RHB

PROGRESS

FINANCIAL REPORT **2024**

STATUTORY FINANCIAL STATEMENTS

Responsibility Statement by the Board of Directors

The Directors are responsible in ensuring that the audited financial statements of the Group and the Bank are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, the requirements of the Companies Act 2016 in Malaysia, Bank Negara Malaysia's Guidelines and the Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are also responsible for ensuring that the annual audited financial statements of the Group and the Bank are prepared with reasonable accuracy from the accounting records of the Group and the Bank so as to give a true and fair view of the financial position of the Group and the Bank as at 31 December 2024 and of the financial performance and cash flows of the Group and the Bank for the financial year ended 31 December 2024.

The audited financial statements are prepared on the going concern basis and the Directors have ensured that appropriate and relevant accounting policies are applied on a consistent basis and accounting judgements and estimates made are reasonable and fair so as to enable the preparation of the financial statements of the Group and the Bank.

The Directors have also taken the necessary steps to safeguard the assets of the Group and the Bank to prevent and detect fraud and other irregularities.

Directors' Report

The Directors submit herewith their report together with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activities of the Bank are commercial banking and finance related business and the provision of related services. The Group is involved in commercial banking and finance related business, Islamic banking, investment banking, stock broking, leasing, offshore banking, property investment, general insurance, unit trust management, asset management, nominee and custodian services.

There have been no significant changes in these principal activities during the financial year.

FINANCIAL RESULTS

	Group RM'000	Bank RM'000
Profit before taxation and zakat	4,020,146	2,887,585
Taxation and zakat	(896,031)	(599,485)
Net profit for the financial year	**3,124,115**	**2,288,100**
Attributable to:		
– Equity holders of the Bank	3,120,211	2,288,100
– Non-controlling interests	3,904	–
	3,124,115	**2,288,100**

DIVIDENDS

The dividends paid by the Bank since 31 December 2023 were as follows:

	RM'000
In respect of financial year ended 31 December 2023:	
– Second interim single-tier dividend of 25.0 sen per share, consists of cash portion of 15.0 sen per share and an electable portion of 10.0 sen per share, paid on 16 May 2024	1,071,587
In respect of financial year ended 31 December 2024:	
– Single-tier interim cash dividend of 15.0 sen per share, paid on 30 September 2024	653,923
	1,725,510

The shareholders of the Bank have been granted an option by the Board of Directors to elect to reinvest the electable portion of the second interim single-tier dividend for financial year ended 31 December 2023 into new ordinary shares of the Bank in accordance with the approved Dividend Reinvestment Plan ('DRP') of the Bank. The reinvestment rate subsequent to the completion of the DRP for the abovementioned second interim single-tier dividend was 83.3%.

A second interim single-tier cash dividend of 28.0 sen per share in respect of the financial year ended 31 December 2024, amounting to RM1,220,657,000 has been declared by the Board of Directors. The second interim single-tier dividend was approved by the Board of Directors on 27 January 2025.

The financial statements for the current financial year do not reflect this second interim single-tier dividend. This dividend payment will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2025.

The Directors do not recommend the payment of any final dividend for the financial year ended 31 December 2024.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are disclosed in the financial statements.

ISSUE OF SHARES

During the financial year, the Bank increased its issued and paid up share capital from 4,286,348,101 to 4,359,489,550 via the issuance of 73,141,449 new ordinary shares arising from the DRP relating to the electable second interim dividend of 10.0 sen per share in respect of the financial year ended 31 December 2023 on 16 May 2024.

The new ordinary shares issued during the financial year rank *pari passu* in all respects with the existing shares of the Bank.

BAD AND DOUBTFUL DEBTS AND FINANCING

Before the financial statements of the Group and the Bank were made out, the Directors took reasonable steps to ascertain that proper actions have been taken in relation to the writing off of bad debts and financing and the making of allowance for impaired debts and financing, and satisfied themselves that all known bad debts and financing have been written off and that adequate allowance had been made for impaired debts and financing.

At the date of this report, the Directors are not aware of any circumstances which would render the amount written off for bad debts and financing or the amount of allowance for impaired debts and financing in the financial statements of the Group and the Bank inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and the Bank were made out, the Directors took reasonable steps to ensure that any current assets, other than debts and financing, which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records of the Group and the Bank, had been written down to an amount which they might be expected to realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and the Bank misleading.

VALUATION METHOD

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and the Bank misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

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

(b) any contingent liability of the Group and the Bank which has arisen since the end of the financial year other than in the ordinary course of business.

No contingent or other liability of the Group and the Bank has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and the Bank to meet their obligations as and when they fall due.

Directors' Report

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and the Bank for the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Group or the Bank for the financial year in which this report is made.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 58 to the financial statements.

EVENT SUBSEQUENT TO THE FINANCIAL YEAR END

Event subsequent to the financial year end is disclosed in Note 59 to the financial statements.

DIRECTORS

The Directors of the Bank in office during the financial year and during the period from the end of the financial year to the date of the report are:

Tan Sri Ahmad Badri Mohd Zahir	
Tan Sri Ong Leong Huat @ Wong Joo Hwa	
Ong Ai Lin	
Lim Cheng Teck	
Dato' Mohamad Nasir Ab Latif	
Donald Joshua Jaganathan	
Datuk Iain John Lo	
Hijah Arifakh Othman	
Nadzirah Abd Rashid	(Appointed on 15 March 2024)
Dato' Mohd Rashid Mohamad	

Pursuant to Clause 94 of the Bank's Constitution, Tan Sri Ong Leong Huat @ Wong Joo Hwa, Dato' Mohamad Nasir Ab Latif, Donald Joshua Jaganathan and Dato' Mohd Rashid Mohamad retire at the forthcoming Annual General Meeting of the Bank and being eligible, offer themselves for re-election.

By way of relief order dated 27 January 2025 granted by the Companies Commission of Malaysia, the names of Directors of subsidiaries as required under Section 253(2) of the Malaysian Companies Act 2016 have not been disclosed in this Report. Their names are set out in the respective subsidiaries' Directors' Report or financial statements and the said information is deemed incorporated herein by such reference and shall form part hereof.

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings required to be kept under Section 59 of the Companies Act 2016, the Directors in office at the end of the financial year holding securities of the Bank and its related corporations are as follows:

	Number of ordinary shares			
	As at 1.1.2024	DRP/ Transmission	Sold	As at 31.12.2024
Bank				
Tan Sri Ong Leong Huat @ Wong Joo Hwa:				
– Indirect*	33,837	–	–	**33,837**
– Indirect^	438,777,545	8,991,341#	–	**447,768,886**
Ong Ai Lin:				
– Direct	28,488	583#	–	**29,071**

Notes:

* *The interest is held through family members.*
^ *Deemed interest pursuant to Section 8(4) of the Companies Act 2016 by virtue of shares held through OSK Holdings Berhad.*
# *These ordinary shares were acquired pursuant to the DRP of the Bank.*

Other than the above, none of the other Directors holding office at the end of the financial year had any interest in the securities of the Bank or its related corporations during the financial year.

SHARE GRANT SCHEME ('SGS')

The Bank has on 2 June 2022 implemented the SGS, which was approved by the shareholders at an extraordinary general meeting held on 27 April 2022.

The SGS is intended to motivate employees, attract talents and retain key employees through the grant of the ordinary shares in the Bank ('RHB Bank Share(s)') of up to 2% of the total number of issued shares of the Bank (excluding treasury shares, if any) at any point in time during the duration of the SGS for employees and Executive Directors of the Bank and its subsidiaries (excluding subsidiaries which are dormant) who fulfil the eligibility criteria ('Eligible Employees'). The SGS which is to be administered by the Board Nominating and Remuneration Committee ('BNRC') comprising such persons as may be appointed by the Board from time to time, shall be in force for a period of nine years commencing from the effective date of implementation of the SGS, and the vesting period for each grant offered will be 3 years from the offer date.

Details of the SGS shares awarded are as follows:

Award date	Fair value RM	Awarded Unit'000	Vesting date
Grant 1 – 4 July 2022	5.71	4,685	3 July 2025
Grant 2 – 22 May 2023	5.50	5,385	30 June 2026
Grant 3 – 4 March 2024	5.62	4,635	30 June 2027
Grant 3A – 1 July 2024	5.50	142	30 June 2027

Directors' Report

SHARE GRANT SCHEME ('SGS') (CONTINUED)

The movement of the SGS shares during the financial year ended 31 December 2024 are as follows:

	Number of SGS shares (Unit'000)			
Award date	As at 1.1.2024	Awarded	Forfeited	As at 31.12.2024
Grant 1 – 4 July 2022	4,293	–	(430)	**3,863**
Grant 2 – 22 May 2023	5,290	–	(618)	**4,672**
Grant 3 – 4 March 2024	–	4,635	(120)	**4,515**
Grant 3A – 1 July 2024	–	142	–	**142**

As at 31 December 2024, SGS shares awarded to Group Managing Director and key management personnel are as follows:

	Number of SGS shares awarded (Unit'000)	
Award date	Dato' Mohd Rashid Mohamad	Key management personnel
Grant 1 – 4 July 2022	280	803
Grant 2 – 22 May 2023	335	927
Grant 3 – 4 March 2024	335	895
Grant 3A – 1 July 2024	–	125

DIRECTORS' BENEFITS

Total Directors' remuneration for the Group and the Bank for the financial year ended 31 December 2024 are RM12,937,000 and RM11,041,000 respectively.

Since the end of the previous financial year, no Director of the Bank has received or become entitled to receive any benefit (other than Directors' remuneration and benefits-in-kind as disclosed in Note 41 to the financial statements) by reason of a contract made by the Bank or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

During and at the end of the financial year, no arrangements subsisted to which the Bank or its subsidiaries is a party, being arrangements with the object or objects of enabling the Directors of the Bank to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate, other than the shares granted pursuant to the SGS as disclosed in Note 51 to the financial statements.

SUBSIDIARIES

Details of subsidiaries are set out in Note 15 to the financial statements.

AUDITORS' REMUNERATION

Total auditors' remuneration for the Group and the Bank for the financial year ended 31 December 2024 are RM7,530,000 and RM4,737,000 respectively.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to continue in office.

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

TAN SRI AHMAD BADRI MOHD ZAHIR
CHAIRMAN

DATO' MOHD RASHID MOHAMAD
GROUP MANAGING DIRECTOR

Kuala Lumpur
26 February 2025

Statements of Financial Position

As At 31 December 2024

	Note	Group 2024 RM'000	Group 2023 RM'000	Bank 2024 RM'000	Bank 2023 RM'000
ASSETS					
Cash and short-term funds	2	**11,551,647**	14,145,414	**13,222,186**	10,306,573
Securities purchased under resale agreements		**59,355**	–	**100,213**	369,585
Deposits and placements with banks and other financial institutions	3	**811,180**	888,940	**8,037,443**	8,798,866
Investment account due from designated financial institutions	4	**–**	–	**4,640,875**	6,258,830
Financial assets at fair value through profit or loss ('FVTPL')	5	**5,699,882**	3,718,491	**3,082,107**	1,327,294
Financial assets at fair value through other comprehensive income ('FVOCI')	6	**51,776,595**	47,976,929	**43,067,114**	41,527,907
Financial investments at amortised cost	7	**30,112,469**	28,214,643	**18,930,344**	18,083,039
Loans, advances and financing	8	**234,967,648**	219,562,603	**137,221,740**	127,848,563
Clients' and brokers' balances	9	**755,014**	1,203,013	**–**	–
Insurance/reinsurance contract assets	10	**499,692**	573,036	**–**	–
Other assets	11	**1,936,484**	1,640,091	**2,510,865**	3,114,931
Derivative assets	12	**2,748,423**	1,675,723	**2,832,307**	1,699,427
Statutory deposits	13	**3,829,823**	3,911,810	**1,889,262**	1,947,787
Tax recoverable		**88,573**	104,249	**–**	12,292
Deferred tax assets	14	**355,402**	344,872	**253,475**	249,249
Investments in subsidiaries	15	**–**	–	**4,698,018**	4,674,312
Investments in associates	16	**74,535**	56,036	**110,800**	74,000
Right-of-use assets	17	**142,057**	142,763	**80,255**	88,389
Property, plant and equipment	18	**1,018,277**	1,066,201	**786,640**	802,429
Goodwill	19	**2,649,307**	2,654,122	**1,714,913**	1,714,913
Intangible assets	20	**838,284**	813,175	**742,358**	708,508
TOTAL ASSETS		**349,914,647**	328,692,111	**243,920,915**	229,606,894

The accompanying accounting policies and notes form an integral part of these financial statements.

	Note	Group 2024 RM'000	Group 2023 RM'000	Bank 2024 RM'000	Bank 2023 RM'000
LIABILITIES AND EQUITY					
Deposits from customers	21	**249,565,470**	245,083,070	**155,078,777**	148,641,495
Deposits and placements of banks and other financial institutions	22	**27,205,021**	17,022,398	**28,814,676**	27,223,482
Obligations on securities sold under repurchase agreements	23	**13,412,388**	8,970,584	**16,273,461**	10,415,735
Investment accounts	24	**1,258,804**	507,774	**–**	–
Bills and acceptances payable		**261,592**	810,216	**258,887**	800,375
Clients' and brokers' balances	25	**841,715**	1,285,362	**–**	–
Insurance/reinsurance contract liabilities	10	**1,156,004**	1,185,982	**–**	–
Other liabilities	26	**6,437,888**	3,903,762	**4,137,262**	2,961,127
Derivative liabilities	12	**2,285,168**	1,787,728	**2,483,745**	1,795,186
Recourse obligation on loans sold to Cagamas Berhad ('Cagamas')	27	**2,104,358**	4,332,027	**900,024**	2,720,286
Provision for taxation and zakat	28	**100,577**	53,691	**20,904**	–
Deferred tax liabilities	14	**26,748**	30,196	**–**	–
Lease liabilities	29	**150,916**	151,417	**81,823**	89,982
Borrowings	30	**2,622,507**	2,261,224	**1,764,270**	1,337,921
Senior debt securities	31	**6,573,859**	7,018,453	**6,573,859**	7,018,453
Subordinated obligations	32	**3,380,268**	3,377,163	**2,522,031**	2,521,693
TOTAL LIABILITIES		**317,383,283**	297,781,047	**218,909,719**	205,525,735
Share capital	33	**8,687,255**	8,330,324	**8,687,255**	8,330,324
Reserves	34	**23,804,964**	22,544,243	**16,323,941**	15,750,835
Equity attributable to holders of the Bank		**32,492,219**	30,874,567	**25,011,196**	24,081,159
Non-controlling interests ('NCI')	35	**39,145**	36,497	**–**	–
TOTAL EQUITY		**32,531,364**	30,911,064	**25,011,196**	24,081,159
TOTAL LIABILITIES AND EQUITY		**349,914,647**	328,692,111	**243,920,915**	229,606,894
COMMITMENTS AND CONTINGENCIES	48	**413,059,596**	246,063,350	**415,194,310**	239,349,087

The accompanying accounting policies and notes form an integral part of these financial statements.

Income Statements

For The Financial Year Ended 31 December 2024

	Note	Group		Bank	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Interest income	36	**10,134,048**	9,473,488	**10,028,727**	9,444,057
Interest expense	37	**(6,264,748)**	(5,913,911)	**(6,135,706)**	(5,746,064)
Net interest income		**3,869,300**	3,559,577	**3,893,021**	3,697,993
Other operating income	38	**2,559,614**	1,844,399	**2,060,976**	1,804,170
Income from Islamic Banking business	39	**2,175,980**	2,366,449	**(15,850)**	(19,156)
Net income		**8,604,894**	7,770,425	**5,938,147**	5,483,007
Other operating expenses	40	**(4,021,429)**	(3,689,293)	**(2,674,074)**	(2,525,858)
Operating profit before allowances		**4,583,465**	4,081,132	**3,264,073**	2,957,149
Allowance for credit losses on financial assets	42	**(535,339)**	(301,528)	**(278,488)**	(332,953)
Impairment losses made on other non-financial assets	43	**(1,788)**	–	**(98,000)**	–
		4,046,338	3,779,604	**2,887,585**	2,624,196
Share of results of associates		**(26,192)**	(26,260)	**–**	–
Profit before taxation and zakat		**4,020,146**	3,753,344	**2,887,585**	2,624,196
Taxation and zakat	44	**(896,031)**	(942,845)	**(599,485)**	(583,126)
Net profit for the financial year		**3,124,115**	2,810,499	**2,288,100**	2,041,070
Attributable to:					
– Equity holders of the Bank		**3,120,211**	2,806,228	**2,288,100**	2,041,070
– NCI		**3,904**	4,271	**–**	–
		3,124,115	2,810,499	**2,288,100**	2,041,070
Earnings per share (sen)					
– Profit attributable to equity holders of the Bank					
– Basic	45	**72.02**	65.69		
– Diluted	45	**71.80**	65.54		

The accompanying accounting policies and notes form an integral part of these financial statements.

Statements of Comprehensive Income

For The Financial Year Ended 31 December 2024

	Note	Group		Bank	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Net profit for the financial year		**3,124,115**	2,810,499	**2,288,100**	2,041,070
Other comprehensive income/(loss) in respect of:					
(i) Items that will not be reclassified to profit or loss:					
(a) Actuarial gain on defined benefit plan of subsidiaries		**870**	273	**–**	–
(b) Equity instruments designated at FVOCI					
– Net loss on disposal		**–**	(270)	**–**	–
– Unrealised net gain on revaluation		**56,392**	32,532	**52,936**	30,268
(ii) Items that will be reclassified subsequently to profit or loss:					
(a) Foreign currency translation reserves					
– Currency translation differences		**(192,083)**	189,192	**(89,763)**	102,690
(b) Debt instruments measured at FVOCI					
– Unrealised net gain on revaluation		**286,238**	989,608	**265,942**	854,299
– Net transfer to income statements on disposal		**(240,913)**	(143,810)	**(221,458)**	(114,991)
– Changes in expected credit losses and exchange differences	6	**(5,477)**	(20,804)	**(4,948)**	(16,868)
Income tax relating to components of other comprehensive income	14,46	**(11,025)**	(203,357)	**(10,676)**	(177,434)
Other comprehensive (loss)/income, net of tax, for the financial year		**(105,998)**	843,364	**(7,967)**	677,964
Total comprehensive income for the financial year		**3,018,117**	3,653,863	**2,280,133**	2,719,034
Total comprehensive income attributable to:					
– Equity holders of the Bank		**3,014,360**	3,649,482	**2,280,133**	2,719,034
– NCI		**3,757**	4,381	**–**	–
		3,018,117	3,653,863	**2,280,133**	2,719,034

The accompanying accounting policies and notes form an integral part of these financial statements.

Statements of Changes in Equity

For The Financial Year Ended 31 December 2024

	Note	Attributable to equity holders of the Bank									Non-controlling Interests RM'000	Total Equity RM'000
		Share Capital RM'000	Statutory Reserves RM'000	Regulatory Reserves RM'000	FVOCI Reserves RM'000	Translation Reserves RM'000	Other Reserves RM'000	Share-Based Payment Reserves RM'000	Retained Profits RM'000	Total Shareholders' Equity RM'000		
Group												
Balance as at 1 January 2024		8,330,324	115,907	1,780,366	107,696	867,855	25,975	17,105	19,629,339	30,874,567	36,497	30,911,064
Net profit for the financial year		-	-	-	-	-	-	-	3,120,211	3,120,211	3,904	3,124,115
Foreign currency translation reserves:												
- Currency translation differences		-	(3,018)	-	-	(188,902)	-	(9)	-	(191,929)	(154)	(192,083)
Financial assets measured at FVOCI:												
- Equity instruments												
- Unrealised net gain on revaluation		-	-	-	56,392	-	-	-	-	56,392	-	56,392
- Debt instruments												
- Unrealised net gain on revaluation		-	-	-	286,238	-	-	-	-	286,238	-	286,238
- Net transfer to income statements on disposal		-	-	-	(240,913)	-	-	-	-	(240,913)	-	(240,913)
- Changes in expected credit losses and exchange differences		-	-	-	(5,477)	-	-	-	-	(5,477)	-	(5,477)
Actuarial gain on defined benefit plan of subsidiaries		-	-	-	-	-	-	-	861	861	9	870
Income tax relating to components of other comprehensive income	14,46	-	-	-	(10,849)	-	-	-	(174)	(11,023)	(2)	(11,025)
Other comprehensive (loss)/income, net of tax, for the financial year		-	(3,018)	-	85,391	(188,902)	-	(9)	687	(105,851)	(147)	(105,998)
Total comprehensive income/(loss) for the financial year		-	(3,018)	-	85,391	(188,902)	-	(9)	3,120,898	3,014,360	3,757	3,018,117
Dividends paid	47	-	-	-	-	-	-	-	(1,725,510)	(1,725,510)	(1,060)	(1,726,570)
Shares issued pursuant to DRP	33	356,931	-	-	-	-	-	-	-	356,931	-	356,931
Share-based payment expenses		-	-	-	-	-	-	18,492	-	18,492	-	18,492
Transfer from regulatory reserves		-	-	(91,669)	-	-	-	-	91,669	-	-	-
Disposal of subsidiaries	58	-	(514)	-	-	(60,369)	-	-	-	(60,883)	(49)	(60,932)
Liquidation of subsidiaries		-	-	-	-	14,262	-	-	-	14,262	-	14,262
Balance as at 31 December 2024		8,687,255	112,375	1,688,697	193,087	632,846	25,975	35,588	21,116,396	32,492,219	39,145	32,531,364

The accompanying accounting policies and notes form an integral part of these financial statements.

	Note	Share Capital RM'000	Statutory Reserves RM'000	Regulatory Reserves RM'000	FVOCI Reserves RM'000	Translation Reserves RM'000	Other Reserves RM'000	Share-Based Payment Reserves RM'000	Retained Profits RM'000	Total Shareholders' Equity RM'000	Non-controlling Interests RM'000	Total Equity RM'000
		Attributable to equity holders of the Bank										
Group												
Balance as at 1 January 2023		8,145,585	111,203	882,145	(546,712)	683,491	23,331	4,337	19,429,002	28,732,382	32,115	28,764,497
Net profit for the financial year		–	–	–	–	–	–	–	2,806,228	2,806,228	4,271	2,810,499
Foreign currency translation reserves:												
- Currency translation differences		–	4,704	–	–	184,364	–	8	–	189,076	116	189,192
Financial assets measured at FVOCI:												
- Equity instruments												
- Net loss on disposal		–	–	–	–	–	–	–	(270)	(270)	–	(270)
- Unrealised net gain on revaluation		–	–	–	32,532	–	–	–	–	32,532	–	32,532
- Debt instruments												
- Unrealised net gain on revaluation		–	–	–	989,608	–	–	–	–	989,608	–	989,608
- Net transfer to income statements on disposal		–	–	–	(143,810)	–	–	–	–	(143,810)	–	(143,810)
- Changes in expected credit losses and exchange differences		–	–	–	(20,804)	–	–	–	–	(20,804)	–	(20,804)
Actuarial gain/(loss) on defined benefit plan of subsidiaries		–	–	–	-	–	–	–	277	277	(4)	273
Income tax relating to components of other comprehensive income	14,46	–	–	–	(203,118)	–	–	–	(237)	(203,355)	(2)	(203,357)
Other comprehensive income/(loss), net of tax, for the financial year		–	4,704	–	654,408	184,364	–	8	(230)	843,254	110	843,364
Total comprehensive income for the financial year		–	4,704	–	654,408	184,364	–	8	2,805,998	3,649,482	4,381	3,653,863
Dividends paid	47	–	–	–	–	–	–	–	(1,704,796)	(1,704,796)	–	(1,704,796)
Shares issued pursuant to DRP	33	184,739	–	–	–	–	–	–	–	184,739	–	184,739
Share-based payment expenses		–	–	–	–	–	–	12,760	–	12,760	1	12,761
Transfer to regulatory reserves		–	–	898,221	–	–	–	–	(898,221)	–	–	–
Liquidation of a subsidiary		–	–	–	–	–	2,644	–	(2,644)	–	–	–
Balance as at 31 December 2023		8,330,324	115,907	1,780,366	107,696	867,855	25,975	17,105	19,629,339	30,874,567	36,497	30,911,064

The accompanying accounting policies and notes form an integral part of these financial statements.

Statements of Changes in Equity

For The Financial Year Ended 31 December 2024

			Non-distributable				Distributable	
	Note	Share Capital RM'000	Regulatory Reserves RM'000	FVOCI Reserves RM'000	Translation Reserves RM'000	Share-Based Payment Reserves RM'000	Retained Profits RM'000	Total Equity RM'000
Bank								
Balance as at 1 January 2024		8,330,324	942,797	104,109	523,823	17,105	14,163,001	24,081,159
Net profit for the financial year		–	–	–	–	–	2,288,100	2,288,100
Foreign currency translation reserves:								
– Currency translation differences		–	–	–	(89,763)	–	–	(89,763)
Financial assets measured at FVOCI:								
– Equity instruments								
– Unrealised net gain on revaluation		–	–	52,936	–	–	–	52,936
– Debt instruments								
– Unrealised net gain on revaluation		–	–	265,942	–	–	–	265,942
– Net transfer to income statements on disposal		–	–	(221,458)	–	–	–	(221,458)
– Changes in expected credit losses and exchange differences		–	–	(4,948)	–	–	–	(4,948)
Income tax relating to components of other comprehensive income	14,46	–	–	(10,676)	–	–	–	(10,676)
Other comprehensive (loss)/income, net of tax, for the financial year		–	–	81,796	(89,763)	–	–	(7,967)
Total comprehensive income/(loss) for the financial year		–	–	81,796	(89,763)	–	2,288,100	2,280,133
Dividends paid	47	–	–	–	–	–	(1,725,510)	(1,725,510)
Shares issued pursuant to DRP	33	356,931	–	–	–	–	–	356,931
Share-based payment expenses		–	–	–	–	18,483	–	18,483
Transfer to regulatory reserves		–	95,370	–	–	–	(95,370)	–
Balance as at 31 December 2024		8,687,255	1,038,167	185,905	434,060	35,588	14,630,221	25,011,196

The accompanying accounting policies and notes form an integral part of these financial statements.

	Note	Share Capital RM'000	Non-distributable: Regulatory Reserves RM'000	FVOCI Reserves RM'000	Translation Reserves RM'000	Share-Based Payment Reserves RM'000	Distributable: Retained Profits RM'000	Total Equity RM'000
Bank								
Balance as at 1 January 2023		8,145,585	561,654	(471,165)	421,133	4,337	14,207,870	22,869,414
Net profit for the financial year		–	–	–	–	–	2,041,070	2,041,070
Foreign currency translation reserves:								
– Currency translation differences		–	–	–	102,690	–	–	102,690
Financial assets measured at FVOCI:								
– Equity instruments								
– Unrealised net gain on revaluation		–	–	30,268	–	–	–	30,268
– Debt instruments								
– Unrealised net gain on revaluation		–	–	854,299	–	–	–	854,299
– Net transfer to income statements on disposal		–	–	(114,991)	–	–	–	(114,991)
– Changes in expected credit losses and exchange differences		–	–	(16,868)	–	–	–	(16,868)
Income tax relating to components of other comprehensive income	14,46	–	–	(177,434)	–	–	–	(177,434)
Other comprehensive income, net of tax, for the financial year		–	–	575,274	102,690	–	–	677,964
Total comprehensive income for the financial year		–	–	575,274	102,690	–	2,041,070	2,719,034
Dividends paid	47	–	–	–	–	–	(1,704,796)	(1,704,796)
Shares issued pursuant to DRP	33	184,739	–	–	–	–	–	184,739
Share–based payment expenses		–	–	–	–	12,768	–	12,768
Transfer to regulatory reserves		–	381,143	–	–	–	(381,143)	–
Balance as at 31 December 2023		8,330,324	942,797	104,109	523,823	17,105	14,163,001	24,081,159

The accompanying accounting policies and notes form an integral part of these financial statements.

Statements of Cash Flows

For The Financial Year Ended 31 December 2024

	Note	Group	
		2024 RM'000	2023 RM'000
Cash flows from operating activities			
Profit before taxation and zakat		**4,020,146**	3,753,344
Adjustments for:			
Allowance for credit losses on loans, advances and financing		**898,779**	649,850
Allowance for credit losses on foreclosed properties		**13,962**	7,509
Allowance written back for credit losses on other financial assets		**(182)**	(11,104)
Property, plant and equipment:			
– Depreciation	18	**151,299**	146,776
– Gain on disposal		**(2,996)**	(1,042)
– Written off		**144**	69
– Impairment losses	43	**148**	–
Intangible assets:			
– Amortisation	20	**188,666**	177,902
– Written off	40	**721**	670
– Impairment losses	43	**1,640**	–
Right-of-use assets:			
– Depreciation	17	**70,119**	65,914
– Gain on modification		**(1,059)**	(236)
Share-based payment expenses		**18,492**	12,761
Net allowance written back on financial assets at FVOCI and financial investments at amortised cost		**(3,428)**	(50,687)
Net gain arising from disposal/redemption of financial assets at FVTPL, financial assets at FVOCI and financial investments at amortised cost		**(315,979)**	(176,654)
Net loss on fair value hedges		**3,281**	1,951
Net gain on derecognition of hedging		**(4,711)**	–
Net unrealised gain on revaluation of financial assets at FVTPL and derivatives		**(462,533)**	(289,433)
Net unrealised foreign exchange gain		**(44,093)**	(52,824)
Dividend income from financial assets at FVTPL and financial assets at FVOCI	38	**(63,076)**	(72,786)
Gain on disposal of subsidiaries	38	**(85,190)**	–
Loss on liquidation of subsidiaries	38	**150**	–
Share of results of associates		**26,192**	26,260
Interest/financing expense on borrowings, senior debt securities, subordinated obligations and lease liabilities		**451,316**	357,698
Interest income from financial assets at FVTPL, financial assets at FVOCI and financial investments at amortised cost		**(2,503,804)**	(2,180,102)
Investment income from financial assets at FVTPL, financial assets at FVOCI and financial investments at amortised cost		**(628,050)**	(575,647)
Operating profit before working capital changes		**1,729,954**	1,790,189
Decrease/(Increase) in operating assets:			
Cash and short-term funds and deposits and placements with banks and other financial institutions with original maturity of more than one month		**(810,502)**	(183,223)
Securities purchased under resale agreements		**(59,355)**	101,258
Financial assets at FVTPL		**(1,660,483)**	(453,919)
Loans, advances and financing		**(16,487,070)**	(11,574,010)
Clients' and brokers' balances		**390,161**	(456,206)
Other assets		**(1,120,356)**	144,545
Statutory deposits		**73,276**	(469,827)
		(19,674,329)	(12,891,382)

The accompanying accounting policies and notes form an integral part of these financial statements.

	Note	Group 2024 RM'000	Group 2023 RM'000
Cash flows from operating activities (continued)			
Increase/(Decrease) in operating liabilities:			
Deposits from customers		**4,575,653**	17,757,321
Deposits and placements of banks and other financial institutions		**10,179,371**	(7,599,206)
Obligations on securities sold under repurchase agreements		**4,438,281**	1,669,047
Investment accounts		**751,030**	(738,252)
Bills and acceptances payable		**(552,249)**	560,243
Clients' and brokers' balances		**(403,827)**	508,573
Other liabilities		**3,100,498**	(223,291)
Recourse obligation on loans sold to Cagamas		**(2,227,669)**	(454,719)
		19,861,088	11,479,716
Cash generated from operations		**1,916,713**	378,523
Interest paid		**(377,605)**	(305,225)
Net tax and zakat paid		**(857,217)**	(1,167,241)
Net cash generated from/(used in) operating activities		**681,891**	(1,093,943)
Cash flows from investing activities			
Net purchase of financial assets at FVOCI and financial investments at amortised cost		**(5,208,878)**	(8,578,781)
Property, plant and equipment:			
– Purchase	18	**(134,494)**	(137,665)
– Proceeds from disposal		**5,184**	1,407
Intangible assets:			
– Purchase	20	**(207,366)**	(230,126)
Financial assets at FVOCI and financial investments at amortised cost:			
– Interest income received		**2,226,984**	1,875,638
– Investment income received		**508,334**	416,208
Dividend income received from financial assets at FVTPL and financial assets at FVOCI		**63,076**	72,786
Net cash inflow from disposal of subsidiaries	58	**193,993**	–
Net capital injection in associates		**(45,677)**	(82,271)
Net cash used in investing activities		**(2,598,844)**	(6,662,804)
Cash flows from financing activities			
Drawdown of borrowings		**1,313,313**	709,909
Repayment of borrowings		**(870,281)**	–
Proceeds from issuance of subordinated notes/sukuk		**500,000**	500,000
Proceeds from issuance of senior debt securities		**1,030,654**	3,000,000
Redemption of subordinated notes/sukuk		**(500,000)**	–
Redemption of senior debt securities		**(1,378,970)**	–
Dividends paid to equity holders of the Bank		**(1,368,579)**	(1,520,057)
Dividends paid to NCI		**(1,060)**	–
Principal lease payments		**(75,953)**	(76,097)
Net cash (used in)/generated from financing activities		**(1,350,876)**	2,613,755

The accompanying accounting policies and notes form an integral part of these financial statements.

Statements of Cash Flows

For The Financial Year Ended 31 December 2024

	Note	Group 2024 RM'000	Group 2023 RM'000
Net decrease in cash and cash equivalents		**(3,267,829)**	(5,142,992)
Effects of exchange rate differences		**(138,801)**	153,571
Cash and cash equivalents:			
– at the beginning of the financial year		**14,145,414**	19,134,835
– at the end of the financial year		**10,738,784**	14,145,414

Cash and cash equivalents for the financial year comprise cash and short-term funds of RM11,551,647,000 as disclosed in Note 2, excluding cash and short-term funds with original maturity of more than one month of RM812,863,000.

		Cash Changes		Non-Cash Changes				
	Balance as at the beginning of the financial year RM'000	Net cash flow from financing activities RM'000	Net cash flow from operating activities RM'000	Foreign exchange movement/ other income RM'000	Net additions to lease liabilities RM'000	Disposal of subsidiaries RM'000	Accrued interest and amortisation RM'000	Balance as at the end of the financial year RM'000
Group								
2024								
Lease liabilities	**151,417**	**(75,953)**	**–**	**(3,113)**	**74,463**	**(1,516)**	**5,618**	**150,916**
Borrowings	**2,261,224**	**443,032**	**(43,158)**	**(78,024)**	**–**	**(80,041)**	**119,474**	**2,622,507**
Senior debt securities	**7,018,453**	**(348,316)**	**(206,187)**	**(84,950)**	**–**	**–**	**194,859**	**6,573,859**
Subordinated obligations	**3,377,163**	**–**	**(128,260)**	**–**	**–**	**–**	**131,365**	**3,380,268**
	12,808,257	**18,763**	**(377,605)**	**(166,087)**	**74,463**	**(81,557)**	**451,316**	**12,727,550**
2023								
Lease liabilities	160,632	(76,097)	–	(2,373)	64,020	–	5,235	151,417
Borrowings	1,476,185	709,909	(65,162)	61,894	–	–	78,398	2,261,224
Senior debt securities	3,841,190	3,000,000	(119,622)	153,341	–	–	143,544	7,018,453
Subordinated obligations	2,867,083	500,000	(120,441)	–	–	–	130,521	3,377,163
	8,345,090	4,133,812	(305,225)	212,862	64,020	–	357,698	12,808,257

The accompanying accounting policies and notes form an integral part of these financial statements.

	Note	Bank 2024 RM'000	Bank 2023 RM'000
Cash flows from operating activities			
Profit before taxation		**2,887,585**	2,624,196
Adjustments for:			
Allowance for credit losses on loans, advances and financing		**577,292**	619,587
Allowance for credit losses on foreclosed properties		**13,962**	7,509
Allowance made/(written back) for credit losses on other financial assets		**940**	(3,719)
Impairment losses on investment in a subsidiary	43	**98,000**	–
Property, plant and equipment:			
– Depreciation	40	**127,975**	122,141
– Gain on disposal	38	**(2,693)**	(4)
– Written off	40	**28**	27
Intangible assets:			
– Amortisation	40	**160,324**	150,920
– Written off	40	**–**	433
Right-of-use assets:			
– Depreciation	40	**55,148**	54,423
– Loss/(Gain) on modification	38	**5**	(231)
Share-based payment expenses	40	**13,381**	8,986
Net allowance written back on financial assets at FVOCI and financial investments at amortised cost		**(4,207)**	(30,709)
Net gain arising from disposal/redemption of financial assets at FVTPL, financial assets at FVOCI and financial investments at amortised cost		**(249,830)**	(147,772)
Net loss on fair value hedges	38	**4,061**	789
Net gain on derecognition of hedging	38	**(4,243)**	–
Net unrealised gain on revaluation of financial assets at FVTPL and derivatives		**(200,460)**	(132,505)
Net unrealised foreign exchange gain		**(19,946)**	(22,469)
(Gain)/Loss on liquidation of subsidiaries	38	**(52,405)**	14
Dividend income from financial assets at FVOCI	38	**(5,593)**	(3,346)
Dividend income from subsidiaries	38	**(437,660)**	(437,012)
Interest expense on borrowings, senior debt securities, subordinated obligations and lease liabilities		**356,341**	309,979
Interest income from financial assets at FVTPL, financial assets at FVOCI and financial investments at amortised cost		**(2,425,865)**	(2,111,850)
Operating profit before working capital changes		**892,140**	1,009,387
Decrease/(Increase) in operating assets:			
Cash and short-term funds and deposits and placements with banks and other financial institutions with original maturity of more than one month		**(2,921,846)**	(1,985,960)
Securities purchased under resale agreements		**269,372**	520,954
Investment accounts due from designated financial institutions		**1,617,955**	2,092,406
Financial assets at FVTPL		**(1,654,803)**	(145,450)
Loans, advances and financing		**(11,505,105)**	(5,884,195)
Other assets		**(134,253)**	(814,722)
Statutory deposits		**41,183**	(253,696)
		(14,287,497)	(6,470,663)

The accompanying accounting policies and notes form an integral part of these financial statements.

Statements of Cash Flows

For The Financial Year Ended 31 December 2024

	Note	Bank	
		2024 RM'000	2023 RM'000
Cash flows from operating activities (continued)			
Increase/(Decrease) in operating liabilities:			
Deposits from customers		**8,502,343**	11,002,093
Deposits and placements of banks and other financial institutions		**1,856,988**	(5,540,258)
Obligations on securities sold under repurchase agreements		**5,889,674**	2,495,288
Bills and acceptances payable		**(508,584)**	554,208
Other liabilities		**1,913,164**	(387,422)
Recourse obligation on loans sold to Cagamas		**(1,820,262)**	(301,399)
		15,833,323	7,822,510
Cash generated from operations		**2,437,966**	2,361,234
Interest paid		**(368,280)**	(264,935)
Net tax paid		**(579,621)**	(805,824)
Net cash generated from operating activities		**1,490,065**	1,290,475
Cash flows from investing activities			
Net purchase of financial assets at FVOCI and financial investments at amortised cost		**(2,972,483)**	(6,539,773)
Property, plant and equipment:			
– Purchase	18	**(117,899)**	(108,554)
– Proceeds from disposal		**4,238**	7
Intangible assets:			
– Purchase	20	**(194,449)**	(212,285)
Interest received from financial assets at FVOCI and financial investments at amortised cost		**2,195,950**	1,855,933
Dividend income received from subsidiaries		**438,784**	436,860
Dividend income received from financial assets at FVOCI		**5,593**	3,346
Proceeds received from liquidation of subsidiaries		**63,841**	1
Capital injection in an associate		**(36,800)**	(74,000)
Capital injection in subsidiaries		**(119,875)**	(8,956)
Net cash used in investing activities		**(733,100)**	(4,647,421)
Cash flows from financing activities			
Drawdown of borrowings		**1,313,313**	–
Repayment of borrowings		**(827,483)**	–
Proceeds from issuance of subordinated notes		**–**	500,000
Proceeds from issuance of senior debt securities		**1,030,654**	3,000,000
Redemption of senior debt securities		**(1,378,970)**	–
Dividends paid to equity holders of the Bank		**(1,368,579)**	(1,520,057)
Principal lease payments		**(58,169)**	(58,828)
Net cash (used in)/generated from financing activities		**(1,289,234)**	1,921,115

The accompanying accounting policies and notes form an integral part of these financial statements.

	Note	Bank 2024 RM'000	Bank 2023 RM'000
Net decrease in cash and cash equivalents		**(532,269)**	(1,435,831)
Effects of exchange rate differences		**(175,966)**	247,498
Cash and cash equivalents:			
– at the beginning of the financial year		**10,306,573**	11,494,906
– at the end of the financial year		**9,598,338**	10,306,573

Cash and cash equivalents for the financial year comprise cash and short-term funds of RM13,222,186,000 as disclosed in Note 2, excluding cash and short-term funds with original maturity of more than one month of RM3,623,848,000.

		Cash Changes		Non-Cash Changes			
	Balance as at the beginning of the financial year RM'000	Net cash flow from financing activities RM'000	Net cash flow from operating activities RM'000	Foreign exchange movement RM'000	Net additions to lease liabilities RM'000	Accrued interest and amortisation RM'000	Balance as at the end of the financial year RM'000
Bank							
2024							
Lease liabilities	**89,982**	**(58,169)**	**–**	**(1,705)**	**48,939**	**2,776**	**81,823**
Borrowings	**1,337,921**	**485,830**	**(66,734)**	**(55,756)**	**–**	**63,009**	**1,764,270**
Senior debt securities	**7,018,453**	**(348,316)**	**(206,187)**	**(84,950)**	**–**	**194,859**	**6,573,859**
Subordinated obligations	**2,521,693**	**–**	**(95,359)**	**–**	**–**	**95,697**	**2,522,031**
	10,968,049	**79,345**	**(368,280)**	**(142,411)**	**48,939**	**356,341**	**10,941,983**
2023							
Lease liabilities	93,974	(58,828)	–	3,194	49,048	2,594	89,982
Borrowings	1,263,576	–	(61,135)	65,952	–	69,528	1,337,921
Senior debt securities	3,841,190	3,000,000	(119,622)	153,341	–	143,544	7,018,453
Subordinated obligations	2,011,558	500,000	(84,178)	–	–	94,313	2,521,693
	7,210,298	3,441,172	(264,935)	222,487	49,048	309,979	10,968,049

The accompanying accounting policies and notes form an integral part of these financial statements.

Summary of Material Accounting Policies and Critical Accounting Estimates and Assumptions

For The Financial Year Ended 31 December 2024

(A) SUMMARY OF MATERIAL ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements. These accounting policies have been consistently applied to all the financial years presented, unless otherwise stated.

(1) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and the Bank have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRS'), International Financial Reporting Standards ('IFRS') and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at FVOCI, financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss and the application of MFRS 129 'Financial Reporting in Hyperinflationary Economies' as further explained in (a) below.

The financial statements also incorporate those activities relating to Islamic banking which have been undertaken by the Group and the Bank. Islamic banking refers generally to the acceptance of deposits, granting of financing and dealing in Islamic securities under the Shariah principles.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial year. It also requires Directors to exercise their judgement in the process of applying the Group and the Bank's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Section (B).

(a) Application of MFRS 129 'Financial Reporting in Hyperinflationary Economies'

The Lao economy was designated as hyperinflationary as of 31 December 2024, based on the International Monetary Fund's ('IMF') World Economic Outlook ('WEO') report released in October 2024. As a result, the Group and its component entity with the Laotian Kip as the functional currency have adopted MFRS 129, 'Financial Reporting in Hyperinflationary Economies,' as at 31 December 2024.

The Group has conducted an assessment of the impact of hyperinflation in Lao and has applied MFRS 129 prospectively, as the overall effect on the Group is not significant. The net cumulative monetary gain of approximately RM2 million is recognised under other non-operating income in Note 38 to the financial statements.

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank and are effective

The relevant new accounting standards, annual improvements and amendments to published standards and interpretations to existing accounting standards that are effective for the Group and the Bank's financial year beginning on or after 1 January 2024 are as follows:

(i) Amendments to MFRS 101 'Classification of Liabilities as Current or Non-current'

There are two amendments to MFRS 101 'Presentation of Financial Statements':

The first amendment, 'Classification of liabilities as current or non-current' clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant that an entity is required to comply with only after the reporting period).

(A) SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(1) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank and are effective (continued)

The relevant new accounting standards, annual improvements and amendments to published standards and interpretations to existing accounting standards that are effective for the Group and the Bank's financial year beginning on or after 1 January 2024 are as follows (continued):

(i) Amendments to MFRS 101 'Classification of Liabilities as Current or Non-current' (continued)

There are two amendments to MFRS 101 'Presentation of Financial Statements' (continued):

The second amendment, 'Non-current liabilities with covenants' specify that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before the reporting date would affect classification of a liability as current or non-current, even if the covenant is only assessed after the reporting date.

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

The amendments specify the measurement of the lease liability arises in a sale and leaseback transaction that satisfies the requirements in MFRS 15 'Revenue from Contracts with Customers' to be accounted for as a sale. In accordance with the amendments, the seller-lessee shall determine the "lease payments" or "revised lease payments" in a way that it does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right-of-use it retains.

The adoption of the above accounting standards, annual improvements and amendments do not give rise to any material financial impact to the Group and the Bank.

(c) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective

(i) Amendments to MFRS 121 'Lack of Exchangeability' – effective 1 January 2025

The amendments clarify that a currency is exchangeable when an entity is able to exchange it into another currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism that creates enforceable rights and obligations. If an entity can only obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, then the currency is not exchangeable. In such cases, the entity is required to estimate the spot exchange rate at the measurement date.

The amendments do not specify how an entity estimates the spot exchange rate, but permit an entity to use observable exchange rate without adjustment or another estimation technique, provided it could meet the objective for estimating the spot exchange rate set out in the amendments.

(ii) Amendments to the Classification and Measurement of Financial Instruments – Amendments to MFRS 9 and MFRS 7 – effective 1 January 2026

The amendments include the following:

- Clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- Clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest ('SPPI') criterion;

Summary of Material Accounting Policies and Critical Accounting Estimates and Assumptions

For The Financial Year Ended 31 December 2024

(A) SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(1) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

(c) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective (continued)

(ii) Amendments to the Classification and Measurement of Financial Instruments – Amendments to MFRS 9 and MFRS 7 – effective 1 January 2026 (continued)

The amendments include the following (continued):

- Add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- Update the disclosures for equity instruments designated at fair value through other comprehensive income ('FVOCI').

(iii) MFRS 18 'Presentation and Disclosure in Financial Statements' – effective 1 January 2027

This is the new standard on presentation and disclosure in financial statements, which replaces IAS 1, with a focus on updates to the statement of profit or loss.

The key new concepts introduced in MFRS 18 relate to:

- The structure of the statement of profit or loss with defined subtotals;
- Requirement to determine the most useful structure summary for presenting expenses in the statement of profit or loss;
- Required disclosures in a single note within the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- Enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

(iv) MFRS 19 'Subsidiaries without Public Accountability: Disclosures' – effective 1 January 2027

This new standard works alongside other MFRS Accounting Standards. An eligible subsidiary applies the requirements in other MFRS Accounting Standards except for the disclosure requirements; and it applies instead the reduced disclosure requirements in MFRS 19. MFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. MFRS 19 is a voluntary standard for eligible subsidiaries.

A subsidiary is eligible if:

- It does not have public accountability; and
- It has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with MFRS Accounting Standards.

The adoption of the accounting standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Bank but not yet effective above are not expected to give rise to any material financial impact to the Group and the Bank, except for the adoption of MFRS 18 and MFRS 9 amendments, of which there will be further enhanced disclosures going forward. The Group and the Bank are in the process of reviewing the financial impact arising from the requirements of these standards and expect the process to be completed prior to the effective date.

(A) SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(2) BASIS OF CONSOLIDATION

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

(i) Acquisition accounting

The Group applies the acquisition method to account for business combination. The consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to the Group or the Bank. Non-controlling interest is measured either at fair value or proportionate share of the acquiree's identifiable net assets at the acquisition date, determined on a case by case basis. At the end of a reporting period, non-controlling interest consists of the amount calculated on the date of combination and its share of changes in the subsidiary's equity since the date of combination.

Acquisition-related costs are expensed as incurred.

In a business combination achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition date fair value and the resulting gain or loss is recognised in income statements.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 in income statements. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired, the gain is recognised in income statements. Refer to accounting policy Note 7 on goodwill.

(ii) Predecessor accounting

The Group and the Bank apply predecessor accounting to account for business combinations under common control. Under the predecessor accounting, assets and liabilities acquired are not restated to their respective fair values but at the carrying amounts from the consolidated financial statements of the ultimate holding company of the Group and adjusted to ensure uniform accounting policies of the Group. The difference between any consideration given and the aggregate carrying amounts of the assets and liabilities (as of the date of the transaction) of the acquired entity is recorded as an adjustment to retained profits. No additional goodwill is recognised.

The acquired entity's results, assets and liabilities are consolidated as if both the acquirer and acquiree had always been combined. Consequently, the consolidated financial statements reflect both entities' full year results. The corresponding amounts for the previous year are restated to reflect the combined results of both entities.

Summary of Material Accounting Policies and Critical Accounting Estimates and Assumptions

For The Financial Year Ended 31 December 2024

(A) SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(2) BASIS OF CONSOLIDATION (CONTINUED)

(a) Subsidiaries (continued)

All earnings and losses of the subsidiary are attributed to the parent and the non-controlling interest, even if the attribution of losses to the non-controlling interest results in a debit balance in the shareholders' equity. Profit or loss attributed to non-controlling interest for prior years is not restated.

All material inter-company and intra-group transactions and balances are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity attributable to owners of the Group.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in income statements. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to income statements.

Gain or loss on disposal of subsidiaries included the carrying amount of goodwill relating to subsidiaries sold.

(d) Joint ventures

A joint venture is a joint arrangement whereby the joint ventures have rights to the net assets of the arrangement. The Group's interest in a joint venture is accounted for in the financial statements by the equity method of accounting. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses in income statements and the Group's share of movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. An impairment loss is recognised for the amount by which the carrying amount of the joint venture exceeds its recoverable amount.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to equity account its joint venture because of a loss of joint control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in income statements. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to income statements.

If the ownership interest in a joint venture is reduced but joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to income statements where appropriate.

(A) SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(2) BASIS OF CONSOLIDATION (CONTINUED)

(e) Associates

Associates are those corporations or other entities in which the Group exercises significant influence, but which it does not control or jointly control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policies through representation on the Board but not power to exercise control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting and are initially recognised at cost. Equity accounting involves recognising the Group's share of its associates' post-acquisition profits or losses in income statements, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition changes are adjusted against the cost of investment and include goodwill on acquisition, less accumulated impairment loss.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. An impairment loss is recognised for the amount by which the carrying amount of the associate exceeds its recoverable amount.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its shares of further losses. After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the investor has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Dilution gains and losses arising in investments in associates are recognised in the income statements.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method of accounting, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with those of the Group.

(f) Puttable financial instruments

Financial liabilities due to third party investors relate to the net asset value of units (puttable financial instruments) held by the third party investors of investment funds, and measured at fair value as at year end. This arises in accordance with MFRS 10 where the financial statements of investment funds is required to be consolidated to the financial statements of the Group and recorded as a financial liability in Note 26 to the financial statements.

(3) INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

In the Bank's separate financial statements, investments in subsidiaries and associates are stated at cost less accumulated impairment losses. At the end of each reporting period, the Group and the Bank assess whether there is any indication of impairment. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. Refer to accounting policy Note 23 on impairment of non-financial assets.

On disposal of investments in subsidiaries and associates, the difference between disposal proceeds and the carrying amount of the investments is recognised in income statements.

Summary of Material Accounting Policies and Critical Accounting Estimates and Assumptions

For The Financial Year Ended 31 December 2024

(A) SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(4) FINANCIAL ASSETS

(a) Classification

The Group and the Bank classify their financial assets into the following measurement categories:

- Those to be measured at fair value either through other comprehensive income ('OCI'), or through profit or loss; and
- Those to be measured at amortised cost.

The classification of debt instruments depends on the Group and the Bank's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets:

(i) Business model assessment

The Group and the Bank conduct assessment of the objective of a business model to align with how an asset held within a portfolio is being managed. Factors that are being considered include the key objectives of a portfolio whether the business strategy is to earn contractual interest revenue, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising a portfolio through sale of assets. Other factors considered also include the frequency and volume of sales in prior periods, how the asset's performance is evaluated and reported to key management personnel.

(ii) Assessment whether contractual cash flows are solely payments of principal and interest ('SPPI')

Where the business model is to hold the financial assets to collect contractual cash flows, or to collect contractual cash flows and sell, the Group and the Bank assess whether the financial assets' contractual cash flows represent SPPI. In applying the SPPI test, the Group and the Bank consider whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

(b) Recognition and derecognition

Financial assets are recognised when the Group and the Bank become parties to the contractual provisions of the instrument.

Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Group and the Bank commit to purchase and sell the assets.

(c) Measurement

At initial recognition, the Group and the Bank measure a financial asset at fair value plus transaction costs that are directly attributable to acquisition of the financial asset in the case of a financial asset not FVTPL. Transaction costs of financial assets carried at FVTPL are expensed in the income statements.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

(i) Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

(A) SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(4) FINANCIAL ASSETS (CONTINUED)

(c) Measurement (continued)

(i) Debt instruments (continued)

Subsequent measurement of debt instruments depends on the Group's and the Bank's business model for managing the financial asset and the cash flow characteristics of the financial asset. There are three measurement categories into which the Group and the Bank classify its debt instruments:

(1) Financial investments at amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not designated as FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted for any expected credit losses that are recognised in income statements. The interest income is recognised in income statements using the effective interest rate method. Upon derecognition, any gain or loss will be recognised in income statements and presented under 'other operating income'.

(2) Financial assets at FVOCI

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where those cash flows represent SPPI, and that are not designated at FVTPL, are measured at FVOCI. Changes in the fair value of these assets are recognised in OCI, except for recognition of interest, foreign exchange gains or losses and expected credit losses which are recognised in income statements.

When these financial assets are derecognised, the cumulative gains or losses previously recognised in OCI is reclassified from equity to income statements and recognised in 'other operating income'. The interest income is recognised into income statements using the effective interest rate method. Foreign exchange gains or losses are recognised in 'other operating income' and impairment credit losses are presented separately under 'allowance for credit losses'.

(3) Financial assets at FVTPL

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in income statements within 'net gain/(loss) arising from financial assets at FVTPL' in the period in which it arises. The interest income is recognised in income statements using the effective interest rate method.

(ii) Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuers' perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuers' net assets.

The Group and the Bank subsequently measure all equity instruments at FVTPL, except where the Management has elected, at initial recognition, to irrevocably designate an equity instrument as FVOCI. The Group and the Bank's policy is to designate equity instruments as FVOCI when those instruments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to income statements, including on disposal. Dividend, when representing a return on such investments, continue to be recognised in income statements as dividend income when the Group and the Bank's right to receive payments is established.

Gains and losses on equity instruments at FVTPL are included in the 'net gain/(loss) arising from financial assets at FVTPL' in the income statements.

Summary of Material Accounting Policies and Critical Accounting Estimates and Assumptions

For The Financial Year Ended 31 December 2024

(A) SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(4) FINANCIAL ASSETS (CONTINUED)

(d) Derecognition and modification

(i) Derecognition due to modification of terms and conditions

The Group and the Bank sometimes renegotiate or otherwise modify the contractual cash flows of loans to customers. When this happens, the Group and the Bank assess whether or not the new terms are substantially different to the original terms. The Group and the Bank do this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay;
- Whether any substantial new terms are introduced, such as a profit share or equity-based return that substantially affects the risk profile of the loan;
- Significant extension of the loan term when the borrower is not in financial difficulty;
- Significant change in the interest rate;
- Change in the currency the loan is denominated in; and
- Insertion of collaterals, other securities or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group and the Bank derecognise the original financial assets and recognise a 'new' asset at fair value and recalculate a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group and the Bank also assess whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in income statements as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition. The Group and the Bank recalculate the gross carrying amount based on the revised cash flows of the financial asset and recognise a modification gain or loss in income statements. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

(ii) Derecognition other than modification of terms and conditions

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the financial assets have expired, or when they have been transferred and either (i) the Group and the Bank transferred substantially all the risks and rewards of ownership, or (ii) the Group and the Bank neither transfer nor retain substantially all the risks and rewards of ownership and the Group and the Bank have not retained control.

Collateral furnished by the Group and the Bank under repurchase agreements are not derecognised as the Group and the Bank retain substantially all risks and rewards on the basis of the pre-determined repurchase price, and hence the criteria for derecognition are not met.

(e) Reclassification of financial assets

Reclassification of financial assets is required when, and only when, the Group and the Bank change their business model for managing the assets. In such cases, the Group and the Bank are required to reclassify all affected financial assets.

However, it will be inappropriate to reclassify financial assets that have been designated at FVTPL, or equity instruments that have been designated as FVOCI even when there is a change in business model. Such designations are irrevocable.

(A) SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(5) REPURCHASE AGREEMENTS

Securities purchased under resale agreements are securities which the Group and the Bank have purchased with a commitment to resell at future dates. The commitment to resell the securities is reflected as an asset on the statements of financial position.

Conversely, obligations on securities sold under repurchase agreements are securities which the Group and the Bank have sold from its portfolio, with a commitment to repurchase at future dates. Such financing and the obligation to repurchase the securities is reflected as a liability on the statements of financial position.

The difference between sale and repurchase price as well as purchase and resale price are amortised as interest income and interest expense respectively on an effective yield method.

(6) DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

Derivatives are initially recognised at fair value on the date on which derivative contracts are entered into and are subsequently remeasured at their fair values at the end of each reporting period. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair values are positive and as liabilities when fair values are negative. Changes in the fair value of any derivatives that do not qualify for hedge accounting are recognised immediately in the income statements. Cash collateral held in relation to derivative transactions are carried at amortised cost.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group and the Bank recognise profits on day one.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated and qualified as a hedging instrument, and if so, the nature of the item being hedged. The Group and the Bank designate certain derivatives as either: (1) hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedge); or (2) hedges of a net investment in a foreign operation (net investment hedge). Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

The Group and the Bank document at the inception of the hedging transaction, the risk management objective and strategy and the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

The Group and the Bank have applied the following Phase 1 reliefs provided by the Amendments to MFRS 9 and MFRS 7 'Interest Rate Benchmark Reform' for the hedging instruments used in the Group's and the Bank's hedging strategies which reference IBOR and have not yet transitioned to an alternative benchmark rate:

- When considering the 'highly probable' requirement, the Group and the Bank have assumed that the IBOR interest rate on which the Group and the Bank's hedged borrowings is based does not change as a result of IBOR reform.
- In assessing whether the hedge is expected to be highly effective on a forward-looking basis, the Group and the Bank have assumed that the IBOR interest rate on which the cash flows of the hedged borrowings and the interest rate swap that hedges are based is not altered by IBOR reform.
- The Group and the Bank have not recycled the cash flow hedge reserve for designated hedges that are subject to the IBOR reform.

