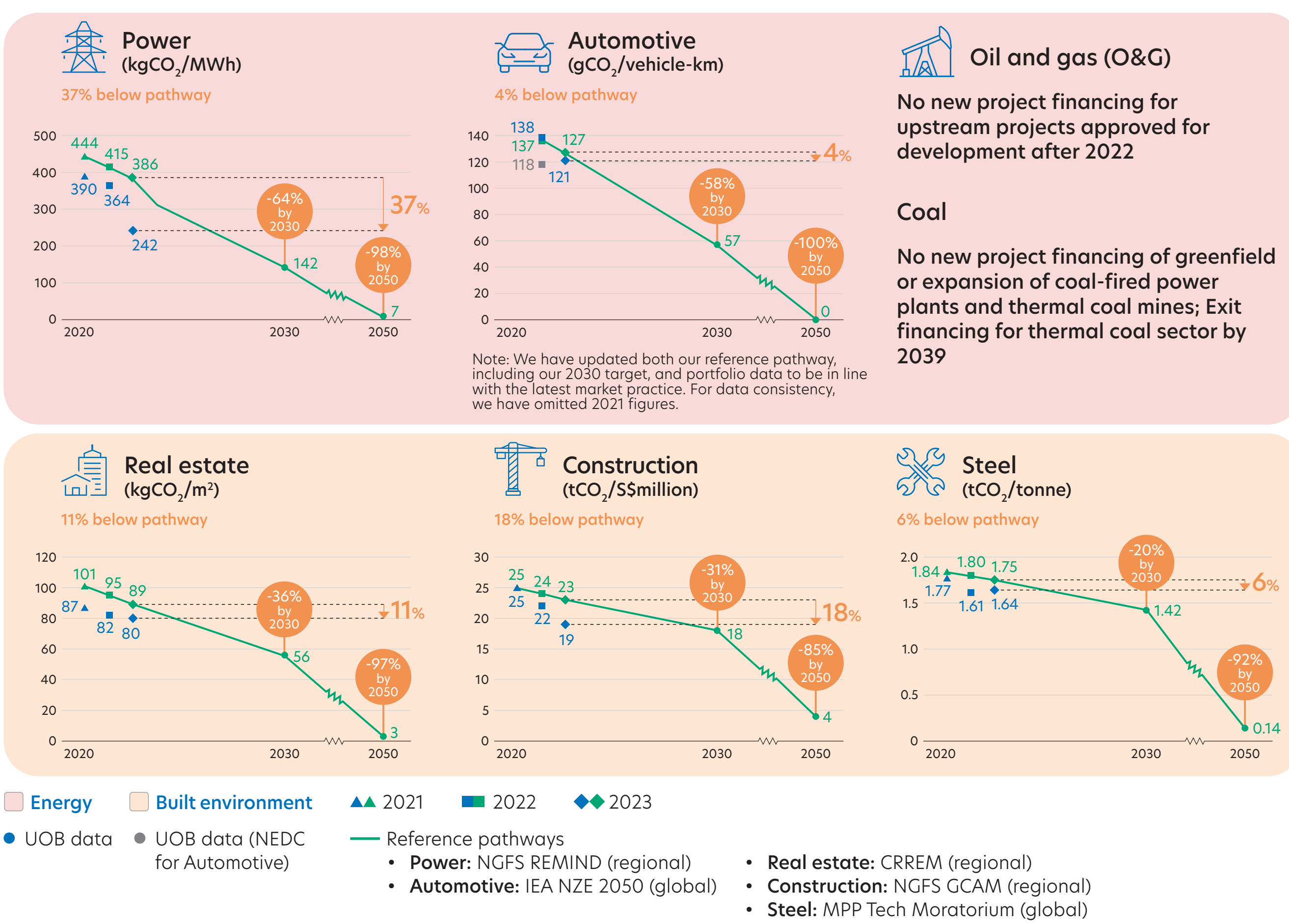
As mentioned earlier, UOB Malaysia's climate strategy is underpinned by UOB's commitment to supporting a just transition in the region and the adoption of ambitious net zero targets balanced with a pragmatic market- and sector-specific approach. Grouped into two ecosystems: energy and the built environment, UOB's net zero commitment spans across six focus sectors that are material contributors to GHG emissions. More specifically, these sectors represent about 60% of UOB Group's corporate lending portfolio, including business lending, specialised lending (including project finance), investment securities and debt capital markets underwriting for corporate clients.

2021 data was used as the baseline when assessing financed emissions intensities across priority sectors and setting targets. To ensure alignment with global best practices, UOB examined the most relevant internationally- and regionally-recognised approaches, pathways, and guidance. These included:

- the Glasgow Financial Alliance for Net Zero (GFANZ), for guidance on how financial institutions should set targets and use sectoral pathways;
- the Partnership for Carbon Accounting Financials (PCAF), for data quality score guidance on what data and methodologies to use to calculate client-level GHG emissions;
- the Paris Agreement Capital Transition Assessment (PACTA), for guidance on both client-level GHG emissions calculations and aggregation of our emissions; and
- the Science Based Targets initiative (SBTi), for sector-specific target-setting guidance.

Our net zero commitment and the 2023 emissions intensities for the five sectors for which UOB has set target reference pathways are as follow:

Overview of emissions intensity by sector

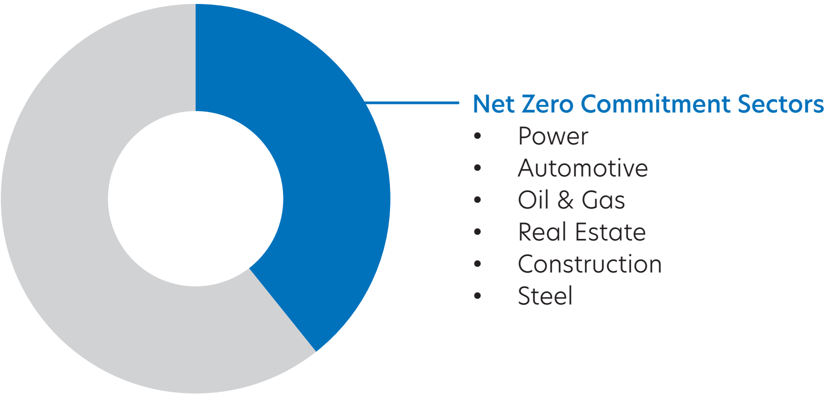


Metrics and Targets (Continued)

Net Zero Targets for Financed Emissions (Continued)

Recognising that climate transition cannot be homogenous across sectors or markets, especially as companies and countries will decarbonise at different speeds and face varying obstacles, sector- and market-specific realities were taken into account when setting targets. This aligns with UOB's commitment to a just transition and appropriately reflects the contributions of different sectors and markets that make up our Group portfolio, including Malaysia.

Within the context of UOB Malaysia, the focus sectors account for approximately 46% of our Corporate Lending portfolio. To date, the Power sector has received the largest share of green financing, mostly in the form of renewable energy financing.



Given that UOB Malaysia's lending portfolio constitutes a material proportion of UOB's Group portfolio, any progress made over time in terms of furthering the decarbonisation efforts or progress of our corporate clients would directly contribute to UOB's net zero targets. As such, UOB Malaysia has devoted a significant amount of resources towards encouraging our clients to embrace sound sustainability practices, including those that address the various risks and opportunities arising from climate change impacts.

Case study:

To help drive Malaysia's energy transition, UOB Malaysia has allocated RM1 billion to our Sustainable Vendor Financing Programme (SVFP) in partnership with Petronas, in support of oil and gas, services, and equipment (OGSE) suppliers.

UOB Malaysia is firmly committed to support the nation's ambition to transition to a low carbon economy. With the launch of PETRONAS Supplier Support Programme (PSSP), UOB Malaysia has partnered with PETRONAS and allocated RM1 billion in financing for their suppliers. The overall aim is to assist Malaysian OGSE players in their decarbonisation journey and, in time, boost the competitiveness of the sector in the global value chain where ESG-related requirements and expectations are heightening.

The programme is open to all 4,000 PETRONAS vendors and includes complimentary sustainability training.

Metrics and Targets (Continued)

Net Zero Targets for Financed Emissions (Continued)

More broadly, partly owing to our long-established, periodic client ESG assessment exercise (which now includes utilisation of BNM's CCPT template), 100% of our relationship-managed customers in our Wholesale Banking portfolio have been engaged on climate-related issues.

In terms of our overall exposure to sustainable activities, the total amount of sustainable financing extended for 2024 stood at RM1.73 billion.

Our Operational Emissions Targets and Progress

Apart from managing our financed emissions, we are committed to maintaining carbon neutrality for our operations, a status that we have achieved since 2021. We do this through energy efficiency initiatives and high-quality renewable energy certificates (RECs), then addressing balance emissions with carbon credits aligned with international standards such as the Gold Standard and Verified Carbon Standard.

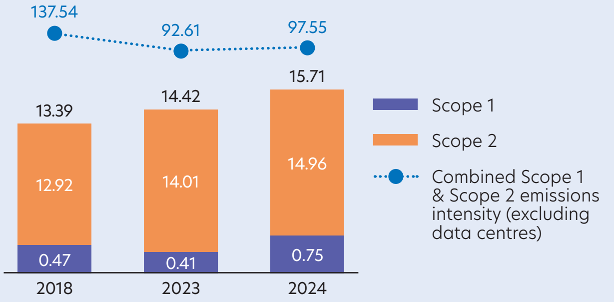
We have also devoted much effort to further reducing our operational carbon footprint management and energy consumption in 2024. Notable initiatives include:

- Energy-efficiency improvements - retrofitting branches with LED lighting, ensuring that new facilities benefit from sustainable infrastructure.
- Energy-efficiency awareness - driving energy-efficiency awareness through targeted communication initiatives, ensuring that energy-conscious practices are embedded in our operations.

UOB Plaza 1, our headquarters in Kuala Lumpur, was recognised as a benchmark for sustainability, receiving accolades such as the ASEAN Energy Award and National Energy Award 2024, alongside Platinum certifications from GreenRE, Singapore Building and Construction Authority's (BCA) Green Mark for Buildings, and BCA Green Mark for Healthier Workplaces.

For 2024, GHG emissions arising from UOB Malaysia's operations are as follows:

GHG Scope 1 and 2 Emissions (thousand tCO_2e) and GHG Emissions Intensity ($kgCO_2e/m^2$)



Additionally, under Scope 3 emissions:

- Air Travel - 0.482 thousand tCO_2e
- Employee Commuting – 5.57 thousand tCO_2e

Note: We removed data centres in the computation of combined Scope 1 & Scope 2 emissions intensity, and are working to enhance the computation and disclosure of our data centres' energy efficiency performance.

We have set operational decarbonisation targets to further drive sustained impact, balancing business growth with ambitious environmental commitments. This strategic approach ensures that we continue reducing emissions, optimising efficiency and reinforcing our leadership. We commit to achieving by 2030 (excluding data centers):

- 18% reduction in Energy Use Intensity (EUI) – Maintaining and further optimising energy consumption efficiency across our growing operational footprint, ensuring long-term sustainability; and
- 25% reduction in combined Scope 1 and Scope 2 emissions intensity – Expanding our renewable energy sourcing, implementing additional green building initiatives and contributing to Malaysia's net zero aspiration.

Our total Scope 1 and Scope 2 emissions intensity in 2024 stood at 97.55 $kgCO_2e/m^2$.

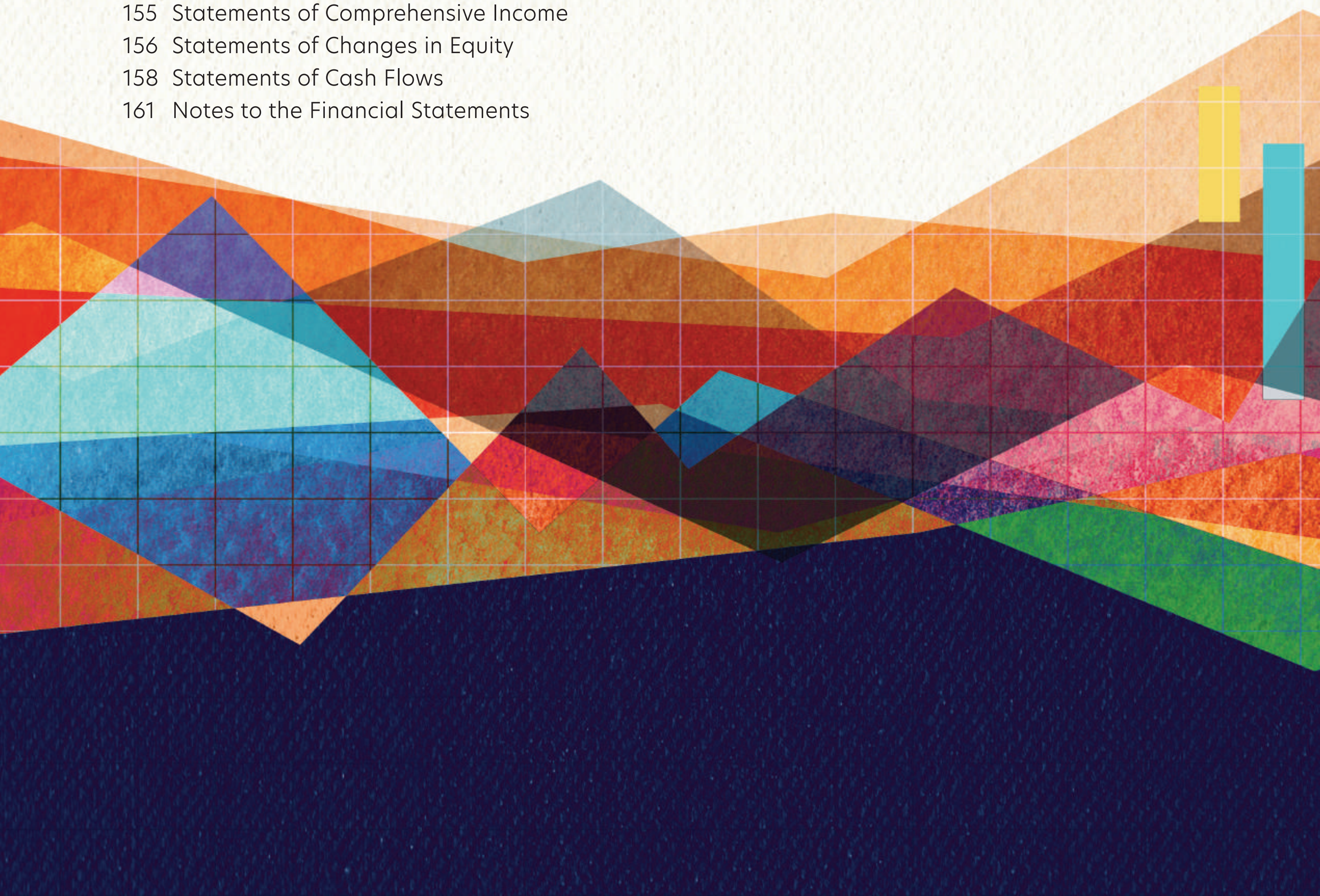
Scope 2 emissions, primarily from electricity usage across our buildings and branches, accounted for 93% of total emissions in 2024. Despite an increase in overall energy consumption, UOB Malaysia achieved a cumulative 29% reduction in Scope 1 and 2 emissions intensity and a 26% reduction in energy use intensity (EUI), compared with the 2018 baseline.

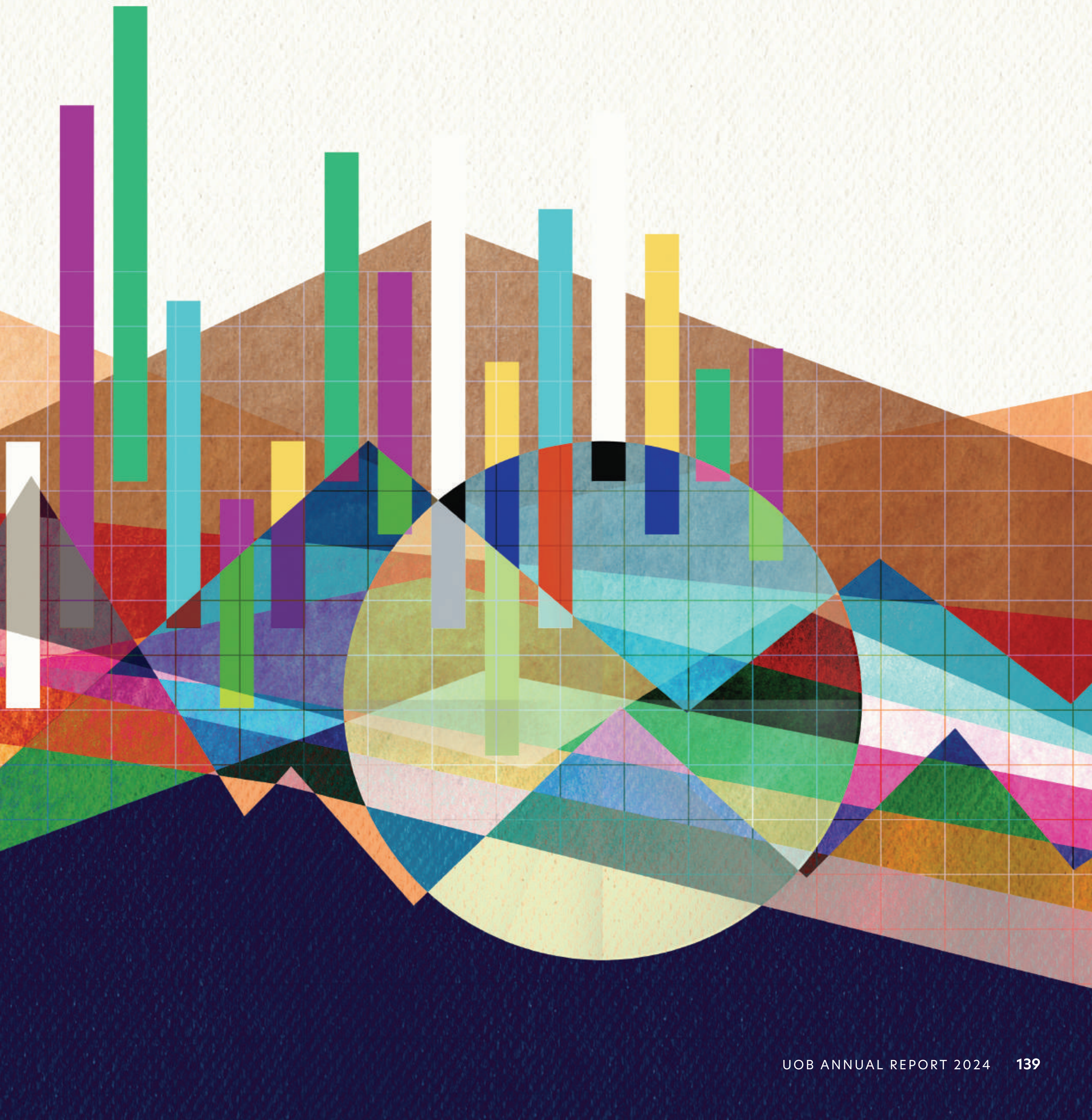
Overall, as regulations and stakeholder expectations continue to evolve, we will deepen our focus on climate resilience, sustainable finance and responsible banking, reinforcing our role as a key enabler of the transition to a net zero economy in Malaysia.

United Overseas Bank (Malaysia) Bhd and its subsidiaries

31 December 2024

Financial Report





Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of United Overseas Bank (Malaysia) Bhd (UOB Malaysia or the Bank) and its subsidiaries (the Group) for the financial year ended 31 December 2024.

Principal Activities

The principal activities of the Bank are banking and related financial services, including Islamic Banking. The principal activities and other information of the subsidiaries and the associate are set out in Notes 13 and 14 to the financial statements, respectively. There have been no significant changes in the nature of the principal activities during the financial year.

Results

	Group RM'000	Bank RM'000
Profit before taxation	2,204,494	2,192,401
Income tax expense	(527,344)	(524,994)
Profit for the year	1,677,150	1,667,407

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Bank during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividends

At the forthcoming Annual General Meeting, a final single-tier dividend of 195.1 sen per share in respect of the financial year ended 31 December 2024 on 470,000,000 issued and fully paid ordinary shares, amounting to dividend payable of RM916,970,000, will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders and Bank Negara Malaysia, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2025.

Directors

The names of the directors of the Group and the Bank in office since the beginning of the financial year to the date of this report are:

The Bank

Chin Shoon Chong, Arthur
Ching Yew Chye
Datin Paduka Sarena Cheah Yean Tih
(appointed on 1 January 2025)
Ng Wei Wei
Tunku Alina Raja Muhd Alias
Wee Ee Cheong

Subsidiaries of the Bank

Chang Yeong Gung
Fan Lee Boey (appointed on 31 May 2024)
Kan Wing Yin
Lai Tak Ming (resigned on 31 December 2024)
Lim Kheng Swee, Ronnie (resigned on 31 May 2024)
Linda Tan Mei Lin (appointed on 31 December 2024)
Teo Teck Hin

Directors' Benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Bank was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Bank or any other body corporate, other than those arising from the share options granted under the UOB Share Plan (previously known as the UOB Restricted Share Plan) of the ultimate holding company, United Overseas Bank Limited (UOBL).

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Bank as shown in Note 32 to the financial statements) by reason of a contract made by the Bank or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Directors' Benefits (Continued)

The remuneration in aggregate for Directors of the Bank and its subsidiary companies for the financial year are as follows:

	Group and Bank RM'000
Directors' fees	833
Directors' salary, bonus and other emoluments	5,207

Details of Directors' remuneration are set out in Note 32 of the financial statements.

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and the officers of the Group and of the Bank are RM455,817,165 and RM385,295 respectively.

Share-Based Compensation Plans

The share-based compensation of the UOBL Group consists of the UOB Restricted Share (RS) Plan.

As approved by shareholders of UOBL at the Annual General Meeting on 21 April 2016, the UOB RS Plan shall be in force up to (and including) 6 August 2027. The UOB RS Plan only allows the delivery of UOBL ordinary shares held as treasury shares by UOBL.

In 2018, following a review of the total compensation model, the Remuneration and Human Capital Committee (RHCC) approved, inter alia, a revised variable pay deferral framework for senior employees and Material Risk Takers. Under this framework, a portion of variable pay is deferred as RS under the UOB RS Plan. Such deferred RS vest over a minimum three-year period, subject to local regulatory requirements, and the fair value of the RS were estimated at grant date using the Trinomial valuation methodology. Following the approval from the RHCC in 2020, the fair value of RS awarded from 2021 are computed using market value instead and with it, dividends on unvested RS awards are accrued to participating employees at the same rate as those declared on ordinary shares.

Participating employees who leave the UOBL Group before the RS is vested will forfeit their rights unless otherwise decided by the RHCC.

At the Annual General Meeting on 21 April 2022, the UOB RS Plan was approved by shareholders to be renamed as the UOB Share Plan and to allow for eligible non-executive directors to be granted share awards in the form of UOB ordinary shares under the UOB Share Plan.

Directors' Interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options over shares in the Bank and its related companies during the financial year were as follows:

		Number of ordinary shares				
		1.1.2024	Acquired	Disposed	Forfeited	31.12.2024
Ultimate holding company: UOBL						
Wee Ee Cheong	- Direct	3,281,455	2,387,474	-	-	5,668,929
	- Indirect	173,701,487	-	-	-	173,701,487
Ng Wei Wei	- Indirect	9,272	6,300	-	-	15,572
Ching Yew Chye	- Direct	38,536	-	-	-	38,536

Directors' Interests (Continued)

		Number of options over ordinary shares under UOB Share Plan				
		1.1.2024	Granted	Vested	Forfeited	31.12.2024
Ultimate holding company: UOBL						
Ng Wei Wei	- Direct	20,953	13,880	(6,300)	-	28,533

Wee Ee Cheong by virtue of his substantial interest in the shares of UOBL is also deemed to have substantial interest in shares of the Bank and all the Bank's subsidiaries to the extent the Bank has an interest.

Other than the above, no other directors in office at the end of the financial year had any interests in shares and share options in the Bank or its related companies during the financial year.

Holding Companies

The holding and ultimate holding companies of the Bank are Chung Khiaw (Malaysia) Berhad, a company incorporated in Malaysia, and UOBL, a bank incorporated in Singapore and listed on the Singapore Exchange, respectively.

Strategy and Performance for the Financial Year Ended 31 December 2024

In 2024, the global economy experienced steady growth, though disparities persisted between advanced and developing economies due to varying impacts of inflationary pressures, supply chain disruptions and post-pandemic policy responses. Malaysia, however, outperformed expectations, driven by strong domestic demand, a resilient labour market, recovering tourism and a rebound in construction and real estate. Positive investment catalysts, stable interest rates and supportive fiscal policies bolstered growth, while improved exports reinforced the nation's economic resilience.

UOB Malaysia delivered another set of strong results in 2024, recording the highest net profit after tax to date, backed by low credit cost and disciplined cost control. The Bank's solid credit standing and stable outlook were also reaffirmed by our "AAA" rating from Rating Agency Malaysia, a distinction it has maintained since 2012. Investors' confidence towards the Bank was further evident through UOB Malaysia's issuance of RM500 million Sukuk under our maiden RM5 billion Islamic Debt Programme. The issuance saw overwhelming demand and an oversubscription by 3.39 times. Notably, we achieved the tightest spread for a Ringgit Tier 2 deal, reflecting the Bank's strong market reputation.

During the year, we continued to deepen our wholesale banking business by connecting global supply chains to Malaysian businesses through our financial supply chain management (FSCM) while leveraging our local market expertise. At the same time, the Bank's enlarged retail banking franchise generated commendable growth, with robust expansion in credit card services and bancassurance distribution. Our commitment to supporting local businesses, promoting sustainability, driving digital innovation and delivering tailored cross-border solutions through our ASEAN network continues to support sustainable, long-term growth for our clients and the communities we serve.

Connecting businesses to opportunities within and across ASEAN

Leveraging our deep market expertise, robust product capabilities and a strong regional network, UOB Malaysia continues to empower businesses to capitalise on opportunities in Malaysia and within the region. This is also aligned with UOB Group's ambition to become one of the region's leading cross-border trade banks by 2026.

With 10 Foreign Direct Investment Advisory teams spread across Asia, including Malaysia, UOB Malaysia is uniquely positioned to connect businesses in the country with opportunities across the region and facilitate cross-border investments.

Aligned with Malaysia's New Industrial and Green Masterplans, the Bank continues to boost trade to the country's key economic corridors by promoting key and emerging sectors. From Penang's semiconductor boom to the Johor-Singapore Special Economic Zone (SEZ), and Sarawak's renewable energy potential, we actively supported Malaysia's diversified economic growth.

Strategy and Performance for the Financial Year Ended 31 December 2024 (Continued)

Connecting businesses to opportunities within and across ASEAN (Continued)

Throughout the year, we played a meaningful role in fostering investments by co-hosting investor engagements and roadshows regionally with government agencies at the federal and state levels. For example, we collaborated with UOB China to host a C-Suite business roundtable dialogue between Chinese business leaders and Yang Amat Berhormat Dato' Onn Hafiz bin Ghazi, the Johor Menteri Besar, and his state delegation in Shenzhen, China. Following the meeting, at least three companies have made investment commitments into Johor with a total projected investment value of close to RM2 billion.

In a significant cross-border collaboration, in July, UOB Group also hosted Dato' Onn and his delegation at its Singapore headquarters for a roundtable discussion with regional business leaders on the Johor-Singapore SEZ. Subsequently in August, UOB Group signed a Memorandum of Understanding (MoU) with Invest Johor to jointly promote and facilitate investment opportunities into the Johor-Singapore SEZ. This roundtable and the MoU are proof of UOB's commitment in advancing business flows into the SEZ, nation-building and enhancing cross-border economic connectivity between Singapore and Malaysia.

Additionally, UOB Malaysia also co-hosted an investor engagement session in Singapore for Ministry of Finance and Bank Negara Malaysia (BNM) to present comprehensive insights into the government's growth strategies, economic outlook and fiscal reforms through the implementation of the MADANI Economic Framework. Attended by more than 100 participants, which included institutional investors and capital market players, the session aimed to bolster international investor confidence and showcase Malaysia's economic potential.

This year, Malaysia marked 50 years of diplomatic ties with China. UOB Group renewed its partnership with the China Council for the Promotion of International Trade (CCPIT), further enabling foreign direct investment (FDI) and trade between China and Southeast Asia. Leveraging the relationship and our in-country dedicated China Desk, UOB Malaysia continues to drive bilateral trade and investment growth between the two countries.

In line with our commitment to helping local family-led businesses grow sustainably, we also launched The Business Circle in Malaysia this year. First introduced in Singapore in 2019 and Thailand in 2023, the Business Circle has a community of more than a thousand family-run businesses, from large corporates to small and medium enterprises (SMEs) across the region. Malaysian participants of The Business Circle will gain exclusive access to knowledge exchange, region-wide networking opportunities for potential collaborations and tailor-made financial support from the Bank.

According to the UOB Business Outlook Study 2024 (SMEs and Large Enterprises), the top three priorities for businesses in Malaysia over the next one to three years are reducing costs, adopting digital solutions to improve productivity and sourcing new customers. In response, UOB Malaysia continues to innovate for businesses, including the SMEs, through digital solutions and supply chain support.

The Bank's Financial Supply Chain Management (FSCM) Programme leverages the advanced digital capabilities of UOB Infinity, which simplifies banking for clients with a suite of financial supply chain management solutions, cash management and trade services. Additionally, the UOB SME app offers a self-service digital banking experience, combining banking solutions, analytics and business insights into a single, user-friendly platform. This year, the UOB SME app introduced an online account opening feature which allows customers to open accounts digitally on the app without having to step into a branch.

Personalising solutions that are closely aligned with customer needs

2024 was an exciting and transformative year for UOB Malaysia's retail franchise. In July, we successfully replaced close to a million Citi-branded cards to UOB cards, marking the completion of the Citigroup consumer banking business acquisition and integration exercise. While we remained focused on extracting the full potential of our enlarged portfolio through cross-selling, we also continued to prioritise on delivering innovative financial solutions that meet our customers' needs at all different life stages.

Strategy and Performance for the Financial Year Ended 31 December 2024 (Continued)

Personalising solutions that are closely aligned with customer needs (Continued)

Together with the UOB Group's acquisitions in Indonesia, Thailand and Vietnam, UOB's retail customer base has grown significantly across the region. This has scaled up our ability to provide our Malaysian customers with exclusive lifestyle offerings including priority access to recent concerts by leading Asian superstars, and unique travel experiences with the Disney Cruise Line. Our cardholders travelling to South Korea can also enjoy local privileges available to Woori cardholders, thanks to our reciprocal regional card partnership with South Korea's Woori Bank. These customers also enjoy special dining deals and privileges at Michelin-star or recommended restaurants across the region as UOB continues our partnership with the Michelin Guide for the third consecutive year.

Locally, customers of selected UOB credit cards also get exclusive access to UOB's Private Lounge at the Plaza Premium Lounge, Kuala Lumpur International Airport (KLIA) 1's main terminal building and other hospitality locations in KLIA 1 and 2 by the Plaza Premium Group.

For our affluent customer segment, we stayed dedicated to providing bespoke financial solutions and exclusive luxury lifestyle offerings. During the year, we held exclusive wealth forums for our privilege and private banking customers to keep them abreast of global market developments and the latest investment strategies. Apart from our partnership with Prestige Malaysia for the Prestige Women of Power Summit, we also partnered with Delvaux to organise a private event to provide our customers an exclusive preview to Delvaux's Autumn/Winter 2024 collection.

As the enlarged retail portfolio has significantly enhanced our ability to deepen our market share, we have also been focused on elevating our service excellence levels to better serve our new and existing customers. To that end, the Bank has been proactively driving service excellence to deliver faster, more personalised digital self-serve features, and more efficient service across all customer touchpoints, be it through our 24-hour contact centre, UOB TMRW, or any of our 55 branches located nationwide.

Forging a sustainable future

Helping businesses advance responsibly

As one of the early adopters of Environmental, Social and Governance (ESG) principles, UOB is committed to fostering sustainability and financing initiatives that create a greener future. To date, UOB has developed six sustainable finance frameworks, enabling companies across sectors to decarbonise and transition to a low-carbon economy. Through ecosystem solutions such as U-Solar, U-Drive and U-Energy, we empower businesses to adopt practical solutions to help them transition such as the adoption of renewable energy, improvement of energy efficiency, emission reduction measures and fleet electrification. Guided by global standards and best practices, our market-leading sustainable finance frameworks and ecosystem solutions are designed to drive tangible impact on the environment.

For example, U-Solar, which is closely aligned with Malaysia's National Energy Transition Roadmap, has contributed to generating more than 359 gigawatt-hours of solar power and reducing more than 223,000 tonnes of CO_2 emissions, equivalent to planting 3.7 million tree seedlings grown for 10 years or taking 52,100 cars off the road annually.

Additionally, as a financial institution, UOB Malaysia is committed to driving cross-collaboration initiatives that promote green practices by fostering partnerships, enabling green financing solutions and supporting businesses in their transition towards a more sustainable future.

Notably, we launched a RM1 billion UOB Sustainable Vendor Financing Programme nationwide to help SMEs in Malaysia's Oil & Gas Services and Equipment (OGSE) sector participating in PETRONAS' Suppliers Support Programme to access sustainable financing in their decarbonisation journey. This initiative also ensures that Malaysian OGSE players remain competitive amid tightening global ESG regulations.

In addition, we signed an MoU with Petroleum Sarawak Berhad to support the company and its ecosystem in energy transition. This includes plans to develop a carbon capture and storage hub as a service for local and international carbon-emitting industries, as well as the future provision of low-carbon hydrogen. UOB Malaysia also signed an MoU with SEDC Energy (SEDCE) to support the company's green transition projects, reaffirming our commitment in helping the state advance its sustainable development.

Strategy and Performance for the Financial Year Ended 31 December 2024 (Continued)

Forging a sustainable future (Continued)

Helping businesses advance responsibly (Continued)

The Bank's comprehensive financing solutions will not only assist SEDCE in implementing green transition projects but also extend critical financial resources to its entire supply chain, helping local businesses to grow and enhance their competitiveness.

Following through with our MoU with the Sunway Group to support the Company in greening its ecosystem, we helped Sunway Velocity Three establish its RM1 billion ASEAN Green Sustainable and Responsible Investment (SRI) Sukuk Programme for sustainable property development. Additionally, we have secured the mandate as Joint Principal Advisor and Joint Lead Manager for the Penang Water Authority (PBA Holdings Bhd)'s inaugural Green Sukuk which will fund the new water infrastructure in Penang.

Beyond financing, UOB Malaysia also actively supported local businesses on their transition journeys through capacity building. We played a key role in advancing awareness and adoption of ESG among corporates and SMEs. As Co-chair of the SME Focus Group under the Joint Committee on Climate Change (JC3) with BNM, we conducted four knowledge-sharing sessions in 2024 to elevate SMEs' ESG understanding.

In May, we partnered PwC Malaysia to launch the Carbon Border Adjustment Mechanism (CBAM) Supply Chain Imperatives Masterclass, to equip Malaysian exporters to the European Union (EU) with knowledge to navigate CBAM requirements which will come into force by January 2026. CBAM is expected to affect 75 per cent of Malaysian exports to the EU, Malaysia's fourth largest export market. The Masterclass is one of the ways UOB Malaysia helps local businesses stay competitive in the global supply chain.

