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

PILLAR 3 DISCLOSURE
31 DECEMBER 2024

Domiciled in Malaysia
Registered Office:
Level 22, UOB Plaza 1 KL,
Jalan Raja Laut,
50350 Kuala Lumpur.

United Overseas Bank (Malaysia) Bhd

Risk Management
Level 28, UOB Plaza 1 Kuala Lumpur
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50350 Kuala Lumpur, Malaysia
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Co Reg. No. 199301017069 (271809-K)

Attestation by Chief Executive Officer pursuant to BASEL II – Pillar 3 Disclosures for the financial year ended 31 December 2024

I hereby confirm that the Pillar 3 disclosures for the financial year ended 31 December 2024 have been prepared in accordance with Bank Negara Malaysia's Risk Weighted Capital Adequacy Framework (Basel II) - Disclosure Requirements (Pillar 3) and Capital Adequacy Framework for Islamic Banks (CAFIB) - Disclosure Requirements (Pillar 3). The Pillar 3 disclosures are consistent with the manner that the risks are assessed and managed, and are not misleading in any particular way.

Ng Wei Wei
Chief Executive Officer

Date: 5 May 2025

1. INTRODUCTION

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.

2. 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.

2. CAPITAL ADEQUACY (Cont'd.)

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

Item	Exposure class 2024	Exposures pre Credit Risk Mitigation (CRM)	Exposures post Credit Risk Mitigation (CRM)	RWA	Minimum capital requirement at 8%
		RM'000	RM'000	RM'000	RM'000
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**

2. CAPITAL ADEQUACY (Cont'd.)

Item	Exposure class 2024	Exposures pre CRM	Exposures post CRM	RWA	Min. capital requirement at 8%
		RM'000	RM'000	RM'000	RM'000
1.3	**Exposures under the Advanced 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

2. CAPITAL ADEQUACY (Cont'd.)

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

Item	Exposure class 2023	Exposures pre Credit Risk Mitigation (CRM)	Exposures post Credit Risk Mitigation (CRM)	RWA	Minimum capital requirement at 8%
		RM'000	RM'000	RM'000	RM'000
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**

2. CAPITAL ADEQUACY (Cont'd.)

Item	Exposure class 2023	Exposures pre CRM	Exposures post CRM	RWA	Min. capital requirement at 8%
		RM'000	RM'000	RM'000	RM'000
1.3	**Exposures under the Advanced 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

2. CAPITAL ADEQUACY (Cont'd.)

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

Item	Exposure class 2024	Exposures pre CRM	Exposures post CRM	RWA	RWA absorbed by RSIA	Total RWA after effects of RSIA	Min. capital requirement at 8%
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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 & 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**

2. CAPITAL ADEQUACY (Cont'd.)

Item	Exposure class 2024	Exposures pre CRM	Exposures post CRM	RWA	RWA absorbed by RSIA	Total RWA after effects of RSIA	Min. capital requirement at 8%
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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

2. CAPITAL ADEQUACY (Cont'd.)

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

Item	Exposure class 2023	Exposures pre CRM	Exposures post CRM	RWA	RWA absorbed by RSIA	Total RWA after effects of RSIA	Min. capital requirement at 8%
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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 & 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**

2. CAPITAL ADEQUACY (Cont'd.)

Item	Exposure class 2023	Exposures pre CRM	Exposures post CRM	RWA	RWA absorbed by RSIA	Total RWA after effects of RSIA	Min. capital requirement at 8%
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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

3. 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

3. CAPITAL STRUCTURE (Cont'd.)

The capital adequacy ratios of the Group and the Bank:

	Group		Bank	
	31-Dec-24	**31-Dec-23**	**31-Dec-24**	**31-Dec-23**
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

The capital adequacy ratios of the Islamic Banking Window:

	31-Dec-24	31-Dec-23
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).

4. 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.

Maintaning 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.

4. RISK MANAGEMENT (Cont'd.)

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.