Summary of Material Accounting Policies and Critical Accounting Estimates and Assumptions

For The Financial Year Ended 31 December 2024

(A) SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(6) DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (CONTINUED)

The Group and the Bank cease to apply the reliefs provided by the Phase 1 amendments at the earlier of (a) when there is no longer uncertainty arising from IBOR reform over the timing and amount of the IBOR-linked cash flows of the hedged item, and (b) when the hedging relationship to which the reliefs are applied is discontinued.

The Group and the Bank have applied the following reliefs provided by the Amendments to MFRS 9 and MFRS 7 'Interest Rate Benchmark Reform – Phase 2':

- Hedge designation: When the Phase 1 amendments cease to apply, the Group and the Bank will amend its hedge designation to reflect changes which are required by IBOR reform, but only to make one or more of the following changes:

  (a) Designating an alternative benchmark rate (contractually or non-contractually specified) as a hedged risk;
  (b) Amending the description of the hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or
  (c) Amending the description of the hedging instrument.

  The Group and the Bank amend its hedge documentation to reflect this change in designation by the end of the reporting period in which the changes are made. These amendments to the hedge documentation do not require the Group and the Bank to discontinue its hedge relationships.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 12 to the financial statements.

(a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recorded in the income statements, together with any changes in the fair value of the hedged assets or liabilities that are attributable to the hedged risk.

The Group and the Bank apply fair value hedge accounting for hedging fixed interest risk on loans, advances and financing, financial assets at FVOCI, financial investments at amortised cost, recourse obligation on loans sold to Cagamas, senior debt securities and subordinated obligations. The gain or loss relating to the effective portion of interest rate swaps hedging on loans, advances and financing, financial investments at amortised cost, recourse obligation on loans sold to Cagamas, senior debt securities and subordinated obligations is recognised in income statements within other operating income. The gain or loss relating to the ineffective portion is recognised in income statements within net gain or loss on fair value hedges.

For fair value hedge of financial assets designated as FVOCI, any changes in fair value of the hedged financial assets at FVOCI are recycled from FVOCI reserves to income statements, while the changes in fair value of the derivatives that is related to the effective portion of the hedge is recognised in income statements within other operating income. The ineffective portion of the aforesaid hedging derivatives is recognised in income statements with net gain or loss on fair value changes of derivatives.

For financial instruments measured at amortised cost, if the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the income statements over the period to maturity and recorded as other operating income. Effective interest rate amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the income statements.

(A) SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(6) DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (CONTINUED)

(b) Net investment hedge

Net investment hedge is a hedge against the exposure to exchange rate fluctuations on the net assets of the Group's foreign operations/subsidiaries. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised directly in the foreign currency translation reserve in equity via other comprehensive income while any gain or loss relating to the ineffective portion is recognised directly in the income statements. On disposal of the foreign operations/subsidiaries, the cumulative value of any such gains or losses recognised in equity is transferred to the income statements.

(c) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statements.

(7) GOODWILL

Goodwill arising on the acquisition of subsidiaries represents the excess of consideration transferred over the Group's interest in the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of non-controlling interest in the acquiree.

Goodwill is stated at cost less accumulated impairment loss and is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. Impairment loss on goodwill (inclusive of impairment losses recognised in a previous interim period) is not reversed. Gains and losses on the disposal of a subsidiary include the carrying amount of goodwill relating to the subsidiary sold. Refer to accounting policy Note 23 on impairment of non-financial assets.

Goodwill is allocated to Cash-Generating-Units ('CGU') for the purpose of impairment testing. The allocation is made to those CGU or groups of CGU that are expected to benefit from the synergies of the business combination in which the goodwill arose, identified according to operating segment. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

(8) INTANGIBLE ASSETS

Intangible assets comprise separately identifiable intangible items arising from business combinations, computer software licenses and other intangible assets. Intangible assets are recognised at cost. The cost of an intangible asset acquired in a business combination is its fair value at the date of acquisition. Intangible assets with a definite useful life are amortised using the straight-line method over their estimated useful economic life. Intangible assets with an indefinite useful life are not amortised. Generally, the identified intangible assets of the Group and the Bank have a definite useful life. At each date of the statements of financial position, intangible assets are reviewed for indications of impairment or changes in estimated future economic benefits. If such indications exist, the intangible assets are analysed to assess whether their carrying amount is fully recoverable. An impairment loss is recognised if the carrying amount exceeds the recoverable amount. Intangible assets with indefinite useful life are annually tested for impairment and whenever there is an indication that the asset may be impaired. Refer to accounting policy Note 23 on impairment of non-financial assets.

(a) Computer software licenses

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Computer software licenses are subsequently carried at cost less accumulated amortisation and impairment losses. These costs are amortised over the estimated useful lives of 3 to 10 years.

Summary of Material Accounting Policies and Critical Accounting Estimates and Assumptions

For The Financial Year Ended 31 December 2024

(A) SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(8) INTANGIBLE ASSETS (CONTINUED)

(b) Other intangible assets

Other intangible assets consist of customer relationship, trading rights and membership. Other intangible assets are initially recognised when they are separable or arose from contractual or other legal rights, and when the cost can be measured reliably and, in the case of intangible assets not acquired in a business combination, it is recognised where it is probable that future economic benefits attributable to the assets will flow from their use. The value of intangible assets which are acquired in a business combination is generally determined using income approach methodologies such as the discounted cash flow method.

Other intangible assets with definite life are stated at cost less amortisation and allowance for impairment, if any, plus reversals of impairment, if any. They are amortised over their useful lives in a manner that reflects the pattern to which they contribute to future cash flows.

(9) PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are recognised as expense in income statements during the financial period in which they are incurred.

Freehold land and renovations and improvements in progress are not depreciated. Other property, plant and equipment are depreciated on a straight-line basis to write down their costs to their residual values over their estimated useful lives. The principal annual depreciation rates are as follows:

Leasehold land	Amortised over the period of the lease*
Buildings	2% to 3.33%
Renovations and improvements	10% to 11%
Computer equipment	14.28% to 33.33%
Furniture, fittings and equipment	10% to 20%
Motor vehicles	20%

** As at 31 December 2024, the remaining period of the lease ranges from 3 to 859 years.*

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. There are no material adjustments arising from the review that would require disclosure in the financial statements.

Leasehold land acquired prior to date of initial application of MFRS 16 'Leases' which is effective 1 January 2019, continues to be classified under property, plant and equipment.

Gains or losses on disposals are determined by comparing proceeds with carrying amounts and are included in other operating income in income statements.

At the end of the reporting period, the Group and the Bank assess whether there is any indication of impairment. Where an indication of impairment exists, the carrying amount of the asset is written down to its recoverable amount. Refer to accounting policy Note 23 on impairment of non-financial assets.

(A) SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(10) FINANCIAL LIABILITIES

Financial liabilities are measured at amortised cost, except for trading liabilities designated at fair value, which are held at FVTPL. Financial liabilities are initially recognised at fair value plus transaction costs for all financial liabilities not carried at FVTPL. Financial liabilities at FVTPL are initially recognised at fair value, and transaction costs are expensed in income statements. Financial liabilities are derecognised when extinguished.

(a) Financial liabilities at FVTPL

This category comprises two sub-categories: financial liabilities as held-for-trading, and financial liabilities designated at FVTPL upon initial recognition.

A financial liability is classified as held-for-trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held-for-trading unless they are designated as hedges. Refer to accounting policy Note 6 on hedge accounting.

The financial liabilities measured at FVTPL upon initial recognition are trading derivatives and financial liabilities designated at fair value.

(b) Other financial liabilities measured at amortised cost

Other financial liabilities are initially recognised at fair value plus transaction costs. Subsequently, other financial liabilities are remeasured at amortised cost using the effective interest rate.

Other financial liabilities measured at amortised cost are deposits from customers, deposits and placements of banks and other financial institutions, obligations on securities sold under repurchase agreements, investment accounts, bills and acceptances payable, clients' and brokers' balances, recourse obligation on loans sold to Cagamas, lease liabilities, insurance/reinsurance contract liabilities and other financial liabilities.

(c) Structured deposits

Derivatives embedded in financial liabilities and in non-financial host contracts are treated as separate derivatives and recorded at fair value if their economic characteristic and risk are not closely related at those of the host contract and the hybrid contract is not itself held for trading or designated at FVTPL. The embedded derivatives separated from the host are carried at fair value in the trading portfolio with changes in fair value recognised in the income statements.

(d) Borrowings measured at amortised cost

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost, any difference between initial recognised amount and the redemption value is recognised in income statements over the period of the borrowings using the effective interest rate method.

All other borrowing costs are recognised in income statements in the period in which they are incurred.

Borrowings measured at amortised cost are long-term and short-term borrowings from financial institutions, subordinated obligations and senior debt securities.

Summary of Material Accounting Policies and Critical Accounting Estimates and Assumptions

For The Financial Year Ended 31 December 2024

(A) SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(11) INVESTMENT ACCOUNT ('IA')

IA is defined by the application of Shariah contracts as investment with non-principal guaranteed feature. Under the Islamic Financial Services Act 2013, the priority payment for IA upon liquidation of Islamic Financial Institution ('IFI') is treated separately from Islamic deposit, in accordance with the rights and obligations accrued to the investment account holders. IA is further categorised to Restricted Investment Account ('RA') and Unrestricted Investment Account ('UA').

RA refers to a type of investment account where the Investment Account Holder ('IAH') provides a specific investment mandate to the IFI such as purpose, asset class, economic sector and period for investment while UA refers to a type of investment account where the IAH provides the IFI with the mandate to make the ultimate investment decision without specifying any particular restrictions or conditions.

IA are contracts based on the Shariah concept below:

(a) Mudharabah between two parties, customer and its subsidiary, RHB Islamic Bank Berhad ('RHB Islamic Bank'), to finance a business venture where the customer provides capital and the business venture is managed solely by RHB Islamic Bank. The profit of the business venture will be shared based on pre-agreed ratios with RHB Islamic Bank as Mudharib (manager or manager of funds), and losses shall be borne solely by customers.

(b) Wakalah Bi Al-Istithmar refers to a contract where a party (muwakkil) appoints another party as his agent (wakil) to perform a particular task, in matters that may be delegated, either voluntarily or with imposition of a fee. The fee shall be recognised based on agreement. Profit generated/losses incurred is based on net distributable income calculated. Net distributable income is derived after deducting Wakalah fee, direct expenses and provisions (if any). Losses (if any) will solely be borne by the investors unless such losses is due to RHB Islamic Bank's misconduct, negligence or breach of specified terms in the contract between the investors and RHB Islamic Bank.

(c) Details of the IA are as disclosed in Note 24 to the financial statements.

(12) RECOURSE OBLIGATION ON LOANS SOLD TO CAGAMAS

In the normal course of banking operations, the Group and the Bank sell loans to Cagamas but undertake to administer the loans on behalf of Cagamas and to buy back any loans which are regarded as defective. Such financing transactions and the obligation to buy back the loans are reflected as a liability on the statements of financial position and accounted for in accordance with accounting policy Note 10(b).

(13) LEASES – WHERE THE GROUP AND THE BANK IS THE LESSEE

The Group and the Bank recognise leases as right-of-use ('ROU') asset, with a corresponding liability at the date on which the leased asset is available for use (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group and the Bank allocate the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

(a) Lease term

In determining the lease term, the Group and the Bank consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group and the Bank reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and the Bank, and affects whether the Group and the Bank is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities (refer to (d) below).

(A) SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(13) LEASES – WHERE THE GROUP AND THE BANK IS THE LESSEE (CONTINUED)

(b) ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and the Bank are reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

(c) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group and the Bank under residual value guarantees;
- The exercise price of a purchase and extension options if the Group and the Bank are reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group and the Bank exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group and the Bank, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to income statements over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in income statements in the period in which the condition that triggers those payments occurs.

Interest expense on the lease liability is presented within the other interest expenses in the income statements.

(d) Reassessment of lease liabilities

The Group and the Bank are also exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the ROU assets.

(e) Short-term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise information technology equipment and small items of office furniture. Payments associated with short-term leases of information technology and all leases of low-value assets are recognised on a straight-line basis as an expense in income statements.

Summary of Material Accounting Policies and Critical Accounting Estimates and Assumptions

For The Financial Year Ended 31 December 2024

(A) SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(14) LEASES – WHERE THE GROUP AND THE BANK IS THE LESSOR

As a lessor, the Group and the Bank determine at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group and the Bank make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group and the Bank consider certain indicators such as whether the lease is for the major part of the economic life of the asset.

(a) Operating lease

When assets are leased out under an operating lease, the asset is included in the statements of financial position based on the nature of the asset. Lease income is recognised over the term of the lease on a straight-line basis.

(b) Finance lease

When assets are leased out under a finance lease, the present value of the lease payment is recognised as a receivable. The receivable is subject to MFRS 9 impairment (refer to accounting policy Note 22 on impairment of financial assets). The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the 'net investment' method so as to reflect a constant periodic rate of return.

(15) PROVISIONS

Provisions are recognised when the Group and the Bank have a present legal or constructive obligation, as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of obligation can be made.

Where the Group and the Bank expect a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

(a) Onerous contracts

The Group and the Bank recognise a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

(b) Restructuring

Restructuring provisions mainly comprise lease termination penalties and employee termination payments and are recognised in the period in which the Group becomes legally or constructively committed to payment. Future operating costs are not provided for.

(A) SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(16) FINANCIAL GUARANTEE CONTRACTS

Financial guarantee contracts are contracts that require the Group or the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value.

The fair value of financial guarantee is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with the expected credit loss model under MFRS 9 'Financial Instruments' and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of MFRS 15 'Revenue from Contracts with Customers', where appropriate.

Where financial guarantees in relation to loans or payables of subsidiaries are provided by the Group and the Bank for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of investment in subsidiaries.

(17) GOVERNMENT GRANTS

Financing under a government scheme is recognised and measured in accordance with MFRS 9 'Financial Instruments', with the benefit at below market rate, which is measured as the difference between the initial carrying amount or fair value of the financing and the amount received.

Financial contribution under a government scheme is measured in accordance with the amount received. The benefit of a financing under a government scheme or a financial contribution under a government scheme that addresses identified costs or expenses incurred by the Group and the Bank is recognised in the income statements in the same financial period when the costs or expenses are recognised, when the required conditions are fulfilled in accordance with MFRS 120 'Accounting for Government Grants and Disclosure of Government Assistance'.

(18) CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group and the Bank do not recognise contingent assets and liabilities other than those arising from business combinations, but disclose their existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or the Bank or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Bank. The Group and the Bank do not recognise contingent assets but disclose their existence where inflows of economic benefits are probable, but not virtually certain.

The Group and the Bank recognises separately the contingent liabilities of the acquiree as part of allocating the cost of a business combination where their fair values can be measured reliably. Where the fair values cannot be measured reliably, the resulting effect will be reflected in the goodwill arising from the acquisitions and the information about the contingent liabilities acquired are disclosed in the financial statements.

Subsequent to the initial recognition, the Group and the Bank measures the contingent liabilities that are recognised separately at the date of acquisition at the higher of the amount that would be recognised in accordance with the provision of MFRS 137 'Provisions, Contingent Liabilities and Contingent Assets' and the amount initially recognised less when appropriate, cumulative amortisation recognised in accordance with MFRS 15 'Revenue from Contracts with Customers'.

Summary of Material Accounting Policies and Critical Accounting Estimates and Assumptions
For The Financial Year Ended 31 December 2024

(A) SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(19) SHARE CAPITAL

(a) Classification

Ordinary shares are classified as equity. Other shares, if issued, are classified as equity and/or liability according to the economic substance of the particular instrument.

(b) Share issue cost

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(c) Dividend distribution

Distributions to holders of an equity instrument are debited directly to equity, and the corresponding liability is recognised in the period in which the shareholders' right to receive the dividends are established or the dividends are approved.

(20) CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of one month or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(21) REVENUE RECOGNITION

(a) Interest income is recognised using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash receipts or payments throughout the expected life of the financial instrument or, when appropriate, a shorter period to its carrying amount. The calculation includes significant fees and transaction costs that are integral to the effective interest rate, as well as premiums or discounts. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial asset that subsequently becomes credit-impaired. For credit-impaired financial asset, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

(b) Fees and commissions are recognised as income on an accrual basis over a period of time when all conditions precedent are fulfilled. Commitment fees and guarantee fees for loans, advances and financing that are likely to be drawdown are deferred (together with related direct costs) and income which forms an integral part of the effective interest rate of a financial instrument is recognised as an adjustment to the effective interest rate of the financial instrument.

(c) Income from Islamic Banking business is recognised using effective profit method in accordance with the principles of Shariah.

(d) Brokerage commission is recognised when services are rendered. Interest income from margin financing, clients' overdue outstanding and contra losses are recognised using effective interest rate method.

(A) SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(21) REVENUE RECOGNITION (CONTINUED)

(e) Revenue from general insurance business consists of insurance service results and insurance/reinsurance finance income or expenses.

(i) Insurance service results

Insurance service results include insurance revenue and insurance service expenses from insurance contracts issued, and net expense from reinsurance contracts held.

Insurance revenue is recognised based on the expected premium receipts and the passage of time over the coverage period of a group of contracts unless the release of risk differs significantly from the passage of time, in which case insurance revenue is recognised based on the release of risk.

Insurance service expenses arising from insurance contracts issued are recognised as they are incurred, and include losses on claims, other insurance service expenses, amortisation of insurance acquisition costs, losses and reversals of losses on onerous contracts.

Net expense from reinsurance contracts held comprises the cost of reinsurance less recoveries of insurance service expenses from reinsurers. The cost of reinsurance is recognised as services are received from the reinsurer over the coverage period. Recoveries of insurance service expenses from reinsurers are recognised as claims and other insurance service expenses are recovered, including any changes in expectations for these amounts, and recoveries and reversals of recoveries of the loss-recovery component.

(ii) Insurance/reinsurance finance income or expenses

Insurance/reinsurance finance income and expenses comprise the changes in the carrying amounts of the insurance contracts issued and reinsurance contracts held arising from the effects of the time value of money, financial risk and changes therein.

(f) Corporate advisory fees are recognised as income based on fulfilment of the performance obligation.

(g) Management fees of the unit trust and asset management company are recognised based on time apportionment method over the period of services.

(h) Dividends are recognised when the shareholders' right to receive payment is established. This applies even if they are paid out of the pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence. Dividend income received from subsidiaries, financial assets at FVTPL and FVOCI are recognised as other operating income in income statements.

Dividend that clearly represents a recovery of part of the cost of an investment is recognised in other comprehensive income if it relates to an investment in equity investment measured at FVOCI.

(i) Income from bancassurance/bancatakaful agreements are recognised based on time apportionment method throughout the exclusive services agreement period.

Summary of Material Accounting Policies and Critical Accounting Estimates and Assumptions

For The Financial Year Ended 31 December 2024

(A) SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(22) IMPAIRMENT OF FINANCIAL ASSETS

Under MFRS 9, impairment model requires the recognition of expected credit loss ('ECL') for all financial assets, except for financial assets classified or designated as FVTPL and equity securities classified under FVOCI, which are not subject to impairment assessment. Off-balance sheet items that are subject to ECL include financial guarantees and undrawn loan commitments.

There are two approaches adopted by the Group and the Bank:

(1) General approach

ECL will be assessed using an approach which classifies financial assets into three stages which reflects the change in credit quality of the financial assets since initial recognition:

(i) Stage 1: 12 months ECL – not credit impaired

For credit exposures where there has not been a significant increase in credit risk since initial recognition or which has low credit risk at reporting date and that are not credit impaired upon origination, the ECL associated with the probability of default events occurring within the next 12 months will be recognised.

(ii) Stage 2: Lifetime ECL – not credit impaired

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, the ECL associated with the probability of default events occurring within the lifetime ECL will be recognised.

Unless identified at an earlier stage, all financial assets are deemed to have suffered a significant increase in credit risk when 30 days past due.

(iii) Stage 3: Lifetime ECL – credit impaired

Financial assets are assessed as credit impaired when one or more objective evidence of defaults that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL will be recognised.

Generally, all financial assets that are 90 days past due or more are classified under Stage 3. The Group and the Bank consider the following as constituting an event of default:

(1) Quantitative criteria

- The borrower is past due more than 90 days on any material credit obligation to the Group and the Bank; and/or
- Margin of financing shall be classified as impaired where the force selling ratio is triggered and after a period of time after force selling has commenced or where margin of finance exceeds a set threshold above the force selling ratio.

(2) Qualitative criteria

- Legal action has been initiated by the Group and the Bank for recovery purposes;
- Borrower is a bankrupt; and/or
- Borrower has been assigned to external collection agency.

Significant increase in credit risk ('SICR')

(1) The Group and the Bank consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Bank compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.

(A) SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(22) IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

Significant increase in credit risk ('SICR') (continued)

(2) Among the indicators incorporated in ascertaining SICR are:

- Internal credit rating;
- External credit rating (as far as available);
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the borrower;
- Significant increase in credit risk on other financial instruments of the same borrower;
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrower in the group and changes in the operating results of the borrower.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

The assessment of credit risk, as well as the estimation of ECL, are required to be unbiased, probability-weighted and should incorporate all available information which is relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. The measurement of ECL is based on the discounted products of the Probability of Default model ('PD'), Loss Given Default model ('LGD') and Exposure at Default model ('EAD'). Certain ECL models are leveraging on the existing Group and the Bank's Basel II Internal Ratings-Based ('IRB') model, where feasible or available, with necessary adjustment to meet MFRS 9 requirements. The changes in ECL between two-periods will be recognised in income statements.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the provision for doubtful debts reverts from lifetime ECL to 12-month ECL. Exposures that have not deteriorated significantly since origination, or where the deterioration remains within the Group and the Bank's investment grade criteria, or which are less than 30 days past due, are considered to have a low credit risk. The provision for doubtful debts for these financial assets is based on a 12-month ECL. When an asset is uncollectible, it is written off against the related provision. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off reduce the amount of the expense in the income statements.

The Group and the Bank leverage on the model/segments/credit related factors implemented under the Basel II IRB framework where feasible or available, with calibration to meet MFRS 9 requirements. For portfolio without Basel model, other relevant historical information, loss experience or proxies will be utilised if deemed feasible.

In determining the ECL, Management will evaluate a range of possible outcomes, taking into account past events, current conditions/trends and economic outlooks. Additional consideration through structured management overlays have been considered and reflected to ensure adequacy of ECL. The structured management overlays are subject to robust review and governance process.

Generally, all financial assets are considered to have experienced a significant increase in credit risk if the exposures are more than 30 days past due on its contractual payments.

(2) Simplified approach

The Group applies the MFRS 9 simplified approach to measure ECL which uses a lifetime expected loss allowance for clients' and brokers' balances, fee and premium receivables and other assets. The expected loss allowance is based on provisional matrix.

Summary of Material Accounting Policies and Critical Accounting Estimates and Assumptions

For The Financial Year Ended 31 December 2024

(A) SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(23) IMPAIRMENT OF NON-FINANCIAL ASSETS

Non-financial assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. The Group and the Bank also assess goodwill, intangible assets with indefinite useful life and other assets that are subject to amortisation for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the non-financial assets exceeds its recoverable amount.

The recoverable amount is the higher of a non-financial assets' fair value less costs to sell and value in use. For the purpose of assessing impairment, non-financial assets are grouped at the lowest levels for which there is separately identifiable cash flows or CGU. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting period.

The impairment loss is charged to income statements. Impairment losses on goodwill are not reversed. In respect of other non-financial assets, any subsequent increase in recoverable amount is recognised in income statements.

(24) INSURANCE CONTRACT AND REINSURANCE CONTRACTS HELD

(a) Classification

Insurance contracts are those contracts that transfer significant insurance risk. An insurance contract is a contract under which the insurance subsidiary (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the insurance subsidiary determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur.

(b) Separating components from insurance and reinsurance contracts

The insurance subsidiary disaggregates the following components, if significant, from an insurance contract or reinsurance contract held and accounts them separately.

- Derivatives embedded in the contract;
- Distinct investment component; and
- Distinct non-insurance service component.

The insurance subsidiary does not have any embedded derivatives in the current insurance contracts issued or reinsurance contracts held.

(c) Level of aggregation

The insurance and reinsurance contracts are aggregated into groups for measurement purposes. Each group comprise of contracts with similar risks which are managed together and further divided by year of contract issuance; and into their expected profitability at inception as follows:

- Contracts that are onerous on initial recognition;
- Contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- Any remaining contracts.

When a contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which further contract may be added.

Reinsurance contracts held are grouped on a similar basis to the underlying insurance contracts. Some reinsurance contracts held may provide cover for underlying contracts that are included in different groups.

(A) SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(24) INSURANCE CONTRACT AND REINSURANCE CONTRACTS HELD (CONTINUED)

(d) Recognition

The insurance subsidiary recognises insurance and reinsurance contracts issued from the earliest of the following dates:

- The beginning of the coverage period of the group of contracts;
- The date when insurance policy is issued; or
- The date when a group of contracts becomes onerous.

(e) Insurance acquisition cash flows

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of insurance contracts that are directly attributable to the portfolio of insurance contracts to which the group belongs. Such cash flows include cash flows that are not directly attributable to individual contracts or group of insurance contracts within the portfolio.

For contracts which have a coverage period of one year or less, the insurance subsidiary has the option to recognise insurance acquisition cost as incurred and expense them or amortise them over time using a rational approach to allocate to each group. Insurance acquisition cash flows that are directly attributable to a group of contracts (e.g. commissions) are allocated only to the group of contracts. Insurance acquisition cash flows, other than commission, will be amortised over the coverage period of the contracts in line with premiums.

(f) Contract boundary

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive right and obligation that exits during the reporting period in which the insurance subsidiary can compel the policy holder to pay the premiums, or in which the insurance subsidiary has a substantive obligation to provide the policyholder with insurance contract services.

For reinsurance contracts, cash flows are within the boundary if they arise from substantive right and obligation that exists during the reporting period in which the insurance subsidiary is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

(g) Measurements

The insurance subsidiary's insurance contracts issued and reinsurance contracts held are all eligible to be measured by applying the Premium Allocation Approach ('PAA'). The PAA is a simplified approach for measurement of the liability of remaining coverage ('LRC') that an entity may choose to use when the PAA provides a measurement which is not materially differs from that under the General Measurement Model ('GMM') or if the coverage period of each contract in the group of insurance contracts is one year or less.

The measurement principles of the PAA differ from the 'earned premium approach' used under MFRS 4 in the following key areas:

- The LRC reflects premiums received net of deferred insurance acquisition cash flows and amounts recognised in the profit or loss for insurance services provided over the coverage period.
- Measurement of the LRC includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of services are more than 12 months apart.
- Measurement of the LRC involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision).

Summary of Material Accounting Policies and Critical Accounting Estimates and Assumptions

For The Financial Year Ended 31 December 2024

(A) SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(24) INSURANCE CONTRACT AND REINSURANCE CONTRACTS HELD (CONTINUED)

(g) Measurements (continued)

The measurement principles of the PAA differ from the 'earned premium approach' used under MFRS 4 in the following key areas (continued):

- Measurement of the liability for incurred claims ('LIC') (previously claims outstanding and incurred-but-not-reported ('IBNR') claims) is determined on a discounted probability-weighted expected value basis, and includes an explicit risk adjustment for non-financial risk. The liability includes the insurance subsidiary's obligation to pay other incurred insurance expenses.
- Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

(25) EMPLOYEE BENEFITS

(a) Short-term employee benefits

The Group and the Bank recognise a liability and an expense for bonuses. The Group and the Bank recognise a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group and the Bank.

(b) Defined contribution plans

A defined contribution plan is a pension plan under which the Group and the Bank pay fixed contributions to the national pension scheme. The Group and the Bank's contributions to defined contribution plans are charged to income statements in the period to which they relate. Once the contributions have been paid, the Group and the Bank have no further legal or constructive obligations.

(c) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates:

(i) When the Group can no longer withdraw the offer of those benefits; and
(ii) When the entity recognises costs for a restructuring that is within the scope of MFRS 137 'Provision, Contingent Liabilities and Contingent Assets' and involves the payment of termination benefits.

(d) Share-based compensation

The fair value of the shares offered is recognised as an expense in the income statements over the vesting periods of the grant with a corresponding increase to share-based payment reserve within equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of shares granted that are expected to vest. At each reporting date, the Group and the Bank will review and revise the estimates of the number of shares granted and shares that are expected to vest. The impact of the revision of original estimates, if any, will be recognised in the income statements, with a corresponding adjustment to share-based payment reserve in equity.

(A) SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(26) CURRENT AND DEFERRED INCOME TAXES

The tax expense for the period comprises current and deferred tax. Tax is recognised in income statements, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group and the Bank operate and include all taxes based upon the taxable profits, including withholding taxes payable by foreign subsidiaries, associates and joint ventures and arising from distributions of retained profits to companies in the Group.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred tax is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures except where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax related to the fair value remeasurement of debt instruments at FVOCI and equity instruments at fair value through other comprehensive income, which is charged or credited directly to equity, is also credited or charged directly to equity. The debt instruments at FVOCI is subsequently recognised in the income statements together with the deferred gain or loss.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the date of statements of financial position and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The Group is within the scope of the Organisation for Economic Co-operation and Development ('OECD') Pillar Two model rules. Pillar Two rules introduces a global minimum Effective Tax Rate ('ETR') via a system where multinational groups with consolidated revenue of over EUR 750 million are subject to a minimum ETR of 15% on income arising from low-taxed jurisdictions. The Group has adopted the 'International Tax Reform – Pillar Two Model Rules (amendments to IAS12)'. The amendments provide a temporary mandatory exception from deferred tax accounting for Pillar Two top-up taxes and requires disclosures about the Group's Pillar Two exposure. Pillar Two legislation has been enacted or substantively enacted in a number of locations where the Group operates, including Malaysia, Singapore, Thailand and Indonesia, but these rules will only be effective from 1 January 2025. Pillar Two legislation has also been substantively enacted in Vietnam, a location in which the Group has ceased operations during the financial year. The Group has performed an assessment of the Group's potential exposure to Pillar Two income taxes, based on FY2023 historical information available regarding the financial performance of the Group. Based on the assessment, there are potentially a number of jurisdictions where effective tax rates are either close to or below 15%. However, the Group does not expect a material exposure to Pillar Two top-up taxes in those jurisdictions, without prejudice to the relevant administrative burdens that will entail its implementation and numerous areas of uncertainty in the interpretation of the Pillar Two rules.

Summary of Material Accounting Policies and Critical Accounting Estimates and Assumptions

For The Financial Year Ended 31 December 2024

(A) SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(27) CURRENCY CONVERSION AND TRANSLATION

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in Ringgit Malaysia, which is the Bank's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in income statements, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses are presented in income statements within other operating income.

Changes in the fair value of monetary securities denominated in foreign currency classified as debt instruments under FVOCI are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in income statements, and other changes in carrying amount are recognised in OCI.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at FVTPL are recognised in income statements as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as at FVOCI, are recognised in OCI.

(c) Group companies

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each statements of financial position presented are translated at the closing rate at the date of that statements of financial position;

(ii) Income and expenses for each statements of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of transactions); and

(iii) All resulting exchange differences are recognised as a separate component of other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign operations, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is partially disposed of or sold, a proportionate share of such exchange differences is recognised in income statements as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(A) SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(28) SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources to and assessing performance of the operating segments of an entity. The Group has determined its Group Management Committee as its chief operating decision-maker.

All transactions between operating segments are conducted based on mutually agreed allocation basis, with intra-segment revenue and costs being eliminated. Income and expenses directly associated with each segment are included in determining business segment performance.

(29) TRUST ACTIVITIES

The Group acts as trustees and in other fiduciary capacities that result in holding or placing of assets on behalf of individuals, trust and other institutions. These assets and income arising thereon are not recognised as assets of the Group.

(B) CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group and the Bank make estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets within the next financial year are outlined below:

(1) Fair value of financial instruments

For financial instruments measured at fair value, where the fair values cannot be derived from active markets, these fair values are determined using a variety of valuation techniques, including the use of mathematical models. Whilst the Group and the Bank generally use widely recognised valuation models with market observable inputs, judgement is required where market observable data are not available. Such judgement normally incorporate assumptions that other market participants would use in their valuations, including assumptions about interest/profit rate yield curves, exchange rates, discounted cash flows method, option pricing models, credit models and other relevant valuation models. The valuation of financial instruments is described in more detail in Note 55(g)(i) to the financial statements.

(2) Allowance for expected credit losses ('ECL')

The measurement of the ECL for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour.

MFRS 9 introduces the use of macroeconomic factors which include, but is not limited to, private consumption, unemployment rates, inflation and industrial production, and requires an evaluation of both the current and forecast direction of the economic cycle. Incorporating forward looking information increases the level of judgement as to how changes in these macroeconomic factors will affect ECL. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

(i) Determining criteria for significant increase in credit risk;
(ii) Choosing appropriate models and assumptions for the measurement of ECL;
(iii) Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL;
(iv) Establishing groups of similar financial assets for the purposes of measuring ECL; and
(v) Identifying and calculating adjustments to model output (model overlay adjustments).

Summary of Material Accounting Policies and Critical Accounting Estimates and Assumptions

For The Financial Year Ended 31 December 2024

(B) CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

The Group and the Bank make estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets within the next financial year are outlined below (continued):

(2) Allowance for expected credit losses ('ECL') (continued)

ECL models and methodologies shall be reviewed periodically and any issue identified shall subject to further analysis. Where applicable, the finding/weakness which is significant may warrant management ECL overlay adjustment or model risk adjustment. The overlays/ model risk adjustment shall be subjected to robust review and governance process.

The Group and the Bank have exercised judgement in the provision of management overlay for ECL of loans/financing which is estimated and adapted based on information on-hand. Management overlay is made in circumstances where the Group and the Bank believe that existing inputs, assumptions and modelling process have not capture existing or expected risk factors relevant to the loan/ financing portfolio. Examples of such circumstances include emerging risks in the local or global macroeconomic, microeconomic or political events, and natural disasters that have not been considered in the modelling process.

The Group and the Bank have made management overlay for potential deterioration in credit risks of its large corporate, retail, small and medium enterprises ('SME') and overseas portfolios. The factors associated with potential deterioration in credit risks include economic uncertainty due to geopolitical tensions, rising inflation, rapidly increasing interest rates, alongside other factors, which may have potential ramifications to the economy. Additionally, the deterioration in credit profile has yet to be fully reflected in modelling data due to the masking effects of observed defaults owing to various relief assistances to support businesses and individuals, hence management overlay is provided.

As at 31 December 2024, total management overlay is estimated at RM283 million and RM36 million (2023: RM299 million and RM119 million) for the Group and the Bank respectively.

(3) Goodwill impairment

Goodwill is tested at least annually for impairment. Impairment is measured by comparing the carrying amount of the investments with its recoverable amount. The recoverable amount is determined based on higher of value in use ('VIU') and fair value less cost of disposal ('FVLCD'). Testing of goodwill for impairment involves a significant amount of estimation. This includes the identification of independent CGU and the allocation of goodwill to these units based on which units are expected to benefit from the acquisition. Estimating the value in use requires the Group and the Bank to make an estimate of the expected future cash flows from the CGU. Determining both the expected pre-tax cash flows and the risk adjusted discount rate appropriate to the CGU also require the exercise of judgement. The variables are subject to fluctuations in external market rates and economic conditions beyond management control and are subject to uncertainty and require the exercise of significant judgement. The detailed disclosures on the assessment of impairment of goodwill is disclosed in Note 19 to the financial statements.

1 GENERAL INFORMATION

RHB Bank Berhad is a public limited company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activities of the Bank are commercial banking and finance related business and the provision of related services. The Group is involved in commercial banking and finance related business, Islamic banking, investment banking, stock broking, leasing, offshore banking, property investment, general insurance, unit trust management, asset management, nominee and custodian services.

There have been no significant changes in these principal activities during the financial year.

The address of the registered office of the Bank is Level 10, Tower One, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur.

The financial statements have been approved and authorised for issue by the Board of Directors on 26 February 2025.

2 CASH AND SHORT-TERM FUNDS

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash and balances with banks and other financial institutions	**5,123,146**	5,578,081	**4,037,424**	4,165,568
Money at call and deposit placements maturing within one month	**6,428,501**	8,567,333	**9,184,762**	6,141,005
	11,551,647	14,145,414	**13,222,186**	10,306,573

Included in cash and short-term funds of the Group are:

(i) Accounts held in trust for the purpose of funds managed by the asset management subsidiaries amounting to RM228,845,000 (2023: RM158,591,000); and

(ii) Accounts held in trust for remisiers amounting to RM88,569,000 (2023: RM89,737,000).

3 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Licensed banks	**531,742**	684,253	**2,355,448**	2,881,662
Licensed Islamic banks	**224,224**	92,225	**3,904,878**	4,117,846
Licensed investment banks	**50,152**	–	**1,772,055**	1,686,896
Other financial institutions	**5,062**	112,462	**5,062**	112,462
	811,180	888,940	**8,037,443**	8,798,866

Notes to the Financial Statements

For The Financial Year Ended 31 December 2024

4 INVESTMENT ACCOUNT DUE FROM DESIGNATED FINANCIAL INSTITUTIONS

This investment account which is exposure to Restricted Profit Sharing Investment Account ('RPSIA'), is an arrangement by the Bank with its wholly-owned subsidiary, RHB Islamic Bank Berhad ('RHB Islamic Bank'). The RPSIA are contracts between the Bank and RHB Islamic Bank based on the following Shariah concept:

(i) Mudharabah – to finance a business venture where the Bank provides capital and the business venture is managed solely by RHB Islamic Bank. The profit of the business venture will be shared based on pre-agreed ratios between the Bank and RHB Islamic Bank as Mudharib (manager or manager of funds), and losses shall be borne solely by the Bank; and

(ii) Wakalah Bi Al-Istithmar - a contract where the Bank (muwakkil) appoints RHB Islamic Bank as his agent (wakil) to perform a particular task, in matters that may be delegated, either voluntarily or with imposition of a fee. The fee shall be recognised based on agreement. Profit generated/losses incurred is based on net distributable income calculated. Losses (if any) will solely be borne by the Bank unless such losses is due to RHB Islamic Bank's misconduct, negligence or breach of specified terms in the contract.

The underlying assets of RHB Islamic Bank for the RPSIA are as follows:

	Bank	
	2024 RM'000	2023 RM'000
Principal		
Personal financing	**1,500,000**	1,000,000
Other term financing	**2,059,192**	4,037,480
Short-term funds	**–**	129,000
Unquoted securities	**973,023**	1,004,023
	4,532,215	6,170,503

As at 31 December 2024, the RPSIA placements have an average rate of return ranging between 3.64% to 4.64% (2023: 3.50% to 4.63%) per annum and average profit sharing rate ranging between 86% to 90% (2023: 81% to 91%).

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ('FVTPL')

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Mandatory measured at fair value				
MONEY MARKET INSTRUMENTS:				
Malaysian Government Securities	**1,445,059**	399,510	**1,440,843**	395,321
Malaysian Government Investment Issues	**553,678**	672,045	**418,510**	507,003
Bank Negara Malaysia Monetary Notes	**–**	316,971	**–**	314,335
Other foreign government investment issues	**4,452**	–	**4,452**	–
QUOTED SECURITIES:				
In Malaysia				
Shares, exchange traded funds and warrants	**322,325**	132,769	**–**	–
Unit trusts	**40,375**	55,955	**–**	–
Corporate bond/sukuk	**1,342**	1,395	**1,342**	1,395
Outside Malaysia				
Shares, exchange traded funds and warrants	**3,962**	55,647	**–**	–
UNQUOTED SECURITIES:				
In Malaysia				
Corporate bond/sukuk	**1,688,071**	1,107,905	**743,698**	102,152
Unit trusts	**294,077**	235,871	**–**	–
Commercial paper	**456,529**	–	**456,529**	–
Outside Malaysia				
Corporate bond/sukuk	**16,733**	7,088	**16,733**	7,088
Private equity funds	**873,279**	733,335	**–**	–
	5,699,882	3,718,491	**3,082,107**	1,327,294

6 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ('FVOCI')

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
At fair value				
(a) Debt instruments	**50,945,435**	47,201,673	**42,285,064**	40,798,615
(b) Equity instruments	**831,160**	775,256	**782,050**	729,292
	51,776,595	47,976,929	**43,067,114**	41,527,907
(a) Debt instruments				
MONEY MARKET INSTRUMENTS:				
Malaysian Government Securities	**5,585,204**	4,528,876	**5,424,441**	4,468,470
Malaysian Government Investment Issues	**12,730,339**	9,437,643	**9,169,881**	7,369,220
Cagamas bonds	**1,321,405**	1,574,912	**762,004**	1,014,817
Khazanah bonds	**70,191**	71,018	**70,191**	71,018
Negotiable instruments of deposits	**200,139**	–	**200,139**	–
Other foreign government investment issues	**248,657**	96,024	**248,657**	96,024
Other foreign government securities	**99,788**	7,732	**99,788**	7,732
Singapore Government Treasury Bills	**2,089,008**	513,092	**2,089,008**	513,092
Singapore Government Securities	**506,767**	1,860,195	**506,767**	1,860,195
Singapore Central Bank Bills	**–**	1,349,949	**–**	1,349,949
Thailand Government Securities	**760,805**	638,519	**760,805**	638,519
Singapore Housing Development Board	**450,077**	514,439	**450,077**	514,439
UNQUOTED SECURITIES:				
In Malaysia				
Corporate bond/sukuk	**15,807,983**	16,467,747	**11,428,234**	12,753,613
Outside Malaysia				
Corporate bond/sukuk	**11,075,072**	10,141,527	**11,075,072**	10,141,527
	50,945,435	47,201,673	**42,285,064**	40,798,615

Included in financial investments at FVOCI of the Group and the Bank are corporate bond/sukuk, which are pledged as collateral for obligations on securities sold under repurchase agreements amounting to RM8,495,000,000 (2023: RM6,220,000,000) and RM10,249,000,000 (2023: RM6,546,000,000) respectively.

Notes to the Financial Statements
For The Financial Year Ended 31 December 2024

6 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ('FVOCI') (CONTINUED)

(a) Debt instruments (continued)

(i) Movement in allowance for credit losses recognised in FVOCI reserves

	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
Group				
2024				
Balance as at the beginning of the financial year	**31,187**	**–**	**–**	**31,187**
Changes in credit risk	**(4,333)**	**–**	**–**	**(4,333)**
Purchases and origination	**7,845**	**–**	**–**	**7,845**
Derecognition and disposal	**(8,265)**	**–**	**–**	**(8,265)**
Exchange differences	**(724)**	**–**	**–**	**(724)**
Balance as at the end of the financial year	**25,710**	**–**	**–**	**25,710**
2023				
Balance as at the beginning of the financial year	48,615	3,376	–	51,991
Transfer to 12-month ECL (Stage 1)	3,376	(3,376)	–	–
Changes in credit risk	(10,785)	664	–	(10,121)
Purchases and origination	6,486	–	–	6,486
Changes to model methodologies	(6,953)	(664)	–	(7,617)
Derecognition and disposal	(10,138)	–	–	(10,138)
Exchange differences	586	–	–	586
Balance as at the end of the financial year	31,187	–	–	31,187
Bank				
2024				
Balance as at the beginning of the financial year	**29,025**	**–**	**–**	**29,025**
Changes in credit risk	**(4,019)**	**–**	**–**	**(4,019)**
Purchases and origination	**7,396**	**–**	**–**	**7,396**
Derecognition and disposal	**(7,601)**	**–**	**–**	**(7,601)**
Exchange differences	**(724)**	**–**	**–**	**(724)**
Balance as at the end of the financial year	**24,077**	**–**	**–**	**24,077**
2023				
Balance as at the beginning of the financial year	42,517	3,376	–	45,893
Transfer to 12-month ECL (Stage 1)	3,376	(3,376)	–	–
Changes in credit risk	(8,221)	664	–	(7,557)
Purchases and origination	5,674	–	–	5,674
Changes to model methodologies	(5,765)	(664)	–	(6,429)
Derecognition and disposal	(9,142)	–	–	(9,142)
Exchange differences	586	–	–	586
Balance as at the end of the financial year	29,025	–	–	29,025

6 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ('FVOCI') (CONTINUED)

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
(b) Equity instruments				
QUOTED SECURITIES:				
Outside Malaysia				
Shares	**3,402**	2,820	**–**	–
UNQUOTED SECURITIES:				
In Malaysia				
Shares	**825,562**	769,814	**782,048**	729,290
Outside Malaysia				
Shares	**2,196**	2,622	**2**	2
	831,160	775,256	**782,050**	729,292

The Group and the Bank designated certain investments as equity securities under FVOCI. The FVOCI designation was made because these investments are held for socio-economic purposes and not for trading purposes.

	Group		Bank	
	Fair value RM'000	Dividend income recognised during the financial year RM'000	Fair value RM'000	Dividend income recognised during the financial year RM'000
2024				
Securities				
Cagamas Holdings Berhad	**428,302**	**2,587**	**388,156**	**2,347**
Financial Park (Labuan) Sdn Bhd	**169,932**	**1,600**	**169,932**	**1,600**
Credit Guarantee Corporation Malaysia Bhd	**79,319**	**–**	**79,319**	**–**
Others	**153,607**	**2,101**	**144,643**	**1,646**
	831,160	**6,288**	**782,050**	**5,593**
2023				
Securities				
Cagamas Holdings Berhad	403,599	2,587	366,357	2,346
Financial Park (Labuan) Sdn Bhd	169,224	1,000	169,224	1,000
Credit Guarantee Corporation Malaysia Bhd	76,921	–	76,921	–
Others	125,512	2,818	116,790	–
	775,256	6,405	729,292	3,346

Notes to the Financial Statements

For The Financial Year Ended 31 December 2024

7 FINANCIAL INVESTMENTS AT AMORTISED COST

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
At amortised cost				
MONEY MARKET INSTRUMENTS:				
Malaysian Government Securities	**4,915,835**	4,296,854	**4,481,788**	3,862,417
Malaysian Government Investment Issues	**4,498,330**	4,104,379	**2,334,782**	2,285,777
Cagamas bonds	**946,972**	1,857,419	**480,721**	1,353,571
Khazanah bonds	**199,446**	181,134	**156,032**	124,896
Bank Negara Malaysia Monetary Notes	**–**	853,733	**–**	–
Singapore Government Treasury Bills	**3,761,252**	1,588,608	**3,761,252**	1,588,608
Singapore Government Securities	**64,418**	66,652	**64,418**	66,652
Singapore Central Bank Bills	**818,767**	2,460,843	**818,767**	2,460,843
Thailand Government Bonds	**155,704**	144,515	**155,704**	144,515
Sukuk (Brunei) Incorporation	**41,246**	53,564	**41,246**	53,564
Brunei Central Bank Bills	**11,485**	–	**11,485**	–
UNQUOTED SECURITIES:				
In Malaysia				
Corporate bond/sukuk	**15,270,446**	13,203,960	**7,169,686**	6,713,894
Corporate loan stocks	**21,402**	21,505	**–**	–
Outside Malaysia				
Corporate bond/sukuk	**82,963**	57,031	**52,555**	26,614
	30,788,266	28,890,197	**19,528,436**	18,681,351
Fair value changes arising from fair value hedges	**(2,458)**	(3,276)	**–**	–
	30,785,808	28,886,921	**19,528,436**	18,681,351
Allowance for credit losses	**(673,339)**	(672,278)	**(598,092)**	(598,312)
	30,112,469	28,214,643	**18,930,344**	18,083,039

(a) Included in financial investments at amortised cost of the Group and the Bank are corporate bond/sukuk, which are pledged as collateral for obligations on securities sold under repurchase agreements amounting to RM5,704,000,000 (2023: RM3,671,000,000) and RM6,965,000,000 (2023: RM4,920,000,000) respectively.

(b) Included in financial investments at amortised cost of the Group are exposures to Restricted Investment Account ('RA'), as part of the arrangement between RHB Islamic Bank and other investors based on Mudharabah concept. The investors will provide capital and the business venture is managed solely by RHB Islamic Bank. The profit of the business venture will be shared based on pre-agreed ratios with RHB Islamic Bank as Mudharib (manager or manager of funds), and losses shall be borne solely by investors. As at 31 December 2024, gross exposure to RA financing funded by investors at the Group is RM449,991,000 (2023: RM421,166,000). The portfolio expected credit losses for financial investments at amortised cost relating to RA is borne solely by the investors.

7 FINANCIAL INVESTMENTS AT AMORTISED COST (CONTINUED)

(i) Movement in credit impaired financial investments at amortised cost

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Balance as at the beginning of the financial year	**1,358,764**	1,294,649	**55,795**	56,041
Purchases and origination	**68,966**	66,412	**–**	–
Derecognition	**(572)**	(2,656)	**(417)**	(605)
Exchange differences	**(243)**	359	**(243)**	359
Balance as at the end of the financial year	**1,426,915**	1,358,764	**55,135**	55,795

The credit impaired financial investments at amortised cost relate to certain exposures to RA, of which exposure with other investors amounted to RM449,991,000 (2023: RM421,166,000).

(ii) Movement in allowance for credit losses

	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
Group				
2024				
Balance as at the beginning of the financial year	**13,183**	**1,192**	**657,903**	**672,278**
Changes in credit risk	**888**	**(121)**	**(155)**	**612**
Purchases and origination	**4,857**	**–**	**–**	**4,857**
Derecognition	**(2,650)**	**(1,071)**	**(423)**	**(4,144)**
Exchange differences	**(27)**	**–**	**(237)**	**(264)**
Balance as at the end of the financial year	**16,251**	**–**	**657,088**	**673,339**
2023				
Balance as at the beginning of the financial year	35,582	5,371	660,199	701,152
Transfer to 12-month ECL (Stage 1)	2,153	(2,153)	–	–
Changes in credit risk	(18,115)	(245)	–	(18,360)
Purchases and origination	3,464	–	–	3,464
Changes to model methodologies	(5,232)	(1,705)	–	(6,937)
Derecognition	(4,732)	(76)	(2,656)	(7,464)
Exchange differences	63	–	360	423
Balance as at the end of the financial year	13,183	1,192	657,903	672,278

7 FINANCIAL INVESTMENTS AT AMORTISED COST (CONTINUED)

(ii) Movement in allowance for credit losses (continued)

	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
Bank				
2024				
Balance as at the beginning of the financial year	**6,963**	**1,191**	**590,158**	**598,312**
Changes in credit risk	**190**	**(120)**	**–**	**70**
Purchases and origination	**2,801**	**–**	**–**	**2,801**
Derecognition	**(1,360)**	**(1,071)**	**(423)**	**(2,854)**
Exchange differences	**–**	**–**	**(237)**	**(237)**
Balance as at the end of the financial year	**8,594**	**–**	**589,498**	**598,092**
2023				
Balance as at the beginning of the financial year	17,587	3,217	590,403	611,207
Changes in credit risk	(7,016)	(859)	–	(7,875)
Purchases and origination	856	–	–	856
Changes to model methodologies	(2,579)	(1,091)	–	(3,670)
Derecognition	(1,885)	(76)	(605)	(2,566)
Exchange differences	–	–	360	360
Balance as at the end of the financial year	6,963	1,191	590,158	598,312

8 LOANS, ADVANCES AND FINANCING

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
(a) By type				
At amortised cost				
Overdrafts	**5,511,846**	5,792,478	**3,610,475**	3,968,487
Term loans/financing:				
– Housing loans/financing	**91,586,375**	84,380,612	**53,609,960**	50,920,867
– Syndicated term loans/financing	**15,801,509**	15,926,831	**12,617,846**	11,448,100
– Hire purchase receivables/financing	**12,306,713**	10,986,011	**243,682**	256,126
– Other term loans/financing	**81,790,468**	79,351,472	**46,026,695**	43,653,965
Bills receivables	**9,846,413**	4,531,450	**8,305,551**	4,106,201
Trust receipts	**1,552,152**	1,282,926	**1,510,834**	1,197,366
Claims on customers under acceptance credits	**1,185,726**	4,968,542	**773,328**	3,656,830
Share margin financing	**2,303,345**	2,258,304	**492,962**	373,801
Staff loans/financing	**86,917**	85,999	**55,314**	64,813
Credit/charge card receivables	**2,653,314**	2,361,046	**2,201,530**	1,994,047
Revolving credits/financing	**13,133,212**	10,489,934	**9,614,496**	8,137,560
Gross loans, advances and financing	**237,757,990**	222,415,605	**139,062,673**	129,778,163
Fair value changes arising from fair value hedges	**(50,318)**	(70,407)	**(8,544)**	(13,083)
	237,707,672	222,345,198	**139,054,129**	129,765,080
Less: Allowance for credit losses	**(2,740,024)**	(2,782,595)	**(1,832,389)**	(1,916,517)
Net loans, advances and financing	**234,967,648**	219,562,603	**137,221,740**	127,848,563

8 LOANS, ADVANCES AND FINANCING (CONTINUED)

(a) By type (continued)

(i) Included in loans, advances and financing are housing loans/financing sold to Cagamas with recourse to the Group and the Bank amounting to RM1,992,426,000 (2023: RM4,207,022,000) and RM824,599,000 (2023: RM2,547,499,000) respectively.

(ii) Included in loans, advances and financing of the Group are exposures to Unrestricted Investment Account ('UA'), as part of the arrangement between RHB Islamic Bank and other investors based on Wakalah concept, a trust-based contract in which a party (muwakkil) appoints another party as his agent (wakil) to perform a particular task, in matters that may be delegated, either voluntarily or with imposition of a fee. The fee shall be recognised based on agreement. Profit generated/losses incurred is based on net distributable income calculated. Net distributable income is derived after deducting Wakalah fee, direct expenses and provisions (if any). Losses (if any) will be borne solely by the investors unless such losses are due to RHB Islamic Bank's misconduct, negligence or breach of specified terms in the contract between the investors and RHB Islamic Bank. As at 31 December 2024, gross exposure to UA financing funded by investors at the Group is RM685,100,000 (2023: RM13,500,000). The portfolio expected credit losses for financing and advances relating to UA is borne solely by the investors.