Within our operations, UOB Plaza 1 Kuala Lumpur achieved significant recognition this year on top of receiving double platinum green certifications from both Malaysia's GreenRE and Singapore's BCA Green Mark. UOB Malaysia's corporate headquarters emerged as the winner in the Energy Efficient Building categories at the ASEAN Energy Efficiency and Conservation Best Practices Awards 2024 and the National Energy Awards 2024.

Doing right by our communities

In 2024, we strengthened our commitment to creating meaningful change through impactful programmes that reflect our dedication to improving lives and building a more inclusive and sustainable future.

This year's UOB Heartbeat Run raised a record RM2.185 million for the UOB Heartbeat Fund, benefitting mainly four local organisations – Food Aid Foundation, Yayasan Generasi Gemilang, HOPE Worldwide Malaysia, and SOLS Foundation. The funds raised will support vulnerable communities by addressing basic needs, enhancing education through structured and digital learning, promoting clean energy and reducing food insecurity to improve overall well-being and social development.

Our UOB Painting of the Year (POY) (Malaysia) competition continues to be a powerful platform for established and emerging Malaysian artists to express important issues and common themes that evoke deep reflection and dialogue in society. Now in its 14th edition, this year's competition featured a new category for our employees to participate for the first time. Penang-based artist Hasanul Isyraf Idris won the top award for his artwork Durio, while Nurul Shahida Ibrahim was named Most Promising Artist of the Year. Hasanul went on to represent Malaysia in the 43rd Southeast Asian POY competition where he competed with POY winners from Indonesia, Singapore, Thailand and Vietnam. The winning artworks from this year's POY (Malaysia) were later exhibited publicly at The Linc, Kuala Lumpur, celebrating the country's creative talents.

Apart from UOB Heartbeat, 2024 also saw the launch of UOB Malaysia's flagship corporate social responsibility (CSR) programme with our partner, SOLS Foundation. Together, we aim to make a positive impact by uplifting marginalised communities through three initiatives; Solar Academy, Kampung Solar and Decarbonise. In total, 131 volunteers from UOB Malaysia participated in this CSR initiative, contributing more than 3,370 hours. Our flagship CSR programme was recognised as the Champion in the "Vulnerable or Underserved Communities" category and third runner-up in the "Enhance Educational Opportunities or Improve Financial Literacy" category at the Association of Banks Malaysia's 50th Anniversary Celebration CSR Excellence Awards.

Strategy and Performance for the Financial Year Ended 31 December 2024 (Continued)

Forging a sustainable future (Continued)

Doing right by our communities (Continued)

Under Solar Academy, the Bank sponsors students from marginalised communities for a 12-month training and apprenticeship programme in the solar industry. The programme provides and equips the students with valuable skills that will help them build meaningful careers in the renewable energy sector and contribute to a greener future. Beyond financial support, our colleagues also volunteered to mentor and guide the students in both their personal and professional growth. The first batch of students recently graduated in a ceremony held in UOB Plaza 1 KL in October.

Through the Kampung Solar programme, we brought clean energy to light up the lives of marginalised communities at Kampung Tanhain and Kampung Bongor in the Royal Belum Forest, Perak. Our people installed PICO-solar panels in 51 off-grid homes, providing 263 Orang Asli villagers with access to renewable energy-generated electricity, increasing their daily productivity and boosting financial savings.

Additionally, UOB Malaysia also sponsored solar photovoltaic systems for two children welfare homes in the Klang Valley through the Decarbonise programme, benefitting more than 130 children. Complementing these efforts, a clothing donation drive collected more than 700 kilogrammes of clothing for the underprivileged students of the Solar Academy and Orang Asli families.

Empowering our people the UOB Way

UOB Malaysia's strategic advantage lies in our people. In line with our employee value proposition of Care, Growth and Trust, this year, we made significant strides in building a workplace that reflects our commitment to growth, opportunity and inclusivity. These efforts not only position us as an employer of choice but also ensure that our people continue to be the driving force behind our success.

One of UOB Malaysia's key milestones was the formation of the Bank's inaugural Diversity, Equity and Inclusion (DEI) committee. Initiated by our CEO, this committee comprises a group of dynamic and passionate individuals from across functions and background to champion and build a strong commitment to DEI across all levels of the Bank through various initiatives and activities such as tailored networking sessions, leadership dialogues, and cultural festive celebrations.

We also remained dedicated in our promise to providing meaningful benefits that support our multi-generational and diverse workforce of more than 6,000 employees. This year, we enhanced our benefits to offer our people a range of wealth products at preferential rates and fee waivers. We have also extended this benefit to include employees who have retired from the Bank in line with our efforts to support our employees beyond their retirement.

Apart from our agile and ergonomic workspaces, amenities in our headquarters UOB Plaza 1 KL include a dedicated healthcare centre and a gym. We are also one of the few banks that provide an award-winning in-house childcare centre for our employees. The Bank's commitment to workplace well-being at UOB Plaza 1 KL were honoured at the ESGBusiness Awards 2024, where the Bank received the Workplace Wellness Programme Award for the second consecutive year.

In addition to caring for our people's well-being, we continued to invest in their growth and development to ensure that we have a future-ready workforce. Our training programmes include the partnership with the Asian Banking School (ABS), Melbourne Business School and INSEAD. We also strengthened our coaching and mentoring culturing, focusing on our people managers. Additionally, we adopted the Future Skills Framework which the Asian Institute of Chartered Bankers launched industry-wide, as we continue to upskill our people to be future-ready through our group-wide Better U training programme. This year, we also introduced Sustainability Academy 200 series modules for our people to deepen their knowledge and capabilities on ESG.

We remain steadfast in our commitment to provide internal career mobility. In 2024, we strengthened our bench strength by promoting internal talents to key leadership roles, reinforcing our commitment to strong succession planning. To strengthen our talent pipeline, we offer the Management Associate Programme, the UOB Corporate Internship Programme and the revamped Smart Internship Banking Programme. This year, we unveiled the UOB Next Generation Internship (UNI) Programme for children of our employees to undergo their internship programme in UOB Malaysia. In addition, we continued to support the development of trainees under ABS' and BNM's Financial Sector Talent Enrichment Programme.

Strategy and Performance for the Financial Year Ended 31 December 2024 (Continued)

Outlook

The global economic outlook for 2025 remains moderate, characterised by heightened uncertainties and evolving dynamics. Key global themes include monetary policy adjustments, trade and protectionism, geopolitical tensions, military conflicts, financial volatility, debt dynamics and climate-related challenges. A shift towards more expansionary fiscal policies is anticipated, driven by the extent of international spillovers from US-China trade tensions. The US Federal Reserve is expected to continue easing monetary policy, though the pace will remain contingent on inflation and growth trends. In China, robust policy support has sustained economic activity. However, downside risks from potential tariffs persist, with stronger stimulus measures potentially required to stabilise growth.

In contrast, Southeast Asia's economic prospects are optimistic, underpinned by strong domestic drivers, structural reforms and policies fostering stable and inclusive growth. A less restrictive global policy stance further augments the region's resilience, offering a foundation for sustained economic performance.

Malaysia's economy, despite uncertainties in the external environment, is poised for resilient growth in 2025. This is supported by strong domestic fundamentals, including favourable labour market conditions, targeted fiscal support, growing tourism activity and ongoing investments in key projects. Energy transition initiatives, the implementation of national master plans to drive new growth areas and regional development efforts further bolster the nation's economic outlook.

Significant investment pipelines include RM25 billion from government-linked investment companies, more than RM40 billion in government construction projects and various public-private partnership initiatives. Enhanced trade diversification and supply chain realignments provide additional economic buffers, while robust regional investment and construction activity offer further support.

Malaysia's role as ASEAN Chair in 2025, along with its hosting of the ASEAN and ASEAN-Gulf Cooperation Council Plus China summits, is expected to catalyse growth in tourism-related industries and amplify regional economic cooperation. These developments reinforce Malaysia's diversified economic structure and position the nation to navigate global challenges effectively.

As we look ahead, UOB Malaysia remains steadfast in our commitment to supporting the nation's economic progress. We aim to continue delivering value to our stakeholders while contributing to Malaysia's long-term growth and development.

Rating by External Rating Agencies

Rating Agency Malaysia (RAM) has reaffirmed the Bank AAA/Stable/P1 financial institution ratings (FIR) as well as the ratings of its debt instruments below, for its sturdy credit metrics, healthy funding and liquidity profile, and robust capitalisation.

United Overseas Bank (Malaysia) Bhd's issue ratings

No.	Debt instruments issued by the Bank	Ratings
1	RM8 billion Medium Term Notes Programme: Tier-2 Subordinated Notes (2020/2030)	AA1/Stable
2	RM8 billion Medium Term Notes Programme: Tier-2 Subordinated Notes (2022/2032)	AA1/Stable
3	RM5 billion Islamic Medium Term Notes and/or Senior Islamic Medium Term Notes Programme: Tier-2 Subordinated Notes (2024/2034)	AA1/Stable

RAM defines that a financial institution rated AAA has a superior capacity to meet its financial obligations, this is the highest long-term FIR assigned by RAM. A financial institution rated P1 has a strong capacity to meet its short-term financial obligations, this is the highest short-term FIR assigned by RAM. An issue rated AA has high safety for payment of financial obligations. The issuer is resilient against adverse changes in circumstances, economic conditions and/or operating environments. The subscript 1 indicates that the rank is at the higher end of its generic rating category.

Other Statutory Information

(a) Before the statements of financial position, statements of profit or loss and statements of comprehensive income of the Group and the Bank were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and financing, and the making of allowance for doubtful debts and financing and satisfied themselves that all known bad debts and financing had been written-off and that adequate allowance had been made for doubtful debts and financing; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) the amount written-off for bad debts and financing or the amount of the allowance for doubtful debts and financing in the financial statements of the Group and the Bank inadequate to any substantial extent; and

(ii) the values attributed to current assets in the financial statements of the Group and the Bank misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and the Bank misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and the Bank which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

(i) any charge on the assets of the Group and the Bank which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability in respect of the Group and the Bank which has arisen since the end of the financial year other than those arising in the normal course of business of the Group and the Bank.

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and the Bank to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and the Bank for the financial year in which this report is made.

Significant and Subsequent Events

No significant or subsequent event noted for the financial year ended 31 December 2024.

Auditors and Auditors' Remuneration

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

The auditors' remuneration for the Group and the Bank amounting to RM1,509,000 and RM1,465,000 respectively are disclosed in Note 31 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors.

Ching Yew Chye

Ng Wei Wei

Kuala Lumpur, Malaysia
Date: 28 March 2025

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, Ching Yew Chye and Ng Wei Wei, being two of the directors of United Overseas Bank (Malaysia) Bhd, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 153 to 294 are drawn up in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2024 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors.

Ching Yew Chye　　　　Ng Wei Wei

Kuala Lumpur, Malaysia
Date: 28 March 2025

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Ng Wei Wei, being the director primarily responsible for the financial management of United Overseas Bank (Malaysia) Bhd, do solemnly and sincerely declare that the accompanying financial statements set out on pages 153 to 294 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Ng Wei Wei at Kuala Lumpur in the Federal Territory on 28 March 2025.

Ng Wei Wei

Before me,

Shariah Committee's Report

In the name of Allah, the Most Beneficent, the Most Merciful

"O you who have believed, do not consume one another's wealth unjustly but only [in lawful] business by mutual consent" [4:29]

In compliance with our letter of appointment, we submit the following report:

We, the members of United Overseas Bank (Malaysia) Bhd (the Bank)'s Shariah Committee, are responsible for the oversight of Shariah matters related to the Bank's Islamic banking business, operations and activities. Although the Board of Directors are ultimately responsible and accountable for all Shariah matters within the Bank, they rely on our independent advice on the same. In turn, the Bank's Management is responsible for ensuring that the Bank conducts its Islamic banking business in accordance with the Shariah rules and principles. It is our responsibility to form independent opinions, based on our review of the operations of the Bank's Islamic banking business, and to report to the Board of Directors and Bank Negara Malaysia accordingly.

Throughout the financial year ended 31 December 2024, we have concluded eight (8) scheduled meetings and five (5) special meetings to review the Bank's various Shariah product structures and documentations, transactions, services and operations. In the course of our meetings, we reviewed the Bank's existing range of Shariah products and approved two (2) new products, namely Islamic Equity Vanilla Option-i and Principal Protected Equity Structured Investment Products; (i) Islamic Equity Barrier Option and (ii) Islamic Equity Catch-Up. We have also provided Shariah opinions on various matters relating to the Bank's Islamic banking operations and assessed the reviews conducted by the Shariah officers to form an opinion as to whether the Bank has complied with the Shariah rulings, resolutions and guidelines issued by the Shariah Committee and the Shariah Advisory Council of Bank Negara Malaysia when carrying Islamic banking business.

We have assessed and endorsed the works carried out by the Shariah Review, Shariah Risk Management and Shariah Audit teams in examining the relevant documentation and procedures adopted by the Bank in carrying out its Islamic banking business. We are satisfied that the reviews and audits were properly planned and performed to deliver key information and provided us with sufficient evidence to give reasonable assurance that the Bank has not violated any Shariah principles in carrying its Islamic banking business.

We have also reviewed the audited financial statements of the Bank's Islamic banking business for the financial year and confirmed that the financial statements are in compliance with Shariah.

Based on the above, in our opinion:

(i) The Bank's Islamic banking products, legal documents and processes that we approved during the financial year ended 31 December 2024 are in compliance with the Shariah rules and principles;

(ii) The Bank's Islamic banking transactions and dealings carried out in the financial year ended 31 December 2024 are in compliance with the Shariah rules and principles;

(iii) The Bank's sources of Islamic banking income during the financial year ended 31 December 2024 are in compliance with the Shariah rules and principles;

(iv) No Shariah non-compliant incident was reported on the Bank's Islamic banking business during the financial year ended 31 December 2024;

(v) The Bank has maintained sufficient internal policies, frameworks, manuals and operating procedures to ensure compliance with the Shariah rules and principles when carrying out its Islamic banking business;

(vi) The Bank has taken sufficient and proactive steps in ensuring the competency of its employees through training programmes and various learning tools; and

(vii) No disclosure on zakat payment as it is not applicable to the Bank.

To the best of our knowledge and based on the information provided to us, we hereby confirm that the Bank's Islamic banking business, operations and activities for the financial year ended 31 December 2024 are in conformity with the Shariah rules and principles. Nothing has come to the Shariah Committee's attention that causes the Shariah Committee to believe that the operations, business, affairs and activities of the Bank involve any material Shariah non-compliances. Allah knows best.

Dr Muhammad Pisol
Bin Mohd @ Mat Isa

Interim Chairman,
Shariah Committee

Prof. Dr. Noraini
Binti Mohd Ariffin

Member,
Shariah Committee

Kuala Lumpur, Malaysia
Date: 28 March 2025

Independent Auditors' Report

to the Members of United Overseas Bank (Malaysia) Bhd
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of United Overseas Bank (Malaysia) Bhd, which comprise the statements of financial position as at 31 December 2024 of the Group and of the Bank, and statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 153 to 294.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2024, and of their financial performance and their cash flows for the year then ended in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Bank in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (By-Laws) and the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of financial statements of public interest entities and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors' report thereon

The directors of the Bank are responsible for the other information. The other information comprises the information included in the Directors' Report, but does not include the financial statements of the Group and of the Bank and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the Annual Report, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements of the Group and of the Bank does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Bank, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Bank or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Bank and take appropriate action.

Responsibilities of the directors for the financial statements

The directors of the Bank are responsible for the preparation of financial statements of the Group and of the Bank that give a true and fair view in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Bank that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Bank, the directors are responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Bank or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report (Continued)

to the Members of United Overseas Bank (Malaysia) Bhd (Continued)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements (Continued)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Bank as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Bank, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Bank or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Bank, including the disclosures, and whether the financial statements of the Group and of the Bank represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Other matters

This report is made solely to the members of the Bank, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT 202006000003 (LLP0022760-LCA) & AF 0039 Chartered Accountants	Yeo Beng Yean No. 03013/10/2026 J Chartered Accountant

Kuala Lumpur, Malaysia
Date: 28 March 2025

Statements of Financial Position

As at 31 December 2024

	Note	Group 2024 RM'000	Group 2023 RM'000	Bank 2024 RM'000	Bank 2023 RM'000
Assets					
Cash and short-term funds	3	**6,489,396**	5,237,169	**6,489,396**	5,237,169
Deposits and placements with financial institutions	4	**99,943**	799,826	**99,943**	799,826
Securities purchased under resale agreements	5	**974,044**	459,320	**974,044**	459,320
Financial assets at fair value through profit or loss (FVTPL)	6	**6,306,246**	5,274,798	**6,306,246**	5,274,798
Debt instruments at fair value through other comprehensive income (FVOCI)	7	**16,407,312**	22,341,947	**16,407,312**	22,341,947
Equity instruments at fair value through other comprehensive income (FVOCI)	8	**174,161**	218,194	**174,161**	218,194
Debt instruments at amortised cost	9	**9,958,972**	9,851,072	**9,958,972**	9,851,072
Other assets	10	**1,968,769**	1,679,473	**1,982,943**	1,690,570
Derivative financial assets	25	**1,302,009**	1,355,349	**1,302,009**	1,355,349
Loans, advances and financing	11	**107,097,437**	104,624,357	**107,397,066**	104,927,554
Statutory deposits with Bank Negara Malaysia	12	**1,610,000**	1,567,533	**1,610,000**	1,567,533
Investment in subsidiaries	13	**-**	-	**350,020**	350,020
Investment in an associate	14	**418**	418	**4,758**	4,758
Property, plant and equipment	15	**1,420,049**	1,402,720	**674,137**	652,268
Right-of-use assets	16	**90,977**	77,676	**492,741**	508,554
Intangible assets	17	**453,174**	466,274	**453,174**	466,274
Tax recoverable		**-**	2,170	**-**	297
Deferred tax assets	18	**390,844**	379,671	**381,222**	368,342
Total assets		**154,743,751**	155,737,967	**155,058,144**	156,073,845
Liabilities					
Deposits from customers	19	**114,585,585**	116,034,201	**114,604,083**	116,065,349
Deposits and placements of banks and other financial institutions	20	**14,632,820**	14,015,165	**14,632,840**	14,015,185
Obligations on securities sold under repurchase agreements	5	**1,973,281**	2,916,732	**1,973,281**	2,916,732
Bills and acceptances payable		**230,992**	297,505	**230,992**	297,505
Other liabilities	21	**4,530,709**	5,017,421	**4,510,181**	4,980,194
Derivative financial liabilities	25	**1,357,122**	1,493,000	**1,357,122**	1,493,000
Tax payable		**37,101**	-	**37,611**	-
Lease liabilities	16	**98,910**	84,147	**529,799**	532,075
Subordinated bonds/sukuk	22	**2,249,352**	1,749,728	**2,249,352**	1,749,728
Deferred tax liabilities	18	**27,090**	27,828	**-**	-
Total liabilities		**139,722,962**	141,635,727	**140,125,261**	142,049,768
Equity attributable to equity holders of the Bank					
Share capital	23	**792,555**	792,555	**792,555**	792,555
Reserves	24	**14,228,234**	13,309,685	**14,140,328**	13,231,522
Total equity		**15,020,789**	14,102,240	**14,932,883**	14,024,077
Total liabilities and equity		**154,743,751**	155,737,967	**155,058,144**	156,073,845
Commitments and contingencies	38	**301,684,329**	250,225,249	**301,684,329**	250,225,249

The accompanying notes form an integral part of the financial statements.

Statements of Profit or Loss

For the financial year ended 31 December 2024

		Group		Bank	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Operating revenue	27	**9,216,621**	8,931,131	**9,226,065**	8,937,413
Interest income	28	**6,750,435**	6,622,479	**6,765,515**	6,629,178
Interest expense	29	**(3,846,018)**	(3,766,424)	**(3,863,602)**	(3,786,897)
Net interest income		**2,904,417**	2,856,055	**2,901,913**	2,842,281
Net income from Islamic Banking operations	46	**194,959**	169,591	**194,959**	169,591
Other operating income	30	**1,609,379**	1,575,116	**1,603,817**	1,572,766
Operating income		**4,708,755**	4,600,762	**4,700,689**	4,584,638
Other operating expenses	31	**(2,356,452)**	(2,378,201)	**(2,349,009)**	(2,360,913)
Operating profit before allowance for expected credit losses (ECL)		**2,352,303**	2,222,561	**2,351,680**	2,223,725
(Allowance for)/write-back of ECL on:					
Loans, advances and financing	33	**(159,353)**	(292,249)	**(159,908)**	(292,696)
Other financial assets	33	**17,700**	2,550	**17,674**	2,547
Commitments and contingencies	21(c),33	**(17,045)**	(41,738)	**(17,045)**	(41,738)
Write-back of property, plant and equipment	15	**10,889**	9,893	**-**	-
Profit before taxation		**2,204,494**	1,901,017	**2,192,401**	1,891,838
Income tax expense	34	**(527,344)**	(351,723)	**(524,994)**	(349,663)
Profit for the year attributable to equity holders of the Bank		**1,677,150**	1,549,294	**1,667,407**	1,542,175
Basic/diluted earnings per share (sen)	35	**356.8**	329.6		
Dividend per share (sen)	36	**195.1**	164.1		

The accompanying notes form an integral part of the financial statements.

Statements of Comprehensive Income

For the financial year ended 31 December 2024

	Note	Group 2024 RM'000	Group 2023 RM'000	Bank 2024 RM'000	Bank 2023 RM'000
Profit for the year		**1,677,150**	1,549,294	**1,667,407**	1,542,175
Other comprehensive income:					
Items that may be reclassified subsequently to statements of profit or loss:					
Net fair value changes in debt instruments at FVOCI		**61,269**	258,544	**61,269**	258,544
Income tax effect	18	**(15,135)**	(61,620)	**(15,135)**	(61,620)
		46,134	196,924	**46,134**	196,924
Items that will not be reclassified subsequently to statements of profit or loss:					
Net fair value changes in equity instruments at FVOCI		**(44,033)**	64,514	**(44,033)**	64,513
Revaluation of land and buildings	15	**-**	(24)	**-**	-
Income tax effect	18	**10,568**	(15,478)	**10,568**	(15,483)
		(33,465)	49,012	**(33,465)**	49,030
Other comprehensive income for the year, net of tax		**12,669**	245,936	**12,669**	245,954
Total comprehensive income for the year attributable to equity holders		**1,689,819**	1,795,230	**1,680,076**	1,788,129

The accompanying notes form an integral part of the financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2024

Group	Share capital RM'000	◄--- Non-distributable Revaluation reserve RM'000	FVOCI reserve RM'000 ---►	Distributable Retained profits RM'000	Total RM'000
2024					
At 1 January	**792,555**	**233,477**	**79,393**	**12,996,815**	**14,102,240**
Profit for the year	**-**	**-**	**-**	**1,677,150**	**1,677,150**
Other comprehensive income	**-**	**-**	**12,669**	**-**	**12,669**
Total comprehensive income	**-**	**-**	**12,669**	**1,677,150**	**1,689,819**
Transaction with shareholders:					
Dividend paid					
- Final dividend for the financial year ended 31 December 2023	**-**	**-**	**-**	**(771,270)**	**(771,270)**
At 31 December	**792,555**	**233,477**	**92,062**	**13,902,695**	**15,020,789**

Group	Share capital RM'000	◄--- Non-distributable Revaluation reserve RM'000	FVOCI reserve RM'000 ---►	Distributable Retained profits RM'000	Total RM'000
2023					
At 1 January	792,555	233,495	(166,561)	11,447,521	12,307,010
Profit for the year	-	-	-	1,549,294	1,549,294
Other comprehensive (losses)/income	-	(18)	245,954	-	245,936
Total comprehensive (losses)/income	-	(18)	245,954	1,549,294	1,795,230
At 31 December	792,555	233,477	79,393	12,996,815	14,102,240

The accompanying notes form an integral part of the financial statements.

Statements of Changes in Equity (Continued)

For the financial year ended 31 December 2024

Bank	Share capital RM'000	Non-distributable FVOCI reserve RM'000	Distributable Retained profits RM'000	Total RM'000
2024				
At 1 January	**792,555**	**72,490**	**13,159,032**	**14,024,077**
Profit for the year	**-**	**-**	**1,667,407**	**1,667,407**
Other comprehensive income	**-**	**12,669**	**-**	**12,669**
Total comprehensive income	**-**	**12,669**	**1,667,407**	**1,680,076**
Transaction with shareholders:				
Dividend paid				
- Final dividend for the financial year ended 31 December 2023	**-**	**-**	**(771,270)**	**(771,270)**
At 31 December	**792,555**	**85,159**	**14,055,169**	**14,932,883**

Bank	Share capital RM'000	Non-distributable FVOCI reserve RM'000	Distributable Retained profits RM'000	Total RM'000
2023				
At 1 January	792,555	(173,464)	11,616,857	12,235,948
Profit for the year	-	-	1,542,175	1,542,175
Other comprehensive income	-	245,954	-	245,954
Total comprehensive income	-	245,954	1,542,175	1,788,129
At 31 December	792,555	72,490	13,159,032	14,024,077

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows

For the financial year ended 31 December 2024

	Note	Group 2024 RM'000	Group 2023 RM'000	Bank 2024 RM'000	Bank 2023 RM'000
Cash flows from operating activities					
Profit before taxation		**2,204,494**	1,901,017	**2,192,401**	1,891,838
Amortisation of intangible assets	17	**13,100**	13,300	**13,100**	13,300
Gain on disposal and write-off of property, plant and equipment	30	**(60)**	(42)	**(60)**	(42)
Depreciation of property, plant and equipment	15, 31	**146,383**	148,154	**128,300**	116,073
Depreciation of right-of-use assets	16, 31	**21,714**	19,371	**49,435**	46,787
Allowance for/(write-back of) ECL on:					
- Loans, advances and financing	33	**159,353**	292,249	**159,908**	292,696
- Other financial assets	33	**(17,700)**	(2,550)	**(17,674)**	(2,547)
- Commitments and contingencies	21(c)	**17,045**	42,790	**17,045**	42,790
Net unrealised loss/(gain) on financial assets at FVTPL	30	**19,321**	(25,633)	**19,321**	(25,633)
Dividend income from equity instruments at FVOCI	30	**(981)**	(2,241)	**(981)**	(2,241)
Interest/profit income from debt instruments at FVOCI	28	**(656,785)**	(810,820)	**(656,785)**	(810,820)
Interest/profit income from debt instruments at amortised cost	28	**(381,493)**	(351,915)	**(381,493)**	(351,915)
Gain from sale of debt instruments at FVOCI	30	**(69,869)**	(86,978)	**(69,869)**	(86,978)
Foreign exchange gain	30	**(783,136)**	(792,226)	**(783,131)**	(792,226)
(Gain)/loss from sale of financial assets at FVTPL	30	**(19,995)**	11,140	**(19,995)**	11,140
Loss from trading derivatives	30	**86,371**	183,890	**86,371**	183,890
Unrealised gain from trading derivatives	30	**(49,284)**	(88,144)	**(49,284)**	(88,144)
Unrealised (gain)/loss on fair value adjustment for subordinated bonds	30	**(376)**	3,001	**(376)**	3,001
Gain from sale of precious metals	30	**(2,958)**	(2,188)	**(2,958)**	(2,188)
Unrealised loss from revaluation of precious metals	30	**8**	30	**8**	30
Write-back of property, plant and equipment, net	15	**(10,889)**	(9,893)	**-**	-
Interest expense from lease liabilities	29	**2,902**	2,849	**19,792**	22,787
Amortisation of premium less accretion of discount from:					
- Financial assets at FVTPL	28	**104**	(21,532)	**104**	(21,532)
- Debt instruments at FVOCI	28	**68,128**	106,121	**68,128**	106,121
- Debt instruments at amortised cost	28	**(5,973)**	(5,185)	**(5,973)**	(5,185)
Operating profit before working capital changes		**739,424**	524,565	**765,334**	541,002

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows (Continued)

For the financial year ended 31 December 2024

	Note	Group		Bank	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash flows from operating activities (Continued)					
(Increase)/decrease in operating assets:					
Loans, advances and financing		**(2,632,433)**	(1,807,657)	**(2,629,420)**	(2,024,884)
Financial assets at FVTPL		**(1,030,878)**	2,954,387	**(1,030,878)**	2,954,387
Securities purchased under resale agreements		**(514,724)**	(125,569)	**(514,724)**	(125,569)
Statutory deposits with Bank Negara Malaysia		**(42,467)**	248,400	**(42,467)**	248,400
Derivative financial assets		**16,253**	172,439	**16,253**	172,439
Other assets		**(288,687)**	(78,554)	**(291,791)**	(84,560)
Intangible assets	17	**-**	583	**-**	583
		(4,492,936)	1,364,029	**(4,493,027)**	1,140,796
(Decrease)/increase in operating liabilities:					
Deposits from customers		**(1,448,616)**	5,149,372	**(1,461,266)**	5,165,075
Deposits and placements of banks and other financial institutions		**617,655**	(2,323,431)	**617,655**	(2,323,431)
Obligation on securities sold under repurchase agreements		**(943,451)**	(2,606,589)	**(943,451)**	(2,606,589)
Bills and acceptances payable		**(66,513)**	58,062	**(66,513)**	58,062
Derivative financial liabilities		**(135,878)**	(794,130)	**(135,878)**	(794,130)
Other liabilities		**279,379**	1,204,269	**296,073**	1,209,064
		(1,697,424)	687,553	**(1,693,380)**	708,051
Cash (used in)/generated from operating activities		**(5,450,936)**	2,576,147	**(5,421,073)**	2,389,849
Tax paid		**(504,551)**	(692,362)	**(504,532)**	(691,469)
Net cash (used in)/generated from operating activities		**(5,955,487)**	1,883,785	**(5,925,605)**	1,698,380
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment		**850**	9,728	**850**	8,310
Purchase of property, plant and equipment	15	**(153,613)**	(242,902)	**(150,959)**	(241,252)
Interest/profit income from debt instruments at FVOCI	28	**656,785**	810,820	**656,785**	810,820
Interest/profit income from debt instruments at amortised cost	28	**381,493**	351,915	**381,493**	351,915
Net disposal/(purchase) of debt instruments at FVOCI		**6,016,750**	(1,935,317)	**6,016,750**	(1,935,317)
Net purchase of debt instruments at amortised cost		**(96,272)**	(1,905,868)	**(96,272)**	(1,905,868)
Dividend income from equity instruments at FVOCI	30	**981**	2,241	**981**	2,241
Redemption of redeemable preference shares	13	**-**	-	**-**	220,000
Net cash generated from/(used in) investing activities		**6,806,974**	(2,909,383)	**6,809,628**	(2,689,151)

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows (Continued)

For the financial year ended 31 December 2024

	Note	Group 2024 RM'000	Group 2023 RM'000	Bank 2024 RM'000	Bank 2023 RM'000
Cash flows from financing activities					
Net proceeds from issuance/(redemption) of subordinated bonds/sukuk	22	**500,000**	(600,000)	**500,000**	(600,000)
Lease payments	16	**(23,154)**	(21,012)	**(55,690)**	(55,839)
Dividend paid	36	**(771,270)**	-	**(771,270)**	-
Net cash used in financing activities		**(294,424)**	(621,012)	**(326,960)**	(655,839)
Net increase/(decrease) in cash and cash equivalents		**557,063**	(1,646,610)	**557,063**	(1,646,610)
Cash and cash equivalents at beginning of the financial year		**6,050,313**	7,696,923	**6,050,313**	7,696,923
Cash and cash equivalents at end of the financial year before allowance for ECL		**6,607,376**	6,050,313	**6,607,376**	6,050,313
Analysis of cash and cash equivalents					
Cash and short-term funds	3	**6,507,376**	5,250,313	**6,507,376**	5,250,313
Deposits and placements with financial institutions	4	**100,000**	800,000	**100,000**	800,000
		6,607,376	6,050,313	**6,607,376**	6,050,313
Less: Allowance for ECL	3,4	**(18,037)**	(13,318)	**(18,037)**	(13,318)
		6,589,339	6,036,995	**6,589,339**	6,036,995

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

1. Corporate Information

The Bank is a limited liability company, incorporated and domiciled in Malaysia. The registered office of the Bank is located at Level 22, UOB Plaza 1 Kuala Lumpur, No. 7 Jalan Raja Laut, 50350 Kuala Lumpur, Malaysia.

The holding and ultimate holding companies of the Bank are Chung Khiaw (Malaysia) Berhad, a company incorporated in Malaysia, and United Overseas Bank Limited, a bank incorporated in Singapore and listed on the Singapore Exchange, respectively.

The principal activities of the Bank are banking and related financial services, including Islamic Banking. The principal activities of the subsidiaries and the associate are set out in Notes 13 and 14, respectively. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors.

2. Material Accounting Policies

2.1 Basis of preparation

The financial statements comply with the MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and the Bank have been prepared under the historical cost convention, unless otherwise indicated in this summary of material accounting policies. The financial statements also include separate disclosures on its Islamic Banking operations as disclosed in Note 46. Islamic Banking refers generally to the acceptance of deposits, granting of financing and dealing in Islamic securities under the Shariah principles.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except where otherwise indicated.

2.2 Changes in accounting policies

Adoption of new and amended MFRSs and Interpretation Committee (IC) Interpretations issued

The accounting policies as set out in Note 2.4 adopted by the Group and the Bank are consistent with those adopted in previous years, except as follows:

The Group and the Bank adopted the following new and amended MFRSs and IC Interpretations beginning on or after 1 January 2024

Non-current Liabilities with Covenants (Amendments to MFRS 101 Presentation of Financial Statements)
Supplier Finance Arrangements (Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial instruments: Disclosures)

The adoption of the above amended MFRSs and IC Interpretations did not have any material impact on the financial statements of the Group and the Bank.

2.3 Standards issued but not yet effective

As at the date of authorisation of these financial statements, the following MFRSs and amendments to MFRSs have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective and have not been adopted by the Group and the Bank.

Effective for financial periods beginning on or after 1 January 2025

Lack of Exchangeability (Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates)
MFRS 18 Presentation and Disclosure in Financial Statements
Classification and Measurement of Financial Instruments (Amendments to MFRS 9 and MFRS 7)

Effective for financial periods which have yet to be determined by the MASB

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

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

2. Material Accounting Policies (Continued)

2.4 Summary of material accounting policies

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries including the equity accounting of interest in an associate as at 31 December 2024. The financial statements of the Bank's subsidiaries and associate are prepared for the same reporting date as the Bank, using consistent accounting policies for transactions and events in similar circumstances.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

(i) Subsidiaries

Subsidiaries are entities over which the Group has control. Subsidiaries are consolidated where the Group obtains control until the date such control ceases.

Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

In the Bank's separate financial statements, investment in subsidiaries is stated at cost less impairment losses, if any, determined on an individual basis. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(ii) Associate

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investment in an associate is accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the carrying amount of the investment in an associate is adjusted for post-acquisition changes in the Group's share of net assets of the associate.