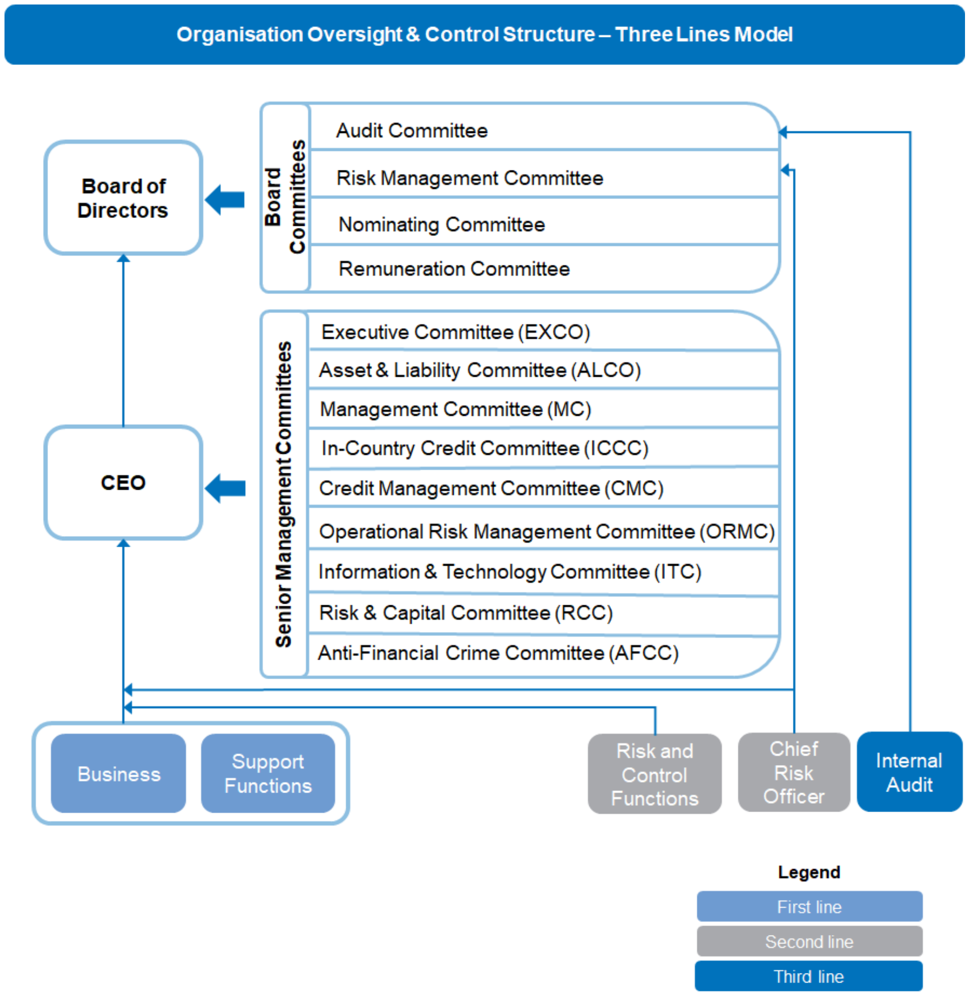
Our Chief Executive Officer (CEO) has established senior management committees to assist her in making business decisions with due consideration for risks and returns. The main senior management committees involved are the Executive Committee (EXCO), Management Committee (MC), Asset and Liability Committee (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.

4. RISK MANAGEMENT (Cont'd.)

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



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.

4. RISK MANAGEMENT (Cont'd.)

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.

4. RISK MANAGEMENT (Cont'd.)

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.

4. RISK MANAGEMENT (Cont'd)

Material Risks (Cont'd.)

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.

5. 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 accross 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.

5. CREDIT RISK (Cont'd.)

Credit concentration risk (Cont'd.)

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.

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.

5. CREDIT RISK (Cont'd.)

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.

5. CREDIT RISK (Cont'd.)

(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 Exposure 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, restaurant 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.