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
(b) By type of customer				
Domestic non-bank financial institutions:				
– Others	**4,444,513**	3,497,812	**1,891,121**	1,357,342
Domestic business enterprises:				
– Small and medium enterprises	**35,289,105**	33,378,955	**24,683,707**	23,076,329
– Others	**29,466,869**	28,386,968	**18,680,573**	16,524,514
Government and statutory bodies	**6,870,834**	6,479,611	**2,004**	–
Individuals	**121,264,220**	112,596,745	**60,047,511**	58,304,201
Other domestic entities	**137,189**	156,950	**25,616**	25,395
Foreign entities	**40,285,260**	37,918,564	**33,732,141**	30,490,382
	237,757,990	222,415,605	**139,062,673**	129,778,163
(c) By geographical distribution				
Malaysia	**200,489,480**	186,315,513	**108,217,690**	101,000,194
Labuan Offshore	**2,949,373**	3,331,226	**–**	–
Singapore	**29,386,648**	27,124,830	**29,386,648**	27,124,830
Thailand	**1,266,684**	1,668,034	**1,266,684**	1,435,674
Brunei	**191,651**	217,465	**191,651**	217,465
Cambodia	**3,229,310**	3,509,124	**–**	–
Lao	**79,613**	95,006	**–**	–
Indonesia	**165,231**	138,474	**–**	–
Vietnam	**–**	15,933	**–**	–
	237,757,990	222,415,605	**139,062,673**	129,778,163
(d) By interest/profit rate sensitivity				
Fixed rate:				
– Housing loans/financing	**483,329**	126,396	**413,627**	70,940
– Hire purchase receivables/financing	**433,951**	619,730	**243,682**	256,126
– Other fixed rate loans/financing	**21,396,239**	21,384,624	**9,445,036**	9,502,075
Variable rate:				
– Base lending/financing rate/base rate plus	**147,704,619**	133,400,454	**80,982,561**	75,361,197
– Cost-plus	**47,382,332**	47,719,609	**30,076,814**	28,145,186
– Other variable rates	**20,357,520**	19,164,792	**17,900,953**	16,442,639
	237,757,990	222,415,605	**139,062,673**	129,778,163

Notes to the Financial Statements
For The Financial Year Ended 31 December 2024

8 LOANS, ADVANCES AND FINANCING (CONTINUED)

		Group		Bank	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
(e)	**By economic sector**				
	Agriculture, hunting, forestry and fishing	**4,251,964**	4,468,055	**2,338,518**	2,392,183
	Mining and quarrying	**239,865**	267,896	**133,864**	162,462
	Manufacturing	**12,494,716**	11,826,760	**8,823,203**	8,199,341
	Electricity, gas and water	**1,199,130**	2,179,393	**777,505**	603,849
	Construction	**12,774,662**	10,689,894	**8,848,908**	8,055,514
	Wholesale and retail trade and restaurant and hotel	**23,493,552**	24,426,148	**17,434,625**	18,804,546
	Transport, storage and communication	**4,654,355**	5,512,901	**1,706,872**	1,567,874
	Finance, insurance, real estate and business services	**38,925,837**	32,517,332	**29,189,820**	22,408,177
	Education, health and others	**9,347,574**	9,496,435	**2,210,680**	2,844,959
	Household sector	**128,912,713**	120,456,394	**66,290,437**	64,434,607
	Others	**1,463,622**	574,397	**1,308,241**	304,651
		237,757,990	222,415,605	**139,062,673**	129,778,163
(f)	**By purpose**				
	Purchase of securities	**11,933,474**	11,992,304	**4,803,514**	4,757,102
	Purchase of transport vehicles	**12,198,400**	10,959,997	**85,068**	166,995
	Purchase of landed property:				
	– Residential	**90,768,179**	83,444,972	**53,941,767**	50,847,520
	– Non-residential	**29,499,620**	27,258,291	**23,243,877**	20,984,877
	Purchase of property, plant and equipment other than land and building	**896,596**	1,355,284	**635,966**	697,550
	Personal use	**13,150,699**	12,731,438	**6,347,148**	6,792,935
	Credit card	**2,653,314**	2,361,046	**2,201,530**	1,994,047
	Purchase of consumer durables	**5,554**	6,840	**5,554**	6,840
	Construction	**8,095,147**	6,704,555	**6,362,116**	5,347,029
	Working capital	**56,850,647**	54,680,824	**37,965,974**	35,609,155
	Merger and acquisition	**707,887**	1,341,026	**620,614**	631,864
	Other purposes	**10,998,473**	9,579,028	**2,849,545**	1,942,249
		237,757,990	222,415,605	**139,062,673**	129,778,163
(g)	**By remaining contractual maturities**				
	Maturity within one year	**42,894,437**	41,424,260	**30,726,865**	28,634,221
	One year to three years	**12,009,107**	11,429,962	**7,838,552**	7,906,636
	Three years to five years	**27,090,778**	21,640,604	**17,297,165**	12,820,693
	Over five years	**155,763,668**	147,920,779	**83,200,091**	80,416,613
		237,757,990	222,415,605	**139,062,673**	129,778,163

8 LOANS, ADVANCES AND FINANCING (CONTINUED)

(h) By stages

	Note	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
Group					
2024					
Balance as at the beginning of the financial year		**207,013,471**	**11,522,857**	**3,879,277**	**222,415,605**
Transfer to 12-month ECL (Stage 1)		**3,632,539**	**(3,508,694)**	**(123,845)**	**–**
Transfer to lifetime ECL not credit impaired (Stage 2)		**(4,520,339)**	**5,223,879**	**(703,540)**	**–**
Transfer to lifetime ECL credit impaired (Stage 3)		**(596,014)**	**(968,265)**	**1,564,279**	**–**
Purchases and origination		**67,277,170**	**2,485,026**	**331,125**	**70,093,321**
Derecognition		**(48,012,032)**	**(3,165,850)**	**(476,166)**	**(51,654,048)**
Disposal of subsidiaries	58	**(215,994)**	**–**	**(3,182)**	**(219,176)**
Amount written off		**–**	**–**	**(929,870)**	**(929,870)**
Exchange differences		**(1,848,288)**	**(48,684)**	**(31,314)**	**(1,928,286)**
Other movements		**–**	**–**	**(19,556)**	**(19,556)**
Balance as at the end of the financial year		**222,730,513**	**11,540,269**	**3,487,208**	**237,757,990**
2023					
Balance as at the beginning of the financial year		197,584,104	11,327,307	3,288,731	212,200,142
Transfer to 12-month ECL (Stage 1)		2,655,846	(2,570,697)	(85,149)	–
Transfer to lifetime ECL not credit impaired (Stage 2)		(4,557,908)	4,756,784	(198,876)	–
Transfer to lifetime ECL credit impaired (Stage 3)		(777,230)	(1,133,005)	1,910,235	–
Purchases and origination		56,560,100	2,305,182	969,466	59,834,748
Derecognition		(46,169,755)	(3,224,375)	(428,774)	(49,822,904)
Amount written off		–	–	(1,676,981)	(1,676,981)
Exchange differences		1,718,314	61,661	66,788	1,846,763
Other movements		–	–	33,837	33,837
Balance as at the end of the financial year		207,013,471	11,522,857	3,879,277	222,415,605
Bank					
2024					
Balance as at the beginning of the financial year		**120,669,940**	**6,794,562**	**2,313,661**	**129,778,163**
Transfer to 12-month ECL (Stage 1)		**1,949,676**	**(1,880,057)**	**(69,619)**	**–**
Transfer to lifetime ECL not credit impaired (Stage 2)		**(2,604,801)**	**2,778,989**	**(174,188)**	**–**
Transfer to lifetime ECL credit impaired (Stage 3)		**(391,663)**	**(640,676)**	**1,032,339**	**–**
Purchases and origination		**38,314,160**	**1,143,820**	**222,498**	**39,680,478**
Derecognition		**(25,654,178)**	**(1,957,704)**	**(389,116)**	**(28,000,998)**
Amount written off		**–**	**–**	**(676,775)**	**(676,775)**
Exchange differences		**(1,679,527)**	**(27,772)**	**(20,497)**	**(1,727,796)**
Other movements		**–**	**–**	**9,601**	**9,601**
Balance as at the end of the financial year		**130,603,607**	**6,211,162**	**2,247,904**	**139,062,673**
2023					
Balance as at the beginning of the financial year		114,527,309	6,874,395	1,681,715	123,083,419
Transfer to 12-month ECL (Stage 1)		1,736,872	(1,681,178)	(55,694)	–
Transfer to lifetime ECL not credit impaired (Stage 2)		(2,773,190)	2,900,172	(126,982)	–
Transfer to lifetime ECL credit impaired (Stage 3)		(532,587)	(773,258)	1,305,845	–
Purchases and origination		30,691,137	1,414,604	483,569	32,589,310
Derecognition		(24,463,582)	(1,982,942)	(302,717)	(26,749,241)
Amount written off		–	–	(712,541)	(712,541)
Exchange differences		1,483,981	42,769	24,315	1,551,065
Other movements		–	–	16,151	16,151
Balance as at the end of the financial year		120,669,940	6,794,562	2,313,661	129,778,163

8 LOANS, ADVANCES AND FINANCING (CONTINUED)

(i) Impaired loans, advances and financing

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
(i) By economic sector				
Agriculture, hunting, forestry and fishing	**51,993**	49,276	**34,262**	45,635
Mining and quarrying	**3,498**	20,314	**1,009**	15,066
Manufacturing	**342,422**	265,367	**291,433**	212,523
Electricity, gas and water	**9,384**	7,833	**2,933**	2,040
Construction	**460,804**	551,833	**401,287**	450,578
Wholesale and retail trade and restaurant and hotel	**765,568**	654,989	**512,589**	444,480
Transport, storage and communication	**90,144**	508,571	**69,463**	44,172
Finance, insurance, real estate and business services	**389,660**	520,335	**304,970**	437,036
Education, health and others	**120,701**	141,733	**31,959**	46,946
Household sector	**1,205,944**	1,104,119	**592,940**	613,424
Others	**47,090**	54,907	**5,059**	1,761
	3,487,208	3,879,277	**2,247,904**	2,313,661
(ii) By purpose				
Purchase of securities	**13,524**	18,875	**12,635**	17,640
Purchase of transport vehicles	**58,212**	67,209	**3,103**	5,221
Purchase of landed property:				
– Residential	**975,923**	880,286	**487,646**	499,518
– Non-residential	**559,430**	629,457	**246,081**	311,416
Purchase of property, plant and equipment other than land and building	**25,887**	27,760	**25,881**	24,964
Personal use	**144,190**	161,657	**93,996**	125,541
Credit card	**27,184**	23,747	**23,035**	20,047
Purchase of consumer durables	**741**	611	**741**	611
Construction	**91,303**	107,215	**86,232**	107,107
Working capital	**1,433,544**	1,725,221	**1,161,529**	1,060,418
Merger and acquisition	**146**	–	**38**	–
Other purposes	**157,124**	237,239	**106,987**	141,178
	3,487,208	3,879,277	**2,247,904**	2,313,661
(iii) By geographical distribution				
Malaysia	**2,431,036**	2,882,420	**1,578,498**	1,665,567
Singapore	**219,625**	299,194	**219,625**	299,194
Thailand	**445,703**	344,852	**445,703**	344,852
Brunei	**4,078**	4,048	**4,078**	4,048
Cambodia	**386,766**	342,842	**–**	–
Lao	**–**	5,921	**–**	–
	3,487,208	3,879,277	**2,247,904**	2,313,661

8 LOANS, ADVANCES AND FINANCING (CONTINUED)

(i) Impaired loans, advances and financing (continued)

(iv) Movement in allowance for credit losses

	Note	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
Group					
2024					
Balance as at the beginning of the financial year		**691,260**	**706,389**	**1,384,946**	**2,782,595**
Changes due to financial assets recognised in the opening balance that have been:					
– Transferred to 12-month ECL (Stage 1)		**223,174**	**(183,709)**	**(39,465)**	**–**
– Transferred to lifetime ECL not credit impaired (Stage 2)		**(33,719)**	**211,148**	**(177,429)**	**–**
– Transferred to lifetime ECL credit impaired (Stage 3)		**(10,170)**	**(81,073)**	**91,243**	**–**
		179,285	**(53,634)**	**(125,651)**	**–**
Changes in credit risk		**(140,541)**	**37,827**	**766,222**	**663,508**
Purchases and origination		**134,124**	**99,666**	**26,862**	**260,652**
Changes to model methodologies		**(7,591)**	**–**	**–**	**(7,591)**
Derecognition		**(45,872)**	**(65,946)**	**(157,030)**	**(268,848)**
Disposal of subsidiaries	58	**–**	**–**	**(3,182)**	**(3,182)**
Bad debts written off		**–**	**–**	**(648,342)**	**(648,342)**
Exchange differences		**(7,536)**	**(3,129)**	**(8,547)**	**(19,212)**
Other movements		**–**	**–**	**(19,556)**	**(19,556)**
Balance as at the end of the financial year		**803,129**	**721,173**	**1,215,722**	**2,740,024**
2023					
Balance as at the beginning of the financial year		846,101	1,055,527	1,808,374	3,710,002
Changes due to financial assets recognised in the opening balance that have been:					
– Transferred to 12-month ECL (Stage 1)		184,876	(159,840)	(25,036)	–
– Transferred to lifetime ECL not credit impaired (Stage 2)		(34,939)	86,407	(51,468)	–
– Transferred to lifetime ECL credit impaired (Stage 3)		(11,531)	(123,915)	135,446	–
		138,406	(197,348)	58,942	–
Changes in credit risk		(328,330)	(154,670)	912,730	429,730
Purchases and origination		127,406	95,457	66,119	288,982
Changes to model methodologies		(49,488)	(20,304)	761	(69,031)
Derecognition		(45,551)	(72,541)	(101,813)	(219,905)
Bad debts written off		–	–	(1,433,361)	(1,433,361)
Exchange differences		2,716	268	39,357	42,341
Other movements		–	–	33,837	33,837
Balance as at the end of the financial year		691,260	706,389	1,384,946	2,782,595

Notes to the Financial Statements
For The Financial Year Ended 31 December 2024

8 LOANS, ADVANCES AND FINANCING (CONTINUED)

(i) Impaired loans, advances and financing (continued)

(iv) Movement in allowance for credit losses (continued)

	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
Bank				
2024				
Balance as at the beginning of the financial year	**430,495**	**502,282**	**983,740**	**1,916,517**
Changes due to financial assets recognised in the opening balance that have been:				
– Transferred to 12-month ECL (Stage 1)	**137,236**	**(114,747)**	**(22,489)**	**–**
– Transferred to lifetime ECL not credit impaired (Stage 2)	**(23,564)**	**90,144**	**(66,580)**	**–**
– Transferred to lifetime ECL credit impaired (Stage 3)	**(8,960)**	**(61,448)**	**70,408**	**–**
	104,712	**(86,051)**	**(18,661)**	**–**
Changes in credit risk	**(147,317)**	**12,327**	**550,671**	**415,681**
Purchases and origination	**105,864**	**72,059**	**16,072**	**193,995**
Changes to model methodologies	**(4,360)**	**–**	**–**	**(4,360)**
Derecognition	**(38,225)**	**(50,380)**	**(123,349)**	**(211,954)**
Bad debts written off	**–**	**–**	**(469,762)**	**(469,762)**
Exchange differences	**(7,198)**	**(2,236)**	**(7,895)**	**(17,329)**
Other movements	**–**	**–**	**9,601**	**9,601**
Balance as at the end of the financial year	**443,971**	**448,001**	**940,417**	**1,832,389**
2023				
Balance as at the beginning of the financial year	554,551	620,951	786,707	1,962,209
Changes due to financial assets recognised in the opening balance that have been:				
– Transferred to 12-month ECL (Stage 1)	121,490	(103,386)	(18,104)	–
– Transferred to lifetime ECL not credit impaired (Stage 2)	(28,084)	58,986	(30,902)	–
– Transferred to lifetime ECL credit impaired (Stage 3)	(10,585)	(81,338)	91,923	–
	82,821	(125,738)	42,917	–
Changes in credit risk	(242,217)	(18,620)	684,752	423,915
Purchases and origination	97,320	81,315	57,272	235,907
Changes to model methodologies	(31,090)	(5,465)	(5,379)	(41,934)
Derecognition	(33,938)	(49,274)	(77,605)	(160,817)
Bad debts written off	–	–	(529,039)	(529,039)
Exchange differences	3,048	(887)	7,964	10,125
Other movements	–	–	16,151	16,151
Balance as at the end of the financial year	430,495	502,282	983,740	1,916,517

(a) Included in allowance for credit losses for the Group and the Bank is expected credit losses for loan commitments and financial guarantee contracts amounting to RM82,020,000 (2023: RM73,042,000) and RM57,155,000 (2023: RM57,722,000) respectively.

9 CLIENTS' AND BROKERS' BALANCES

	Group	
	2024 RM'000	2023 RM'000
Amounts owing by clients	**395,316**	900,694
Less: Allowance for credit losses	**(1,784)**	(2,409)
	393,532	898,285
Amounts owing by brokers	**85,180**	87,842
Amounts owing by clearing houses and stock exchanges	**276,302**	216,886
	755,014	1,203,013

Movement in allowance for credit losses

	Credit impaired RM'000	Non-credit impaired RM'000	Total RM'000
Group			
2024			
Balance as at the beginning of the financial year	**2,408**	**1**	**2,409**
Transferred to credit impaired	**240**	**(240)**	**–**
Allowance for credit losses	**–**	**317**	**317**
Derecognition	**(751)**	**(77)**	**(828)**
Exchange differences	**(114)**	**–**	**(114)**
Balance as at the end of the financial year	**1,783**	**1**	**1,784**
2023			
Balance as at the beginning of the financial year	21,348	1	21,349
Transferred to credit impaired	6	(6)	–
Allowance for credit losses	69	6	75
Derecognition	(6,052)	–	(6,052)
Written off	(14,252)	–	(14,252)
Exchange differences	1,289	–	1,289
Balance as at the end of the financial year	2,408	1	2,409

Notes to the Financial Statements
For The Financial Year Ended 31 December 2024

10 INSURANCE/REINSURANCE CONTRACT ASSETS/(LIABILITIES)

	Assets RM'000	(Liabilities) RM'000	Net RM'000
Group			
2024			
Insurance contract issued			
Liability for remaining coverage	–	(302,408)	(302,408)
Liability for incurred claims	–	(849,139)	(849,139)
Total insurance contract assets/(liabilities)	–	(1,151,547)	(1,151,547)
Reinsurance contract held			
Liability for remaining coverage	83,583	(10,694)	72,889
Liability for incurred claims	416,109	6,237	422,346
Total reinsurance contract assets/(liabilities)	499,692	(4,457)	495,235
Net insurance/reinsurance contract assets/(liabilities)	499,692	(1,156,004)	
2023			
Insurance contract issued			
Liability for remaining coverage	6,817	(289,489)	(282,672)
Liability for incurred claims	21,722	(823,785)	(802,063)
Total insurance contract assets/(liabilities)	28,539	(1,113,274)	(1,084,735)
Reinsurance contract held			
Liability for remaining coverage	146,470	(65,494)	80,976
Liability for incurred claims	398,027	(7,214)	390,813
Total reinsurance contract assets/(liabilities)	544,497	(72,708)	471,789
Net insurance/reinsurance contract assets/(liabilities)	573,036	(1,185,982)	

11 OTHER ASSETS

	Note	Group 2024 RM'000	Group 2023 RM'000	Bank 2024 RM'000	Bank 2023 RM'000
Other receivables	(a)	**611,727**	301,677	**314,982**	202,004
Cash collateral in relation to derivative transactions		**620,965**	784,159	**620,965**	784,159
Deposits		**39,123**	41,024	**30,727**	31,076
Prepayments		**396,373**	336,674	**332,290**	273,718
Foreclosed properties	(b)	**141,494**	158,203	**141,494**	158,203
Amount receivable for release of units from funds		**126,802**	18,354	**–**	–
Amount due from subsidiaries	(c)	**–**	–	**1,070,407**	1,665,771
		1,936,484	1,640,091	**2,510,865**	3,114,931

(a) Included in other receivables of the Group is fee and premium receivable, which is stated net of allowance for credit losses/impairment losses under simplified approach of RM15,762,000 (2023: RM16,946,000).

Movement in allowance for credit losses

	Group 2024 RM'000	Group 2023 RM'000
Balance as at the beginning of the financial year	**16,946**	16,957
Allowance (written back)/made during the financial year	**(1,126)**	293
Written off	**–**	(125)
Disposal of subsidiaries	**(28)**	–
Dissolution of joint venture	**–**	(235)
Exchange differences	**(30)**	56
Balance as at the end of the financial year	**15,762**	16,946

(b) This is stated net of allowance for impairment losses of RM21,348,000 (2023: RM7,497,000).

(c) Included in amount due from subsidiaries is an amount of RM1,180.6 million (2023: RM1,180.6 million) relating to part of the COVID-19 Government relief measures that has been channeled from BNM through the Bank for the purposes of lending/financing to SMEs as disclosed in Note 22.

Other than as mentioned above, the remaining amount due from subsidiaries are unsecured, interest free and receivable within the normal credit period.

12 DERIVATIVE ASSETS/(LIABILITIES)

Derivative financial instruments are financial instruments whose values change in response to changes in prices or rates (such as foreign exchange rates, interest rates and security prices) of the underlying instruments. These instruments are used by the Group and the Bank for economic hedges and for proprietary trading purposes. The default classification for derivative financial instruments is trading, unless designated in a hedge relationship and are in compliance with the stringent requirements of hedge accounting mentioned in the Group and Bank's accounting policies.

Notes to the Financial Statements
For The Financial Year Ended 31 December 2024

12 DERIVATIVE ASSETS/(LIABILITIES) (CONTINUED)

The table below shows the Group and the Bank's derivative financial instruments as at the date of statements of financial position. The contractual or underlying principal amounts of these derivative financial instruments and their corresponding gross positive (derivative assets) and gross negative (derivative liabilities) fair values at the date of statements of financial position are analysed below:

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Derivative assets:				
– Trading derivatives	**2,645,195**	1,518,109	**2,784,932**	1,616,227
– Fair value hedging derivatives	**103,228**	157,614	**47,375**	83,200
	2,748,423	1,675,723	**2,832,307**	1,699,427
Derivative liabilities:				
– Trading derivatives	**2,281,841**	1,780,780	**2,483,434**	1,794,718
– Fair value hedging derivatives	**3,327**	6,948	**311**	468
	2,285,168	1,787,728	**2,483,745**	1,795,186

	2024			2023		
	Contract or underlying principal amount RM'000	Year-end positive fair value RM'000	Year-end negative fair value RM'000	Contract or underlying principal amount RM'000	Year-end positive fair value RM'000	Year-end negative fair value RM'000
Group						
Trading derivatives:						
Foreign exchange related contracts						
– Forwards/swaps	**94,812,254**	**1,251,757**	**1,151,443**	55,952,200	294,473	631,193
– Options	**159,980**	**11,921**	**39**	167,329	4,683	150
– Cross-currency interest rate swaps	**9,542,228**	**214,496**	**171,097**	9,487,307	214,501	342,372
	104,514,462	**1,478,174**	**1,322,579**	65,606,836	513,657	973,715
Interest rate related contracts						
– Swaps	**217,220,486**	**1,046,356**	**795,693**	98,883,695	902,400	648,042
Commodity related contracts						
– Options	**1,250,776**	**52,191**	**52,191**	1,014,067	51,110	51,110
Equity related contracts						
– Options	**1,142,309**	**66,128**	**66,826**	794,640	50,540	75,695
– Swaps	**154,049**	**2,346**	**7,285**	–	–	–
	1,296,358	**68,474**	**74,111**	794,640	50,540	75,695
Futures related contracts	**–**	**–**	**–**	43,295	402	129
Structured warrants	**314,901**	**–**	**37,267**	421,732	–	32,089
Fair value hedging derivatives:						
Interest rate related contracts						
– Swaps	**8,390,665**	**103,228**	**3,327**	10,142,725	157,614	6,948
	332,987,648	**2,748,423**	**2,285,168**	176,906,990	1,675,723	1,787,728

12 DERIVATIVE ASSETS/(LIABILITIES) (CONTINUED)

	2024			2023		
	Contract or underlying principal amount RM'000	Year-end positive fair value RM'000	Year-end negative fair value RM'000	Contract or underlying principal amount RM'000	Year-end positive fair value RM'000	Year-end negative fair value RM'000
Bank						
Trading derivatives:						
Foreign exchange related contracts						
– Forwards/swaps	**103,899,300**	**1,296,274**	**1,339,715**	56,689,002	303,231	627,255
– Options	**159,980**	**11,921**	**39**	167,329	4,683	150
– Cross-currency interest rate swaps	**10,875,381**	**253,193**	**171,097**	10,835,087	228,969	342,372
	114,934,661	**1,561,388**	**1,510,851**	67,691,418	536,883	969,777
Interest rate related contracts						
– Swaps	**229,845,486**	**1,105,225**	**854,636**	108,423,695	983,294	728,936
Commodity related contracts						
– Options	**1,251,303**	**52,191**	**52,191**	1,016,923	51,110	51,110
Equity related contracts						
– Options	**1,142,309**	**66,128**	**65,756**	794,840	44,940	44,895
Fair value hedging derivatives:						
Interest rate related contracts						
– Swaps	**3,460,665**	**47,375**	**311**	6,142,725	83,200	468
	350,634,424	**2,832,307**	**2,483,745**	184,069,601	1,699,427	1,795,186

(i) Fair value hedges

Fair value hedges are used by the Group and the Bank for protection against the changes in fair value of financial assets and financial liabilities due to movements in market interest rates. The Group and the Bank use interest rate swaps to hedge against interest rate risk of specific identified fixed rate long term, portfolio homogenous pools of loans, advances and financing, financial assets measured at FVOCI, financial investments measured at amortised cost ('AC'), recourse obligation on loans sold to Cagamas, senior debt securities and subordinated obligations.

The Group and the Bank's hedge accounting policy only allows for effective hedge relationship to be established. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessment to ensure that an economic relationship exists between the hedged item and hedging instrument. The Group and the Bank determine whether an economic relationship exists between hedged item and the hedging instrument by considering qualitative characteristics of these items and wherever necessary, supported by quantitative analysis. Under qualitative assessment, the Group and Bank will perform assessment by comparing the changes in the fair value of the hedge to changes in the fair value of the hypothetical derivative.

Only the interest rate risk element is hedged and therefore other risks, such as credit risk, are managed but not hedged by the Group and the Bank. The interest rate risk component is determined as the changes in fair value of long term fixed rate financial investment (e.g. bonds, loans, advances and financing) arising from changes in benchmarks rates such as 3-month Kuala Lumpur Interbank Offered Rate ('KLIBOR'), 3-month USD Secured Overnight Financing Rate ('SOFR'), 6-month USD SOFR and 6-month SGD Singapore Overnight Rate Average. Such changes are usually the largest component of the overall change in fair value. This strategy is designated as a fair value hedge and its effectiveness is assessed with reference to the effectiveness requirements as set out in MFRS 9, which include demonstrating economic relationship, assessing the effect of credit risk and calculating hedge ratio.

The Group and the Bank establish the hedge ratio by aligning the principal amount of the hedged instrument to the extent of its hedged item.

Notes to the Financial Statements
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12 DERIVATIVE ASSETS/(LIABILITIES) (CONTINUED)

(i) Fair value hedges (continued)

The Group and the Bank have identified the following possible sources of ineffectiveness:

i. Counterparty credit risk which impacts the fair value of the interest rate swaps but not the hedged items; and

ii. Mismatches in terms of the hedged items and hedging instruments such as voluntary discontinuance, maturity date and disposal of hedged item.

The following table sets out the maturity profile and average price of the hedging instruments used in fair value hedges:

	2024		2023	
	Nominal amount RM'000	Average fixed interest rate %	Nominal amount RM'000	Average fixed interest rate %
Interest rate swaps				
Group				
Up to three months	**10,000**	**3.10**	130,000	3.71
Three to twelve months	**1,081,783**	**2.83**	2,067,206	3.45
One to five years	**7,298,882**	**3.16**	7,945,519	2.98
Total	**8,390,665**		10,142,725	
Bank				
Up to three months	**10,000**	**3.10**	130,000	3.71
Three to twelve months	**426,783**	**2.89**	1,567,206	3.30
One to five years	**3,023,882**	**3.22**	4,445,519	3.07
Total	**3,460,665**		6,142,725	

The amounts relating to items designated as hedging instruments are as follows:

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Interest rate swaps				
Nominal amount	**8,390,665**	10,142,725	**3,460,665**	6,142,725
of which:				
Nominal amount directly impacted by IBOR reform	**834,665**	–	**834,665**	–
Fair value assets	**103,228**	157,614	**47,375**	83,200
Fair value liabilities	**3,327**	6,948	**311**	468
Hedge effectiveness recognised in income statements	**(48,965)**	(75,022)	**(31,055)**	(34,453)

12 DERIVATIVE ASSETS/(LIABILITIES) (CONTINUED)

(i) Fair value hedges (continued)

The amounts relating to items designated as hedged items are as follows:

	2024			2023		
	Carrying value RM'000	Fair value hedge adjustments* RM'000	Hedge effectiveness recognised in income statements RM'000	Carrying value RM'000	Fair value hedge adjustments* RM'000	Hedge effectiveness recognised in income statements RM'000
Group						
Loans, advances and financing	**3,266,986**	**(50,318)**	**20,089**	3,796,444	(70,407)	41,149
Financial assets at FVOCI	**1,853,724**	**(12,299)**	**28,191**	4,275,360	(46,245)	45,262
Financial investments at AC	**718,753**	**(2,458)**	**818**	721,120	(3,276)	(3,276)
Recourse obligation on loans sold to Cagamas	**600,000**	**697**	**(697)**	–	–	–
Senior debt securities	**1,517,392**	**9,977**	**95**	1,517,550	10,072	(10,072)
Subordinated obligations	**502,337**	**2,813**	**(2,813)**	–	–	–
			45,683			73,063
Bank						
Loans, advances and financing	**958,937**	**(8,544)**	**4,539**	986,835	(13,083)	6,626
Financial assets at FVOCI	**1,012,117**	**(10,224)**	**22,359**	3,768,194	(37,870)	37,102
Senior debt securities	**1,517,392**	**9,977**	**95**	1,517,550	10,072	(10,072)
			26,993			33,656

* *All hedging instruments are included in derivative assets and liabilities line item in the statements of financial position.*

Notes to the Financial Statements
For The Financial Year Ended 31 December 2024

13 STATUTORY DEPOSITS

	Note	Group		Bank	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Statutory deposits with BNM	(a)	**3,307,829**	3,221,310	**1,665,029**	1,641,110
Statutory deposits with Monetary Authority of Singapore	(b)	**197,016**	278,432	**197,016**	278,432
Statutory deposits with Ministry of Finance Negara Brunei Darussalam	(c)	**27,217**	28,245	**27,217**	28,245
Statutory deposits and reserve deposits with National Bank of Cambodia ('NBC')	(d)	**296,551**	381,511	**–**	–
Statutory deposits with National Bank of Lao ('BOL')	(e)	**1,210**	2,312	**–**	–
		3,829,823	3,911,810	**1,889,262**	1,947,787

(a) Non-interest bearing statutory deposits maintained with BNM in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act 2009. The amount is determined at a set percentage of total eligible liabilities.

(b) Non-interest bearing statutory deposits maintained with the Monetary Authority of Singapore in compliance with Banking Act (Cap.19) and Singapore Finance Companies Act (Cap.108).

(c) Non-interest bearing statutory deposits maintained with the Ministry of Finance, Negara Brunei Darussalam in compliance with Section 45 of the Brunei Darussalam Banking Order 2006.

(d) Included in statutory deposits with NBC are:

(i) Interest bearing statutory deposits of RM33.5 million (2023: RM34.5 million) maintained with NBC in compliance with NBC's Prakas No. B7-01-136 dated 15 October 2001 as capital guarantee. This deposit bears interest at 1.30% (2023: 1.26%) per annum, and is not available for use in day-to-day operations but it is refundable when RHB Bank (Cambodia) Plc voluntarily ceases to operate its banking business in Cambodia.

(ii) Non-interest bearing deposits of RM258.6 million (2023: RM342.5 million) maintained with NBC in accordance with NBC's Prakas No. B7-023-2621 dated 23 November 2023 as reserve, computed at 7% and 7% (2023: 7% and 7%) of customer deposits in Cambodian Riel ('KHR') and in foreign currencies, respectively.

(iii) Non-interest bearing statutory deposits of RM4.4 million (2023: RM4.5 million) maintained with NBC as capital guarantee deposits in compliance with Securities and Exchange Commission of Cambodia ('SECC')'s Prakas No. 009 on the Licensing of Securities Firms and Securities Representatives for operating as a securities underwriter in Cambodia.

(e) Non-interest bearing statutory deposits maintained with BOL computed at 8% and 11% (2023: 8% and 10%) of customer deposits in Lao Kip ('LAK') and in foreign currencies, respectively.

The statutory deposits amount and reserve requirements mentioned above are determined by the respective authorities.

14 DEFERRED TAX ASSETS/(LIABILITIES)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred taxes relate to the same authority. The following amounts determined after appropriate set off, are shown in the statements of financial position:

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Deferred tax assets	**355,402**	344,872	**253,475**	249,249
Deferred tax liabilities	**(26,748)**	(30,196)	**–**	–
	328,654	314,676	**253,475**	249,249
Deferred tax assets:				
– Settled more than twelve months	**303,143**	280,721	**256,397**	245,747
– Settled within twelve months	**205,479**	188,395	**155,121**	138,338
Deferred tax liabilities:				
– Settled more than twelve months	**(121,733)**	(92,951)	**(107,684)**	(86,552)
– Settled within twelve months	**(58,235)**	(61,489)	**(50,359)**	(48,284)
	328,654	314,676	**253,475**	249,249

Notes to the Financial Statements

For The Financial Year Ended 31 December 2024

14 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

The movements in deferred tax assets and liabilities during the financial year comprise the following:

	Note	Property, plant and equipment, intangible assets and right-of-use assets RM'000	Financial assets at FVOCI RM'000	Tax losses RM'000	Provisions RM'000	Expected credit losses RM'000	Total RM'000
Group							
2024							
Balance as at the beginning of the financial year		**(155,192)**	**164,202**	**19,085**	**142,306**	**144,275**	**314,676**
Transfer from/(to) income statements	44	**(2,638)**	**(384)**	**10,527**	**9,993**	**7,493**	**24,991**
Transfer to equity		**–**	**(10,849)**	**–**	**(176)**	**–**	**(11,025)**
Disposal of subsidiaries		**(14)**	**70**	**4,306**	**(4,362)**	**–**	**–**
Exchange differences		**260**	**–**	**(465)**	**(499)**	**716**	**12**
Balance as at the end of the financial year		**(157,584)**	**153,039**	**33,453**	**147,262**	**152,484**	**328,654**
2023							
Balance as at the beginning of the financial year		(134,340)	372,783	604	163,250	214,843	617,140
Transfer (to)/from income statements	44	(20,438)	(5,465)	17,741	(15,499)	(68,944)	(92,605)
Transfer to equity		–	(203,118)	–	(239)	–	(203,357)
Exchange differences		(414)	2	740	(5,206)	(1,624)	(6,502)
Balance as at the end of the financial year		(155,192)	164,202	19,085	142,306	144,275	314,676

14 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

The movements in deferred tax assets and liabilities during the financial year comprise the following (continued):

	Note	Property, plant and equipment, intangible assets and right-of-use assets RM'000	Financial assets at FVOCI RM'000	Provisions RM'000	Expected credit losses RM'000	Total RM'000
Bank						
2024						
Balance as at the beginning of the financial year		**(134,836)**	**147,755**	**96,446**	**139,884**	**249,249**
Transfer from/(to) income statements	44	**(3,571)**	**–**	**16,081**	**2,414**	**14,924**
Transfer to equity		**–**	**(10,676)**	**–**	**–**	**(10,676)**
Exchange differences		**–**	**–**	**(22)**	**–**	**(22)**
Balance as at the end of the financial year		**(138,407)**	**137,079**	**112,505**	**142,298**	**253,475**
2023						
Balance as at the beginning of the financial year		(122,459)	325,189	123,171	146,858	472,759
Transfer (to)/from income statements	44	(12,377)	–	(20,558)	(6,974)	(39,909)
Transfer to equity		–	(177,434)	–	–	(177,434)
Exchange differences		–	–	(6,167)	–	(6,167)
Balance as at the end of the financial year		(134,836)	147,755	96,446	139,884	249,249

Deferred tax assets have not been recognised on the following amounts as it is not probable that the relevant subsidiaries will generate sufficient future taxable profits available against which the deductible temporary differences can be utilised:

	Group	
	2024 RM'000	2023 RM'000
Unabsorbed tax losses carried forward	**737,699**	803,925
Unabsorbed capital allowances carried forward	**58,775**	59,454
	796,474	863,379

For Malaysia, the deductible temporary differences have an expiry date of 10 years (previously 7 years subsequent to the changes in the Finance Act 2021 gazetted on 31 December 2021) which is in line with Section 44(5F) of the Income Tax Act 1967 that comes into operation from year of assessment 2019 and subsequent years of assessment. For overseas, the deductible temporary differences have no expiry date, except for Thailand, Indonesia and Lao which can only be carried forward to deduct against future profits for a period of 5 years.

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For The Financial Year Ended 31 December 2024

15 INVESTMENTS IN SUBSIDIARIES

	Bank	
	2024 RM'000	2023 RM'000
Unquoted shares, at cost:		
– In Malaysia	**4,275,700**	4,155,835
– Outside Malaysia	**563,448**	566,709
	4,839,148	4,722,544
Capital contribution to subsidiaries	**10,114**	5,012
	4,849,262	4,727,556
Accumulated impairment losses	**(151,244)**	(53,244)
	4,698,018	4,674,312

The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Share capital (in RM unless otherwise stated)	Effective equity interest held by the Group 2024 %	Effective equity interest held by the Group 2023 %	Effective equity interest held by NCI 2024 %	Effective equity interest held by NCI 2023 %	Principal activities
RHB Islamic Bank Berhad	Malaysia	1,673,424,002	**100**	100	**–**	–	Islamic banking
RHB Bank (L) Ltd[1]	Malaysia	USD79,000,000	**100**	100	**–**	–	Labuan banking business
RHB Bank (Cambodia) Plc ('RHB Bank Cambodia')[2]	Cambodia	USD75,000,000	**100**	100	**–**	–	Commercial banking
RHB Bank Lao Sole Co., Ltd[2]	Lao PDR	LAK500,000,062,500	**100**	100	**–**	–	Commercial banking
RHB Capital Nominees (Tempatan) Sdn Bhd	Malaysia	10,000	**100**	100	**–**	–	Nominee services for Malaysian beneficial shareholders
RHB Capital Nominees (Asing) Sdn Bhd	Malaysia	10,000	**100**	100	**–**	–	Nominee services for foreign beneficial shareholders
Banfora Pte Ltd[2]	Singapore	SGD25,000,000	**100**	100	**–**	–	Other investment holding companies
RHB Bank Nominees Pte Ltd[2]	Singapore	SGD100,000	**100**	100	**–**	–	Trustee, fiduciary and custody services firm
RHB Capital Properties Sdn Bhd	Malaysia	7,300,000	**100**	100	**–**	–	Property investment

15 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation	Share capital (in RM unless otherwise stated)	Effective equity interest held by the Group		Effective equity interest held by NCI		Principal activities
			2024 %	2023 %	2024 %	2023 %	
RHB Investment Bank Berhad ('RHB Investment Bank')	Malaysia	1,220,000,000	**100**	100	**–**	–	Merchant banking business, dealing in securities, stock, debt and derivatives, stockbroking business and the business of brokers and dealers in futures and options contracts
RHB Merchant Nominees (Tempatan) Sdn Bhd	Malaysia	10,000	**100**	100	**–**	–	To act as nominee services for Malaysian beneficial shareholders
RHB Merchant Nominees (Asing) Sdn Bhd	Malaysia	10,000	**100**	100	**–**	–	Provision of nominee services for foreign beneficial shareholders
RHB Nominees Sdn Bhd	Malaysia	25,000	**100**	100	**–**	–	Nominee and custodian services
RHB Nominees (Asing) Sdn Bhd	Malaysia	25,000	**100**	100	**–**	–	Nominee and custodian services for foreign beneficial shareholders
RHB Nominees (Tempatan) Sdn Bhd	Malaysia	25,000	**100**	100	**–**	–	Nominee and custodian services for Malaysian beneficial shareholders
RHB Asset Management Sdn Bhd ('RHBAM')	Malaysia	10,000,000	**100**	100	**–**	–	Rendering of investment management services, management of unit trust funds and private retirement schemes and provision of investment advisory services
RHB Islamic International Asset Management Berhad	Malaysia	13,000,000	**100**	100	**–**	–	Rendering of Islamic fund management services and management of Islamic unit trust funds and Islamic wholesale funds
RHB Dana Hazeem Fund[3^]	Malaysia	-	**-**	53.58	**–**	46.42	Investment in Shariah-compliant equity
RHB Smart Income Fund[3^]	Malaysia	-	**-**	57.55	**–**	42.45	Investment in fixed income securities and with the remaining investment in equity

Notes to the Financial Statements

For The Financial Year Ended 31 December 2024

15 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation	Share capital (in RM unless otherwise stated)	Effective equity interest held by the Group 2024 %	Effective equity interest held by the Group 2023 %	Effective equity interest held by NCI 2024 %	Effective equity interest held by NCI 2023 %	Principal activities
RHB Smart Balanced Fund[3^]	Malaysia	-	-	53.25	-	46.75	Investment in a combination of equity and fixed income securities
RHB Private Equity Holdings Sdn Bhd ('RHBPE')[4]	Malaysia	200,000,002	**100**	100	**–**	–	Investment holding
RHB Private Equity Management Ltd	Malaysia	USD1	**100**	100	**–**	–	Private equity investment holding company
RHB Private Equity Fund Ltd[5]	Cayman Islands	USD120,329	**100**	100	**–**	–	Private equity investment company
RHB International Investments Pte Ltd[2]	Singapore	SGD12,000,000	**100**	100	**–**	–	Investment holding
RHB Asset Management Pte Ltd[2]	Singapore	SGD12,100,000	**100**	100	**–**	–	Fund management
RHB Hong Kong Limited[6,7]	Hong Kong	HKD450,000,000	**100**	100	**–**	–	Investment holding
RHB Securities Hong Kong Limited[6,7]	Hong Kong	HKD340,000,000	**100**	100	**–**	–	Securities dealing and provision of securities margin financing and advising on securities
PT RHB Sekuritas Indonesia[2]	Indonesia	IDR204,082 million	**99**	99	**1**	1	Securities brokerage and underwriting
RHB Securities (Thailand) Public Company Limited[8]	Thailand	THB819,171,600	**–**	99.95	**–**	0.05	Disposed
RHB Trustees Berhad	Malaysia	6,000,000	**100**	100	**–**	–	Professional retail trustee services (will writing, estate planning and private trust) and corporate trustee services (collective investment schemes)
Malaysian Trustees Berhad	Malaysia	550,000	**100**	100	**–**	–	Engage in the business of trustee agents, executors and administrators pursuant to the Trust Companies Act 1949
RHB Securities (Cambodia) Plc.[2]	Cambodia	USD12,500,000	**100**	100	**–**	–	Securities underwriting, brokerage and investment advisory service

15 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation	Share capital (in RM unless otherwise stated)	Effective equity interest held by the Group 2024 %	Effective equity interest held by the Group 2023 %	Effective equity interest held by NCI 2024 %	Effective equity interest held by NCI 2023 %	Principal activities
RHB Securities Vietnam Company Limited[9]	Vietnam	VND135 billion	**–**	100	**–**	–	Disposed
RHB Insurance Berhad ('RHB Insurance')	Malaysia	100,000,000	**94.7**	94.7	**5.3**	5.3	Underwriting of all classes of general insurance business
RHB SRI Income Fund Plus 2 (formerly known as RHB Income Plus Fund 2)^	Malaysia	–	**87.42**	87.42	**12.58**	12.58	Wholesale unit trust fund
AmIncome Value^	Malaysia	–	**100**	100	**–**	–	Wholesale unit trust fund
RHB Property Management Sdn Bhd	Malaysia	500,000	**100**	100	**–**	–	Property management
RHB Capital (Jersey) Limited	Jersey, Channel Islands	GBP4,012	**100**	100	**–**	–	Investment holding
RHB Kawal Sdn Bhd	Malaysia	3,700,000	**100**	100	**–**	–	Providing physical security and security consultancy services
RHB Foundation*	Malaysia	–	**–**	–	**–**	–	Charitable foundation
RHB Bank's dormant subsidiaries							
UMBC Sdn Bhd	Malaysia	1,482,499,818	**100**	100	**–**	–	Investment holding and the company has since been dormant
RHB Delta Sdn Bhd[10]	Malaysia	345,000,000	**100**	100	**–**	–	Dormant
RHB (Philippines) Inc.[11]	Philippines	PHP180,000,000	**100**	100	**–**	–	Primarily deal in the acquisition and disposition of real and personal property of every kind and description, except land and the company has since ceased operations
RHB Equities Sdn Bhd[12]	Malaysia	20,010,000	**–**	100	–	–	Dissolved
RHB Corporate Services Sdn Bhd[13]	Malaysia	150,000	**100**	100	–	–	Dormant
RHB Finexasia.Com Sdn Bhd	Malaysia	11,361,111	**100**	100	–	–	Dormant

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For The Financial Year Ended 31 December 2024

15 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation	Share capital (in RM unless otherwise stated)	Effective equity interest held by the Group 2024 %	Effective equity interest held by the Group 2023 %	Effective equity interest held by NCI 2024 %	Effective equity interest held by NCI 2023 %	Principal activities
RHB Bank's dormant subsidiaries (continued)							
RHB Stock 188.Com Sdn Bhd	Malaysia	480,000	**100**	100	-	-	Dormant
RHB Investment Ltd[14]	Singapore	SGD19,000,000	**–**	100	–	–	Dissolved
Utama Assets Sdn Bhd[15]	Malaysia	300,000	**100**	100	–	–	Dormant
RHB Leasing Sdn Bhd	Malaysia	10,000,000	**100**	100	–	–	Leasing of industrial construction, business equipment and motor vehicles
RHB Investment Bank's dormant subsidiaries							
RHB Excel Sdn Bhd[16]	Malaysia	200,000,000	**100**	100	**–**	–	Dormant
RHB Progressive Sdn Bhd[16]	Malaysia	13,500,000	**100**	100	**–**	–	Dormant
RHB Marketing Services Sdn Bhd[10]	Malaysia	100,000	**100**	100	**–**	–	Dormant
RHB Futures and Options Sdn Bhd	Malaysia	10,000,000	**100**	100	**–**	–	Dormant
RHB Research Institute Sdn Bhd[17]	Malaysia	500,000	**100**	100	**–**	–	Dormant
RHB Research Sdn Bhd[18]	Malaysia	500,000	**100**	100	**–**	–	Dormant
RHB International Asset Management Sdn Bhd[19]	Malaysia	7,000,000	**100**	100	**–**	–	Activities of holding companies and the company has since been dormant
RHB Islamic Asset Management Sdn Bhd[19]	Malaysia	4,000,000	**100**	100	**–**	–	Investment advisory services and the company has since been dormant
RHBIM Berhad[19]	Malaysia	10,000,000	**100**	100	**–**	–	Management of unit trust funds and the investment management of discretionary and non–discretionary mandates and the company has since been dormant
TCL Nominees (Tempatan) Sdn Bhd[18]	Malaysia	644,000	**100**	100	**–**	–	Dormant

15 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation	Share capital (in RM unless otherwise stated)	Effective equity interest held by the Group 2024 %	Effective equity interest held by the Group 2023 %	Effective equity interest held by NCI 2024 %	Effective equity interest held by NCI 2023 %	Principal activities
RHB Investment Bank's dormant subsidiaries (continued)							
TCL Nominees (Asing) Sdn Bhd[18]	Malaysia	4,000	**100**	100	**–**	–	Dormant
KE–ZAN Nominees (Tempatan) Sdn Bhd[18]	Malaysia	650,000	**100**	100	**–**	–	Dormant

Notes:

1 The Bank has on 20 February 2024 injected additional capital of USD25 million (equivalent to RM120 million) into the company.
2 Subsidiaries audited by a member firm of PricewaterhouseCoopers which is a separate and independent legal entity from PricewaterhouseCoopers PLT, Malaysia.
3 RHBAM a wholly-owned subsidiary of RHB Investment Bank, has reduced significant influence in the Funds in 2024, and these Funds are now being accounted as associates of the Group as disclosed in Note 16.
4 RHB Investment Bank had on 2 September 2024 subscribed for 10 million redeemable preference shares of RM2.00 each in RHBPE amounting to RM20,000,000 for additional working capital purpose.
5 Subsidiary not audited pursuant to Companies Act 2013 in Cayman Islands.
6 Subsidiaries audited by a firm other than member firms of PricewaterhouseCoopers.
7 The company has commenced the application for member's voluntary winding up pursuant to The Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong on 31 December 2022.
8 The company was disposed during the current financial year as disclosed in Note 58(2).
9 The company was disposed during the current financial year as disclosed in Note 58(1).
10 The company has commenced member's voluntary winding up on 16 February 2011.
11 The company, a wholly-owned subsidiary of RHB Capital (Jersey) Limited, has ceased operations effective from the close of business on 10 December 2001. On 25 June 2020, the company has commenced the application for the amendment of the Articles of Incorporation with the Philippines Securities and Exchange Commission ('SEC') pursuant to the Corporation Code of the Philippines.
12 The company has been dissolved on 8 August 2024 pursuant to Section 459(5) of the Companies Act 2016.
13 The company has commenced member's voluntary winding up on 15 September 2023.
14 The company has been dissolved on 13 July 2024 pursuant to Section 180(6) of the Insolvency, Restructuring and Dissolution Act 2018.
15 The company has commenced member's voluntary winding up on 16 August 2024.
16 The company has commenced member's voluntary winding up on 28 March 2012.
17 The company has commenced member's voluntary winding up on 30 September 2020.
18 The company has commenced member's voluntary winding up on 30 June 2017.
19 The company has commenced member's voluntary winding up on 27 December 2021.
^ The funds are subsidiaries consolidated in the Group as the Group controls the funds in accordance with MFRS 10 'Consolidated Financial Statements'.
** Consolidated in the Group as the substance of the relationship between the entity and the Bank indicates that the entity is controlled by the Bank.*

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For The Financial Year Ended 31 December 2024

16 INVESTMENTS IN ASSOCIATES

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Balance as at the beginning of the financial year	**56,036**	25	**74,000**	–
Additional investments	**46,545**	82,271	**36,800**	74,000
Disposals	**(868)**	–	**–**	–
Accretion of interest to subsidiary	**(986)**	–	**–**	–
Share of results for the financial year	**(26,192)**	(26,260)	**–**	–
Balance as at the end of the financial year	**74,535**	56,036	**110,800**	74,000

The details of the associates are as follows:

Name of company	Country of incorporation	Share capital (in RM unless otherwise stated)	Effective equity interest 2024 %	Effective equity interest 2023 %	Principal activities
Boost Bank Berhad[1] ('Boost Bank')	Malaysia	277,000,000	**40.00**	40.00	Digital banking
Prostar Capital (Asia-Pacific) Ltd.[2] ('Prostar')	Cayman Islands	USD60	**33.33**	33.33	Investment holding with subsidiaries involved in the investment advisory and management of private equity funds
Satin Straits Sdn Bhd[3] ('Satin Straits')	Malaysia	5,000,000	**–**	–	Investment holding
RHB Growth and Income Focus Trust ('GIFT')	Malaysia	–	**46.21**	42.44	Investment in a combination of long-term growth of capital and current income
RHB Goldenlife 2030[4] ('RGL3')	Malaysia	–	**–**	47.62	Investment in equities and fixed income securities in Malaysia with the fund maturing in 2030
RHB Energy Fund[5] ('ENERGY')	Malaysia	–	**24.42**	–	Investment in long term capital appreciation that is linked to the global energy sector
RHB Dana Hazeem Fund[6] ('DANA')	Malaysia	–	**44.61**	–	Investment in Shariah-compliant equity

16 INVESTMENTS IN ASSOCIATES (CONTINUED)

The details of the associates are as follows (continued):

Name of company	Country of incorporation	Share capital (in RM unless otherwise stated)	Effective equity interest 2024 %	Effective equity interest 2023 %	Principal activities
RHB Smart Income Fund[6] ('SIF')	Malaysia	–	**24.42**	–	Investment in fixed income securities and with the remaining investment in equity
RHB Smart Balanced Fund[6] ('SBF')	Malaysia	–	**42.54**	–	Investment in a combination of equity and fixed income securities

Notes:

[1] *During the financial year, the Bank had subscribed for 36.8 million additional ordinary shares in Boost Bank in cash to maintain its 40% equity interest in Boost Bank.*

[2] *Held through RHB Private Equity Management Ltd, a wholly-owned subsidiary of RHBPE, which in turn is a wholly-owned subsidiary of RHB Investment Bank.*

[3] *Held through RHBPE, a wholly-owned subsidiary of RHB Investment Bank. The effective equity interest in Satin Straits is Nil as RHBPE has only subscribed for RM45 million Redeemable Convertible Preference Shares. RHBPE will only share the profits of the company and is entitled for full principal repayment upon maturity and with upside potential upon the trade sales or listing of the company. The Group has accounted for this as an associate as the Group is deemed to have significant influence in accordance with MFRS 128 'Investment in Associates and Joint Ventures'.*

[4] *In February 2024, RHBAM has gained effective control in RGL3 with effective equity interest of 52.80% and the Group has consolidated RGL3 as an indirect subsidiary. As at the end of 2024, RHBAM has reduced its effective equity interest to 0.48% and RGL3 ceased to be an indirect subsidiary of the Group.*

[5] *RHBAM has gained significant influence in ENERGY and the Group has consolidated this Fund as an indirect associate.*

[6] *During the financial year, RHBAM has reduced effective equity interest in Dana, SIF and SBF. These Funds ceased to be indirect subsidiaries of the Group as disclosed in Note 15 and are now deemed as indirect associates of the Group.*

There are no capital commitments or contingent liabilities relating to the Group's investments in the associates as at 31 December 2024, other than as disclosed in Note 48(c)(ii).