The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes, when applicable, in the statements of changes in equity. In applying the equity method, unrealised gains or losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in the associate. At each reporting date, the Group determines whether there is objective evidence that the investment in associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value.

The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

2. Material Accounting Policies (Continued)

2.4 Summary of material accounting policies (Continued)

(a) Basis of consolidation (Continued)

(ii) Associate (Continued)

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recently available audited financial statements of the associate are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived from the last audited financial statements available and management financial statements for the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Bank's separate financial statements, investment in an associate is stated at cost less impairment loss.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(b) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. The acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of *MFRS 9 Financial Instruments*, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group and the Bank re-assess whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

2. Material Accounting Policies (Continued)

2.4 Summary of material accounting policies (Continued)

(b) Business combinations and goodwill (Continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Bank's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Goodwill is reviewed for impairment annually or more frequently if the circumstances indicate that its carrying amount may be impaired. Where the recoverable amount, being the higher of fair value less cost to sell and value in use, of a cash-generating unit (CGU) is below its carrying amount, the impairment allowance is recognised in the profit or loss and subsequent reversal is not allowed.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

(c) Other intangible assets

Intangible assets of the Group and the Bank include separately identifiable intangible items with finite useful lives that are acquired in business combinations and are stated at cost, being their fair value at the date of acquisition less accumulated amortisation and impairment allowance. These intangible assets are amortised on a straight-line basis over their estimated useful lives of ten years. The estimated useful life, amortisation method and residual value of intangible assets are reviewed annually.

Intangible assets are reviewed for impairment when events or changes in circumstances indicate that their recoverable amounts, being the higher of fair value less cost to sell and value in use, may be below their carrying amounts. Impairment allowance is recognised in the profit or loss and subsequent reversal is permitted when there is indication that the impairment loss recognised in prior periods no longer exist or may have decreased.

Intangible assets are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. The resulting gain or loss upon derecognition is recognised in the profit or loss.

(d) Financial instruments

(i) Financial assets

<u>Initial recognition and measurement</u>

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Bank become a party to the contractual provisions of the financial assets. The Group and the Bank classify their financial assets under the following categories:

(a) Amortised cost

Financial assets are measured at amortised cost if they are held within a business model which the objective is to hold the financial assets in order to collect contractual cash flows which represent solely payments of principal and interest/profit (SPPI).

(b) Debt instruments at FVOCI

FVOCI with recycling to profit or loss applies to debt instruments with contractual cash flow characteristics that are SPPI and business model objective is to both collecting contractual cash flow and selling of the financial assets.

(c) Equity instruments at FVOCI

FVOCI without recycling to profit or loss applies to equity instruments which are not held for trading, and which the irrevocable option of not carrying the financial instruments at FVTPL has been selected.

(d) Financial instruments at FVTPL

Financial assets that qualify for neither held at amortised cost nor at FVOCI are measured at FVTPL.

2. Material Accounting Policies (Continued)

2.4 Summary of material accounting policies (Continued)

(d) Financial instruments (Continued)

(i) Financial assets (Continued)

Subsequent measurement

(a) Amortised cost

Amortised cost financial instruments are measured at amortised cost using effective interest/profit rate method. Gains/losses are recognised in profit or loss through the amortisation process and when the financial instruments are impaired or derecognised.

(b) Debt instruments at FVOCI

Debt instruments classified as FVOCI are measured at fair value. Any gains or losses arising from the changes in fair value of these financial instruments are recognised in other comprehensive income (OCI), except for impairment loss, exchange differences and interest/profit income which are recognised in profit or loss. The cumulative gain or loss previously recognised in OCI is classified from equity to profit or loss as a reclassification adjustment when the financial instrument is derecognised.

(c) Equity instruments at FVOCI

Equity instruments classified as FVOCI are measured at fair value. Any gains or losses arising from the changes in fair value of these financial instruments are recognised in OCI and are not subsequently transferred to profit or loss. Dividends on equity instruments are recognised in profit or loss when the Group's or the Bank's right to receive payment is established.

(d) Financial instruments at FVTPL

All other financial instruments which are classified as FVTPL are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial instruments at FVTPL do not include exchange differences, interest/profit and dividend income. Exchange differences, interest/profit and dividend income on financial instruments at FVTPL are recognised separately in profit or loss as part of income or losses.

Classification of credit-impaired loans, advances and financing

The Group and the Bank classify a loan or advance or financing as credit-impaired when there is objective evidence that the loan or advance or financing is credit-impaired. In addition, the Group and the Bank also comply with Bank Negara Malaysia's Guideline on Classification and Impairment Provisions for Loans/Financing which states that, based on repayment conduct, a loan or financing should be classified as credit-impaired:

- where the principal or interest/profit or both of the loan/financing is past due for more than 90 days or 3 months;
- in the case of revolving credit facilities (e.g. overdraft facilities), where the outstanding amount has remained in excess of the approved limit for a period of more than 90 days or 3 months;
- where the amount is past due or the outstanding amount has been in excess of the approved limit for 90 days or 3 months or less, and the loan/financing exhibits weaknesses in accordance with the banking institution’s credit risk measurement framework; or
- as soon as a default occurs where the principal and/or interest/profit repayments are scheduled on intervals of 3 months or longer.

Upgrading or de-classification of a credit-impaired account shall be supported by a credit assessment of the repayment capability, cash flows and financial position of the borrower or obligor. The Group and the Bank must also be satisfied that once the account is de-classified, the account is unlikely to be classified again in the near future.

2. Material Accounting Policies (Continued)

2.4 Summary of material accounting policies (Continued)

(d) Financial instruments (Continued)

(i) Financial assets (Continued)

Expected credit losses of financial assets

Expected credit losses (ECL) are provided to financial assets measured at amortised cost and debt instruments at FVOCI and certain loans and financing commitments as well as financial guarantee contracts. ECL is computed based on the probability of default in the next twelve months unless there has been a significant increase in credit risk (SICR) since origination, in which case, the allowance is based on the probability of default over the expected remaining life of the assets. The ECL may be assessed either individually or collectively.

Derecognition

A financial asset is derecognised when there is substantial modification of terms and conditions or factors other than substantial modification.

The Group and the Bank derecognise a financial asset, such as a loan/financing to a borrower/customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan/financing with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded.

A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

(1) The rights to receive cash flows from the financial assets have expired; or
(2) The transfer of financial asset qualifies for derecognition.

The Group and the Bank consider control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

(ii) Financial liabilities

Initial recognition and subsequent measurement

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability.

(a) Financial liabilities at FVTPL

Financial liabilities are measured at FVTPL if they are held for trading and designated upon initial recognition as FVTPL. Gains or losses on financial liabilities held for trading are recognised in the profit or loss as disclosed in other operating income.

(b) Amortised cost

Non-derivative financial liabilities that are not held for active trading or designated as FVTPL are classified as non-trading liabilities and are measured at amortised cost.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the original financial liability and the consideration paid is recognised in the profit and loss.

(iii) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(iv) Write-off policy

A credit-impaired account that is not secured by any realisable collateral will be written-off either when the prospect of a recovery is considered poor or when all feasible avenues of recovery have been exhausted.

2. Material Accounting Policies (Continued)

2.4 Summary of material accounting policies (Continued)

(e) Impairment of non-financial assets

The carrying amounts of the Group's and the Bank's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs to.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market's assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(f) Financial derivatives

Financial derivatives with positive and negative fair values are presented as assets and liabilities in the statements of financial position respectively.

Such financial derivatives are initially recognised at fair value at the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss where the hedged items affect profit or loss.

Derivatives embedded in financial liabilities are accounted for separately as derivatives if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not carried at FVTPL.

(g) Property, plant and equipment, and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset, if and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Bank and the cost of the item can be measured reliably.

Subsequent to initial recognition, all items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group and the Bank recognised such parts as individual assets with specific useful lives and depreciate them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit and loss as incurred.

2. Material Accounting Policies (Continued)

2.4 Summary of material accounting policies (Continued)

(g) Property, plant and equipment, and depreciation (Continued)

Freehold land, leasehold land and buildings are stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated impairment losses. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. Revaluations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from that which would be determined using fair values at the reporting date. Any revaluation surplus is credited to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss to the extent of the decrease previously recognised. A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in profit or loss.

Freehold land is not depreciated. Capital work-in-progress is not depreciated as these assets are not yet available for use. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write-off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Leasehold land	50 years or lease period, whichever is shorter
Buildings	2%
Office furniture, fittings and equipment	10 - 20%
Computer equipment and software	12.5 - 33.3%
Motor vehicles	20%

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

(h) Leases

The Group and the Bank assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

<u>The Group and the Bank as lessee</u>

The Group and the Bank apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Bank recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group and the Bank recognise right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, reinstatement costs and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group and the Bank at the end of the lease term or the cost reflects the exercise of a purchase option, the depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment as disclosed in Note 2.4(e).

2. Material Accounting Policies (Continued)

2.4 Summary of material accounting policies (Continued)

(h) Leases (Continued)

The Group and the Bank as lessee (Continued)

(ii) Lease liabilities

At the commencement date of the lease, the Group and the Bank recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Bank and payments of penalties for terminating the lease, if the lease term reflects the Group and the Bank exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group and the Bank use their incremental borrowing rates at the lease commencement date because the interest rates implicit in the lease are not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Group and the Bank apply the short-term lease recognition exemption to its short-term leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. They also apply the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense over the lease term.

(i) Fair value measurement

Fair value of financial assets and financial liabilities with active markets is determined based on the market bid and ask prices respectively at the reporting date. For financial instruments with no active markets, fair value is established using valuation techniques such as making reference to recent transactions or other comparable financial instruments, discounted cash flow method and option pricing models.

(j) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (functional currency). The financial statements of the Group and the Bank are presented in Ringgit Malaysia, which is also the Bank's functional currency.

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the Bank’s functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period.

2. Material Accounting Policies (Continued)

2.4 Summary of material accounting policies (Continued)

(k) Income and deferred taxes

Income tax on profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax laws that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the profit or loss, except when it arises from a transaction which is recognised in OCI or directly in equity, in which case the deferred tax is also recognised in OCI or directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(l) Employee benefits

(i) Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Post-employment benefits - Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund (EPF).

(m) Share-based payment

Cost of equity-settled share-based compensation (being the fair value at grant date) is expensed off to the profit or loss over the vesting period with the corresponding increase in the amount due to the ultimate holding company.

The estimated number of grants to be ultimately vested and its financial impact are reviewed quarterly and adjustments are made accordingly to reflect changes in the non-market vesting conditions.

(n) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances and deposit placements maturing in less than one month held for the purpose of meeting short-term commitments and are readily convertible into cash without significant risk of changes in value.

2. Material Accounting Policies (Continued)

2.4 Summary of material accounting policies (Continued)

(o) Securities purchased under resale agreements and obligations on securities sold under repurchase agreements

Securities purchased under resale agreements are collateralised lending whereby the lender (i.e. the Bank) buys securities or money market instruments (representing the collateral) from the borrower and simultaneously agrees to sell them back to the borrower at a specified price and date. The commitment to resell the securities is reflected as an asset on the statements of financial position.

Obligations on securities sold under repurchase agreements are collateralised borrowing whereby the borrower (i.e. the Bank) sells securities or money market instruments (representing the collateral) to the lender and simultaneously agrees to buy them back from the lender at a specified price and date. The commitment to repurchase the securities is reflected as a liability on the statements of financial position.

(p) Bills and acceptances payable

Bills and acceptances payable represent the Group's and the Bank's own bills and acceptances rediscounted and outstanding in the market.

(q) Provisions

Provisions are recognised when the Group and the Bank have a present legal or constructive obligation where an outflow of resources to settle the obligation is probable and a reliable estimate can be made.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. When an outflow of resources to settle the obligation is no longer probable, the provision is reversed.

(r) Subordinated bonds/sukuk

Subordinated bonds/sukuk are classified as liabilities in the statements of financial position as there is a contractual obligation to make cash payments of either principal or interest/profit or both to holders of the debt securities and that the Group and the Bank are contractually obligated to settle the financial instrument in cash.

(s) Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Bank after deducting all of its liabilities. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(t) Precious metal

Included in the other assets and other liabilities are precious metal accounts resulting from the Bank's broker-dealer activities. These are accounted for at fair value less costs to sell. Changes in fair value less costs to sell are recognised in the profit or loss under the caption of 'other operating income'.

(u) Hedge accounting

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; and
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group and the Bank formally designate and document the hedge relationship to which the Group or the Bank wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.

2. Material Accounting Policies (Continued)

2.4 Summary of material accounting policies (Continued)

(u) Hedge accounting (Continued)

Fair value hedges

A fair value hedge is a hedge of changes in the fair value of an asset, liability or a firm commitment.

For a fair value hedge of an equity instrument designated at FVOCI, fair value changes of the hedging instrument are recognised in other comprehensive income and transferred to retained earnings when the hedge is terminated.

For other fair value hedges, fair value changes of the hedging instrument are recognised in the profit and loss, together with fair value changes of the hedged item attributable to the hedged risk. The adjustment made to the carrying amount of the hedged item is amortised over the expected life of the hedged item when the hedge is terminated and taken to profit and loss upon disposal of the hedged item.

The Group and the Bank have an interest rate swap that is used as a hedge for the exposure of changes in the fair value of its subordinated bonds as disclosed in Note 22(a)(iv).

(v) Recognition of interest/profit income

Interest/profit income is recognised using the effective interest/profit method. Interest/profit income includes the amortisation of premium or accretion of discount. The effective interest/profit method applies the rate that exactly discounts estimated future cash receipts through the effective life of the financial instrument to the net carrying amount of the financial asset.

(w) Recognition of fees, commission income, dividends and other income

Fees and commission income are recognised in the accounting period when services are rendered. For services that are provided over a period of time, material fees and commission income are recognised over the service period.

Dividends from subsidiaries and an associate, securities at FVTPL, debt and equity instruments at FVOCI and debt instruments at amortised cost are recognised on a declared basis.

2.5 Significant accounting estimates and judgements

In the preparation of the financial statements, management was required to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial statements in the period in which the estimate is revised and in any future periods affected.

Significant areas of estimation, uncertainty and critical judgements used in applying accounting policies that have a significant effect on the amount recognised in the financial statements include the following:

(a) Allowance for ECL on financial assets

The measurement of ECL across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining ECL and the assessment of SICR. These estimates are driven by a number of factors, including macroeconomic factors as disclosed in Note 40.1(b), changes in which can result in different levels of allowance.

The Group's and the Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's and the Bank's internal credit grading model, which assigns probability of default (PD) to each individual grade;

2. Material Accounting Policies (Continued)

2.5 Significant accounting estimates and judgements (Continued)

(a) Allowance for ECL on financial assets (Continued)

- The Group's and the Bank's criteria for assessing if there has been a SICR and so allowance for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including the various formulas and the choice of inputs;
- Determination of associations between macroeconomic variables and, economic inputs, such as unemployment rates and collateral values, and the effect on PD, exposure at default (EAD) and loss given default (LGD); and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

It is the Group's and the Bank's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

(b) Level 3 fair value estimation for financial instruments, land and buildings

The fair values of financial instruments and land and buildings are the prices that would be received to sell an asset in the principal (or most advantageous) market at the measurement date under the current market conditions (an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. The key assumptions used to determine the fair values are as disclosed in Note 26(d).

(c) Goodwill and other intangible assets

The fair values of other intangible assets acquired is determined using valuation methodologies that include (a) discounted cash flow model and management's best estimate of future cash flows, and (b) multi-period excess earnings method for customer relationships. Useful lives of these intangible assets are based on management's best estimates of periods over which value from the intangible assets will be realised.

Management reassesses the estimated useful lives at each financial year end, taking into account the period over which the intangible assets are expected to generate future economic benefit.

Goodwill and other intangible assets are reviewed for impairment in accordance with Notes 2.4(b), (c) and 17. The process requires management's assessment of key factors such as future economic growth, business forecasts and discount rates.

3. Cash and Short-Term Funds

	Group and Bank	
	2024 RM'000	2023 RM'000
Cash and balances with banks and other financial institutions	3,726,433	2,571,713
Money at call and deposit placements maturing within one month	2,780,943	2,678,600
	6,507,376	5,250,313
Less: Allowance for ECL	(17,980)	(13,144)
	6,489,396	5,237,169

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

Group and Bank	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL non credit-impaired RM'000	Stage 3 Lifetime ECL credit-impaired RM'000	Total ECL RM'000
2024				
At 1 January	13,144	-	-	13,144
Allowance made	6,173	-	-	6,173
Maturity/settlement/repayment	(660)	-	-	(660)
Exchange differences	(677)	-	-	(677)
Net total (Note 33)	4,836	-	-	4,836
At 31 December	17,980	-	-	17,980
2023				
At 1 January	6,332	-	-	6,332
Allowance made	8,301	-	-	8,301
Maturity/settlement/repayment	(1,638)	-	-	(1,638)
Exchange differences	149	-	-	149
Net total (Note 33)	6,812	-	-	6,812
At 31 December	13,144	-	-	13,144

4. Deposits and Placements with Financial Institutions

	Group and Bank	
	2024 RM'000	2023 RM'000
Licensed banks in Malaysia	100,000	800,000
Less: Allowance for ECL	(57)	(174)
	99,943	799,826

4. Deposits and Placements with Financial Institutions (Continued)

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

Group and Bank	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL non credit-impaired RM'000	Stage 3 Lifetime ECL credit-impaired RM'000	Total ECL RM'000
2024				
At 1 January	174	-	-	174
Allowance made	57	-	-	57
Maturity/settlement/repayment	(174)	-	-	(174)
Net total (Note 33)	(117)	-	-	(117)
At 31 December	57	-	-	57
2023				
At 1 January	-	-	-	-
Allowance made	174	-	-	174
Net total (Note 33)	174	-	-	174
At 31 December	174	-	-	174

5. Securities Purchased Under Resale Agreements (Reverse Repos) and Obligations on Securities Sold Under Repurchase Agreements (Repos)

Reverse Repos

Reverse Repos are treated as collateralised lendings and the amounts lent are reported as assets.

	Group and Bank	
	2024 RM'000	2023 RM'000
Assets received for Reverse Repos transactions	974,044	459,320

Repos

Repos are treated as collateralised borrowings and the amounts borrowed are reported as liabilities.

	Group and Bank	
	2024 RM'000	2023 RM'000
Assets sold for Repos transactions, at amortised cost	1,973,281	2,916,732

6. Financial Assets at Fair Value Through Profit or Loss (FVTPL)

	Group and Bank	
	2024 RM'000	2023 RM'000
Money market instruments		
Bank Negara Malaysia bills	1,153,480	414,214
Malaysian Government treasury bills	869,287	38,557
Negotiable instruments of deposits	2,509,570	3,099,652
	4,532,337	3,552,423
Debt securities in Malaysia		
Cagamas bonds	1,650,782	955,706
Unquoted private debt securities	123,127	766,669
	1,773,909	1,722,375
Total financial assets at FVTPL	6,306,246	5,274,798

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

	Group and Bank	
	2024 RM'000	2023 RM'000
Money market instruments		
Bank Negara Malaysia bills	-	99,955
Malaysian Government securities	14,455,985	19,372,540
Negotiable instruments of deposits	1,399,705	1,549,813
	15,855,690	21,022,308
Debt securities in Malaysia		
Cagamas bonds/sukuk	120,164	515,879
Unquoted private debt securities	431,458	803,760
	551,622	1,319,639
Total debt instruments at FVOCI	16,407,312	22,341,947

7. Debt Instruments at Fair Value Through Other Comprehensive Income (FVOCI) (Continued)

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

Group and Bank	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL non credit-impaired RM'000	Stage 3 Lifetime ECL credit-impaired RM'000	Total ECL RM'000
2024				
At 1 January	3,841	306	39,960	44,107
Allowance made	1,222	104	-	1,326
Maturity/settlement/repayment	(3,194)	(349)	(39,960)	(43,503)
Net total (Note 33)	(1,972)	(245)	(39,960)	(42,177)
At 31 December	1,869	61	-	1,930
2023				
At 1 January	3,609	400	39,960	43,969
Allowance made	2,716	359	-	3,075
Maturity/settlement/repayment	(2,484)	(453)	-	(2,937)
Net total (Note 33)	232	(94)	-	138
At 31 December	3,841	306	39,960	44,107

8. Equity Instruments at Fair Value Through Other Comprehensive Income (FVOCI)

	Group and Bank 2024 RM'000	 2023 RM'000
Quoted securities		
Shares of corporations in Malaysia	947	941
Unquoted securities		
Shares of corporations in Malaysia (Note (a))	173,214	217,253
	174,161	218,194

(a) The Group and the Bank have equity interests in several unquoted securities, for which the fair values determined are disclosed in Note 26(e).

9. Debt Instruments at Amortised Cost

	Group and Bank	
	2024 RM'000	2023 RM'000
Money market instruments		
Malaysian Government securities	7,261,850	7,918,507
Less: Allowance for ECL	(634)	(1,037)
	7,261,216	7,917,470
Debt securities in Malaysia		
Unquoted private debt securities/sukuk	2,713,956	1,955,054
Less: Allowance for ECL	(16,200)	(21,452)
	2,697,756	1,933,602
Total debt instruments at amortised cost	9,958,972	9,851,072

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

Group and Bank	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL non credit-impaired RM'000	Stage 3 Lifetime ECL credit-impaired RM'000	Total ECL RM'000
2024				
At 1 January	21,327	1,162	-	22,489
Transferred to Stage 2	(337)	337	-	-
Net remeasurement of allowance	-	(425)	-	(425)
Allowance made	4,336	7,866	-	12,202
Maturity/settlement/repayment	(17,163)	(269)	-	(17,432)
Net total (Note 33)	(13,164)	7,509	-	(5,655)
At 31 December	8,163	8,671	-	16,834
2023				
At 1 January	6,644	18,271	-	24,915
Transferred to Stage 1	17,650	(17,650)	-	-
Transferred to Stage 2	(3,574)	3,574	-	-
Net remeasurement of allowance	(17,689)	(4,049)	-	(21,738)
Allowance made	21,715	1,576	-	23,291
Maturity/settlement/repayment	(3,419)	(560)	-	(3,979)
Net total (Note 33)	14,683	(17,109)	-	(2,426)
At 31 December	21,327	1,162	-	22,489

10. Other Assets

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Other receivables, deposits and prepayments	1,130,444	1,171,851	1,130,329	1,171,640
Interest/profit receivable	344,342	381,878	344,342	381,878
Amount due from subsidiaries (Note (a))	-	-	14,334	11,311
Amount due from fellow subsidiaries (Note (b))	-	95	-	94
Amount due from holding company (Note (b))	79	24	62	24
Amount due from the ultimate holding company (Note (b))	74,747	2,307	74,747	2,307
Precious metal accounts (Note (c))	427,012	128,832	427,012	128,832
Less: Allowance for ECL (Note (d))	(7,855)	(5,514)	(7,883)	(5,516)
	1,968,769	1,679,473	1,982,943	1,690,570

(a) Amount due from subsidiaries are unsecured and repayable on demand.

(b) Amount due from holding company, ultimate holding company and fellow subsidiaries are unsecured, and repayable on demand.

(c) As at 31 December 2024, precious metal accounts comprise the following:

- Precious metals of the Bank which are directly sought from the gold market amounting to RM404,601,000 (2023: RM95,465,000); and

- The net balance due from customers of the Bank amounting to RM22,411,000 (2023: RM33,367,000); which are stated at the gross amounts loaned amounting to RM97,599,000 (2023: RM109,594,000) net of cash collateral received from the customers of RM75,188,000 (2023: RM76,227,000).

The gross amounts loaned to customers and precious metals lent to customers are marked-to-market based on the quoted market prevailing prices of the respective precious metals as quoted by the London Bullion Market Association.

10. Other Assets (Continued)

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

Group	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL non credit-impaired RM'000	Stage 3 Lifetime ECL credit-impaired RM'000	Total ECL RM'000
2024				
At 1 January	2,998	2,516	-	5,514
Allowance made	1,764	1,466	-	3,230
Maturity/settlement/repayment	(461)	(404)	-	(865)
Exchange differences	(13)	(11)	-	(24)
Net total (Note 33)	1,290	1,051	-	2,341
At 31 December	4,288	3,567	-	7,855
2023				
At 1 January	5,193	7,569	-	12,762
Allowance made	1,665	2,772	-	4,437
Maturity/settlement/repayment	(3,990)	(7,889)	-	(11,879)
Exchange differences	130	64	-	194
Net total (Note 33)	(2,195)	(5,053)	-	(7,248)
At 31 December	2,998	2,516	-	5,514

Bank				
2024				
At 1 January	2,999	2,517	-	5,516
Allowance made	1,778	1,478	-	3,256
Maturity/settlement/repayment	(461)	(404)	-	(865)
Exchange differences	(13)	(11)	-	(24)
Net total (Note 33)	1,304	1,063	-	2,367
At 31 December	4,303	3,580	-	7,883
2023				
At 1 January	4,449	8,312	-	12,761
Allowance made	2,409	2,029	-	4,438
Maturity/settlement/repayment	(3,989)	(7,888)	-	(11,877)
Exchange differences	130	64	-	194
Net total (Note 33)	(1,450)	(5,795)	-	(7,245)
At 31 December	2,999	2,517	-	5,516

11. Loans, Advances and Financing

At amortised cost	Group 2024 RM'000	Group 2023 RM'000	Bank 2024 RM'000	Bank 2023 RM'000
Overdrafts	2,906,991	3,005,272	2,906,991	3,005,272
Term loans/financing:				
- Housing loans/financing	40,657,783	40,576,911	40,657,783	40,576,911
- Syndicated term loans/financing	4,059,293	2,470,981	4,059,293	2,470,981
- Other term loans/financing*	31,267,921	32,558,485	31,570,207	32,863,784
Credit card receivables	9,670,098	8,758,243	9,670,098	8,758,243
Bills receivables	197,554	445,140	197,554	445,140
Trust receipts	7,886,076	6,056,073	7,886,076	6,056,073
Claims on customers under acceptance credits	6,172,720	5,932,900	6,172,720	5,932,900
Revolving credits	6,762,626	7,416,134	6,762,626	7,416,134
Staff loans	121,357	77,747	121,357	77,747
	109,702,419	107,297,886	110,004,705	107,603,185
Unearned interest/profit	(174,365)	(158,022)	(174,365)	(158,022)
Gross loans, advances and financing	109,528,054	107,139,864	109,830,340	107,445,163
Allowance for ECL on loans, advances and financing:				
- Stage 1 - 12-month ECL	(832,959)	(355,716)	(835,616)	(357,818)
- Stage 2 - Lifetime ECL non credit-impaired	(941,366)	(1,405,055)	(941,366)	(1,405,055)
- Stage 3 - Lifetime ECL credit-impaired	(656,292)	(754,736)	(656,292)	(754,736)
Net loans, advances and financing	107,097,437	104,624,357	107,397,066	104,927,554

* Other term loans/financing include the following:

	Group 2024 RM'000	Group 2023 RM'000	Bank 2024 RM'000	Bank 2023 RM'000
Loans/financing to subsidiaries:				
- UOB Properties Bhd	-	-	69,014	72,098
- UOB Properties (KL) Bhd	-	-	233,272	233,201
	-	-	302,286	305,299

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

	Group 2024 RM'000	Group 2023 RM'000	Bank 2024 RM'000	Bank 2023 RM'000
Maturing within one year	35,765,586	32,777,500	36,067,872	33,082,799
One year to three years	7,158,247	7,926,300	7,158,247	7,926,300
Three years to five years	8,075,302	7,156,662	8,075,302	7,156,662
Over five years	58,528,919	59,279,402	58,528,919	59,279,402
	109,528,054	107,139,864	109,830,340	107,445,163

11. Loans, Advances and Financing (Continued)

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
(ii) Gross loans, advances and financing by type of customers are as follows:				
Domestic non-banking financial institutions	2,571,139	2,978,759	2,571,139	2,978,759
Domestic business enterprises:				
- Small and medium enterprises	23,601,584	22,736,939	23,601,584	22,736,939
- Others	21,797,863	20,019,405	22,100,149	20,324,704
Individuals	56,858,938	56,054,929	56,858,938	56,054,929
Foreign entities	4,698,530	5,349,832	4,698,530	5,349,832
	109,528,054	107,139,864	109,830,340	107,445,163
(iii) Gross loans, advances and financing by interest/profit rate sensitivity are as follows:				
Fixed rate:				
- Housing loans/financing	88,075	98,205	88,075	98,205
- Other fixed rate loans/financing	17,233,788	16,634,675	17,233,788	16,634,675
Variable rate:				
- Base rate/base lending/financing rate-plus	61,212,177	61,458,530	61,212,177	61,458,530
- Cost-plus	30,584,904	28,468,767	30,887,190	28,774,066
- Other variable rates	409,110	479,687	409,110	479,687
	109,528,054	107,139,864	109,830,340	107,445,163
(iv) Gross loans, advances and financing by economic sector are as follows:				
Agriculture, hunting, forestry and fishing	938,952	1,335,990	938,952	1,335,990
Mining and quarrying	254,559	406,515	254,559	406,515
Manufacturing	10,378,354	9,602,567	10,378,354	9,602,567
Electricity, gas and water	1,473,706	1,360,121	1,473,706	1,360,121
Construction	7,584,464	7,569,748	7,584,464	7,569,748
Wholesale, retail trade, restaurants and hotels	15,172,522	14,454,181	15,172,522	14,454,181
Transport, storage and communication	4,549,170	3,576,063	4,549,170	3,576,063
Finance, insurance and business services	3,304,755	3,812,994	3,304,755	3,812,994
Real estate	4,231,268	4,116,900	4,533,554	4,422,199
Community, social and personal services	372,223	210,961	372,223	210,961
Households:				
- Purchase of residential properties	41,243,458	41,494,993	41,243,458	41,494,993
- Purchase of non-residential properties	7,486,496	7,659,188	7,486,496	7,659,188
- Others	12,538,127	11,539,643	12,538,127	11,539,643
	109,528,054	107,139,864	109,830,340	107,445,163

11. Loans, Advances and Financing (Continued)

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
(v) Gross loans, advances and financing by geographical distribution are as follows:				
In Malaysia	104,829,524	101,790,032	105,131,810	102,095,331
Outside Malaysia	4,698,530	5,349,832	4,698,530	5,349,832
	109,528,054	107,139,864	109,830,340	107,445,163

(vi) Movements in credit-impaired loans, advances and financing are as follows:

	Group and Bank	
	2024 RM'000	2023 RM'000
At 1 January	2,831,791	2,833,180
Classified as credit-impaired	1,010,709	1,417,827
Amount recovered	(333,351)	(473,051)
Reclassified as non credit-impaired	(380,562)	(354,291)
Amount written-off	(465,577)	(591,874)
Gross credit-impaired loans, advances and financing	2,663,010	2,831,791
Less: Stage 3 - Lifetime ECL credit-impaired	(656,292)	(754,736)
Net credit-impaired loans, advances and financing	2,006,718	2,077,055
Ratio of net credit-impaired loans, advances and financing to gross loans, advances and financing less allowance for ECL on credit-impaired provisions	1.8%	1.9%

11. Loans, Advances and Financing (Continued)

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

Group	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL non credit-impaired RM'000	Stage 3 Lifetime ECL credit-impaired RM'000	Total ECL RM'000
2024				
At 1 January	355,716	1,405,055	754,736	2,515,507
Transferred to Stage 1	112,793	(90,296)	(22,497)	-
Transferred to Stage 2	(12,100)	39,254	(27,154)	-
Transferred to Stage 3	(1,496)	(29,551)	31,047	-
Net remeasurement of allowance	269,322	(266,162)	244,831	247,991
Allowance made	227,450	134,852	115,984	478,286
Maturity/settlement/repayment	(116,970)	(251,235)	(85,576)	(453,781)
Exchange differences	(1,756)	(551)	-	(2,307)
Net total (Note 33)	477,243	(463,689)	256,635	270,189
Amounts written-off	-	-	(355,002)	(355,002)
Other movements	-	-	(77)	(77)
At 31 December	832,959	941,366	656,292	2,430,617
2023				
At 1 January	551,907	1,173,643	843,204	2,568,754
Transferred to Stage 1	94,797	(63,348)	(31,449)	-
Transferred to Stage 2	(15,771)	69,922	(54,151)	-
Transferred to Stage 3	(1,079)	(27,227)	28,306	-
Net remeasurement of allowance	(82,273)	52,417	412,825	382,969
Allowance made	154,136	292,929	149,237	596,302
Maturity/settlement/repayment	(345,440)	(93,488)	(109,631)	(548,559)
Exchange differences	(561)	207	-	(354)
Net total (Note 33)	(196,191)	231,412	395,137	430,358
Amounts written-off	-	-	(483,748)	(483,748)
Other movements	-	-	143	143
At 31 December	355,716	1,405,055	754,736	2,515,507

11. Loans, Advances and Financing (Continued)

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

Bank	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL non credit-impaired RM'000	Stage 3 Lifetime ECL credit-impaired RM'000	Total ECL RM'000
2024				
At 1 January	357,818	1,405,055	754,736	2,517,609
Transferred to Stage 1	112,793	(90,296)	(22,497)	-
Transferred to Stage 2	(12,100)	39,254	(27,154)	-
Transferred to Stage 3	(1,496)	(29,551)	31,047	-
Net remeasurement of allowance	269,322	(266,162)	244,831	247,991
Allowance made	228,005	134,852	115,984	478,841
Maturity/settlement/repayment	(116,970)	(251,235)	(85,576)	(453,781)
Exchange differences	(1,756)	(551)	-	(2,307)
Net total (Note 33)	477,798	(463,689)	256,635	270,744
Amounts written-off	-	-	(355,002)	(355,002)
Other movements	-	-	(77)	(77)
At 31 December	835,616	941,366	656,292	2,433,274
2023				
At 1 January	553,562	1,173,643	843,204	2,570,409
Transferred to Stage 1	94,797	(63,348)	(31,449)	-
Transferred to Stage 2	(15,771)	69,922	(54,151)	-
Transferred to Stage 3	(1,079)	(27,227)	28,306	-
Net remeasurement of allowance	(82,273)	52,417	412,825	382,969
Allowance made	154,136	292,929	149,237	596,302
Maturity/settlement/repayment	(344,993)	(93,488)	(109,631)	(548,112)
Exchange differences	(561)	207	-	(354)
Net total (Note 33)	(195,744)	231,412	395,137	430,805
Amounts written-off	-	-	(483,748)	(483,748)
Other movements	-	-	143	143
At 31 December	357,818	1,405,055	754,736	2,517,609

11. Loans, Advances and Financing (Continued)

(viii) Gross credit-impaired loans, advances and financing by economic sector are as follows:

	Group and Bank	
	2024 RM'000	**2023 RM'000**
Mining and quarrying	568	568
Manufacturing	100,382	120,231
Electricity, gas and water	17	38
Construction	679,950	696,605
Wholesale, retail trade, restaurants and hotels	318,604	326,426
Transport, storage and communication	35,581	42,475
Finance, insurance and business services	33,609	32,998
Real estate	240,719	224,104
Community, social and personal services	3,989	6,478
Households:		
- Purchase of residential properties	920,067	1,035,442
- Purchase of non-residential properties	149,784	163,856
- Others	179,740	182,570
	2,663,010	2,831,791

(ix) Gross credit-impaired loans, advances and financing by geographical distribution are as follows:

	Group and Bank	
	2024 RM'000	**2023 RM'000**
In Malaysia	2,570,791	2,725,029
Outside Malaysia	92,219	106,762
	2,663,010	2,831,791

12. Statutory Deposits with Bank Negara Malaysia

The non-interest bearing statutory deposits are maintained with Bank Negara Malaysia (BNM) in compliance with Section 26(2)(c) and Section 26(3) of the Central Bank of Malaysia Act 2009. The amounts are set at a predetermined percentage of total eligible liabilities.