5. CREDIT RISK (Cont'd.)

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 Exposure 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, restaurant 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

5. CREDIT RISK (Cont'd.)

(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 Lending and SMEs) RM'000	Retail RM'000	Residential Mortgages RM'000	Other Assets RM'000	Equity Exposure RM'000	Grand Total RM'000
Agriculture, hunting, forestry & 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, restaurant 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

5. CREDIT RISK (Cont'd.)

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 Lending and SMEs) RM'000	Retail RM'000	Residential Mortgages RM'000	Other Assets RM'000	Equity Exposure RM'000	Grand Total RM'000
Agriculture, hunting, forestry & 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, restaurant 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

5. CREDIT RISK (Cont'd.)

(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 Exposure 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 Exposure 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

5. CREDIT RISK (Cont'd.)

(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 Lending and SMEs) RM'000	Retail RM'000	Residential Mortgages RM'000	Other Assets RM'000	Equity Exposure 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 Lending and SMEs) RM'000	Retail RM'000	Residential Mortgages RM'000	Other Assets RM'000	Equity Exposure 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

5. CREDIT RISK (Cont'd.)

(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

5. CREDIT RISK (Cont'd.)

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

5. CREDIT RISK (Cont'd.)

(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).

5. CREDIT RISK (Cont'd.)

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

	2024		2023	
Islamic Banking Window	**ECL 3 RM'000**	**ECL 1 and ECL 2 RM'000**	**ECL 3 RM'000**	**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

5. CREDIT RISK (Cont'd.)

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

	2024		2023	
Bank	**Allowances for ECL 3 made during the year RM'000**	**Write-offs during the year RM'000**	**Allowances for ECL 3 made during the year RM'000**	**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

5. CREDIT RISK (Cont'd.)

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

	2024		2023	
Islamic Banking Window	**Allowances for ECL 3 made during the year RM'000**	**Write-offs during the year RM'000**	**Allowances for ECL 3 made during the year RM'000**	**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.

5. CREDIT RISK (Cont'd.)

(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.

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.

5. CREDIT RISK (Cont'd.)

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*	FIRB	AIRB
	RM'million	RM'million	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.

5. CREDIT RISK (Cont'd.)

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

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
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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**

5. CREDIT RISK (Cont'd.)

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

	Bank												
Risk weights	**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**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
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**

5. CREDIT RISK (Cont'd.)

Credit Exposures under Basel II (cont'd.)

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.

5. CREDIT RISK (Cont'd.)

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

Risk weights	Islamic Banking Window									
	Sovereigns/ Central Banks	**Public Sector Entities**	**Banks, DFIs and MDBs**	**Insurance/Takaful Cos, Securities Firms & Fund Managers**	**Corporates**	**Regulatory Retail**	**Residential Mortgages**	**Other Assets**	**Total exposures after netting and CRM**	**Total RWA**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
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**

5. CREDIT RISK (Cont'd.)

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

	Islamic Banking Window									
Risk weights	**Sovereigns/ Central Banks**	**Public Sector Entities**	**Banks, DFIs and MDBs**	**Insurance/Takaful Cos, Securities Firms & Fund Managers**	**Corporates**	**Regulatory Retail**	**Residential Mortgages**	**Other Assets**	**Total exposures after netting and CRM**	**Total RWA**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
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**

5. CREDIT RISK (Cont'd.)

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 & 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 Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
On and off-balance sheet exposures							
Banks, DFIs and MDBs		4,935	-	-	-	-	-
Total		**4,935**	**-**	**-**	**-**	**-**	**-**

5. CREDIT RISK (Cont'd.)

RM'000

Exposure class		Ratings of Sovereigns and Central Banks by Approved ECAIs					
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	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**

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
On and off-balance sheet exposures						
Credit exposures (using corporate risk weights)						
Public Sector Eentities (applicable for entities risk weighted based on their external ratings as corporates)		-	-	-	-	440,160
Insurance Cos, Securities Firms & Fund Managers		-	-	-	-	44,559
Corporates		-	-	-	-	354,683
Total		**-**	**-**	**-**	**-**	**839,402**