Notes to the Financial Statements
For The Financial Year Ended 31 December 2024

16 INVESTMENTS IN ASSOCIATES (CONTINUED)

Summarised financial information of the associates which are accounted for using the equity method is as follows:

(i) Summarised statements of financial position

	Boost Bank RM'000	Prostar RM'000	Satin Straits RM'000	GIFT RM'000	RGL3 RM'000	ENERGY RM'000	DANA RM'000	SIF RM'000	SBF RM'000	Total RM'000
2024										
Assets										
Cash and cash equivalents	136,718	20	36	422	–	140	39	6,569	918	144,862
Deposits and placements with banks and other financial institutions	400,374	–	–	–	–	–	–	–	–	400,374
Financial investments at amortised cost	203,027	–	–	–	–	–	–	–	–	203,027
Loans, advances and financing	651	–	–	–	–	–	–	–	–	651
Other assets	54,838	361	32,581	15,949	–	6,080	10,118	4,739	6,032	130,698
Statutory deposits	8,000	–	–	–	–	–	–	–	–	8,000
Tax recoverable	524	–	–	–	–	–	–	–	–	524
Right-of-use assets	788	–	–	–	–	–	–	–	–	788
Property, plant and equipment	1,122	–	–	–	–	–	–	–	–	1,122
Intangible assets	33,412	–	–	–	–	–	–	–	–	33,412
Total assets	839,454	381	32,617	16,371	–	6,220	10,157	11,308	6,950	923,458
Liabilities										
Deposits from customers	676,024	–	–	–	–	–	–	–	–	676,024
Other liabilities	19,436	183	154	442	–	20	57	6,156	885	27,333
Lease liabilities	869	–	–	–	–	–	–	–	–	869
Total liabilities	696,329	183	154	442	–	20	57	6,156	885	704,226
Net assets	143,125	198	32,463	15,929	–	6,200	10,100	5,152	6,065	219,232

16 INVESTMENTS IN ASSOCIATES (CONTINUED)

Summarised financial information of the associates which are accounted for using the equity method is as follows (continued):

(i) Summarised statements of financial position (continued):

	Boost Bank RM'000	Prostar RM'000	Satin Straits RM'000	GIFT RM'000	RGL3 RM'000	ENERGY RM'000	DANA RM'000	SIF RM'000	SBF RM'000	Total RM'000
2023										
Assets										
Cash and cash equivalents	85,293	13	36	587	85	–	–	–	–	86,014
Deposits and placements with banks and other financial institutions	35,114	–	–	–	–	–	–	–	–	35,114
Other assets	24,020	259	32,581	17,011	1,648	–	–	–	–	75,519
Right-of-use assets	1,185	–	–	–	–	–	–	–	–	1,185
Property, plant and equipment	557	–	–	–	–	–	–	–	–	557
Intangible assets	21,141	–	–	–	–	–	–	–	–	21,141
Total assets	167,310	272	32,617	17,598	1,733	–	–	–	–	219,530
Liabilities										
Other liabilities	46,445	163	154	42	14	–	–	–	–	46,818
Provision for taxation and zakat	403	–	–	–	–	–	–	–	–	403
Lease liabilities	1,138	–	–	–	–	–	–	–	–	1,138
Total liabilities	47,986	163	154	42	14	–	–	–	–	48,359
Net assets	119,324	109	32,463	17,556	1,719	–	–	–	–	171,171

Notes to the Financial Statements

For The Financial Year Ended 31 December 2024

16 INVESTMENTS IN ASSOCIATES (CONTINUED)

Summarised financial information of the associates which are accounted for using the equity method is as follows (continued):

(ii) Summarised statements of comprehensive income

	Boost Bank RM'000	Prostar RM'000	Satin Straits RM'000	GIFT RM'000	RGL3 RM'000	ENERGY RM'000	DANA RM'000	SIF RM'000	SBF RM'000	Total RM'000
2024										
Interest income	8,597	–	–	621	–	28	34	55	34	9,369
Interest expense	(7,029)	–	–	–	–	–	–	–	–	(7,029)
Net interest income	1,568	–	–	621	–	28	34	55	34	2,340
Other operating income/(loss)	(255)	34	–	1,774	–	–	197	–	–	1,750
Net income	1,313	34	–	2,395	–	28	231	55	34	4,090
Other operating expenses	(69,974)	(17)	–	(343)	–	(14)	(18)	(27)	(16)	(70,409)
(Loss)/Profit before taxation	(68,661)	17	–	2,052	–	14	213	28	18	(66,319)
Taxation	462	–	–	(8)	–	–	–	–	–	454
Net (loss)/profit for the financial year	(68,199)	17	–	2,044	–	14	213	28	18	(65,865)
2023										
Interest income	1,923	–	–	–	–	–	–	–	–	1,923
Interest expense	(3)	–	–	–	–	–	–	–	–	(3)
Net interest income	1,920	–	–	–	–	–	–	–	–	1,920
Other operating income/(loss)	(6)	28	–	–	–	–	–	–	–	22
Net income	1,914	28	–	–	–	–	–	–	–	1,942
Other operating expenses	(67,128)	–	–	–	–	–	–	–	–	(67,128)
(Loss)/Profit before taxation	(65,214)	28	–	–	–	–	–	–	–	(65,186)
Taxation	(462)	–	–	–	–	–	–	–	–	(462)
Net (loss)/profit for the financial year	(65,676)	28	–	–	–	–	–	–	–	(65,648)

16 INVESTMENTS IN ASSOCIATES (CONTINUED)

Summarised financial information of the associates which are accounted for using the equity method is as follows (continued):

(iii) Reconciliation of summarised financial information presented to the carrying amount of its interest in associates

	Boost Bank RM'000	Prostar RM'000	Satin Straits RM'000	GIFT RM'000	RGL3 RM'000	ENERGY RM'000	DANA RM'000	SIF RM'000	SBF RM'000	Total RM'000
2024										
Balance as at the beginning of the financial year	**119,324**	**109**	**32,463**	**17,556**	**1,719**	**–**	**–**	**–**	**–**	**171,171**
Capital injection/acquisition	**92,000**	**–**	**–**	**–**	**–**	**6,186**	**9,887**	**5,124**	**6,047**	**119,244**
Disposal during the financial year	**–**	**–**	**–**	**(3,671)**	**(1,719)**	**–**	**–**	**–**	**–**	**(5,390)**
Net (loss)/profit for the financial year	**(68,199)**	**17**	**–**	**2,044**	**–**	**14**	**213**	**28**	**18**	**(65,865)**
Translation reserves	**–**	**72**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**72**
Balance as at the end of the financial year	**143,125**	**198**	**32,463**	**15,929**	**–**	**6,200**	**10,100**	**5,152**	**6,065**	**219,232**
Equity interest attributable to net assets	**57,250**	**66**	**45,000**	**7,361**	**–**	**1,514**	**4,506**	**1,258**	**2,580**	**119,535**
Accumulated impairment losses	**–**	**–**	**(45,000)**	**–**	**–**	**–**	**–**	**–**	**–**	**(45,000)**
Carrying value	**57,250**	**66**	**–**	**7,361**	**–**	**1,514**	**4,506**	**1,258**	**2,580**	**74,535**
2023										
Balance as at the beginning of the financial year	–	76	32,463	–	–	–	–	–	–	32,539
Capital injection/acquisition	185,000	–	–	17,556	1,719	–	–	–	–	204,275
Net (loss)/profit for the financial year	(65,676)	28	–	–	–	–	–	–	–	(65,648)
Translation reserves	–	5	–	–	–	–	–	–	–	5
Balance as at the end of the financial year	119,324	109	32,463	17,556	1,719	–	–	–	–	171,171
Equity interest attributable to net assets	47,730	36	45,000	7,451	819	–	–	–	–	101,036
Accumulated impairment losses	–	–	(45,000)	–	–	–	–	–	–	(45,000)
Carrying value	47,730	36	–	7,451	819	–	–	–	–	56,036

Notes to the Financial Statements
For The Financial Year Ended 31 December 2024

17 RIGHT-OF-USE ASSETS

	Note	Properties RM'000	Equipment RM'000	Others RM'000	Total RM'000
Group					
2024					
Balance as at the beginning of the financial year		**129,540**	**474**	**12,749**	**142,763**
Depreciation charge for the financial year		**(59,877)**	**(155)**	**(10,087)**	**(70,119)**
Additions		**65,340**	**70**	**9,053**	**74,463**
Disposal of subsidiaries	58	**(1,377)**	**(9)**	**(64)**	**(1,450)**
Modification		**(1,295)**	**(157)**	**(40)**	**(1,492)**
Exchange differences		**(1,851)**	**(11)**	**(246)**	**(2,108)**
Balance as at the end of the financial year		**130,480**	**212**	**11,365**	**142,057**
2023					
Balance as at the beginning of the financial year		132,900	577	18,828	152,305
Depreciation charge for the financial year		(54,880)	(157)	(10,877)	(65,914)
Additions		59,463	28	4,529	64,020
Modification		(5,461)	–	–	(5,461)
Exchange differences		(2,482)	26	269	(2,187)
Balance as at the end of the financial year		129,540	474	12,749	142,763
Bank					
2024					
Balance as at the beginning of the financial year		**75,793**	**110**	**12,486**	**88,389**
Depreciation charge for the financial year	40	**(45,288)**	**(28)**	**(9,832)**	**(55,148)**
Additions		**39,990**	**–**	**8,949**	**48,939**
Modification		**(338)**	**–**	**–**	**(338)**
Exchange differences		**(1,344)**	**(3)**	**(240)**	**(1,587)**
Balance as at the end of the financial year		**68,813**	**79**	**11,363**	**80,255**
2023					
Balance as at the beginning of the financial year		73,511	131	18,730	92,372
Depreciation charge for the financial year	40	(43,669)	(28)	(10,726)	(54,423)
Additions		44,830	–	4,218	49,048
Modification		(1,010)	–	–	(1,010)
Exchange differences		2,131	7	264	2,402
Balance as at the end of the financial year		75,793	110	12,486	88,389

18 PROPERTY, PLANT AND EQUIPMENT

	Note	Land RM'000	Buildings RM'000	Renovations and improvements RM'000	Computer equipment RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Total RM'000
Group								
2024								
Cost								
Balance as at the beginning of the financial year		358,368	492,818	588,240	1,083,596	426,613	20,472	2,970,107
Addition		–	–	21,591	93,269	18,870	764	134,494
Disposals		(563)	(1,970)	(5,325)	(3,969)	(2,644)	(2,211)	(16,682)
Disposal of subsidiaries	58	–	–	(182)	(14,346)	(14,077)	(745)	(29,350)
Written off		–	–	(65,418)	(44,708)	(51,404)	(274)	(161,804)
Reclassification (to)/from intangible assets	20	–	–	(1,197)	1,258	(14,033)	–	(13,972)
Exchange differences		(8,188)	(4,197)	(2,859)	(6,052)	(4,039)	(159)	(25,494)
Balance as at the end of the financial year		349,617	486,651	534,850	1,109,048	359,286	17,847	2,857,299
Accumulated depreciation								
Balance as at the beginning of the financial year		13,069	255,080	439,160	825,862	354,380	15,625	1,903,176
Charge for the financial year		441	10,658	29,524	90,001	18,644	2,031	151,299
Disposals		(19)	(969)	(4,927)	(3,898)	(2,608)	(2,073)	(14,494)
Disposal of subsidiaries	58	–	–	(82)	(11,880)	(13,735)	(745)	(26,442)
Written off		–	–	(65,399)	(44,650)	(51,337)	(274)	(161,660)
Reclassification to intangible assets	20	–	–	–	(28)	–	–	(28)
Exchange differences		(249)	(1,974)	(1,933)	(5,952)	(3,307)	(132)	(13,547)
Balance as at the end of the financial year		13,242	262,795	396,343	849,455	302,037	14,432	1,838,304
Accumulated impairment loss								
Balance as at the beginning of the financial year		–	730	–	–	–	–	730
Charge for the financial year	43	–	–	–	148	–	–	148
Disposal of subsidiaries	58	–	–	–	(148)	–	–	(148)
Exchange differences		–	(12)	–	–	–	–	(12)
Balance as at the end of the financial year		–	718	–	–	–	–	718
Net book value as at the end of the financial year		336,375	223,138	138,507	259,593	57,249	3,415	1,018,277

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18 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Land RM'000	Buildings RM'000	Renovations and improvements RM'000	Computer equipment RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Total RM'000
Group								
2023								
Cost								
Balance as at the beginning of the financial year		350,521	485,835	598,787	1,042,072	433,824	21,506	2,932,545
Additions		–	3,398	20,868	85,457	26,817	1,125	137,665
Disposals		(379)	(411)	–	(1,272)	(17)	(1,733)	(3,812)
Written off		–	–	(32,651)	(52,992)	(37,094)	(910)	(123,647)
Reclassification from/(to) intangible assets	20	–	–	(2,339)	4,437	32	–	2,130
Exchange differences		8,226	3,996	3,575	5,894	3,051	484	25,226
Balance as at the end of the financial year		358,368	492,818	588,240	1,083,596	426,613	20,472	2,970,107
Accumulated depreciation								
Balance as at the beginning of the financial year		12,592	242,813	442,200	788,188	369,312	16,151	1,871,256
Charge for the financial year		445	10,633	27,139	87,115	19,640	1,804	146,776
Disposals		(206)	(224)	–	(1,267)	(17)	(1,733)	(3,447)
Written off		–	–	(32,607)	(52,979)	(37,082)	(910)	(123,578)
Reclassification from intangible assets	20	–	–	–	7	5	–	12
Exchange differences		238	1,858	2,428	4,798	2,522	313	12,157
Balance as at the end of the financial year		13,069	255,080	439,160	825,862	354,380	15,625	1,903,176
Accumulated impairment loss								
Balance as at the beginning of the financial year		–	712	–	–	–	–	712
Exchange differences		–	18	–	–	–	–	18
Balance as at the end of the financial year		–	730	–	–	–	–	730
Net book value as at the end of the financial year		345,299	237,008	149,080	257,734	72,233	4,847	1,066,201

18 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Land RM'000	Buildings RM'000	Renovations and improvements RM'000	Computer equipment RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Total RM'000
Bank								
2024								
Cost								
Balance as at the beginning of the financial year		210,172	444,057	464,715	901,377	287,245	7,576	2,315,142
Additions		–	–	21,077	83,942	12,880	–	117,899
Disposals		(563)	(1,970)	(174)	(9)	(158)	(677)	(3,551)
Written off		–	–	(60,861)	(39,205)	(46,405)	(270)	(146,741)
Reclassification (to)/from intangible assets	20	–	–	(2,015)	101	209	–	(1,705)
Exchange differences		(117)	(1,831)	(2,766)	(4,452)	(540)	(120)	(9,826)
Balance as at the end of the financial year		209,492	440,256	419,976	941,754	253,231	6,509	2,271,218
Accumulated depreciation								
Balance as at the beginning of the financial year		6,418	239,838	335,007	674,875	251,184	5,087	1,512,409
Charge for the financial year	40	224	9,332	24,785	77,890	15,001	743	127,975
Disposals		(19)	(969)	(174)	(9)	(158)	(677)	(2,006)
Written off		–	–	(60,841)	(39,202)	(46,400)	(270)	(146,713)
Reclassification to intangible assets	20	–	–	–	(28)	–	–	(28)
Exchange differences		–	(1,361)	(1,816)	(3,708)	(394)	(84)	(7,363)
Balance as at the end of the financial year		6,623	246,840	296,961	709,818	219,233	4,799	1,484,274
Accumulated impairment loss								
Balance as at the beginning of the financial year		–	304	–	–	–	–	304
Balance as at the end of the financial year		–	304	–	–	–	–	304
Net book value as at the end of the financial year		202,869	193,112	123,015	231,936	33,998	1,710	786,640

Notes to the Financial Statements

For The Financial Year Ended 31 December 2024

18 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Land RM'000	Buildings RM'000	Renovations and improvements RM'000	Computer equipment RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Total RM'000
Bank								
2023								
Cost								
Balance as at the beginning of the financial year		210,055	442,219	474,546	862,471	303,815	6,893	2,299,999
Additions		–	–	16,999	74,231	16,663	661	108,554
Disposals		–	–	–	(4)	(14)	(41)	(59)
Written off		–	–	(27,301)	(43,852)	(33,865)	(61)	(105,079)
Reclassification from/(to) intangible assets	20	–	–	(2,339)	4,442	27	–	2,130
Exchange differences		117	1,838	2,810	4,089	619	124	9,597
Balance as at the end of the financial year		210,172	444,057	464,715	901,377	287,245	7,576	2,315,142
Accumulated depreciation								
Balance as at the beginning of the financial year		6,189	229,178	338,831	641,351	268,298	4,434	1,488,281
Charge for the financial year	40	229	9,340	21,675	73,983	16,229	685	122,141
Disposals		–	–	–	(1)	(14)	(41)	(56)
Written off		–	–	(27,290)	(43,847)	(33,854)	(61)	(105,052)
Reclassification from intangible assets	20	–	–	–	12	–	–	12
Exchange differences		–	1,320	1,791	3,377	525	70	7,083
Balance as at the end of the financial year		6,418	239,838	335,007	674,875	251,184	5,087	1,512,409
Accumulated impairment loss								
Balance as at the beginning of the financial year		–	304	–	–	–	–	304
Balance as at the end of the financial year		–	304	–	–	–	–	304
Net book value as at the end of the financial year		203,754	203,915	129,708	226,502	36,061	2,489	802,429

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Accumulated depreciation and impairment loss				
Balance as at the beginning of the financial year	**1,903,906**	1,871,968	**1,512,713**	1,488,585
Balance as at the end of the financial year	**1,839,022**	1,903,906	**1,484,578**	1,512,713

The above property, plant and equipment includes the following assets under construction:

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cost				
Renovations and improvements	**13,376**	12,835	**13,376**	12,835

As at 31 December 2024, included in the carrying value of land of the Group and the Bank are right-of-use assets relating to leasehold property amounting to RM143,795,000 (2023: RM152,601,000) and RM11,133,000 (2023: RM11,901,000) respectively.

19 GOODWILL

The carrying amounts of goodwill allocated to the Group and the Bank's CGU are as follows:

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
CGU				
Group Community Banking	**488,053**	488,053	**432,659**	432,659
Group Wholesale Banking ('GWB')	**2,044,953**	2,049,768	**1,282,254**	1,282,254
– Group Corporate Banking and Group Investment Banking ('CBIB')	**1,147,547**	1,152,362	**412,634**	412,634
– Group Treasury and Global Markets	**897,406**	897,406	**869,620**	869,620
Commercial Bank Cambodia	**116,301**	116,301	**–**	–
	2,649,307	2,654,122	**1,714,913**	1,714,913

The recoverable amount of a CGU is determined based on value in use ('VIU') and fair value less cost of disposal ('FVLCD'). The VIU calculations use pre-tax cash flow projections based on financial budgets or projections approved by the Directors covering a three-year (2023: three-year) period. Cash flows beyond the three-year period are extrapolated using the estimated terminal growth rates and discounted using pre-tax discount rates which reflect the specific risks relating to the CGU. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates. The FVLCD uses the indicative price to book value ('PBV') from comparable commercial banks, net of cost of disposal.

The cash flow projections are derived based on a number of key factors including the past performance and the management's expectations of the market developments.

The discount rates used are pre-tax and reflect specific risks relating to the relevant CGU.

The estimated terminal growth rates and discount rates used for value in use calculation (except for Commercial Bank Cambodia of which recoverable amount has been determined based on FVLCD) are as follows:

	Discount rate		Terminal growth rate	
	2024 %	2023 %	2024 %	2023 %
CGU				
Group Community Banking	**8.5**	9.7	**5.3**	4.6
GWB				
– Group CBIB	**8.5**	9.7	**5.3**	4.6
– Group Treasury and Global Markets	**8.4**	9.3	**5.3**	4.6

FVLCD is based on comparable indicative PBV from comparable commercial banks and a control premium from selling the equity stakes with adjusted discount for lack of marketability.

Impairment is not required for goodwill arising from all CGU. Management believes that any reasonable possible change to the assumptions applied (growth rates, discount rates, indicative PBV and control premium) is not likely to cause the recoverable amount of all the CGU to be lower than its carrying amount.

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20 INTANGIBLE ASSETS

	Note	Customer relationship RM'000	Trading rights and memberships RM'000	Computer software license RM'000	Total RM'000
Group					
2024					
Cost					
Balance as at the beginning of the financial year		5,659	2,228	2,351,981	2,359,868
Additions		–	–	207,366	207,366
Disposals		–	–	(2,704)	(2,704)
Disposal of subsidiaries	58	–	(2,190)	(9,130)	(11,320)
Written off		–	–	(62,958)	(62,958)
Reclassification from property, plant and equipment	18	–	–	13,972	13,972
Exchange differences		–	(38)	(8,954)	(8,992)
Balance as at the end of the financial year		5,659	–	2,489,573	2,495,232
Accumulated amortisation					
Balance as at the beginning of the financial year		5,659	994	1,540,040	1,546,693
Amortisation for the financial year		–	–	188,666	188,666
Disposals		–	–	(2,704)	(2,704)
Disposal of subsidiaries	58	–	(977)	(6,279)	(7,256)
Written off		–	–	(62,237)	(62,237)
Reclassification from property, plant and equipment	18	–	–	28	28
Exchange differences		–	(17)	(6,225)	(6,242)
Balance as at the end of the financial year		5,659	–	1,651,289	1,656,948
Accumulated impairment loss					
Balance as at the beginning of the financial year		–	–	–	–
Charge for the financial year	43	–	1,212	428	1,640
Disposal of subsidiaries	58	–	(1,212)	(428)	(1,640)
Balance as at the end of the financial year		–	–	–	–
Net book value as at the end of the financial year		–	–	838,284	838,284

20 INTANGIBLE ASSETS (CONTINUED)

	Note	Customer relationship RM'000	Trading rights and memberships RM'000	Computer software license RM'000	Total RM'000
Group					
2023					
Cost					
Balance as at the beginning of the financial year		5,659	2,118	2,159,817	2,167,594
Additions		–	–	230,126	230,126
Disposals		–	–	(3,319)	(3,319)
Written off		–	–	(43,138)	(43,138)
Reclassification to property, plant and equipment	18	–	–	(2,130)	(2,130)
Exchange differences		–	110	10,625	10,735
Balance as at the end of the financial year		5,659	2,228	2,351,981	2,359,868
Accumulated amortisation					
Balance as at the beginning of the financial year		5,659	946	1,400,649	1,407,254
Amortisation for the financial year		–	–	177,902	177,902
Disposals		–	–	(3,319)	(3,319)
Written off		–	–	(42,468)	(42,468)
Reclassification to property, plant and equipment	18	–	–	(12)	(12)
Exchange differences		–	48	7,288	7,336
Balance as at the end of the financial year		5,659	994	1,540,040	1,546,693
Net book value as at the end of the financial year		–	1,234	811,941	813,175

	Note	Computer software license	
		2024 RM'000	2023 RM'000
Bank			
Cost			
Balance as at the beginning of the financial year		**2,030,221**	1,854,270
Additions		**194,449**	212,285
Written off		**(54,194)**	(41,865)
Reclassification from/(to) property, plant and equipment	18	**1,705**	(2,130)
Exchange differences		**(8,199)**	7,661
Balance as at the end of the financial year		**2,163,982**	2,030,221
Accumulated amortisation			
Balance as at the beginning of the financial year		**1,321,713**	1,206,367
Amortisation for the financial year	40	**160,324**	150,920
Written off		**(54,194)**	(41,432)
Reclassification from/(to) property, plant and equipment	18	**28**	(12)
Exchange differences		**(6,247)**	5,870
Balance as at the end of the financial year		**1,421,624**	1,321,713
Net book value as at the end of the financial year		**742,358**	708,508

Notes to the Financial Statements

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21 DEPOSITS FROM CUSTOMERS

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
(a) By type of deposits				
Demand deposits	**55,543,077**	55,315,947	**42,423,552**	43,943,952
Savings deposits	**13,314,103**	13,106,922	**10,227,100**	10,303,710
Fixed/investment deposits	**180,437,836**	176,395,214	**102,157,671**	94,128,846
Negotiable instruments of deposits	**270,454**	264,987	**270,454**	264,987
	249,565,470	245,083,070	**155,078,777**	148,641,495
(b) By type of customer				
Government and statutory bodies	**22,368,885**	19,442,315	**4,862,377**	4,104,478
Business enterprises	**111,203,847**	116,106,187	**70,484,618**	69,545,339
Individuals	**107,451,202**	101,082,141	**71,845,508**	67,316,385
Other financial institutions	**8,541,536**	8,452,427	**7,886,274**	7,675,293
	249,565,470	245,083,070	**155,078,777**	148,641,495
(c) By maturity structure of fixed/investment deposits and negotiable instruments of deposits				
Due within six months	**143,713,661**	137,058,523	**82,457,934**	69,531,625
Six months to one year	**33,561,329**	35,665,108	**18,053,660**	22,702,122
One year to three years	**3,361,973**	2,907,508	**1,902,379**	2,147,788
Three years to five years	**71,327**	1,029,062	**14,152**	12,298
	180,708,290	176,660,201	**102,428,125**	94,393,833

22 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

		Group		Bank	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Licensed banks		**20,670,159**	11,413,928	**22,656,430**	21,547,941
Licensed Islamic banks		**92,030**	70,826	**5,175**	3,919
Licensed investment banks		**–**	223,227	**895,514**	952,813
BNM/Other central banks	(a)	**5,971,101**	5,224,305	**4,949,848**	4,716,767
Other financial institutions		**471,731**	90,112	**307,709**	2,042
		27,205,021	17,022,398	**28,814,676**	27,223,482

(a) Included in deposits and placements by BNM/other central banks are amounts received under the Government scheme as part of the COVID-19 relief measures for the purpose of lending/financing to SMEs at a concessionary rate and with maturity period ranging between two to nine years.

23 OBLIGATIONS ON SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Obligations on securities sold under repurchase agreements are securities which the Group and the Bank have sold from its portfolio, with a commitment to repurchase at future dates. Such financing and the obligations to repurchase the securities are reflected as a liability on the statements of financial position.

The financial assets sold under repurchase agreements are as follows:

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Financial assets at FVOCI	**8,495,000**	6,220,000	**10,249,000**	6,546,000
Financial investments at amortised cost	**5,704,000**	3,671,000	**6,965,000**	4,920,000
	14,199,000	9,891,000	**17,214,000**	11,466,000

24 INVESTMENT ACCOUNTS

	Group	
	2024 RM'000	2023 RM'000
Mudharabah Restricted Investment Account	**564,073**	494,174
Wakalah Unrestricted Investment Account	**694,731**	13,600
	1,258,804	507,774

Notes to the Financial Statements

For The Financial Year Ended 31 December 2024

24 INVESTMENT ACCOUNTS (CONTINUED)

	2024			2023		
	Mudharabah Restricted Investment Account RM'000	Wakalah Unrestricted Investment Account RM'000	Total RM'000	Mudharabah Restricted Investment Account RM'000	Wakalah Unrestricted Investment Account RM'000	Total RM'000
Group						
(a) Movement in investment accounts						
Funding inflows/(outflows) – Principal:						
Balance as at the beginning of the financial year	**421,166**	**13,500**	**434,666**	392,980	802,978	1,195,958
New placement during the financial year	**–**	**722,642**	**722,642**	–	691,876	691,876
Accretion during the financial year	**28,825**	**–**	**28,825**	28,186	–	28,186
Redemption during the financial year	**–**	**(51,042)**	**(51,042)**	–	(1,481,354)	(1,481,354)
Balance as at the end of the financial year	**449,991**	**685,100**	**1,135,091**	421,166	13,500	434,666
Profit attributable to investment account holders – Total profit payable:						
Balance as at the beginning of the financial year	**73,008**	**100**	**73,108**	34,660	15,408	50,068
Profit distributed to investment account holders during the financial year	**41,074**	**10,625**	**51,699**	38,348	14,860	53,208
Profit paid to investment account holders during the financial year	**–**	**(1,094)**	**(1,094)**	–	(30,168)	(30,168)
Balance as at the end of the financial year	**114,082**	**9,631**	**123,713**	73,008	100	73,108
Net balance as at the end of the financial year	**564,073**	**694,731**	**1,258,804**	494,174	13,600	507,774
(b) Investment asset (principal)						
– Personal financing	**–**	**548,080**	**548,080**	–	2,700	2,700
– Housing financing	**–**	**137,020**	**137,020**	–	10,800	10,800
– Unquoted securities	**449,991**	**–**	**449,991**	421,166	–	421,166
	449,991	**685,100**	**1,135,091**	421,166	13,500	434,666
(c) Type of customer						
– Licensed banks	**564,073**	**–**	**564,073**	494,174	–	494,174
– Business enterprises	**–**	**694,731**	**694,731**	–	13,600	13,600
	564,073	**694,731**	**1,258,804**	494,174	13,600	507,774

	2024			2023		
	Average profit sharing ratio %	Average rate of return %	Performance incentive fee %	Average profit sharing ratio %	Average rate of return %	Performance incentive fee %
Group						
(d) Maturity profile, profit sharing and rate of return						
(i) Mudharabah restricted investment account						
– More than five years	**100**	**6.88**	**–**	100	6.89	–
(ii) Wakalah unrestricted investment account						
– Below one year	**8.83**	**3.94**	**4.89**	8.85	4.00	4.85

25 CLIENTS' AND BROKERS' BALANCES

	Group	
	2024 RM'000	2023 RM'000
Amounts due to:		
– Clients	**813,291**	1,161,073
– Brokers	**20,675**	124,289
– Clearing houses and stock exchanges	**7,749**	–
	841,715	1,285,362

26 OTHER LIABILITIES

	Note	Group		Bank	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Other creditors and accruals		**1,577,368**	1,041,364	**1,068,272**	773,915
Amount payable for redemption units		**172,974**	70,734	**–**	–
Contract liabilities	(a)	**40,177**	85,675	**–**	21,000
Short–term employee benefits		**389,888**	366,149	**301,993**	284,876
Accrual for operational expenses		**171,453**	161,705	**125,999**	96,352
Cash collateral pledged for derivative transactions		**409,625**	239,247	**376,732**	239,247
Structured deposits	(b)	**3,261,109**	1,591,946	**2,261,689**	1,538,923
Remisiers' trust deposits		**88,569**	89,737	**–**	–
Puttable financial instruments		**107,725**	113,104	**–**	–
Amount payable for creation of units due to funds		**219,000**	144,101	**–**	–
Amount due to subsidiaries	(c)	**–**	–	**2,577**	6,814
		6,437,888	3,903,762	**4,137,262**	2,961,127

(a) Contract liabilities represent the recognition of bancassurance/bancatakaful fee income and fee advances received but yet to be recognised in the income statements. During the current financial year, an amount of RM66,998,000 and RM21,000,000 (2023: RM78,493,000 and RM21,000,000) for the Group and the Bank respectively have been recognised in the income statements.

(b) The maturity structure of structured deposits are as follows:

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Within one year	**347,453**	175,704	**347,453**	175,704
One year to three years	**348,769**	273,074	**320,196**	269,045
More than three years	**2,564,887**	1,143,168	**1,594,040**	1,094,174
	3,261,109	1,591,946	**2,261,689**	1,538,923

(c) Amount due to subsidiaries are unsecured, interest-free and repayable within the normal credit period.

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For The Financial Year Ended 31 December 2024

27 RECOURSE OBLIGATION ON LOANS SOLD TO CAGAMAS BERHAD ('CAGAMAS')

Recourse obligation on loans sold to Cagamas represents those acquired from the originators and sold to Cagamas with recourse. Under the agreement, the Group and the Bank undertake to administer the loans on behalf of Cagamas and to buy back any loans which are regarded as defective based on pre-determined and agreed-upon prudential criteria with recourse against the originators. Such financing transactions and the obligation to buy back the loans are reflected as a liability on the statements of financial position. The loans are not derecognised from the statements of financial position.

28 PROVISION FOR TAXATION AND ZAKAT

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Tax expense	**88,577**	43,691	**20,904**	–
Zakat	**12,000**	10,000	**–**	–
	100,577	53,691	**20,904**	–

29 LEASE LIABILITIES

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Lease liabilities	**150,916**	151,417	**81,823**	89,982
Scheduled repayment of lease liabilities:				
– Within one year	**60,153**	57,719	**44,225**	43,034
– One year to three years	**48,991**	47,565	**33,439**	38,477
– More than three years	**41,772**	46,133	**4,159**	8,471
	150,916	151,417	**81,823**	89,982

30 BORROWINGS

	Note	Group 2024 RM'000	Group 2023 RM'000	Bank 2024 RM'000	Bank 2023 RM'000
Unsecured					
Overdraft:					
– Vietnam Dong	(a)	**–**	960	**–**	–
Term loan:					
– United States Dollar ('USD')	(b(i))	**2,221,676**	1,273,870	**1,435,654**	464,632
– Singapore Dollar ('SGD')	(b(ii))	**328,616**	873,289	**328,616**	873,289
Promissory notes:					
– Indonesia Rupiah ('IDR')	(c(i))	**72,215**	–	**–**	–
– Thai Baht ('THB')	(c(ii))	**–**	113,105	**–**	–
		2,622,507	2,261,224	**1,764,270**	1,337,921
Scheduled repayment of borrowings:					
– Within one year		**1,309,477**	987,354	**451,240**	873,289
– One year to three years		**1,313,030**	1,273,870	**1,313,030**	464,632
		2,622,507	2,261,224	**1,764,270**	1,337,921

The borrowings of the Group and the Bank are as follows:

(a) Overdraft

In 2023, the Vietnam Dong overdraft of the Group bears interest at rates ranging from 6.30% to 7.80% per annum.

(b) Term loan

(i) The USD term loan of the Group and the Bank bear interest at rates ranging from 5.19% to 6.22% (2023: 6.15% to 6.21%) and 5.19% to 6.20% (2023: 6.15% to 6.20%) per annum respectively.

(ii) The SGD term loan of the Group and the Bank bear interest at rates ranging from 3.39% to 4.17% (2023: 3.73% to 4.23%) per annum.

(c) Promissory notes

(i) The IDR promissory notes of the Group bears interest at rates ranging from 6.40% to 7.00% (2023: 6.00% to 6.07%) per annum.

(ii) The THB promissory notes of the Group bears interest at rates ranging from 2.60% to 4.10% (2023: 1.60% to 3.88%) per annum.

Notes to the Financial Statements

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31 SENIOR DEBT SECURITIES

	Note	Group and Bank	
		2024 RM'000	2023 RM'000
Issued under the USD5 billion (or its equivalent in other currencies) Euro Medium Term Programme:			
– USD300 million 3.766% senior debt securities due in 2024		–	1,397,945
– USD500 million 1.658% senior debt securities due in 2026	(a)	**2,233,637**	2,296,398
– AUD75 million 4.831% senior debt securities due in 2026	(b)	**209,569**	–
Issued under the RM10 billion (or its equivalent in other currencies) Multi-Currency Islamic Medium Term Notes Programme:			
– RM300 million 2.85% senior Sukuk Murabahah due in 2025	(c)	**301,660**	301,650
– RM1,500 million 3.95% senior Sukuk Murabahah due in 2026	(d)	**1,505,549**	1,504,910
– RM1,500 million 4.38% senior Sukuk Murabahah due in 2028	(e)	**1,507,415**	1,507,478
– RM200 million 3.84% senior Sukuk Murabahah due in 2029	(f)	**201,474**	–
– RM400 million 3.96% senior Sukuk Murabahah due in 2031	(g)	**403,044**	–
– RM200 million 3.99% senior Sukuk Murabahah due in 2034	(h)	**201,534**	–
		6,563,882	7,008,381
Fair value changes arising from fair value hedges		**9,977**	10,072
		6,573,859	7,018,453

Details of outstanding senior debt securities as at 31 December 2024 are as follows:

	Issuance date	Principal	Maturity date	Interest rate	Interest payment
(a)	29 June 2021	USD500 million	29 June 2026	1.658% per annum	Accrued and payable semi-annually in arrears
(b)	16 April 2024	AUD75 million	16 April 2026	4.831% per annum	Accrued and payable semi-annually in arrears
(c)	20 October 2020	RM300 million	20 October 2025	2.85% per annum	Accrued and payable semi-annually in arrears
(d)	25 May 2023	RM1,500 million	25 May 2026	3.95% per annum	Accrued and payable semi-annually in arrears
(e)	17 November 2023	RM1,500 million	17 November 2028	4.38% per annum	Accrued and payable semi-annually in arrears
(f)	18 October 2024	RM200 million	18 October 2029	3.84% per annum	Accrued and payable semi-annually in arrears
(g)	18 October 2024	RM400 million	17 October 2031	3.96% per annum	Accrued and payable semi-annually in arrears
(h)	18 October 2024	RM200 million	18 October 2034	3.99% per annum	Accrued and payable semi-annually in arrears

32 SUBORDINATED OBLIGATIONS

	Note	Group 2024 RM'000	Group 2023 RM'000	Bank 2024 RM'000	Bank 2023 RM'000
4.32% RM500 million Tier II Subordinated Sukuk Murabahah 2019/2029	(a)	**–**	502,426	**–**	–
3.35% RM500 million Tier II Subordinated Notes 2020/2030	(b)	**501,542**	501,497	**501,542**	501,497
3.13% RM500 million Tier II Subordinated Notes 2020/2030	(b)	**501,708**	501,653	**501,708**	501,653
3.65% RM500 million Tier II Subordinated Notes 2021/2031	(b)	**503,176**	503,021	**503,176**	503,021
4.06% RM250 million Tier II Subordinated Sukuk Murabahah 2022/2032	(a)	**252,002**	251,947	**–**	–
4.40% RM500 million Tier II Subordinated Notes 2022/2032	(b)	**505,484**	505,503	**505,484**	505,503
4.45% RM100 million Tier II Subordinated Notes 2022/2032	(c)	**101,085**	101,097	**–**	–
4.51% RM500 million Tier II Subordinated Notes 2023/2033	(b)	**510,121**	510,019	**510,121**	510,019
4.00% RM500 million Tier II Subordinated Sukuk Murabahah 2024/2034	(a)	**502,337**	–	**–**	–
		3,377,455	3,377,163	**2,522,031**	2,521,693
Fair value changes arising from fair value hedges		**2,813**	–	**–**	–
		3,380,268	3,377,163	**2,522,031**	2,521,693

The subordinated obligations comprise unsecured liabilities of the Bank and its investment bank and islamic bank subsidiaries and are subordinated to the senior indebtedness in accordance with their respective terms and conditions of issuance and qualify as Tier II capital as disclosed in Note 54 for the purpose of determining the capital adequacy ratios of the Bank and the respective subsidiaries.

(a) 4.32% RM500 million Tier II Subordinated Sukuk Murabahah 2019/2029, 4.06% RM250 million Tier II Subordinated Sukuk Murabahah 2022/2032 and 4.00% RM500 million Tier II Subordinated Sukuk Murabahah 2024/2034

Tranche	Principal RM'million	Maturity date	Interest rate	Interest payment
2019/2029	500	21 May 2029 (callable in 2024)	4.32% per annum chargeable to 21 May 2029	Accrued and payable semi-annually in arrears
2022/2032	250	21 April 2032 (callable in 2027)	4.06% per annum chargeable to 21 April 2032	Accrued and payable semi-annually in arrears
2024/2034	500	15 May 2034 (callable in 2029)	4.00% per annum chargeable to 15 May 2034	Accrued and payable semi-annually in arrears

Notes to the Financial Statements
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32 SUBORDINATED OBLIGATIONS (CONTINUED)

(b) 3.35% RM500 million Tier II Subordinated Notes 2020/2030, 3.13% RM500 million Tier II Subordinated Notes 2020/2030, 3.65% RM500 million Tier II Subordinated Notes 2021/2031, 4.40% RM500 million Tier II Subordinated Notes 2022/2032 and 4.51% RM500 million Tier II Subordinated Notes 2023/2033

Tranche	Principal RM'million	Maturity date	Interest rate	Interest payment
2020/2030	500	28 May 2030 (Callable in 2025)	3.35% per annum chargeable to 28 May 2030	Accrued and payable semi-annually in arrears
2020/2030	500	20 November 2030 (Callable in 2025)	3.13% per annum chargeable to 20 November 2030	Accrued and payable semi-annually in arrears
2021/2031	500	28 April 2031 (Callable in 2026)	3.65% per annum chargeable to 28 April 2031	Accrued and payable semi-annually in arrears
2022/2032	500	28 September 2032 (Callable in 2027)	4.40% per annum chargeable to 28 September 2032	Accrued and payable semi-annually in arrears
2023/2033	500	19 January 2033 (Callable in 2028)	4.51% per annum chargeable to 19 January 2033	Accrued and payable semi-annually in arrears

(c) 4.45% RM100 million Tier II Subordinated Notes 2022/2032

Tranche	Principal RM'million	Maturity date	Interest rate	Interest payment
2022/2032	100	1 October 2032 (Callable in 2027)	4.45% per annum chargeable to 1 October 2032	Accrued and payable semi-annually in arrears

33 SHARE CAPITAL

		Group and Bank			
		2024		2023	
	Note	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
Issued and fully paid:					
Ordinary shares					
Balance as at the beginning of the financial year		**4,286,348**	**8,330,324**	4,247,373	8,145,585
Shares issued under DRP:					
– Issued on 16 May 2024	(a)	**73,142**	**356,931**	–	–
– Issued on 15 May 2023	(b)	**–**	**–**	38,975	184,739
Balance as at the end of the financial year		**4,359,490**	**8,687,255**	4,286,348	8,330,324

On 17 December 2020, the Bank announced that as part of its capital management plan and to enhance the Bank's shareholders' value, the Bank had proposed to undertake a dividend reinvestment plan that provides the shareholders with the option to elect to reinvest their cash dividend declared by the Bank into new ordinary shares of the Bank ('RHB Bank Shares'), hereinafter referred to as Dividend Reinvestment Plan ('DRP'). Approval from shareholders for the DRP and the issuance of new shares arising from the DRP was obtained at the Annual General Meeting held on 25 May 2021.

33 SHARE CAPITAL (CONTINUED)

The DRP further provides that whenever a cash dividend (either an interim, final, special or other dividend) is proposed, the Board may, in its absolute discretion, determine that the DRP to be applied to the whole or a portion of the cash dividend and where applicable, any remaining portion of the dividend will be paid in cash.

During the current financial year, the Bank increased its issued and paid up share capital from:

(a) RM8,330,324,313 to RM8,687,254,584 on 16 May 2024 via the issuance of 73,141,449 new RHB Bank Shares at RM4.88 per share arising from the DRP relating to the second interim single-tier dividend of 25.0 sen per share in respect of the financial year ended 31 December 2023, of which the shareholders may elect to reinvest up to 10.0 sen per RHB Bank Share.

In respect of the financial year ended 31 December 2023, the Bank increased its issued and paid up share capital from:

(b) RM8,145,585,311 to RM8,330,324,313 on 15 May 2023 via the issuance of 38,974,473 new RHB Bank Shares at RM4.74 per share arising from the DRP relating to the second interim single-tier dividend of 25.0 sen per share in respect of the financial year ended 31 December 2022, of which the shareholders may elect to reinvest up to 5.0 sen per RHB Bank Share.

The new ordinary shares issued during the financial years rank *pari passu* in all respects with the existing shares of the Bank.

34 RESERVES

		Group		Bank	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Statutory reserves	(a)	**112,375**	115,907	**–**	–
Regulatory reserves	(b)	**1,688,697**	1,780,366	**1,038,167**	942,797
FVOCI reserves	(c)	**193,087**	107,696	**185,905**	104,109
Translation reserves	(d)	**632,846**	867,855	**434,060**	523,823
Other reserves		**25,975**	25,975	**–**	–
Share–based payment reserves	(e)	**35,588**	17,105	**35,588**	17,105
Retained profits		**21,116,396**	19,629,339	**14,630,221**	14,163,001
		23,804,964	22,544,243	**16,323,941**	15,750,835

(a) Statutory reserves represent non-distributable profits held by:

(i) The commercial banking subsidiary in Cambodia in compliance with the provision of Prakas No. B7-010-182 dated 15 October 2010 on Bank's Net-Worth Calculation, Prakas No. B7-07-134 dated 27 August 2007 and Letter No. B7-020-868 dated 10 June 2020 on the monitoring of Banks' and Financial Institutions' Net Open Position in foreign currency and Prakas No. B7-018-068 dated 22 February 2018 on the determination of capital buffers of banks and financial institutions issued by the National Bank of Cambodia; and

(ii) The commercial banking subsidiary in Lao in compliance with (Revised) Enterprise Law No. 33/NA dated 29 December 2022 where the subsidiary shall annually provide ten percent of its net profit into the reserve fund, after deducting its accumulated losses. When this reserve fund accumulates half of registered capital, the subsidiary may suspend the deduction, unless otherwise provided by Law of Limited Company in Lao.

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34 RESERVES (CONTINUED)

(b) Regulatory reserves are maintained by the Bank and its banking subsidiaries in Malaysia and Cambodia:

(i) The regulatory reserves in Malaysia is in compliance with BNM's Revised Policy Documents on Financial Reporting and Financial Reporting for Islamic Banking Institutions with effect from 29 April 2022, whereby the Bank and its domestic banking subsidiaries must maintain, in aggregate, loss allowance for non-credit impaired exposures and regulatory reserves of no less than 1% of total credit exposures, net of loss allowance for credit-impaired exposures; and

(ii) The regulatory reserves in Cambodia is in line with the requirements of Prakas No. B7-017-344, Circular B7-018-001 and Circular B7-021-2314 issued by the National Bank of Cambodia.

(c) FVOCI reserves represent the cumulative gains and losses arising on the revaluation of investments in equity instruments designated as FVOCI, net of cumulative gain/loss transferred to retained earnings upon disposal and investments in debt instruments classified as FVOCI, net of cumulative loss allowance recognised on these investments and cumulative gain/loss reclassified to income statements upon disposal or reclassification of these investments.

(d) Translation reserves comprise all foreign exchange differences from the translation of the financial statements of foreign operations, subsidiaries and associates, and the effect of the effective portion of net investment hedges.

(e) Share-based payment reserves arose from the shares granted to eligible executives of the Group and the Bank pursuant to the SGS. Terms of the SGS are disclosed in Note 52.

35 NON-CONTROLLING INTERESTS ('NCI')

	Note	Group	
		2024 RM'000	2023 RM'000
Balance as at the beginning of the financial year		**36,497**	32,115
Share of profit during the financial year		**3,904**	4,271
Actuarial gain/(loss) on defined benefit plan of subsidiaries, net of tax		**7**	(6)
Dividends paid		**(1,060)**	–
Disposal of a subsidiary	58	**(49)**	–
Share–based payment expenses		**–**	1
Exchange differences		**(154)**	116
Balance as at the end of the financial year		**39,145**	36,497

36 INTEREST INCOME

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Loans and advances	**7,344,894**	6,920,163	**6,791,758**	6,404,528
Money at call and deposits and placements with banks and other financial institutions	**223,174**	318,822	**589,893**	601,079
Investment account due from designated financial institutions	**–**	–	**177,452**	269,551
Securities purchased under resale agreements	**8,386**	2,008	**3,406**	15,057
Financial assets at FVTPL	**80,640**	65,881	**79,333**	65,356
Financial assets at FVOCI – debt instruments	**1,574,555**	1,327,219	**1,549,528**	1,313,270
Financial investments at amortised cost	**848,609**	787,002	**797,004**	733,224
Others	**53,790**	52,393	**40,353**	41,992
	10,134,048	9,473,488	**10,028,727**	9,444,057
Of which:				
Interest income accrued on impaired financial assets	**104,421**	81,921	**103,038**	79,457

37 INTEREST EXPENSE

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Deposits and placements of banks and other financial institutions	**801,055**	798,099	**1,067,969**	1,223,842
Deposits from customers	**4,488,655**	4,279,053	**4,068,700**	3,687,053
Obligations on securities sold under repurchase agreements	**404,010**	312,599	**443,289**	322,760
Recourse obligation on loans sold to Cagamas	**89,890**	106,454	**89,890**	106,454
Subordinated obligations	**100,154**	98,771	**95,697**	94,313
Senior debt securities	**194,859**	143,544	**194,859**	143,544
Borrowings	**70,502**	73,559	**63,009**	69,528
Others	**115,623**	101,832	**112,293**	98,570
	6,264,748	5,913,911	**6,135,706**	5,746,064

Notes to the Financial Statements
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38 OTHER OPERATING INCOME

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Fee income				
Service charges and fees	**190,570**	187,137	**173,725**	168,957
Commission	**245,113**	190,831	**271,648**	210,215
Guarantee fees	**36,001**	35,203	**35,685**	34,700
Commitment fees	**38,803**	39,440	**37,324**	37,935
Brokerage income	**236,962**	178,515	**–**	–
Fund management fees	**213,900**	222,387	**–**	–
Unit trust fee income	**55,501**	25,276	**–**	–
Corporate advisory fees	**25,896**	32,376	**5,920**	7,208
Underwriting and arrangement fees	**6,806**	7,360	**807**	1,676
Other fee income	**73,838**	67,490	**19,365**	18,365
	1,123,390	986,015	**544,474**	479,056
Fee and commission expenses	**(147,343)**	(119,604)	**–**	–
	976,047	866,411	**544,474**	479,056
Net gain arising from financial assets at FVTPL				
– Net gain on disposal	**74,603**	30,739	**28,317**	34,795
– Unrealised net gain/(loss) on revaluation	**177,025**	68,562	**(7,432)**	(3,479)
– Dividend income	**56,788**	66,381	**–**	–
	308,416	165,682	**20,885**	31,316
Net gain on revaluation of derivatives	**248,814**	197,561	**207,892**	135,984
Net loss on fair value hedges	**(4,061)**	(737)	**(4,061)**	(789)
Net gain on derecognition of hedging	**4,243**	–	**4,243**	–
Net gain/(loss) arising from derecognition of financial investments at amortised cost	**55**	(2,014)	**55**	(2,014)
Net gain arising from financial assets at FVOCI				
– Net gain on debt instruments on disposal	**222,118**	115,850	**221,458**	114,991
– Dividend income on equity instruments	**6,288**	6,405	**5,593**	3,346
	228,406	122,255	**227,051**	118,337
Dividend income from subsidiaries	**–**	–	**437,660**	437,012

38 OTHER OPERATING INCOME (CONTINUED)

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Other income				
Net foreign exchange gain	**624,945**	410,975	**539,376**	575,866
Net insurance service/finance results (Note (i))	**54,319**	47,171	**–**	–
Gain on disposal of property, plant and equipment	**2,996**	982	**2,693**	4
Gain on disposal of subsidiaries	**85,190**	–	**–**	–
Gain/(Loss) on liquidation of subsidiaries	**(150)**	–	**52,405**	(14)
Gain/(Loss) on modification of right–of–use assets	**1,059**	246	**(5)**	231
Rental income	**3,075**	2,678	**12,165**	12,283
Other operating income	**16,023**	26,300	**11,951**	11,234
Other non–operating income	**10,237**	6,889	**4,192**	5,664
	797,694	495,241	**622,777**	605,268
	2,559,614	1,844,399	**2,060,976**	1,804,170

(i) After netting off insurance service/reinsurance expenses which includes depreciation and amortisation of property, plant and equipment, intangible assets and right-of-use assets.

39 INCOME FROM ISLAMIC BANKING BUSINESS

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Income derived from investment of depositors' funds	**4,600,871**	4,324,455	**31,265**	33,210
Income derived from investment of investment account funds	**319,118**	428,476	**–**	–
Income derived from investment of shareholders' funds	**300,647**	509,713	**(662)**	–
	5,220,636	5,262,644	**30,603**	33,210
Income attributable to depositors	**(2,992,957)**	(2,842,987)	**(46,453)**	(52,366)
Profit distributed to investment account holders	**(51,699)**	(53,208)	**–**	–
	2,175,980	2,366,449	**(15,850)**	(19,156)
Of which:				
Financing income earned on impaired financing and advances	**33,072**	24,446	**–**	–

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40 OTHER OPERATING EXPENSES

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Personnel costs				
Salaries, bonuses, wages and allowances	**1,906,545**	1,746,613	**1,597,151**	1,490,998
Defined contribution plan	**267,920**	259,109	**232,706**	223,400
Share-based expenses	**17,704**	12,334	**13,381**	8,986
Other staff related costs	**231,511**	197,148	**177,135**	157,403
	2,423,680	2,215,204	**2,020,373**	1,880,787
Establishment costs				
Property, plant and equipment:				
– Depreciation	**149,822**	145,234	**127,975**	122,141
– Written off	**144**	69	**28**	27
Intangible assets:				
– Amortisation	**182,657**	173,089	**160,324**	150,920
– Written off	**721**	670	**–**	433
Right-of-use assets:				
– Depreciation	**68,129**	63,533	**55,148**	54,423
Rental of premises	**28,471**	24,141	**20,049**	20,432
Rental of equipment	**12,805**	12,940	**12,529**	12,884
Insurance	**46,527**	40,099	**43,678**	38,929
Water and electricity	**27,447**	27,811	**18,632**	18,586
Repair and maintenance	**35,994**	36,783	**26,797**	28,074
Security and escorting expenses	**58,223**	54,370	**58,918**	57,474
Information technology expenses	**355,348**	294,833	**288,284**	230,152
Others	**10,264**	6,296	**–**	–
	976,552	879,868	**812,362**	734,475
Marketing expenses				
Sales commission	**152,362**	96,240	**131,216**	79,006
Advertisement and publicity	**60,201**	51,846	**51,615**	42,849
Others	**64,747**	86,198	**52,522**	69,604
	277,310	234,284	**235,353**	191,459
Administration and general expenses				
Communication expenses	**148,330**	158,294	**108,139**	115,728
Auditors' remuneration (Note (i))	**7,530**	8,529	**4,737**	5,519
Legal and professional fees	**51,333**	59,520	**56,268**	65,112
Others	**136,694**	133,594	**90,613**	103,066
	343,887	359,937	**259,757**	289,425
Operating expenses allocated to subsidiaries	**–**	–	**(653,771)**	(570,288)
	4,021,429	3,689,293	**2,674,074**	2,525,858

40 OTHER OPERATING EXPENSES (CONTINUED)

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
(i) Auditors' remuneration				
(a) Audit:				
Statutory audit:				
– Malaysia	**3,395**	3,248	**1,974**	1,892
– Overseas	**3,055**	3,261	**1,874**	1,927
Limited review	**701**	528	**559**	468
Other audit related	**–**	910	**–**	660
	7,151	7,947	**4,407**	4,947
(b) Non-audit:				
– Malaysia	**379**	582	**330**	572
	7,530	8,529	**4,737**	5,519

Included in the personnel costs is the Group Managing Director's remuneration for the Group and the Bank, as disclosed in Note 41.

Included in administration and general expenses of the Group and the Bank are other directors' remuneration as disclosed in Note 41.

41 DIRECTORS' REMUNERATION

	Salary and other remuneration RM'000	Benefits-in-kind (based on an estimated monetary value) RM'000	Bonus RM'000	Total RM'000
Group and Bank				
2024				
Group Managing Director				
Dato' Mohd Rashid Mohamad	**4,662**[(i)]	**35**	**3,000**	**7,697**
2023				
Group Managing Director				
Dato' Mohd Rashid Mohamad	3,936[(i)]	35	2,100	6,071

(i) Inclusive of share-based expenses of RM1,461,000 (2023: RM840.000).

In 2023, the Group Managing Director was awarded a sum of RM413,000 (inclusive of the employer's EPF contribution) under the Cash Deferred Scheme.

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41 DIRECTORS' REMUNERATION (CONTINUED)

	Group				Bank			
	Fees RM'000	Benefits-in-kind (based on an estimated monetary value) RM'000	Other remuneration RM'000	Total RM'000	Fees RM'000	Benefits-in-kind (based on an estimated monetary value) RM'000	Other remuneration RM'000	Total RM'000
2024								
Non-executive Directors								
Tan Sri Ahmad Badri Mohd Zahir	300	35	339	674	300	35	339	674
Tan Sri Ong Leong Huat @ Wong Joo Hwa	460	96	160	716	200	–	82	282
Ong Ai Lin	360	–	251	611	200	–	122	322
Lim Cheng Teck	200	–	211	411	200	–	211	411
Dato' Mohamad Nasir Ab Latif	460	18	178	656	200	–	96	296
Donald Joshua Jaganathan	360	–	347	707	200	–	261	461
Datuk Iain John Lo	360	–	292	652	200	–	152	352
Hijah Arifakh Othman	360	–	201	561	200	–	94	294
Nadzirah Abd Rashid	160	–	92	252	160	–	92	252
	3,020	149	2,071	5,240	1,860	35	1,449	3,344
2023								
Non-executive Directors								
Tan Sri Ahmad Badri Mohd Zahir	300	31	333	664	300	31	333	664
Tan Sri Ong Leong Huat @ Wong Joo Hwa	460	80	162	702	200	–	90	290
Ong Ai Lin	360	–	234	594	200	–	111	311
Lim Cheng Teck	200	–	197	397	200	–	197	397
Dato' Mohamad Nasir Ab Latif	460	18	168	646	200	–	90	290
Donald Joshua Jaganathan	360	–	318	678	200	–	234	434
Datuk Iain John Lo	360	–	269	629	200	–	139	339
Hijah Arifakh Othman	352	–	153	505	117	–	53	170
Tan Sri Dr Rebecca Fatima Sta Maria	83	–	59	142	83	–	59	142
Sharifatu Laila Syed Ali	151	–	58	209	83	–	27	110
	3,086	129	1,951	5,166	1,783	31	1,333	3,147

Note: During the financial year, Directors of the Group and the Bank are covered under the Directors' Liability Insurance in respect of liabilities arising from acts committed in their respective capacity as, inter alia, Directors of the Group and the Bank subject to the term of the policy. The total amount of Directors' Liability Insurance effected for the Directors of the Group and the Bank was RM200 million (2023: RM200 million). The total amount of premium paid for the Directors' Liability Insurance by the Group and the Bank was RM745,000 and RM640,000 (2023: RM731,000 and RM625,000) respectively.

42 ALLOWANCE FOR CREDIT LOSSES ON FINANCIAL ASSETS

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Charge/(Writeback)				
Loans, advances and financing:				
– Net charge	**647,721**	429,776	**393,362**	457,071
– Bad debts recovered	**(373,792)**	(294,040)	**(309,499)**	(259,715)
– Bad debts written off	**251,058**	220,074	**183,930**	162,516
	524,987	355,810	**267,793**	359,872
Financial assets at FVOCI	**(4,753)**	(21,390)	**(4,224)**	(17,454)
Financial investments at amortised cost	**1,325**	(29,297)	**17**	(13,255)
Foreclosed properties	**13,962**	7,509	**13,962**	7,509
Other financial assets	**(182)**	(11,104)	**940**	(3,719)
	535,339	301,528	**278,488**	332,953

43 IMPAIRMENT LOSSES MADE ON OTHER NON-FINANCIAL ASSETS

		Group		Bank	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Investment in a subsidiary		**–**	–	**98,000**	–
Intangible assets	(a)	**1,640**	–	**–**	–
Property, plant and equipment	(a)	**148**	–	**–**	–
		1,788	–	**98,000**	–

(a) Impairment loss made in relation to disposal of subsidiaries.

Notes to the Financial Statements
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44 TAXATION AND ZAKAT

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Income tax based on profit for the financial year				
– Malaysian income tax	**917,242**	870,398	**605,686**	551,211
– Overseas tax	**49,602**	2,589	**48,516**	469
Deferred tax	**(31,256)**	67,306	**(22,085)**	27,647
	935,588	940,293	**632,117**	579,327
(Over)/Under provision in respect of prior financial years				
– Income tax	**(57,822)**	(32,747)	**(39,793)**	(8,463)
– Deferred tax	**6,265**	25,299	**7,161**	12,262
	(51,557)	(7,448)	**(32,632)**	3,799
Tax expense	**884,031**	932,845	**599,485**	583,126
Zakat	**12,000**	10,000	**–**	–
	896,031	942,845	**599,485**	583,126

The numerical reconciliation between the applicable statutory income tax rate and the effective income tax rate of the Group and the Bank are as below:

	Group		Bank	
	2024 %	2023 %	2024 %	2023 %
Tax at Malaysian statutory tax rate	**24.0**	24.0	**24.0**	24.0
Tax effects in respect of:				
Effects of different tax rate in Labuan/other countries	**(0.7)**	(0.7)	**–**	–
Non-taxable income	**(2.3)**	(0.8)	**(4.1)**	(4.0)
Non-allowable expenses	**2.7**	2.9	**2.0**	2.1
Utilisation of previously unrecognised tax losses	**(0.1)**	(0.1)	**–**	–
(Over)/Under provision in respect of prior financial years	**(1.3)**	(0.2)	**(1.1)**	0.1
	22.3	25.1	**20.8**	22.2

45 EARNINGS PER SHARE ('EPS')

(a) Basic EPS

The basic EPS of the Group is calculated by dividing the net profit for the financial year attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2024	**2023**
Profit attributable to equity holders of the Bank (RM'000)	**3,120,211**	2,806,228
Weighted average number of ordinary shares in issue ('000)	**4,332,311**	4,272,040
Basic EPS (sen)	**72.02**	65.69

(b) Diluted EPS

The diluted EPS of the Group is calculated by dividing the net profit for the financial year attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue, which has been adjusted for the number of ordinary shares that could have been issued under the SGS. In the diluted EPS calculation, it is assumed that certain number of ordinary shares under the SGS are vested and awarded to employees through issuance of additional ordinary shares, and all performance conditions are achieved. A calculation is done to determine the number of ordinary shares that could have been issued at fair value based on the monetary value of the SGS entitlement granted. This calculation serves to determine the number of dilutive shares to be added to the weighted average ordinary shares in issue for the purpose of computing the dilution. No adjustment was made to the net profit for the financial year.

	Group	
	2024	**2023**
Profit attributable to equity holders of the Bank (RM'000)	**3,120,211**	2,806,228
Weighted average number of ordinary shares in issue ('000)	**4,332,311**	4,272,040
Effect of dilution ('000)	**13,192**	9,583
Adjusted weighted average number of ordinary shares in issue ('000)	**4,345,503**	4,281,623
Diluted EPS (sen)	**71.80**	65.54

Notes to the Financial Statements

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46 INCOME TAX RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME/(LOSS)

	Before tax RM'000	Tax benefits RM'000	Net of tax RM'000
Group			
2024			
Financial assets at FVOCI			
– Net fair value gain, net amount transfer to income statements and changes in expected credit losses	**39,848**	**(10,849)**	**28,999**
Actuarial gain on defined benefit plan of subsidiaries	**870**	**(176)**	**694**
	40,718	**(11,025)**	**29,693**
2023			
Financial assets at FVOCI			
– Net fair value gain, net amount transfer to income statements and changes in expected credit losses	824,994	(203,118)	621,876
Actuarial gain on defined benefit plan of subsidiaries	273	(239)	34
	825,267	(203,357)	621,910
Bank			
2024			
Financial assets at FVOCI			
– Net fair value gain, net amount transfer to income statements and changes in expected credit losses	**39,536**	**(10,676)**	**28,860**
2023			
Financial assets at FVOCI			
– Net fair value gain, net amount transfer to income statements and changes in expected credit losses	722,440	(177,434)	545,006

47 DIVIDENDS

Dividends declared are as follows:

		Group and Bank			
		2024		2023	
	Note	Dividend per share sen	Total dividend RM'000	Dividend per share sen	Total dividend RM'000
Ordinary shares:					
Interim single-tier dividend – 2023	(a)	–	–	15.0	642,952
Second interim single-tier dividend – 2023	(b)	–	–	25.0	1,071,587
Interim single-tier dividend – 2024	(c)	**15.0**	**653,923**	–	–
Second interim single-tier dividend – 2024	(d)	**28.0**	**1,220,657**	–	–
		43.0	**1,874,580**	40.0	1,714,539

(a) This consists of cash dividend of 15.0 sen per share amounting to RM642,952,000 and was paid on 12 October 2023.

(b) This consists of total dividend of 25.0 sen per share, of which cash portion is 15.0 sen per share and electable portion of 10.0 sen per share. The reinvestment rate subsequent to the completion of the DRP was 83.3% and total cash dividend of RM714,656,000 was paid on 16 May 2024.

(c) This consists of cash dividend of 15.0 sen per share amounting to RM653,923,000 and was paid on 30 September 2024.

(d) A second interim single-tier cash dividend of 28.0 sen per share in respect of the financial year ended 31 December 2024, amounting to RM1,220,657,000 has been declared by the Board of Directors. The second interim single-tier dividend was approved by the Board of Directors on 27 January 2025.

The financial statements for the current financial year do not reflect this second interim single-tier dividend. This dividend payment will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2025.

The Directors do not recommend the payment of any final dividend for the financial year ended 31 December 2024.

Dividends recognised as distribution to ordinary equity holders of the Bank:

	Group and Bank			
	2024		2023	
	Dividend per share sen	Total dividend RM'000	Dividend per share sen	Total dividend RM'000
Ordinary shares:				
Interim single–tier dividend – 2024	**15.0**	**653,923**	–	–
Second interim single–tier dividend – 2023	**25.0**	**1,071,587**	–	–
Interim single–tier dividend – 2023	–	–	15.0	642,952
Second interim single–tier dividend – 2022	–	–	25.0	1,061,844
	40.0	**1,725,510**	40.0	1,704,796

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48 COMMITMENTS AND CONTINGENCIES

(a) Commitments and Contingencies

In the normal course of business, the Group and the Bank make various commitments and incurs certain contingent liabilities with legal recourse to its customers. Apart from the allowance for commitments and contingencies already made in the financial statements, no material losses are anticipated as a result of these transactions.