13. Investment in Subsidiaries

	Bank	
	2024 RM'000	2023 RM'000
Unquoted shares in Malaysia, at cost		
At 1 January/31 December	20	20
Redeemable preference shares in Malaysia, at cost		
At 1 January	350,000	570,000
Partial redemption of preference shares from a subsidiary (Note (b))	-	(220,000)
At 31 December	350,000	350,000
Total investment in subsidiaries	350,020	350,020

The subsidiaries of the Bank, all of which are incorporated in Malaysia and held directly by the Bank (except as indicated*), are as follows:

	Paid-up capital	Group's effective interest		Principal activities
	RM	2024 %	2023 %	
UOB Properties (KL) Bhd* (held directly by UOB Properties Bhd)	2	100	100	Property investment holding and property management company
UOB Properties Bhd	7	100	100	Property holding company
UOBM Nominees (Tempatan) Sdn Bhd	10,000	100	100	Nominee services
UOBM Nominees (Asing) Sdn Bhd	10,000	100	100	Nominee services
UOB Credit Bhd	2	100	100	Dormant
UOB 2006 Nominees (Tempatan) Sdn Bhd	10,000	100	100	Nominee services

13. Investment in Subsidiaries (Continued)

(a) In July 2017, the Board of UOB Properties (KL) Bhd approved the issuance of redeemable preference shares amounting to RM600,000,000 over the period from 1 July 2017 to 31 January 2021. Subsequently in March 2021, the Board of UOB Properties (KL) Bhd has approved the extension till 30 June 2023. As at 31 December 2022, the Bank has subscribed to 570,000,000 units of redeemable preference shares amounting to RM570,000,000. The preference shares rank ahead of the ordinary shares in the event of liquidation. The redemption of the redeemable preference shares are solely at the discretion of UOB Properties (KL) Bhd and it does not carry the right to any dividends.

(b) In September 2023, the Board of UOB Properties (KL) Bhd approved the partial redemption of 220,000,000 units of Redeemable Preference Shares (RPS) amounting to RM220,000,000 subscribed by the Bank.

(c) As of 31 December 2024, the Bank has 350,000,000 units of redeemable preference shares amounting to RM350,000,000.

All trading transactions of UOBM Nominees (Tempatan) Sdn Bhd, UOBM Nominees (Asing) Sdn Bhd and UOB 2006 Nominees (Tempatan) Sdn Bhd are entered into as agents for the Bank and the records accordingly are incorporated into the books and financial statements of the Bank.

All of the subsidiaries are audited by Ernst & Young PLT.

14. Investment in an Associate

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Unquoted shares, at cost	20,173	20,173	24,513	24,513
Accumulated impairment loss	(19,755)	(19,755)	(19,755)	(19,755)
	418	418	4,758	4,758

14. Investment in an Associate (Continued)

The details of the associate, which is incorporated in Malaysia, are as follows:

	Group's effective interest		Principal activities	Accounting model applied
	2024 %	2023 %		
Uni.Asia Capital Sdn Bhd ("Uni.Asia Capital")	49	49	Investment holding company	Equity

The summarised financial information of the associate as at 31 December is as follows:

	2024 RM'000	2023 RM'000
Assets and liabilities		
Current assets	18,893	18,893
Total assets	18,893	18,893
Current liabilities	73	73
Total liabilities	73	73
Results		
Revenue	-	-
Loss before taxation	-	-
Loss for the year	-	-

At 31 December 2024, the amount of goodwill for Uni.Asia Capital included within the Group was RM19,755,000 (2023: RM19,755,000), all of which were allocated to the investment in an associate as a cash generating unit and it has been fully impaired.

15. Property, Plant and Equipment

Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Office furniture, fittings and equipment RM'000	Computer equipment and software RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
2024								
Cost or valuation								
At 1 January:								
- At cost	-	-	-	413,337	893,957	8,473	83,701	1,399,468
- At valuation	193,516	97,246	758,613	-	-	-	-	1,049,375
	193,516	97,246	758,613	413,337	893,957	8,473	83,701	2,448,843
Additions	-	-	-	11,058	45,722	-	96,833	153,613
Reclassifications	-	-	-	4,271	118,499	-	(122,770)	-
Disposals/write-off	-	-	-	(653)	(2,601)	(225)	(434)	(3,913)
At 31 December	193,516	97,246	758,613	428,013	1,055,577	8,248	57,330	2,598,543
Representing:								
- At cost	-	-	-	428,013	1,055,577	8,248	57,330	1,549,168
- At valuation	193,516	97,246	758,613	-	-	-	-	1,049,375
At 31 December	193,516	97,246	758,613	428,013	1,055,577	8,248	57,330	2,598,543
Accumulated depreciation								
At 1 January	-	25,985	182,169	181,595	549,812	5,243	-	944,804
Depreciation charge (Note 31)	-	1,313	14,703	33,376	96,023	968	-	146,383
Disposals/write-off	-	-	-	(320)	(2,578)	(225)	-	(3,123)
At 31 December	-	27,298	196,872	214,651	643,257	5,986	-	1,088,064
Impairment loss								
At 1 January	830	-	100,489	-	-	-	-	101,319
Write-back	(100)	-	(10,789)	-	-	-	-	(10,889)
At 31 December	730	-	89,700	-	-	-	-	90,430
Net carrying amount								
At cost	-	-	-	213,362	412,320	2,262	57,330	685,274
At valuation	192,786	69,948	472,041	-	-	-	-	734,775
At 31 December	192,786	69,948	472,041	213,362	412,320	2,262	57,330	1,420,049

15. Property, Plant and Equipment (Continued)

Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Office furniture, fittings and equipment RM'000	Computer equipment and software RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
2023								
Cost or valuation								
At 1 January:								
- At cost	-	-	-	289,076	722,562	7,863	183,628	1,203,129
- At valuation	193,516	97,246	758,353	-	-	-	-	1,049,115
	193,516	97,246	758,353	289,076	722,562	7,863	183,628	2,252,244
Additions	-	-	284	56,466	172,461	1,206	12,485	242,902
Revaluation deficit	-	-	(24)	-	-	-	-	(24)
Reclassifications	-	-	-	111,046	17	-	(111,063)	-
Disposals/write-off	-	-	-	(43,251)	(1,083)	(596)	(1,349)	(46,279)
At 31 December	193,516	97,246	758,613	413,337	893,957	8,473	83,701	2,448,843
Representing:								
- At cost	-	-	-	413,337	893,957	8,473	83,701	1,399,468
- At valuation	193,516	97,246	758,613	-	-	-	-	1,049,375
At 31 December	193,516	97,246	758,613	413,337	893,957	8,473	83,701	2,448,843
Accumulated depreciation								
At 1 January	-	24,672	153,826	183,505	466,403	4,837	-	833,243
Depreciation charge (Note 31)	-	1,313	28,343	33,081	84,453	964	-	148,154
Disposals/write-off	-	-	-	(34,991)	(1,044)	(558)	-	(36,593)
At 31 December	-	25,985	182,169	181,595	549,812	5,243	-	944,804
Impairment loss								
At 1 January	830	-	110,382	-	-	-	-	111,212
Write-back	-	-	(9,893)	-	-	-	-	(9,893)
At 31 December	830	-	100,489	-	-	-	-	101,319
Net carrying amount								
At cost	-	-	-	231,742	344,145	3,230	83,701	662,818
At valuation	192,686	71,261	475,955	-	-	-	-	739,902
At 31 December	192,686	71,261	475,955	231,742	344,145	3,230	83,701	1,402,720

15. Property, Plant and Equipment (Continued)

Bank	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Office furniture, fittings and equipment RM'000	Computer equipment and software RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
2024								
Cost								
At 1 January	-	-	-	393,484	893,546	8,473	82,802	1,378,305
Additions	-	-	-	10,792	45,712	-	94,455	150,959
Reclassifications	-	-	-	4,271	118,499	-	(122,770)	-
Disposals/write-off	-	-	-	(653)	(2,511)	(225)	(434)	(3,823)
At 31 December	-	-	-	407,894	1,055,246	8,248	54,053	1,525,441
Accumulated depreciation								
At 1 January	-	-	-	171,258	549,536	5,243	-	726,037
Depreciation charge (Note 31)	-	-	-	31,391	95,941	968	-	128,300
Disposals/write-off	-	-	-	(320)	(2,488)	(225)	-	(3,033)
At 31 December	-	-	-	202,329	642,989	5,986	-	851,304
Net carrying amount								
At 31 December	-	-	-	205,565	412,257	2,262	54,053	674,137
2023								
Cost								
At 1 January	-	-	-	265,054	722,222	7,861	183,611	1,178,748
Additions	-	-	-	56,052	172,407	1,207	11,586	241,252
Reclassifications	-	-	-	111,046	-	-	(111,046)	-
Disposals/write-off	-	-	-	(38,668)	(1,083)	(595)	(1,349)	(41,695)
At 31 December	-	-	-	393,484	893,546	8,473	82,802	1,378,305
Accumulated depreciation								
At 1 January	-	-	-	172,330	466,226	4,835	-	643,391
Depreciation charge (Note 31)	-	-	-	30,754	84,354	965	-	116,073
Disposals/write-off	-	-	-	(31,826)	(1,044)	(557)	-	(33,427)
At 31 December	-	-	-	171,258	549,536	5,243	-	726,037
Net carrying amount								
At 31 December	-	-	-	222,226	344,010	3,230	82,802	652,268

15. Property, Plant and Equipment (Continued)

The net carrying amounts of land and buildings, had these assets been carried at cost less accumulated depreciation, are as follows:

	Group	
	2024 RM'000	2023 RM'000
Freehold land	88,064	88,064
Leasehold land	6,921	7,064
Buildings	528,379	540,775
	623,364	635,903

16. Right-of-use Assets and Lease Liabilities

Group and Bank as lessee

The Group and the Bank have lease contracts for various buildings used in their operations. Leases of buildings generally have lease terms of 3 years. There are several lease contracts that include extension and termination options, which are further elaborated below.

Set out below are the carrying amounts recognised and the movements during the period:

	Buildings			
	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Right-of-use assets				
At 1 January	77,676	93,166	508,554	134,964
Additions	35,015	3,881	33,622	420,377
Depreciation charge (Note 31)	(21,714)	(19,371)	(49,435)	(46,787)
At 31 December	90,977	77,676	492,741	508,554
Lease liabilities				
At 1 January	84,147	98,970	532,075	145,038
Additions	35,015	3,340	33,622	420,089
Accretion of interest (Note 29)	2,902	2,849	19,792	22,787
Lease payments	(23,154)	(21,012)	(55,690)	(55,839)
At 31 December	98,910	84,147	529,799	532,075

16. Right-of-use Assets and Lease Liabilities (Continued)

Group and Bank as lessee (Continued)

The Group and the Bank have several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's and the Bank's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension options that are not included in the lease terms:

2024	Within 1 year RM'000	More than 1 year RM'000	Total RM'000
Group			
Extension options expected not to be exercised	-	4,747	4,747
Bank			
Extension options expected not to be exercised	371	6,604	6,975
2023			
Group			
Extension options expected not to be exercised	4,488	6,163	10,651
Bank			
Extension options expected not to be exercised	4,488	12,652	17,140

17. Intangible Assets

Group and Bank	Goodwill RM'000	Other intangible assets* RM'000	Total RM'000
2024			
Cost			
At 1 January/31 December	350,557	131,000	481,557
Accumulated amortisation			
At 1 January	-	(15,283)	(15,283)
Amortisation charged for the financial year (Note 31)	-	(13,100)	(13,100)
At 31 December	-	(28,383)	(28,383)
Net carrying amount			
At 31 December	350,557	102,617	453,174
2023			
Cost			
At 1 January	363,140	119,000	482,140
Finalisation of business acquisition:			
- Adjustment for the financial year	(583)	-	(583)
- Transferred between categories	(12,000)	12,000	-
At 31 December	350,557	131,000	481,557
Accumulated amortisation			
At 1 January	-	(1,983)	(1,983)
Amortisation charged for the financial year (Note 31)	-	(13,300)	(13,300)
At 31 December	-	(15,283)	(15,283)
Net carrying amount			
At 31 December	350,557	115,717	466,274

*Comprising Core Deposit Intangibles and Customer Relationship

17. Intangible Assets (Continued)

Impairment tests for goodwill

Goodwill was allocated on the date of acquisition to the reportable business segments expected to benefit from the synergies of business combination. The recoverable amount of business segments are based on their value in use, computed by discounting the expected future cash flows of the segments. The key assumptions in computing the value in use include the discount rates and growth rates applied. Discount rates are estimated based on current market assessments of time value of money and risks specific to the asset. The terminal growth rate used does not exceed the historical long-term average growth rates. Cash flow projections are based on the most recent five-year financial forecasts provided by key business segments and approved by management. These cash flows are derived based on the outlook of macroeconomic conditions from external sources, in particular, interest rates and foreign exchange rates, taking into account management's past experience on the impact of such changes to the cash flows of the Bank. Long-term growth rates are imputed on fifth-year cash flow and then discounted to determine the terminal value. Key assumptions are as follows:

	2024	2023
Discount rate	8.52%	8.68%
Projected average growth rate	4.78%	4.74%
Terminal growth rate	4.04%	4.11%

18. Deferred Tax Assets/(Liabilities)

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
At 1 January	351,843	330,118	368,342	344,713
Transferred to goodwill	-	(9,706)	-	(9,706)
Charged to the profit or loss (Note 34)	16,478	110,969	17,447	112,878
Deferred tax liabilities recognised on intangible assets arising from business acquisition	-	(2,440)	-	(2,440)
Recognised in OCI	(4,567)	(77,098)	(4,567)	(77,103)
At 31 December	363,754	351,843	381,222	368,342

18. Deferred Tax Assets/(Liabilities) (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities in respect of each entity and when the deferred income taxes relate to the same tax authority. The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Deferred tax assets, net	390,844	379,671	381,222	368,342
Deferred tax liabilities, net	(27,090)	(27,828)	-	-
	363,754	351,843	381,222	368,342

Deferred tax assets and liabilities prior to offsetting are summarised as follows:

Deferred tax assets	525,915	497,176	599,668	575,429
Deferred tax liabilities	(162,161)	(145,333)	(218,446)	(207,087)
	363,754	351,843	381,222	368,342

The components and movements in deferred tax assets and liabilities of the Group during the financial year prior to offsetting are as follows:

Deferred tax assets

Group	Provisions RM'000	Lease liabilities RM'000	Deferred income RM'000	Allowance for ECL RM'000	Total RM'000
2024					
At 1 January	215,668	20,195	5,433	255,880	497,176
Charged to profit or loss	(9,750)	3,543	(314)	35,260	28,739
At 31 December	205,918	23,738	5,119	291,140	525,915
2023					
At 1 January	139,303	23,753	8,790	223,755	395,601
Transferred to goodwill	(9,706)	-	-	-	(9,706)
Charged to profit or loss	86,071	(3,558)	(3,357)	32,125	111,281
At 31 December	215,668	20,195	5,433	255,880	497,176

18. Deferred Tax Assets/(Liabilities) (Continued)

The components and movements in deferred tax assets and liabilities of the Group during the financial year prior to offsetting are as follows (Continued):

Deferred tax liabilities

Group	Other intangible assets RM'000	Property, plant and equipment RM'000	Right-of-use assets RM'000	FVOCI reserve RM'000	Total RM'000
2024					
At 1 January	27,772	76,594	18,642	22,325	145,333
Charged to profit or loss	(3,144)	12,213	3,192	-	12,261
Recognised in OCI	-	-	-	4,567	4,567
At 31 December	24,628	88,807	21,834	26,892	162,161
2023					
At 1 January	28,517	69,385	22,360	(54,779)	65,483
Charged to profit or loss	(3,185)	7,215	(3,718)	-	312
Deferred tax liabilities recognised on intangible assets arising from business acquisition	2,440	-	-	-	2,440
Recognised in OCI	-	(6)	-	77,104	77,098
At 31 December	27,772	76,594	18,642	22,325	145,333

Deferred tax assets

Bank	Provisions RM'000	Lease liabilities RM'000	Deferred income RM'000	Allowance for ECL RM'000	Total RM'000
2024					
At 1 January	186,417	127,698	5,433	255,881	575,429
Charged to profit or loss	(10,161)	(546)	(314)	35,260	24,239
At 31 December	176,256	127,152	5,119	291,141	599,668
2023					
At 1 January	111,298	34,809	8,790	223,756	378,653
Transferred to goodwill	(9,706)	-	-	-	(9,706)
Charged to profit or loss	84,825	92,889	(3,357)	32,125	206,482
At 31 December	186,417	127,698	5,433	255,881	575,429

18. Deferred Tax Assets/(Liabilities) (Continued)

The components and movements in deferred tax assets and liabilities of the Group during the financial year prior to offsetting are as follows (Continued):

Deferred tax liabilities

Bank	Other intangible assets RM'000	Property, plant and equipment RM'000	Right-of-use assets RM'000	FVOCI reserve RM'000	Total RM'000
2024					
At 1 January	27,772	34,938	122,053	22,324	207,087
Charged to profit or loss	(3,144)	13,731	(3,795)	-	6,792
Recognised in OCI	-	-	-	4,567	4,567
At 31 December	24,628	48,669	118,258	26,891	218,446
2023					
At 1 January	28,517	27,811	32,391	(54,779)	33,940
Charged to profit or loss	(3,185)	7,127	89,662	-	93,604
Deferred tax liabilities recognised on intangible assets arising from business acquisition	2,440	-	-	-	2,440
Recognised in OCI	-	-	-	77,103	77,103
At 31 December	27,772	34,938	122,053	22,324	207,087

The amounts of net deferred tax assets, calculated at the current applicable tax rate, which are not recognised in the financial statements due to uncertainty of their realisation, are as follows:

	Group	
	2024 RM'000	2023 RM'000
Unutilised tax losses	131	131
Unabsorbed capital allowances	86,392	70,282
	86,523	70,413

The unutilised tax losses of the Group are available for offsetting against future taxable profits of the respective entities within the Group for another 10 consecutive years effective from Year of Assessment 2019. The unabsorbed capital allowances of the Group are not subject to 7 years limitation period and available indefinitely for offsetting against future taxable profits of the respective entities within the Group.

These utilisation of carried forward tax losses and allowances are also subject to no substantial change in shareholdings of those entities under the Income Tax Act 1967 and guidelines issued by the tax authority.

19. Deposits From Customers

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Demand deposits #	38,361,113	36,069,211	38,378,729	36,099,516
Savings deposits	12,019,918	7,369,404	12,019,918	7,369,404
Fixed deposits	61,740,182	68,984,194	61,740,182	68,984,194
Money market deposits	2,031,150	3,272,928	2,031,150	3,272,928
Others	433,222	338,464	434,104	339,307
	114,585,585	116,034,201	114,604,083	116,065,349

# Demand deposits include the following:				
Demand deposits from subsidiaries:				
- UOB Properties Bhd	-	-	2,148	898
- UOB Properties (KL) Bhd	-	-	15,468	29,407
	-	-	17,616	30,305
Demand deposits from related companies:				
- UOB Centre of Excellence (M) Sdn Bhd	500	500	500	500
- Chung Khiaw Realty Limited	539	516	539	516
	1,039	1,016	1,039	1,016

(i) The remaining maturity of fixed deposits and money market deposits are as follows:

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Due within six months	50,851,434	48,319,386	50,851,434	48,319,386
Six months to one year	12,893,016	23,523,417	12,893,016	23,523,417
One year to three years	26,497	16,188	26,497	16,188
Three years to five years	385	398,131	385	398,131
	63,771,332	72,257,122	63,771,332	72,257,122

19. Deposits From Customers (Continued)

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

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Business enterprises	34,476,283	36,140,397	34,494,781	36,171,545
Individuals	61,811,182	61,484,431	61,811,182	61,484,431
Foreign entities	8,905,881	8,277,694	8,905,881	8,277,694
Others	9,392,239	10,131,679	9,392,239	10,131,679
	114,585,585	116,034,201	114,604,083	116,065,349

20. Deposits and Placements of Banks and Other Financial Institutions

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Licensed banks in Malaysia	487,126	4,001	487,126	4,001
Bank Negara Malaysia*	982,339	938,050	982,339	938,050
Other financial institutions**	13,163,355	13,073,114	13,163,375	13,073,134
	14,632,820	14,015,165	14,632,840	14,015,185

* Included in the deposits from BNM is an amount of RM388,332,630 (2023: RM346,842,183) placed by BNM for the purposes of funding the Fund for All Economic Sectors.

Also included herewith is an amount of RM590,909,000 (2023: RM590,909,000) relating to funds received under a government financing scheme for the purpose of SME lending at a below market and concession rate with remaining maturity of more than three years.

The amounts loaned to customers of the Bank are included in loans, advances and financing.

** Included in the deposits from other financial institutions are the deposit placement from the ultimate holding company amounting to RM12,889,015,000 (2023: RM12,745,616,000), deposit placement from subsidiaries amounting to RM20,000 (2023: RM20,000) and deposit placement from fellow subsidiaries amounting to RM439,000 (2023: RM440,000).

21. Other Liabilities

	Group 2024 RM'000	Group 2023 RM'000	Bank 2024 RM'000	Bank 2023 RM'000
Allowance for ECL on commitments and contingencies (Note (c))	221,914	205,265	221,914	205,265
Interest/profit payable	466,539	541,918	466,539	541,918
Accruals and provisions for operational expenses	468,240	702,074	465,377	699,582
Other payables and accruals (Note (a))	3,352,685	3,545,525	3,335,020	3,510,790
Deferred income (Note (b))	21,331	22,639	21,331	22,639
	4,530,709	5,017,421	4,510,181	4,980,194

(a) Included in other payables and accruals are 'Customer Gold Accounts' amounting to RM514,586,000 (2023: RM215,835,000).

(b) Included in deferred income in the previous financial year is upfront cash payment from a Bancassurance partnership signed in 2011 for a contractual 12 years period until 2023.

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

Group and Bank	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL non credit-impaired RM'000	Stage 3 Lifetime ECL credit-impaired RM'000	Total ECL RM'000
2024				
At 1 January	83,399	92,569	29,297	205,265
Transferred to Stage 1	53,386	(53,386)	-	-
Transferred to Stage 2	(3,060)	3,060	-	-
Net remeasurement of allowance	(36,196)	21,468	-	(14,728)
Allowance made	80,171	27,473	1,657	109,301
Maturity/settlement/repayment	(47,304)	(23,845)	(6,043)	(77,192)
Exchange differences	(316)	(20)	-	(336)
Net total (Note 33)	46,681	(25,250)	(4,386)	17,045
Other movements	-	-	(396)	(396)
At 31 December	130,080	67,319	24,515	221,914

21. Other Liabilities (Continued)

(c) Movements in the allowance for ECL on irrevocable commitments and contingencies are as follows (Continued):

Group and Bank	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL non credit-impaired RM'000	Stage 3 Lifetime ECL credit-impaired RM'000	Total ECL RM'000
2023				
At 1 January	64,764	37,458	60,253	162,475
Transferred to Stage 1	14,530	(14,530)	-	-
Transferred to Stage 2	(2,026)	2,026	-	-
Transferred to Stage 3	(1)	-	1	-
Net remeasurement of allowance	(11,270)	17,707	42	6,479
Allowance made	69,434	62,887	-	132,321
Maturity/settlement/repayment	(52,114)	(12,985)	(32,051)	(97,150)
Exchange differences	82	6	-	88
Net total (Note 33)	18,635	55,111	(32,008)	41,738
Other movements	-	-	1,052	1,052
At 31 December	83,399	92,569	29,297	205,265

22. Subordinated Bonds/Sukuk

	Group and Bank	
(a) At amortised cost	**2024 RM'000**	**2023 RM'000**
RM750 million subordinated bond 2020/2030, at par (i)	749,352	749,728
RM1 billion subordinated bond 2022/2032, at par (ii)	1,000,000	1,000,000
RM500 million subordinated sukuk 2024/2034, at par (iii)	500,000	-
	2,249,352	1,749,728
Accumulated fair value adjustment (gain) for subordinated bonds	(648)	(272)

22. Subordinated Bonds/Sukuk (Continued)

(i) On 3 August 2020, the Bank issued RM750 million Basel III compliant Tier 2 subordinated bonds (10 years maturity, non-callable 5 years) ("the Bond 1").

The Bond 1 bears interest at the rate of 3.00% per annum. The coupon rate herein is applicable throughout the tenure of the subordinated bonds.

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

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

The Bond 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.

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

The Bond 2 bears interest at the rate of 4.91% per annum. The coupon rate herein is applicable throughout the tenure of the subordinated bonds.

The Bond 2 may be redeemed at par at the option of the Bank, in part or in whole, on 27 October 2027 or at any interest payment date thereafter.

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

The Bond 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.

(iii) On 8 February 2024, the Bank issued RM500 million Basel III compliant Tier 2 subordinated Islamic Medium Term Notes (10 years maturity, non-callable 5 years) ("the Sukuk").

The Sukuk bears profit at the rate of 4.01% per annum. The coupon rate herein is applicable throughout the tenure of the subordinated sukuk.

The Sukuk may be redeemed at par at the option of the Bank, in part or in whole, on 8 February 2029 or at any profit payment date thereafter.

The profit is payable semi-annually in arrears on 8 August and 8 February each year commencing 8 August 2024.

The Sukuk 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.

22. Subordinated Bonds/Sukuk (Continued)

(iv) Fair value hedge

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

As at 31 December 2024, the Group and the Bank had interest rate swap agreements in place with notional amount totalling RM750 million (31 December 2023: RM750 million).

The movements in fair value of the interest rate swaps of unrealised loss of RM376,000 (31 December 2023: unrealised gain of RM3,001,000) were recognised in trading and investment income during the period (Note 30).

The net gain and loss arising from fair value hedge during the year are as follows:

	Group and Bank	
	2024 RM'000	2023 RM'000
(Loss)/gain on hedging instrument	(376)	3,001
Gain/(loss) on the hedged item attributable to the hedged risk (Note 30)	376	(3,001)
	-	-

(b) An analysis of changes in liabilities arising from financing activities for the financial year ended 31 December 2024 is as follows:

	Bank borrowings	
	2024 RM'000	2023 RM'000
At 1 January	1,749,728	2,346,727
Issuance during the year	500,000	-
Redemption during the year	-	(600,000)
Revaluation (gain)/loss	(376)	3,001
At 31 December	2,249,352	1,749,728

23. Share Capital

	Group and Bank 2024		Group and Bank 2023	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
Issued and fully paid ordinary shares				
At 1 January/At 31 December	470,000	792,555	470,000	792,555

24. Reserves

		Group		Bank	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Non-distributable					
Revaluation reserve	(a)	233,477	233,477	-	-
FVOCI reserve		92,062	79,393	85,159	72,490
		325,539	312,870	85,159	72,490
Distributable					
Retained profits	(b)	13,902,695	12,996,815	14,055,169	13,159,032
Total reserves		14,228,234	13,309,685	14,140,328	13,231,522

(a) The revaluation reserve is in respect of gain from revaluation of freehold land, leasehold land and buildings.

(b) The Bank may distribute dividends out of its entire retained profits as at 31 December 2024 under the single-tier system.

25. 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 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 their 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.

25. Financial Derivatives (Continued)

The fair values of the financial derivatives are as follows:

Group and Bank	Contract or underlying principal amount RM'000	Positive fair value RM'000	Negative fair value RM'000
2024			
Trading derivatives			
Foreign exchange related contracts:			
- Forwards	22,458,932	310,378	201,127
- Swaps	69,707,640	459,109	745,699
- Options	932,151	6,208	2,857
Interest/profit rate related contracts:			
- Swaps	117,496,041	515,751	385,784
- Futures	835	14	-
- Options	25,246	-	35
Equity related contracts:			
- Swaps	84,799	114	3,882
- Options	56,409	2,015	1,251
Commodity related contracts:			
- Swaps	423,137	5,521	14,917
- Futures	40,240	1,797	54
- Options	143,870	868	868
Credit derivative contracts:			
- Swaps	5,857	234	-
Hedging derivatives			
Interest rate related contracts:			
- Swaps	750,000	-	648
		1,302,009	1,357,122
2023			
Trading derivatives			
Foreign exchange related contracts:			
- Forwards	16,996,190	132,797	170,184
- Swaps	72,521,173	641,353	683,383
- Options	722,176	7,385	964
Interest/profit rate related contracts:			
- Swaps	73,482,618	562,080	623,014
- Futures	114,084	-	228
- Options	21,851	-	78
Equity related contracts:			
- Options	83,057	980	4,377
Commodity related contracts:			
- Swaps	346,689	10,139	9,617
- Futures	41,875	615	697
Credit derivative contracts:			
- Swaps	6,010	-	186
Hedging derivatives			
Interest rate related contracts:			
- Swaps	750,000	-	272
		1,355,349	1,493,000

25. Financial Derivatives (Continued)

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.

26. Fair Value of Assets and Liabilities

(a) Determination of fair value and fair value hierarchy

Where available, quoted and observable market prices are used as the measure of fair value. Where quoted and observable market prices are not available, fair value is estimated based on a range of methodologies and assumptions, the principal ones being as follows:

(i) Fair value of securities actively traded is determined by quoted bid prices. For non-actively traded securities, independent broker quotations are obtained. Fair value of unquoted equity securities is estimated using a number of methods, including net tangible assets, earnings ratios and discounted cash flow analysis. Where discounted cash flow technique is used, the estimated future cash flows are discounted using applicable prevailing market or indicative rates of similar instruments at the reporting date.

(ii) Fair value of precious metals is determined based on prevailing quoted market prices from the London Bullion Market Association.

(iii) For financial derivatives, where quoted and observable market prices are not available, fair value is arrived at using internal pricing models. As assumptions are made regarding risk characteristics of the various financial instruments, discount rates, future expected loss and other factors, changes in the uncertainties and assumptions could materially affect these estimates and the resulting fair value estimates.

(iv) Fair value of land and buildings is determined by a registered valuer, using the comparison approach.

Level 1 - Unadjusted quoted prices in active market for identical financial instruments.

Level 2 - Inputs other than quoted prices that are observable either directly or indirectly.

Level 3 - Inputs that are not based on observable market data.

26. Fair Value of Assets and Liabilities (Continued)

(b) Financial instruments and non-financial assets carried at fair value

The following tables show the Group's and the Bank's financial instruments and non-financial assets which are measured at fair value at the reporting date analysed by the various levels within the fair value hierarchy.

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2024				
Assets				
Financial assets at FVTPL	869,287	5,436,959	-	6,306,246
Debt instruments at FVOCI	14,455,985	1,951,327	-	16,407,312
Equity instruments at FVOCI	947	-	173,214	174,161
Derivative financial assets	-	1,302,009	-	1,302,009
Precious metal accounts	427,012	-	-	427,012
Land and buildings	-	-	734,775	734,775
Total	15,753,231	8,690,295	907,989	25,351,515
Liabilities				
Structured deposits	-	1,918,526	-	1,918,526
Customer gold accounts	514,586	-	-	514,586
Derivative financial liabilities	-	1,357,122	-	1,357,122
Total	514,586	3,275,648	-	3,790,234
2023				
Assets				
Financial assets at FVTPL	38,557	5,236,241	-	5,274,798
Debt instruments at FVOCI	19,372,540	2,969,407	-	22,341,947
Equity instruments at FVOCI	941	-	217,253	218,194
Derivative financial assets	-	1,355,349	-	1,355,349
Precious metal accounts	128,832	-	-	128,832
Land and buildings	-	-	739,902	739,902
Total	19,540,870	9,560,997	957,155	30,059,022
Liabilities				
Structured deposits	-	1,976,576	-	1,976,576
Customer gold accounts	215,835	-	-	215,835
Derivative financial liabilities	-	1,493,000	-	1,493,000
Total	215,835	3,469,576	-	3,685,411

26. Fair Value of Assets and Liabilities (Continued)

(b) Financial instruments and non-financial assets carried at fair value (Continued)

Bank	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2024				
Assets				
Financial assets at FVTPL	869,287	5,436,959	-	6,306,246
Debt instruments at FVOCI	14,455,985	1,951,327	-	16,407,312
Equity instruments at FVOCI	947	-	173,214	174,161
Derivative financial assets	-	1,302,009	-	1,302,009
Precious metal accounts	427,012	-	-	427,012
Total	15,753,231	8,690,295	173,214	24,616,740
Liabilities				
Structured deposits	-	1,918,526	-	1,918,526
Customer gold accounts	514,586	-	-	514,586
Derivative financial liabilities	-	1,357,122	-	1,357,122
Total	514,586	3,275,648	-	3,790,234
2023				
Assets				
Financial assets at FVTPL	38,557	5,236,241	-	5,274,798
Debt instruments at FVOCI	19,372,540	2,969,407	-	22,341,947
Equity instruments at FVOCI	941	-	217,253	218,194
Derivative financial assets	-	1,355,349	-	1,355,349
Precious metal accounts	128,832	-	-	128,832
Total	19,540,870	9,560,997	217,253	29,319,120
Liabilities				
Structured deposits	-	1,976,576	-	1,976,576
Customer gold accounts	215,835	-	-	215,835
Derivative financial liabilities	-	1,493,000	-	1,493,000
Total	215,835	3,469,576	-	3,685,411

26. Fair Value of Assets and Liabilities (Continued)

(c) Fair value of financial instruments not carried at fair value

The fair value of fixed rate loans, advances and financing is estimated based on discounted cash flows using prevailing market rates of loans, advances and financing of similar credit risks and maturity. For fair value of variable rate loans, advances and financing, the fair value is estimated to approximate their carrying amounts.

The fair value of the subordinated bonds/sukuk is estimated based on prevailing market rates of the subordinated bonds/sukuk of similar credit risks and maturity. The fair value of the bonds is estimated based on independent brokers' quotations.

The fair value of the debt instruments at amortised cost is estimated based on independent broker quotations.

Set out below is the comparison of the carrying amounts and fair value of the financial instruments of the Group and the Bank which are not carried at fair value in the financial statements.

	2024		2023	
Group	**Carrying amount RM'000**	**Fair value RM'000**	**Carrying amount RM'000**	**Fair value RM'000**
Assets				
Gross loans, advances and financing	109,528,054	105,995,281	107,139,864	104,353,512
Gross debt instruments at amortised cost	9,975,806	10,158,819	9,873,561	10,066,980
	119,503,860	116,154,100	117,013,425	114,420,492
Liabilities				
Subordinated bonds/sukuk	2,249,352	2,266,195	1,749,728	1,763,283
Bank				
Assets				
Gross loans, advances and financing	109,830,340	106,297,567	107,445,163	104,658,811
Gross debt instruments at amortised cost	9,975,806	10,158,819	9,873,561	10,066,980
	119,806,146	116,456,386	117,318,724	114,725,791
Liabilities				
Subordinated bonds/sukuk	2,249,352	2,266,195	1,749,728	1,763,283

26. Fair Value of Assets and Liabilities (Continued)

(c) Fair value of financial instruments not carried at fair value (Continued)

The following tables show the fair value of the Group's and the Bank's financial instruments which are not carried at fair value at the reporting date, analysed by various levels within the fair value hierarchy.