5. CREDIT RISK (Cont'd.)

RM'000

Exposure class		Ratings of Banking Institutions by Approved ECAIs					
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
On and off-balance sheet exposures							
Banks, DFIs and MDBs		-	-	-	-	-	-
Total		**-**	**-**	**-**	**-**	**-**	**-**

RM'000

Exposure class		Ratings of Sovereigns and Central Banks by Approved ECAIs					
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
On and off-balance sheet exposures							
Sovereigns/ Central Banks		-	16,256,911	15,904,459	-	-	20,536
Total		**-**	**16,256,911**	**15,904,459**	**-**	**-**	**20,536**

5. CREDIT RISK (Cont'd.)

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
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)		-	-	-	-	158,024
Insurance/Takaful Cos, Securities Firms & Fund Managers		-	-	-	-	3,874
Corporates		-	-	-	-	3,320
Total		**-**	**-**	**-**	**-**	**165,218**

RM'000

Exposure class	**Ratings of Banking Institutions by Approved ECAIs**					
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
On and off-balance sheet exposures							
Banks, DFIs and MDBs		-	-	-	-	-	-
Total		**-**	**-**	**-**	**-**	**-**	**-**

5. CREDIT RISK (Cont'd.)

RM'000

Exposure class	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
On and off-balance sheet exposures							
Sovereigns/ Central Banks		-	1,798,252	1,756,631	-	-	-
Total		**-**	**1,798,252**	**1,756,631**	**-**	**-**	**-**

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/Takaful Cos, Securities Firms & Fund Managers		-	-	-	-	5,803
Corporates		-	-	-	-	364
Total		**-**	**-**	**-**	**-**	**20,762**

5. CREDIT RISK (Cont'd.)

RM'000

Exposure class	Ratings of Banking Institutions by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
On and off-balance sheet exposures							
Banks, DFIs and MDBs		-	-	-	-	-	-
Total		-	-	-	-	-	-

RM'000

Exposure class	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	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**	**-**	**-**	**-**

5. CREDIT RISK (Cont'd.)

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.

5. CREDIT RISK (Cont'd.)

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.

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.

5. CREDIT RISK (Cont'd.)

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.

5. CREDIT RISK (Cont'd.)

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 & 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 & 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 & 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 & 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	-	-

5. CREDIT RISK (Cont'd.)

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 & 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 & 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 & 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 & Fund Managers	23%	235%	-

5. CREDIT RISK (Cont'd.)

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%

5. CREDIT RISK (Cont'd.)

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 & 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 & 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 & 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 & 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 Lending exposures (EAD)							
Project Finance	-	-	576,461	-	-	-	-
Risk Weighted Assets	-	-	403,522	-	-	-	-

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%

5. CREDIT RISK (Cont'd.)

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 & 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 Cos, Securities Firm & 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 & 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 & Fund Managers	10%	-	-

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	-	-	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%

5. CREDIT RISK (Cont'd.)

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%

5. CREDIT RISK (Cont'd.)

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%

5. CREDIT RISK (Cont'd.)

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

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)
	RM'000	RM'000	RM'000	RM'000
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

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)
	RM'000	RM'000	RM'000	RM'000
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**

5. CREDIT RISK (Cont'd.)

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

Bank 2024	**Stage 1 12 Months ECL RM'000**	**Stage 2 Lifetime ECL non credit-impaired RM'000**	**Stage 3 Lifetime ECL credit-impaired RM'000**	**Total ECL RM'000**
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

Bank 2023	**Stage 1 12 Months ECL RM'000**	**Stage 2 Lifetime ECL non credit-impaired RM'000**	**Stage 3 Lifetime ECL credit-impaired RM'000**	**Total ECL RM'000**
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

5. CREDIT RISK (Cont'd.)

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

Islamic Banking Window 2024	Stage 1 12 Months ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total ECL RM'000
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

Islamic Banking Window 2023	Stage 1 12 Months ECL RM'000	Stage 2 Lifetime ECL not credit impaired RM'000	Stage 3 Lifetime ECL credit impaired RM'000	Total ECL RM'000
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

5. CREDIT RISK (Cont'd.)

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 credit worthiness 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.