The commitments and contingencies comprise the following:

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Contingent liabilities				
Direct credit substitutes*	**1,933,161**	1,564,192	**1,901,162**	1,529,393
Transaction-related contingent items	**2,541,957**	2,048,797	**1,849,196**	1,667,836
Short-term self-liquidating trade-related contingencies	**1,161,256**	1,126,639	**839,862**	854,925
	5,636,374	4,739,628	**4,590,220**	4,052,154
Commitments				
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions, and commitment to buy-back Islamic securities under Sell and Buy Back Agreement transactions	**17,067,854**	11,313,173	**17,263,218**	11,313,173
Forward asset purchases, forward deposits, partly paid shares and securities which represent commitments with certain drawdowns	**488,912**	–	**488,912**	–
Irrevocable commitments to extend credit:				
– Maturity less than one year	**9,718,468**	4,351,151	**7,152,640**	2,527,538
– Maturity more than one year	**28,390,923**	31,904,670	**18,877,006**	22,566,459
Any commitments that are unconditionally cancellable at any time by the Bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	**19,084,318**	17,312,765	**16,187,890**	14,820,162
	74,750,475	64,881,759	**59,969,666**	51,227,332
Derivative financial instruments				
Foreign exchange related contracts^:				
– Less than one year	**96,991,463**	57,992,164	**107,411,662**	59,257,571
– One year to less than five years	**6,569,467**	6,647,069	**6,569,467**	7,466,244
– More than five years	**953,532**	967,603	**953,532**	967,603
Commodity related contracts^:				
– Less than one year	**670,704**	429,499	**670,933**	430,607
– One year to less than five years	**580,072**	584,568	**580,370**	586,316
Equity related contracts^:				
– Less than one year	**1,232,284**	707,042	**1,078,235**	707,242
– One year to less than five years	**64,074**	87,598	**64,074**	87,598
Interest rate related contracts^:				
– Less than one year	**86,218,627**	37,299,937	**89,638,627**	39,339,937
– One year to less than five years	**123,647,130**	64,863,786	**127,922,130**	68,363,786
– More than five years	**15,745,394**	6,862,697	**15,745,394**	6,862,697
	332,672,747	176,441,963	**350,634,424**	184,069,601
	413,059,596	246,063,350	**415,194,310**	239,349,087

* *This relates to financial guarantee contracts.*
^ *These derivatives are revalued on gross position basis and the unrealised gains or losses has been reflected in the income statements and statements of financial position as derivative assets or derivative liabilities.*

48 COMMITMENTS AND CONTINGENCIES (CONTINUED)

(b) Guarantees Issued by the Group and the Bank

The Group and the Bank has given a continuing guarantee to Labuan Financial Services Authority to meet the liabilities and financial obligations and requirements of its subsidiary, RHB Bank (L) Ltd, arising from its offshore banking business in the Federal Territory of Labuan.

(c) Contingent Liabilities

(i) As at 31 December 2024, the Group has contingent liabilities amounting to approximately RM86 million where RHB Investment Bank agreed to indemnify Phillip Brokerage Pte Ltd ('PBPL'), on the litigation claims against RHB Securities (Thailand) Public Company Limited ('RHBST'). This indemnity is in relation to the disposal of approximately 99.95% equity interest in RHBST by RHB Investment Bank to PBPL, which was completed on 27 December 2024 and the said indemnity shall apply to the following claims:

- legal proceedings or lawsuits based on actions or circumstances that occurred prior to the completion of disposal of RHBST;
- the on-going litigation cases; and
- the criminal claims filed by eight investors against the Company in relation to defaulted bill of exchange and promissory note in the event the public prosecutor decides to proceed with the case.

The maximum aggregate liability of RHB Investment Bank of the abovementioned claims shall not exceed an amount equivalent to 140% of the sales consideration.

(ii) The Bank has given an undertaking to BNM to provide adequate funds proportionate to its shareholding in Boost Bank at the material time, to ensure that Boost Bank has sufficient funds to satisfy all its remaining obligations and liabilities due including customer deposits, in the event Boost Bank is wound down and required to implement its exit plan during its foundational phase.

49 NON-CANCELLABLE LEASE COMMITMENTS

A summary of the lease commitments, net of sub-leases, which are scope-out of MFRS 16 is as follows:

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Rental of premises:				
– Within one year	**11,678**	9,806	**10,457**	6,895
– Between one to five years	**16,838**	7,122	**13,598**	3,868
– More than five years	**119**	147	**–**	–
	28,635	17,075	**24,055**	10,763

50 CAPITAL COMMITMENTS

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Authorised and contracted for property, plant and equipment	**325,414**	246,256	**293,815**	215,379

Notes to the Financial Statements

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51 RELATED PARTY TRANSACTIONS

(a) Related parties and relationships

The related parties of, and their relationship with the Bank, are as follows:

Related parties	Relationship
Employees Provident Fund ('EPF')	Substantial shareholder, a fund body that is significantly influenced by the government
Subsidiaries, associates and joint ventures of EPF as disclosed in its financial statements	Reporting entities that EPF has control or significant influence
Subsidiaries of the Bank as disclosed in Note 15	Subsidiaries
Associates of the Bank as disclosed in Note 16	Associates
Key management personnel	The key management personnel of the Group and the Bank consists of: – All Directors of the Bank and its key subsidiaries; and – Members of the Group Management Committee ('GMC')
Related parties of key management personnel (deemed as related to the Bank)	(i) Close family members and dependents of key management personnel; and (ii) Entities that are controlled, jointly controlled or significantly influenced, by or for which voting power in such entity resides with, directly or indirectly by key management personnel or its close family members

(b) Significant related party balances and transactions

In addition to related party disclosures mentioned in Notes 11 and 26, set out below are other significant related party transactions and balances.

Other related parties of the Bank comprise of transactions or balances with the Bank's subsidiaries.

All related party transactions are entered into in the normal course of business at agreed terms between the related parties.

51 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Significant related party balances and transactions (continued)

	2024			2023	
	Key management personnel RM'000	EPF and EPF Group of companies RM'000	Associates RM'000	Key management personnel RM'000	EPF and EPF Group of companies RM'000
Group					
Income					
Interest on loans, advances and financing	544	9,209	–	710	3,750
Interest on financial assets at FVOCI	–	45,027	–	–	58,597
Interest on financial investments at amortised cost	–	12,285	–	–	6,583
Fee income	862	13,554	–	1,139	9,969
Insurance premium	53	17,469	1,151	138	13,969
Brokerage income	184	9,128	–	139	8,044
Net gain on revaluation of derivatives	24	239	–	11	361
Other income	39	21	–	51	52
	1,706	106,932	1,151	2,188	101,325
Expenses					
Interest on deposits from customers	1,036	7,101	–	174	3,833
Interest on deposits and placements of banks and other financial institutions	–	–	1,051	–	–
Other expenses	17	2,323	–	94	1,520
Reimbursement of operating expenses to a holding company	–	–	(1,855)	–	–
	1,053	9,424	(804)	268	5,353
Amounts due from					
Loans, advances and financing	14,616	621,130	–	20,507	59,782
Clients' and brokers' balances	–	18,606	–	159	161,998
Financial assets at FVOCI	–	623,682	–	–	1,149,188
Financial investments at amortised cost	–	275,177	–	–	114,114
Other assets	189	4,459	–	10	2,649
	14,805	1,543,054	–	20,676	1,487,731
Amounts due to					
Deposits from customers	228,824	1,253,626	3,359	152,529	453,481
Deposits and placements of banks and other financial institutions	–	–	90,037	–	–
Clients' and brokers' balances	51	–	–	422	358,526
Other liabilities	331	30,032	–	526	18,468
	229,206	1,283,658	93,396	153,477	830,475

Notes to the Financial Statements
For The Financial Year Ended 31 December 2024

51 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Significant related party balances and transactions (continued)

	2024				2023		
	Key management personnel RM'000	EPF and EPF Group of companies RM'000	Subsidiaries RM'000	Associates RM'000	Key management personnel RM'000	EPF and EPF Group of companies RM'000	Subsidiaries RM'000
Bank							
Income							
Interest on deposits and placements with other financial institutions	–	–	443,551	–	–	–	388,742
Interest on investment account due from designated financial institutions	–	–	177,452	–	–	–	269,567
Interest on loans, advances and financing	367	–	3,115	–	349	–	1,137
Interest on securities purchased under resale agreements	–	–	2,420	–	–	–	13,049
Interest on financial assets at FVOCI	–	40,477	–	–	–	55,283	–
Interest on financial investments at amortised cost	–	11,994	–	–	–	6,568	–
Fee income	13	–	–	–	22	–	–
Dividend income	–	–	437,660	–	–	–	437,012
Gain/(Loss) on revaluation of derivatives	–	–	(33,620)	–	–	–	17,111
Other income/(loss)	–	–	(30,845)	–	–	–	196,164
	380	52,471	999,733	–	371	61,851	1,322,782
Expenses							
Interest on deposits and placements of banks and other financial institutions	–	–	268,731	1,051	–	–	435,008
Interest on deposits from customers	926	–	5,692	–	121	–	5,133
Interest on obligation on securities sold under repurchase agreements	–	–	39,279	–	–	–	10,161
Rental of premises	–	–	10,402	–	–	–	10,574
Reimbursement of operating expenses from subsidiaries/associates	–	–	(653,771)	(1,855)	–	–	(570,288)
Other expenses	–	–	32,261	–	–	–	41,273
	926	–	(297,406)	(804)	121	–	(68,139)

51 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Significant related party balances and transactions (continued)

	2024				2023		
	Key management personnel RM'000	EPF and EPF Group of companies RM'000	Subsidiaries RM'000	Associates RM'000	Key management personnel RM'000	EPF and EPF Group of companies RM'000	Subsidiaries RM'000
Bank							
Amounts due from							
Money at call and deposit placements	–	–	4,099,306	–	–	–	3,975,583
Deposits and placements with banks and other financial institutions	–	–	7,699,508	–	–	–	8,182,815
Investment account due from designated financial institutions	–	–	4,640,875	–	–	–	6,258,830
Securities purchased under resale agreements	–	–	100,213	–	–	–	369,585
Derivative assets	–	–	240,350	–	–	–	70,468
Loans, advances and financing	9,727	–	141,803	–	11,125	–	195,023
Financial assets at FVOCI	–	504,571	–	–	–	1,049,286	–
Financial investments at amortised cost	–	263,919	–	–	–	114,114	–
Other assets	–	–	1,070,407	–	–	–	1,665,771
	9,727	768,490	17,992,462	–	11,125	1,163,400	20,718,075
Amounts due to							
Deposits and placements of banks and other financial institutions	–	–	2,896,616	90,037	–	–	10,918,731
Deposits from customers	213,108	222,977	357,393	3,359	129,126	165,341	385,704
Derivative liabilities	–	–	448,232	–	–	–	146,467
Other liabilities	–	–	2,577	–	–	–	6,814
Obligations on securities sold under repurchase agreements	–	–	2,861,073	–	–	–	1,445,151
	213,108	222,977	6,565,891	93,396	129,126	165,341	12,902,867

Notes to the Financial Statements

For The Financial Year Ended 31 December 2024

51 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Key management personnel

The remuneration of Directors and other members of key management are as follows:

		Group		Bank	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Short term employee benefits:					
– Fees		**3,020**	3,086	**1,860**	1,783
– Salary and other remuneration	(i)	**38,911**	36,297	**28,646**	25,668
– Contribution to EPF	(i)	**4,653**	4,488	**3,781**	3,559
– Share-based expenses	(ii)	**5,245**	3,618	**4,497**	3,082
– Benefits-in-kind		**214**	217	**102**	104
		52,043	47,706	**38,886**	34,196

(i) Inclusive of Cash Deferred Scheme for the Group and the Bank of RM2,982,000 and RM2,073,000 respectively in 2023.

(ii) As at 31 December 2024, the total number of shares awarded to the Group and the Bank's Group Managing Director and key management personnel amounted to 3,700,000 and 3,230,000 (2023: 2,665,000 and 2,285,000) respectively.

The above includes Directors' remuneration as disclosed in Note 41.

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Approved limit on loans, advances and financing for key management personnel	**35,890**	36,646	**23,968**	20,859

(d) Credit exposures arising from transactions with connected parties

Credit exposures with connected parties as per BNM's revised Guidelines on Credit Transactions and Exposures with Connected Parties are as follows:

	Group		Bank	
	2024	2023	2024	2023
Outstanding credit exposures with connected parties (RM'000)	**12,894,498**	12,865,646	**8,772,222**	9,087,841
Percentage of outstanding credit exposures with connected parties as proportion of total credit exposures (%)	**4.50**	4.80	**5.03**	5.56
Percentage of outstanding credit exposures with connected parties which is impaired or in default (%)	**0.01**	–	**0.01**	–

The credit exposures above are derived based on BNM's revised Guidelines on Credit Transactions and Exposures with Connected Parties, which are effective on 1 January 2008.

51 RELATED PARTY TRANSACTIONS (CONTINUED)

(e) Intercompany charges

Breakdown of intercompany charges by type of services received and geographical distribution as per BNM's Policy Document on Financial Reporting issued on 29 April 2022 are as follows:

	Interest on deposits and placements of banks and other financial institutions RM'000	Interest on deposits from customers RM'000	Interest on obligations on securities sold under repurchase agreements RM'000	Rental of premises RM'000	Reimbursement of operating expenses from subsidiaries RM'000	Other expenses RM'000
Bank						
2024						
Malaysia	**268,731**	**5,468**	**39,279**	**676**	**(651,732)**	**32,261**
Singapore	**–**	**135**	**–**	**9,726**	**–**	**–**
Thailand	**–**	**89**	**–**	**–**	**(211)**	**–**
Indonesia	**–**	**–**	**–**	**–**	**(166)**	**–**
Cambodia	**–**	**–**	**–**	**–**	**(1,302)**	**–**
Lao	**–**	**–**	**–**	**–**	**(360)**	**–**
	268,731	**5,692**	**39,279**	**10,402**	**(653,771)**	**32,261**
2023						
Malaysia	435,008	5,043	10,161	718	(568,628)	41,273
Singapore	–	88	–	9,856	–	–
Thailand	–	2	–	–	(304)	–
Indonesia	–	–	–	–	(169)	–
Cambodia	–	–	–	–	(1,008)	–
Lao	–	–	–	–	(179)	–
	435,008	5,133	10,161	10,574	(570,288)	41,273

Notes to the Financial Statements
For The Financial Year Ended 31 December 2024

52 SHARE GRANT SCHEME

The SGS was established and implemented by the Group and the Bank in June 2022.

The SGS is intended to motivate employees, attract talents and retain key employees through the grant of the ordinary shares in the Bank of up to 2% of the total number of issued shares of the Bank (excluding treasury shares, if any) at any point in time during the duration of the SGS for employees and Executive Directors of the Bank and its subsidiaries (excluding subsidiaries which are dormant) who fulfil the eligibility criteria ('Eligible Employees'). The SGS which is to be administered by the Board Nominating and Remuneration Committee ('BNRC') comprising such persons as may be appointed by the Board from time to time, shall be in force for a period of nine years commencing from the effective implementation date of the SGS, and the vesting period for each grant offered will be 3 years from the offer date.

Details of the SGS share awarded are as follows:

Award date	Fair value RM	Awarded Unit'000	Vesting date
Grant 1 – 4 July 2022	5.71	4,685	3 July 2025
Grant 2 – 22 May 2023	5.50	5,385	30 June 2026
Grant 3 – 4 March 2024	5.62	4,635	30 June 2027
Grant 3A – 1 July 2024	5.50	142	30 June 2027

The movement of the SGS shares during the financial year ended 31 December 2024 are as follows:

	Number of SGS shares (Unit'000)			
Award date	As at 1 January 2024	Awarded	Forfeited	As at 31 December 2024
Grant 1 – 4 July 2022	4,293	–	(430)	3,863
Grant 2 – 22 May 2023	5,290	–	(618)	4,672
Grant 3 – 4 March 2024	–	4,635	(120)	4,515
Grant 3A – 1 July 2024	–	142	–	142

53 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined its Management Committee as its chief operating decision-maker.

The Group's business segments can be organised into the following main segments reflecting the Group's internal reporting structure:

(a) Group Community Banking ('GCB')

GCB comprise Group Retail Banking and Group Small and Medium Enterprises ('SME's) Banking.

Group Retail Banking focuses on providing products and services to individual customers. The products and services offered to customers include credit facilities (mortgages, non-residential mortgages, hire purchase, purchase of securities, credit cards and other personal loans and financing), remittances, deposits collection, investment related products, and bancassurance/bancatakaful products.

Group SME Banking focuses on providing financing solutions to SMEs and family-owned enterprises, as well as trade and cash management solutions for SMEs.

(b) Group Wholesale Banking ('GWB')

GWB comprise the following key business portfolio/functional group:

I. Group Treasury & Global Markets; and

II. Group Corporate Banking and Investment Banking ('Group CBIB') which consist of Group Corporate Banking, Group Investment Banking, Group Asset Management, Group Commercial Banking, Group Transaction Banking and Group Economics.

(i) Group Treasury and Global Markets offers a comprehensive suite of treasury products and solutions including foreign exchange ('FX'), derivatives, capital markets, structured products, money market investments and Islamic Treasury products catering to the hedging and investment needs of our diverse customers in Malaysia, Singapore and Thailand. This segment is also responsible for the overall management of the liquidity and funding needs of the Group as well as for investing excess capital and funds to enhance the returns for the Group.

(ii) Group Corporate Banking provides a comprehensive suite of conventional and Shariah-compliant financing solutions to corporate clients whose shares are listed on stock exchanges locally and/or abroad, multinational companies, government and government agencies and government-linked companies. Financial solutions provided include working capital funding, trade financing, foreign currency hedging, project financing and syndication, as well as funding of corporate exercises.

(iii) Group Investment Banking offers a full range of investment banking products and services covering primary markets, such as advisory (corporate and debt restructuring, mergers and acquisitions, takeovers), fundraising via both equity and debt instruments, and secondary markets including securities trading for both institutional and retail clients. The segment leverages on the Group's regional platforms to provide cross-border transactional services to clients across ASEAN.

This segment also offers stockbroking and investment banking products and services to the Group's regional customers in Indonesia, Thailand, Cambodia and Vietnam.

Investment banking business in Vietnam and Thailand were disposed on 28 June 2024 and 27 December 2024 respectively, details as disclosed in Note 58.

(iv) Group Asset Management manages a full set of investment services and offerings including management of unit trust funds, investment management advisory, private mandates, product development and trustee services.

(v) Group Commercial Banking offers a wide range of business solutions ranging from financing, deposits, cash management solutions, trade finance, FX and remittance among others for Commercial customers (Mid-size to Large-Size Private Companies).

Notes to the Financial Statements
For The Financial Year Ended 31 December 2024

53 SEGMENT REPORTING (CONTINUED)

The Group's business segments can be organised into the following main segments reflecting the Group's internal reporting structure (continued):

(b) Group Wholesale Banking ('GWB') (continued)

(vi) Group Transaction Banking offers a wide range of business solutions ranging from cash management solutions, trade finance and services including supply chain financing solutions among others for SME, Commercial & Large corporates.

(vii) Group Economics which includes Foreign Exchange and Fixed Income Strategy, provides expert advice on Macroeconomic developments as well as local economic and sectoral trends. This segment is also responsible for engaging with corporate and institutional clients to provide advice on economic developments and trends.

(c) Group International Business

Group International Business primarily focuses on providing commercial and investment banking related products and services tailored to the specific needs of the customers in foreign countries in which the Group has operations. The Group currently has foreign presences in Singapore, Thailand, Brunei, Cambodia and Lao.

(d) Insurance

RHB Insurance Berhad provides general insurance for retail, SME, commercial and corporate customers.

(e) Support Center and Others

Support Center and Others comprise results from other business segments in the Group (nominee services, property investment and rental of premises and other related financial services). The results of these other businesses are not material to the Group and therefore do not render a separate disclosure and are reported in aggregate in the financial statements.

The business segment results are prepared based on the Group's internal management reporting, which reflects the organisation's management reporting structure. Internal allocation of costs, for example, back office support, centralised cost, funding center and the application of transfer pricing, where appropriate, has been used in preparing the segmental reporting.

During the financial year, no one group of related customers accounted for more than 10% of the Group's revenue.

53 SEGMENT REPORTING (CONTINUED)

(a) Business segment analysis

	Group Community Banking RM'000	Group Wholesale Banking RM'000	Group International Business RM'000	Insurance* RM'000	Support Center and Others RM'000	Inter-Segment Elimination RM'000	Total RM'000
2024							
External revenue	4,277,191	3,503,676	1,076,473	99,594	(352,040)	–	8,604,894
Inter-segment revenue	44,661	61,439	(50,957)	(18,974)	25,655	(61,824)	–
Segment revenue	4,321,852	3,565,115	1,025,516	80,620	(326,385)	(61,824)	8,604,894
Other operating expenses	(2,250,297)	(1,128,060)	(654,849)	(470)	(49,577)	61,824	(4,021,429)
Including:							
Depreciation of property, plant and equipment	(98,638)	(29,564)	(21,384)	–	(236)	–	(149,822)
Depreciation of right-of-use assets	(24,875)	(21,626)	(20,479)	–	(1,149)	–	(68,129)
Amortisation of intangible assets	(117,392)	(44,016)	(21,249)	–	–	–	(182,657)
Allowance for credit losses on financial assets	(269,093)	(905)	(266,870)	1,529	–	–	(535,339)
Impairment losses made on other non-financial assets	–	(1,788)	–	–	–	–	(1,788)
Segment profit/(loss)	1,802,462	2,434,362	103,797	81,679	(375,962)	–	4,046,338
Share of results of associates							(26,192)
Profit before taxation and zakat							4,020,146
Taxation and zakat							(896,031)
Net profit for the financial year							3,124,115

* *All depreciation and amortisation relating to Insurance are netted against revenue under MFRS 17.*

Notes to the Financial Statements
For The Financial Year Ended 31 December 2024

53 SEGMENT REPORTING (CONTINUED)

(a) Business segment analysis (continued)

	Group Community Banking RM'000	Group Wholesale Banking RM'000	Group International Business RM'000	Insurance RM'000	Support Center and Others RM'000	Total RM'000
2024						
Segment assets	**149,161,638**	**138,558,185**	**55,600,438**	**1,811,339**	**3,363,977**	**348,495,577**
Investments in associates						**74,535**
Tax recoverable						**88,573**
Deferred tax assets						**355,402**
Unallocated assets						**900,560**
Total assets						**349,914,647**
Segment liabilities	**129,662,006**	**122,909,624**	**49,233,380**	**1,235,259**	**47,368**	**303,087,637**
Provision for taxation and zakat						**100,577**
Deferred tax liabilities						**26,748**
Borrowings						**2,622,507**
Senior debt securities						**6,573,859**
Subordinated obligations						**3,380,268**
Unallocated liabilities						**1,591,687**
Total liabilities						**317,383,283**
Other segment items:						
Capital expenditure	**266,484**	**94,586**	**48,668**	**5,326**	**1,259**	**416,323**

	Group Community Banking RM'000	Group Wholesale Banking RM'000	Group International Business RM'000	Insurance* RM'000	Support Center and Others RM'000	Inter-Segment Elimination RM'000	Total RM'000
2023							
External revenue	4,118,917	2,760,476	991,453	112,560	(212,981)	–	7,770,425
Inter-segment revenue	34,288	112,748	(96,971)	(12,248)	27,761	(65,578)	–
Segment revenue	4,153,205	2,873,224	894,482	100,312	(185,220)	(65,578)	7,770,425
Other operating expenses	(2,112,808)	(1,073,235)	(610,213)	(954)	42,339	65,578	(3,689,293)
Including:							
Depreciation of property, plant and equipment	(93,729)	(30,580)	(20,683)	–	(242)	–	(145,234)
Depreciation of right-of-use assets	(26,620)	(21,832)	(14,980)	–	(101)	–	(63,533)
Amortisation of intangible assets	(107,590)	(43,612)	(21,887)	–	–	–	(173,089)
Allowance for credit losses on financial assets	(152,848)	318,604	(466,893)	(391)	–	–	(301,528)
Segment profit/(loss)	1,887,549	2,118,593	(182,624)	98,967	(142,881)	–	3,779,604
Share of results of associates							(26,260)
Profit before taxation and zakat							3,753,344
Taxation and zakat							(942,845)
Net profit for the financial year							2,810,499

* *All depreciation and amortisation relating to Insurance are netted against revenue under MFRS 17.*

53 SEGMENT REPORTING (CONTINUED)

(a) Business segment analysis (continued)

	Group Community Banking RM'000	Group Wholesale Banking RM'000	Group International Business RM'000	Insurance RM'000	Support Center and Others RM'000	Total RM'000
2023						
Segment assets	140,035,817	130,639,719	51,783,160	1,785,791	3,281,994	327,526,481
Investments in associates						56,036
Tax recoverable						104,249
Deferred tax assets						344,872
Unallocated assets						660,473
Total assets						328,692,111
Segment liabilities	118,787,273	119,122,075	44,178,772	1,285,940	36,320	283,410,380
Provision for taxation and zakat						53,691
Deferred tax liabilities						30,196
Borrowings						2,261,224
Senior debt securities						7,018,453
Subordinated obligations						3,377,163
Unallocated liabilities						1,629,940
Total liabilities						297,781,047
Other segment items:						
Capital expenditure	264,208	88,781	68,783	7,661	2,378	431,811

(b) Geographical segment analysis:

	Revenue RM'000	Non-current assets* RM'000	Segment assets RM'000	Capital expenditure RM'000
2024				
Malaysia	**7,377,359**	**4,205,065**	**293,288,711**	**371,248**
Outside Malaysia	**1,227,535**	**442,860**	**56,625,936**	**45,075**
	8,604,894	**4,647,925**	**349,914,647**	**416,323**
2023				
Malaysia	6,756,911	4,182,674	275,788,539	356,950
Outside Malaysia	1,013,514	493,587	52,903,572	74,861
	7,770,425	4,676,261	328,692,111	431,811

* *Non-current assets consist of right-of-use assets, property, plant and equipment, goodwill and intangible assets.*

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54 CAPITAL ADEQUACY RATIO

BNM Guidelines on capital adequacy requires the Group, the Bank and the banking subsidiaries to maintain an adequate level of capital to withstand any losses which may result from credit and other risks associated with financing operations. The capital adequacy ratio is computed based on the eligible capital in relation to the total risk-weighted assets as determined by BNM.

RHB Bank Cambodia, a wholly-owned subsidiary of the Bank, is subject to National Bank of Cambodia's capital adequacy requirements.

(a) The capital adequacy ratios of the Group and the Bank are as follows:

	Group		Bank@	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Common Equity Tier I ('CET I')/Tier I Capital				
Share capital	**8,687,255**	8,330,324	**8,687,255**	8,330,324
Retained profits	**20,754,636**	19,319,465	**15,135,470**	14,536,326
Other reserves	**821,206**	1,041,264	**650,696**	756,092
FVOCI reserves	**167,360**	76,491	**161,618**	74,870
	30,430,457	28,767,544	**24,635,039**	23,697,612
Less:				
Goodwill	**(2,633,383)**	(2,638,198)	**(1,714,913)**	(1,714,913)
Intangible assets (include associated deferred tax liabilities)	**(685,462)**	(673,518)	**(629,234)**	(600,974)
Deferred tax assets	**(304,594)**	(273,997)	**(230,097)**	(209,762)
55% of cumulative gains arising from change in value of FVOCI instruments	**(92,048)**	(42,070)	**(88,890)**	(41,179)
Investments in subsidiaries	**(102,425)**	(102,424)	**(4,377,826)**	(4,473,995)
Investments in associates	**(74,535)**	(56,036)	**(110,800)**	(74,000)
Other deductions#	**(30,612)**	(29,837)	**(29,884)**	(29,159)
Total CET I Capital	**26,507,398**	24,951,464	**17,453,395**	16,553,630
Qualifying non-controlling interests recognised as Tier I Capital	**121**	167	**–**	–
Total Tier I Capital	**26,507,519**	24,951,631	**17,453,395**	16,553,630
Tier II Capital				
Subordinated obligations meeting all relevant criteria	**2,499,601**	2,499,366	**2,499,601**	2,499,366
Qualifying capital instruments of a subsidiary issued to third parties+	**448,027**	448,412	**–**	–
Surplus eligible provisions over expected losses	**580,215**	547,595	**410,092**	394,298
General provisions^	**457,901**	434,848	**326,143**	305,681
Investment in capital instrument of financial and insurance/takaful entities	**–**	–	**(89,387)**	(91,932)
Total Tier II Capital	**3,985,744**	3,930,221	**3,146,449**	3,107,413
Total Capital	**30,493,263**	28,881,852	**20,599,844**	19,661,043

54 CAPITAL ADEQUACY RATIO (CONTINUED)

(a) The capital adequacy ratios of the Group and the Bank are as follows (continued):

	Group		Bank@	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Capital ratios				
Before proposed dividends:				
CET I Capital Ratio	**17.234%**	17.266%	**15.959%**	16.053%
Tier I Capital Ratio	**17.234%**	17.266%	**15.959%**	16.053%
Total Capital Ratio	**19.826%**	19.985%	**18.836%**	19.067%
After proposed dividends and DRP:				
CET I Capital Ratio	**16.440%**	16.673%*	**14.843%**	15.222%*
Tier I Capital Ratio	**16.441%**	16.673%*	**14.843%**	15.222%*
Total Capital Ratio	**19.032%**	19.392%*	**17.720%**	18.236%*

@ *The capital adequacy ratios of the Bank consist of capital base and risk-weighted assets derived from the Bank and its wholly-owned offshore banking subsidiary, RHB Bank (L) Ltd.*

Pursuant to Basel II Market Risk para 5.19 & 5.20 – Valuation Adjustments, the Capital Adequacy Framework (Basel II – RWA) calculation shall account for the ageing, liquidity and holding back adjustments on its trading portfolio.

+ *Qualifying subordinated sukuk that are recognised as Tier II capital instruments held by third parties as prescribed under paragraph 18.6 of the BNM's Guideline on Capital Adequacy Framework (Capital Components) which are issued by a fully consolidated subsidiary of the Bank.*

^ *Pursuant to BNM's policy document on Financial Reporting and Financial Reporting for Islamic Banking Institutions, general provision refers to loss allowance measured at an amount equal to 12-month and lifetime expected credit losses as defined under MFRS 9 'Financial Instruments' and regulatory reserves, to the extent they are ascribed to non-credit impaired exposures, determined under standardised approach for credit risk.*

Includes the qualifying regulatory reserves of the Group and the Bank of RM257,015,000 (2023: RM235,538,000) and RM184,391,000 (2023: RM154,146,000) respectively.

* *The Board of Directors had declared a second interim single-tier dividend of 25.0 sen per share in respect of the financial year ended 31 December 2023, amounting RM1,071,587,000, consisting of cash portion of 15.0 sen per share and an electable portion of 10.0 sen per share. There is no irrevocable written undertaking from its shareholders, hence, the amount of the electable dividend may be reduced either by the average of the preceding 3-year take up rates or if less than 3 preceding years, the available average historical take up rates, subject to the amount being not more than 50% of the total electable portion of the dividend, in accordance with the Implementation Guidance on Capital Adequacy Framework (Capital Components) dated 9 December 2020.*

54 CAPITAL ADEQUACY RATIO (CONTINUED)

(b) The capital adequacy ratios of RHB Islamic Bank and RHB Investment Bank are as follows:

	RHB Islamic Bank		RHB Investment Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
CET I/Tier I Capital				
Share capital	**1,673,424**	1,673,424	**1,220,000**	1,220,000
Retained profits	**4,765,880**	4,201,068	**509,809**	469,723
Other reserves	**1,775**	798	**5,904**	2,830
FVOCI reserves	**(38,571)**	(38,332)	**42,452**	38,675
	6,402,508	5,836,958	**1,778,165**	1,731,228
Less:				
Goodwill	**–**	–	**(372,395)**	(372,395)
Investments in subsidiaries and associates	**–**	–	**(512,087)**	(720,372)
Intangible assets (include associated deferred tax liabilities)	**(3,903)**	(4,661)	**(23,349)**	(25,074)
Deferred tax assets	**(72,134)**	(70,560)	**(19,311)**	(17,020)
55% of cumulative gains arising from change in value of FVOCI instruments	**–**	–	**(23,349)**	(21,271)
Other deductions#	**(352)**	(595)	**–**	–
Total CET I Capital/Total Tier I Capital	**6,326,119**	5,761,142	**827,674**	575,096
Tier II Capital				
Subordinated sukuk	**749,761**	750,000	**–**	–
Subordinated obligations meeting all relevant criteria	**–**	–	**100,000**	100,000
Surplus eligible provisions over expected losses	**170,789**	154,065	**–**	–
General provisions^	**86,689**	80,942	**8,452**	7,700
Total Tier II Capital	**1,007,239**	985,007	**108,452**	107,700
Total Capital	**7,333,358**	6,746,149	**936,126**	682,796
Capital ratios				
Before proposed dividends:				
CET I Capital Ratio	**16.028%**	16.125%	**51.722%**	36.653%
Tier I Capital Ratio	**16.028%**	16.125%	**51.722%**	36.653%
Total Capital Ratio	**18.580%**	18.882%	**58.499%**	43.517%
After proposed dividends:				
CET I Capital Ratio	**15.477%**	15.516%	**45.285%**	32.446%
Tier I Capital Ratio	**15.477%**	15.516%	**45.285%**	32.446%
Total Capital Ratio	**18.029%**	18.273%	**52.062%**	39.310%

\# *Pursuant to Basel II Market Risk para 5.19 & 5.20 – Valuation Adjustments, the Capital Adequacy Framework (Basel II – RWA) calculation shall account for the ageing, liquidity and holding back adjustments on its trading portfolio.*

^ *Pursuant to BNM's policy document on Financial Reporting and Financial Reporting for Islamic Banking Institutions, general provision refers to loss allowance measured at an amount equal to 12-month and lifetime expected credit losses as defined under MFRS 9 'Financial Instruments' and regulatory reserves, to the extent they are ascribed to non-credit impaired exposures, determined under standardised approach for credit risk.*

Includes the qualifying regulatory reserves of RHB Islamic Bank and RHB Investment Bank of RM68,891,000 (2023: RM68,476,000) and RM8,350,000 (2023: RM7,611,000) respectively.

54 CAPITAL ADEQUACY RATIO (CONTINUED)

(c) The breakdown of risk-weighted assets in the various categories of risk-weights are as follows:

	Group RM'000	Bank@ RM'000	RHB Islamic Bank RM'000	RHB Investment Bank RM'000
2024				
Credit risk	**133,334,491**	**94,440,104**	**35,399,952**	**676,141**
Market risk	**5,677,218**	**5,092,229**	**533,669**	**205,983**
Operational risk	**14,795,927**	**9,833,938**	**3,534,619**	**718,125**
Total risk-weighted assets	**153,807,636**	**109,366,271**	**39,468,240**	**1,600,249**
2023				
Credit risk	126,053,670	90,170,895	32,152,914	616,039
Market risk	4,159,064	3,538,548	187,131	155,584
Operational risk	14,301,431	9,405,985	3,387,790	797,424
Total risk-weighted assets	144,514,165	103,115,428	35,727,835	1,569,047

@ *The capital adequacy ratios of the Bank consist of capital base and risk-weighted assets derived from the Bank and its wholly-owned offshore banking subsidiary, RHB Bank (L) Ltd.*

The total risk-weighted assets of the Group and Bank are computed based on BNM's Guideline on Risk Weighted Capital Adequacy Framework: Internal Ratings Based Approach for Credit Risk and Standardised Approach for Market Risk and Basic Indicator Approach for Operational Risk (Basel II).

The total risk-weighted assets of RHB Islamic Bank are computed based on BNM's Capital Adequacy Framework for Islamic Banks ('CAFIB'): Internal Ratings Based Approach for Credit and Standardised Approach for Market Risk and Basic Indicator Approach for Operational Risk (Basel II).

The total risk-weighted assets of RHB Investment Bank are computed based on BNM's Guideline on Risk Weighted Capital Adequacy Framework: Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk (Basel II).

(d) The capital adequacy ratios of RHB Bank Cambodia are as follows:

	2024	2023
Before proposed dividends:		
Solvency ratio	**16.749%**	17.089%
After proposed dividends:		
Solvency ratio	**16.749%**	17.089%

The Solvency Ratio of RHB Bank Cambodia is the nearest equivalent regulatory compliance ratio in Cambodia computed in accordance with Prakas No. B7-00-46, B7-04-206 and B7-07-135 issued by the National Bank of Cambodia. This ratio is derived as RHB Bank Cambodia's net worth divided by its risk-weighted assets and off-balance sheet items. The minimum regulatory solvency ratio requirement in Cambodia is 15%.

Notes to the Financial Statements
For The Financial Year Ended 31 December 2024

55 FINANCIAL RISK MANAGEMENT

(a) Financial Risk Management Objectives and Policies

Risk is inherent in the Group's activities and is managed through a process of on-going identification, measurement and monitoring, subject to limits and other controls. Besides credit risk, the Group is exposed to a range of other risk types such as market, liquidity, operational, legal, Shariah, strategic and cross-border, as well as other forms of risk inherent to its strategy, product range and geographical coverage.

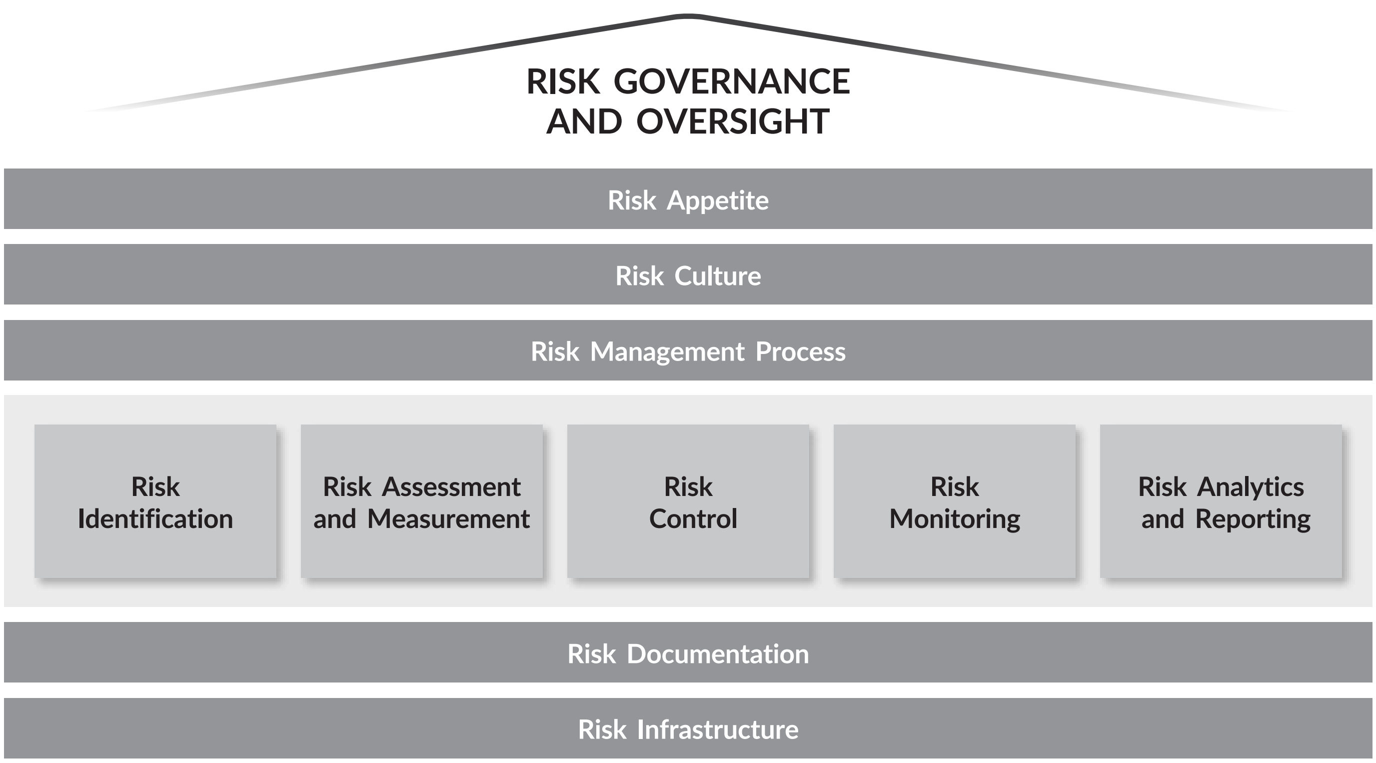
Effective risk management is fundamental to being able to drive sustainable growth and shareholders' value, while maintaining competitive advantage, and is thus a central part of the proactive risk management of the Group's operating environment.

The Group Risk Management Framework governs the management of risks in the Group, as follows:

1. It provides a holistic overview of the risk and control environment of the Group, with risk management aimed towards loss minimisation and protection against unexpected losses which may occur through, principally, the failure of effective checks and balances in the organisation.

2. It sets out the strategic progression of risk management towards becoming a value creation enterprise. This is realised through building up capabilities and infrastructure in risk management sophistication, and enhanced risk quantification to optimise risk adjusted returns.

The Group Risk Management Framework is represented in the following diagram:



55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial Risk Management Objectives and Policies (continued)

Key features of the framework are:

Risk Governance and Oversight

The Board of Directors sits at the apex of the risk governance structure and is ultimately responsible for the Group's/respective entities' risk management strategy, appetite, framework and oversight of risk management activities.

Group-level committees have been established to oversee the management of risks across all entities/subsidiaries on an integrated basis. These committees serve a critical function in setting strategic direction, establishing governance frameworks and promoting best practices. However, the Group maintains entity-specific committees to facilitate focused deliberation on entity specific issues e.g. the Board Risk Committee ('BRC') of RHB Bank Berhad, RHB Islamic Bank Berhad and RHB Investment Bank Berhad. These BRCs report directly to their respective Board, provides oversight and assists in reviewing the Group's overall risk management philosophy, frameworks, policies and models, as well as risk issues relevant and unique to its business.

The responsibility for the supervision of the day-to-day management of enterprise risk and capital matters is delegated to the Group Capital and Risk Committee ('GCRC'), comprising senior management of the Group. The GCRC reports to the relevant board committees and the Group Management Committee ('GMC'). The Investment Bank Risk Management Committee ('IBRMC') is responsible for oversight of risk management matters relating to RHB Investment Bank Group's business while the Group Asset and Liability Committee ('Group ALCO') oversees market risk, liquidity risk and balance sheet management.

The Group Chief Risk Officer ('GCRO') who reports directly to the Group Managing Director, is responsible for the risk management function. The main roles and responsibilities of GCRO are:

1. Facilitating the setting of the strategic direction and overall policy on management and control of risks of the Group;
2. Ensuring industry best practices in risk management are adopted across the Group, including the setting of risk management parameters and risk models;
3. Developing proactive, balanced and risk attuned culture within the Group; and
4. Advising senior management, management level committees, board level risk committees and Board of Directors of the Group's entities on risk issues and their possible impact on the Group in the achievement of its objectives and strategies.

GCRO is supported by the entities chief risk officers and various teams within risk management function:

1. The main function of entities' chief risk officers – is to assess and manage the enterprise risk and liaise with regulators in the respective country/entity under their purview. They are supported by their respective risk management teams with support from the risk management function from the Group.
2. The risk management function comprises of the teams who specialise in the respective risks and responsible for the active oversight of the Group-wide risk management function and support the respective entities/chief risk officers. Group Risk and Credit Management consist of Group Wholesale Banking Credit Management, Group Community Banking Credit Management, Enterprise Risk Management, Group Wholesale Credit Risk Management, Group Climate Risk Management, Group Community Banking Credit Risk Management, Group Market Risk Management, Group Asset and Liability Management, Group Non-Financial Risk Management, Group Technology and Cyber Risk Management, Group Shariah Risk Management, Risk Strategy, Transformation and Enterprise Risk Insights, Investment Banking and Regional Risk and Insurance Risk Management.

Risk Appetite

The Board of Directors sets the risk appetite and tolerance level that are consistent with the Group and each entity's overall business objectives and desired risk profile. It describes the types and level of risks the Group is prepared to accept in delivering its business strategies, and reported through various metrics that enable the Group to manage capital resources and shareholders' expectations.

The defined risk appetite and risk tolerance are periodically reviewed by the Management and the Board in line with the Group's business strategies and operating environment. Such review includes identifying and setting new risk appetite metrics for the business entity or removal of risk appetite metrics that are no longer applicable as well as updates on the risk appetite thresholds to be in line with the Group's business strategy and risk posture.

Notes to the Financial Statements
For The Financial Year Ended 31 December 2024

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial Risk Management Objectives and Policies (continued)

Key features of the framework are (continued):

Risk Culture

The Group subscribes to the principle of 'Risk and Compliance is Everyone's Responsibility' and risk management is managed via a 'three lines of defence' model. Business/functional units of the respective operating entities in the Group are collectively responsible for identifying, managing and reporting risk.

The approach is based on the 'three lines of defence' model as depicted below:

FIRST LINE Business/Functional Level	• Responsible for managing day-to-day risks and compliance issues • Business Risk and Compliance Officer/Business Risk Officer/Business Compliance Officer/equivalent is to assist business/functional unit in day-to-day risks and compliance matters
SECOND LINE Group Risk Management & Group Compliance	• Responsible for oversight, establishing governance and providing support to business/functional unit on risk and compliance matters
THIRD LINE Group Internal Audit	• Provide independent assurance to the Board of Directors that risk and compliance management functions effectively as designed

In 2024, a differentiated approach was employed in cultivating the desired risk culture behaviours leveraging on behaviour analytics and insights. This equipped the Business Risk and Compliance Officer/Business Risk Officer/Business Compliance Officer with sharper monitoring of risk culture metrics and dashboards, enabling them to prevent and correct the undesired behaviours. Additionally, the Group has developed Machine Learning based behavioural analytics model with early warning capabilities to strengthen oversight of the second Line of Defence and overlay existing controls at the first line of defence. These were complimented by targeted messaging via trainings, awareness campaigns and roadshows to shape the desired risk culture behaviours.

Risk Management Process

The risk management process identifies, assesses and measures, controls, monitors and reports/analyses risk. This ensures that risk exposures are adequately managed and that the expected return compensates for the risk taken.

- Identification: The identification and analysis of the existing and potential risks is a continuing process, in order to facilitate and proactive and timely identification of risk within the Group's business operations, including emerging risks. This ensures that risks can be managed and controlled within the risk appetite of the Group and specific entity, where necessary.
- Assessment and Measurement: Risks are measured, assessed and aggregated using comprehensive qualitative and quantitative risk measurement methodologies, and the process also serves as an important tool as it provides an assessment of capital adequacy and solvency.
- Controlling: Risks identified during the risk identification process must be adequately managed and mitigated to control the risk of loss. This is also to ensure risk exposures are managed within the Group's or entity's risk appetite.
- Monitoring: Effective monitoring process ensures that the Group is aware of the condition of its exposures vis-à-vis its approved appetite and emerging risk trend to facilitate early identification of potential problem on a timely basis by using continuous and on-going monitoring of risk exposures and risk control/mitigation measures.
- Analytics and Reporting: Risk analysis and reports are prepared by the respective entities and at a consolidated level as well as business level; and are regularly escalated to the senior management and relevant Boards of the Group's entities to ensure that the risks identified remain within the established appetite and to support an informed decision-making process. Reporting and analytics are also being continuously enhanced to provide risk intelligence to relevant stakeholders within the Group to facilitate more effective decision making.

In addition, risk management seeks to ensure that risk decisions are consistent with strategic business objectives and within the risk appetite.

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial Risk Management Objectives and Policies (continued)

Key features of the framework are (continued):

Risk Documentation

The Group recognises that effective implementation of the risk management system and process must be supported by a robust set of documentation. Towards this end, the Group has established frameworks, policies and other relevant control documents to ensure clearly defined practices and processes are effected consistently across the Group. Documents are subject to a robust review process to ensure they remain current.

Risk Infrastructure

The Group has organised its resources and talents into dedicated risk management functions, and invested in technology, including data management to support the Group's risk management activities. Staff have been assigned clear roles and responsibilities, provided access to relevant and up-to-date risk information, and given the latitude to continuously enhance their competency through learning and development programs.

Risk systems and tools are designed to provide accessibility of risk information that complement the risk management process. The availability of data for analytics and monitoring, and dashboards and reporting assists in continuously enhancing risk management capabilities. The Group's Risk Management Report has evolved to be more analytically-driven, including elements of quantitative and qualitative forward-looking projections.

Effective risk management requires the Group to continuously review its risk management capabilities to effectively manage risk and to improve risk management practices across the Group. Therefore, the Group has embarked on transformation journeys to achieve better efficiency and effectiveness.

As part of its PROGRESS 27 effort, Group Risk & Credit Management has put in place a comprehensive three-year strategic plan and initiatives centred around resiliency, agility, regulatory demand, and RHB's three-year growth strategy aligned with multi-year cost optimisation efforts.

Major Areas of Risk

As a banking institution with key activities covering retail, business banking, corporate banking and advisory services, treasury products and services, and securities and futures related business, the Group is subject to business risks which are inherent in the financial services industry. Generally, these business risks can be broadly classified as follows:

(i) Credit risk – the risk of loss arising from customers' or counterparties' failure to fulfil their financial and contractual obligations in accordance to the agreed terms. It stems primarily from the Group's and the Bank's lending/financing, trade finance placement, underwriting, investment, hedging and trading activities from both on- and off-balance sheet transactions. Credit risk does not typically happen in isolation as depending on certain risk events (e.g. fluctuation of interest/profit rate, foreign exchange) presence of other risks may also arise.

(ii) Market risk – the risk of losses arising from adverse movements in market drivers, such as interest/profit rates, credit spreads, equity prices, currency exchange rates and commodity prices. Under this definition, market risk will constitute:

- the interest/profit rate and equity risks pertaining to financial instruments in the trading book; and
- foreign exchange risk and commodities risk in the trading and banking books.

(iii) Liquidity risk – the risk of the Group and the Bank being unable to maintain sufficient liquid assets to meet its financial commitments and obligations when they fall due and transact at a reasonable cost. Liquidity risk also arises from the inability to manage unplanned decreases or changes in funding sources.

(iv) Operational risk – the risk of loss resulting from inadequate or failed internal processes, people, systems and/or external events, which also includes IT, legal and Shariah non-compliance risk but excludes strategic and reputational risk.

(v) Technology and Cyber risk – Technology risk is the business risk associated with the use, ownership, operation, involvement, influence and adoption of IT within an enterprise while Cyber risk refers to threats or vulnerabilities emanating from the connectivity of internal infrastructure to external networks or the Internet.

Notes to the Financial Statements
For The Financial Year Ended 31 December 2024

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial Risk Management Objectives and Policies (continued)

Major Areas of Risk (continued)

To mitigate the various business risks of the Group and the Bank, the following has been put in place:

Credit Risk

- The Group and the Bank abide to the Board approved credit policy which supports the development of a strong credit culture and with the objective of maintaining a well-diversified portfolio that addresses credit risk, and mitigates concern for unexpected losses.

- Regulatory requirement and industry best practices are incorporated into the approved policy.

- Group Credit Committee ('GCC') is responsible for ensuring adherence to the Board approved credit risk appetite as well as the effectiveness of credit risk management. GCC is the senior management committee empowered to approve or reject all financial investments, counterparty credit and lending/financing up to the defined threshold limits.

- Group Investment Underwriting Committee ('GIUC') deliberates, approves and rejects stockbroking/equities/futures business related proposals such as equity underwriting, equity derivatives and structured products, and share margin financing.

- GCC and GIUC submit to the Board Credit Committee ('BCC') for affirmation or veto if the financing facilities exceed a pre-defined threshold.

- The Group and the Bank also ensure that internal processes and credit underwriting standards are adhered to before credit proposals are approved. All credit proposals are first evaluated by the originating business units before being evaluated by Group Wholesale Banking Credit Management and Group Community Banking Credit Management prior to submission to the relevant committees for approval. With the exception of credit applications for consumer and approved products under program lending/financing which can be auto approved by loans/financing origination system or business units' supervisors, all other credit facilities are subject to independent assessment by a team of dedicated and experienced credit evaluators in Head Office. For proper checks and controls, joint or escalated approval is required for all discretionary lending between business and independent credit underwriters. Loans/financing which are beyond the delegated lending authority limits will be escalated to the relevant committees for approval.

- Internal credit rating models are an integral part of the Group's and the Bank's credit risk management, decision-making process, and regulatory capital calculations.

- Clients' accounts are reviewed at regular intervals and weakening credits are transferred to Loan Recovery for more effective management.

- Counterparty, industry and product exposure limits/directions are set and risk reward relationships are mapped with the aim of maintaining a diverse credit profile and track the changing risk concentrations in response to market changes and external events.

- The Bank applies the Internal Ratings-Based ('IRB') approach for credit risk, whereby more advanced Basel II approaches and key program components are implemented, which includes (i) enhancing the returns of the Bank using established credit risk framework and methodologies, (ii) implementing and using empirical credit scoring models for consumer financing and credit rating models for business loans/financing, and (iii) designing and implementing modelling of expected and unexpected losses.

- The Bank has embarked on an end-to-end credit transformation journey to support business growth while protecting the asset quality. It covers the core business segments of Group Community Banking (i.e. retail and small lending/financing portfolios) and Group Wholesales Banking (i.e. non-retail portfolios). To date, business improvements have been observed in credit approval, turnaround time and collection/recovery, through the implementation/pilot run; and enhanced early warning capabilities.

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial Risk Management Objectives and Policies (continued)

Major Areas of Risk (continued)

To mitigate the various business risks of the Group and the Bank, the following has been put in place (continued):

Market Risk

- A framework of risk policies, measurement methodologies and limits, as approved by the Board, which controls the Group's and the Bank's financial market activities as well as to identify potential risk areas early in order to mitigate against any adverse effects arising from market volatility.
- The senior management committees; namely Group ALCO, the GCRC and IBRMC perform a critical role in the oversight of the management of market risk and supports the board risk committees in the overall market risk management.
- The Group Market Risk Management function forms a centralised function to support senior management to operationalise the processes and methods, to ensure adequate risk control and oversight are in place.
- The Group and the Bank apply risk monitoring and assessment tools to measure trading book positions and market risk factors. Statistical and non-statistical risk assessment tools applied include Value-at-Risk ('VaR'), sensitivity analysis and stress testing.
- Market risk is primarily monitored and controlled via a structure of limits and triggers i.e. cut loss, VaR, trading and notional limit set in accordance with the size of positions and risk tolerance appetites.
- Periodic stress testing is applied to ascertain market risk under abnormal market conditions.

Liquidity Risk

- The Group ALCO plays a fundamental role in the asset and liability management of the Group and the Bank, and establishes strategies to assist in controlling and reducing any potential exposures to liquidity risk.
- The liquidity risk management process involves establishing liquidity risk management policies and limits, regular monitoring against liquidity risk limits, regular stress testing, and establishing contingency funding plans. These processes are subject to regular reviews to ensure that they remain relevant in the context of prevailing market conditions.
- Minimum liquid assets buffer, capping on large depositor concentration and sufficient long term funding are available to meet obligations and aligned to Liquidity Coverage Ratio and Net Stable Funding Ratio to ensure adequate cover for withdrawals arising from unexpected levels of demand.
- Defined liquidity management ratios are maintained and monitored.
- The Group and the Bank have established Group Liquidity Incident Management Plan Guidelines to manage any potential adverse liquidity incidences, and which can be implemented on a timely basis so that appropriate actions can be taken to mitigate against any unexpected market developments.

Notes to the Financial Statements
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55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial Risk Management Objectives and Policies (continued)

Major Areas of Risk (continued)

To mitigate the various business risks of the Group and the Bank, the following has been put in place (continued):

Operational Risk

- The Group Non-Financial Risk Management function is responsible for the development of group-wide operational risk policies, framework and methodologies, and providing guidance and information to the business units on operational risk matters. The respective business units are primarily responsible for managing operational risk on a day-to-day basis. Some of the operational risk tools used include Risk and Control Self-Assessment, Key Risk Indicators, Key Control Testing, Incident Management and Loss Data Collection and Operational Risk Scenario Analysis.

- The Group's and the Bank's operational risk management system has integrated applications to support the operational risk management process (i.e. assessment, reporting, database/library).

- The Group and the Bank have Business Continuity Management ('BCM') programme for the major critical business operations and activities at the Head Office, data centre, and branches' locations. The BCM programme is subject to regular testing to validate adequacy and preparedness of all resources to support critical and essential services in the event of disruption. There are ongoing continuous improvement initiatives to build operational resilience to ensure sustainability of critical services.

- There is continuous refinement of existing policies, procedures and internal control measures; and regular internal review, compliance monitoring, and audits are performed to prevent and/or minimise unexpected losses.

- Regular operational risk reporting is made to senior management, relevant committees and board to facilitate the identification of adverse operational lapses, taking of prompt corrective actions, and ensuring appropriate risk mitigations are implemented.

Technology & Cyber Risk

- The Group Technology & Cyber Risk Management function is responsible for the establishment of group-wide technology and cyber risk management framework, policy and guideline, as well as providing guidance and consultation to the business and functional units on technology and cyber risk areas.

- There is continuous enhancement of existing Group policies, procedures and internal control measures in line with regulatory requirements; with regular independent assessment on areas pertaining to technology and cyber risks to prevent and/or minimise unexpected losses.

- Development of policies and mitigating controls are made reference to industry standards such as ISO/IEC: 27001:2022 Control Objectives for Information and Related Technology (COBIT) 5 and the National Institute of Standards and Technology (NIST) Cyber Security Framework.

- Regular technology and cyber risk reporting is made to senior management, relevant senior management and board committees to facilitate a risk informed decision by proactively identifying emerging technology and cyber threats, assessment on the effectiveness of the controls implemented and the recommendation of new appropriate controls.

- In addition to the above, amongst others, the key risk management tools and mechanisms to manage Technology & Cyber Risk in RHB Group are:

  (i) Subscription to threat intelligence service providers for the latest cyber threats incidence, threat actors, exploit techniques and modus operandi in compromising an organisation.
  (ii) Periodic assessment of existing cybersecurity mitigation controls via Red Team assessment and compromise assessment.
  (iii) Regular phishing simulations using different themes targeting internal staff to foster a culture of cybersecurity awareness.
  (iv) Continuous education and awareness on technology and cyber risks to Board, business and functional units, new recruits and third party service providers via Computer Based Training, classroom training and regular email broadcast communication through dissemination of best practices bulletin.