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2024				
Assets				
Gross loans, advances and financing	-	105,995,281	-	105,995,281
Gross debt instruments at amortised cost	-	10,158,819	-	10,158,819
	-	116,154,100	-	116,154,100
Liabilities				
Subordinated bonds/sukuk	-	2,266,195	-	2,266,195
2023				
Assets				
Gross loans, advances and financing	-	104,353,512	-	104,353,512
Gross debt instruments at amortised cost	-	10,066,980	-	10,066,980
	-	114,420,492	-	114,420,492
Liabilities				
Subordinated bonds	-	1,763,283	-	1,763,283

Bank	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2024				
Assets				
Gross loans, advances and financing	-	106,297,567	-	106,297,567
Gross debt instruments at amortised cost	-	10,158,819	-	10,158,819
	-	116,456,386	-	116,456,386
Liabilities				
Subordinated bonds/sukuk	-	2,266,195	-	2,266,195
2023				
Assets				
Gross loans, advances and financing	-	104,658,811	-	104,658,811
Gross debt instruments at amortised cost	-	10,066,980	-	10,066,980
	-	114,725,791	-	114,725,791
Liabilities				
Subordinated bonds	-	1,763,283	-	1,763,283

26. Fair Value of Assets and Liabilities (Continued)

(d) Fair value of financial instruments carried at cost or amortised cost

For cash and short-term funds, securities purchased under resale agreements, obligations on securities sold under repurchase agreements, deposits and placements with/of banks and other financial institutions, deposits from customers with short-term or no stated maturity, as well as interest and other short-term receivables and payables, fair value is expected to approximate the carrying amounts in the statements of financial position due to their short-term maturity.

(e) Movements and assumptions used in Level 3 fair value

The following table presents the changes in Level 3 financial assets and non-financial assets for the financial year ended:

Reconciliation of fair value/revalued amount:

	Group and Bank	Group
2024	**Equity instruments at FVOCI: unquoted securities RM'000**	**Land and buildings RM'000**
At 1 January	217,253	739,902
Recognised in OCI	(44,039)	-
Depreciation (recognised in other operating expenses)	-	(16,016)
Write-back of impairment loss	-	10,889
At 31 December	173,214	734,775
2023		
At 1 January	152,757	759,405
Recognised in OCI	64,496	-
Depreciation (recognised in other operating expenses)	-	(29,656)
Additions	-	284
Write-back of impairment loss	-	9,893
Revaluation deficit	-	(24)
At 31 December	217,253	739,902

Equity instruments at FVOCI: unquoted securities

Unquoted securities are revalued using the Cost/Asset Based Approach, specifically the Adjusted Net Assets Method. This method uses the assets and liabilities on the statements of financial position of the respective unquoted securities' audited financial statements as at 31 December 2023 and 2022 by adopting the fair value of each item as disclosed in the notes to the accounts, where applicable.

Changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

26. Fair Value of Assets and Liabilities (Continued)

(e) Movements and assumptions used in Level 3 fair value (Continued)

Land and buildings

Land and buildings were revalued on 26 December 2024 by Knight Frank Malaysia Sdn Bhd and Khong and Jaafar Sdn Bhd, registered valuers, by using a market comparison approach or using a combination of comparable sales and investment approaches. The previous valuation was performed on 19 December 2023.

The comparison approach generally compares and analyses recent recorded transactions of similar type of properties in the locality or similar locations and making the relevant adjustments for differences in factors that affect value. Listings and offers may also be considered. The investment method considers income and expense data relating to the properties being valued and estimates value through a capitalisation process by converting an income amount into a value estimate. This process may consider direct relationships including yield or discount rates (reflecting measures of return on investment).

Area	Significant unobservable valuation input	Range
Central	Price per square metre	RM2,989 - RM13,151
North	Price per square metre	RM2,520 - RM6,143
South	Price per square metre	RM1,560 - RM11,561
East Coast	Price per square metre	RM2,525 - RM4,818
East Malaysia	Price per square metre	RM2,975 - RM6,404

Significant increases/(decreases) in estimated price per square metre in isolation would result in a significantly higher/(lower) fair value.

(f) Fair value of financial instruments that is carried at cost and which the fair value cannot be reliably measured

The fair value of contingent liabilities and undrawn credit facilities is not readily ascertainable. These financial instruments are presently not sold or traded. The estimated fair value may be represented by the present value of the fees expected to be received, less associated costs. The Group and the Bank assess that their respective fair value is unlikely to be significant given that the overall level of fees involved is not significant.

27. Operating Revenue

Operating revenue of the Group and the Bank comprises interest/financing income, fee income, commission income, trading and investment income and other income derived from banking operations.

28. Interest Income

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Loans, advances and financing	5,064,271	4,934,537	5,079,349	4,941,236
Credit-impaired loans, advances and financing	70,024	74,788	70,024	74,788
Money at call and deposit placements with financial institutions	373,644	319,896	373,646	319,896
Financial assets at FVTPL	266,477	209,927	266,477	209,927
Debt instruments at FVOCI	656,785	810,820	656,785	810,820
Debt instruments at amortised cost	381,493	351,915	381,493	351,915
	6,812,694	6,701,883	6,827,774	6,708,582
Amortisation of premium less accretion of discount on:				
- Financial assets at FVTPL	(104)	21,532	(104)	21,532
- Debt instruments at FVOCI	(68,128)	(106,121)	(68,128)	(106,121)
- Debt instruments at amortised cost	5,973	5,185	5,973	5,185
	6,750,435	6,622,479	6,765,515	6,629,178

29. Interest Expense

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Deposits from customers	2,989,366	2,778,486	2,989,980	2,778,916
Deposits and placements of banks and other financial institutions	722,633	846,334	722,633	846,334
Subordinated bonds	72,217	86,894	72,217	86,894
Lease liabilities (Note 16)	2,902	2,849	19,792	22,787
Others	58,900	51,861	58,980	51,966
	3,846,018	3,766,424	3,863,602	3,786,897

30. Other Operating Income

	Group 2024 RM'000	Group 2023 RM'000	Bank 2024 RM'000	Bank 2023 RM'000
Fee income:				
- Commission	273,204	263,635	273,204	263,635
- Guarantee fees	98,289	91,080	98,298	91,115
- Service charges and fees	596,322	551,331	591,920	551,730
Less: Fee expenses	(259,202)	(210,745)	(259,202)	(210,745)
	337,120	340,586	332,718	340,985
- Commitment fees	28,113	28,282	28,617	28,892
- Arrangement and participation fees	32,054	27,171	32,054	27,171
	768,780	750,754	764,891	751,798
Trading and investment income:				
- Gain/(loss) from sale of financial assets at FVTPL	19,995	(11,140)	19,995	(11,140)
- Unrealised (loss)/gain on financial assets at FVTPL	(19,321)	25,633	(19,321)	25,633
- Loss from trading derivatives	(86,371)	(183,890)	(86,371)	(183,890)
- Unrealised gain from trading derivatives	49,284	88,144	49,284	88,144
- Unrealised gain/(loss) on fair value adjustment for subordinated bonds (Note 22(a)(iv))	376	(3,001)	376	(3,001)
- Gain from sale of precious metals	2,958	2,188	2,958	2,188
- Unrealised loss from revaluation of precious metals	(8)	(30)	(8)	(30)
- Gain from sale of debt instruments at FVOCI	69,869	86,978	69,869	86,978
- Gross dividends from equity instruments at FVOCI	981	2,241	981	2,241
	37,763	7,123	37,763	7,123
Other income:				
- Foreign exchange gain, net	783,136	792,226	783,131	792,226
- Rental income from operating leases	1,741	1,462	-	-
- Gain on disposal of property, plant and equipment	60	42	60	42
- Others	17,899	23,509	17,972	21,577
	802,836	817,239	801,163	813,845
	1,609,379	1,575,116	1,603,817	1,572,766

31. Other Operating Expenses

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Personnel expenses	1,319,701	1,265,040	1,313,819	1,259,308
Establishment expenses	749,457	707,794	750,253	701,504
Marketing expenses	97,216	159,111	97,087	159,080
General administrative expenses*	190,078	246,256	187,850	241,021
	2,356,452	2,378,201	2,349,009	2,360,913
Personnel expenses:				
- Wages, salaries and bonus	1,011,313	979,255	1,006,517	974,578
- Defined contribution plan	152,754	147,081	151,955	146,357
- Other employee benefits	155,634	138,704	155,347	138,373
	1,319,701	1,265,040	1,313,819	1,259,308
Establishment expenses:				
- Depreciation of property, plant and equipment (Note 15)	146,383	148,154	128,300	116,073
- Depreciation of right-of-use assets (Note 16)	21,714	19,371	49,435	46,787
- Amortisation of intangible assets (Note 17)	13,100	13,300	13,100	13,300
- Information technology costs	405,430	349,932	405,430	349,932
- Repair and maintenance	83,292	69,854	81,256	70,331
- Short-term lease expenses	1,006	2,554	1,602	6,051
- Others	78,532	104,629	71,130	99,030
	749,457	707,794	750,253	701,504
Marketing expenses:				
- Advertising and publicity	97,216	159,111	97,087	159,080
*Included in general administrative expenses are:				
- Fees and commissions paid	75,800	311,513	75,232	310,835
- Auditors' remuneration:				
- Statutory audit	1,482	1,624	1,438	1,581
- Assurance related services	27	287	27	287
	1,509	1,911	1,465	1,868

32. Chief Executive Officer, Non-Executive Directors and Shariah Committee Members' Remuneration

Remuneration in aggregate paid for the financial year is as follows:

	Group and Bank	
	2024 RM'000	2023 RM'000
Chief Executive Officer		
- Salary and other remuneration	2,169	1,984
- Bonus	1,800	1,260
- Benefits-in-kind	1,238	864
Non-executive directors		
- Fees	833	861
Shariah Committee members (Note 46(s))	377	327
	6,417	5,296

The number of directors of the Group and the Bank whose total remuneration paid during the financial year fell within the following bands is analysed below:

	Number of directors	
	2024	2023
Chief Executive Officer		
RM1 to RM6,000,000	1	1
Non-executive directors		
RM1 to RM100,000	2	-
RM100,001 to RM300,000	4	4

32. Chief Executive Officer, Non-Executive Directors and Shariah Committee Members' Remuneration (Continued)

The total remuneration (including benefits-in-kind) of the directors of the Bank is as follows:

	Remuneration received from the Bank				
	Salary and other remuneration RM'000	Fees RM'000	Bonus RM'000	Benefits-in-kind RM'000	Total RM'000
2024					
Chief Executive Officer					
Ng Wei Wei	2,169	-	1,800	1,238	5,207
Non-executive directors					
Ching Yew Chye	-	275	-	-	275
Fatimah Binti Merican (retired on 2 Nov 2023)	-	183	-	-	183
Dato' Jeffrey Ng Tiong Lip (retired on 15 Jun 2023)	-	154	-	-	154
Chin Shoon Chong, Arthur	-	139	-	-	139
Tunku Alina Raja Muhd Alias	-	49	-	-	49
Datuk Phang Ah Tong (resigned on 15 Feb 2023)	-	33	-	-	33
	2,169	833	1,800	1,238	6,040
2023					
Chief Executive Officer					
Ng Wei Wei	1,984	-	1,260	864	4,108
Non-executive directors					
Ching Yew Chye	-	195	-	-	195
Fatimah Binti Merican (retired on 2 Nov 2023)	-	196	-	-	196
Dato' Jeffrey Ng Tiong Lip (retired on 15 Jun 2023)	-	275	-	-	275
Chin Shoon Chong, Arthur	-	-	-	-	-
Tunku Alina Raja Muhd Alias	-	-	-	-	-
Datuk Phang Ah Tong (resigned on 15 Feb 2023)	-	195	-	-	195
	1,984	861	1,260	864	4,969

33. Allowance for/(Write-Back of) Expected Credit Losses (ECL)

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Loans, advances and financing (Note 11(vii)):				
- Stage 1 - 12-month ECL	477,243	(196,191)	477,798	(195,744)
- Stage 2 - Lifetime ECL non credit-impaired	(463,689)	231,412	(463,689)	231,412
- Stage 3 - Lifetime ECL credit-impaired	256,635	395,137	256,635	395,137
	270,189	430,358	270,744	430,805
Credit-impaired loans, advances and financing:				
- Written-off	120,172	121,035	120,172	121,035
- Recovered	(231,008)	(259,144)	(231,008)	(259,144)
	159,353	292,249	159,908	292,696
Other financial assets:				
- Stage 1 - 12-month ECL	(9,127)	19,706	(9,113)	20,451
- Stage 2 - Lifetime ECL non credit-impaired	8,315	(22,256)	8,327	(22,998)
- Stage 3 - Lifetime ECL credit-impaired	(16,888)	-	(16,888)	-
	(17,700)	(2,550)	(17,674)	(2,547)
Commitments and contingencies (Note 21(c)):				
- Stage 1 - 12-month ECL	46,681	18,635	46,681	18,635
- Stage 2 - Lifetime ECL non credit-impaired	(25,250)	55,111	(25,250)	55,111
- Stage 3 - Lifetime ECL credit-impaired	(4,386)	(32,008)	(4,386)	(32,008)
	17,045	41,738	17,045	41,738
Total	158,698	331,437	159,279	331,887

34. Income Tax Expense

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Current tax:				
- Malaysian income tax in respect of current financial year	541,128	492,405	540,059	492,041
- Under/(over) provision in prior financial years	2,694	(29,713)	2,382	(29,500)
	543,822	462,692	542,441	462,541
Deferred tax (Note 18):				
- Relating to origination and reversal of temporary differences	2,892	(115,515)	1,588	(116,848)
- (Over)/under provision in prior financial years	(19,370)	4,546	(19,035)	3,970
	(16,478)	(110,969)	(17,447)	(112,878)
Total income tax expense	527,344	351,723	524,994	349,663

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2023: 24%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Bank is as follows:

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit before taxation	2,204,494	1,901,017	2,192,401	1,891,838
Taxation at Malaysian statutory tax rate of 24%	529,079	456,244	526,176	454,041
Effects of income not subject to tax	(253)	(99,112)	(250)	(98,319)
Effects of expenses not deductible for tax purposes	15,194	18,586	15,721	19,471
Under/(over) provision of current tax expense in prior financial years	2,694	(29,713)	2,382	(29,500)
(Over)/under provision of deferred tax assets in prior financial years	(19,370)	4,546	(19,035)	3,970
Deferred tax asset not recognised	-	1,172	-	-
Income tax expense for the financial year	527,344	351,723	524,994	349,663

35. Earnings Per Share

The basic/diluted earnings per ordinary share of the Group has been calculated based on the profit for the year attributable to ordinary shareholders of the Group of RM1,677,150,000 (2023: RM1,549,294,000) and on the number of issued and fully paid ordinary shares during the year of 470,000,000 (2023: 470,000,000).

36. Dividends

	Group and Bank 2024		Group and Bank 2023	
	Net dividend per share sen	Amount of dividend, net of tax RM'000	Net dividend per share sen	Amount of dividend, net of tax RM'000
Final dividend recognised during the year in respect of the previous financial year	164.1	771,270	-	-
Proposed final dividend for the current financial year	195.1	916,970	164.1	771,270

At the forthcoming Annual General Meeting, a final single-tier dividend of 195.1 sen per share in respect of the financial year ended 31 December 2024 on 470,000,000 issued and fully paid ordinary shares, amounting to dividend payable of RM916,970,000, will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders and Bank Negara Malaysia, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2025.

37. Significant Related Party Transactions and Balances

(a) Related parties and relationships

The related parties of and their relationship with the Bank (other than those disclosed in Notes 13 and 14) are as follows:

Related parties	Relationship
United Overseas Bank Limited	Ultimate holding company
Chung Khiaw (Malaysia) Berhad	Holding company
Chung Khiaw Realty Limited	Fellow subsidiary
UOB Centre of Excellence (M) Sdn Bhd	Fellow subsidiary
UOB Asset Management (Malaysia) Berhad	Fellow subsidiary
UOB Bullion and Futures Limited	Fellow subsidiary
United Overseas Bank (Thai) Public Company Limited	Fellow subsidiary
UOB Innovation Hub 2 Sdn Bhd	Fellow subsidiary
Avatec (Malaysia) Sdn Bhd	Fellow subsidiary

Key management personnel

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Bank either directly or indirectly. The key management personnel of the Group and the Bank include non-executive directors of the Bank and certain members of senior management of the Bank.

37. Significant Related Party Transactions and Balances (Continued)

(b) Related parties transactions

A number of banking transactions are entered into with related parties in the normal course of business. These include loans, deposits and foreign currency transactions. These significant related party transactions were carried out on commercial terms and at market rates. In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances. The related party transactions described below were carried out on terms and conditions obtainable in transactions with unrelated parties unless otherwise stated.

2024	Ultimate holding company RM'000	Holding company RM'000	Subsidiaries RM'000	An associate RM'000	Key management personnel RM'000	Fellow subsidiaries RM'000
Income:						
- Interest on placements, loans and advances	2,912	-	15,080	-	137	372
- Commission income	-	-	9	-	-	21,441
- Service charge income	3,903	38	661	-	-	27
- Other income	3,358	-	578	-	-	611
	10,173	38	16,328	-	137	22,451
Expenditure:						
- Interest on deposits	609,640	-	614	-	1,132	-
- Interest expense from lease liabilities	-	-	16,890	-	-	-
- Other expenses	401,635	-	33,458	-	-	-
	1,011,275	-	50,962	-	1,132	-
Assets:						
- Cash and short-term funds	223,912	-	-	-	-	37,678
- Loans, advances and financing	-	-	302,286	-	5,126	10,018
- Other assets	74,725	62	14,334	24,513	-	-
- Right-of-use assets	-	-	401,764	-	-	-
	298,637	62	718,384	24,513	5,126	47,696
Liabilities:						
- Deposits from customers	-	-	18,722	1,004	56,184	1,039
- Deposits and placements of banks and other financial institutions	12,889,015	-	20	-	-	439
- Other liabilities	142,834	-	130	-	-	-
- Lease liabilities	-	-	430,888	-	-	-
	13,031,849	-	449,760	1,004	56,184	1,478

37. Significant Related Party Transactions and Balances (Continued)

(b) Related parties transactions (Continued)

2023	Ultimate holding company RM'000	Holding company RM'000	Subsidiaries RM'000	An associate RM'000	Key management personnel RM'000	Fellow subsidiaries RM'000
Income:						
- Interest on placements, loans and advances	4,681	-	6,699	-	207	369
- Commission income	-	-	35	-	-	5,233
- Service charge income	3,445	24	399	-	-	22
- Other income	4,494	-	683	-	-	469
	12,620	24	7,816	-	207	6,093
Expenditure:						
- Interest on deposits	683,667	-	431	-	1,123	-
- Interest expense from lease liabilities	-	-	20,042	-	-	-
- Other expenses	342,259	-	36,581	-	-	-
	1,025,926	-	57,054	-	1,123	-
Assets:						
- Cash and short-term funds	283,709	-	-	-	-	18,843
- Loans, advances and financing	-	-	305,298	-	7,342	10,031
- Other assets	2,307	24	11,311	24,513	-	94
- Right-of-use assets	-	-	430,879	-	-	-
	286,016	24	747,488	24,513	7,342	28,968
Liabilities:						
- Deposits from customers	-	-	31,411	1,007	58,799	1,016
- Deposits and placements of banks and other financial institutions	12,745,616	-	20	-	-	440
- Other liabilities	371,714	-	-	-	-	-
- Lease liabilities	-	-	447,929	-	-	-
	13,117,330	-	479,360	1,007	58,799	1,456

37. Significant Related Party Transactions and Balances (Continued)

(b) Related parties transactions (Continued)

The remuneration of key management personnel included in the profit or loss is as follows:

	Group and Bank	
	2024 RM'000	2023 RM'000
Short-term employee benefits	40,394	30,554
Post employment benefits: defined contribution plan	4,647	3,470
Share-based payment*	9,697	7,772
	54,738	41,796

*In prior financial years, key management personnel of the Bank were granted options to subscribe in shares of the ultimate holding company under the UOB Share Plan. As at 31 December 2024, the number of options held by key management personnel were 285,501 (2023: 205,416).

38. Commitments and Contingencies

Group and Bank	Principal amount RM'000	Credit equivalent amount RM'000	Risk-weighted amount RM'000
2024			
Direct credit substitutes	5,031,976	4,891,797	3,578,305
Transaction-related contingent items	7,551,468	3,728,404	2,302,234
Short-term self-liquidating trade-related contingencies	653,296	136,913	97,968
Lending of banks' securities or the posting of securities as collateral by banks	2,038,447	65,166	2,525
Foreign exchange related contracts:			
- Not more than one year	91,581,348	2,012,786	350,479
- More than one year to less than five years	1,401,062	108,806	62,116
- Five years and above	116,313	11,631	11,648
Interest/profit rate related contracts:			
- Not more than one year	47,837,909	284,156	35,518
- More than one year to less than five years	68,596,860	2,364,585	625,002
- Five years and above	1,837,353	172,150	76,724
Equity related contracts:			
- Not more than one year	140,708	2,862	157
- More than one year to less than five years	500	-	-
Commodity related contracts:			
- Not more than one year	597,906	49,242	16,710
- More than one year to less than five years	9,341	-	-
Credit derivative contracts:			
- Not more than one year	5,857	819	74
Undrawn credit facilities:			
- Not more than one year	26,565,986	1,621,999	724,238
- More than one year	8,146,986	5,578,999	3,510,972
- Unconditionally cancellable	38,563,909	9,427,523	3,552,711
Other commitments	1,007,104	-	-
Total	301,684,329	30,457,838	14,947,381

38. Commitments and Contingencies (Continued)

Group and Bank	Principal amount RM'000	Credit equivalent amount RM'000	Risk-weighted amount RM'000
2023			
Direct credit substitutes	4,447,896	4,333,183	2,819,021
Transaction-related contingent items	7,254,064	3,607,797	2,068,013
Short-term self-liquidating trade-related contingencies	647,859	136,698	80,596
Lending of banks' securities or the posting of securities as collateral by banks	2,966,026	49,557	2,894
Foreign exchange related contracts:			
- Not more than one year	88,836,700	1,936,509	279,242
- More than one year to less than five years	1,269,706	109,026	73,156
- Five years and above	133,133	15,108	14,072
Interest/profit rate related contracts:			
- Not more than one year	26,089,235	360,616	54,090
- More than one year to less than five years	46,447,817	1,698,207	465,553
- Five years and above	1,831,501	179,315	83,115
Equity related contracts:			
- Not more than one year	68,614	2,207	155
- More than one year to less than five years	14,443	1,708	171
Commodity related contracts:			
- Not more than one year	388,564	40,004	10,343
Credit derivative contracts:			
- Not more than one year	6,010	601	81
Undrawn credit facilities:			
- Not more than one year	24,657,936	1,159,930	250,736
- More than one year	7,212,540	5,006,151	3,065,064
- Unconditionally cancellable	37,437,734	8,969,020	3,715,309
Other commitments	515,471	-	-
Total	250,225,249	27,605,637	12,981,611

39. Capital Commitments

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Capital expenditure for property, plant and equipment:				
- Authorised and contracted for	62,724	47,865	50,224	47,725

40. Financial Risk Management

The Group's and the Bank's business activities involve the use of financial instruments, including derivatives. These activities expose the Group and the Bank to a variety of financial risks, mainly credit risk, foreign exchange risk, interest rate risk and liquidity risk.

The Group's and the Bank's financial risks are centrally managed by the various specialist committees within the delegated authority by the Board of Directors. These various specialist committees formulate and review policies and limits to monitor and manage risk exposures under their respective supervision. The major policy decisions and proposals endorsed by these committees are subject to approval by the Executive Committee (EXCO) and/or Board of Directors. The Risk Management Division assumes the independent oversight of risks undertaken by the Group and the Bank, and takes the lead in the formulation and approval of risk policies, controls and processes. The Market Risk and Product Control within Risk Management monitor Global Market's compliance with trading policies and limits. This is further enhanced by the periodic risk assessment audit carried out by the Group's and the Bank's Internal Audit Division.

The main financial risks that the Group and the Bank are exposed to and how they are being managed are set out below:

40.1 Credit Risk

Credit risk is the risk of loss arising from any failure by a customer or counterparty to meet its financial obligations when such obligations fall due.

(a) Credit risk management

The Credit Management Committee supports the CEO and Board of Directors in managing the credit risk exposures of the Group and the Bank. It serves as an executive forum for discussions on all credit-related matters. The Credit Management Committee also reviews and assesses the Bank's credit portfolios and credit risk profiles.

Credit risk exposures are managed through a robust credit underwriting, structuring and monitoring process. The process includes monthly review of all impaired and special mention loans/financing, ensuring credit quality and the timely recognition of asset impairment. In addition, credit review and audit are performed regularly to proactively manage any delinquency, minimise undesirable concentrations, maximise recoveries, and ensure that credit policies and procedures are complied with. Past dues and credit limit excesses are tracked and analysed by business and product lines.

Climate risks are complex and transverse in nature and may potentially translate into known financial risk types for banks including credit risk, market risk, liquidity risk and operational risk. Climate risk is identified, assessed, managed and monitored through our Environmental Risk Management (ENRM) Framework, which is approved by the Board.

40. Financial Risk Management (Continued)

40.1 Credit Risk (Continued)

(a) Credit risk management (Continued)

Maximum exposure to credit risk

Group	2024 RM'000	2023 RM'000
Cash and short-term funds	6,489,396	5,237,169
Deposits and placements with financial institutions	99,943	799,826
Securities purchased under resale agreements	974,044	459,320
Financial assets at FVTPL	6,306,246	5,274,798
Debt instruments at FVOCI	16,407,312	22,341,947
Debt instruments at amortised cost	9,958,972	9,851,072
Other assets	706,343	686,999
Derivative financial assets	1,302,009	1,355,349
Loans, advances and financing	107,097,437	104,624,357
Statutory deposits with BNM	1,610,000	1,567,533
Total gross financial assets	150,951,702	152,198,370
Financial assets not subject to credit risk	3,792,049	3,539,597
	154,743,751	155,737,967
Commitments and contingencies	301,684,329	250,225,249

Bank	2024 RM'000	2023 RM'000
Cash and short-term funds	6,489,396	5,237,169
Deposits and placements with financial institutions	99,943	799,826
Securities purchased under resale agreements	974,044	459,320
Financial assets at FVTPL	6,306,246	5,274,798
Debt instruments at FVOCI	16,407,312	22,341,947
Debt instruments at amortised cost	9,958,972	9,851,072
Other assets	706,343	686,999
Derivative financial assets	1,302,009	1,355,349
Loans, advances and financing	107,397,066	104,927,554
Statutory deposits with BNM	1,610,000	1,567,533
Total gross financial assets	151,251,331	152,501,567
Financial assets not subject to credit risk	3,806,813	3,572,278
	155,058,144	156,073,845
Commitments and contingencies	301,684,329	250,225,249

40. Financial Risk Management (Continued)

40.1 Credit Risk (Continued)

(a) Credit risk management (Continued)

Maximum exposure to credit risk (Continued)

As a fundamental credit principle, the Group and the Bank generally do not grant credit facilities solely on the basis of the collateral provided. All credit facilities are granted based on the credit standing of the borrower, source of repayment and debt servicing ability.

Collateral is taken whenever possible to mitigate the credit risk assumed. The value of the collateral is monitored periodically. The frequency of valuation depends on the type, liquidity and volatility of the collateral value. The collaterals accepted are mainly cash, marketable securities, real estate, equipment, inventory and receivables. Policies and processes are in place to monitor collateral concentration.

In extending credit facilities to small and medium enterprises, personal guarantees are often taken as a form of moral support to ensure moral commitment from the principal shareholders and directors.

Corporate guarantees are often obtained when the customer's creditworthiness is not sufficient to justify an extension of credit.

Exposures arising from foreign exchange, derivatives and securities financing transactions are mitigated through agreements such as the International Swaps and Derivatives Association Master Agreements, the Credit Support Annex and the Global Master Repurchase Agreements. Such agreements help to minimise credit exposure by allowing the Bank to offset what is owed to a counterparty against what is due from that counterparty in the event of a default.

(b) Expected credit loss measurement

(i) Definition of default and cure

The Group and the Bank classify a loan or advance or financing as credit-impaired when there is objective evidence that the loan or advance or financing is credit-impaired.

The details of the default definition is as disclosed in Note 2.4(d)(i).

(ii) Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The ECL is measured on either a 12-month or lifetime basis depending on whether a SICR has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECL is the discounted product of the PD, EAD and LGD, defined as follows:

- The PD represents the likelihood of a borrower or obligor defaulting on its financial obligation (as per definition of default above), either over the next 12 months, or over the remaining lifetime of the obligation;

- EAD is based on the amounts the Group and the Bank expect to be owed at the time of default, over the next 12 months or over the remaining lifetime of the obligation; and

- LGD represents the Group's and the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default. LGD is calculated on a 12-month or lifetime basis.

40. Financial Risk Management (Continued)

40.1 Credit Risk (Continued)

(b) Expected credit loss measurement (Continued)

(ii) Measuring ECL – Explanation of inputs, assumptions and estimation techniques (Continued)

The ECL is determined by projecting the PD, EAD and LGD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival. The discount rate used in the ECL calculation is the original effective interest rate or effective profit rate or an approximation thereof.

Information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group and the Bank use external and internal information to generate a "base case" and "downturn" scenario which considers forecast economic variables, based on assigned probability weights determined by the Group and the Bank. The Group and the Bank have performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. The macroeconomic variables (MEV) considered include gross domestic product (GDP), house price index (HPI), Kuala Lumpur Composite Index (KLCI), consumer price index (CPI), base lending rates (BLR), property price index (PPI), and unemployment rates.

The MEV data is obtained from Bank Negara Malaysia and in-house economist, which GDP forecast range from -2.2% to 4.8% (2023: -2.8% to 4.8%); CPI forecast range from 2.5% to 4.0% (2023: 2.3% to 4.5%); BLR range from 6.1% to 6.8% (2023: 6.1% to 6.8%); HPI forecast range from -5.0% to 3.5% (2023: -4.0% to 4.0%); PPI forecast range from -5.0% to 4.1% (2023: -3.0% to 4.0%) and KLCI forecast range from -40.0% to 8.0% (2023: -50.0% to 40.0%); and unemployment rates range from 3.3% to 5.0% (2023: 3.2% to 4.5%).

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgement has also been applied in this process.

(iii) Significant increase in credit risk (SICR)

The Group and the Bank continuously monitor all assets subject to ECL. In order to determine whether an instrument or a portfolio of instruments is subject to 12-month ECL or lifetime ECL, the Group and the Bank assess whether there has been a SICR since initial recognition. The Group and the Bank consider an exposure to have significantly increased in credit risk when an instrument triggered the quantitative, qualitative or backstop criteria.

(iv) Grouping of financial assets measured on a collective basis

When estimating ECL on a collective basis for a group of similar assets, the Group and the Bank apply the same principles for assessing whether there has been a SICR since initial recognition.

Asset classes where the Group and the Bank calculate ECL on an individual basis includes all Stage 3 financial assets.

Asset classes where the Group and the Bank calculate ECL on a collective basis includes all Stage 1 and Stage 2 financial assets. Subsequently, Stage 1 and Stage 2 financial assets are further disaggregated based on wholesale banking, business banking and personal financial services portfolios.