5. CREDIT RISK (Cont'd.)

Credit Risk Mitigation (cont'd.)

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**
Credit risk				
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 & 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.

5. CREDIT RISK (Cont'd.)

Credit Risk Mitigation (cont'd.)

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**
Credit risk				
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 & 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.

5. CREDIT RISK (Cont'd.)

Credit risk mitigation (cont'd.)

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**
Credit risk				
On-balance sheet exposures				
Sovereign/Central Banks	3,554,883	-	-	-
Banks, DFIs and MDBs	1,945,161	-	829,734	-
Insurance/Takaful Cos, Securities Firms & 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.

5. CREDIT RISK (Cont'd.)

Credit risk mitigation (cont'd.)

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
Credit risk				
On-balance sheet exposures				
Sovereign/Central Banks	2,738,005	-	-	-
Banks, DFIs and MDBs	764,100	-	-	-
Insurance/Takaful Cos, Securities Firms & 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.

5. CREDIT RISK (Cont'd.)

OFF-BALANCE SHEET EXPOSURES AND COUNTERPARTY CREDIT RISK

Counterparty Credit Risk

Unlike normal lending risk where the notional amount 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.

5. CREDIT RISK (Cont'd.)

OFF-BALANCE SHEET EXPOSURES AND COUNTERPARTY CREDIT RISK (Cont'd.)

Credit Exposures from Foreign Exchange and Derivatives (cont'd.)

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

Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	RWA
	RM'000	RM'000	RM'000	RM'000
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	-		-	-
Total	**301,734,553**	**1,302,009**	**30,508,062**	**14,997,605**

5. CREDIT RISK (Cont'd.)

OFF-BALANCE SHEET EXPOSURES AND COUNTERPARTY CREDIT RISK (Cont'd.)

Credit Exposures from Foreign Exchange and Derivatives (cont'd.)

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

Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	RWA
	RM'000	RM'000	RM'000	RM'000
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	-		-	-
Total	**250,272,975**	**1,355,349**	**27,653,362**	**13,029,337**

5. CREDIT RISK (Cont'd.)

OFF-BALANCE SHEET EXPOSURES AND COUNTERPARTY CREDIT RISK (Cont'd.)

Credit Exposures from Foreign Exchange and Derivatives (cont'd.)

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

Description	Principal amount	Positive fair value of derivative contracts	Credit equivalent amount	RWA
	RM'000	RM'000	RM'000	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 contigencies	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**

5. CREDIT RISK (Cont'd.)

OFF-BALANCE SHEET EXPOSURES AND COUNTERPARTY CREDIT RISK (Cont'd.)

Credit Exposures from Foreign Exchange and Derivatives (cont'd.)

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

Description	Principal amount	Positive fair value of derivative contracts	Credit equivalent amount	RWA
	RM'000	RM'000	RM'000	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 contigencies	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**

6. 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						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**

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						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**

7. 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.

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.

7. MARKET RISK (Cont'd.)

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 RM5.551million.

	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.)

8. 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.

Type of Equities	Bank			
	31-Dec-24		31-Dec-23	
	Exposures	RWA	Exposures	RWA
	RM'000	RM'000	RM'000	RM'000
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-Dec-24 RM'000	31-Dec-23 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.

9. 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.

9. INTEREST RATE RISK/RATE OF RETURN RISK IN THE BANKING BOOK (Cont'd.)

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/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)

31-Dec-24	Increase/ (Decrease) in basis points	Sensitivity of EVE	Increase/ (Decrease) in basis points	Sensitivity of EVE
Currency		RM'000		RM'000
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-Dec-23	Increase/ (Decrease) in basis points	Sensitivity of EVE	Increase/ (Decrease) in basis points	Sensitivity of EVE
Currency		RM'000		RM'000
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)

31-Dec-24	Increase/ (Decrease) in basis points	Sensitivity of NII/NFI	Increase/ (Decrease) in basis points	Sensitivity of NII/NFI
Currency		RM'000		RM'000
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-Dec-23	Increase/ (Decrease) in basis points	Sensitivity of NII/NFI	Increase/ (Decrease) in basis points	Sensitivity of NII/NFI
Currency		RM'000		RM'000
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

10. 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.