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Financial Instruments by Category

	At amortised cost RM'000	At fair value through profit and loss RM'000	At fair value through other comprehensive income RM'000	Total RM'000
Group				
2024				
ASSETS				
Cash and short-term funds	11,551,647	–	–	11,551,647
Securities purchased under resale agreements	59,355	–	–	59,355
Deposits and placements with banks and other financial institutions	811,180	–	–	811,180
Financial assets at FVTPL	–	5,699,882	–	5,699,882
Financial assets at FVOCI	–	–	51,776,595	51,776,595
– Debt instruments	–	–	50,945,435	50,945,435
– Equity instruments	–	–	831,160	831,160
Financial investments at amortised cost	30,112,469	–	–	30,112,469
Loans, advances and financing	234,967,648	–	–	234,967,648
Clients' and brokers' balances	755,014	–	–	755,014
Insurance/reinsurance contract assets	499,692	–	–	499,692
Other financial assets	1,389,139	–	–	1,389,139
Derivative assets	–	2,748,423	–	2,748,423
	280,146,144	8,448,305	51,776,595	340,371,044
LIABILITIES				
Deposits from customers	249,565,470	–	–	249,565,470
Deposits and placements of banks and other financial institutions	27,205,021	–	–	27,205,021
Obligations on securities sold under repurchase agreements	13,412,388	–	–	13,412,388
Investment accounts	1,258,804	–	–	1,258,804
Bills and acceptances payables	261,592	–	–	261,592
Clients' and brokers' balances	841,715	–	–	841,715
Insurance/reinsurance contract liabilities	1,156,004	–	–	1,156,004
Other financial liabilities	6,146,245	107,725	–	6,253,970
Derivative liabilities	–	2,285,168	–	2,285,168
Recourse obligation on loans sold to Cagamas	2,104,358	–	–	2,104,358
Lease liabilities	150,916	–	–	150,916
Borrowings	2,622,507	–	–	2,622,507
Senior debt securities	6,573,859	–	–	6,573,859
Subordinated obligations	3,380,268	–	–	3,380,268
	314,679,147	2,392,893	–	317,072,040

Notes to the Financial Statements
For The Financial Year Ended 31 December 2024

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Financial Instruments by Category (continued)

	At amortised cost RM'000	At fair value through profit and loss RM'000	At fair value through other comprehensive income RM'000	Total RM'000
Group				
2023				
ASSETS				
Cash and short-term funds	14,145,414	–	–	14,145,414
Deposits and placements with banks and other financial institutions	888,940	–	–	888,940
Financial assets at FVTPL	–	3,718,491	–	3,718,491
Financial assets at FVOCI	–	–	47,976,929	47,976,929
– Debt instruments	–	–	47,201,673	47,201,673
– Equity instruments	–	–	775,256	775,256
Financial investments at amortised cost	28,214,643	–	–	28,214,643
Loans, advances and financing	219,562,603	–	–	219,562,603
Clients' and brokers' balances	1,203,013	–	–	1,203,013
Insurance/reinsurance contract assets	573,036	–	–	573,036
Other financial assets	1,214,359	–	–	1,214,359
Derivative assets	–	1,675,723	–	1,675,723
	265,802,008	5,394,214	47,976,929	319,173,151
LIABILITIES				
Deposits from customers	245,083,070	–	–	245,083,070
Deposits and placements of banks and other financial institutions	17,022,398	–	–	17,022,398
Obligations on securities sold under repurchase agreements	8,970,584	–	–	8,970,584
Investment accounts	507,774	–	–	507,774
Bills and acceptances payables	810,216	–	–	810,216
Clients' and brokers' balances	1,285,362	–	–	1,285,362
Insurance/reinsurance contract liabilities	1,185,982	–	–	1,185,982
Other financial liabilities	3,616,749	113,104	–	3,729,853
Derivative liabilities	–	1,787,728	–	1,787,728
Recourse obligation on loans sold to Cagamas	4,332,027	–	–	4,332,027
Lease liabilities	151,417	–	–	151,417
Borrowings	2,261,224	–	–	2,261,224
Senior debt securities	7,018,453	–	–	7,018,453
Subordinated obligations	3,377,163	–	–	3,377,163
	295,622,419	1,900,832	–	297,523,251

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Financial Instruments by Category (continued)

	At amortised cost RM'000	At fair value through profit and loss RM'000	At fair value through other comprehensive income RM'000	Total RM'000
Bank				
2024				
ASSETS				
Cash and short-term funds	13,222,186	–	–	13,222,186
Securities purchased under resale agreements	100,213	–	–	100,213
Deposits and placements with banks and other financial institutions	8,037,443	–	–	8,037,443
Investment account due from designated financial institutions	4,640,875	–	–	4,640,875
Financial assets at FVTPL	–	3,082,107	–	3,082,107
Financial assets at FVOCI	–	–	43,067,114	43,067,114
– Debt instruments	–	–	42,285,064	42,285,064
– Equity instruments	–	–	782,050	782,050
Financial investments at amortised cost	18,930,344	–	–	18,930,344
Loans, advances and financing	137,221,740	–	–	137,221,740
Other financial assets	2,086,522	–	–	2,086,522
Derivative assets	–	2,832,307	–	2,832,307
	184,239,323	5,914,414	43,067,114	233,220,851
LIABILITIES				
Deposits from customers	155,078,777	–	–	155,078,777
Deposits and placements of banks and other financial institutions	28,814,676	–	–	28,814,676
Obligations on securities sold under repurchase agreements	16,273,461	–	–	16,273,461
Bills and acceptances payables	258,887	–	–	258,887
Other financial liabilities	4,118,980	–	–	4,118,980
Derivative liabilities	–	2,483,745	–	2,483,745
Recourse obligation on loans sold to Cagamas	900,024	–	–	900,024
Lease liabilities	81,823	–	–	81,823
Borrowings	1,764,270	–	–	1,764,270
Senior debt securities	6,573,859	–	–	6,573,859
Subordinated obligations	2,522,031	–	–	2,522,031
	216,386,788	2,483,745	–	218,870,533

Notes to the Financial Statements
For The Financial Year Ended 31 December 2024

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Financial Instruments by Category (continued)

	At amortised cost RM'000	At fair value through profit and loss RM'000	At fair value through other comprehensive income RM'000	Total RM'000
Bank				
2023				
ASSETS				
Cash and short-term funds	10,306,573	–	–	10,306,573
Securities purchased under resale agreements	369,585	–	–	369,585
Deposits and placements with banks and other financial institutions	8,798,866	–	–	8,798,866
Investment account due from designated financial institutions	6,258,830	–	–	6,258,830
Financial assets at FVTPL	–	1,327,294	–	1,327,294
Financial assets at FVOCI	–	–	41,527,907	41,527,907
– Debt instruments	–	–	40,798,615	40,798,615
– Equity instruments	–	–	729,292	729,292
Financial investments at amortised cost	18,083,039	–	–	18,083,039
Loans, advances and financing	127,848,563	–	–	127,848,563
Other financial assets	2,786,005	–	–	2,786,005
Derivative assets	–	1,699,427	–	1,699,427
	174,451,461	3,026,721	41,527,907	219,006,089
LIABILITIES				
Deposits from customers	148,641,495	–	–	148,641,495
Deposits and placements of banks and other financial institutions	27,223,482	–	–	27,223,482
Obligations on securities sold under repurchase agreements	10,415,735	–	–	10,415,735
Bills and acceptances payables	800,375	–	–	800,375
Other financial liabilities	2,911,775	–	–	2,911,775
Derivative liabilities	–	1,795,186	–	1,795,186
Recourse obligation on loans sold to Cagamas	2,720,286	–	–	2,720,286
Lease liabilities	89,982	–	–	89,982
Borrowings	1,337,921	–	–	1,337,921
Senior debt securities	7,018,453	–	–	7,018,453
Subordinated obligations	2,521,693	–	–	2,521,693
	203,681,197	1,795,186	–	205,476,383

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market Risk

Market risk sensitivity assessment is based on the changes in key variables, such as interest/profit rates and foreign currency rates, while all other variables remain unchanged. The sensitivity factors used are assumptions based on parallel shifts in the key variables to project the impact on the assets and liabilities position of the Group and the Bank.

The scenarios used are based on the assumption that all key variables for all maturities move at the same time and by the same magnitude and do not incorporate actions that would be otherwise taken by the business units and risk management to mitigate the effect of this movement in key variables. The Group and the Bank seek to ensure that the interest/profit rate risk profile is managed to minimise losses and optimise net revenues.

(i) Interest/Profit rate sensitivity analysis

The interest/profit rate sensitivity results below shows the impact on profit after tax and reserves of financial assets and financial liabilities bearing floating interest/profit rates and fixed rate financial assets and financial liabilities:

	Group		Bank	
Increase/(Decrease)	**Impact on profit after tax RM'000**	**Impact on reserves RM'000**	**Impact on profit after tax RM'000**	**Impact on reserves RM'000**
2024				
+100 bps	**268,335**	**(1,279,210)**	**103,045**	**(1,060,879)**
-100 bps	**(251,997)**	**1,414,329**	**(87,054)**	**1,171,373**
2023				
+100 bps	382,959	(1,096,232)	204,816	(941,070)
-100 bps	(390,799)	1,202,245	(213,135)	1,033,179

The results above represent financial assets and liabilities that have been prepared on the following basis:

(a) Impact on the profit after tax is the sum of valuation changes on interest/profit rate instruments held in the trading portfolio and earnings movement for all short-term interest/profit rate sensitive assets and liabilities (with maturity or re-pricing tenure of up to one year) that is not held in the trading portfolio. Earnings movement for the short-term interest/profit rate sensitive assets and liabilities uses a set of risk weights with its respective time band to simulate the 100 bps (2023: 100 bps) interest/profit rate change impact. For assets and liabilities with non-fixed maturity e.g. current and savings accounts, certain assumptions are made to reflect the actual sensitivity behaviour of these interest/profit bearing assets and liabilities.

(b) Impact on reserves represent the changes in fair values of interest/profit rate instruments held in the FVOCI portfolio arising from the shift in the interest/profit rate.

Notes to the Financial Statements
For The Financial Year Ended 31 December 2024

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market Risk (continued)

(ii) Foreign currency sensitivity analysis

The foreign currency sensitivity represents the effect of the appreciation or depreciation of the foreign currency rates on the consolidated currency position, while other variables remain constant.

	Group Change in currency rates		Bank Change in currency rates	
Impact on profit after tax	+10% RM'000	-10% RM'000	+10% RM'000	-10% RM'000
2024				
United States Dollar ('USD')	**(39,708)**	**39,708**	**(41,099)**	**41,099**
Cambodian Riel ('KHR')	**19,378**	**(19,378)**	**-**	**-**
Australian Dollar ('AUD')	**2,469**	**(2,469)**	**2,681**	**(2,681)**
Pound Sterling ('GBP')	**10,465**	**(10,465)**	**9,435**	**(9,435)**
Others	**5,170**	**(5,170)**	**(782)**	**782**
	(2,226)	**2,226**	**(29,765)**	**29,765**
2023				
USD	17,900	(17,900)	15,387	(15,387)
KHR	20,636	(20,636)	-	-
AUD	9,272	(9,272)	9,325	(9,325)
GBP	5,090	(5,090)	4,620	(4,620)
Others	(11,513)	11,513	(13,711)	13,711
	41,385	(41,385)	15,621	(15,621)

Impact on the profit after tax is estimated on the assumption that foreign exchange moves by the same amount and all other variables are held constant and are based on a constant reporting date position.

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market Risk (continued)

Interest/Profit rate risk

The table below summarises the Group and the Bank's exposure to interest/profit rate risk. The carrying amount of assets and liabilities (include non-financial instruments) are categorised by the earlier of contractual re-pricing or maturity dates:

	Non-trading book								
	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-3 years RM'000	Over 3 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
Group									
2024									
ASSETS									
Cash and short-term funds	6,855,594	–	–	–	–	–	4,696,053	–	11,551,647
Securities purchased under resale agreements	31,471	27,884	–	–	–	–	–	–	59,355
Deposits and placements with banks and other financial institutions	–	515,830	49,661	234,893	–	–	10,796	–	811,180
Financial assets at FVTPL	–	–	–	–	–	–	–	5,699,882	5,699,882
Financial assets at FVOCI	1,394,887	3,185,301	1,666,537	1,551,244	8,277,540	34,386,341	1,314,745	–	51,776,595
Financial investments at amortised cost	2,344,230	4,069,008	3,075,648	4,610,816	5,218,100	10,568,212	226,455	–	30,112,469
Loans, advances and financing	188,067,943	21,361,888	5,010,551	1,873,483	2,013,590	15,350,857	1,289,336	–	234,967,648
Clients' and brokers' balances	4,825	–	–	–	–	–	750,189	–	755,014
Insurance/reinsurance contract assets	–	–	–	–	–	–	499,692	–	499,692
Other assets	86,924	126,784	67,862	36,987	72,738	116,005	1,429,184	–	1,936,484
Derivative assets	12	–	4,047	1,704	64,406	33,059	–	2,645,195	2,748,423
Statutory deposits	–	–	–	33,521	–	–	3,796,302	–	3,829,823
Tax recoverable	–	–	–	–	–	–	88,573	–	88,573
Deferred tax assets	–	–	–	–	–	–	355,402	–	355,402
Investments in associates	–	–	–	–	–	–	74,535	–	74,535
Right-of-use assets	–	–	–	–	–	–	142,057	–	142,057
Property, plant and equipment	–	–	–	–	–	–	1,018,277	–	1,018,277
Goodwill	–	–	–	–	–	–	2,649,307	–	2,649,307
Intangible assets	–	–	–	–	–	–	838,284	–	838,284
TOTAL ASSETS	198,785,886	29,286,695	9,874,306	8,342,648	15,646,374	60,454,474	19,179,187	8,345,077	349,914,647

Notes to the Financial Statements

For The Financial Year Ended 31 December 2024

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market Risk (continued)

Interest/Profit rate risk (continued)

The table below summarises the Group and the Bank's exposure to interest/profit rate risk. The carrying amount of assets and liabilities (include non-financial instruments) are categorised by the earlier of contractual re-pricing or maturity dates (continued):

	Non-trading book								
	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-3 years RM'000	Over 3 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
Group									
2024									
LIABILITIES									
Deposits from customers	67,191,195	50,761,454	44,856,435	33,287,766	3,347,559	68,971	50,052,090	-	249,565,470
Deposits and placements of banks and other financial institutions	3,396,672	5,224,820	11,292,309	1,545,031	1,889,583	3,738,424	118,182	-	27,205,021
Obligations on securities sold under repurchase agreements	4,741,296	7,930,452	467,745	-	205,154	-	67,741	-	13,412,388
Investment accounts	185,000	100	-	500,000	-	449,991	123,713	-	1,258,804
Bills and acceptances payable	261,592	-	-	-	-	-	-	-	261,592
Clients' and brokers' balances	-	-	-	-	-	-	841,715	-	841,715
Insurance/reinsurance contract liabilities	-	-	-	-	-	-	1,156,004	-	1,156,004
Other liabilities	148,894	158,233	105,974	546,818	607,815	2,059,885	2,810,269	-	6,437,888
Derivative liabilities	-	-	-	845	1,504	978	-	2,281,841	2,285,168
Recourse obligation on loans sold to Cagamas	-	-	-	990,008	1,100,000	-	14,350	-	2,104,358
Provision for taxation and zakat	-	-	-	-	-	-	100,577	-	100,577
Deferred tax liabilities	-	-	-	-	-	-	26,748	-	26,748
Lease liabilities	4,920	11,271	15,719	28,243	48,991	41,772	-	-	150,916
Borrowings	519,140	2,093,764	-	-	-	-	9,603	-	2,622,507
Senior debt securities	-	-	-	299,973	3,940,418	2,309,052	24,416	-	6,573,859
Subordinated obligations	-	-	499,982	499,950	1,349,804	999,865	30,667	-	3,380,268
TOTAL LIABILITIES	76,448,709	66,180,094	57,238,164	37,698,634	12,490,828	9,668,938	55,376,075	2,281,841	317,383,283
Shareholders' funds	-	-	-	-	-	-	32,492,219	-	32,492,219
NCI	-	-	-	-	-	-	39,145	-	39,145
TOTAL LIABILITIES AND EQUITY	76,448,709	66,180,094	57,238,164	37,698,634	12,490,828	9,668,938	87,907,439	2,281,841	349,914,647
On-balance sheet interest sensitivity gap	122,337,177	(36,893,399)	(47,363,858)	(29,355,986)	3,155,546	50,785,536			
Off-balance sheet interest sensitivity gap	1,160,000	2,230,000	(630,000)	(325,000)	(2,019,000)	(416,000)			
TOTAL INTEREST SENSITIVITY GAP	123,497,177	(34,663,399)	(47,993,858)	(29,680,986)	1,136,546	50,369,536			

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market Risk (continued)

Interest/Profit rate risk (continued)

The table below summarises the Group and the Bank's exposure to interest/profit rate risk. The carrying amount of assets and liabilities (include non-financial instruments) are categorised by the earlier of contractual re-pricing or maturity dates (continued):

	Non-trading book								
	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-3 years RM'000	Over 3 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
Group									
2023									
ASSETS									
Cash and short-term funds	8,442,681	–	–	–	–	–	5,702,733	–	14,145,414
Deposits and placements with banks and other financial institutions	–	542,605	115,167	84,383	138,547	–	8,238	–	888,940
Financial assets at FVTPL	–	–	–	–	–	–	–	3,718,491	3,718,491
Financial assets at FVOCI	1,115,607	2,876,371	868,462	1,840,970	7,455,685	32,579,528	1,240,306	–	47,976,929
Financial investments at amortised cost	3,236,351	6,578,219	1,811,873	3,291,559	5,620,073	7,507,899	168,669	–	28,214,643
Loans, advances and financing	172,383,107	20,721,307	4,399,434	1,131,218	2,656,604	16,486,983	1,783,950	–	219,562,603
Clients' and brokers' balances	39,180	–	–	–	–	–	1,163,833	–	1,203,013
Insurance/reinsurance contract assets	–	–	–	–	–	–	573,036	–	573,036
Other assets	59,999	116,755	82,614	35,630	164,313	204,156	976,624	–	1,640,091
Derivative assets	–	6	–	4,814	48,525	104,269	–	1,518,109	1,675,723
Statutory deposits	–	–	–	34,475	–	–	3,877,335	–	3,911,810
Tax recoverable	–	–	–	–	–	–	104,249	–	104,249
Deferred tax assets	–	–	–	–	–	–	344,872	–	344,872
Investments in associates	–	–	–	–	–	–	56,036	–	56,036
Right-of-use assets	–	–	–	–	–	–	142,763	–	142,763
Property, plant and equipment	–	–	–	–	–	–	1,066,201	–	1,066,201
Goodwill	–	–	–	–	–	–	2,654,122	–	2,654,122
Intangible assets	–	–	–	–	–	–	813,175	–	813,175
TOTAL ASSETS	185,276,925	30,835,263	7,277,550	6,423,049	16,083,747	56,882,835	20,676,142	5,236,600	328,692,111

Notes to the Financial Statements
For The Financial Year Ended 31 December 2024

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market Risk (continued)

Interest/Profit rate risk (continued)

The table below summarises the Group and the Bank's exposure to interest/profit rate risk. The carrying amount of assets and liabilities (include non-financial instruments) are categorised by the earlier of contractual re-pricing or maturity dates (continued):

	Non-trading book								
	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-3 years RM'000	Over 3 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
Group									
2023									
LIABILITIES									
Deposits from customers	66,887,953	49,833,766	43,475,076	35,281,769	2,835,290	1,025,064	45,744,152	–	245,083,070
Deposits and placements of banks and other financial institutions	5,062,385	3,600,502	3,020,703	327,834	1,824,533	3,096,176	90,265	–	17,022,398
Obligations on securities sold under repurchase agreements	2,416,135	4,970,499	836,954	–	688,334	–	58,662	–	8,970,584
Investment accounts	3,500	10,000	–	–	–	421,166	73,108	–	507,774
Bills and acceptances payable	810,100	–	–	116	–	–	–	–	810,216
Clients' and brokers' balances	–	–	–	–	–	–	1,285,362	–	1,285,362
Insurance/reinsurance contract liabilities	–	–	–	–	–	–	1,185,982	–	1,185,982
Other liabilities	89,027	90,508	45,079	224,221	735,016	626,912	2,092,999	–	3,903,762
Derivative liabilities	–	1	–	1,753	5,021	173	–	1,780,780	1,787,728
Recourse obligation on loans sold to Cagamas	–	–	–	2,710,005	1,590,008	–	32,014	–	4,332,027
Provision for taxation and zakat	–	–	–	–	–	–	53,691	–	53,691
Deferred tax liabilities	–	–	–	–	–	–	30,196	–	30,196
Lease liabilities	5,294	11,233	15,341	25,851	47,565	46,133	–	–	151,417
Borrowings	559,406	1,675,463	–	–	–	–	26,355	–	2,261,224
Senior debt securities	–	1,378,903	–	–	4,095,355	1,509,450	34,745	–	7,018,453
Subordinated obligations	–	–	500,000	–	1,499,704	1,349,661	27,798	–	3,377,163
TOTAL LIABILITIES	75,833,800	61,570,875	47,893,153	38,571,549	13,320,826	8,074,735	50,735,329	1,780,780	297,781,047
Shareholders' funds	–	–	–	–	–	–	30,874,567	–	30,874,567
NCI	–	–	–	–	–	–	36,497	–	36,497
TOTAL LIABILITIES AND EQUITY	75,833,800	61,570,875	47,893,153	38,571,549	13,320,826	8,074,735	81,646,393	1,780,780	328,692,111
On-balance sheet interest sensitivity gap	109,443,125	(30,735,612)	(40,615,603)	(32,148,500)	2,762,921	48,808,100			
Off-balance sheet interest sensitivity gap	2,444,000	3,662,000	–	(2,015,000)	(2,356,000)	(1,735,000)			
TOTAL INTEREST SENSITIVITY GAP	111,887,125	(27,073,612)	(40,615,603)	(34,163,500)	406,921	47,073,100			

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market Risk (continued)

Interest/Profit rate risk (continued)

The table below summarises the Group and the Bank's exposure to interest/profit rate risk. The carrying amount of assets and liabilities (include non-financial instruments) are categorised by the earlier of contractual re-pricing or maturity dates (continued):

	Non-trading book								
	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-3 years RM'000	Over 3 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
Bank									
2024									
ASSETS									
Cash and short-term funds	9,338,933	–	–	–	–	–	3,883,253	–	13,222,186
Securities purchased under resale agreements	–	–	99,545	–	–	–	668	–	100,213
Deposits and placements with banks and other financial institutions	–	5,515,982	1,807,514	236,406	446,938	–	30,603	–	8,037,443
Investment account due from designated financial institutions	–	300,000	–	1,601,193	768,000	1,863,022	108,660	–	4,640,875
Financial assets at FVTPL	–	–	–	–	–	–	–	3,082,107	3,082,107
Financial assets at FVOCI	1,394,887	2,955,069	1,451,213	1,270,180	6,306,216	28,518,768	1,170,781	–	43,067,114
Financial investments at amortised cost	2,172,010	2,101,880	2,314,529	2,803,679	3,413,171	6,072,593	52,482	–	18,930,344
Loans, advances and financing	108,336,710	16,790,061	3,853,528	1,689,718	1,631,275	4,096,822	823,626	–	137,221,740
Other assets	82,912	122,480	58,230	36,887	72,738	100,601	2,037,017	–	2,510,865
Derivative assets	12	–	1,303	1,314	17,458	27,288	–	2,784,932	2,832,307
Statutory deposits	–	–	–	–	–	–	1,889,262	–	1,889,262
Deferred tax assets	–	–	–	–	–	–	253,475	–	253,475
Investments in subsidiaries	–	–	–	–	–	–	4,698,018	–	4,698,018
Investments in associates	–	–	–	–	–	–	110,800	–	110,800
Right-of-use assets	–	–	–	–	–	–	80,255	–	80,255
Property, plant and equipment	–	–	–	–	–	–	786,640	–	786,640
Goodwill	–	–	–	–	–	–	1,714,913	–	1,714,913
Intangible assets	–	–	–	–	–	–	742,358	–	742,358
TOTAL ASSETS	121,325,464	27,785,472	9,585,862	7,639,377	12,655,796	40,679,094	18,382,811	5,867,039	243,920,915

Notes to the Financial Statements
For The Financial Year Ended 31 December 2024

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market Risk (continued)

Interest/Profit rate risk (continued)

The table below summarises the Group and the Bank's exposure to interest/profit rate risk. The carrying amount of assets and liabilities (include non-financial instruments) are categorised by the earlier of contractual re-pricing or maturity dates (continued):

	Non-trading book								
	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-3 years RM'000	Over 3 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
Bank									
2024									
LIABILITIES									
Deposits from customers	46,675,310	28,586,366	26,400,304	17,910,492	1,897,387	13,931	33,594,987	-	155,078,777
Deposits and placements of banks and other financial institutions	3,083,904	4,873,440	14,155,969	1,410,052	1,827,745	3,343,328	120,238	-	28,814,676
Obligations on securities sold under repurchase agreements	6,903,615	8,121,712	971,840	-	205,154	-	71,140	-	16,273,461
Bills and acceptances payable	258,887	-	-	-	-	-	-	-	258,887
Other liabilities	139,198	147,997	101,816	543,131	533,065	1,142,829	1,529,226	-	4,137,262
Derivative liabilities	-	-	-	155	11	145	-	2,483,434	2,483,745
Recourse obligation on loans sold to Cagamas	-	-	-	890,008	-	-	10,016	-	900,024
Tax liabilities	-	-	-	-	-	-	20,904	-	20,904
Lease liabilities	3,792	8,670	12,116	19,647	33,439	4,159	-	-	81,823
Borrowings	446,938	1,311,623	-	-	-	-	5,709	-	1,764,270
Senior debt securities	-	-	-	299,973	3,940,418	2,309,052	24,416	-	6,573,859
Subordinated obligations	-	-	499,982	499,950	999,804	499,865	22,430	-	2,522,031
TOTAL LIABILITIES	57,511,644	43,049,808	42,142,027	21,573,408	9,437,023	7,313,309	35,399,066	2,483,434	218,909,719
Total equity	-	-	-	-	-	-	25,011,196	-	25,011,196
TOTAL LIABILITIES AND EQUITY	57,511,644	43,049,808	42,142,027	21,573,408	9,437,023	7,313,309	60,410,262	2,483,434	243,920,915
On-balance sheet interest sensitivity gap	63,813,820	(15,264,336)	(32,556,165)	(13,934,031)	3,218,773	33,365,785			
Off-balance sheet interest sensitivity gap	229,000	431,000	(200,000)	(100,000)	(431,000)	71,000			
TOTAL INTEREST SENSITIVITY GAP	64,042,820	(14,833,336)	(32,756,165)	(14,034,031)	2,787,773	33,436,785			

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market Risk (continued)

Interest/Profit rate risk (continued)

The table below summarises the Group and the Bank's exposure to interest/profit rate risk. The carrying amount of assets and liabilities (include non-financial instruments) are categorised by the earlier of contractual re-pricing or maturity dates (continued):

	Non-trading book								
	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-3 years RM'000	Over 3 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
Bank									
2023									
ASSETS									
Cash and short-term funds	5,837,727	–	–	–	–	–	4,468,846	–	10,306,573
Securities purchased under resale agreements	366,799	–	–	–	–	–	2,786	–	369,585
Deposits and placements with banks and other financial institutions	–	6,968,340	1,123,510	73,214	600,513	–	33,289	–	8,798,866
Investment account due from designated financial institutions	300,000	1,300,000	500,000	1,031,000	660,193	2,379,310	88,327	–	6,258,830
Financial assets at FVTPL	–	–	–	–	–	–	–	1,327,294	1,327,294
Financial assets at FVOCI	865,906	2,821,468	853,435	1,815,901	6,327,458	27,710,015	1,133,724	–	41,527,907
Financial investments at amortised cost	1,986,358	4,250,761	1,022,436	1,819,985	4,301,648	4,654,447	47,404	–	18,083,039
Loans, advances and financing	101,100,760	15,233,867	3,012,795	714,063	2,177,559	4,744,795	864,724	–	127,848,563
Other assets	55,911	112,571	75,294	35,630	164,313	188,924	2,482,288	–	3,114,931
Derivative assets	–	6	–	4,814	39,776	38,604	–	1,616,227	1,699,427
Statutory deposits	–	–	–	–	–	–	1,947,787	–	1,947,787
Tax recoverable	–	–	–	–	–	–	12,292	–	12,292
Deferred tax assets	–	–	–	–	–	–	249,249	–	249,249
Investments in subsidiaries	–	–	–	–	–	–	4,674,312	–	4,674,312
Investments in associates	–	–	–	–	–	–	74,000	–	74,000
Right-of-use assets	–	–	–	–	–	–	88,389	–	88,389
Property, plant and equipment	–	–	–	–	–	–	802,429	–	802,429
Goodwill	–	–	–	–	–	–	1,714,913	–	1,714,913
Intangible assets	–	–	–	–	–	–	708,508	–	708,508
TOTAL ASSETS	110,513,461	30,687,013	6,587,470	5,494,607	14,271,460	39,716,095	19,393,267	2,943,521	229,606,894

Notes to the Financial Statements
For The Financial Year Ended 31 December 2024

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market Risk (continued)

Interest/Profit rate risk (continued)

The table below summarises the Group and the Bank's exposure to interest/profit rate risk. The carrying amount of assets and liabilities (include non-financial instruments) are categorised by the earlier of contractual re-pricing or maturity dates (continued):

	Non-trading book								
	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-3 years RM'000	Over 3 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
Bank									
2023									
LIABILITIES									
Deposits from customers	45,358,392	25,039,660	22,323,710	22,462,530	2,089,850	12,104	31,355,249	-	148,641,495
Deposits and placements of banks and other financial institutions	9,893,774	7,004,040	4,582,445	905,243	1,758,676	2,908,623	170,681	-	27,223,482
Obligations on securities sold under repurchase agreements	3,381,296	5,446,301	836,954	-	688,334	-	62,850	-	10,415,735
Bills and acceptances payable	800,259	-	-	116	-	-	-	-	800,375
Other liabilities	89,027	90,508	45,079	224,221	727,016	584,863	1,200,413	-	2,961,127
Derivative liabilities	-	1	-	-	467	-	-	1,794,718	1,795,186
Recourse obligation on loans sold to Cagamas	-	-	-	1,810,005	890,008	-	20,273	-	2,720,286
Lease liabilities	3,971	8,139	11,359	19,565	38,477	8,471	-	-	89,982
Borrowings	459,657	870,104	-	-	-	-	8,160	-	1,337,921
Senior debt securities	-	1,378,903	-	-	4,095,355	1,509,450	34,745	-	7,018,453
Subordinated obligations	-	-	-	-	1,499,704	999,661	22,328	-	2,521,693
TOTAL LIABILITIES	59,986,376	39,837,656	27,799,547	25,421,680	11,787,887	6,023,172	32,874,699	1,794,718	205,525,735
Total equity	-	-	-	-	-	-	24,081,159	-	24,081,159
TOTAL LIABILITIES AND EQUITY	59,986,376	39,837,656	27,799,547	25,421,680	11,787,887	6,023,172	56,955,858	1,794,718	229,606,894
On-balance sheet interest sensitivity gap	50,527,085	(9,150,643)	(21,212,077)	(19,927,073)	2,483,573	33,692,923			
Off-balance sheet interest sensitivity gap	1,000,000	1,106,000	-	(1,515,000)	(1,356,000)	765,000			
TOTAL INTEREST SENSITIVITY GAP	51,527,085	(8,044,643)	(21,212,077)	(21,442,073)	1,127,573	34,457,923			

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity Risk

Liquidity obligations arise from withdrawals of deposits, repayments of funds upon maturity, extensions of credit and working capital needs etc. The Group and the Bank have adopted the BNM's liquidity standard on Liquidity Coverage Ratio ('LCR'), to ensure maintenance of adequate stock of unencumbered high-quality liquid assets to survive the liquidity needs for 30 calendar day under liquidity stress condition; as well as Net Stable Funding Ratio ('NSFR') which requires the maintenance of stable funding profile to support their assets and off-balance sheet activities. Both the LCR and NSFR at RHB Banking Group level have been maintained at above 100% since their adoption.

The Group and the Bank seek to project, monitor and manage its liquidity needs under normal as well as adverse circumstances. The Group and the Bank did not have any defaults of principal and interest or other breaches with respect to its borrowings, senior debt securities and subordinated obligations during the financial years ended 31 December 2024 and 2023.

The table below analyses the carrying amount of assets and liabilities (includes non-financial instruments) based on the remaining contractual maturity:

	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
Group								
2024								
ASSETS								
Cash and short-term funds	10,818,591	733,056	–	–	–	–	–	11,551,647
Securities purchased under resale agreements	17,251	14,220	27,884	–	–	–	–	59,355
Deposits and placements with banks and other financial institutions	–	–	523,147	50,385	237,648	–	–	811,180
Financial assets at FVTPL	4,119	152,858	1,206,862	506,492	92,844	2,163,172	1,573,535	5,699,882
Financial assets at FVOCI	549,690	164,723	1,724,410	1,884,811	1,556,614	45,065,187	831,160	51,776,595
Financial investments at amortised cost	666,873	618,198	723,804	2,545,552	2,725,541	22,832,501	–	30,112,469
Loans, advances and financing	5,286,469	27,443,580	8,321,656	4,859,891	2,631,746	186,424,306	–	234,967,648
Clients' and brokers' balances	734,537	17,710	–	–	–	–	2,767	755,014
Insurance/reinsurance contract assets	–	–	–	–	76,582	297,570	125,540	499,692
Other assets	386,255	215,036	208,110	85,679	91,190	406,925	543,289	1,936,484
Derivative assets	159,962	444,393	413,926	222,767	229,740	1,277,635	–	2,748,423
Statutory deposits	–	–	–	–	–	–	3,829,823	3,829,823
Tax recoverable	–	–	–	–	–	–	88,573	88,573
Deferred tax assets	–	–	–	–	–	–	355,402	355,402
Investments in associates	–	–	–	–	–	–	74,535	74,535
Right-of-use assets	–	–	–	–	–	–	142,057	142,057
Property, plant and equipment	–	–	–	–	–	–	1,018,277	1,018,277
Goodwill	–	–	–	–	–	–	2,649,307	2,649,307
Intangible assets	–	–	–	–	–	–	838,284	838,284
TOTAL ASSETS	18,623,747	29,803,774	13,149,799	10,155,577	7,641,905	258,467,296	12,072,549	349,914,647

Notes to the Financial Statements

For The Financial Year Ended 31 December 2024

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity Risk (continued)

The table below analyses the carrying amount of assets and liabilities (include non-financial instruments) based on the remaining contractual maturity (continued):

	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
Group								
2024								
LIABILITIES								
Deposits from customers	85,714,688	29,933,703	51,588,471	45,333,979	33,561,329	3,433,300	–	249,565,470
Deposits and placements of banks and other financial institutions	908,374	2,514,463	5,245,264	11,348,348	1,560,132	5,628,440	–	27,205,021
Obligations on securities sold under repurchase agreements	2,866,518	1,689,867	7,960,123	467,807	–	428,073	–	13,412,388
Investment accounts	110,219	75,054	114,183	–	509,357	449,991	–	1,258,804
Bills and acceptances payable	261,592	–	–	–	–	–	–	261,592
Clients' and brokers' balances	484,790	356,925	–	–	–	–	–	841,715
Insurance/reinsurance contract liabilities	–	–	–	–	185,077	575,576	395,351	1,156,004
Other liabilities	907,352	560,634	869,744	146,322	728,235	2,933,958	291,643	6,437,888
Derivative liabilities	136,427	241,362	547,955	303,200	196,386	859,838	–	2,285,168
Recourse obligation on loans sold to Cagamas	–	697	11,307	2,346	990,008	1,100,000	–	2,104,358
Provision for taxation and zakat	–	–	–	–	–	–	100,577	100,577
Deferred tax liabilities	–	–	–	–	–	–	26,748	26,748
Lease liabilities	132	4,788	11,271	15,719	28,243	90,763	–	150,916
Borrowings	72,215	4,303	5,289	–	1,229,078	1,311,622	–	2,622,507
Senior debt securities	–	–	–	24,416	299,973	6,249,470	–	6,573,859
Subordinated obligations	–	13,070	5,605	511,974	499,950	2,349,669	–	3,380,268
TOTAL LIABILITIES	91,462,307	35,394,866	66,359,212	58,154,111	39,787,768	25,410,700	814,319	317,383,283
Shareholders' funds	–	–	–	–	–	–	32,492,219	32,492,219
NCI	–	–	–	–	–	–	39,145	39,145
TOTAL LIABILITIES AND EQUITY	91,462,307	35,394,866	66,359,212	58,154,111	39,787,768	25,410,700	33,345,683	349,914,647

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity Risk (continued)

The table below analyses the carrying amount of assets and liabilities (include non-financial instruments) based on the remaining contractual maturity (continued):

	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
Group								
2023								
ASSETS								
Cash and short-term funds	12,381,276	1,764,138	–	–	–	–	–	14,145,414
Deposits and placements with banks and other financial institutions	–	–	542,478	117,284	90,840	138,338	–	888,940
Financial assets at FVTPL	200,000	116,971	107,941	2,852	2,557	1,823,510	1,464,660	3,718,491
Financial assets at FVOCI	16,836	794,334	1,760,042	1,046,311	1,902,503	41,681,647	775,256	47,976,929
Financial investments at amortised cost	3,350	1,999,337	2,979,663	1,097,417	2,819,063	19,315,813	–	28,214,643
Loans, advances and financing	4,817,941	25,202,838	9,145,992	4,453,054	2,622,779	173,319,999	–	219,562,603
Clients' and brokers' balances	1,181,302	19,341	–	–	–	–	2,370	1,203,013
Insurance/reinsurance contract assets	–	–	–	–	573,036	–	–	573,036
Other assets	108,872	299,529	44,150	86,701	50,994	785,870	263,975	1,640,091
Derivative assets	32,417	106,079	153,055	91,159	101,578	1,191,435	–	1,675,723
Statutory deposits	–	–	–	–	–	–	3,911,810	3,911,810
Tax recoverable	–	–	–	–	–	–	104,249	104,249
Deferred tax assets	–	–	–	–	–	–	344,872	344,872
Investments in associates	–	–	–	–	–	–	56,036	56,036
Right-of-use assets	–	–	–	–	–	–	142,763	142,763
Property, plant and equipment	–	–	–	–	–	–	1,066,201	1,066,201
Goodwill	–	–	–	–	–	–	2,654,122	2,654,122
Intangible assets	–	–	–	–	–	–	813,175	813,175
TOTAL ASSETS	18,741,994	30,302,567	14,733,321	6,894,778	8,163,350	238,256,612	11,599,489	328,692,111

Notes to the Financial Statements
For The Financial Year Ended 31 December 2024

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity Risk (continued)

The table below analyses the carrying amount of assets and liabilities (include non-financial instruments) based on the remaining contractual maturity (continued):

	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
Group								
2023								
LIABILITIES								
Deposits from customers	78,086,703	33,025,376	50,430,380	43,938,933	35,665,108	3,936,570	–	245,083,070
Deposits and placements of banks and other financial institutions	2,712,651	2,372,032	3,631,101	3,050,690	330,484	4,925,440	–	17,022,398
Obligations on securities sold under repurchase agreements	1,059,745	1,389,040	4,990,652	840,671	–	690,476	–	8,970,584
Investment accounts	3,009	504	10,087	–	–	494,174	–	507,774
Bills and acceptances payable	810,100	–	–	–	116	–	–	810,216
Clients' and brokers' balances	1,018,131	267,231	–	–	–	–	–	1,285,362
Insurance/reinsurance contract liabilities	–	–	–	–	236,434	567,485	382,063	1,185,982
Other liabilities	483,175	354,342	685,911	106,853	374,076	1,624,802	274,603	3,903,762
Derivative liabilities	47,147	172,650	335,552	229,723	139,224	863,432	–	1,787,728
Recourse obligation on loans sold to Cagamas	–	–	22,563	9,451	2,710,005	1,590,008	–	4,332,027
Provision for taxation and zakat	–	–	–	–	–	–	53,691	53,691
Deferred tax liabilities	–	–	–	–	–	–	30,196	30,196
Lease liabilities	143	5,151	11,233	15,341	25,851	93,698	–	151,417
Borrowings	46,019	45,452	35,594	–	870,103	1,264,056	–	2,261,224
Senior debt securities	–	–	1,397,945	15,703	–	5,604,805	–	7,018,453
Subordinated obligations	–	10,194	5,666	511,938	–	2,849,365	–	3,377,163
TOTAL LIABILITIES	84,266,823	37,641,972	61,556,684	48,719,303	40,351,401	24,504,311	740,553	297,781,047
Shareholders' funds	–	–	–	–	–	–	30,874,567	30,874,567
NCI	–	–	–	–	–	–	36,497	36,497
TOTAL LIABILITIES AND EQUITY	84,266,823	37,641,972	61,556,684	48,719,303	40,351,401	24,504,311	31,651,617	328,692,111

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity Risk (continued)

The table below analyses the carrying amount of assets and liabilities (include non-financial instruments) based on the remaining contractual maturity (continued):

	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
Bank								
2024								
ASSETS								
Cash and short-term funds	10,273,801	2,948,385	-	-	-	-	-	13,222,186
Securities purchased under resale agreements	-	-	-	100,213	-	-	-	100,213
Deposits and placements with banks and other financial institutions	-	-	5,538,744	1,812,944	238,818	446,937	-	8,037,443
Investment account due from designated financial institutions	-	-	306,814	94	1,702,945	2,631,022	-	4,640,875
Financial assets at FVTPL	4,119	151,673	1,206,550	506,311	61,267	1,152,187	-	3,082,107
Financial assets at FVOCI	549,690	144,643	1,441,168	1,653,313	1,275,295	37,220,955	782,050	43,067,114
Financial investments at amortised cost	666,059	602,139	665,357	2,418,033	2,488,631	12,090,125	-	18,930,344
Loans, advances and financing	2,846,223	16,416,472	5,315,349	3,733,932	2,258,376	106,651,388	-	137,221,740
Other assets	232,028	1,176,560	180,979	76,309	50,592	408,582	385,815	2,510,865
Derivative assets	166,746	464,579	424,932	225,662	270,492	1,279,896	-	2,832,307
Statutory deposits	-	-	-	-	-	-	1,889,262	1,889,262
Deferred tax assets	-	-	-	-	-	-	253,475	253,475
Investments in subsidiaries	-	-	-	-	-	-	4,698,018	4,698,018
Investments in associates	-	-	-	-	-	-	110,800	110,800
Right-of-use assets	-	-	-	-	-	-	80,255	80,255
Property, plant and equipment	-	-	-	-	-	-	786,640	786,640
Goodwill	-	-	-	-	-	-	1,714,913	1,714,913
Intangible assets	-	-	-	-	-	-	742,358	742,358
TOTAL ASSETS	14,738,666	21,904,451	15,079,893	10,526,811	8,346,416	161,881,092	11,443,586	243,920,915
LIABILITIES								
Deposits from customers	62,274,282	17,055,224	29,089,149	26,689,931	18,053,660	1,916,531	-	155,078,777
Deposits and placements of banks and other financial institutions	650,694	2,457,743	4,890,851	14,219,918	1,423,979	5,171,491	-	28,814,676
Obligations on securities sold under repurchase agreements	4,534,046	2,187,993	8,151,401	971,948	-	428,073	-	16,273,461
Bills and acceptances payable	258,887	-	-	-	-	-	-	258,887
Other liabilities	493,374	229,041	639,871	140,317	701,442	1,914,935	18,282	4,137,262
Derivative liabilities	142,421	309,357	630,878	298,122	190,343	912,624	-	2,483,745
Recourse obligation on loans sold to Cagamas	-	-	9,688	328	890,008	-	-	900,024
Tax liabilities	-	-	-	-	-	-	20,904	20,904
Lease liabilities	-	3,792	8,670	12,116	19,647	37,598	-	81,823
Borrowings	-	4,303	1,407	-	446,938	1,311,622	-	1,764,270
Senior debt securities	-	-	-	24,416	299,973	6,249,470	-	6,573,859
Subordinated obligations	-	10,257	5,605	506,550	499,950	1,499,669	-	2,522,031
TOTAL LIABILITIES	68,353,704	22,257,710	43,427,520	42,863,646	22,525,940	19,442,013	39,186	218,909,719
Total equity	-	-	-	-	-	-	25,011,196	25,011,196
TOTAL LIABILITIES AND EQUITY	68,353,704	22,257,710	43,427,520	42,863,646	22,525,940	19,442,013	25,050,382	243,920,915

Notes to the Financial Statements

For The Financial Year Ended 31 December 2024

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity Risk (continued)

The table below analyses the carrying amount of assets and liabilities (include non-financial instruments) based on the remaining contractual maturity (continued):

	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
Bank								
2023								
ASSETS								
Cash and short-term funds	7,364,660	2,941,913	–	–	–	–	–	10,306,573
Securities purchased under resale agreements	–	369,585	–	–	–	–	–	369,585
Deposits and placements with banks and other financial institutions	–	–	6,994,182	1,128,189	75,982	600,513	–	8,798,866
Investment account due from designated financial institutions	–	300,086	1,310,643	500,837	1,107,761	3,039,503	–	6,258,830
Financial assets at FVTPL	200,000	114,335	106,144	2,852	2,557	901,406	–	1,327,294
Financial assets at FVOCI	16,835	527,802	1,680,193	1,013,480	1,877,435	35,682,870	729,292	41,527,907
Financial investments at amortised cost	3,350	1,125,383	2,772,340	954,011	1,672,559	11,555,396	–	18,083,039
Loans, advances and financing	1,969,771	15,379,269	5,020,218	3,181,124	2,123,969	100,174,212	–	127,848,563
Other assets	131,757	186,766	162,252	93,326	44,164	2,342,676	153,990	3,114,931
Derivative assets	40,495	106,322	153,119	91,247	97,615	1,210,629	–	1,699,427
Statutory deposits	–	–	–	–	–	–	1,947,787	1,947,787
Tax recoverable	–	–	–	–	–	–	12,292	12,292
Deferred tax assets	–	–	–	–	–	–	249,249	249,249
Investments in subsidiaries	–	–	–	–	–	–	4,674,312	4,674,312
Investments in associates	–	–	–	–	–	–	74,000	74,000
Right-of-use assets	–	–	–	–	–	–	88,389	88,389
Property, plant and equipment	–	–	–	–	–	–	802,429	802,429
Goodwill	–	–	–	–	–	–	1,714,913	1,714,913
Intangible assets	–	–	–	–	–	–	708,508	708,508
TOTAL ASSETS	9,726,868	21,051,461	18,199,091	6,965,066	7,002,042	155,507,205	11,155,161	229,606,894
LIABILITIES								
Deposits from customers	59,254,654	16,589,091	25,352,863	22,582,679	22,702,122	2,160,086	–	148,641,495
Deposits and placements of banks and other financial institutions	3,604,114	6,334,823	7,051,497	4,644,353	916,672	4,672,023	–	27,223,482
Obligations on securities sold under repurchase agreements	1,347,222	2,069,167	5,468,198	840,671	–	690,477	–	10,415,735
Bills and acceptances payable	800,259	–	–	–	116	–	–	800,375
Other liabilities	232,871	192,294	487,462	104,831	332,794	1,561,523	49,352	2,961,127
Derivative liabilities	49,208	171,275	328,458	204,891	103,508	937,846	–	1,795,186
Recourse obligation on loans sold to Cagamas	–	–	14,722	5,551	1,810,005	890,008	–	2,720,286
Lease liabilities	–	3,971	8,139	11,359	19,565	46,948	–	89,982
Borrowings	–	4,976	3,185	–	870,103	459,657	–	1,337,921
Senior debt securities	–	–	1,397,945	15,703	–	5,604,805	–	7,018,453
Subordinated obligations	–	10,194	5,666	6,468	–	2,499,365	–	2,521,693
TOTAL LIABILITIES	65,288,328	25,375,791	40,118,135	28,416,506	26,754,885	19,522,738	49,352	205,525,735
Total equity	–	–	–	–	–	–	24,081,159	24,081,159
TOTAL LIABILITIES AND EQUITY	65,288,328	25,375,791	40,118,135	28,416,506	26,754,885	19,522,738	24,130,511	229,606,894

56 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity Risk (continued)

The following table presents the cash outflows for the Group and the Bank's financial liabilities by remaining contractual maturities on an undiscounted basis. The balances in the table below will not agree to the balances reported in the statements of financial position as the table incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments:

	Up to 1 month RM'000	1 to 6 months RM'000	6 to 12 months RM'000	1 to 3 years RM'000	3 to 5 years RM'000	Over 5 years RM'000	Total RM'000
Group							
2024							
Deposits from customers	115,714,321	97,811,986	34,518,604	3,576,369	89,077	–	251,710,357
Deposits and placements of banks and other financial institutions	3,426,353	16,799,430	1,598,179	951,774	2,401,907	2,391,860	27,569,503
Obligations on securities sold under repurchase agreements	4,560,049	8,544,861	–	450,390	–	–	13,555,300
Investment accounts	185,407	121,817	520,500	–	542,944	–	1,370,668
Bills and acceptances payable	261,592	–	–	–	–	–	261,592
Clients' and brokers' balances	841,715	–	–	–	–	–	841,715
Insurance/reinsurance contract liabilities	–	–	580,428	575,576	–	–	1,156,004
Other financial liabilities	1,359,893	1,133,995	746,128	889,132	2,305,367	161,430	6,595,945
Derivative liabilities:							
– Gross settled derivatives:							
– Inflow	(18,167,730)	(26,513,306)	(4,210,438)	(1,967,454)	(939,981)	(92,362)	(51,891,271)
– Outflow	18,419,500	27,326,598	4,326,260	2,062,670	973,439	95,693	53,204,160
– Net settled derivatives	59,278	12,598	101,280	39,276	53,781	6,584	272,797
Recourse obligation on loans sold to Cagamas	697	42,224	1,032,160	1,163,071	–	–	2,238,152
Lease liabilities	5,826	29,865	31,528	58,218	24,362	39,813	189,612
Borrowings	72,215	53,466	1,288,414	1,437,390	–	–	2,851,485
Senior debt securities	–	106,061	401,788	4,190,727	2,428,700	–	7,127,276
Subordinated obligations	14,088	53,619	1,064,906	1,539,987	1,041,275	–	3,713,875
TOTAL FINANCIAL LIABILITIES	126,753,204	125,523,214	41,999,737	14,967,126	8,920,871	2,603,018	320,767,170
Direct credit substitute	232,960	441,091	695,820	374,465	159,350	29,475	1,933,161
Transaction-related contingent items	307,502	663,552	397,031	778,398	311,705	83,769	2,541,957
Short-term self-liquidating trade-related contingencies	381,453	609,806	88,432	55,380	–	26,185	1,161,256
Forward asset purchases, forward deposits, partly paid shares and securities which represent commitments with certain drawdowns	–	488,912	–	–	–	–	488,912
Irrevocable commitments to extend credit	102,341	3,184,014	6,432,113	4,036,632	6,537,771	17,816,520	38,109,391
Any commitments that are unconditionally cancellable at any time by the Bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	701,929	4,101,421	6,691,621	2,468,134	793,444	4,327,769	19,084,318
TOTAL COMMITMENTS AND CONTINGENCIES	1,726,185	9,488,796	14,305,017	7,713,009	7,802,270	22,283,718	63,318,995

Notes to the Financial Statements

For The Financial Year Ended 31 December 2024

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity Risk (continued)

The following table presents the cash outflows for the Group and the Bank's financial liabilities by remaining contractual maturities on an undiscounted basis. The balances in the table below will not agree to the balances reported in the statements of financial position as the table incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments (continued):

	Up to 1 month RM'000	1 to 6 months RM'000	6 to 12 months RM'000	1 to 3 years RM'000	3 to 5 years RM'000	Over 5 years RM'000	Total RM'000
Group							
2023							
Deposits from customers	111,189,334	95,374,959	36,629,031	3,051,465	1,196,964	–	247,441,753
Deposits and placements of banks and other financial institutions	5,086,099	6,755,236	336,994	1,210,849	2,222,281	1,928,694	17,540,153
Obligations on securities sold under repurchase agreements	2,456,222	5,910,722	–	742,779	–	–	9,109,723
Investment accounts	3,516	10,135	–	–	617,550	–	631,201
Bills and acceptances payable	810,100	–	116	–	–	–	810,216
Clients' and brokers' balances	1,285,362	–	–	–	–	–	1,285,362
Insurance/reinsurance contract liabilities	–	–	1,185,982	–	–	–	1,185,982
Other financial liabilities	734,366	901,040	379,271	1,054,522	658,359	90,130	3,817,688
Derivative liabilities:							
– Gross settled derivatives:							
– Inflow	(13,438,281)	(23,541,182)	(3,354,673)	(938,208)	(2,751,912)	(1,624,287)	(45,648,543)
– Outflow	13,629,490	23,820,374	3,451,201	997,376	2,989,573	1,698,936	46,586,950
– Net settled derivatives	17,612	73,410	72,219	8,059	17,158	44,348	232,806
Recourse obligation on loans sold to Cagamas	–	82,704	2,792,598	1,679,133	–	–	4,554,435
Lease liabilities	5,987	29,857	29,544	56,465	25,096	52,717	199,666
Borrowings	86,495	72,063	929,119	1,336,176	–	–	2,423,853
Senior debt securities	–	1,490,749	85,803	4,437,237	1,631,400	–	7,645,189
Subordinated obligations	11,275	554,431	54,906	1,686,899	1,420,413	–	3,727,924
TOTAL FINANCIAL LIABILITIES	121,877,577	111,534,498	42,592,111	15,322,752	8,026,882	2,190,538	301,544,358
Direct credit substitute	78,583	371,210	463,786	555,779	48,368	46,466	1,564,192
Transaction-related contingent items	233,895	543,460	320,660	784,349	149,070	17,363	2,048,797
Short-term self-liquidating trade-related contingencies	426,861	609,449	52,464	1,996	–	35,869	1,126,639
Irrevocable commitments to extend credit	255,940	2,579,627	1,515,584	8,318,988	5,710,392	17,875,290	36,255,821
Any commitments that are unconditionally cancellable at any time by the Bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	742,034	4,006,743	1,845,779	6,381,374	707,704	3,629,131	17,312,765
TOTAL COMMITMENTS AND CONTINGENCIES	1,737,313	8,110,489	4,198,273	16,042,486	6,615,534	21,604,119	58,308,214

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity Risk (continued)

The following table presents the cash outflows for the Group and the Bank's financial liabilities by remaining contractual maturities on an undiscounted basis. The balances in the table below will not agree to the balances reported in the statements of financial position as the table incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments (continued):

	Up to 1 month RM'000	1 to 6 months RM'000	6 to 12 months RM'000	1 to 3 years RM'000	3 to 5 years RM'000	Over 5 years RM'000	Total RM'000
Bank							
2024							
Deposits from customers	79,364,147	56,247,746	18,543,811	1,981,883	23,214	–	156,160,801
Deposits and placements of banks and other financial institutions	3,114,248	19,351,981	1,459,096	888,309	2,260,750	2,136,571	29,210,955
Obligations on securities sold under repurchase agreements	6,727,212	9,245,635	–	450,390	–	–	16,423,237
Bills and acceptances payable	258,887	–	–	–	–	–	258,887
Other financial liabilities	612,789	898,100	719,335	788,669	1,222,478	161,240	4,402,611
Derivative liabilities:							
– Gross settled derivatives:							
– Inflow	(20,556,880)	(29,686,834)	(4,670,370)	(1,967,454)	(939,981)	(92,362)	(57,913,881)
– Outflow	20,893,986	30,606,322	4,790,106	2,062,670	973,439	95,693	59,422,216
– Net settled derivatives	50,647	11,428	111,433	117,965	51,348	6,584	349,405
Recourse obligation on loans sold to Cagamas	–	18,391	908,327	–	–	–	926,718
Lease liabilities	4,443	22,235	21,115	36,105	4,606	270	88,774
Borrowings	–	32,359	485,167	1,437,390	–	–	1,954,916
Senior debt securities	–	106,061	401,788	4,190,727	2,428,700	–	7,127,276
Subordinated obligations	11,275	36,325	1,047,600	1,105,850	511,275	–	2,712,325
TOTAL FINANCIAL LIABILITIES	90,480,754	86,889,749	23,817,408	11,092,504	6,535,829	2,307,996	221,124,240
Direct credit substitute	233,055	441,715	694,133	373,852	128,932	29,475	1,901,162
Transaction-related contingent items	282,420	435,360	255,319	537,601	271,709	66,787	1,849,196
Short-term self-liquidating trade-related contingencies	370,690	298,175	88,432	56,380	–	26,185	839,862
Forward asset purchases, forward deposits, partly paid shares and securities which represent commitments with certain drawdowns	–	488,912	–	–	–	–	488,912
Irrevocable commitments to extend credit	99,891	1,323,919	5,728,830	2,400,957	4,406,811	12,069,238	26,029,646
Any commitments that are unconditionally cancellable at any time by the Bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	624,865	3,224,866	5,769,571	2,058,259	709,685	3,800,644	16,187,890
TOTAL COMMITMENTS AND CONTINGENCIES	1,610,921	6,212,947	12,536,285	5,427,049	5,517,137	15,992,329	47,296,668

Notes to the Financial Statements
For The Financial Year Ended 31 December 2024

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity Risk (continued)

The following table presents the cash outflows for the Group and the Bank's financial liabilities by remaining contractual maturities on an undiscounted basis. The balances in the table below will not agree to the balances reported in the statements of financial position as the table incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments (continued):

	Up to 1 month RM'000	1 to 6 months RM'000	6 to 12 months RM'000	1 to 3 years RM'000	3 to 5 years RM'000	Over 5 years RM'000	Total RM'000
Bank							
2023							
Deposits from customers	75,878,372	48,398,519	23,303,436	2,232,720	19,872	-	149,832,919
Deposits and placements of banks and other financial institutions	9,952,834	11,838,528	950,049	1,144,011	2,143,529	1,819,314	27,848,265
Obligations on securities sold under repurchase agreements	3,425,043	6,390,617	-	742,779	-	-	10,558,439
Bills and acceptances payable	800,259	-	116	-	-	-	800,375
Other financial liabilities	319,462	702,186	339,743	999,198	658,359	72,873	3,091,821
Derivative liabilities:							
– Gross settled derivatives:							
– Inflow	(13,636,207)	(24,982,515)	(2,228,051)	(853,766)	(2,751,912)	(1,624,287)	(46,076,738)
– Outflow	13,825,793	25,265,343	2,318,231	912,087	2,989,573	1,698,936	47,009,963
– Net settled derivatives	19,308	77,355	80,557	153,946	68,329	44,945	444,440
Recourse obligation on loans sold to Cagamas	-	50,129	1,860,023	926,718	-	-	2,836,870
Lease liabilities	4,330	21,136	21,360	42,438	7,334	2,241	98,839
Borrowings	-	19,567	904,193	481,010	-	-	1,404,770
Senior debt securities	-	1,490,749	85,803	4,437,237	1,631,400	-	7,645,189
Subordinated obligations	11,275	36,325	47,600	1,672,900	1,055,825	-	2,823,925
TOTAL FINANCIAL LIABILITIES	90,600,469	69,307,939	27,683,060	12,891,278	5,822,309	2,014,022	208,319,077
Direct credit substitute	76,945	371,173	463,827	555,779	48,368	13,301	1,529,393
Transaction-related contingent items	206,475	433,808	258,444	633,062	120,892	15,155	1,667,836
Short-term self-liquidating trade-related contingencies	442,933	320,663	52,464	2,996	-	35,869	854,925
Irrevocable commitments to extend credit	229,258	1,314,297	983,983	6,347,225	3,602,740	12,616,494	25,093,997
Any commitments that are unconditionally cancellable at any time by the Bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	673,677	3,352,916	1,605,528	5,430,782	641,287	3,115,972	14,820,162
TOTAL COMMITMENTS AND CONTINGENCIES	1,629,288	5,792,857	3,364,246	12,969,844	4,413,287	15,796,791	43,966,313

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Credit Risk

(i) Maximum exposure to credit risk

The maximum exposure to credit risk at the statements of financial position is the amounts on the statements of financial position as well as off-balance sheet financial instruments, without taking into account of any collateral held or other credit enhancements. For contingent liabilities, the maximum exposure to credit risk is the maximum amount that the Group and the Bank would have to pay if the obligations of the instruments issued are called upon. For credit commitments, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers.