40. Financial Risk Management (Continued)

40.1 Credit Risk (Continued)

(c) Credit risk concentration by economic sector of the Group and the Bank:

The following table sets out the credit risk concentration by economic sector of the Group and the Bank:

Group	Short-term funds, securities purchased under resale agreements and placements with financial institutions RM'000	Financial assets at FVTPL RM'000	Debt instruments at FVOCI RM'000	Debt instruments at amortised cost RM'000	Loans, advances and financing RM'000	Derivative financial assets, statutory deposits and other assets RM'000	Total RM'000	Commitments and contingencies RM'000
2024								
Agriculture, hunting, forestry and fishing	-	201	-	-	925,754	48	926,003	1,332,192
Mining and quarrying	-	308	-	-	245,523	-	245,831	229,551
Manufacturing	-	6,247	-	174,861	10,151,557	53,518	10,386,183	16,746,534
Electricity, gas and water	-	2,472	77,298	-	1,420,377	358	1,500,505	482,090
Construction	-	-	-	49,824	7,237,111	3,594	7,290,529	18,747,889
Wholesale, retail trade, restaurants and hotels	-	9,921	-	380,728	14,595,547	10,388	14,996,584	13,914,121
Transport, storage and communication	-	310	316,119	639,366	4,429,905	2,738	5,388,438	4,497,886
Finance, insurance and business services	7,563,383	6,286,787	16,013,895	8,000,056	3,225,497	3,546,002	44,635,620	212,816,031
Real estate	-	-	-	-	4,052,532	1,703	4,054,235	998,581
Community, social and personal services	-	-	-	714,137	366,158	3	1,080,298	77,220
Households:								
- Purchase of residential properties	-	-	-	-	40,818,978	-	40,818,978	-
- Purchase of non-residential properties	-	-	-	-	7,417,633	-	7,417,633	-
- Others	-	-	-	-	12,210,865	-	12,210,865	31,802,435
Others	-	-	-	-	-	-	-	39,799
Other assets not subject to credit risk	-	-	-	-	-	3,792,049	3,792,049	-
	7,563,383	6,306,246	16,407,312	9,958,972	107,097,437	7,410,401	154,743,751	301,684,329

40. Financial Risk Management (Continued)

40.1 Credit Risk (Continued)

(c) Credit risk concentration by economic sector of the Group and the Bank (Continued):

The following table sets out the credit risk concentration by economic sector of the Group and the Bank (Continued):

Group	Short-term funds, securities purchased under resale agreements and placements with financial institutions RM'000	Financial assets at FVTPL RM'000	Debt instruments at FVOCI RM'000	Debt instruments at amortised cost RM'000	Loans, advances and financing RM'000	Derivative financial assets, statutory deposits and other assets RM'000	Total RM'000	Commitments and contingencies RM'000
2023								
Agriculture, hunting, forestry and fishing	-	-	-	-	1,321,148	513	1,321,661	1,079,264
Mining and quarrying	-	-	-	-	399,723	1,131	400,854	1,289,647
Manufacturing	-	-	45,078	169,184	9,376,488	33,951	9,624,701	14,770,209
Electricity, gas and water	-	-	91,680	-	1,336,801	727	1,429,208	728,886
Construction	-	-	9,405	49,827	7,160,324	2,918	7,222,474	17,803,292
Wholesale, retail trade, restaurants and hotels	-	-	-	364,989	13,816,733	17,917	14,199,639	13,421,122
Transport, storage and communication	-	39,857	328,916	406,834	3,549,900	4,713	4,330,220	3,134,638
Finance, insurance and business services	6,496,315	5,234,237	21,856,612	8,795,648	3,739,174	3,548,007	49,669,993	162,418,033
Real estate	-	704	-	-	3,950,097	4	3,950,805	734,155
Community, social and personal services	-	-	10,256	64,590	207,421	-	282,267	779,355
Households:								
- Purchase of residential properties	-	-	-	-	40,720,000	-	40,720,000	-
- Purchase of non-residential properties	-	-	-	-	7,605,302	-	7,605,302	-
- Others	-	-	-	-	11,441,246	-	11,441,246	31,438,411
Others	-	-	-	-	-	-	-	2,628,237
Other assets not subject to credit risk	-	-	-	-	-	3,539,597	3,539,597	-
	6,496,315	5,274,798	22,341,947	9,851,072	104,624,357	7,149,478	155,737,967	250,225,249

40. Financial Risk Management (Continued)

40.1 Credit Risk (Continued)

(c) Credit risk concentration by economic sector of the Group and the Bank (Continued):

The following table sets out the credit risk concentration by economic sector of the Group and the Bank (Continued):

Bank	Short-term funds, securities purchased under resale agreements and placements with financial institutions RM'000	Financial assets at FVTPL RM'000	Debt instruments at FVOCI RM'000	Debt instruments at amortised cost RM'000	Loans, advances and financing RM'000	Derivative financial assets, statutory deposits and other assets RM'000	Total RM'000	Commitments and contingencies RM'000
2024								
Agriculture, hunting, forestry and fishing	-	201	-	-	925,754	48	926,003	1,332,192
Mining and quarrying	-	308	-	-	245,523	-	245,831	229,551
Manufacturing	-	6,247	-	174,861	10,151,557	53,518	10,386,183	16,746,534
Electricity, gas and water	-	2,472	77,298	-	1,420,377	358	1,500,505	482,090
Construction	-	-	-	49,824	7,237,111	3,594	7,290,529	18,747,889
Wholesale, retail trade, restaurants and hotels	-	9,921	-	380,728	14,595,547	10,388	14,996,584	13,914,121
Transport, storage and communication	-	310	316,119	639,366	4,429,905	2,738	5,388,438	4,497,886
Finance, insurance and business services	7,563,383	6,286,787	16,013,895	8,000,056	3,225,497	3,546,002	44,635,620	212,816,031
Real estate	-	-	-	-	4,352,161	1,703	4,353,864	998,581
Community, social and personal services	-	-	-	714,137	366,158	3	1,080,298	77,220
Households:								
- Purchase of residential properties	-	-	-	-	40,818,978	-	40,818,978	-
- Purchase of non-residential properties	-	-	-	-	7,417,633	-	7,417,633	-
- Others	-	-	-	-	12,210,865	-	12,210,865	31,802,435
Others	-	-	-	-	-	-	-	39,799
Other assets not subject to credit risk	-	-	-	-	-	3,806,813	3,806,813	-
	7,563,383	6,306,246	16,407,312	9,958,972	107,397,066	7,425,165	155,058,144	301,684,329

40. Financial Risk Management (Continued)

40.1 Credit Risk (Continued)

(c) Credit risk concentration by economic sector of the Group and the Bank (Continued):

The following table sets out the credit risk concentration by economic sector of the Group and the Bank (Continued):

Bank	Short-term funds, securities purchased under resale agreements and placements with financial institutions RM'000	Financial assets at FVTPL RM'000	Debt instruments at FVOCI RM'000	Debt instruments at amortised cost RM'000	Loans, advances and financing RM'000	Derivative financial assets, statutory deposits and other assets RM'000	Total RM'000	Commitments and contingencies RM'000
2023								
Agriculture, hunting, forestry and fishing	-	-	-	-	1,321,148	513	1,321,661	1,079,264
Mining and quarrying	-	-	-	-	399,723	1,131	400,854	1,289,647
Manufacturing	-	-	45,078	169,184	9,376,488	33,951	9,624,701	14,770,209
Electricity, gas and water	-	-	91,680	-	1,336,801	727	1,429,208	728,886
Construction	-	-	9,405	49,827	7,160,324	2,918	7,222,474	17,803,292
Wholesale, retail trade, restaurants and hotels	-	-	-	364,989	13,816,733	17,917	14,199,639	13,421,122
Transport, storage and communication	-	39,857	328,916	406,834	3,549,900	4,713	4,330,220	3,134,638
Finance, insurance and business services	6,496,315	5,234,237	21,856,612	8,795,648	3,739,174	3,548,007	49,669,993	162,418,033
Real estate	-	704	-	-	4,253,294	4	4,254,002	734,155
Community, social and personal services	-	-	10,256	64,590	207,421	-	282,267	779,355
Households:								
- Purchase of residential properties	-	-	-	-	40,720,000	-	40,720,000	-
- Purchase of non-residential properties	-	-	-	-	7,605,302	-	7,605,302	-
- Others	-	-	-	-	11,441,246	-	11,441,246	31,438,411
Others	-	-	-	-	-	-	-	2,628,237
Other assets not subject to credit risk	-	-	-	-	-	3,572,278	3,572,278	-
	6,496,315	5,274,798	22,341,947	9,851,072	104,927,554	7,182,159	156,073,845	250,225,249

40. Financial Risk Management (Continued)

40.1 Credit Risk (Continued)

(d) Effects of holding collaterals

Collateral is taken whenever possible to mitigate the credit risk assumed. The value of the collateral is monitored periodically. The frequency of valuation depends on the type, liquidity and volatility of the collateral value. The main types of collateral taken by the Group and the Bank are cash, marketable securities, real estate, equipment, inventory and receivables. Policies and processes are in place to control, monitor and report concentration risk to particular types of collateral.

The credit risk of financial assets of the Group and the Bank is mitigated by the collaterals held against the financial assets.

(i) Effects of holding collaterals on credit-impaired loans, advances and financing

All credit-impaired loans, advances and financing are subject to impairment review as at the current and previous financial year-ends. The collateral mitigates credit risk and would reduce the extent of allowance for expected credit losses for the assets subject to impairment review.

Group and Bank	Financial effect RM'000	Maximum exposure to credit risk RM'000	Unsecured portion of credit exposure RM'000
2024			
Credit-impaired loans, advances and financing	1,894,436	2,663,010	768,574
2023			
Credit-impaired loans, advances and financing	1,975,529	2,831,791	856,262

For credit-impaired loans, advances and financing, allowance for ECL as at the date of the statements of financial position would have been higher by approximately RM1,894,436,000 (2023: RM1,975,529,000) without the collaterals held.

(ii) Repossessed collaterals

These are assets obtained by taking possession of collaterals held as security against loans, advances and financing.

Repossessed collaterals are sold as soon as practicable. Repossessed collaterals are recognised in other assets on the statements of financial position. The Group and the Bank do not occupy repossessed properties for its business use.

For the financial years ended 31 December 2024 and 31 December 2023, there were no repossessed collaterals.

40. Financial Risk Management (Continued)

40.1 Credit Risk (Continued)

(e) Credit exposure analysed by geography

Group	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
2024			
Cash and short-term funds	3,337,781	3,151,615	6,489,396
Deposits and placements with financial institutions	99,943	-	99,943
Securities purchased under resale agreements	974,044	-	974,044
Financial assets at FVTPL	6,305,601	645	6,306,246
Debt instruments at FVOCI	16,407,312	-	16,407,312
Debt instruments at amortised cost	9,958,972	-	9,958,972
Other assets	583,264	123,079	706,343
Derivative financial assets	1,050,376	251,633	1,302,009
Loans, advances and financing	102,398,907	4,698,530	107,097,437
Statutory deposits with BNM	1,610,000	-	1,610,000
Financial assets not subject to credit risk	3,718,247	73,802	3,792,049
	146,444,447	8,299,304	154,743,751
Commitments and contingencies	234,417,954	67,266,375	301,684,329
2023			
Cash and short-term funds	3,319,053	1,918,116	5,237,169
Deposits and placements with financial institutions	799,826	-	799,826
Securities purchased under resale agreements	459,320	-	459,320
Financial assets at FVTPL	5,260,433	14,365	5,274,798
Debt instruments at FVOCI	22,341,947	-	22,341,947
Debt instruments at amortised cost	9,851,072	-	9,851,072
Other assets	504,364	182,635	686,999
Derivative financial assets	884,455	470,894	1,355,349
Loans, advances and financing	99,016,697	5,607,660	104,624,357
Statutory deposits with BNM	1,567,533	-	1,567,533
Financial assets not subject to credit risk	3,539,597	-	3,539,597
	147,544,297	8,193,670	155,737,967
Commitments and contingencies	210,471,989	39,753,260	250,225,249

40. Financial Risk Management (Continued)

40.1 Credit Risk (Continued)

(e) Credit exposure analysed by geography (Continued)

Bank	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
2024			
Cash and short-term funds	3,337,781	3,151,615	6,489,396
Deposits and placements with financial institutions	99,943	-	99,943
Securities purchased under resale agreements	974,044	-	974,044
Financial assets at FVTPL	6,305,601	645	6,306,246
Debt instruments at FVOCI	16,407,312	-	16,407,312
Debt instruments at amortised cost	9,958,972	-	9,958,972
Other assets	583,264	123,079	706,343
Derivative financial assets	1,050,376	251,633	1,302,009
Loans, advances and financing	102,698,536	4,698,530	107,397,066
Statutory deposits with BNM	1,610,000	-	1,610,000
Financial assets not subject to credit risk	3,733,011	73,802	3,806,813
	146,758,840	8,299,304	155,058,144
Commitments and contingencies	234,417,954	67,266,375	301,684,329
2023			
Cash and short-term funds	3,319,053	1,918,116	5,237,169
Deposits and placements with financial institutions	799,826	-	799,826
Securities purchased under resale agreements	459,320	-	459,320
Financial assets at FVTPL	5,260,433	14,365	5,274,798
Debt instruments at FVOCI	22,341,947	-	22,341,947
Debt instruments at amortised cost	9,851,072	-	9,851,072
Other assets	504,364	182,635	686,999
Derivative financial assets	884,455	470,894	1,355,349
Loans, advances and financing	99,319,894	5,607,660	104,927,554
Statutory deposits with BNM	1,567,533	-	1,567,533
Financial assets not subject to credit risk	3,572,278	-	3,572,278
	147,880,175	8,193,670	156,073,845
Commitments and contingencies	210,471,989	39,753,260	250,225,249

40. Financial Risk Management (Continued)

40.1 Credit Risk (Continued)

(f) Credit quality of financial assets and financial liabilities

The credit qualities of the Group's and the Bank's financial assets and financial liabilities are graded based on the following risk grades:

Risk grades	Description
Pass	Indicates that timely repayment of the outstanding credit facility is not in doubt. Repayment is prompt and the credit facility does not exhibit any potential weakness in repayment capability, business, cash flow or financial position of the borrower or obligor.
Special mention	Indicates that the credit facility exhibits potential weaknesses that, if not corrected in a timely manner, may adversely affect repayment by the borrower or obligor at a future date, and warrant close attention by the Group and the Bank.
Substandard	Indicates that the credit facility exhibits definable weaknesses, either in respect of the business, cash flow or financial position of the borrower or obligor that may jeopardise repayment on existing terms.
Doubtful	Indicates that the outstanding credit facility exhibits more severe weaknesses than those in a “substandard” credit facility, such that the prospect of full recovery of the outstanding credit facility is questionable and the prospect of a loss is high, but the exact amount remains undeterminable as yet.
Loss	Indicates that the outstanding credit facility is not collectable, and little or nothing can be done to recover the outstanding amount from any collateral or from the assets of the borrower or obligor generally.
Investment grade	Indicates that the securities have a low risk of default, determined based on a relative scale by credit rating agencies such as RAM (AAA to BBB3) and Malaysian Rating Corporation Berhad (MARC) (AAA to BBB-). Such credit ratings express the ability and willingness of securities issuer to repay its debt and are based on many financial and economic indicators that influence the borrower's or obligor's creditworthiness.
Non-investment grade	Indicates that the securities have possible risk of default, determined based on a relative scale by credit rating agencies such as RAM (BB1 to C3) and MARC (BB+ to C-). Such credit ratings express the ability and willingness of securities issuer to repay its debt and are based on many financial and economic indicators that influence the borrower's or obligor's creditworthiness.
Unrated	Indicates that the securities are not assigned or have not been assigned with a rating by any credit rating agencies.

40. Financial Risk Management (Continued)

40.1 Credit Risk (Continued)

(f) Credit quality of financial assets and financial liabilities (Continued)

Gross loans, advances and financing

Group	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2024				
Pass	96,898,324	8,746,992	-	105,645,316
Special mention	-	1,219,728	-	1,219,728
Substandard	-	-	2,135,430	2,135,430
Doubtful	-	-	86,552	86,552
Loss	-	-	441,028	441,028
	96,898,324	9,966,720	2,663,010	109,528,054
2023				
Pass	93,413,558	8,963,255	-	102,376,813
Special mention	-	1,931,260	-	1,931,260
Substandard	-	-	2,178,158	2,178,158
Doubtful	-	-	157,596	157,596
Loss	-	-	496,037	496,037
	93,413,558	10,894,515	2,831,791	107,139,864
Bank				
2024				
Pass	97,200,610	8,746,992	-	105,947,602
Special mention	-	1,219,728	-	1,219,728
Substandard	-	-	2,135,430	2,135,430
Doubtful	-	-	86,552	86,552
Loss	-	-	441,028	441,028
	97,200,610	9,966,720	2,663,010	109,830,340
2023				
Pass	93,718,857	8,963,255	-	102,682,112
Special mention	-	1,931,260	-	1,931,260
Substandard	-	-	2,178,158	2,178,158
Doubtful	-	-	157,596	157,596
Loss	-	-	496,037	496,037
	93,718,857	10,894,515	2,831,791	107,445,163

40. Financial Risk Management (Continued)

40.1 Credit Risk (Continued)

(f) Credit quality of financial assets and financial liabilities (Continued)

Irrevocable commitments and contingencies

Group and Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2024				
Pass	74,348,617	4,605,413	-	78,954,030
Special mention	-	-	-	-
Substandard	-	-	13,577	13,577
Doubtful	-	-	1,918	1,918
Loss	-	-	23,291	23,291
	74,348,617	4,605,413	38,786	78,992,816
2023				
Pass	70,381,882	4,071,638	-	74,453,520
Special mention	-	234,042	-	234,042
Substandard	-	-	12,655	12,655
Doubtful	-	-	-	-
Loss	-	-	29,293	29,293
	70,381,882	4,305,680	41,948	74,729,510

Debt instruments at FVOCI

Group and Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2024				
Investment grade	16,407,255	1,987	-	16,409,242
2023				
Investment grade	22,322,570	14,119	-	22,336,689
Non-investment grade	-	-	49,365	49,365
	22,322,570	14,119	49,365	22,386,054

Debt instruments at amortised cost

Group and Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2024				
Unrated	9,236,564	739,242	-	9,975,806
2023				
Unrated	9,613,199	260,362	-	9,873,561

40. Financial Risk Management (Continued)

40.1 Credit Risk (Continued)

(f) Credit quality of financial assets and financial liabilities (Continued)

Cash and short-term funds

Group and Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2024				
Pass	6,507,376	-	-	6,507,376
2023				
Pass	5,250,313	-	-	5,250,313

Deposits and placements with financial institutions

Group and Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2024				
Pass	100,000	-	-	100,000
2023				
Pass	800,000	-	-	800,000

Other assets

Group	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2024				
Pass	1,815,811	160,813	-	1,976,624
2023				
Pass	1,557,022	127,965	-	1,684,987
Bank				
2024				
Pass	1,829,606	161,220	-	1,990,826
2023				
Pass	1,568,121	127,965	-	1,696,086

40. Financial Risk Management (Continued)

40.1 Credit Risk (Continued)

(g) Expected credit loss allowance

Movements in gross carrying amount between stages for loans, advances and financing are as follows:

Group	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2024				
Gross carrying amount as at 1 January	93,413,558	10,894,515	2,831,791	107,139,864
Transferred to Stage 1	2,113,465	(1,956,517)	(156,948)	-
Transferred to Stage 2	(2,926,449)	3,150,063	(223,614)	-
Transferred to Stage 3	(327,630)	(624,575)	952,205	-
Net drawdown/maturity/settlement	4,625,380	(1,496,766)	(274,847)	2,853,767
Write-off	-	-	(465,577)	(465,577)
Balance as at 31 December	96,898,324	9,966,720	2,663,010	109,528,054
2023				
Gross carrying amount as at 1 January	95,211,237	7,633,286	2,833,180	105,677,703
Transferred to Stage 1	1,444,162	(1,324,801)	(119,361)	-
Transferred to Stage 2	(3,810,407)	4,045,337	(234,930)	-
Transferred to Stage 3	(407,626)	(812,598)	1,220,224	-
Net drawdown/maturity/settlement	976,192	1,353,291	(275,448)	2,054,035
Write-off	-	-	(591,874)	(591,874)
Balance as at 31 December	93,413,558	10,894,515	2,831,791	107,139,864

Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2024				
Gross carrying amount as at 1 January	93,718,857	10,894,515	2,831,791	107,445,163
Transferred to Stage 1	2,113,465	(1,956,517)	(156,948)	-
Transferred to Stage 2	(2,926,449)	3,150,063	(223,614)	-
Transferred to Stage 3	(327,630)	(624,575)	952,205	-
Net drawdown/maturity/settlement	4,622,367	(1,496,766)	(274,847)	2,850,754
Write-off	-	-	(465,577)	(465,577)
Balance as at 31 December	97,200,610	9,966,720	2,663,010	109,830,340
2023				
Gross carrying amount as at 1 January	95,299,309	7,633,286	2,833,180	105,765,775
Transferred to Stage 1	1,444,162	(1,324,801)	(119,361)	-
Transferred to Stage 2	(3,810,407)	4,045,337	(234,930)	-
Transferred to Stage 3	(407,626)	(812,598)	1,220,224	-
Net drawdown/maturity/settlement	1,193,419	1,353,291	(275,448)	2,271,262
Write-off	-	-	(591,874)	(591,874)
Balance as at 31 December	93,718,857	10,894,515	2,831,791	107,445,163

40. Financial Risk Management (Continued)

40.1 Credit Risk (Continued)

(g) Expected credit loss allowance (Continued)

Movements in gross carrying amount between stages for irrevocable commitments and contingencies are as follows:

Group and Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2024				
Gross carrying amount as at 1 January	70,381,882	4,305,680	41,948	74,729,510
Transferred to Stage 1	2,197,645	(2,197,645)	-	-
Transferred to Stage 2	(2,653,692)	2,653,692	-	-
Transferred to Stage 3	(590)	(425)	1,015	-
Net increase/(decrease)	4,423,372	(155,889)	(4,177)	4,263,306
Balance as at 31 December	74,348,617	4,605,413	38,786	78,992,816
2023				
Gross carrying amount as at 1 January	66,997,094	1,930,359	67,903	68,995,356
Transferred to Stage 1	605,341	(605,341)	-	-
Transferred to Stage 2	(2,433,361)	2,433,361	-	-
Transferred to Stage 3	(2,210)	(4,805)	7,015	-
Net increase/(decrease)	5,215,018	552,106	(32,970)	5,734,154
Balance as at 31 December	70,381,882	4,305,680	41,948	74,729,510

Movements in gross carrying amount between stages for debt instruments at amortised cost are as follows:

Group and Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2024				
Gross carrying amount as at 1 January	9,613,199	260,362	-	9,873,561
Transferred to Stage 2	(356,500)	356,500	-	-
Net (decrease)/increase	(20,135)	122,380	-	102,245
Balance as at 31 December	9,236,564	739,242	-	9,975,806
2023				
Gross carrying amount as at 1 January	7,832,420	130,088	-	7,962,508
Transferred to Stage 1	120,000	(120,000)	-	-
Transferred to Stage 2	(230,000)	230,000	-	-
Net increase	1,890,779	20,274	-	1,911,053
Balance as at 31 December	9,613,199	260,362	-	9,873,561

40. Financial Risk Management (Continued)

40.1 Credit Risk (Continued)

(g) Expected credit loss allowance (Continued)

Cash and short-term funds

No transfer between stages occurred for the Group's and the Bank's cash and short-term funds during the financial year. Gross balance in Stage 1 as at 31 December 2024 was RM6,507,376,000 (2023: RM5,250,313,000).

Deposits and placements with financial institutions

No transfer between stages occurred for the Group's and the Bank's deposits and placements with financial institutions during the financial year. Gross balance in Stage 1 as at 31 December 2024 was RM100,000,000 (2023: RM800,000,000).

Debt instruments at FVOCI

No transfer between stages occurred for the Group's and the Bank's debt instruments at FVOCI during the financial year. Gross balances in Stage 1 and Stage 2 as at 31 December 2024 was RM16,407,255,000 (2023: RM22,322,570,000) and RM1,987,000 (2023: RM14,119,000) respectively. Gross balance in Stage 3 as at 31 December 2024 was nil (2023: RM49,365,000).

Other assets

No transfer between stages occurred for the Group's and the Bank's other assets during the financial year. The Group's gross balances in Stage 1 and Stage 2 as at 31 December 2024 was RM1,815,811,000 (2023: RM1,557,022,000) and RM160,813,000 (2023: RM127,965,000) respectively. The Bank's gross balances in Stage 1 and Stage 2 as at 31 December 2024 was RM1,829,606,000 (2023: RM1,568,121,000) and RM161,220,000 (2023: RM127,965,000) respectively.

40.2 Market risk

(i) Foreign exchange risk

Foreign exchange risk is the risk to earnings and economic value of foreign currency assets, liabilities and financial derivatives caused by fluctuations in foreign exchange rates.

Foreign exchange exposures of the Group and the Bank arise mainly from foreign exchange position-taking from proprietary business and customer facilitation business. Foreign exchange contracts and foreign exchange derivatives are utilised by the Group and the Bank to hedge and mitigate the foreign exchange exposures.

Foreign exchange risk is managed through policies which are approved by Board of Directors while the market risk limits approved by the EXCO. The limits are independently monitored by Market Risk and Product Control Department.

The Group and the Bank have performed foreign currency sensitivity analysis by using Expected Shortfall (ES) as demonstrated in Note 40.2(iv).

40. Financial Risk Management (Continued)

40.2 Market risk (Continued)

(i) Foreign exchange risk (Continued)

The following table provides a breakdown of the Group's and the Bank's assets and liabilities by currency as at the reporting date.

The "others" include mainly exposure to Australian Dollar, Japanese Yen, Chinese Renminbi, Philippine Peso and Brunei Dollar.

Group	Malaysian Ringgit RM'000	United States Dollar RM'000	Singapore Dollar RM'000	Others RM'000	Total RM'000
2024					
Total assets	146,408,499	8,633,121	(1,039,810)	741,941	154,743,751
Total liabilities	113,676,126	23,598,350	489,547	1,958,939	139,722,962
Net assets/liabilities	32,732,373	(14,965,229)	(1,529,357)	(1,216,998)	15,020,789
2023					
Total assets	146,820,235	6,246,416	1,832,581	838,735	155,737,967
Total liabilities	112,756,465	24,464,710	2,624,725	1,789,827	141,635,727
Net assets/liabilities	34,063,770	(18,218,294)	(792,144)	(951,092)	14,102,240
Bank					
2024					
Total assets	146,722,892	8,633,121	(1,039,810)	741,941	155,058,144
Total liabilities	114,078,425	23,598,350	489,547	1,958,939	140,125,261
Net assets/liabilities	32,644,467	(14,965,229)	(1,529,357)	(1,216,998)	14,932,883
2023					
Total assets	147,156,113	6,246,416	1,832,581	838,735	156,073,845
Total liabilities	113,170,512	24,464,710	2,624,720	1,789,826	142,049,768
Net assets/liabilities	33,985,601	(18,218,294)	(792,139)	(951,091)	14,024,077

40. Financial Risk Management (Continued)

40.2 Market risk (Continued)

(ii) Interest rate/rate of return risk in the banking book

Interest rate/rate of return risk in the banking book is the impact to earnings and economic value of the Group and the Bank due to fluctuations in interest/profit rates.

Banking book interest rate/rate of return exposure arises from the differences in the maturities and repricing dates of assets, liabilities and off-balance sheet items. These mismatches are actively monitored and managed as part of the overall banking book interest rate/rate of return risk management process which is conducted in accordance with the policies as approved by the Board.

The Bank's interest rate/rate of return risk sensitivity is measured as changes in economic value of equity (EVE) or net interest/finance income (NII/NFI) based on Basel Interest Rate/Rate of Return Risk in the Banking Book requirements. At 100 and 200 basis points parallel interest rate/rate of return shocks, worst case results were negative RM320 million and RM533 million (2023: negative RM673 million and RM1,258 million) respectively, mainly driven by MYR and USD positions.

Changes in EVE is the simulated change of present value of assets less present value of liabilities of the Bank, computed based on repricing cashflow of principal and interests including commercial margin and discounted using risk free rate. Changes in NII/NFI is the simulated change in the Bank's net interest/finance income over a one year time horizon. Interest rate flooring effects according to revised MAS637 requirements are taken into consideration. The repricing profile of loans is generally based on the earliest possible repricing dates, taking into account the notice period to be served to the customers. Loan prepayment, time deposit early withdrawal rates and future drawdown of undrawn commitments are estimated based on past statistics and trends where possible and material. The average repricing maturity of non-maturity deposits is determined through empirical studies following the two step approach per Basel IRRBB guideline. Behavioural assumptions based on historical trends or expert judgements are applied where appropriate. Total changes in EVE and NII are summation of changes in EVE and NII of each currency with significant exposures and other currencies on aggregated basis.

40. Financial Risk Management (Continued)

40.2 Market risk (Continued)

(iii) Interest/profit rate risk

The Group and the Bank are exposed to various risks associated with the effects of fluctuations in the prevailing level of market interest/profit rates on the financial position and cash flows. The following tables summarise the Group's and the Bank's exposures to interest/profit rate risk. The financial assets and financial liabilities at carrying amounts are categorised by the earlier of the next contractual repricing and maturity dates.

	Non-trading book							
Group	Up to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	1 to 5 years RM'000	Over 5 years RM'000	Non-interest Sensitive RM'000	Trading Book RM'000	Total RM'000
2024								
Financial assets								
Cash and short-term funds	6,507,373	-	-	-	-	(17,977)	-	6,489,396
Deposits and placements with financial institutions	99,943	-	-	-	-	-	-	99,943
Securities purchased under resale agreements	620,605	97,191	256,248	-	-	-	-	974,044
Financial assets at FVTPL	-	-	-	-	-	-	6,306,246	6,306,246
Debt instruments at FVOCI	1,394,956	252,264	603,138	3,976,983	10,179,971	-	-	16,407,312
Equity instruments at FVOCI	-	-	-	-	-	174,161	-	174,161
Debt instruments at amortised cost	200,080	83,464	578,821	4,569,499	4,527,108	-	-	9,958,972
Other assets	362,001	-	-	-	-	1,606,768	-	1,968,769
Derivative financial assets	-	-	-	-	-	-	1,302,009	1,302,009
Loans, advances and financing	30,599,029	3,954,699	1,411,306	15,036,758	58,528,919	(2,433,274)	-	107,097,437
Statutory deposits with BNM	-	-	-	-	-	1,610,000	-	1,610,000
Total financial assets	39,783,987	4,387,618	2,849,513	23,583,240	73,235,998	939,678	7,608,255	152,388,289
Financial liabilities								
Deposits from customers	83,428,728	17,907,479	12,893,016	26,882	-	329,480	-	114,585,585
Deposits and placements of banks and other financial institutions	12,590,675	1,789,430	252,715	-	-	-	-	14,632,820
Obligations on securities sold under repurchase agreements	1,973,281	-	-	-	-	-	-	1,973,281
Bills and acceptances payable	-	-	-	-	-	230,992	-	230,992
Other liabilities	102,472	34,565	243,659	1,437,830	100,000	2,612,183	-	4,530,709
Derivative financial liabilities	-	-	-	-	-	-	1,357,122	1,357,122
Subordinated bonds/sukuk	-	-	-	-	2,249,352	-	-	2,249,352
Total financial liabilities	98,095,156	19,731,474	13,389,390	1,464,712	2,349,352	3,172,655	1,357,122	139,559,861
On-balance sheet interest sensitivity gap	(58,311,169)	(15,343,856)	(10,539,877)	22,118,528	70,886,646	(2,232,977)	6,251,133	12,828,428
Off-balance sheet interest sensitivity gap	750,000	-	-	-	(750,000)	-	-	-
Total interest/profit sensitivity gap	(57,561,169)	(15,343,856)	(10,539,877)	22,118,528	70,136,646	(2,232,977)	6,251,133	12,828,428

40. Financial Risk Management (Continued)

40.2 Market risk (Continued)

(iii) Interest/profit rate risk (Continued)

Group	Non-trading book							
	Up to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	1 to 5 years RM'000	Over 5 years RM'000	Non-interest Sensitive RM'000	Trading Book RM'000	Total RM'000
2023								
Financial assets								
Cash and short-term funds	5,182,674	-	-	-	-	54,495	-	5,237,169
Deposits and placements with financial institutions	799,826	-	-	-	-	-	-	799,826
Securities purchased under resale agreements	162,836	296,484	-	-	-	-	-	459,320
Financial assets at FVTPL	-	-	-	-	-	-	5,274,798	5,274,798
Debt instruments at FVOCI	1,769,523	1,451,802	1,146,705	8,056,518	9,877,439	39,960	-	22,341,947
Equity instruments at FVOCI	-	-	-	-	-	218,194	-	218,194
Debt instruments at amortised cost	5,757	560,865	563,774	2,956,554	5,764,122	-	-	9,851,072
Other assets	305,121	-	-	-	-	1,374,352	-	1,679,473
Derivative financial assets	-	-	-	-	-	-	1,355,349	1,355,349
Loans, advances and financing	28,362,794	2,979,763	1,432,057	15,086,315	59,278,935	(2,515,507)	-	104,624,357
Statutory deposits with BNM	-	-	-	-	-	1,567,533	-	1,567,533
Total financial assets	36,588,531	5,288,914	3,142,536	26,099,387	74,920,496	739,027	6,630,147	153,409,038
Financial liabilities								
Deposits from customers	78,465,854	13,799,819	23,499,798	42,800	-	225,930	-	116,034,201
Deposits and placements of banks and other financial institutions	13,785,625	229,540	-	-	-	-	-	14,015,165
Obligations on securities sold under repurchase agreements	2,916,732	-	-	-	-	-	-	2,916,732
Bills and acceptances payable	-	-	-	-	-	297,505	-	297,505
Other liabilities	115,462	15,390	79,975	1,686,294	100,000	3,020,300	-	5,017,421
Derivative financial liabilities	-	-	-	-	-	-	1,493,000	1,493,000
Subordinated bonds	-	-	-	-	1,749,728	-	-	1,749,728
Total financial liabilities	95,283,673	14,044,749	23,579,773	1,729,094	1,849,728	3,543,735	1,493,000	141,523,752
On-balance sheet interest sensitivity gap	(58,695,142)	(8,755,835)	(20,437,237)	24,370,293	73,070,768	(2,804,708)	5,137,147	11,885,286
Off-balance sheet interest sensitivity gap	750,000	-	-	-	(750,000)	-	-	-
Total interest/profit sensitivity gap	(57,945,142)	(8,755,835)	(20,437,237)	24,370,293	72,320,768	(2,804,708)	5,137,147	11,885,286

40. Financial Risk Management (Continued)

40.2 Market risk (Continued)

(iii) Interest/profit rate risk (Continued)

	Non-trading book							
Bank	Up to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	1 to 5 years RM'000	Over 5 years RM'000	Non-interest Sensitive RM'000	Trading Book RM'000	Total RM'000
2024								
Financial assets								
Cash and short-term funds	6,507,373	-	-	-	-	(17,977)	-	6,489,396
Deposits and placements with financial institutions	99,943	-	-	-	-	-	-	99,943
Securities purchased under resale agreements	620,605	97,191	256,248	-	-	-	-	974,044
Financial assets at FVTPL	-	-	-	-	-	-	6,306,246	6,306,246
Debt instruments at FVOCI	1,394,956	252,264	603,138	3,976,983	10,179,971	-	-	16,407,312
Equity instruments at FVOCI	-	-	-	-	-	174,161	-	174,161
Debt instruments at amortised cost	200,080	83,464	578,821	4,569,499	4,527,108	-	-	9,958,972
Other assets	362,001	-	-	-	-	1,620,942	-	1,982,943
Derivative financial assets	-	-	-	-	-	-	1,302,009	1,302,009
Loans, advances and financing	30,898,658	3,954,699	1,411,306	15,036,758	58,528,919	(2,433,274)	-	107,397,066
Statutory deposits with BNM	-	-	-	-	-	1,610,000	-	1,610,000
Total financial assets	40,083,616	4,387,618	2,849,513	23,583,240	73,235,998	953,852	7,608,255	152,702,092
Financial liabilities								
Deposits from customers	83,446,343	17,907,479	12,893,016	26,882	-	330,363	-	114,604,083
Deposits and placements of banks and other financial institutions	12,590,695	1,789,430	252,715	-	-	-	-	14,632,840
Obligations on securities sold under repurchase agreements	1,973,281	-	-	-	-	-	-	1,973,281
Bills and acceptances payable	-	-	-	-	-	230,992	-	230,992
Other liabilities	102,472	34,565	243,659	1,437,830	100,000	2,591,655	-	4,510,181
Derivative financial liabilities	-	-	-	-	-	-	1,357,122	1,357,122
Subordinated bonds/sukuk	-	-	-	-	2,249,352	-	-	2,249,352
Total financial liabilities	98,112,791	19,731,474	13,389,390	1,464,712	2,349,352	3,153,010	1,357,122	139,557,851
On-balance sheet interest sensitivity gap	(58,029,175)	(15,343,856)	(10,539,877)	22,118,528	70,886,646	(2,199,158)	6,251,133	13,144,241
Off-balance sheet interest sensitivity gap	750,000	-	-	-	(750,000)	-	-	-
Total interest/profit sensitivity gap	(57,279,175)	(15,343,856)	(10,539,877)	22,118,528	70,136,646	(2,199,158)	6,251,133	13,144,241

40. Financial Risk Management (Continued)

40.2 Market risk (Continued)

(iii) Interest/profit rate risk (Continued)

Bank	Non-trading book Up to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	1 to 5 years RM'000	Over 5 years RM'000	Non-interest Sensitive RM'000	Trading Book RM'000	Total RM'000
2023								
Financial assets								
Cash and short-term funds	5,182,674	-	-	-	-	54,495	-	5,237,169
Deposits and placements with financial institutions	799,826	-	-	-	-	-	-	799,826
Securities purchased under resale agreements	162,836	296,484	-	-	-	-	-	459,320
Financial assets at FVTPL	-	-	-	-	-	-	5,274,798	5,274,798
Debt instruments at FVOCI	1,769,523	1,451,802	1,146,705	8,056,518	9,877,439	39,960	-	22,341,947
Equity instruments at FVOCI	-	-	-	-	-	218,194	-	218,194
Debt instruments at amortised cost	5,757	560,865	563,774	2,956,554	5,764,122	-	-	9,851,072
Other assets	305,121	-	-	-	-	1,385,449	-	1,690,570
Derivative financial assets	-	-	-	-	-	-	1,355,349	1,355,349
Loans, advances and financing	28,668,092	2,979,763	1,432,057	15,086,315	59,278,936	(2,517,609)	-	104,927,554
Statutory deposits with BNM	-	-	-	-	-	1,567,533	-	1,567,533
Total financial assets	36,893,829	5,288,914	3,142,536	26,099,387	74,920,497	748,022	6,630,147	153,723,332
Financial liabilities								
Deposits from customers	78,496,159	13,799,819	23,499,798	42,800	-	226,773	-	116,065,349
Deposits and placements of banks and other financial institutions	13,785,645	229,540	-	-	-	-	-	14,015,185
Obligations on securities sold under repurchase agreements	2,916,732	-	-	-	-	-	-	2,916,732
Bills and acceptances payable	-	-	-	-	-	297,505	-	297,505
Other liabilities	115,462	15,390	79,975	1,686,294	100,000	2,983,073	-	4,980,194
Derivative financial liabilities	-	-	-	-	-	-	1,493,000	1,493,000
Subordinated bonds	-	-	-	-	1,749,728	-	-	1,749,728
Total financial liabilities	95,313,998	14,044,749	23,579,773	1,729,094	1,849,728	3,507,351	1,493,000	141,517,693
On-balance sheet interest sensitivity gap	(58,420,169)	(8,755,835)	(20,437,237)	24,370,293	73,070,769	(2,759,329)	5,137,147	12,205,639
Off-balance sheet interest sensitivity gap	750,000	-	-	-	(750,000)	-	-	-
Total interest/profit sensitivity gap	(57,670,169)	(8,755,835)	(20,437,237)	24,370,293	72,320,769	(2,759,329)	5,137,147	12,205,639

40. Financial Risk Management (Continued)

40.2 Market risk (Continued)

(iv) Expected Shortfall (ES)

The Group and the Bank adopt a daily ES to estimate market risk within a 97.5% confidence interval using the historical simulation method. This methodology does not make assumptions on the distribution of returns and the correlations between risk classes. It assumes that possible future changes in market rates may be implied by observed historical market movements. ES is the average portfolio loss, assuming that the loss is greater than the specified percentile of the loss distribution. Market risk stress tests are conducted to complement the daily ES. The table below shows the ES profile by risk classes.