11. 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.

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

11. OPERATIONAL RISK (Cont'd.)

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.

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.

12. 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.

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.

13. 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 • Metals and Mining • Chemical • Infrastructure	• Forestry • Defence • Energy • Waste Management

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.

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.

13. ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISK (Cont'd.)

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

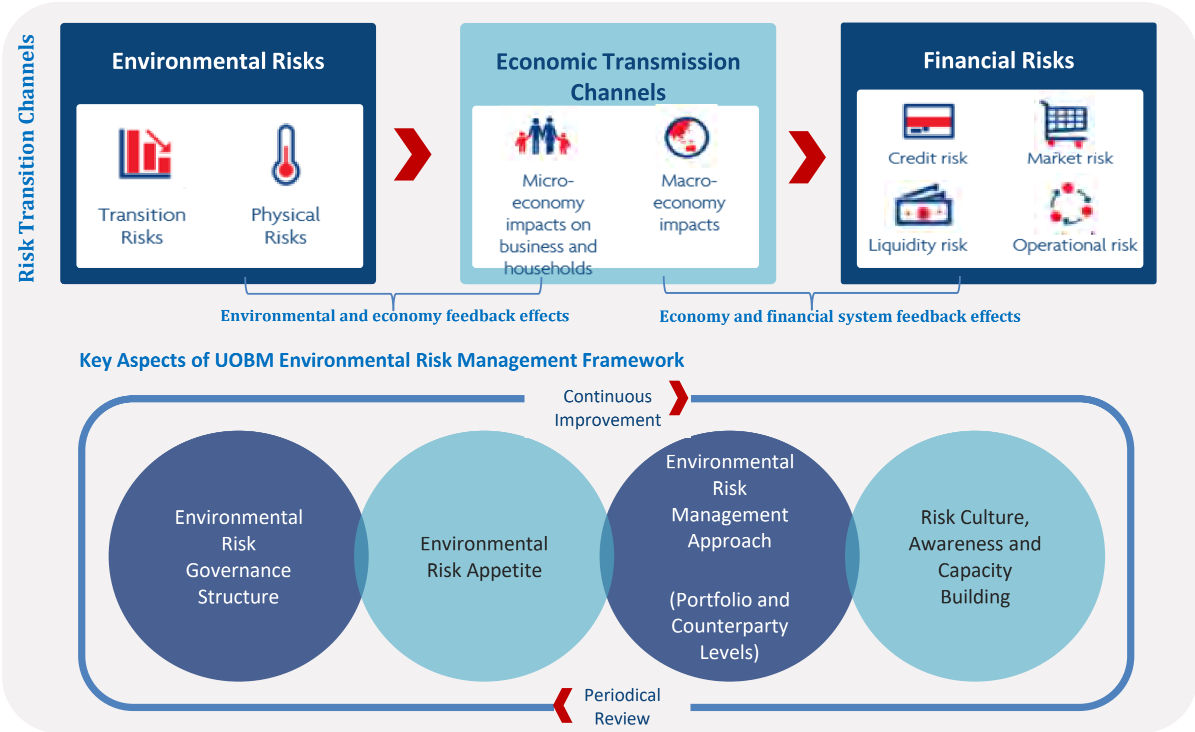
Strengthening our internal capacity on ESG risk management remains a key focus as ESG risk becomes increasingly mainstream. All our employees in relevant roles are trained on our Responsible Financing Policy and processes.

13. ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISK (Cont'd.)

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.



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.

13. ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISK (Cont'd.)

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.

14. 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.