The table below shows the credit exposure of the Group and the Bank that are subject to impairment:

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Credit risk exposure relating to on-balance sheet assets:				
Short–term funds (exclude cash in hand)	**9,868,113**	13,008,383	**11,619,585**	9,243,935
Securities purchased under resale agreements	**59,355**	–	**100,213**	369,585
Deposits and placements with banks and other financial institutions	**811,180**	888,940	**8,037,443**	8,798,866
Investment account due from designated financial institutions	**–**	–	**4,640,875**	6,258,830
Financial assets at FVOCI^	**50,945,435**	47,201,673	**42,285,064**	40,798,615
Financial investments at amortised cost	**30,112,469**	28,214,643	**18,930,344**	18,083,039
Loans, advances and financing	**234,967,648**	219,562,603	**137,221,740**	127,848,563
Clients' and brokers' balances	**755,014**	1,203,013	**–**	–
Insurance/reinsurance contract assets	**422,346**	398,027	**–**	–
Other financial assets	**1,389,139**	1,214,359	**2,086,522**	2,786,005
	329,330,699	311,691,641	**224,921,786**	214,187,438
Credit risk exposure relating to off–balance sheet items:				
Commitments and contingencies	**63,318,995**	58,308,214	**47,296,668**	43,966,313
Total maximum credit risk exposure that are subject to impairment	**392,649,694**	369,999,855	**272,218,454**	258,153,751

The table below shows the credit exposure of the Group and the Bank that are not subject to impairment:

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Financial assets at FVTPL	**5,699,882**	3,718,491	**3,082,107**	1,327,294
Financial assets at FVOCI	**831,160**	775,256	**782,050**	729,292
Derivative assets	**2,748,423**	1,675,723	**2,832,307**	1,699,427
	9,279,465	6,169,470	**6,696,464**	3,756,013

^ *Exclude shares and unit trust.*

Notes to the Financial Statements
For The Financial Year Ended 31 December 2024

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Credit Risk (continued)

(ii) Collaterals

The tangible securities acceptable by the Group and the Bank; such as cash deposits, shares and unit trusts, land and buildings and vessels.

The Group and the Bank also accept non-tangible securities as credit support, such as guarantees from individuals, corporates and institutions, charge over lease, debentures, assignment of contract proceeds, negative pledge and letter of awareness/comfort/support which are subject to internal guidelines on eligibility.

The outstanding balance for loans, advances and financing for which no allowances is recognised because of collateral as at 31 December 2024 amounted to RM738.5 million and RM407.2 million (2023: RM720.0 million and RM407.8 million) respectively for the Group and the Bank.

The financial effect of collateral (quantification to the extent to which collateral and other credit enhancements mitigate credit risk) held for loans, advances and financing and clients' and brokers' balances for the Group and the Bank are as follows:

	Group		Bank	
	2024 %	2023 %	2024 %	2023 %
Loans, advances and financing	**77.8**	77.9	**82.5**	84.6
Clients' and brokers' balances	**99.4**	99.6	**–**	–

The financial effect of collateral held for the remaining on-balance sheet assets are insignificant.

The following table shows the loans, advances and financing that are credit-impaired and related collateral held:

	Gross impaired outstanding RM'000	Credit losses RM'000	Net carrying amount RM'000	Collateral value over gross outstanding %
Group				
2024				
Loans, advances and financing	**3,487,208**	**(1,215,722)**	**2,271,486**	**75.0**
2023				
Loans, advances and financing	3,879,277	(1,384,946)	2,494,331	73.1
Bank				
2024				
Loans, advances and financing	**2,247,904**	**(940,417)**	**1,307,487**	**68.7**
2023				
Loans, advances and financing	2,313,661	(983,740)	1,329,921	67.8

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Credit Risk (continued)

(iii) Credit exposure by stage

Financial assets of the Group and the Bank are classified into three stages as below:

Stages	Description
Stage 1: 12 months ECL – not credit impaired	For credit exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the ECL associated with the probability of default events occurring within the next 12 months will be recognised.
Stage 2: Lifetime ECL – not credit impaired	For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, the ECL associated with the probability of default events occurring within the lifetime ECL will be recognised.
Stage 3: Lifetime ECL – credit impaired	Financial assets are assessed as credit impaired when one or more objective evidence of defaults that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL will be recognised.

For further details on the stages, refer to accounting policy Note 22.

(iv) Credit quality

The Group and the Bank assess credit quality of loans, advances and financing using internal rating techniques tailored to the various categories of products and counterparties. These techniques have been developed internally and combine statistical analysis with credit officers' judgement.

Credit quality description is summarised as follows:

Credit Quality	Description
– Sovereign	Exposures directly from government bodies including exposure guaranteed by government
– Good	Exposures exhibit strong capacity to meet financial commitments with no cause of concern to the Group and the Bank
– Fair	Exposures exhibit fairly acceptable capacity to meet financial commitments and may require varying degrees of concern to the Group and the Bank
– No Rating	Counterparties which do not satisfy the criteria to be rated based on internal credit rating system
– Credit Impaired	When one or more objective evidence of defaults that have a detrimental impact on the estimated future cash flows have occurred

The credit quality of financial assets other than loans, advances and financing are determined based on the ratings of counterparties as defined by Moody's or equivalent ratings of other international rating agencies as defined below:

Credit Quality	Ratings
– Sovereign	Sovereign credit rating
– Good	Aaa to A3
– Fair	Baa1 to Baa3
– No Rating	Unrated
– Credit Impaired	Default

Notes to the Financial Statements

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55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Credit Risk (continued)

(iv) Credit quality (continued)

The following table shows an analysis of the credit exposure by stages, together with the ECL allowance provision:

	Gross Carrying Amount						
	Sovereign RM'000	Good RM'000	Fair RM'000	No rating RM'000	Credit-impaired RM'000	Total RM'000	Provision for credit loss RM'000
Group							
2024							
General Approach							
Short term funds (exclude cash in hand)	3,136,965	5,859,235	126,984	749,857	–	9,873,041	(4,928)
Stage 1	3,136,965	5,859,235	126,984	749,857	–	9,873,041	(4,928)
Stage 2	–	–	–	–	–	–	–
Stage 3	–	–	–	–	–	–	–
Securities purchased under resale agreements	–	–	–	59,355	–	59,355	–
Stage 1	–	–	–	59,355	–	59,355	–
Stage 2	–	–	–	–	–	–	–
Stage 3	–	–	–	–	–	–	–
Deposits and placements with banks and other financial institutions	175,066	357,518	–	278,800	–	811,384	(204)
Stage 1	175,066	357,518	–	278,800	–	811,384	(204)
Stage 2	–	–	–	–	–	–	–
Stage 3	–	–	–	–	–	–	–
Financial assets at FVOCI	31,873,855	15,155,266	3,744,661	171,653	–	50,945,435	(25,710)
Stage 1	31,670,289	15,155,266	3,744,661	171,653	–	50,741,869	(25,710)
Stage 2	203,566	–	–	–	–	203,566	–
Stage 3	–	–	–	–	–	–	–
Financial investments at amortised cost	20,216,741	1,729,172	–	7,415,438	1,426,915	30,788,266	(673,339)
Stage 1	20,181,054	1,729,172	–	7,415,438	–	29,325,664	(16,251)
Stage 2	35,687	–	–	–	–	35,687	–
Stage 3	–	–	–	–	1,426,915	1,426,915	(657,088)
Loans, advances and financing	6,518,136	202,661,928	16,387,145	8,703,573	3,487,208	237,757,990	(2,740,024)
Stage 1	6,518,136	195,575,405	12,472,559	8,164,413	–	222,730,513	(803,129)
Stage 2	–	7,086,523	3,914,586	539,160	–	11,540,269	(721,173)
Stage 3	–	–	–	–	3,487,208	3,487,208	(1,215,722)
Insurance/reinsurance contract assets	–	315,102	4,304	102,940	–	422,346	–
Stage 1	–	315,102	4,304	102,940	–	422,346	–
Stage 2	–	–	–	–	–	–	–
Stage 3	–	–	–	–	–	–	–
Other financial assets	47,093	517,954	–	618,886	–	1,183,933	(22,034)
Stage 1	47,093	517,954	–	592,886	–	1,157,933	(21,349)
Stage 2	–	–	–	232	–	232	(8)
Stage 3	–	–	–	25,768	–	25,768	(677)
	61,967,856	226,596,175	20,263,094	18,100,502	4,914,123	331,841,750	(3,466,239)

	Gross Carrying Amount				
	Current RM'000	Current to less than 90 days past due RM'000	More than 90 days past due RM'000	Total RM'000	Provision for credit loss RM'000
Group					
2024					
Simplified Approach					
Clients' and brokers' balances	752,247	1,132	3,419	756,798	(1,784)
Other financial assets	171,065	12,641	59,296	243,002	(15,762)
	923,312	13,773	62,715	999,800	(17,546)

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Credit Risk (continued)

(iv) Credit quality (continued)

The following table shows an analysis of the credit exposure by stages, together with the ECL allowance provision (continued):

	Gross Carrying Amount Sovereign RM'000	Good RM'000	Fair RM'000	No rating RM'000	Credit-impaired RM'000	Total RM'000	Provision for credit loss RM'000
Group							
2023							
General Approach							
Short-term funds (exclude cash in hand)	5,899,688	5,736,868	280,860	1,095,689	–	13,013,105	(4,722)
Stage 1	5,899,688	5,736,868	280,860	1,095,689	–	13,013,105	(4,722)
Stage 2	–	–	–	–	–	–	–
Stage 3	–	–	–	–	–	–	–
Deposits and placements with banks and other financial institutions	158,745	616,424	–	114,008	–	889,177	(237)
Stage 1	158,745	616,424	–	114,008	–	889,177	(237)
Stage 2	–	–	–	–	–	–	–
Stage 3	–	–	–	–	–	–	–
Financial assets at FVOCI	27,521,360	15,572,552	3,872,707	235,054	–	47,201,673	(31,187)
Stage 1	27,163,413	15,572,552	3,872,707	235,054	–	46,843,726	(31,187)
Stage 2	357,947	–	–	–	–	357,947	–
Stage 3	–	–	–	–	–	–	–
Financial investments at amortised cost	18,129,779	2,414,205	–	6,987,449	1,358,764	28,890,197	(672,278)
Stage 1	17,996,410	2,414,205	–	6,807,385	–	27,218,000	(13,183)
Stage 2	133,369	–	–	180,064	–	313,433	(1,192)
Stage 3	–	–	–	–	1,358,764	1,358,764	(657,903)
Loans, advances and financing	6,128,844	189,052,638	13,060,625	10,294,221	3,879,277	222,415,605	(2,782,595)
Stage 1	6,128,844	181,436,703	9,648,853	9,799,071	–	207,013,471	(691,260)
Stage 2	–	7,615,935	3,411,772	495,150	–	11,522,857	(706,389)
Stage 3	–	–	–	–	3,879,277	3,879,277	(1,384,946)
Insurance/reinsurance contract assets	–	284,018	6,567	107,442	–	398,027	–
Stage 1	–	284,018	6,567	107,442	–	398,027	–
Stage 2	–	–	–	–	–	–	–
Stage 3	–	–	–	–	–	–	–
Other financial assets	40,000	716,970	–	365,557	–	1,122,527	(7,940)
Stage 1	40,000	716,970	–	365,557	–	1,122,527	(7,940)
Stage 2	–	–	–	–	–	–	–
Stage 3	–	–	–	–	–	–	–
	57,878,416	214,393,675	17,220,759	19,199,420	5,238,041	313,930,311	(3,498,959)

	Gross Carrying Amount Current RM'000	Current to less than 90 days past due RM'000	More than 90 days past due RM'000	Total RM'000	Provision for credit loss RM'000
Group					
2023					
Simplified Approach					
Clients' and brokers' balances	1,200,642	1,519	3,261	1,205,422	(2,409)
Other financial assets	49,164	10,660	56,894	116,718	(16,946)
	1,249,806	12,179	60,155	1,322,140	(19,355)

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55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Credit Risk (continued)

(iv) Credit quality (continued)

The following table shows an analysis of the credit exposure by stages, together with the ECL allowance provision (continued):

	Gross Carrying Amount						
	Sovereign RM'000	Good RM'000	Fair RM'000	No rating RM'000	Credit-impaired RM'000	Total RM'000	Provision for credit loss RM'000
Bank							
2024							
General Approach							
Short-term funds (exclude cash in hand)	2,546,636	8,579,269	93,064	405,386	–	11,624,355	(4,770)
Stage 1	2,546,636	8,579,269	93,064	405,386	–	11,624,355	(4,770)
Stage 2	–	–	–	–	–	–	–
Stage 3	–	–	–	–	–	–	–
Securities purchased under resale agreements	–	100,213	–	–	–	100,213	–
Stage 1	–	100,213	–	–	–	100,213	–
Stage 2	–	–	–	–	–	–	–
Stage 3	–	–	–	–	–	–	–
Deposits and placements with banks and other financial institutions	–	7,987,291	–	50,152	–	8,037,443	–
Stage 1	–	7,987,291	–	50,152	–	8,037,443	–
Stage 2	–	–	–	–	–	–	–
Stage 3	–	–	–	–	–	–	–
Investment account due from designated financial institutions	–	4,640,875	–	–	–	4,640,875	–
Stage 1	–	4,640,875	–	–	–	4,640,875	–
Stage 2	–	–	–	–	–	–	–
Stage 3	–	–	–	–	–	–	–
Financial assets at FVOCI	25,608,125	12,760,624	3,744,662	171,653	–	42,285,064	(24,077)
Stage 1	25,430,005	12,760,624	3,744,662	171,653	–	42,106,944	(24,077)
Stage 2	178,120	–	–	–	–	178,120	–
Stage 3	–	–	–	–	–	–	–
Financial investments at amortised cost	15,227,839	1,123,084	–	3,122,378	55,135	19,528,436	(598,092)
Stage 1	15,227,839	1,123,084	–	3,122,378	–	19,473,301	(8,594)
Stage 2	–	–	–	–	–	–	–
Stage 3	–	–	–	–	55,135	55,135	(589,498)
Loans, advances and financing	–	124,410,740	4,662,376	7,741,653	2,247,904	139,062,673	(1,832,389)
Stage 1	–	120,161,434	3,081,077	7,361,096	–	130,603,607	(443,971)
Stage 2	–	4,249,306	1,581,299	380,557	–	6,211,162	(448,001)
Stage 3	–	–	–	–	2,247,904	2,247,904	(940,417)
Other financial assets	7,093	1,573,504	–	527,273	–	2,107,870	(21,348)
Stage 1	7,093	1,573,504	–	527,273	–	2,107,870	(21,348)
Stage 2	–	–	–	–	–	–	–
Stage 3	–	–	–	–	–	–	–
	43,389,693	161,175,600	8,500,102	12,018,495	2,303,039	227,386,929	(2,480,676)

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Credit Risk (continued)

(iv) Credit quality (continued)

The following table shows an analysis of the credit exposure by stages, together with the ECL allowance provision (continued):

	Gross Carrying Amount						
	Sovereign RM'000	Good RM'000	Fair RM'000	No rating RM'000	Credit-impaired RM'000	Total RM'000	Provision for credit loss RM'000
Bank							
2023							
General Approach							
Short-term funds (exclude cash in hand)	1,424,230	6,944,071	233,569	645,944	–	9,247,814	(3,879)
Stage 1	1,424,230	6,944,071	233,569	645,944	–	9,247,814	(3,879)
Stage 2	–	–	–	–	–	–	–
Stage 3	–	–	–	–	–	–	–
Securities purchased under resale agreements	–	369,585	–	–	–	369,585	–
Stage 1	–	369,585	–	–	–	369,585	–
Stage 2	–	–	–	–	–	–	–
Stage 3	–	–	–	–	–	–	–
Deposits and placements with banks and other financial institutions	–	8,798,866	–	–	–	8,798,866	–
Stage 1	–	8,798,866	–	–	–	8,798,866	–
Stage 2	–	–	–	–	–	–	–
Stage 3	–	–	–	–	–	–	–
Investment account due from designated financial institutions	–	6,258,830	–	–	–	6,258,830	–
Stage 1	–	6,258,830	–	–	–	6,258,830	–
Stage 2	–	–	–	–	–	–	–
Stage 3	–	–	–	–	–	–	–
Financial assets at FVOCI	23,523,431	13,167,423	3,872,707	235,054	–	40,798,615	(29,025)
Stage 1	23,232,203	13,167,423	3,872,707	235,054	–	40,507,387	(29,025)
Stage 2	291,228	–	–	–	–	291,228	–
Stage 3	–	–	–	–	–	–	–
Financial investments at amortised cost	13,769,519	1,752,520	–	3,103,517	55,795	18,681,351	(598,312)
Stage 1	13,697,353	1,752,520	–	2,923,453	–	18,373,326	(6,963)
Stage 2	72,166	–	–	180,064	–	252,230	(1,191)
Stage 3	–	–	–	–	55,795	55,795	(590,158)
Loans, advances and financing	–	114,317,712	3,894,282	9,252,508	2,313,661	129,778,163	(1,916,517)
Stage 1	–	109,822,943	2,049,828	8,797,169	–	120,669,940	(430,495)
Stage 2	–	4,494,769	1,844,454	455,339	–	6,794,562	(502,282)
Stage 3	–	–	–	–	2,313,661	2,313,661	(983,740)
Other financial assets	–	2,384,800	–	408,702	–	2,793,502	(7,497)
Stage 1	–	2,384,800	–	408,702	–	2,793,502	(7,497)
Stage 2	–	–	–	–	–	–	–
Stage 3	–	–	–	–	–	–	–
	38,717,180	153,993,807	8,000,558	13,645,725	2,369,456	216,726,726	(2,555,230)

Notes to the Financial Statements
For The Financial Year Ended 31 December 2024

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Credit Risk (continued)

(iv) Credit quality (continued)

Credit risk exposure analysed by industry in respect of the Group and the Bank's financial assets, including commitments and contingencies, are set out below:

	Short-term funds and deposits and placements with banks and other financial institutions˘ RM'000	Securities purchased under resale agreements RM'000	Financial assets at FVTPL~ RM'000	Financial assets at FVOCI@ RM'000	Financial investments at amortised cost¥ RM'000	Loans, advances and financing# RM'000	Clients' and brokers' balances^ RM'000	Insurance/ reinsurance contract assets RM'000	Other financial assets* RM'000	Commitments and contingencies RM'000	Total RM'000
Group											
2024											
Agriculture, hunting, forestry and fishing	–	–	–	229,140	607,995	4,247,145	–	–	10,568	1,070,655	6,165,503
Mining and quarrying	–	–	14	161,037	790,060	238,592	–	–	267	644,729	1,834,699
Manufacturing	–	–	3,332	732,254	-	12,333,923	–	–	107,352	7,180,188	20,357,049
Electricity, gas and water	–	–	4,216	1,421,176	663,962	1,193,309	–	–	86	607,678	3,890,427
Construction	–	–	767,632	2,535,476	3,509,373	12,700,891	–	–	65,361	8,025,440	27,604,173
Wholesale & retail trade and restaurant & hotel	–	–	–	539,702	82,041	23,282,070	–	–	104,685	8,460,559	32,469,057
Transport, storage and communication	–	–	–	2,381,228	1,319,397	4,601,439	–	–	244,311	2,278,613	10,824,988
Finance, insurance, real estate and business services	10,684,425	59,355	1,390,346	15,318,424	5,793,102	38,834,887	361,483	422,346	3,320,634	12,962,461	89,147,463
Education, health and others	–	–	2,000,324	27,626,998	17,365,248	10,782,722	–	–	244,599	1,926,573	59,946,464
Household sector	–	–	–	–	–	128,327,290	393,532	–	61,056	20,162,099	148,943,977
	10,684,425	59,355	4,165,864	50,945,435	30,131,178	236,542,268	755,015	422,346	4,158,919	63,318,995	401,183,800

˘ Excludes stage 1 expected credit losses amounting to RM5,132,000.
~ Excludes equity instruments, unit trusts and private equity funds amounting to RM1,534,018,000.
@ Excludes equity instruments amounting to RM831,160,000.
¥ Excludes stage 1 expected credit losses amounting to RM16,251,000 and negative fair value changes amounting to RM2,458,000.
Excludes stage 1 and stage 2 expected credit losses amounting to RM1,524,302,000 and negative fair value changes amounting to RM50,318,000.
^ Excludes allowance for credit losses for non-credit impaired amounting to RM1,000.
* Excludes stage 1 and stage 2 expected credit losses amounting to RM21,357,000. Other financial assets include other assets amounting to RM1,410,496,000 and derivative assets amounting to RM2,748,423,000.

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Credit Risk (continued)

(iv) Credit quality (continued)

Credit risk exposure analysed by industry in respect of the Group and the Bank's financial assets, including commitments and contingencies, are set out below (continued):

	Short-term funds and deposits and placements with banks and other financial institutions˘ RM'000	Financial assets at FVTPL~ RM'000	Financial assets at FVOCI@ RM'000	Financial investments at amortised cost¥ RM'000	Loans, advances and financing# RM'000	Clients' and brokers' balances^ RM'000	Insurance/ reinsurance contract assets RM'000	Other financial assets* RM'000	Commitments and contingencies RM'000	Total RM'000
Group										
2023										
Agriculture, hunting, forestry and fishing	–	–	398,207	631,934	4,449,142	–	–	20,952	1,107,643	6,607,878
Mining and quarrying	–	–	110,410	721,094	264,455	–	–	4	432,977	1,528,940
Manufacturing	–	3,586	456,930	125,872	11,694,601	–	–	130,302	7,673,411	20,084,702
Electricity, gas and water	–	29,737	2,164,552	292,788	2,178,075	–	–	628	977,181	5,642,961
Construction	–	4	2,823,312	2,930,725	10,422,612	–	–	47,135	5,996,599	22,220,387
Wholesale & retail trade and restaurant & hotel	–	–	589,697	133,369	24,196,250	–	–	112,252	10,074,616	35,106,184
Transport, storage and communication	–	–	2,588,648	1,280,895	5,379,466	–	–	224	2,268,034	11,517,267
Finance, insurance, real estate and business services	13,902,282	1,402,825	15,631,581	9,369,539	32,511,893	304,729	398,027	2,431,260	7,321,735	83,273,871
Education, health and others	–	1,068,762	22,438,336	12,746,078	10,044,781	–	–	110,009	2,290,969	48,698,935
Household sector	–	–	–	–	119,889,384	898,285	–	45,256	20,165,049	140,997,974
	13,902,282	2,504,914	47,201,673	28,232,294	221,030,659	1,203,014	398,027	2,898,022	58,308,214	375,679,099

˘ Excludes stage 1 expected credit losses amounting to RM4,959,000.
~ Excludes equity instruments, unit trusts and private equity funds amounting to RM1,213,577,000.
@ Excludes equity instruments amounting to RM775,256,000.
¥ Excludes stage 1 and stage 2 expected credit losses amounting to RM14,375,000 and negative fair value changes amounting to RM3,276,000.
Excludes stage 1 and stage 2 expected credit losses amounting to RM1,397,649,000 and negative fair value changes amounting to RM70,407,000.
^ Excludes allowance for credit losses for non-credit impaired amounting to RM1,000.
* Excludes stage 1 expected credit losses amounting to RM7,940,000. Other financial assets include other assets amounting to RM1,222,299,000 and derivative assets amounting to RM1,675,723,000.

Notes to the Financial Statements
For The Financial Year Ended 31 December 2024

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Credit Risk (continued)

(iv) Credit quality (continued)

Credit risk exposure analysed by industry in respect of the Group and the Bank's financial assets, including commitments and contingencies, are set out below (continued):

	Short-term funds, deposits and placements with banks and other financial institutions and investment account due from designated financial institutions[ˇ] RM'000	Securities purchased under resale agreements RM'000	Financial assets at FVTPL RM'000	Financial assets at FVOCI[@] RM'000	Financial investments at amortised cost[¥] RM'000	Loans, advances and financing[#] RM'000	Other financial assets[*] RM'000	Commitments and contingencies RM'000	Total RM'000
Bank									
2024									
Agriculture, hunting, forestry and fishing	–	–	–	179,030	471,994	2,335,221	10,412	521,283	3,517,940
Mining and quarrying	–	–	14	120,690	(514,132)	133,478	267	556,137	296,454
Manufacturing	–	–	3,332	660,121	–	8,672,875	105,661	6,055,172	15,497,161
Electricity, gas and water	–	–	–	1,056,580	272,721	771,838	–	420,290	2,521,429
Construction	–	–	767,632	1,806,896	1,905,835	8,782,339	63,035	5,828,415	19,154,152
Wholesale & retail trade and restaurant & hotel	–	–	–	478,420	71,739	17,252,262	102,109	6,523,224	24,427,754
Transport, storage and communication	–	–	–	1,931,181	362,898	1,661,823	243,066	1,362,033	5,561,001
Finance, insurance, real estate and business services	24,302,673	100,213	445,973	13,281,266	3,396,478	29,113,175	4,263,927	10,774,590	85,678,295
Education, health and others	–	–	1,865,156	22,770,880	12,971,405	3,512,948	90,768	626,383	41,837,540
Household sector	–	–	–	–	–	65,886,297	60,932	14,629,141	80,576,370
	24,302,673	100,213	3,082,107	42,285,064	18,938,938	138,122,256	4,940,177	47,296,668	279,068,096

ˇ Excludes stage 1 expected credit losses amounting to RM4,770,000.

@ Excludes equity instruments amounting to RM782,050,000.

¥ Excludes stage 1 expected credit losses amounting to RM8,594,000.

Excludes stage 1 and stage 2 expected credit losses amounting to RM891,972,000 and negative fair value changes amounting to RM8,544,000.

* Excludes stage 1 expected credit losses amounting to RM21,348,000. Other financial assets include other assets amounting to RM2,107,870,000 and derivative assets amounting to RM2,832,307,000.

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Credit Risk (continued)

(iv) Credit quality (continued)

Credit risk exposure analysed by industry in respect of the Group and the Bank's financial assets, including commitments and contingencies, are set out below (continued):

	Short-term funds, deposits and placements with banks and other financial institutions and investment account due from designated financial institutions˘ RM'000	Securities purchased under resale agreements RM'000	Financial assets at FVTPL RM'000	Financial assets at FVOCI@ RM'000	Financial investments at amortised cost¥ RM'000	Loans, advances and financing# RM'000	Other financial assets* RM'000	Commitments and contingencies RM'000	Total RM'000
Bank									
2023									
Agriculture, hunting, forestry and fishing	–	–	–	246,450	471,945	2,373,336	20,807	570,465	3,683,003
Mining and quarrying	–	–	–	58,234	(514,132)	160,174	4	347,886	52,166
Manufacturing	–	–	3,586	374,375	–	8,079,555	128,207	6,448,695	15,034,418
Electricity, gas and water	–	–	1	1,767,483	217,574	603,762	–	810,422	3,399,242
Construction	–	–	4	2,312,164	1,573,174	7,843,262	46,666	4,688,277	16,463,547
Wholesale & retail trade and restaurant & hotel	–	–	–	528,102	72,166	18,603,553	99,653	8,343,036	27,646,510
Transport, storage and communication	–	–	–	2,288,126	405,052	1,537,374	216	1,553,489	5,784,257
Finance, insurance, real estate and business services	24,305,510	369,585	419,983	14,092,221	5,952,636	22,303,599	4,116,778	6,065,965	77,626,277
Education, health and others	–	–	903,720	19,131,460	9,912,778	3,144,655	36,708	629,268	33,758,589
Household sector	–	–	–	–	–	64,145,153	43,890	14,508,810	78,697,853
	24,305,510	369,585	1,327,294	40,798,615	18,091,193	128,794,423	4,492,929	43,966,313	262,145,862

˘ Excludes stage 1 expected credit losses amounting to RM3,879,000.
@ Excludes equity instruments amounting to RM729,292,000.
¥ Excludes stage 1 and stage 2 expected credit losses amounting to RM8,154,000.
Excludes stage 1 and stage 2 expected credit losses amounting to RM932,777,000 and negative fair value changes amounting to RM13,083,000.
* Excludes stage 1 expected credit losses amounting to RM7,497,000. Other financial assets include other assets amounting to RM2,793,502,000 and derivative assets amounting to RM1,699,427,000.

Notes to the Financial Statements
For The Financial Year Ended 31 December 2024

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Credit Risk (continued)

(iv) Credit quality (continued)

Credit risk exposure analysed by geographical in respect of the Group and the Bank's financial assets, including commitments and contingencies, are set out below:

	Short-term funds and deposits and placements with banks and other financial institutions˘ RM'000	Securities purchased under resale agreements RM'000	Financial assets at FVTPL~ RM'000	Financial assets at FVOCI@ RM'000	Financial investments at amortised cost¥ RM'000	Loans, advances and financing# RM'000	Clients' and brokers' balances^ RM'000	Insurance/ reinsurance contract assets RM'000	Other financial assets* RM'000	Commitments and contingencies RM'000	Total RM'000
Group											
2024											
Southeast Asia	8,620,196	59,355	4,152,485	41,179,371	30,100,770	227,658,021	755,015	397,804	3,102,232	62,400,218	378,425,467
– Malaysia	4,712,236	59,355	4,144,679	35,715,264	25,195,343	196,485,071	700,451	395,574	2,727,928	53,630,113	323,766,014
– Singapore	2,629,436	–	3,354	3,626,919	4,644,437	24,213,398	–	2,230	160,798	7,571,010	42,851,582
– Thailand	30,161	–	–	1,320,965	208,259	1,052,454	–	–	179,030	653,405	3,444,274
– Brunei	257,338	–	–	–	52,731	199,486	–	–	208	32,378	542,141
– Indonesia	45,534	–	4,452	452,981	–	700,030	54,564	–	5,580	159,257	1,422,398
– Cambodia	634,572	–	–	–	–	3,377,813	–	–	28,318	233,833	4,274,536
– Lao	308,998	–	–	–	–	79,613	–	–	370	8,036	397,017
– Vietnam	119	–	–	–	–	1,407,342	–	–	–	112,186	1,519,647
– Philippines	1,802	–	–	63,242	–	8,462	–	–	–	–	73,506
– Myanmar	–	–	–	–	–	134,352	–	–	–	–	134,352
South Asia	31,877	–	13,346	1,782,084	–	3,860,150	–	–	36,796	379,732	6,103,985
East Asia	556,050	–	–	1,648,475	–	1,366,374	–	11,077	59,656	38,888	3,680,520
Central Asia	–	–	–	–	–	1,300	–	–	–	–	1,300
Middle East	9,254	–	–	522,853	–	105,674	–	–	32	41	637,854
Europe	311,636	–	33	3,508,375	30,408	2,655,025	–	10,069	919,547	17,658	7,452,751
North America	1,154,510	–	–	2,304,277	–	889,865	–	3,396	40,656	480,925	4,873,629
Others	902	–	–	–	–	5,859	–	–	–	1,533	8,294
	10,684,425	59,355	4,165,864	50,945,435	30,131,178	236,542,268	755,015	422,346	4,158,919	63,318,995	401,183,800

˘ Excludes stage 1 expected credit losses amounting to RM5,132,000.
~ Excludes equity instruments, unit trusts and private equity funds amounting to RM1,534,018,000.
@ Excludes equity instruments amounting to RM831,160,000.
¥ Excludes stage 1 expected credit losses amounting to RM16,251,000 and negative fair value changes amounting to RM2,458,000.
Excludes stage 1 and stage 2 expected credit losses amounting to RM1,524,302,000 and negative fair value changes amounting to RM50,318,000.
^ Excludes allowance for credit losses for non-credit impaired amounting to RM1,000.
* Excludes stage 1 and stage 2 expected credit losses amounting to RM21,357,000. Other financial assets include other assets amounting to RM1,410,496,000 and derivative assets amounting to RM2,748,423,000.

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Credit Risk (continued)

(iv) Credit quality (continued)

Credit risk exposure analysed by geographical in respect of the Group and the Bank's financial assets, including commitments and contingencies, are set out below (continued):

	Short-term funds and deposits and placements with banks and other financial institutionsˇ RM'000	Financial assets at FVTPL~ RM'000	Financial assets at FVOCI@ RM'000	Financial investments at amortised cost¥ RM'000	Loans, advances and financing# RM'000	Clients' and brokers' balances^ RM'000	Insurance/ reinsurance contract assets RM'000	Other financial assets* RM'000	Commitments and contingencies RM'000	Total RM'000
Group										
2023										
Southeast Asia	8,899,078	2,501,481	38,541,946	28,201,877	213,650,534	1,203,014	377,230	2,014,051	57,825,692	353,214,903
– Malaysia	4,306,924	2,497,826	32,080,195	23,861,081	183,800,686	1,108,740	377,230	1,493,010	50,702,884	300,228,576
– Singapore	1,850,103	3,655	4,863,628	4,116,103	22,499,735	–	–	298,663	5,449,976	39,081,863
– Thailand	326,231	–	1,062,768	171,129	1,619,218	32,649	–	199,650	1,012,082	4,423,727
– Brunei	277,778	–	–	53,564	224,270	–	–	250	46,265	602,127
– Indonesia	164,769	–	444,578	–	772,631	59,864	–	5,794	213,223	1,660,859
– Cambodia	1,632,880	–	–	–	3,627,912	–	–	16,246	215,374	5,492,412
– Lao	325,236	–	–	–	89,501	–	–	287	9,885	424,909
– Vietnam	14,420	–	–	–	891,244	1,761	–	151	175,597	1,083,173
– Philippines	737	–	90,777	–	7,886	–	–	–	–	99,400
– Myanmar	–	–	–	–	117,451	–	–	–	406	117,857
South Asia	22,938	–	1,818,149	–	3,506,542	–	–	25,235	351,813	5,724,677
East Asia	2,966,780	–	1,845,384	–	951,500	–	13,740	101,472	32,192	5,911,068
Central Asia	–	–	–	–	183	–	–	–	–	183
Middle East	7,018	–	243,250	–	139,121	–	–	3	–	389,392
Europe	369,263	3,433	2,937,221	30,417	1,636,104	–	6,633	716,554	42,627	5,742,252
North America	1,636,555	–	1,815,723	–	1,140,613	–	424	40,707	54,458	4,688,480
Others	650	–	–	–	6,062	–	–	–	1,432	8,144
	13,902,282	2,504,914	47,201,673	28,232,294	221,030,659	1,203,014	398,027	2,898,022	58,308,214	375,679,099

ˇ Excludes stage 1 expected credit losses amounting to RM4,959,000.
~ Excludes equity instruments, unit trusts and private equity funds amounting to RM1,213,577,000.
@ Excludes equity instruments amounting to RM775,256,000.
¥ Excludes stage 1 and stage 2 expected credit losses amounting to RM14,375,000 and negative fair value changes amounting to RM3,276,000.
Excludes stage 1 and stage 2 expected credit losses amounting to RM1,397,649,000 and negative fair value changes amounting to RM70,407,000.
^ Excludes allowance for credit losses for non-credit impaired amounting to RM1,000.
* Excludes stage 1 expected credit losses amounting to RM7,940,000. Other financial assets include other assets amounting to RM1,222,299,000 and derivative assets amounting to RM1,675,723,000.

Notes to the Financial Statements
For The Financial Year Ended 31 December 2024

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Credit Risk (continued)

(iv) Credit quality (continued)

Credit risk exposure analysed by geographical in respect of the Group and the Bank's financial assets, including commitments and contingencies, are set out below (continued):

	Short-term funds, deposits and placements with banks and other financial institutions and investment account due from designated financial institutionsˇ RM'000	Securities purchased under resale agreements RM'000	Financial assets at FVTPL RM'000	Financial assets at FVOCI@ RM'000	Financial investments at amortised cost¥ RM'000	Loans, advances and financing# RM'000	Other financial assets* RM'000	Commitments and contingencies RM'000	Total RM'000
Bank									
2024									
Southeast Asia	22,585,725	100,213	3,068,728	32,519,000	18,938,938	132,038,362	3,883,506	46,871,898	260,006,370
– Malaysia	19,234,104	100,213	3,060,922	27,054,893	14,033,511	105,072,560	3,548,347	38,579,660	210,684,210
– Singapore	2,622,561	–	3,354	3,626,919	4,644,437	23,818,811	155,921	7,491,140	42,363,143
– Thailand	29,051	–	–	1,320,965	208,259	1,051,169	179,030	653,405	3,441,879
– Brunei	253,423	–	–	–	52,731	195,715	208	32,378	534,455
– Indonesia	10,079	–	4,452	452,981	–	450,948	–	3,129	921,589
– Cambodia	296,386	–	–	–	–	30,759	–	–	327,145
– Lao	138,985	–	–	–	–	–	–	–	138,985
– Vietnam	119	–	–	–	–	1,406,683	–	112,186	1,518,988
– Philippines	1,017	–	–	63,242	–	6,028	–	–	70,287
– Myanmar	–	–	–	–	–	5,689	–	–	5,689
South Asia	28,981	–	13,346	1,782,084	–	3,787,587	36,796	376,707	6,025,501
East Asia	553,454	–	–	1,648,475	–	855,167	59,656	37,034	3,153,786
Middle East	7,543	–	–	522,853	–	10,278	32	41	540,747
Europe	282,831	–	33	3,508,375	–	944,821	919,547	10,968	5,666,575
North America	843,237	–	–	2,304,277	–	481,143	40,640	–	3,669,297
Others	902	–	–	–	–	4,898	–	20	5,820
	24,302,673	100,213	3,082,107	42,285,064	18,938,938	138,122,256	4,940,177	47,296,668	279,068,096

ˇ Excludes stage 1 expected credit losses amounting to RM4,770,000.
@ Excludes equity instruments amounting to RM782,050,000.
¥ Excludes stage 1 expected credit losses amounting to RM8,594,000.
Excludes stage 1 and stage 2 expected credit losses amounting to RM891,972,000 and negative fair value changes amounting to RM8,544,000.
* Excludes stage 1 expected credit losses amounting to RM21,348,000. Other financial assets include other assets amounting to RM2,107,870,000 and derivative assets amounting to RM2,832,307,000.

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Credit Risk (continued)

(iv) Credit quality (continued)

Credit risk exposure analysed by geographical in respect of the Group and the Bank's financial assets, including commitments and contingencies, are set out below (continued):

	Short-term funds, deposits and placements with banks and other financial institutions and investment account due from designated financial institutionsˇ RM'000	Securities purchased under resale agreements RM'000	Financial assets at FVTPL RM'000	Financial assets at FVOCI@ RM'000	Financial investments at amortised cost¥ RM'000	Loans, advances and financing# RM'000	Other financial assets* RM'000	Commitments and contingencies RM'000	Total RM'000
Bank									
2023									
Southeast Asia	19,596,591	369,585	1,323,861	32,138,888	18,091,193	124,043,829	3,609,307	43,557,520	242,730,774
– Malaysia	16,059,333	369,585	1,320,206	25,677,137	13,750,397	98,977,340	3,128,621	37,055,626	196,338,245
– Singapore	1,837,789	–	3,655	4,863,628	4,116,103	22,083,887	297,213	5,405,216	38,607,491
– Thailand	304,444	–	–	1,062,768	171,129	1,332,038	183,221	871,215	3,924,815
– Brunei	276,319	–	–	–	53,564	221,440	250	46,265	597,838
– Indonesia	3,926	–	–	444,578	–	544,680	2	26,200	1,019,386
– Cambodia	971,567	–	–	–	–	205	–	–	971,772
– Lao	142,958	–	–	–	–	–	–	–	142,958
– Vietnam	120	–	–	–	–	873,810	–	152,592	1,026,522
– Philippines	135	–	–	90,777	–	5,212	–	–	96,124
– Myanmar	–	–	–	–	–	5,217	–	406	5,623
South Asia	22,133	–	–	1,818,149	–	3,435,919	25,235	348,917	5,650,353
East Asia	2,963,212	–	–	1,845,384	–	362,006	101,472	30,286	5,302,360
Middle East	6,461	–	–	243,250	–	6,773	3	–	256,487
Europe	218,159	–	3,433	2,937,221	–	229,582	716,212	27,344	4,131,951
North America	1,498,304	–	–	1,815,723	–	711,557	40,700	2,226	4,068,510
Others	650	–	–	–	–	4,757	–	20	5,427
	24,305,510	369,585	1,327,294	40,798,615	18,091,193	128,794,423	4,492,929	43,966,313	262,145,862

ˇ Excludes stage 1 expected credit losses amounting to RM3,879,000.
@ Excludes equity instruments amounting to RM729,292,000.
¥ Excludes stage 1 and stage 2 expected credit losses amounting to RM8,154,000.
Excludes stage 1 and stage 2 expected credit losses amounting to RM932,777,000 and negative fair value changes amounting to RM13,083,000.
* Excludes stage 1 expected credit losses amounting to RM7,497,000. Other financial assets include other assets amounting to RM2,793,502,000 and derivative assets amounting to RM1,699,427,000.

Notes to the Financial Statements
For The Financial Year Ended 31 December 2024

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Credit Risk (continued)

(v) Write-off policy

The Group and the Bank write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Group and the Bank's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

A write-off constitutes a derecognition event. The Group and the Bank may apply enforcement activities to financial assets written off. Recoveries resulting from the Group and the Bank's enforcement activities will be written back as bad debts recovered in the income statements.

The contractual amount outstanding on loans, advances and financing and securities portfolio that were written off during the financial year ended 31 December 2024, and are still subject to enforcement activities was RM101.1 million and RM85.7 million (2023: RM182.1 million and RM132.7 million) for the Group and the Bank respectively.

(vi) Modification of contractual cash flows

Where the original contractual terms of a financial asset have been modified for credit reasons and the instrument has not been derecognised, the resulting modification loss is recognised as net modification loss in the income statements, with a corresponding decrease in the gross carrying value of the asset. If the modification involved a concession that the Group and the Bank would not otherwise consider, the instrument is considered to be credit impaired and is considered forborne.

ECL for modified financial assets that have not been derecognised and are not considered to be credit-impaired will be recognised on a 12-month basis, or a lifetime basis, if there is a significant increase in credit risk. These assets are assessed to determine whether there has been a significant increase in credit risk subsequent to the modification.

Although loans, advances and financing may be modified for non-credit reasons, a significant increase in credit risk may occur. The Group and the Bank may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from stage 3 or stage 2 to stage 1. This is only the case for assets which have been monitored for consecutive six months' observation period or more.

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Credit Risk (continued)

(vii) Sensitivity analysis

The Group and the Bank have performed ECL sensitivity assessment on loans, advances and financing based on the changes in key variables, such as private consumption, unemployment rates, inflation and industrial production, while all other variables remain unchanged. The sensitivity factors used are assumptions based on parallel shifts in the key variables to project the impact on the ECL of the Group and the Bank.

The table below outlines the effect of ECL on the changes in key variables used while other variables remain constant:

		Increase/(Decrease) in ECL			
		Group		Bank	
	Changes	RM'000	RM'000	RM'000	RM'000
2024					
(a) Retail					
Private consumption	+/-50 bps	**(9,448)**	**9,432**	**(5,970)**	**5,795**
Unemployment rates	+/-10 bps	**11,540**	**(11,659)**	**9,252**	**(9,339)**
Inflation	+/-50 bps	**12,958**	**(13,022)**	**8,705**	**(8,916)**
(b) Non-retail					
Private consumption	+/-50 bps	**(8,388)**	**8,562**	**(5,900)**	**6,025**
Industrial production	+/-100 bps	**(14,450)**	**16,321**	**(9,471)**	**10,691**
2023					
(a) Retail					
Private consumption	+/-100 bps	(21,006)	21,799	(14,255)	14,716
Unemployment rates	+/-20 bps	25,378	(24,659)	21,292	(20,611)
Inflation	+/-50 bps	13,816	(13,606)	9,830	(9,786)
(b) Non-retail					
Private consumption	+/-100 bps	(11,076)	11,751	(8,223)	8,694
Industrial production	+/-100 bps	(11,898)	11,683	(7,687)	7,497

Retail comprises substantially household sector as disclosed in Note 8(e) under loans, advances and financing by economic sector.

Non-retail comprises other than household sector as disclosed in Note 8(e) under loans, advances and financing by economic sector.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2024

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Offsetting Financial Assets and Financial Liabilities

The Group and the Bank report financial assets and financial liabilities on a net basis on the balance sheet only if there is a legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The following table shows the impact of netting arrangement on:

(i) all financial assets and liabilities that are reported on the balance sheet; and
(ii) all derivative financial instruments and reverse repurchase agreement and borrowing arrangements (offsetting arrangement and financial collateral) but do not qualify for netting.

The following financial assets and liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Gross amounts of recognised financial assets/ financial liabilities RM'000	Related amounts not set off in the statements of financial position		Net amount RM'000
		Financial instruments RM'000	Financial collateral RM'000	
Group				
2024				
Financial assets				
Securities purchased under resale agreements	**59,355**	**–**	**–**	**59,355**
Derivative assets	**2,748,423**	**(1,041,110)**	**(311,488)**	**1,395,825**
Financial liabilities				
Obligations on securities sold under repurchase agreements	**13,412,388**	**–**	**(67,609)**	**13,344,779**
Derivative liabilities	**2,285,168**	**(1,041,110)**	**(359,855)**	**884,203**
2023				
Financial assets				
Derivative assets	1,675,723	(659,922)	(189,303)	826,498
Financial liabilities				
Obligations on securities sold under repurchase agreements	8,970,584	–	(138,897)	8,831,687
Derivative liabilities	1,787,728	(659,922)	(439,288)	688,518

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Offsetting Financial Assets and Financial Liabilities (continued)

The following financial assets and liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements (continued):

	Gross amounts of recognised financial assets/ financial liabilities RM'000	Related amounts not set off in the statements of financial position		Net amount RM'000
		Financial instruments RM'000	Financial collateral RM'000	
Bank				
2024				
Financial assets				
Securities purchased under resale agreements	**100,213**	**–**	**–**	**100,213**
Derivative assets	**2,832,307**	**(1,038,527)**	**(311,488)**	**1,482,292**
Financial liabilities				
Obligations on securities sold under repurchase agreements	**16,273,461**	**–**	**(67,609)**	**16,205,852**
Derivative liabilities	**2,483,745**	**(1,038,527)**	**(359,855)**	**1,085,363**
2023				
Financial assets				
Securities purchased under resale agreements	369,585	–	–	369,585
Derivative assets	1,699,427	(654,301)	(189,303)	855,823
Financial liabilities				
Obligations on securities sold under repurchase agreements	10,415,735	–	(138,897)	10,276,838
Derivative liabilities	1,795,186	(654,301)	(439,288)	701,597

Notes to the Financial Statements
For The Financial Year Ended 31 December 2024

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(g) Fair Value of Financial Instruments

The Group and the Bank analyses its financial instruments measured at fair value into three categories as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Valuations derived from valuation techniques in which significant inputs are not based on observable market data.

The table below shows financial instruments carried at fair value analysed by level within the fair value hierarchy:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
2024				
Financial assets				
Financial assets at FVTPL:	**368,004**	**4,458,599**	**873,279**	**5,699,882**
– Money market instruments	**–**	**2,003,189**	**–**	**2,003,189**
– Quoted securities	**368,004**	**–**	**–**	**368,004**
– Unquoted securities	**–**	**2,455,410**	**873,279**	**3,328,689**
Financial assets at FVOCI:	**3,402**	**50,945,435**	**827,758**	**51,776,595**
– Money market instruments	**–**	**24,062,380**	**–**	**24,062,380**
– Quoted securities	**3,402**	**–**	**–**	**3,402**
– Unquoted securities	**–**	**26,883,055**	**827,758**	**27,710,813**
Derivative assets	**–**	**2,748,423**	**–**	**2,748,423**
	371,406	**58,152,457**	**1,701,037**	**60,224,900**
Financial liabilities				
Derivative liabilities	**37,267**	**2,247,901**	**–**	**2,285,168**
2023				
Financial assets at FVTPL:	245,766	2,739,390	733,335	3,718,491
– Money market instruments	–	1,388,526	–	1,388,526
– Quoted securities	245,766	–	–	245,766
– Unquoted securities	–	1,350,864	733,335	2,084,199
Financial assets at FVOCI:	2,820	47,201,673	772,436	47,976,929
– Money market instruments	–	20,592,399	–	20,592,399
– Quoted securities	2,820	–	–	2,820
– Unquoted securities	–	26,609,274	772,436	27,381,710
Derivative assets	–	1,675,723	–	1,675,723
	248,586	51,616,786	1,505,771	53,371,143
Financial liabilities				
Derivative liabilities	32,089	1,755,639	–	1,787,728

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(g) Fair Value of Financial Instruments (continued)

The table below shows financial instruments carried at fair value analysed by level within the fair value hierarchy (continued):

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Bank				
2024				
Financial assets				
Financial assets at FVTPL:	**1,342**	**3,080,765**	**–**	**3,082,107**
– Money market instruments	**–**	**1,863,805**	**–**	**1,863,805**
– Quoted securities	**1,342**	**–**	**–**	**1,342**
– Unquoted securities	**–**	**1,216,960**	**–**	**1,216,960**
Financial assets at FVOCI:	**–**	**42,285,064**	**782,050**	**43,067,114**
– Money market instruments	**–**	**19,781,758**	**–**	**19,781,758**
– Unquoted securities	**–**	**22,503,306**	**782,050**	**23,285,356**
Derivative assets	**–**	**2,832,307**	**–**	**2,832,307**
	1,342	**48,198,136**	**782,050**	**48,981,528**
Financial liabilities				
Derivative liabilities	**–**	**2,483,745**	**–**	**2,483,745**
2023				
Financial assets				
Financial assets at FVTPL:	1,395	1,325,899	–	1,327,294
– Money market instruments	–	1,216,659	–	1,216,659
– Quoted securities	1,395	–	–	1,395
– Unquoted securities	–	109,240	–	109,240
Financial assets at FVOCI:	–	40,798,615	729,292	41,527,907
– Money market instruments	–	17,903,475	–	17,903,475
– Unquoted securities	–	22,895,140	729,292	23,624,432
Derivative assets	–	1,699,427	–	1,699,427
	1,395	43,823,941	729,292	44,554,628
Financial liabilities				
Derivative liabilities	–	1,795,186	–	1,795,186

There were no transfers between Level 1 and 2 during the financial year.

(i) Valuation techniques

Financial instruments are classified as Level 1 if their values are observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. These would include quoted securities and unit trusts.

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55 FINANCIAL RISK MANAGEMENT (CONTINUED)

(g) Fair Value of Financial Instruments (continued)

(i) Valuation techniques (continued)

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group and the Bank then determine fair value based upon valuation techniques that use market parameters including but not limited to yield curves, volatilities and foreign exchange rates as inputs. The majority of valuation techniques employ only observable market data. These would include certain bonds, government bonds, corporate debt securities and derivatives.

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). This category includes unquoted shares held for socio-economic reasons, unquoted private equity funds, non-transferable and non-tradable perpetual notes/sukuk, impaired securities and unquoted corporate loan stocks. Fair values for shares held for socio-economic reasons are based on the net tangible assets of the affected companies. Fair values for unquoted private equity funds are based on enterprise valuation method where the main input include earnings before interest, taxes, depreciation and amortisation ('EBITDA'), comparable companies earning multiple and marketable discount. For unquoted corporate loan stocks, discounted cash flow analysis has been performed to determine the recoverability of the instruments.

(ii) Reconciliation of fair value measurements in Level 3

The following represents the changes in Level 3 instruments for the Group and the Bank:

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
2024				
Financial assets at FVTPL				
Balance as at the beginning of financial year	**733,335**	704,842	**–**	15,358
Total net gain recognised in income statements	**166,897**	60,801	**–**	16,531
Purchases	**3,817**	35,390	**–**	–
Settlement/distribution	**(12,486)**	(97,810)	**–**	(31,889)
Exchange differences	**(18,284)**	30,112	**–**	–
Balance as at the end of the financial year	**873,279**	733,335	**–**	–
Financial assets at FVOCI				
Balance as at the beginning of financial year	**772,436**	737,942	**729,292**	699,024
Total net gain recognised in other comprehensive income	**55,926**	32,275	**52,936**	30,268
Purchases	**2,005**	2,238	**–**	–
Settlement/disposal	**(444)**	–	**(178)**	–
Exchange differences	**(2,165)**	(19)	**–**	–
Balance as at the end of the financial year	**827,758**	772,436	**782,050**	729,292

(iii) Sensitivity analysis for Level 3

Investments classified within Level 3 have significant unobservable inputs, as they are traded infrequently. As observable prices are not available for this investment, the fair value of the unquoted investment is derived based on enterprise valuation method. The main input into the enterprise valuation method for this unquoted investment include EBITDA, comparable companies earning multiple and marketability discount. For unquoted private equity funds, its current fair value of RM873,279,000 (2023: RM733,335,000) is based on multiple of 13.7x to 16.0x (2023: 12.5x to 16.0x). A possible shift of 5% in the multiple will change the valuation by RM69,656,000 (2023: RM59,003,000).