2024	Year end RM'000	High RM'000	Low RM'000	Average RM'000
Interest/profit rate	1,774	3,940	1,681	2,655
Foreign exchange	110	3,608	33	395
Commodities	4	115	-	8
Option volatility	970	1,649	712	1,152
Equities	40	247	2	23
Credit	1,149	1,461	553	932
Total diversified ES*	5,551	8,700	3,540	6,135
2023				
Interest/profit rate	2,623	5,910	1,630	3,163
Foreign exchange	67	3,050	25	572
Commodities	11	325	11	63
Option volatility	816	844	110	297
Equities	27	323	12	57
Credit	818	1,979	818	1,285
Total diversified ES*	5,610	10,729	5,447	7,546

*Total diversified ES includes jump-to-default risk component (refers to the risk that a financial instrument where the mark-to-market value directly depends on the credit quality of one or more underlying references. Financial instrument may be exposed to the sudden price changes due to the unexpected default event incurred by the underlying reference).

40.3 Liquidity risk

Liquidity risk is the risk that the Group and the Bank are unable to meet their financial obligations as and when they fall due, such as upon maturity of deposits and drawdown of loans/financing.

The Group and the Bank manage liquidity risk in accordance with the liquidity framework approved by the Board and by Board delegated committees. This framework comprises policies, controls and limits. These controls and policies include setting of cash flow mismatch limits, monitoring of liquidity early warning indicators, stress test analysis of cash flows in liquidity crisis scenarios and establishment of a comprehensive contingency funding plan. The Group and the Bank are also required by the regulators to maintain high quality liquid assets as a buffer against unforeseen liquidity requirements. The main objectives are honouring all cash outflow commitments on an on-going basis, satisfying statutory liquidity and reserve requirements, and avoiding raising funds at market premiums or through forced sale of assets.

40. Financial Risk Management (Continued)

40.3 Liquidity risk (Continued)

The following table shows the contractual undiscounted cash flows of the Group's and the Bank's assets and liabilities based on remaining contractual maturities. The contractual maturity profile often does not reflect the actual behavioural patterns. In particular, the Bank has a significant amount of "core deposits" of non-bank customers which are contractually at call (included in the "up to 3 months" time band) but has historically provided a stable source of long-term funding for the Bank.

Group	Up to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	1 to 5 years RM'000	Over 5 years RM'000	Total RM'000
2024						
Assets						
Cash and short-term funds	6,489,440	-	-	-	-	6,489,440
Deposits and placements with financial institutions	102,655	-	-	-	-	102,655
Securities purchased under resale agreements	627,026	98,408	257,589	-	-	983,023
Financial assets at FVTPL	2,307,487	1,202,390	1,992,803	702,821	162,127	6,367,628
Debt instruments at FVOCI	752,230	427,151	426,163	5,790,331	15,530,685	22,926,560
Equity instruments at FVOCI	-	-	-	-	174,161	174,161
Debt instruments at amortised cost	203,882	71,354	422	5,175,083	6,496,737	11,947,478
Other assets	789,013	-	-	-	-	789,013
Derivative financial assets	501,389	283,546	137,137	348,380	31,557	1,302,009
Loans, advances and financing	33,226,344	6,073,731	4,537,562	31,481,575	69,357,994	144,677,206
Statutory deposits with BNM	-	-	-	-	1,610,000	1,610,000
	44,999,466	8,156,580	7,351,676	43,498,190	93,363,261	197,369,173
Liabilities						
Deposits from customers	83,558,113	18,133,481	13,192,082	357,215	-	115,240,891
Deposits and placements of banks and other financial institutions	12,634,484	1,795,551	252,715	-	-	14,682,750
Obligations on securities sold under repurchase agreements	1,980,289	-	-	-	-	1,980,289
Bills and acceptances payable	230,992	-	-	-	-	230,992
Other liabilities	842,623	34,571	243,659	1,437,830	100,000	2,658,683
Derivative financial liabilities	702,083	137,859	172,390	308,407	36,383	1,357,122
Lease liabilities	6,230	6,179	12,298	90,891	156,626	272,224
Subordinated bonds/sukuk	-	-	-	-	2,277,811	2,277,811
	99,954,814	20,107,641	13,873,144	2,194,343	2,570,820	138,700,762
Net maturity mismatches	(54,955,348)	(11,951,061)	(6,521,468)	41,303,847	90,792,441	
Off-balance sheet liabilities						
Commitments and contingencies	66,480,253	20,678,380	45,122,237	44,810,931	6,320,406	183,412,207
Derivatives	52,917	54,707	(34,321)	253,785	12,629	339,717
Net maturity mismatches	66,533,170	20,733,087	45,087,916	45,064,716	6,333,035	183,751,924

40. Financial Risk Management (Continued)

40.3 Liquidity risk (Continued)

Group	Up to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	1 to 5 years RM'000	Over 5 years RM'000	Total RM'000
2023						
Assets						
Cash and short-term funds	5,237,269	-	-	-	-	5,237,269
Deposits and placements with financial institutions	807,308	-	-	-	-	807,308
Securities purchased under resale agreements	165,812	302,352	-	-	-	468,164
Financial assets at FVTPL	3,878,431	637,857	452,154	310,190	40,608	5,319,240
Debt instruments at FVOCI	1,686,040	2,015,010	1,217,354	10,041,725	13,904,178	28,864,307
Equity instruments at FVOCI	-	-	-	-	218,194	218,194
Debt instruments at amortised cost	5,820	559,616	587,148	3,319,181	8,216,294	12,688,059
Other assets	433,953	-	-	-	-	433,953
Derivative financial assets	607,217	172,419	105,650	435,334	34,729	1,355,349
Loans, advances and financing	30,864,202	5,248,510	5,489,751	30,699,280	70,897,550	143,199,293
Statutory deposits with BNM	-	-	-	-	1,567,533	1,567,533
	43,686,052	8,935,764	7,852,057	44,805,710	94,879,086	200,158,669
Liabilities						
Deposits from customers	78,608,707	13,985,744	24,159,016	270,327	-	117,023,794
Deposits and placements of banks and other financial institutions	15,883,794	230,512	-	-	-	16,114,306
Obligations on securities sold under repurchase agreements	2,939,139	-	-	-	-	2,939,139
Bills and acceptances payable	297,505	-	-	-	-	297,505
Other liabilities	861,711	15,390	79,975	1,688,696	100,578	2,746,350
Derivative financial liabilities	688,137	246,369	138,270	394,971	25,253	1,493,000
Lease liabilities	6,044	5,998	11,049	90,762	171,750	285,603
Subordinated bonds	-	-	-	-	2,349,865	2,349,865
	99,285,037	14,484,013	24,388,310	2,444,756	2,647,446	143,249,562
Net maturity mismatches	(55,598,985)	(5,548,249)	(16,536,253)	42,360,954	92,231,640	
Off-balance sheet liabilities						
Commitments and contingencies	72,500,176	21,202,010	67,146,943	8,180,249	6,897,785	175,927,163
Derivatives	(35,193)	(9,711)	37,467	51,866	55,885	100,314
Net maturity mismatches	72,464,983	21,192,299	67,184,410	8,232,115	6,953,670	176,027,477

40. Financial Risk Management (Continued)

40.3 Liquidity risk (Continued)

Bank	Up to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	1 to 5 years RM'000	Over 5 years RM'000	Total RM'000
2024						
Assets						
Cash and short-term funds	6,489,440	-	-	-	-	6,489,440
Deposits and placements with financial institutions	102,655	-	-	-	-	102,655
Securities purchased under resale agreements	627,026	98,408	257,589	-	-	983,023
Financial assets at FVTPL	2,307,487	1,202,390	1,992,803	702,821	162,127	6,367,628
Debt instruments at FVOCI	752,230	427,151	426,163	5,790,331	15,530,685	22,926,560
Equity instruments at FVOCI	-	-	-	-	174,161	174,161
Debt instruments at amortised cost	203,882	71,354	422	5,175,083	6,496,737	11,947,478
Other assets	789,013	-	-	-	-	789,013
Derivative financial assets	501,389	283,546	137,137	348,380	31,557	1,302,009
Loans, advances and financing	33,295,156	6,086,310	4,546,959	31,546,774	69,501,636	144,976,835
Statutory deposits with BNM	-	-	-	-	1,610,000	1,610,000
	45,068,278	8,169,159	7,361,073	43,563,389	93,506,903	197,668,802
Liabilities						
Deposits from customers	83,575,728	18,133,481	13,192,082	358,098	-	115,259,389
Deposits and placements of banks and other financial institutions	12,634,484	1,795,551	252,715	-	-	14,682,750
Obligations on securities sold under repurchase agreements	1,980,289	-	-	-	-	1,980,289
Bills and acceptances payable	230,992	-	-	-	-	230,992
Other liabilities	842,623	34,571	243,659	1,437,830	100,000	2,658,683
Derivative financial liabilities	702,083	137,859	172,390	308,407	36,383	1,357,122
Lease liabilities	16,091	15,959	31,764	234,758	404,540	703,112
Subordinated bonds/sukuk	-	-	-	-	2,277,811	2,277,811
	99,982,290	20,117,421	13,892,610	2,339,093	2,818,734	139,150,148
Net maturity mismatches	(54,914,012)	(11,948,262)	(6,531,537)	41,224,296	90,688,169	
Off-balance sheet liabilities						
Commitments and contingencies	66,480,253	20,678,380	45,122,237	44,810,931	6,320,406	183,412,207
Derivatives	52,917	54,707	(34,321)	253,785	12,629	339,717
Net maturity mismatches	66,533,170	20,733,087	45,087,916	45,064,716	6,333,035	183,751,924

40. Financial Risk Management (Continued)

40.3 Liquidity risk (Continued)

Bank	Up to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	1 to 5 years RM'000	Over 5 years RM'000	Total RM'000
2023						
Assets						
Cash and short-term funds	5,237,269	-	-	-	-	5,237,269
Deposits and placements with financial institutions	807,308	-	-	-	-	807,308
Securities purchased under resale agreements	165,812	302,352	-	-	-	468,164
Financial assets at FVTPL	3,878,431	637,857	452,154	310,190	40,608	5,319,240
Debt instruments at FVOCI	1,686,040	2,015,010	1,217,354	10,041,725	13,904,178	28,864,307
Equity instruments at FVOCI	-	-	-	-	218,194	218,194
Debt instruments at amortised cost	5,820	559,616	587,148	3,319,181	8,216,294	12,688,059
Other assets	433,953	-	-	-	-	433,953
Derivative financial assets	607,217	172,419	105,650	435,334	34,729	1,355,349
Loans, advances and financing	30,929,551	5,259,623	5,501,374	30,764,280	71,047,662	143,502,490
Statutory deposits with BNM	-	-	-	-	1,567,533	1,567,533
	43,751,401	8,946,877	7,863,680	44,870,710	95,029,198	200,461,866
Liabilities						
Deposits from customers	78,639,032	13,985,744	24,159,016	271,170	-	117,054,962
Deposits and placements of banks and other financial institutions	15,883,794	230,512	-	-	-	16,114,306
Obligations on securities sold under repurchase agreements	2,939,139	-	-	-	-	2,939,139
Bills and acceptances payable	297,505	-	-	-	-	297,505
Other liabilities	861,711	15,390	79,975	1,688,696	100,578	2,746,350
Derivative financial liabilities	688,137	246,369	138,270	394,971	25,253	1,493,000
Lease liabilities	15,523	15,405	28,377	233,110	441,116	733,531
Subordinated bonds	-	-	-	-	2,349,865	2,349,865
	99,324,841	14,493,420	24,405,638	2,587,947	2,916,812	143,728,658
Net maturity mismatches	(55,573,440)	(5,546,543)	(16,541,958)	42,282,763	92,112,386	
Off-balance sheet liabilities						
Commitments and contingencies	72,500,176	21,202,010	67,146,943	8,180,249	6,897,785	175,927,163
Derivatives	(35,193)	(9,711)	37,467	51,866	55,885	100,314
Net maturity mismatches	72,464,983	21,192,299	67,184,410	8,232,115	6,953,670	176,027,477

The Group and the Bank are subject to liquidity requirements to support calls under outstanding contingent liabilities and undrawn credit facility commitments as disclosed in Note 38. These have been incorporated into the net position of off-balance sheet as at 31 December 2024 and 31 December 2023. The total outstanding contractual amounts of these items do not represent future cash requirements since the Group and the Bank expect many of these contingent liabilities and commitments (such as direct credit substitutes and undrawn credit facilities) to expire without being called or drawn upon, and many of the contingent liabilities (such as letters of credit) are reimbursable by customers.

41. Maturity Analysis of Assets and Liabilities

The following table shows an analysis of when the Group's and the Bank's assets and liabilities are expected to be recovered or settled.

Group	Within 12 months RM'000	After 12 months RM'000	Total RM'000
2024			
Assets			
Cash and short-term funds	6,489,396	-	6,489,396
Deposits and placements with financial institutions	99,943	-	99,943
Securities purchased under resale agreements	974,044	-	974,044
Financial assets at FVTPL	5,453,864	852,382	6,306,246
Debt instruments at FVOCI	2,250,358	14,156,954	16,407,312
Equity instruments at FVOCI	-	174,161	174,161
Debt instruments at amortised cost	862,365	9,096,607	9,958,972
Other assets	1,963,424	5,345	1,968,769
Derivative financial assets	922,072	379,937	1,302,009
Loans, advances and financing	35,166,055	71,931,382	107,097,437
Statutory deposits with BNM	-	1,610,000	1,610,000
Investment in an associate	-	418	418
Property, plant and equipment	-	1,420,049	1,420,049
Right-of-use assets	401	90,576	90,977
Intangible assets	-	453,174	453,174
Deferred tax assets	-	390,844	390,844
Total assets	54,181,922	100,561,829	154,743,751
Liabilities			
Deposits from customers	114,229,223	356,362	114,585,585
Deposits and placements of banks and other financial institutions	14,632,820	-	14,632,820
Obligations on securities sold under repurchase agreements	1,973,281	-	1,973,281
Bills and acceptances payable	230,992	-	230,992
Other liabilities	2,756,890	1,773,819	4,530,709
Derivative financial liabilities	1,012,332	344,790	1,357,122
Tax payable	37,101	-	37,101
Lease liabilities	412	98,498	98,910
Subordinated bonds/sukuk	-	2,249,352	2,249,352
Deferred tax liabilities	-	27,090	27,090
Total liabilities	134,873,051	4,849,911	139,722,962
Net mismatches	(80,691,129)	95,711,918	15,020,789

41. Maturity Analysis of Assets and Liabilities (Continued)

Group	Within 12 months RM'000	After 12 months RM'000	Total RM'000
2023			
Assets			
Cash and short-term funds	5,237,169	-	5,237,169
Deposits and placements with financial institutions	799,826	-	799,826
Securities purchased under resale agreements	459,320	-	459,320
Financial assets at FVTPL	4,927,401	347,397	5,274,798
Debt instruments at FVOCI	4,368,030	17,973,917	22,341,947
Equity instruments at FVOCI	-	218,194	218,194
Debt instruments at amortised cost	1,130,396	8,720,676	9,851,072
Other assets	1,674,192	5,281	1,679,473
Derivative financial assets	885,286	470,063	1,355,349
Loans, advances and financing	32,005,108	72,619,249	104,624,357
Statutory deposits with BNM	-	1,567,533	1,567,533
Investment in an associate	-	418	418
Property, plant and equipment	-	1,402,720	1,402,720
Right-of-use assets	5,396	72,280	77,676
Intangible assets	-	466,274	466,274
Tax recoverable	2,170	-	2,170
Deferred tax assets	-	379,671	379,671
Total assets	51,494,294	104,243,673	155,737,967
Liabilities			
Deposits from customers	115,991,401	42,800	116,034,201
Deposits and placements of banks and other financial institutions	14,015,165	-	14,015,165
Obligations on securities sold under repurchase agreements	2,916,732	-	2,916,732
Bills and acceptances payable	297,505	-	297,505
Other liabilities	3,003,224	2,014,197	5,017,421
Derivative financial liabilities	1,072,776	420,224	1,493,000
Lease liabilities	5,527	78,620	84,147
Subordinated bonds	-	1,749,728	1,749,728
Deferred tax liabilities	-	27,828	27,828
Total liabilities	137,302,330	4,333,397	141,635,727
Net mismatches	(85,808,036)	99,910,276	14,102,240

41. Maturity Analysis of Assets and Liabilities (Continued)

Bank	Within 12 months RM'000	After 12 months RM'000	Total RM'000
2024			
Assets			
Cash and short-term funds	6,489,396	-	6,489,396
Deposits and placements with financial institutions	99,943	-	99,943
Securities purchased under resale agreements	974,044	-	974,044
Financial assets at FVTPL	5,453,864	852,382	6,306,246
Debt instruments at FVOCI	2,250,358	14,156,954	16,407,312
Equity instruments at FVOCI	-	174,161	174,161
Debt instruments at amortised cost	862,365	9,096,607	9,958,972
Other assets	1,977,636	5,307	1,982,943
Derivative financial assets	922,072	379,937	1,302,009
Loans, advances and financing	35,461,225	71,935,841	107,397,066
Statutory deposits with BNM	-	1,610,000	1,610,000
Investment in subsidiaries	-	350,020	350,020
Investment in an associate	-	4,758	4,758
Property, plant and equipment	-	674,137	674,137
Right-of-use assets	401	492,340	492,741
Intangible assets	-	453,174	453,174
Deferred tax assets	-	381,222	381,222
Total assets	54,491,304	100,566,840	155,058,144
Liabilities			
Deposits from customers	114,246,838	357,245	114,604,083
Deposits and placements of banks and other financial institutions	14,632,840	-	14,632,840
Obligations on securities sold under repurchase agreements	1,973,281	-	1,973,281
Bills and acceptances payable	230,992	-	230,992
Other liabilities	2,736,363	1,773,818	4,510,181
Derivative financial liabilities	1,012,332	344,790	1,357,122
Tax payable	37,611	-	37,611
Lease liabilities	412	529,387	529,799
Subordinated bonds/sukuk	-	2,249,352	2,249,352
Total liabilities	134,870,669	5,254,592	140,125,261
Net mismatches	(80,379,365)	95,312,248	14,932,883

41. Maturity Analysis of Assets and Liabilities (Continued)

Bank	Within 12 months RM'000	After 12 months RM'000	Total RM'000
2023			
Assets			
Cash and short-term funds	5,237,169	-	5,237,169
Deposits and placements with financial institutions	799,826	-	799,826
Securities purchased under resale agreements	459,320	-	459,320
Financial assets at FVTPL	4,927,401	347,397	5,274,798
Debt instruments at FVOCI	4,368,030	17,973,917	22,341,947
Equity instruments at FVOCI	-	218,194	218,194
Debt instruments at amortised cost	1,130,396	8,720,676	9,851,072
Other assets	1,685,423	5,147	1,690,570
Derivative financial assets	885,286	470,063	1,355,349
Loans, advances and financing	32,304,798	72,622,756	104,927,554
Statutory deposits with BNM	-	1,567,533	1,567,533
Investment in subsidiaries	-	350,020	350,020
Investment in an associate	-	4,758	4,758
Property, plant and equipment	-	652,268	652,268
Right-of-use assets	5,396	503,158	508,554
Intangible assets	-	466,274	466,274
Tax recoverable	297	-	297
Deferred tax assets	-	368,342	368,342
Total assets	51,803,342	104,270,503	156,073,845
Liabilities			
Deposits from customers	116,022,549	42,800	116,065,349
Deposits and placements of banks and other financial institutions	14,015,185	-	14,015,185
Obligations on securities sold under repurchase agreements	2,916,732	-	2,916,732
Bills and acceptances payable	297,505	-	297,505
Other liabilities	2,965,997	2,014,197	4,980,194
Derivative financial liabilities	1,072,776	420,224	1,493,000
Lease liabilities	5,527	526,548	532,075
Subordinated bonds	-	1,749,728	1,749,728
Total liabilities	137,296,271	4,753,497	142,049,768
Net mismatches	(85,492,929)	99,517,006	14,024,077

42. Offsetting Financial Assets and Financial Liabilities

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements are as follows:

Group and Bank	Gross amount of recognised financial assets/ financial liabilities RM'000	Gross amount offset in the statements of financial position RM'000	Amount presented in the statements of financial position RM'000	Not offsettable financial instruments RM'000	Financial collateral received/ pledged RM'000	Net amount subject to netting agreements RM'000
2024						
Financial assets						
Derivative financial assets	1,302,009	-	1,302,009	(136,803)	(140,566)	1,024,640
Financial liabilities						
Derivative financial liabilities	1,357,122	-	1,357,122	(91,218)	(329,518)	936,386
2023						
Financial assets						
Derivative financial assets	1,355,349	-	1,355,349	(131,100)	(449,498)	774,751
Financial liabilities						
Derivative financial liabilities	1,493,000	-	1,493,000	(159,865)	(220,879)	1,112,256

The Group and the Bank enter into derivative master netting agreements (such as the International Swaps and Derivatives Association Master Agreement) with counterparties where it is appropriate and practicable to mitigate counterparty credit risk. Such agreements allow the Group and the Bank to settle outstanding derivative contracts' amounts with the counterparty on a net basis in the event of default. These agreements also allow the Group and the Bank to further reduce their credit risk by requiring periodic mark-to-market of outstanding positions and the posting of collateral when pre-established thresholds are exceeded. The counterparty that receives non-cash collateral is typically allowed to sell or re-pledge such collateral in accordance with the terms of these agreements.

43. 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 the presentation of segments based on internal reports about the components of the entity which are regularly reviewed by the chief operating decision-maker to allocate resources to a segment and assess its performance.

The Group's businesses are organised into the following four segments based on the types of products and services that it provides:

Retail

The Retail segment covers Personal Financial Services and Private Banking. Personal Financial Services serves 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 Personal Financial Services, dedicated to providing high-net-worth clients with financial and portfolio planning services. It is focused on helping our clients achieve sustainable growth and legacy solutions of their wealth for future generations via bespoke wealth management and credit advisory.

Wholesale Banking (WB)

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

Global Markets (GM)

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

Others

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

43. Segment Information (Continued)

Operating segments (Continued)

Group	Retail RM'000	WB RM'000	GM RM'000	Others RM'000	Total segments RM'000	Eliminations RM'000	Total RM'000
2024							
Operating income	1,925,739	2,184,413	364,806	290,249	4,765,207	(56,452)	4,708,755
Other operating expenses	(1,335,764)	(659,674)	(117,061)	(312,840)	(2,425,339)	68,887	(2,356,452)
(Allowance for)/write-back of ECL	(35,195)	(139,898)	16,888	(1,067)	(159,272)	574	(158,698)
Write-back of impairment loss on property, plant and equipment	-	-	-	10,889	10,889	-	10,889
Profit before taxation	554,780	1,384,841	264,633	(12,769)	2,191,485	13,009	2,204,494
Income tax expense							(527,344)
Profit after taxation							1,677,150
Other information							
Gross loans, advances and financing	61,180,680	47,969,557	-	677,446	109,827,683	(299,629)	109,528,054
Deposits from customers	69,322,889	45,263,173	-	29,231	114,615,293	(29,708)	114,585,585
Inter-segment operating income/(expense)	395,503	(13,466)	(710,695)	385,110	56,452	(56,452)	-
Depreciation of property, plant and equipment and right-of-use assets	48,150	32,880	3,951	111,589	196,570	(28,473)	168,097
2023							
Operating income	1,868,440	2,133,470	329,745	322,682	4,654,337	(53,575)	4,600,762
Other operating expenses	(1,335,959)	(613,595)	(113,261)	(383,154)	(2,445,969)	67,768	(2,378,201)
Allowance for ECL	(313,295)	(18,598)	-	(2)	(331,895)	458	(331,437)
Write-back of impairment loss on property, plant and equipment	-	-	-	9,893	9,893	-	9,893
Profit before taxation	219,186	1,501,277	216,484	(50,581)	1,886,366	14,651	1,901,017
Income tax expense							(351,723)
Profit after taxation							1,549,294
Other information							
Gross loans, advances and financing	60,637,235	46,118,583	-	689,345	107,445,163	(305,299)	107,139,864
Deposits from customers	68,175,844	47,877,785	-	11,983	116,065,612	(31,411)	116,034,201
Inter-segment operating income/(expense)	240,412	99,369	(660,343)	374,138	53,575	(53,575)	-
Depreciation of property, plant and equipment and right-of-use assets	45,428	26,096	3,845	121,323	196,692	(29,167)	167,525

43. Segment Information (Continued)

Operating segments (Continued)

	Group 2024 RM'000	Group 2023 RM'000
Reconciliation of profit before taxation		
Segment profit	2,191,485	1,886,366
Eliminations		
Interest income:		
- Loans, advances and financing	(15,078)	(6,698)
- Money at call and deposits	(616)	(432)
Interest expense:		
- Deposits from customers	15,694	7,130
- Deposits and placement of banks and other financial institutions	504	610
- Lease liabilities	16,964	20,040
- Others	81	105
Fee income:		
- Guarantee fees	(9)	(35)
- Commitment fees	(504)	(611)
- Service charges and fees	(1,965)	(2,176)
Other income:		
- Rental income from operating leases	(38,206)	(43,551)
- Others	(74)	(72)
	(23,209)	(25,690)
Write-back of ECL	574	458
Personal expenses:		
- Other employment benefits	249	188
Establishment expenses:		
- Depreciation of property, plant and equipment	658	1,551
- Depreciation of right-of-use assets	27,815	27,511
- Repair and maintenance	2,711	2,693
- Short-term lease expenses	596	3,497
- Others	3,606	4,407
General administrative expenses:		
- Others	9	36
	35,644	39,883
Profit before taxation	2,204,494	1,901,017

44. Capital Management and Capital Adequacy

The Group's and the Bank's capital management objective is to maintain strong capital levels to support our businesses and growth, meet regulatory capital requirements at all times and maintain a good credit rating. We achieve these objectives through the UOBM Group's Internal Capital Adequacy Assessment Process (ICAAP) whereby we actively monitor and manage the Group's capital position over a medium-term horizon involving setting capital targets, forecasting capital demand for material risks based on risk appetite and determining the availability and composition of different capital components. The UOBM Group's capital position, capital management plan, contingency capital plan, as well as any capital management actions, are submitted to the Management and/or to the Board for approval.

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 15 December 2023 and Capital Adequacy Framework (Basel II - Risk-Weighted Assets) issued on 18 December 2023.

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Common Equity Tier 1 (CET1)/Tier 1 Capital				
Paid-up share capital	792,555	792,555	792,555	792,555
Retained profits	13,902,695	12,996,815	14,055,169	13,159,032
Other reserves	325,539	312,870	85,159	72,490
Regulatory adjustments applied in the calculation of CET1 Capital	(1,158,883)	(1,194,967)	(1,293,438)	(1,328,553)
Total CET1/Tier 1 Capital	13,861,906	12,907,273	13,639,445	12,695,524
Tier 2 Capital				
Tier 2 Capital instruments	2,250,000	1,750,000	2,250,000	1,750,000
Loan/financing loss provision:				
- Surplus eligible provisions over expected losses	373,130	339,176	374,957	340,901
- General provisions	161,244	169,764	151,748	160,304
Regulatory adjustments applied in the calculation of Tier 2 Capital	105,065	105,065	-	-
Total Tier 2 Capital	2,889,439	2,364,005	2,776,705	2,251,205
Total Capital	16,751,345	15,271,278	16,416,150	14,946,729

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

	Group		Bank	
	2024	2023	2024	2023
CET1/Tier 1 Capital	16.034%	15.945%	15.863%	15.777%
Total capital	19.376%	18.865%	19.092%	18.574%
CET1/Tier 1 Capital*	14.973%	14.992%	14.796%	14.818%
Total capital	18.315%	17.913%	18.025%	17.616%

*Net of proposed dividends

44. Capital Management and Capital Adequacy (Continued)

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

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Total RWA for credit risk	76,643,244	72,636,110	76,188,110	72,166,831
Total RWA for market risk	1,708,989	1,050,045	1,708,989	1,050,045
Total RWA for operational risk	8,102,776	7,262,705	8,087,999	7,253,444
Total RWA	86,455,009	80,948,860	85,985,098	80,470,320

45. Credit Exposure Arising From Credit Transactions with Connected Parties

	Group and Bank	
	2024	2023
Outstanding credit exposures with connected parties (RM'000)	2,566,359	2,993,368
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures (%)	2.337	2.786
Percentage of outstanding credit exposures to connected parties which is impaired or in default (%)	0.0008	0.0001

The credit exposures above are derived based on BNM's revised Guidelines on Credit Transactions and Exposures with Connected Parties issued on 16 July 2014.

46. Islamic Banking Operations

Statement of financial position

As at 31 December 2024

	Note	2024 RM'000	2023 RM'000
Assets			
Cash and short-term funds	a	3,404,517	2,890,491
Securities purchased under resale agreements		872,506	296,484
Debt instruments at FVOCI	b	2,390,860	1,402,981
Debt Instruments at amortised cost	c	432,467	1,052,481
Other assets	e	29,924	30,418
Derivative financial assets	f	97,251	34,266
Financing, advances and others	d	8,772,173	8,980,260
Statutory deposits with BNM		36,500	55,000
Plant and equipment		8,174	10,074
Deferred tax assets		12,877	11,960
Total assets		16,057,249	14,764,415
Liabilities and Islamic Banking funds			
Deposits from customers	g	5,945,798	5,150,665
Investment accounts due to a designated financial institution	h	3,234,748	4,372,180
Deposits and placements of other financial institutions	i	5,480,982	4,501,649
Bills and acceptances payable		3,285	5,674
Other liabilities	j	55,018	62,224
Derivative financial liabilities	f	96,041	33,205
Tax payable		32,061	27,068
Subordinated sukuk	k	500,000	-
Total liabilities		15,347,933	14,152,665
Share capital		450,000	450,000
Reserves		259,316	161,750
Islamic Banking funds	l	709,316	611,750
Total liabilities and Islamic Banking funds		16,057,249	14,764,415
Commitments and contingencies	t	15,803,684	8,001,391

The accompanying notes form an integral part of the financial statements.

46. Islamic Banking Operations (Continued)

Statement of profit or loss and other comprehensive income

For the financial year ended 31 December 2024

	Note	2024 RM'000	2023 RM'000
Income derived from investment of depositors' funds	m	405,783	353,287
Income derived from investment of Islamic Banking funds	n	44,561	35,469
Income derived from investment of investment account funds	o	165,363	162,929
(Allowance for)/write-back of ECL on:			
Financing, advances and others	p	(16,693)	(29,305)
Other financial assets	p	(38)	1,670
Commitments and contingencies	p	(3,296)	2,800
Total distributable income		595,680	526,850
Profit distributed to depositors and others	q	(287,761)	(253,246)
Profit distributed to investment account holders	r	(132,987)	(128,848)
Total net income		174,932	144,756
Other operating expenses	s	(45,409)	(43,410)
Profit before taxation		129,523	101,346
Income tax expense		(31,339)	(27,656)
Profit after taxation		98,184	73,690
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to statement of profit or loss:			
Net fair value changes in debt instruments at FVOCI		(813)	6,098
Income tax effect		195	(1,464)
Other comprehensive (loss)/income for the financial year, net of tax		(618)	4,634
Total comprehensive income for the financial year		97,566	78,324

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

	2024 RM'000	2023 RM'000
Income derived from investment of depositors' funds	405,783	353,287
Income derived from investment of Islamic Banking funds	44,561	35,469
Income derived from investment of investment account funds	165,363	162,929
Profit distributed to depositors and others	(287,761)	(253,246)
Profit distributed to investment account holders	(132,987)	(128,848)
Net income from Islamic Banking operations reported in the statements of profit or loss of the Group and the Bank	194,959	169,591

The accompanying notes form an integral part of the financial statements.

46. Islamic Banking Operations (Continued)

Statement of changes in Islamic Banking funds

For the financial year ended 31 December 2024

	Share capital RM'000	FVOCI reserve RM'000	Retained profit RM'000	Total RM'000
2024				
At 1 January	450,000	1,316	160,434	611,750
Profit for the financial year	-	-	98,184	98,184
Other comprehensive loss	-	(618)	-	(618)
Total comprehensive (loss)/income	-	(618)	98,184	97,566
At 31 December	450,000	698	258,618	709,316
2023				
At 1 January	450,000	(3,318)	86,744	533,426
Profit for the financial year	-	-	73,690	73,690
Other comprehensive income	-	4,634	-	4,634
Total comprehensive income	-	4,634	73,690	78,324
At 31 December	450,000	1,316	160,434	611,750

46. Islamic Banking Operations (Continued)

Statement of cash flows
For the financial year ended 31 December 2024

	Note	2024 RM'000	2023 RM'000
Cash flows from operating activities			
Profit before taxation		129,523	101,346
Adjustments for:			
Profit from financial assets at FVTPL	m,n	(6,611)	-
Profit from debt instruments at FVOCI	m,n	(57,337)	(37,738)
Profit from debt instruments at amortised cost	m,n	(28,920)	(44,441)
Allowance for/(write-back of) ECL on:			
Financing, advances and others	p	16,693	29,305
Other financial assets	p	38	(1,670)
Commitments and contingencies	p	3,296	(2,800)
Depreciation of plant and equipment	s	1,901	1,902
Trading income	m,n	(9,887)	(4,688)
Operating profit before working capital changes		48,696	41,216
(Increase)/decrease in operating assets:			
Securities purchased under resale agreements		(569,411)	(296,484)
Financing, advances and others		191,394	(547,377)
Derivative financial assets		(53,098)	11,125
Other assets		464	(5,724)
Statutory deposits with BNM		18,500	(44,500)
		(412,151)	(882,960)
Increase/(decrease) in operating liabilities:			
Deposits from customers		795,133	(247,017)
Investment accounts due to designated financial institution		(1,137,432)	805,105
Deposits and placements of banks and other financial institutions		979,333	473,811
Derivative financial liabilities		62,836	(5,202)
Other liabilities		(10,502)	13,722
Bills and acceptances payable		(2,389)	1,148
		686,979	1,041,567
Cash generated from operating activities		323,524	199,823
Tax expense		(27,068)	(24,991)
Net cash generated from operating activities		296,456	174,832

The accompanying notes form an integral part of the financial statements.

46. Islamic Banking Operations (Continued)

Statement of cash flows (Continued)
For the financial year ended 31 December 2024

	Note	2024 RM'000	2023 RM'000
Cash flows from investing activities			
Purchase of plant and equipment		(1)	(1,073)
Purchase of financial assets at FVOCI		(988,750)	(785,096)
Profit from debt instruments at FVOCI		57,337	37,738
Net disposal of debt instruments at amortised cost		649,044	49,853
Net cash used in investing activities		(282,370)	(698,578)
Cash flows from financing activities			
Net proceeds from issuance of subordinated sukuk		500,000	-
Net cash generated from financing activities		500,000	-
Net increase/(decrease) in cash and cash equivalents		514,086	(523,746)
Cash and cash equivalents at beginning of the financial year		2,890,913	3,414,659
Cash and cash equivalents at end of the financial year before allowance for ECL		3,404,999	2,890,913
Analysis of cash and cash equivalents			
Cash and short-term funds	a	3,404,999	2,890,913
Less: Allowance for ECL	a	(482)	(422)
		3,404,517	2,890,491

The accompanying notes form an integral part of the financial statements.

46. Islamic Banking Operations (Continued)

(a) Cash and short-term funds

	2024 RM'000	2023 RM'000
Cash and balances with banks and other financial institutions	2,472,999	2,600,913
Money at call and deposit placements maturing within one month	932,000	290,000
	3,404,999	2,890,913
Less: Allowance for ECL	(482)	(422)
	3,404,517	2,890,491

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

	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL non credit-impaired RM'000	Stage 3 Lifetime ECL credit-impaired RM'000	Total ECL RM'000
2024				
At 1 January	422	-	-	422
Allowance made	139	-	-	139
Maturity/settlement/repayment	(61)	-	-	(61)
Exchange differences	(18)	-	-	(18)
Net total (Note (p))	60	-	-	60
At 31 December	482	-	-	482
2023				
At 1 January	506	-	-	506
Allowance made	307	-	-	307
Maturity/settlement/repayment	(394)	-	-	(394)
Exchange differences	3	-	-	3
Net total (Note (p))	(84)	-	-	(84)
At 31 December	422	-	-	422

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

	2024 RM'000	2023 RM'000
Money market instruments		
Bank Negara Malaysia bills	-	99,955
Government Islamic investments	2,161,028	1,303,026
Negotiable instruments of deposits	199,829	-
	2,360,857	1,402,981
Private debt securities of companies incorporated in Malaysia		
Cagamas sukuk	30,003	-
Total debt instruments at FVOCI	2,390,860	1,402,981

46. Islamic Banking Operations (Continued)

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

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

	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL non credit-impaired RM'000	Stage 3 Lifetime ECL credit-impaired RM'000	Total ECL RM'000
2024				
At 1 January	185	-	-	185
Allowance made	230	-	-	230
Maturity/settlement/repayment	(172)	-	-	(172)
Net total (Note (p))	58	-	-	58
At 31 December	243	-	-	243
2023				
At 1 January	93	-	-	93
Allowance made	150	-	-	150
Maturity/settlement/repayment	(58)	-	-	(58)
Net total (Note (p))	92	-	-	92
At 31 December	185	-	-	185

(c) Debt instruments at amortised cost

	2024 RM'000	2023 RM'000
Money market instruments		
Government Islamic investment	401,617	963,704
Less: Allowance for ECL	(35)	(126)
	401,582	963,578
Private debt securities of companies incorporated in Malaysia		
Unquoted corporate sukuk	30,885	88,922
Less: Allowance for ECL	-	(19)
	30,885	88,903
Total debt instruments at amortised cost	432,467	1,052,481

46. Islamic Banking Operations (Continued)

(c) Debt instruments at amortised cost (Continued)

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

	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL non credit-impaired RM'000	Stage 3 Lifetime ECL credit-impaired RM'000	Total ECL RM'000
2024				
At 1 January	145	-	-	145
Maturity/settlement/repayment	(110)	-	-	(110)
Net total (Note (p))	(110)	-	-	(110)
At 31 December	35	-	-	35
2023				
At 1 January	149	-	-	149
Allowance made	23	-	-	23
Maturity/settlement/repayment	(27)	-	-	(27)
Net total (Note (p))	(4)	-	-	(4)
At 31 December	145	-	-	145

(d) Financing, advances and others

(i) Financing by type of Shariah contract:

	Sale based contracts				
	Tawarruq RM'000	Murabahah RM'000	Bai Al-Dayn RM'000	Others RM'000	Total RM'000
2024					
Term financing:					
- Housing financing	3,899,657	-	-	7,402	3,907,059
- Syndicated term financing	55,495	-	-	-	55,495
- Other term financing	3,566,794	-	-	-	3,566,794
Trust receipts	387,983	-	-	-	387,983
Claims on customers under acceptance credits	-	158,892	786	-	159,678
Revolving credits	810,700	-	-	-	810,700
Gross financing, advances and others	8,720,629	158,892	786	7,402	8,887,709
Allowance for ECL on financing, advances and others:					
- Stage 1 - 12-month ECL					(24,951)
- Stage 2 - Lifetime ECL non credit-impaired					(58,977)
- Stage 3 - Lifetime ECL credit-impaired					(31,608)
Net financing, advances and others					8,772,173

46. Islamic Banking Operations (Continued)

(d) Financing, advances and others (Continued)

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

2023	Sale based contracts				
	Tawarruq RM'000	Murabahah RM'000	Bai Al-Dayn RM'000	Others RM'000	Total RM'000
Term financing:					
- Housing financing	3,717,082	-	-	8,438	3,725,520
- Syndicated term financing	25,723	-	-	-	25,723
- Other term financing	4,241,936	-	-	-	4,241,936
Trust receipts	318,188	-	-	-	318,188
Claims on customers under acceptance credits	-	166,641	1,810	-	168,451
Revolving credits	622,966	-	-	-	622,966
Gross financing, advances and others	8,925,895	166,641	1,810	8,438	9,102,784
Allowance for ECL on financing, advances and others:					
- Stage 1 - 12-month ECL					(17,656)
- Stage 2 - Lifetime ECL non credit-impaired					(52,737)
- Stage 3 - Lifetime ECL credit-impaired					(52,131)
Net financing, advances and others					8,980,260

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

As at 31 December 2024, the gross exposure and ECL relating to RSIA financing amounting to RM2,347,357,179 (2023: RM2,412,861,026) and RM27,853,711 (2023: RM40,134,901), respectively.

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

	2024 RM'000	2023 RM'000
Maturing within one year	1,792,701	1,109,244
One year to three years	690,415	1,615,575
Three years to five years	276,851	317,040
Over five years	6,127,742	6,060,925
	8,887,709	9,102,784

46. Islamic Banking Operations (Continued)

(d) Financing, advances and others (Continued)

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

	2024 RM'000	2023 RM'000
Domestic non-banking financial institutions	688,973	900,451
Domestic business enterprises:		
- Small and medium enterprises	2,080,455	2,022,617
- Others	1,924,157	2,175,434
Individuals	4,050,177	3,857,367
Foreign entities	143,947	146,915
	8,887,709	9,102,784

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

	2024 RM'000	2023 RM'000
Fixed rate financing	160,177	294,391
Variable rate:		
- Base rate/base financing rate-plus	5,359,580	5,227,580
- Cost-plus	3,367,952	3,580,813
	8,887,709	9,102,784

(v) Gross financing, advances and others by economic sector are as follows:

	2024 RM'000	2023 RM'000
Agriculture, hunting, forestry and fishing	283,586	322,389
Mining and quarrying	28,740	19,388
Manufacturing	752,014	1,005,253
Electricity, gas and water	589,452	499,988
Construction	372,965	331,579
Wholesale, retail trade, restaurants and hotels	1,133,546	1,145,559
Transport, storage and communication	208,377	125,856
Finance, takaful and business services	658,913	1,168,755
Real estate	422,619	395,818
Community, social and personal services	243,373	83,916
Households:		
- Purchase of residential properties	3,926,042	3,733,537
- Purchase of non-residential properties	214,570	202,685
- Others	53,512	68,061
	8,887,709	9,102,784

46. Islamic Banking Operations (Continued)

(d) Financing, advances and others (Continued)

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

	2024 RM'000	2023 RM'000
In Malaysia	8,743,762	8,955,869
Outside Malaysia	143,947	146,915
	8,887,709	9,102,784

(vii) Movements in the allowance for ECL on financing, advances and others are as follows:

	Stage 1	Stage 2	Stage 3	
	12-month ECL RM'000	Lifetime ECL non credit-impaired RM'000	Lifetime ECL credit-impaired RM'000	Total ECL RM'000
2024				
At 1 January	17,656	52,737	52,131	122,524
Transferred to Stage 1	7,052	(4,069)	(2,983)	-
Transferred to Stage 2	(910)	5,198	(4,288)	-
Transferred to Stage 3	(96)	(3,402)	3,498	-
Net remeasurement of allowance	(7,583)	10,168	8,130	10,715
Allowance made	13,231	29,074	8,042	50,347
Maturity/settlement/repayment	(4,385)	(30,729)	(19,796)	(54,910)
Exchange differences	(14)	-	-	(14)
Net total (Note (p))	7,295	6,240	(7,397)	6,138
Amounts written-off	-	-	(13,126)	(13,126)
At 31 December	24,951	58,977	31,608	115,536
2023				
At 1 January	17,786	22,752	132,706	173,244
Transferred to Stage 1	8,177	(6,835)	(1,342)	-
Transferred to Stage 2	(614)	1,983	(1,369)	-
Transferred to Stage 3	(88)	(3,873)	3,961	-
Net remeasurement of allowance	(7,045)	(6,608)	13,290	(363)
Allowance made	10,129	46,998	7,798	64,925
Maturity/settlement/repayment	(10,689)	(1,680)	(4,380)	(16,749)
Net total (Note (p))	(130)	29,985	17,958	47,813
Amounts written-off	-	-	(98,533)	(98,533)
At 31 December	17,656	52,737	52,131	122,524

46. Islamic Banking Operations (Continued)

(d) Financing, advances and others (Continued)

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

	2024 RM'000	2023 RM'000
At 1 January	215,411	251,343
Classified as credit-impaired	78,455	100,347
Amount recovered	(35,550)	(21,636)
Reclassified as non credit-impaired	(45,489)	(14,579)
Amount written-off	(16,092)	(100,064)
Gross credit-impaired financing, advances and others	196,735	215,411
Less: Stage 3 - Lifetime ECL credit-impaired	(31,608)	(52,131)
Net credit-impaired financing, advances and others	165,127	163,280
Ratio of net credit-impaired financing, advances and others to gross financing, advances and others less allowance for ECL on credit-impaired provisions	1.9%	1.8%

(ix) Gross credit-impaired financing, advances and others by economic sector are as follows:

	2024 RM'000	2023 RM'000
Manufacturing	4,173	6,659
Construction	28,670	28,788
Wholesale, retail trade, restaurants and hotels	19,159	16,842
Transport, storage and communication	2,058	5,558
Finance, insurance and business services	1,476	2,544
Community, social and personal services	1,987	4,067
Households:		
- Purchase of residential properties	133,755	142,734
- Purchase of non-residential properties	4,188	6,820
- Others	1,269	1,399
	196,735	215,411

(x) Gross credit-impaired financing, advances and others by geographical distribution are as follows:

	2024 RM'000	2023 RM'000
In Malaysia	191,595	210,845
Outside Malaysia	5,140	4,566
	196,735	215,411

46. Islamic Banking Operations (Continued)

(e) Other assets

	2024 RM'000	2023 RM'000
Other receivables, deposits and prepayments	3,206	4,975
Profit receivable	26,757	25,452
Less: Allowance for ECL	(39)	(9)
	29,924	30,418

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

	Stage 1	Stage 2	Stage 3	
	12-month ECL RM'000	Lifetime ECL non credit-impaired RM'000	Lifetime ECL credit-impaired RM'000	Total ECL RM'000
2024				
At 1 January	5	4	-	9
Allowance made	19	16	-	35
Maturity/settlement/repayment	(3)	(2)	-	(5)
Net total (Note (p))	16	14	-	30
At 31 December	21	18	-	39
2023				
At 1 January	1,131	552	-	1,683
Allowance made	4	4	-	8
Maturity/settlement/repayment	(1,172)	(572)	-	(1,744)
Exchange differences	42	20	-	62
Net total (Note (p))	(1,126)	(548)	-	(1,674)
At 31 December	5	4	-	9

46. Islamic Banking Operations (Continued)

(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 customises derivatives to meet specific needs of its customers. The Bank also transacts in these derivatives for proprietary trading purposes as well as to manage its assets/liabilities and structural positions. While the Bank also enters into other foreign exchange forward contracts with the intention to reduce the foreign exchange risk of expected sales and purchases for customers, these other contracts are not designated as hedge relationships and are measured at fair value through profit or loss.

The fair value of the financial derivatives are as follows:

	Contract or underlying principal amount RM'000	Positive fair value RM'000	Negative fair value RM'000
2024			
Foreign exchange related contracts:			
- Forwards	5,018,816	73,560	17,030
- Swaps	5,665,415	23,449	78,773
- Options	563,292	-	-
Profit rate related contracts:			
- Swaps	990,000	242	238
		97,251	96,041
2023			
Foreign exchange related contracts:			
- Forwards	1,508,337	5,702	18,538
- Swaps	2,488,312	27,552	13,683
Profit rate related contracts:			
- Swaps	800,000	1,012	984
		34,266	33,205

46. Islamic Banking Operations (Continued)

(g) Deposits from customers

(i) By type of deposits:

	2024 RM'000	2023 RM'000
Non-mudarabah fund		
Demand deposits:		
- Tawarruq	279,051	188,909
- Qard	1,133,230	700,795
Savings deposits:		
- Tawarruq	109,870	111,699
- Qard	17,587	18,459
Fixed deposits:		
- Tawarruq	3,918,735	3,898,493
Other deposits:		
- Tawarruq	487,325	232,310
	5,945,798	5,150,665

(ii) The remaining maturity of fixed deposits and other deposits are as follows:

	2024 RM'000	2023 RM'000
Due within six months	3,155,570	1,617,059
Six months to one year	1,250,490	2,513,672
One year to three years	-	72
	4,406,060	4,130,803

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

	2024 RM'000	2023 RM'000
Business enterprises	1,315,353	1,437,124
Individuals	2,812,555	2,785,756
Foreign entities	380,483	364,853
Others	1,437,407	562,932
	5,945,798	5,150,665

(h) Investment accounts due to a designated financial institution

	2024 RM'000	2023 RM'000
Mudarabah RSIA		
Conventional Banking	3,262,602	4,412,315
Amount receivable from Conventional Banking	(27,854)	(40,135)
	3,234,748	4,372,180

46. Islamic Banking Operations (Continued)

(i) Deposits and placements of other financial institutions

	2024 RM'000	2023 RM'000
Non-mudarabah fund		
Other financial institutions	5,480,982	4,501,649

(j) Other liabilities

	2024 RM'000	2023 RM'000
Allowance for ECL on commitments and contingencies	9,436	11,275
Profit payable	37,499	33,908
Accruals and provisions for operational expenses	892	1,098
Other payables and accruals	3,219	10,185
Deferred income	3,972	5,758
	55,018	62,224

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

	Stage 1	Stage 2	Stage 3	
	12-month ECL RM'000	Lifetime ECL non credit-impaired RM'000	Lifetime ECL credit-impaired RM'000	Total ECL RM'000
2024				
At 1 January	10,608	667	-	11,275
Transferred to Stage 1	45	(45)	-	-
Transferred to Stage 2	(966)	966	-	-
Net remeasurement of allowance	(16)	317	-	301
Allowance made	2,805	583	-	3,388
Maturity/settlement/repayment	(5,116)	(403)	-	(5,519)
Exchange differences	(3)	(6)	-	(9)
Net total (Note (p))	(3,251)	1,412	-	(1,839)
At 31 December	7,357	2,079	-	9,436
2023				
At 1 January	9,742	1,003	-	10,745
Transferred to Stage 1	60	(60)	-	-
Transferred to Stage 2	(64)	64	-	-
Net remeasurement of allowance	(36)	91	-	55
Allowance made	8,152	128	-	8,280
Maturity/settlement/repayment	(7,248)	(559)	-	(7,807)
Exchange differences	2	-	-	2
Net total (Note (p))	866	(336)	-	530
At 31 December	10,608	667	-	11,275

46. Islamic Banking Operations (Continued)

(k) Subordinated sukuk

	2024 RM'000	2023 RM'000
RM500 million Islamic subordinated Sukuk 2024/2034	500,000	-

On 8 February 2024, the Bank issued RM500 million Basel III compliant Tier 2 subordinated Islamic Medium Term Notes (10 years maturity, non-callable 5 years) (the Sukuk).

The Sukuk bears profit at the rate of 4.01% per annum. The coupon rate herein is applicable throughout the tenure of the subordinated sukuk.

The Sukuk may be redeemed at par at the option of the Bank, in part or in whole, on 8 February 2029 or at any profit payment date thereafter.

The profit is payable semi-annually in arrears on 8 August and 8 February each year commencing 8 August 2024.

The Sukuk 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.

(l) Islamic Banking funds

	2024 RM'000	2023 RM'000
Share capital	450,000	450,000
FVOCI reserve	698	1,316
Retained profits	258,618	160,434
	709,316	611,750

46. Islamic Banking Operations (Continued)

(m) Income derived from investment of depositors' funds

	2024 RM'000	2023 RM'000
Finance income and hibah		
Financing, advances and others	274,006	245,889
Credit-impaired financing, advances and others	7,313	4,039
Money at call and deposit placements with financial institutions	12,095	5,083
Financial assets at FVTPL	5,948	789
Debt instruments at FVOCI	51,668	34,308
Debt instruments at amortised cost	26,076	40,387
	377,106	330,495
Amortisation of premiums, net	(4,867)	(9,262)
Total finance income and hibah	372,239	321,233
Other operating income		
Trading income	8,912	4,264
Commission income	12,052	8,010
Fee income	12,449	19,667
Others	131	113
Total other operating income	33,544	32,054
Total	405,783	353,287

(n) Income derived from investment of Islamic Banking funds

	2024 RM'000	2023 RM'000
Finance income and hibah		
Financing, advances and others	30,060	24,673
Credit-impaired financing, advances and others	803	405
Money at call and deposit placements with financial institutions	1,363	544
Financial assets at FVTPL	663	77
Debt instruments at FVOCI	5,669	3,430
Debt instruments at amortised cost	2,844	4,054
	41,402	33,183
Amortisation of premiums, net	(526)	(932)
Total finance income and hibah	40,876	32,251
Other operating income		
Trading income	975	424
Commission income	1,327	805
Fee income	1,369	1,977
Others	14	12
Total other operating income	3,685	3,218
Total	44,561	35,469

46. Islamic Banking Operations (Continued)

(o) Income derived from investment of investment account funds

	2024 RM'000	2023 RM'000
Finance income and hibah		
Financing, advances and others	122,554	129,063
Money at call and deposit placements with financial institutions	40,709	31,698
	163,263	160,761
Other operating income		
Fee income	2,100	2,168
Total	165,363	162,929

(p) Allowance for/(write-back of) ECL

	2024 RM'000	2023 RM'000
Financing, advances and others (Note d (vii)):		
- Stage 1 - 12-month ECL	7,295	(130)
- Stage 2 - Lifetime ECL non credit-impaired	6,240	29,985
- Stage 3 - Lifetime ECL credit-impaired	(7,397)	17,958
Movement in ECL for RSIA holder*	7,146	(19,422)
	13,284	28,391
Credit-impaired financing, advances and others:		
- Written-off	3,786	1,997
- Recovered	(377)	(1,083)
	16,693	29,305
Other financial assets:		
- Stage 1 - 12-month ECL	24	(1,122)
- Stage 2 - Lifetime ECL non credit-impaired	14	(548)
	38	(1,670)
Commitments and contingencies (Note j):		
- Stage 1 - 12-month ECL	(3,251)	866
- Stage 2 - Lifetime ECL non credit-impaired	1,412	(336)
Movement in ECL for RSIA holder*	5,135	(3,330)
	3,296	(2,800)
Total	20,027	24,835

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

46. Islamic Banking Operations (Continued)

(q) Profit distributed to depositors and others

	2024 RM'000	2023 RM'000
Profit distributed to depositors from non-mudarabah fund	269,743	253,246
Subordinated sukuk	18,018	-
	287,761	253,246

(r) Profit distributed to investment account holders

	2024 RM'000	2023 RM'000
Profit distributed to investment account holders from mudarabah fund	132,987	128,848

(s) Other operating expenses

	2024 RM'000	2023 RM'000
Personnel expenses	4,371	4,239
Establishment expenses	5,173	7,139
Marketing expenses	131	302
General administrative expenses	35,734	31,730
	45,409	43,410
Personnel expenses:		
- Wages, salaries and bonus	3,343	3,346
- Defined contribution plan	577	533
- Other employee benefits	451	360
	4,371	4,239
Establishment expenses:		
- Depreciation of plant and equipment	1,901	1,902
- Information technology costs	1,577	1,789
- Repair and maintenance	65	43
- Short-term lease expenses	96	105
- Others	1,534	3,300
	5,173	7,139
Marketing expenses:		
- Advertisement and publicity	131	302
General administrative expenses:		
- Fees and commissions paid	1,381	577
- Management fee	33,953	30,356
- Others	400	797
	35,734	31,730

46. Islamic Banking Operations (Continued)

(s) Other operating expenses (Continued)

Included in other operating expenses is the Shariah Committee's remuneration. The total remuneration of the Shariah Committee members are as follows:

	2024 RM'000	2023 RM'000
Dr. Zaharuddin Bin Abdul Rahman (retired on 15 November 2024)	80	92
Dr. Samsuri bin Sharif	74	72
Datin Dr. Wan Marhaini Binti Wan Ahmad	74	74
Prof. Dr. Noraini Binti Mohd Ariffin	74	74
Muhammad Pisol Bin Mohd @ Mat Isa (appointed on 16 October 2023)	75	15
	377	327

(t) Commitments and contingencies

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

2024	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Direct credit substitutes	179,009	179,009	285,556
Transaction-related contingent items	214,053	107,029	171,575
Short-term self-liquidating trade-related contingencies	4,449	889	836
Foreign exchange related contracts:			
- Not more than one year	11,225,747	172,498	37,468
- More than one year to less than five years	21,776	741	86
Profit rate related contracts:			
- Not more than one year	890,000	663	96
- More than one year to less than five years	100,000	1,000	463
Undrawn credit facilities:			
- Not more than one year	1,181,312	13,522	4,267
- More than one year	730,082	527,023	336,085
- Unconditionally cancellable	1,257,256	-	-
Total	15,803,684	1,002,374	836,432

46. Islamic Banking Operations (Continued)

(t) Commitments and contingencies (Continued)

The off-balance sheet exposures and their related counterparty credit risks are as follows (Continued):

2023	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Direct credit substitutes	152,922	152,922	154,006
Transaction-related contingent items	220,324	110,162	116,737
Short-term self-liquidating trade-related contingencies	4,321	864	746
Foreign exchange related contracts:			
- Not more than one year	3,996,649	31,594	11,778
Profit rate related contracts:			
- Not more than one year	200,000	100	23
- More than one year to less than five years	600,000	3,346	823
Undrawn credit facilities:			
- Not more than one year	758,313	14,145	4,642
- More than one year	925,188	669,076	456,951
- Unconditionally cancellable	1,143,674	-	-
Total	8,001,391	982,209	745,706

(u) Capital management and capital adequacy

The capital adequacy ratios of Islamic Banking window are computed in accordance with the BNM Capital Adequacy Framework for Islamic Banking (Capital Components) issued on 15 December 2023 and Basel II - Risk-weighted Assets Framework for Islamic Banking issued on 18 December 2023.

	2024 RM'000	2023 RM'000
Common Equity Tier 1 (CET1)/Tier 1 Capital		
Share capital	450,000	450,000
Retained profits	258,618	160,434
Other reserves	698	1,316
Regulatory adjustments applied in the calculation of CET1 Capital	(21,542)	(13,220)
Total CET1/Tier 1 Capital	687,774	598,530
Tier 2 Capital		
Tier 2 Capital instruments	500,000	-
Financing loss provision:		
- Surplus eligible provisions over expected losses	-	935
- General provisions	994	680
Total Tier 2 Capital	500,994	1,615
Total Capital	1,188,768	600,145

46. Islamic Banking Operations (Continued)

(u) Capital management and capital adequacy (Continued)

(i) The capital adequacy ratios are as follows:

	2024	2023
Before the effects of RSIA		
CET1/Tier 1 Capital	11.138%	9.498%
Total Capital	19.247%	9.532%
After the effects of RSIA		
CET1/Tier 1 Capital	14.876%	15.850%
Total Capital	25.712%	15.893%

In accordance with BNM's Guidelines on the Investment Account, the credit and market risk weighted assets funded by the RSIA which qualify as risk absorbent are excluded from the calculation of capital adequacy ratio. As at 31 December 2024, credit risks related to RSIA assets excluded from the total capital ratio calculation amounting to RM1,555,476,008 (2023: RM2,525,612,204).

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

	2024 RM'000	2023 RM'000
Total RWA for credit risk	4,299,340	3,484,315
Total RWA for market risk	7,013	4,976
Total RWA for operational risk	317,084	286,865
Total RWA	4,623,437	3,776,156

46. Islamic Banking Operations (Continued)

(v) Mudarabah RSIA

(i) Movements in the Mudarabah RSIA

	2024 RM'000	2023 RM'000
As at 1 January	4,372,180	3,567,075
Funding inflows/(outflows)		
New placement during the year	218,564	1,360,998
Profit to fund provider	(106,390)	(130,344)
Income from investment	132,987	162,929
Redemption during the year	(1,368,277)	(533,140)
Share of profit		
Profit distributed to mudarib	(26,597)	(32,586)
Amount due from/(to) Conventional Banking	12,281	(22,752)
As at 31 December	3,234,748	4,372,180
Investment assets		
Financing and advances	2,347,357	2,412,861
Interbank placement	887,391	1,959,319
	3,234,748	4,372,180

(ii) Profit sharing ratio and rate of return

	Average profit sharing ratio (Depositor: Islamic Banking operations)		Average rate of return (%)	
	2024	2023	2024	2023
Up to 1 year	80:20	80:20	3.76	4.02
Over 5 years	80:20	80:20	4.12	3.49

46. Islamic Banking Operations (Continued)

(w) Profit rate risk

The Islamic Banking window is exposed to various risks associated with the effects of fluctuations in the prevailing level of market profit rates on the financial position and cash flows. The following tables summarise the exposures to profit rate risk. The financial assets and financial liabilities at carrying amounts are categorised by the earlier of the next contractual repricing and maturity dates.

	Non-trading book							
2024	Up to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	1 to 5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000	Trading book RM'000	Total RM'000
Assets								
Cash and short-term funds	3,404,999	-	-	-	-	(482)	-	3,404,517
Securities purchased under resale agreements	519,067	97,191	256,248	-	-	-	-	872,506
Debt instruments at FVOCI	229,831	-	311,667	655,984	1,193,378	-	-	2,390,860
Debt instruments at amortised cost	-	13,577	418,890	-	-	-	-	432,467
Other assets	-	-	-	-	-	29,924	-	29,924
Derivative financial assets	-	-	-	-	-	-	97,251	97,251
Financing, advances and others	1,272,930	78,427	441,343	967,267	6,127,742	(115,536)	-	8,772,173
Statutory deposits with BNM	-	-	-	-	-	36,500	-	36,500
Total assets	5,426,827	189,195	1,428,148	1,623,251	7,321,120	(49,594)	97,251	16,036,198
Liabilities								
Deposits from customers	3,920,882	774,426	1,250,490	-	-	-	-	5,945,798
Investment accounts due to a designated financial institution	43,189	1,126,570	907,741	992,420	164,828	-	-	3,234,748
Deposits and placements of banks and other financial institutions	5,228,267	252,715	-	-	-	-	-	5,480,982
Bills and acceptances payable	-	-	-	-	-	3,285	-	3,285
Other liabilities	-	-	-	-	-	55,018	-	55,018
Derivative financial liabilities	-	-	-	-	-	-	96,041	96,041
Subordinated sukuk	-	-	-	-	-	500,000	-	500,000
Total liabilities	9,192,338	2,153,711	2,158,231	992,420	164,828	558,303	96,041	15,315,872
Total profit sensitivity gap	(3,765,511)	(1,964,516)	(730,083)	630,831	7,156,292	(607,897)	1,210	720,326

46. Islamic Banking Operations (Continued)

(w) Profit rate risk (Continued)

2023	Non-trading book							
	Up to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	1 to 5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000	Trading book RM'000	Total RM'000
Assets								
Cash and short-term funds	2,890,913	-	-	-	-	(422)	-	2,890,491
Securities purchased under resale agreements	-	296,484	-	-	-	-	-	296,484
Debt instruments at FVOCI	99,955	-	351,464	571,906	379,656	-	-	1,402,981
Debt instruments at amortised cost	5,757	538,537	29,934	478,253	-	-	-	1,052,481
Other assets	-	-	-	-	-	30,418	-	30,418
Derivative financial assets	-	-	-	-	-	-	34,266	34,266
Financing, advances and others	1,048,280	58,178	2,786	1,932,615	6,060,925	(122,524)	-	8,980,260
Statutory deposits with BNM	-	-	-	-	-	55,000	-	55,000
Total assets	4,044,905	893,199	384,184	2,982,774	6,440,581	(37,528)	34,266	14,742,381
Liabilities								
Deposits from customers	2,199,648	437,084	2,511,931	2,002	-	-	-	5,150,665
Investment accounts due to a designated financial institution	171,158	68,675	1,657,567	2,239,275	235,505	-	-	4,372,180
Deposits and placements of banks and other financial institutions	4,206,125	295,524	-	-	-	-	-	4,501,649
Bills and acceptances payable	-	-	-	-	-	5,674	-	5,674
Other liabilities	-	-	-	-	-	62,224	-	62,224
Derivative financial liabilities	-	-	-	-	-	-	33,205	33,205
Total liabilities	6,576,931	801,283	4,169,498	2,241,277	235,505	67,898	33,205	14,125,597
Total profit sensitivity gap	(2,532,026)	91,916	(3,785,314)	741,497	6,205,076	(105,426)	1,061	616,784

46. Islamic Banking Operations (Continued)

(x) Liquidity risk

The following table shows the contractual undiscounted cash flows of the Islamic Banking window's assets and liabilities based on remaining contractual maturities. The contractual maturity profile often does not reflect the actual behavioural patterns.

2024	Up to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	1 to 5 years RM'000	Over 5 years RM'000	Total RM'000
Assets						
Cash and short-term funds	3,404,517	-	-	-	-	3,404,517
Securities purchased under resale agreements	524,298	98,408	257,589	-	-	880,295
Debt instruments at FVOCI	230,207	-	314,740	662,879	1,202,070	2,409,896
Debt instruments at amortised cost	-	13,577	422,310	-	-	435,887
Derivative financial assets	97,251	-	-	-	-	97,251
Financing, advances and others	2,060,753	543,788	416,612	2,104,771	7,970,997	13,096,921
Statutory deposits with BNM	-	-	-	-	36,500	36,500
	6,317,026	655,773	1,411,251	2,767,650	9,209,567	20,361,267
Liabilities						
Deposits from customers	4,329,140	582,240	1,075,615	-	-	5,986,995
Investment accounts due to a designated financial institution	45,109	1,176,600	948,052	1,036,582	172,849	3,379,192
Deposits and placements of banks and other financial institutions	5,242,125	252,715	-	-	-	5,494,840
Bills and acceptances payable	3,285	-	-	-	-	3,285
Derivative financial liabilities	96,041	-	-	-	-	96,041
Subordinated sukuk	-	-	-	-	520,050	520,050
	9,715,700	2,011,555	2,023,667	1,036,582	692,899	15,480,403
Net maturity mismatches	(3,398,674)	(1,355,782)	(612,416)	1,731,068	8,516,668	
Off-balance sheet liabilities						
Commitments and contingencies	3,831,272	4,671,057	2,906,083	2,947,571	457,700	14,813,683
Net maturity mismatches	3,831,272	4,671,057	2,906,083	2,947,571	457,700	14,813,683

46. Islamic Banking Operations (Continued)

(x) Liquidity risk (Continued)

2023	Up to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	1 to 5 years RM'000	Over 5 years RM'000	Total RM'000
Assets						
Cash and short-term funds	2,890,491	-	-	-	-	2,890,491
Securities purchased under resale agreements	-	302,352	-	-	-	302,352
Debt instruments at FVOCI	99,955	-	356,062	579,943	384,724	1,420,684
Debt instruments at amortised cost	5,757	541,116	30,168	481,946	-	1,058,987
Derivative financial assets	34,266	-	-	-	-	34,266
Financing, advances and others	1,785,234	611,880	906,452	2,130,046	8,001,158	13,434,770
Statutory deposits with BNM	-	-	-	-	55,000	55,000
	4,815,703	1,455,348	1,292,682	3,191,935	8,440,882	19,196,550
Liabilities						
Deposits from customers	2,203,490	442,728	2,579,739	2,070	-	5,228,027
Investment accounts due to a designated financial institution	172,361	69,614	1,691,007	2,450,008	332,561	4,715,551
Deposits and placements of banks and other financial institutions	4,218,903	301,095	-	-	-	4,519,998
Bills and acceptances payable	5,674	-	-	-	-	5,674
Derivative financial liabilities	33,205	-	-	-	-	33,205
	6,633,633	813,437	4,270,746	2,452,078	332,561	14,502,455
Net maturity mismatches	(1,817,930)	641,911	(2,978,064)	739,857	8,108,321	
Off-balance sheet liabilities						
Commitments and contingencies	1,572,369	429,395	1,867,256	643,714	612,132	5,124,866
Net maturity mismatches	1,572,369	429,395	1,867,256	643,714	612,132	5,124,866

Right By You

United Overseas Bank (Malaysia) Bhd
Company Registration No.: 199301017069 (271809K)

Head Office
UOB Plaza 1 Kuala Lumpur,
No. 7 Jalan Raja Laut,
50350 Kuala Lumpur
Tel 03-2692 4511

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