56 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

(a) The fair value of each financial assets and liabilities presented on the statements of financial position of the Group and the Bank approximates the carrying amount as at the reporting date, except for the following:

	Group		Bank	
	Carrying value RM'000	Fair value RM'000	Carrying value RM'000	Fair value RM'000
2024				
Financial assets				
Securities purchased under resale agreements	**59,355**	**59,355**	**100,213**	**100,213**
Deposits and placements with banks and other financial institutions	**811,180**	**808,678**	**8,037,443**	**8,013,844**
Investment account due from designated financial institutions	**–**	**–**	**4,640,875**	**4,680,556**
Financial investments at amortised cost	**30,112,469**	**30,516,366**	**18,930,344**	**19,400,509**
Loans, advances and financing	**234,967,648**	**234,724,756**	**137,221,740**	**137,216,836**
Financial liabilities				
Deposits from customers	**249,565,470**	**250,383,047**	**155,078,777**	**155,403,867**
Deposits and placements of banks and other financial institutions	**27,205,021**	**26,383,177**	**28,814,676**	**28,080,634**
Obligations on securities sold under repurchase agreements	**13,412,388**	**13,420,172**	**16,273,461**	**16,281,245**
Investment accounts	**1,258,804**	**1,289,684**	**–**	**–**
Recourse obligation on loans sold to Cagamas	**2,104,358**	**2,131,371**	**900,024**	**875,649**
Borrowings	**2,622,507**	**2,676,888**	**1,764,270**	**1,807,802**
Senior debt securities	**6,573,859**	**6,493,503**	**6,573,859**	**6,493,503**
Subordinated obligations	**3,380,268**	**3,382,006**	**2,522,031**	**2,528,986**
2023				
Financial assets				
Securities purchased under resale agreements	–	–	369,585	369,585
Deposits and placements with banks and other financial institutions	888,940	888,752	8,798,866	8,780,320
Investment account due from designated financial institutions	–	–	6,258,830	6,302,380
Financial investments at amortised cost	28,214,643	28,261,053	18,083,039	18,163,126
Loans, advances and financing	219,562,603	219,553,761	127,848,563	127,869,635
Financial liabilities				
Deposits from customers	245,083,070	245,785,890	148,641,495	149,119,344
Deposits and placements of banks and other financial institutions	17,022,398	16,222,881	27,223,482	26,472,284
Obligations on securities sold under repurchase agreements	8,970,584	8,994,637	10,415,735	10,439,788
Investment accounts	507,774	546,127	–	–
Recourse obligation on loans sold to Cagamas	4,332,027	4,401,749	2,720,286	2,752,781
Borrowings	2,261,224	2,316,906	1,337,921	1,355,961
Senior debt securities	7,018,453	6,851,605	7,018,453	6,851,605
Subordinated obligations	3,377,163	3,375,883	2,521,693	2,519,418

Notes to the Financial Statements

For The Financial Year Ended 31 December 2024

56 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(b) The following table analyses within the fair value hierarchy of the Group and the Bank's assets and liabilities not measured at fair value but for which fair value is disclosed:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
2024				
Financial assets				
Securities purchased under resale agreements	–	59,355	–	59,355
Deposits and placements with banks and other financial institutions	–	808,678	–	808,678
Financial investments at amortised cost	–	30,270,178	246,188	30,516,366
Loans, advances and financing	–	234,724,756	–	234,724,756
Financial liabilities				
Deposits from customers	–	250,383,047	–	250,383,047
Deposits and placements of banks and other financial institutions	–	26,383,177	–	26,383,177
Obligations on securities sold under repurchase agreements	–	13,420,172	–	13,420,172
Investment accounts	–	1,289,684	–	1,289,684
Recourse obligation on loans sold to Cagamas	–	2,131,371	–	2,131,371
Borrowings	–	2,676,888	–	2,676,888
Senior debt securities	–	6,493,503	–	6,493,503
Subordinated obligations	–	3,382,006	–	3,382,006
2023				
Financial assets				
Deposits and placements with banks and other financial institutions	–	888,752	–	888,752
Financial investments at amortised cost	–	28,008,235	252,818	28,261,053
Loans, advances and financing	–	219,553,761	–	219,553,761
Financial liabilities				
Deposits from customers	–	245,785,890	–	245,785,890
Deposits and placements of banks and other financial institutions	–	16,222,881	–	16,222,881
Obligations on securities sold under repurchase agreements	–	8,994,637	–	8,994,637
Investment accounts	–	546,127	–	546,127
Recourse obligation on loans sold to Cagamas	–	4,401,749	–	4,401,749
Borrowings	–	2,316,906	–	2,316,906
Senior debt securities	–	6,851,605	–	6,851,605
Subordinated obligations	–	3,375,883	–	3,375,883

56 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(b) The following table analyses within the fair value hierarchy of the Group and the Bank's assets and liabilities not measured at fair value but for which fair value is disclosed (continued):

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Bank				
2024				
Financial assets				
Securities purchased under resale agreements	**–**	**100,213**	**–**	**100,213**
Deposits and placements with banks and other financial institutions	**–**	**8,013,844**	**–**	**8,013,844**
Investment account due from designated financial institutions	**–**	**4,680,556**	**–**	**4,680,556**
Financial investments at amortised cost	**–**	**19,400,509**	**–**	**19,400,509**
Loans, advances and financing	**–**	**137,216,836**	**–**	**137,216,836**
Financial liabilities				
Deposits from customers	**–**	**155,403,867**	**–**	**155,403,867**
Deposits and placements of banks and other financial institutions	**–**	**28,080,634**	**–**	**28,080,634**
Obligations on securities sold under repurchase agreements	**–**	**16,281,245**	**–**	**16,281,245**
Recourse obligation on loans sold to Cagamas	**–**	**875,649**	**–**	**875,649**
Borrowings	**–**	**1,807,802**	**–**	**1,807,802**
Senior debt securities	**–**	**6,493,503**	**–**	**6,493,503**
Subordinated obligations	**–**	**2,528,986**	**–**	**2,528,986**
2023				
Financial assets				
Securities purchased under resale agreements	–	369,585	–	369,585
Deposits and placements with banks and other financial institutions	–	8,780,320	–	8,780,320
Investment account due from designated financial institutions	–	6,302,380	–	6,302,380
Financial investments at amortised cost	–	18,163,126	–	18,163,126
Loans, advances and financing	–	127,869,635	–	127,869,635
Financial liabilities				
Deposits from customers	–	149,119,344	–	149,119,344
Deposits and placements of banks and other financial institutions	–	26,472,284	–	26,472,284
Obligations on securities sold under repurchase agreements	–	10,439,788	–	10,439,788
Recourse obligation on loans sold to Cagamas	–	2,752,781	–	2,752,781
Borrowings	–	1,355,961	–	1,355,961
Senior debt securities	–	6,851,605	–	6,851,605
Subordinated obligations	–	2,519,418	–	2,519,418

Notes to the Financial Statements

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56 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(c) The fair values are based on the following methodologies and assumptions:

(i) Cash and short-term funds, deposits and placements with banks and other financial institutions and investment account due from designated financial institutions

For cash and short-term funds, deposits and placements with banks and other financial institutions and investment account due from designated financial institutions with maturities of less than six months, the carrying value is a reasonable estimate of fair value. For items with maturities of six months and above, estimated fair value is based on discounted cash flows using prevailing money market interest rates at which similar deposits and placements would be made with financial institutions of similar credit risk and remaining period to maturity.

(ii) Securities purchased under resale agreements

The fair values of securities purchased under resale agreements with maturities of less than six months approximate the carrying values. For securities purchased under resale agreements with maturities of six months and above, the estimated fair values are based on discounted cash flows using prevailing market rates for the remaining term to maturity.

(iii) Financial assets at FVTPL, financial assets at FVOCI and financial investments at amortised cost

The estimated fair value for financial assets at FVTPL, financial assets at FVOCI and financial investments at amortised cost is based on quoted and observable market prices. Where there is no ready market in certain securities, fair values have been assessed by reference to market indicative yield or net tangible asset backing of the investee. Where discounted cash flow technique is used, the estimated future cash flows are discounted using the prevailing market rates for a similar instrument at the date of statements of financial position.

(iv) Loans, advances and financing

For floating rate loans/financing, the carrying value is generally a reasonable estimate of fair value.

For fixed rate loans/financing, the fair value is estimated by discounting the estimated future cash flows using the prevailing market rates of loans/financing with similar credit risk and maturities.

The fair values of impaired loans/financing are represented by their carrying value, net of impairment allowance.

(v) Other assets and liabilities

The carrying value less any estimated impairment allowance for financial assets and liabilities included in 'other assets and liabilities' are assumed to approximate their fair values as these items are not materially sensitive to the shift in market interest rates.

(vi) Deposits from customers

For deposits from customers with maturities of less than six months, the carrying amounts are reasonable estimates of their fair values. For deposits with maturities of six months and above, fair values are estimated using discounted cash flows based on prevailing market rates for similar deposits from customers.

56 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(c) The fair values are based on the following methodologies and assumptions (continued):

(vii) Deposits and placements of banks and other financial institutions, obligations on securities sold under repurchase agreements, investment accounts and bills and acceptances payable

The estimated fair values of deposits and placements of banks and other financial institutions, obligations on securities sold under repurchase agreements, investment accounts and bills and acceptances payable with maturities of less than six months approximate the carrying values. For items with maturities of six months and above, the fair values are estimated based on discounted cash flows using prevailing money market interest rates with similar remaining period to maturity.

(viii) Recourse obligation on loans sold to Cagamas

For amounts due to Cagamas with maturities of less than one year, the carrying amounts are a reasonable estimate of their fair values. For amounts due to Cagamas with maturities of more than one year, fair value is estimated based on discounted cash flows using prevailing money market interest rates with similar remaining period to maturity.

(ix) Lease liabilities

The estimated fair value of lease liabilities with maturities of less than six months approximate the carrying values. For other lease liabilities with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing market rates of incremental borrowings.

(x) Borrowings

For floating rate borrowings, the carrying value is generally a reasonable estimate of fair value.

The estimated fair values of other borrowings with maturities of less than six months approximate the carrying values. For other borrowings with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing market rates for borrowings with similar risk profile.

(xi) Senior debt securities

The estimated fair value of senior debt securities is generally based on quoted and observable market prices at the date of statements of financial position.

(xii) Subordinated obligations

The estimated fair value of subordinated obligations is generally based on quoted and observable market prices at the date of statements of financial position.

(xiii) Credit related commitments and contingencies

The net fair value of these items was not calculated as estimated fair values are not readily ascertainable. These financial instruments generally relate to credit risks and attract fees in line with market prices for similar arrangements. They are not presently sold nor traded. The fair value may be represented by the present value of fees expected to be received, less associated costs.

(xiv) Foreign exchange and interest rate related contracts

The fair values of foreign exchange and interest rate related contracts are the estimated amounts the Group or the Bank would receive to sell or pay to transfer the contracts at the date of statements of financial position.

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57 IBOR REFORM

The Group and the Bank hold the following financial instruments which are referenced to the current benchmark interest rates and have yet to transition to an alternative interest rate benchmark:

	Group Nominal Amount		Bank Nominal Amount	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
2024				
(a) **Derivative assets/liabilities**				
Interest rate swaps				
KLIBOR	**47,414,818**	**43,237,069**	**48,654,818**	**46,927,069**
Cross currency swaps				
KLIBOR	**2,172,640**	**3,024,530**	**2,991,815**	**3,024,530**
Option				
KLIBOR	**800,000**	**–**	**800,000**	**–**

	Group Carrying Amount		Bank Carrying Amount	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
(b) **Investment accounts**				
KLIBOR	**–**	**449,991**	**3,549,215**	**–**
(c) **Other liabilities**				
Structured deposits				
KLIBOR	**–**	**2,370,424**	**–**	**1,449,324**

	Group Nominal Amount		Bank Nominal Amount	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
2023				
(a) **Derivative assets/liabilities**				
Interest rate swaps				
KLIBOR	37,134,600	24,141,200	35,402,600	25,659,000

	Group Carrying Amount		Bank Carrying Amount	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
(b) **Investment accounts**				
KLIBOR	–	421,166	4,556,502	–
(c) **Other liabilities**				
Structured deposits				
KLIBOR	–	791,694	–	783,694

58 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(1) Disposal of RHB Securities Vietnam Company Limited ('RHBSVN')

On 19 February 2024, the Bank announced that its wholly-owned subsidiary, RHB Investment Bank, had entered into a Sale and Purchase Agreement ('SPA') with Public Bank Vietnam Limited ('PBVN'), a wholly-owned subsidiary of Public Bank Berhad, in respect of the disposal of its entire equity interest in RHBSVN ('Disposal').

The Disposal is conditional and subject to the approval from the State Securities Commission of Vietnam ('SSC'). The SSC had, vide its letter dated 4 June 2024, granted its approval for the Disposal.

On 28 June 2024, the Board of the Bank announced that the SPA has been completed. With the completion of the SPA, RHBSVN has ceased to be a wholly-owned indirect subsidiary of the Bank.

The Disposal has enabled RHB Investment Bank to monetise its investment in RHBSVN to be utilised for working capital requirements of RHB Investment Bank Group.

Financial information relating to the Disposal are as follows:

(a) Cash flows and net assets of RHBSVN on completion date

	RM'000
Cash and short-term funds	479
Deposits and placements with banks and other financial institutions	10,588
Loans and advances	18,851
Other assets	548
Right-of-use assets	40
Property, plant and equipment	588
Goodwill	4,815
Intangible assets	1,090
Other liabilities	(304)
Lease liabilities	(38)
Borrowings	(2,250)
Total net assets derecognised	34,407
Realisation of translation reserves	1,047
Gain on disposal of a subsidiary	33,596
Gross sales consideration	69,050
Less: Taxation	(7,595)
Less: Exchange differences	(1,214)
Net sales consideration	60,241
Less: Cash and short-term funds of the subsidiary disposed	(11,067)
Net cash inflow on disposal of a subsidiary	49,174

Notes to the Financial Statements
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58 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(1) Disposal of RHB Securities Vietnam Company Limited ('RHBSVN') (continued)

Financial information relating to the Disposal are as follows (continued):

(b) Financial performance and cash flow

Income Statements for the financial year ended 31 December 2024:

	Group	
	2024 RM'000	2023 RM'000
Interest income	1,280	2,645
Interest expense	(102)	(232)
Net interest income	1,178	2,413
Other operating income	212	162
Net income	1,390	2,575
Other operating expenses	(1,473)	(3,358)
Operating loss before allowances	(83)	(783)
Allowance for credit losses on financial assets	4	10
Loss before taxation	(79)	(773)
Taxation	(7,595)	–
Gain on disposal of a subsidiary	33,596	–
Net profit/(loss) for the financial year	25,922	(773)

Statements of Comprehensive Income for the financial year ended 31 December 2024:

	Group	
	2024 RM'000	2023 RM'000
Net profit/(loss) for the financial year	25,922	(773)
Total comprehensive income/(loss) for the financial year	25,922	(773)

Statements of Cash Flow for the financial year ended 31 December 2024:

	Group	
	2024 RM'000	2023 RM'000
Net cash generated from/(used in) operating activities	2,228	(1,006)
Net cash (used in)/generated from financing activities	(2,676)	638
Net decrease in cash and cash equivalents	(448)	(368)

58 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(2) Disposal of RHB Securities (Thailand) Public Company Limited ('RHBST')

On 25 November 2024, the Bank announced that its wholly-owned subsidiary, RHB Investment Bank, had on the even date, entered into a Share Sale Agreement ('SSA') with Phillip Brokerage Pte Ltd ('PBPL'), in respect of the disposal of approximately 99.95% equity interest in RHBST ('Disposal') for a cash consideration of THB1,253.77 million (or equivalent to approximately RM161.81 million).

The Disposal which was is subject to the approval from the Securities and Exchange Commission of Thailand have been obtained as follows:

(i) Change of major shareholder of RHBST from RHB Investment Bank to PBPL on 6 December 2024; and
(ii) Change of directors of RHBST as nominated by PBPL on 23 December 2024.

Upon completion of the Disposal, RHBST has ceased to be an indirect subsidiary of the Bank.

The Disposal has enabled RHB Investment Bank to monetise its investment in RHBST to be utilised for working capital requirements of RHB Investment Bank Group.

Financial information relating to the Disposal are as follows:

(a) Cash flows and net assets of RHBST on completion date

	RM'000
Cash and short-term funds	13,425
Financial assets at FVTPL	23,747
Financial assets at FVOCI	261
Loans and advances	197,143
Net clients' and brokers' balances	13,172
Other assets	19,849
Derivative assets	334
Right-of-use assets	1,410
Property, plant and equipment	2,172
Intangible assets	1,334
Other liabilities	(20,590)
Derivative liabilities	(105)
Lease liabilities	(1,478)
Borrowings	(77,791)
Non-controlling interests	(49)
Total net assets derecognised	172,834
Realisation of translation reserves	(61,416)
Gain on disposal of a subsidiary	51,565
Gross sales consideration	162,983
Less: Contingent consideration	(4,575)
Less: Non cash consideration	(164)
Net sales consideration	158,244
Less: Cash and short-term funds of the subsidiary disposed	(13,425)
Net cash inflow on disposal of a subsidiary	144,819

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58 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(2) Disposal of RHB Securities (Thailand) Public Company Limited ('RHBST') (continued)

Financial information relating to the Disposal are as follows (continued):

(b) Financial performance and cash flow

Income Statements for the financial year ended 31 December 2024:

	Group	
	2024 RM'000	2023 RM'000
Interest income	**18,767**	20,087
Interest expense	**(5,046)**	(9,676)
Net interest income	**13,721**	10,411
Other operating income	**19,421**	26,523
Net incomes	**33,142**	36,934
Other operating expenses	**(57,767)**	(51,147)
Operating loss before allowances	**(24,625)**	(14,213)
Allowance for credit losses on financial assets	**(2,757)**	146
Impairment losses made on other non-financial assets	**(1,788)**	–
Loss before taxation	**(29,170)**	(14,067)
Taxation	**(4)**	159
Gain on disposal of a subsidiary	**51,565**	–
Net profit/(loss) for the financial year	**22,391**	(13,908)

Statements of Comprehensive Income for the financial year ended 31 December 2024:

	Group	
	2024 RM'000	2023 RM'000
Net profit/(loss) for the financial year	**22,391**	(13,908)
Other comprehensive income/(loss) in respect of:		
(i) Items that will not be reclassified to profit or loss:		
(a) Actuarial (loss)/gain on defined benefit plan of subsidiaries	**(27)**	780
Income tax relating to components of other comprehensive income	**–**	(159)
Other comprehensive (loss)/income, net of tax, for the financial year	**(27)**	621
Total comprehensive income/(loss) for the financial year	**22,364**	(13,287)

58 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(2) Disposal of RHB Securities (Thailand) Public Company Limited ('RHBST') (continued)

Financial information relating to the Disposal are as follows (continued):

Statements of Cash Flow for the financial year ended 31 December 2024:

	Group	
	2024 RM'000	2023 RM'000
Net cash generated from operating activities	**87,837**	148,735
Net cash used in operating activities	**(852)**	(1,560)
Net cash used in financing activities	**(92,639)**	(142,547)
Net (decrease)/increase in cash and cash equivalents	**(5,654)**	4,628

59 EVENT SUBSEQUENT TO THE FINANCIAL YEAR END

The Bank had on 6 February 2025 issued its first senior notes issuance of RM50 million ('RM Senior Notes') under its RM10 billion (or its equivalent in other currencies) Multi-Currency Note Programme. The RM Senior Notes is issued for a tenure of 5 years with a fixed coupon rate of 3.99% per annum, payable semi-annually in arrears throughout the entire tenure.

Statement by Directors

Pursuant to Section 251(2) of The Companies Act 2016

We, Tan Sri Ahmad Badri Mohd Zahir and Dato' Mohd Rashid Mohamad, being two of the Directors of RHB Bank Berhad state that, in the opinion of the Directors, the financial statements set out on pages 8 to 199 are drawn up so as to give a true and fair view of the financial position of the Group and the Bank as at 31 December 2024 and financial performance of the Group and of the Bank for the financial year ended on 31 December 2024 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

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

TAN SRI AHMAD BADRI MOHD ZAHIR
CHAIRMAN

DATO' MOHD RASHID MOHAMAD
GROUP MANAGING DIRECTOR

Kuala Lumpur
26 February 2025

Statutory Declaration

Pursuant to Section 251(1) of The Companies Act 2016

I, Mohamed Bin Rastam Shahrom, the Officer primarily responsible for the financial management of RHB Bank Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 8 to 199 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

MOHAMED BIN RASTAM SHAHROM
(MIA Membership No: 24197)

Subscribed and solemnly declared by the abovenamed Mohamed Bin Rastam Shahrom at Kuala Lumpur in Malaysia on 26 February 2025.

COMMISSIONER FOR OATHS
Kuala Lumpur

Independent Auditors' Report

To The Members of RHB Bank Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of RHB Bank Berhad ('the Bank') and its subsidiaries ('the Group') give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Bank, which comprise the statements of financial position as at 31 December 2024 of the Group and of the Bank, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the financial year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 8 to 199.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the 'Auditors' responsibilities for the audit of the financial statements' section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Bank in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ('By-Laws') and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Bank. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Bank, the accounting processes and controls, and the industry in which the Group and the Bank operate.

Independent Auditors' Report

To The Members of RHB Bank Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Bank for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Bank as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Allowances for credit losses of loans, advances and financing, and financial investments at amortised cost for the Group and the Bank Refer to: – Accounting policy 22; – Critical accounting estimate (2); and – Notes 7, 8, 42, 55(e)(vii) of the financial statements. MFRS 9 introduces an expected credit loss ('ECL') impairment model, which requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. This is an area of focus as the Directors make significant judgements in applying the accounting requirements for measuring ECL, such as: – Choosing the appropriate collective assessment models used to calculate ECL. The models are inherently complex and judgement is applied in determining the appropriate construct of model; – Identification of loans, advances and financing, and financial investments at amortised cost that have experienced a significant increase in credit risk; and – Assumptions used in the ECL models which are expected future cash flows, forward-looking macroeconomic factors, probability weighted multiple scenarios, datasets to be used as input to the models, including identifying and calculating adjustments to model output (model overlay adjustments).	Individual assessment We evaluated the design and operating effectiveness of the controls over the identification of loans, advances and financing, and financial investments at amortised cost that have experienced significant increase in credit risk or objective evidence of impairment and the process of forecasting future cash flows to determine the ECL amount. Where the loans, advances and financing are individually assessed, we performed the following procedures: • Examined a sample of loans, advances and financing, and financial investments at amortised cost selected based on risk with particular focus on borrowers in high risk industries or affected by recent adverse market developments, rescheduled and restructured accounts and borrowers with lower credit quality and formed our judgement whether the Directors' assessment on either the objective evidence of impairment or significant increase in credit risk was appropriate; and • Where objective evidence of impairment was identified and impairment loss was individually calculated, we assessed the adequacy of impairment allowance by examining both the quantum and timing of future cash flows prepared by the Directors to calculate the amount of ECL, challenging the assumptions and comparing the collateral values assumed in the cash flow forecasts to external valuation reports. We also re-performed the calculations of discounted cash flows. Collective assessment To determine the appropriateness of the MFRS 9 collective assessment ECL models implemented by the Group and the Bank, we have: – Assessed the methodologies and significant modelling assumptions inherent within the ECL models applied against the requirements of MFRS 9, including the basis used by the Group and the Bank to determine the key assumptions used in respective ECL models;

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
	Collective assessment (continued) – Tested the design and operating effectiveness of the controls relating to: ○ Governance and model development, including model build, model approval and model validation; ○ Data used to determine the allowances for credit losses; and ○ Calculation, review and approval of the ECL calculation. – Assessed and considered reasonableness of forward looking forecasts assumptions; – Assessed the reasonableness and tested the calculation of overlay adjustments to the ECL due to the impact of emerging risks; – Checked the accuracy of data and calculation of the ECL amount, on a sample basis; and – Involved our financial risk modelling experts and IT specialists in areas such as reviewing the appropriateness of the ECL models and data reliability. Based on the above procedures, the results of our evaluation of the allowances for credit losses for loans, advances and financing, and financial investments at amortised cost are consistent with the Directors' assessment.

Information other than the financial statements and auditors' report thereon

The Directors of the Bank are responsible for the other information. The other information comprises the Directors' Report, which we obtained prior to the date of this auditors' report, and Annual Report, which is expected to be made available to us after that date, but does not include the financial statements of the Group and of the Bank and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Bank does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Bank, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Bank or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditors' Report

To The Members of RHB Bank Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Responsibilities of the Directors for the financial statements

The Directors of the Bank are responsible for the preparation of the financial statements of the Group and of the Bank that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Bank that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Bank, the Directors are responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Bank or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Bank as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Bank, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Bank's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Bank or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Bank to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Bank, including the disclosures, and whether the financial statements of the Group and of the Bank represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Bank for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 15 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Bank, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

ONG CHING CHUAN
02907/11/2025 J
Chartered Accountant

Kuala Lumpur
26 February 2025

RHB BANK GROUP BASEL II PILLAR 3

Disclosures As At 31 December 2024

List of Tables

Statement by Group Managing Director

In accordance with the requirements of Bank Negara Malaysia's Guideline on Risk-Weighted Capital Adequacy Framework (Basel II) – Disclosure Requirements (Pillar 3), and on behalf of the Board of Directors and Senior Management of RHB Bank Berhad, I am pleased to provide an attestation that the Basel II Pillar 3 disclosures of RHB Bank Berhad for the year ended 31 December 2024 are accurate and complete.

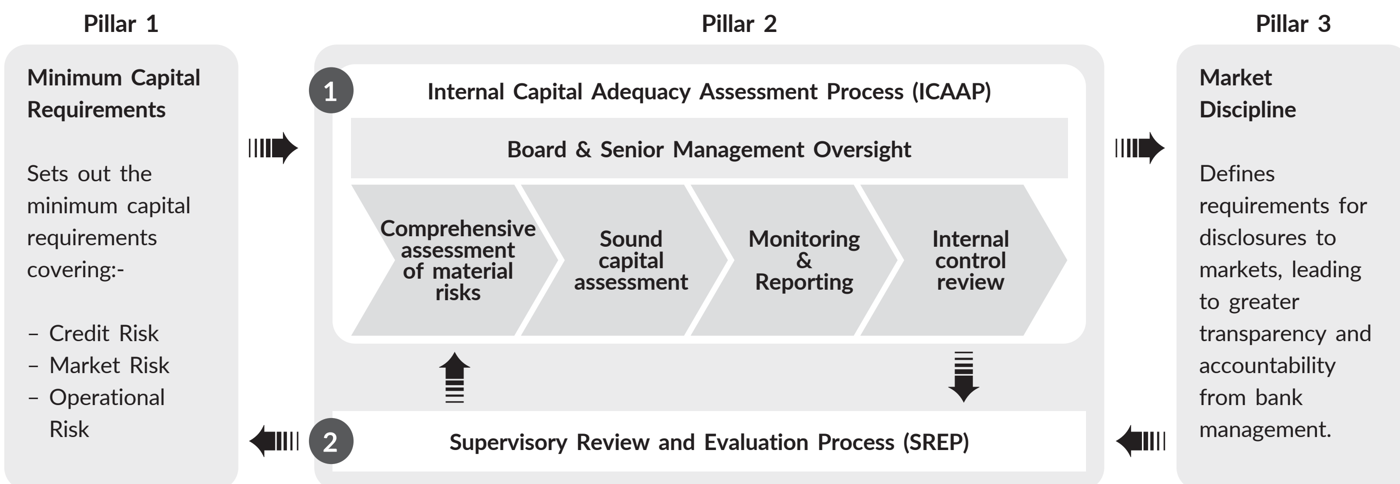
DATO' MOHD RASHID BIN MOHAMAD
Group Managing Director

1.0 INTRODUCTION

This document describes RHB Bank Group's risk profile, risk management practices and capital adequacy position in accordance with the disclosure requirements as outlined in the Risk-Weighted Capital Adequacy Framework (Basel II) – Disclosure Requirements (Pillar 3) issued by Bank Negara Malaysia (BNM's Pillar 3 Guidelines).

BNM's guidelines on Capital Adequacy Framework (Basel II – Risk-Weighted Assets) and the Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets) provide and specify the approaches for quantifying the risk-weighted assets for credit risk, market risk and operational risk.

Basel II introduces a more risk-based approach to regulatory capital with a distinct charge for operational risk in addition to the existing credit and market risk capital charges. It is designed to be a catalyst for more advanced risk management techniques, enterprise-wide culture of risk management and improved corporate governance, and public disclosure. The Basel II approach based on the three pillars can be diagrammatically depicted as below:



Pillar 1 provides guidelines for calculation of risk-weighted assets for credit risk, market risk and operational risk, and the minimum amount of regulatory capital that banks must hold against the risks they assume. For the purpose of complying with regulatory requirements under Basel II Pillar 1, the current approaches adopted by the respective banking entities within the Group are as follows:

<table>
<tr><th>Entity</th><th>Credit Risk</th><th>Market Risk</th><th>Operational Risk</th></tr>
<tr><td>RHB Bank Berhad</td><td rowspan="2">Internal Ratings-Based Approach</td><td rowspan="3">Standardised Approach</td><td rowspan="3">Basic Indicator Approach</td></tr>
<tr><td>RHB Islamic Bank Berhad</td></tr>
<tr><td>RHB Investment Bank Berhad</td><td>Standardised Approach</td></tr>
</table>

Pillar 2 comprises two components as follows:
- Placing obligations on banks to develop an Internal Capital Adequacy Assessment Process, and setting capital targets that commensurate with the banking institution's risk profile and control environment; and
- Placing obligations on the supervisory authority to evaluate how well banking institutions are assessing their capital needs relative to their risks and to intervene, where appropriate.

Pillar 3 covers external communication of risk and capital information by banks. The purpose of the Pillar 3 disclosures is to complement the minimum capital requirements under Pillar 1 and the supervisory review process under Pillar 2 by encouraging market efficiency through a set of disclosure requirements that will allow market participants to assess information on banking institutions' capital structures, risk exposures, risk management processes, and overall capital adequacy.

RHB Bank Group

Basel II Pillar 3 Disclosures as at 31 December 2024

1.0 INTRODUCTION (CONTINUED)

Basis of Disclosure
The annual Pillar 3 disclosure report is published in accordance with BNM's Pillar 3 Guidelines. This disclosure report has been verified and approved internally in line with the RHB Banking Group: Basel II Pillar 3 Disclosure Policy.

Comparative Information
This document covers the qualitative and quantitative information for financial year ended 31 December 2024 with comparative quantitative information of the preceding financial year ended 31 December 2023.

Frequency of Disclosure
The qualitative disclosures contained herein are updated on an annual basis or more frequently, if there are significant changes in the interim reporting period. The disclosures on capital adequacy and structure are made on a quarterly basis and all other quantitative disclosures are made on a semi-annual basis in accordance to the Group's reporting period.

Medium and Location of Disclosure
The Group's Pillar 3 disclosure report is made available under the Investor Relations section of the Group's website at www.rhbgroup.com as a separate report in the Group's Annual Report 2024, after the notes to the financial statements.

2.0 SCOPE OF APPLICATION

In this Pillar 3 document, RHB Bank Berhad's information is presented on a consolidated basis, ie RHB Bank Berhad with its overseas operations and its subsidiaries, and is referred to as "RHB Bank Group" or "the Group".

The Group's capital requirements are generally based on the principles of consolidation adopted in the preparation of its financial statements, except where the types of investment are to be deducted from eligible capital as guided by BNM's Guideline on Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components).

In accordance with the accounting standards for financial reporting, all subsidiaries of the RHB Bank Group are fully consolidated from the date it obtains control until the date such control ceases. Refer to Note 15 to the financial statements for list of consolidated entities.

RHB Bank Group offers Islamic banking financial services via its wholly-owned subsidiary company, RHB Islamic Bank Berhad (RHB Islamic Bank).

The transfer of funds or regulatory capital within RHB Bank Group is subject to shareholders' and regulatory approval.

During the financial year 2024, there were no capital deficiencies in RHB Bank Berhad or any of its subsidiaries.

3.0 CAPITAL MANAGEMENT

The overall capital management objective is to manage capital prudently and to maintain a strong capital position to drive sustainable business growth and seek strategic opportunities to enhance shareholders' value, and to be in line with its risk appetite.

Capital adequacy is the extent to which capital resources on the Group's balance sheet are sufficient to cover current business capital requirements and in the foreseeable future. It also indicates the ability of the Group to provide financing across the business cycles and in meeting any contingency without compromising the interest of the depositors and investors. The Group aims to maintain a strong capital position to drive sustainable business growth through an optimal capital structure while meeting regulatory requirements.

The Group's comprehensive capital management strives for a sound capital management that is aligned to BNM's ICAAP requirements. Key activities of our capital management involves the following:

- **Capital Strategy**
  Capital strategy includes the determination of capital targets under both normal and stressed market conditions whereby considerations are given to business strategic objectives and the associated risks, external ratings and regulatory capital adequacy requirements. A comprehensive capital adequacy assessment is conducted semi-annually to ensure that the target capital level is appropriate.

- **Capital Planning**
  Based on strategic direction and regulatory requirements, the Group formulates a comprehensive and forward looking capital plan to:
  (i) support its overall risk profile and forecast the capital demand for material risks for which capital held is deemed appropriate and aligned with the Group's risk appetite; and
  (ii) provide adequate capital for business growth, changes in asset mix or to cover unanticipated losses.

  The capital plan describes the actions required to raise capital in a timely manner in both normal and stressed conditions as assumed in the stress scenarios. For capital planning purposes, capital adequacy is assessed in multi-year financial projections under both normal and stressed scenarios, the objective of which is to ensure that the Group maintains adequate capital on a forward-looking basis.

  The Group also establishes a capital contingency funding plan that forms part of the capital plan. The capital plan, together with the analysis and proposed actions, are reviewed by the Group Chief Financial Officer and deliberated at the respective committees before submission to the relevant Boards for approval.

- **Capital Allocation/Structuring/Optimisation**
  The Group determines the amount of capital allocated to each entity and business line based on capital performance target and available funding. An efficient allocation of capital drives returns for the Group's shareholders.

  Capital structuring affects the Group through its impact on cash flow and cost of capital. The Group adopts capital structuring that maximises value and minimises overall cost of capital. In order to achieve optimum capital structure, the Group determines the levels, mix and structure of internal and regulatory capital in line with its current and planned levels of business activities, risk appetite and desired level of capital adequacy.

  The Group optimises its capital by integrating risk-based capital into its strategy and aligning this with performance measurements.

By leveraging on the capital assessment process and reporting tools as well as aligning to recovery planning process based on BNM requirements, the Group developed early warning triggers and recovery triggers to monitor its risk profile, capture early deterioration, and assess how that affects capital consumption/requirement. The monitoring process ensures that effective capital restoration strategies are activated and implemented on timely basis.

The Group also aims to achieve a balance between dividend payout and the need to retain earnings in order to be consistent with its capital strength while supporting business expansion. The Board reviews the dividend payout recommendation on an annual basis.

RHB Bank Group

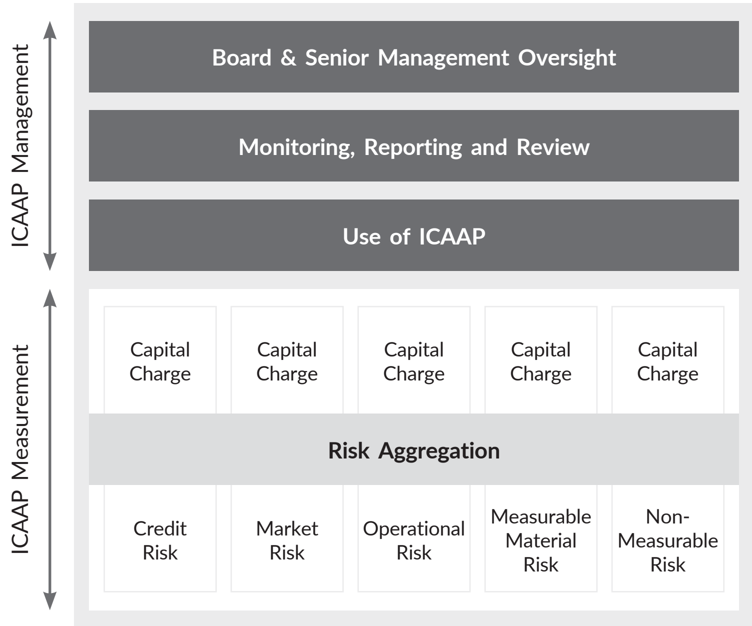
Basel II Pillar 3 Disclosures as at 31 December 2024

3.0 CAPITAL MANAGEMENT (CONTINUED)

3.1 Internal Capital Adequacy Assessment Process (ICAAP)

In line with BNM's Guideline on ICAAP under the Risk-Weighted Capital Adequacy Framework (Basel II) – Internal Capital Adequacy Assessment Process (Pillar 2) and Capital Adequacy Framework for Islamic Banks (CAFIB) – Internal Capital Adequacy Assessment Process (Pillar 2), the Group has implemented ICAAP with the objective of forging a strong alignment between risk and capital. Capital adequacy is assessed in relation to the Group's risk profile, and strategies are in place to maintain appropriate capital levels.

The ICAAP Framework developed and adopted across the Group summarises the key ICAAP requirements into two functional categories, namely; ICAAP Measurement and ICAAP Management as depicted below:



Key Requirements

- Establish rigorous corporate governance and senior management oversight
- Establish risk-based strategy including defining and setting the bank's appetite and tolerance for risk
- Assess and measure all material risks inherent in Group's business
- Review, monitor, control and report on all material risks
- Demonstrate that ICAAP forms an integral part of day-to-day management process and decision making culture of the Group
- Relate capital to level of risk and ensure capital adequacy using scenario analysis and stress testing methods

3.2 Basel III Implementation

Basel III is a comprehensive set of reform measures introduced by the Basel Committee on Banking Supervision since 2010 to strengthen the regulation, supervision, and risk management of the banking sector. The measures include both liquidity and capital reforms.

The Group has implemented Basel III for the management of both capital and liquidity. The Group capital ratios; Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) are set above the regulatory requirements as required under Basel III. The Group is able to maintain the LCR and NSFR above the Basel III regulatory requirements of 100%.

Additionally, the Group will start to adopt Basel III methodology effective January 2025 for:
1) Operational Risk; and
2) Exposures to Central Counterparties.

As the Group applies Internal Ratings-Based (IRB) approach for Credit Risk, the implementation of Credit Risk - Standardised Approach (SA) will be together with Credit Risk - Internal Ratings Based Approach at a later date that will be determined once the policy document has been finalised.

3.0 CAPITAL MANAGEMENT (CONTINUED)

3.3 Capital Adequacy Ratios

BNM's Guideline on Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components) sets out the general requirements concerning regulatory capital adequacy and the components of eligible regulatory capital. Banking institutions are required to maintain, at all times, the following minimum capital adequacy ratios:

Common Equity Tier I (CET I) Capital Ratio	4.5%
Tier I Capital Ratio	6.0%
Total Capital Ratio	8.0%

In addition, the Group is required to maintain additional capital buffers in the form of CET I capital above the minimum CET I, Tier I and total capital ratios set out above. The capital buffers shall comprise of capital conservation buffer (CCB) of 2.50% and countercyclical capital buffer (CCyB) ranging from 0% to 2.50%. The CCB is intended to enable the banking system to withstand future periods of stress whilst CCyB is intended to protect the banking sector as a whole from the build-up of systemic risk during an economic upswing when aggregate credit growth tends to be excessive. CCyB is determined based on the weighted average of the prevailing CCyB rates applied in the jurisdictions in which the Group has credit exposures. BNM will communicate any decision on the CCyB rate by up to 12 months before the date from which the rate applies.

On top of CCB and CCyB, financial institutions that are designated as Domestic Systemically Important Bank (D-SIB) is required to maintain higher capital buffers that ranges between 0.5% to 1.0% of risk-weighted assets, at the consolidated level. Based on the latest D-SIB listing published by BNM in the Financial Stability Review for First Half 2024, RHB Banking Group is not designated as D-SIB.

The capital ratios of RHB Bank Berhad on consolidated basis (RHB Bank Group), RHB Bank Berhad on global basis (RHB Bank), RHB Islamic Bank and RHB Investment Bank as at 31 December 2024 and 31 December 2023 are:

Table 1: Capital Adequacy Ratios

	RHB Bank Group		RHB Bank		RHB Islamic Bank		RHB Investment Bank	
Capital Ratios	2024	2023	2024	2023	2024	2023	2024	2023
Before proposed dividends								
Common Equity Tier I Capital Ratio	**17.234%**	17.266%	**15.959%**	16.053%	**16.028%**	16.125%	**51.722%**	36.653%
Tier I Capital Ratio	**17.234%**	17.266%	**15.959%**	16.053%	**16.028%**	16.125%	**51.722%**	36.653%
Total Capital Ratio	**19.826%**	19.985%	**18.836%**	19.067%	**18.580%**	18.882%	**58.499%**	43.517%
After proposed dividends and DRP*								
Common Equity Tier I Capital Ratio	**16.440%**	16.673%	**14.843%**	15.222%	**15.477%**	15.516%	**45.285%**	32.446%
Tier I Capital Ratio	**16.441%**	16.673%	**14.843%**	15.222%	**15.477%**	15.516%	**45.285%**	32.446%
Total Capital Ratio	**19.032%**	19.392%	**17.720%**	18.236%	**18.029%**	18.273%	**52.062%**	39.310%

* The Board of Directors have declared a second interim single-tier dividend of 25.0 sen per share in respect of the financial year ended 31 December 2023, amounting to RM1,071,587,000, consisting of cash portion of 15.0 sen per share and an electable portion of 10.0 sen per share. There is no irrevocable written undertaking from its shareholders, hence the amount of the electable portion of the dividend may be reduced either by the average of the preceding 3-year take up rates or if less than 3 preceding years, the available average historical take up rates, subject to the amount being not more than 50% of the total electable portion of the dividend, in accordance with the Implementation Guidance on Capital Adequacy Framework (Capital Components) dated 9 December 2020.

The above capital ratios are above the minimum level required by BNM.

RHB Bank Group

Basel II Pillar 3 Disclosures as at 31 December 2024

3.0 CAPITAL MANAGEMENT (CONTINUED)

3.4 Minimum Capital Requirements and Risk-Weighted Assets (RWA)

The following table shows the breakdown of RWA by risk types as at 31 December 2024 and 31 December 2023:

Table 2: Risk-Weighted Assets (RWA) by Risk Types

	RHB Bank Group		RHB Bank		RHB Islamic Bank		RHB Investment Bank	
Risk Types	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Credit RWA	133,334,491	126,053,670	94,440,104	90,170,895	38,636,523	35,235,833	676,141	616,039
Credit RWA Absorbed by PSIA	–	–	–	–	(3,236,571)	(3,082,919)	–	–
Market RWA	5,677,218	4,159,064	5,092,229	3,538,548	533,669	187,131	205,983	155,584
Operational RWA	14,795,927	14,301,431	9,833,938	9,405,985	3,534,619	3,387,790	718,125	797,424
Total RWA	153,807,636	144,514,165	109,366,271	103,115,428	39,468,240	35,727,835	1,600,249	1,569,047

The following tables show the breakdown of RWA by risk types and the corresponding capital requirement as at 31 December 2024 and 31 December 2023:

Table 3a: Risk-Weighted Assets by Risk Types and Minimum Capital Requirements as at 31 December 2024

	RWA				Minimum Capital Requirements			
Risk Types	RHB Bank Group RM'000	RHB Bank RM'000	RHB Islamic Bank RM'000	RHB Investment Bank RM'000	RHB Bank Group RM'000	RHB Bank RM'000	RHB Islamic Bank RM'000	RHB Investment Bank RM'000
Credit Risk, of which	133,334,491	94,440,104	35,399,952	676,141	10,666,759	7,555,208	2,831,996	54,091
Under Foundation Internal Ratings-Based (F-IRB) Approach	66,098,143	50,169,961	16,983,068	–	5,287,851	4,013,597	1,358,645	–
Under Advanced Internal Ratings-Based (A-IRB) Approach	30,604,260	18,178,738	12,528,542	–	2,448,341	1,454,299	1,002,284	–
Under Standardised Approach	36,632,088	26,091,405	9,124,913	676,141	2,930,567	2,087,312	729,993	54,091
Absorbed by PSIA under F-IRB Approach	–	–	(1,024,127)	–	–	–	(81,930)	–
Absorbed by PSIA under A-IRB Approach	–	–	(22,648)	–	–	–	(1,812)	–
Absorbed by PSIA under Standardised Approach	–	–	(2,189,796)	–	–	–	(175,184)	–
Market Risk								
Under Standardised Approach	5,677,218	5,092,229	533,669	205,983	454,178	407,379	42,694	16,479
Operational Risk								
Under Basic Indicator Approach	14,795,927	9,833,938	3,534,619	718,125	1,183,674	786,715	282,769	57,450
Total	153,807,636	109,366,271	39,468,240	1,600,249	12,304,611	8,749,302	3,157,459	128,020

3.0 CAPITAL MANAGEMENT (CONTINUED)

3.4 Minimum Capital Requirements and Risk-Weighted Assets (RWA) (continued)

Table 3b: Risk-Weighted Assets by Risk Types and Minimum Capital Requirements as at 31 December 2023

	RWA				Minimum Capital Requirements			
Risk Types	RHB Bank Group RM'000	RHB Bank RM'000	RHB Islamic Bank RM'000	RHB Investment Bank RM'000	RHB Bank Group RM'000	RHB Bank RM'000	RHB Islamic Bank RM'000	RHB Investment Bank RM'000
Credit Risk, of which	126,053,670	90,170,895	32,152,914	616,039	10,084,294	7,213,671	2,572,233	49,283
Under Foundation Internal Ratings-Based (F-IRB) Approach	61,173,981	47,212,635	16,076,452	–	4,893,919	3,777,011	1,286,116	–
Under Advanced Internal Ratings-Based (A-IRB) Approach	30,091,878	18,503,758	11,661,163	–	2,407,350	1,480,300	932,893	–
Under Standardised Approach	34,787,811	24,454,502	7,498,218	616,039	2,783,025	1,956,360	599,858	49,283
Absorbed by PSIA under F-IRB Approach	–	–	(2,059,578)	–	–	–	(164,766)	–
Absorbed by PSIA under A-IRB Approach	–	–	(485)	–	–	–	(39)	–
Absorbed by PSIA under Standardised Approach	–	–	(1,022,856)	–	–	–	(81,829)	–
Market Risk								
Under Standardised Approach	4,159,064	3,538,548	187,131	155,584	332,725	283,084	14,971	12,447
Operational Risk								
Under Basic Indicator Approach	14,301,431	9,405,985	3,387,790	797,424	1,144,114	752,479	271,023	63,794
Total	144,514,165	103,115,428	35,727,835	1,569,047	11,561,133	8,249,234	2,858,227	125,524

Capital requirement for the three risk types is derived by multiplying the risk-weighted assets by 8%.

Credit RWA for RHB Bank Group increased mainly due to the growth in corporate exposures and retail exposures, especially from the residential mortgage and hire purchase portfolios.

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4.0 CAPITAL STRUCTURE

The constituents of total eligible capital are set out in BNM's Guideline on Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components). These include shareholders' funds, after regulatory-related adjustments, and eligible capital instruments issued by the Group. Tier I capital consists primarily of ordinary share capital, retained profits and other reserves. Tier II capital consists of subordinated obligations, surplus eligible provisions over expected losses and general provisions. Refer to Note 54 in the Financial Statements for the details of these capital instruments.

The following table represents the capital position of RHB Bank Group and RHB Bank as at 31 December 2024 and 31 December 2023:

Table 4: Capital Structure

	RHB Bank Group		RHB Bank@	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Common Equity Tier I Capital/Tier I Capital				
Paid up ordinary share capital	**8,687,255**	8,330,324	**8,687,255**	8,330,324
Retained profits	**20,754,636**	19,319,465	**15,135,470**	14,536,326
Other reserves	**821,206**	1,041,264	**650,696**	756,092
Fair value through other comprehensive income (FVOCI) reserves	**167,360**	76,491	**161,618**	74,870
Less:				
Goodwill	**(2,633,383)**	(2,638,198)	**(1,714,913)**	(1,714,913)
Intangible assets (include associated deferred tax liabilities)	**(685,462)**	(673,518)	**(629,234)**	(600,974)
Deferred tax assets	**(304,594)**	(273,997)	**(230,097)**	(209,762)
55% of cumulative gains arising from change in value of FVOCI instruments	**(92,048)**	(42,070)	**(88,890)**	(41,179)
Investment in subsidiaries	**(102,425)**	(102,424)	**(4,377,826)**	(4,473,995)
Investments in associates and joint ventures	**(74,535)**	(56,036)	**(110,800)**	(74,000)
Other deductions#	**(30,612)**	(29,837)	**(29,884)**	(29,159)
Total Common Equity Tier I Capital	**26,507,398**	24,951,464	**17,453,395**	16,553,630
Qualifying non-controlling interests recognised as Tier I Capital	**121**	167	**–**	–
Total Tier I Capital	**26,507,519**	24,951,631	**17,453,395**	16,553,630
Tier II Capital				
Subordinated obligations meeting all relevant criteria	**2,499,601**	2,499,366	**2,499,601**	2,499,366
Qualifying capital instruments of a subsidiary issued to third parties+	**448,027**	448,412	**–**	–
Surplus eligible provisions over expected losses	**580,215**	547,595	**410,092**	394,298
General provisions^	**457,901**	434,848	**326,143**	305,681
Less:				
Investment in capital instrument of unconsolidated financial and insurance/ takaful entities	**–**	–	**(89,387)**	(91,932)
Total Tier II Capital	**3,985,744**	3,930,221	**3,146,449**	3,107,413
Total Capital	**30,493,263**	28,881,852	**20,599,844**	19,661,043

@ The capital adequacy ratios of the Bank consist of capital base and risk-weighted assets derived from the Bank and its wholly-owned offshore banking subsidiary, RHB Bank (L) Ltd.

\# Pursuant to Basel II Market Risk Para 5.19 & 5.20 – Valuation Adjustments, the Capital Adequacy Framework (Basel II – Risk-Weighted Assets) calculation shall account for the ageing, liquidity and holding back adjustments on its trading portfolio.

\+ Qualifying subordinated sukuk that are recognised as Tier II capital instruments held by third parties as prescribed under paragraph 18.6 of the BNM's Guideline on Capital Adequacy Framework (Capital Components) which are issued by a fully consolidated subsidiary of the Bank.

^ Pursuant to BNM's policy document on Financial Reporting and Financial Reporting for Islamic Banking Institutions, general provision refers to loss allowance measured at an amount equal to 12-month and lifetime expected credit losses as defined under MFRS 9 Financial Instruments and regulatory reserves, to the extent they are ascribed to non-credit impaired exposures, determined under standardised approach for credit risk.

Includes the qualifying regulatory reserves of the Group and Bank of RM257,015,000 (31 December 2023: RM235,538,000) and RM184,391,000 (31 December 2023: RM154,146,000)

5.0 RISK MANAGEMENT

Risk is inherent in the Group's activities and is managed through a process of on-going identification, measurement and monitoring; subject to limits and other controls. In addition to credit risk, the Group is exposed to a range of other risk types such as market, liquidity, operational, legal, reputational, Shariah, strategic and cross-border, as well as other forms of risk inherent to its strategy, product range and geographical coverage.

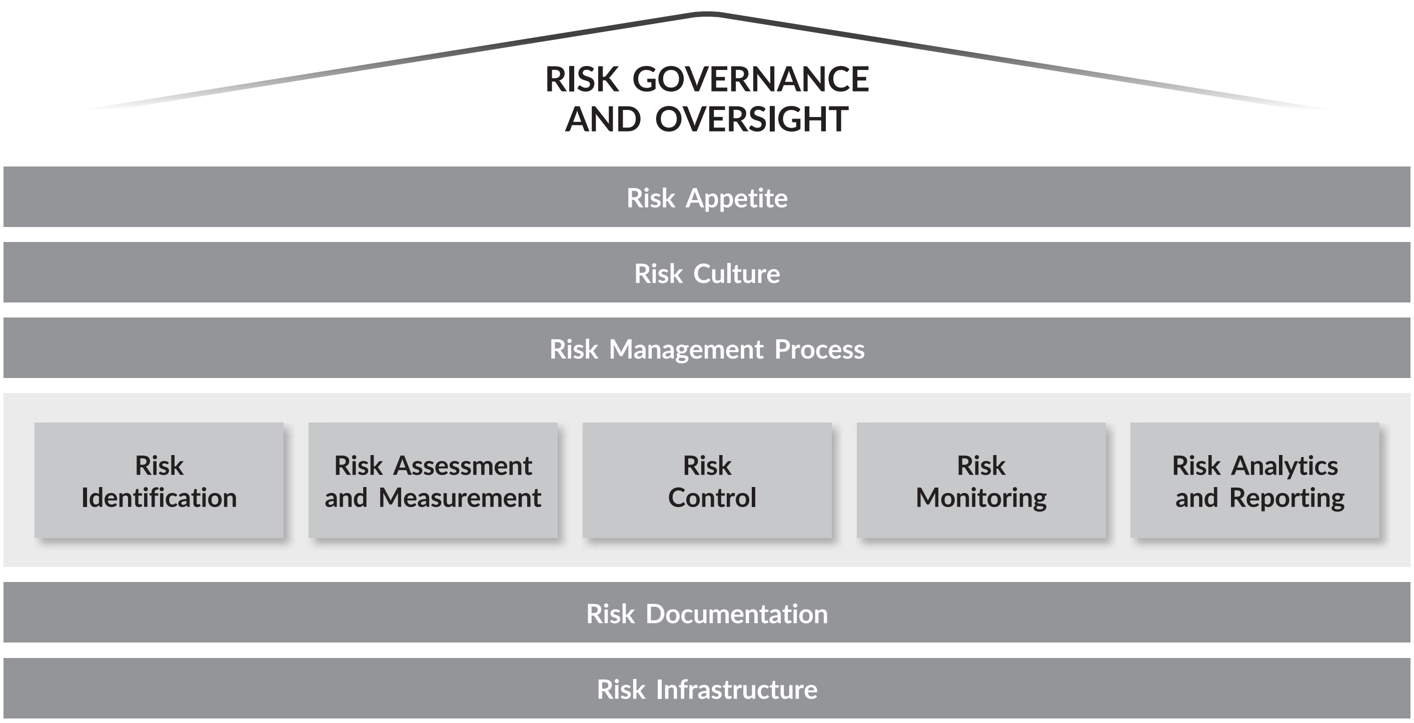
Effective risk management is fundamental to drive sustainable growth and shareholders' value, while maintaining competitive advantage, and is thus a central part of the proactive risk management of the Group's operating environment.

The Group Risk Management Framework governs the management of risks in the Group, as follows:

- It provides a holistic overview of the risk and control environment of the Group, with risk management aimed towards loss minimisation and protection against unexpected losses which may occur through, principally, the failure of effective checks and balances in the organisation.

- It sets out the strategic progression of risk management towards becoming a value creation enterprise. This is realised through building up capabilities and infrastructure in risk management sophistication; and enhanced risk quantification to optimise risk-adjusted returns.

The Group Risk Management Framework is represented in the following diagram:



Key features of the framework are:

Risk Governance and Oversight
The Board of Directors sits at the apex of the risk governance structure and is ultimately responsible for the Group's/respective entities' risk management strategy, appetite, framework and oversight of risk management activities.

Group-level committees have been established to oversee the management of risks across all entities/subsidiaries on an integrated basis. These committees serve a critical function in setting strategic direction, establishing governance frameworks and promoting best practices. However, the Group maintains entity-specific committees to facilitate focused deliberation on entity specific issues e.g. the Board Risk Committee of RHB Bank Berhad, RHB Islamic Bank Berhad and RHB Investment Bank Berhad. These BRCs report directly to their respective Board, provides oversight and assists in reviewing the Group's overall risk management philosophy, frameworks, policies and models, as well as risk issues relevant and unique to its business.

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5.0 RISK MANAGEMENT (CONTINUED)

The responsibility for the supervision of the day-to-day management of enterprise risk and capital matters is delegated to the Group Capital and Risk Committee (GCRC) comprising the senior management of the Group and which reports to the relevant board committees and the Group Management Committee (GMC). The Investment Bank Risk Management Committee is responsible for oversight of risk management matters relating to RHB Investment Bank Group's business while the Group Asset and Liability Committee (Group ALCO) oversees market risk, liquidity risk and balance sheet management.

The Group Chief Risk Officer (GCRO) who reports directly to the Group Managing Director; is responsible for the risk management function. The main roles and responsibilities of GCRO are:

1. Facilitating the setting of the strategic direction and overall policy on management and control of risks of the Group;
2. Ensuring industry best practices in risk management are adopted across the Group, including the setting of risk management parameters and risk models;
3. Developing proactive, balanced and risk attuned culture within the Group; and
4. Advising senior management, management level committees, board level risk committees and Board of Directors of the Group's entities on risk issues and their possible impact on the Group in the achievement of its objectives and strategies.

GCRO is supported by the entities chief risk officers and various teams within risk management function:

1. The main function of entities' chief risk officers is to assess and manage the enterprise risk and liaise with regulators in the respective country/entity under their purviews. They are supported by their respective risk management teams with support from the risk management function from the Group.

2. The risk management function comprises of the teams who specialise in the respective risks and responsible for the active oversight of the Group-wide risk management function and support the respective entities/chief risk officers. Group Risk and Credit Management consists of Group Wholesale Banking Credit Management, Group Community Banking Credit Management, Enterprise Risk Management, Group Wholesale Credit Risk Management, Group Climate Risk Management, Group Community Banking Credit Risk Management, Group Market Risk Management, Group Asset and Liability Management, Group Non-Financial Risk Management, Group Technology and Cyber Risk Management, Group Shariah Risk Management, Risk Strategy & Transformation and Enterprise Risk Insights, Investment Banking and Regional Risk and Insurance Risk Management.

Risk Appetite

The Board of Directors sets the risk appetite and tolerance level that are consistent with the Group and each entity's overall business objectives and desired risk profile. It describes the types and level of risks the Group is prepared to accept in delivering its business strategies, and reported through various metrics that enable the Group to manage capital resources and shareholders' expectations.

The defined risk appetite and risk tolerance are periodically reviewed by the Management and the Board in line with the Group's business strategies and operating environment. Such review includes identifying and setting new risk appetite metrics for the business entity or removal of risk appetite metrics that are no longer applicable as well as updates on the risk appetite thresholds to be in line with the Group's business strategy and risk posture.

5.0 RISK MANAGEMENT (CONTINUED)

Risk Culture

The Group subscribes to the principle of 'Risk and Compliance is Everyone's Responsibility' and risk management is managed via the 'three lines of defence' model. Business/functional units of the respective operating entities in the Group are collectively responsible for identifying, managing and reporting risk.

The approach is based on the 'three lines of defence' model as depicted below:

FIRST LINE Business/Functional Level	• Responsible for managing day-to-day risks and compliance issues • Business Risk and Compliance Officer/Business Risk Officer/Business Compliance Officer/equivalent is to assist business/functional unit in day-to-day risks and compliance matters
SECOND LINE Group Risk & Credit Management & Group Compliance	• Responsible for oversight, establishing governance and providing support to business/functional unit on risk and compliance matters
THIRD LINE Group Internal Audit	• Provide independent assurance to the Board of Directors that risk and compliance management functions effectively as designed

In 2024, a differentiated approach was employed in cultivating the desired risk culture behaviours leveraging on behaviour analytics and insights. This equipped the Business Risk and Compliance Officer/Business Risk Officer/Business Compliance Officer with sharper monitoring of risk culture metrics and dashboards, enabling them to prevent and correct the undesired behaviours. Additionally, the Group has developed Machine Learning based behavioural analytics model with early warning capabilities to strengthen oversight of the second Line of Defence and overlay existing controls at the first line of defence. These were complimented by targeted messaging via trainings, awareness campaigns and roadshows to shape the desired risk culture behaviours.

Risk Management Process

The risk management process identifies, assesses and measures, controls, monitors and reports/analyses risk. This ensures that risk exposures are adequately managed and that the expected return compensates for the risk taken.

- Identification: The identification and analysis of the existing and potential risks is a continuing process, in order to facilitate proactive and timely identification of risk within the Group's business operations, including emerging risks. This ensures that risks can be managed and controlled within the risk appetite of the Group and specific entity, where necessary.
- Assessment and Measurement: Risks are measured, assessed and aggregated using comprehensive qualitative and quantitative risk measurement methodologies, and the process also serves as an important tool as it provides an assessment of capital adequacy and solvency.
- Controlling: Risks identified during the risk identification process must be adequately managed and mitigated to control the risk of loss. This is also to ensure risk exposures are managed within the Group's or entity's risk appetite.
- Monitoring: Effective monitoring processes ensures that the Group is aware of the condition of its exposures vis-à-vis its approved appetite and emerging risk trend to facilitate early identification of potential problems on a timely basis by using continuous and on-going monitoring of risk exposures and risk control/mitigation measures.
- Analytics and Reporting: Risk analysis and reports are prepared by the respective entities and at a consolidated level as well as business level; and are regularly escalated to the senior management and relevant Boards of the Group's entities to ensure that the risks identified remain within the established appetite and to support an informed decision-making process. Reporting and analytics are also being continuously enhanced to provide the necessary information to relevant stakeholders within the Group to facilitate more effective decision making.

In addition, risk management seeks to ensure that risk decisions are consistent with strategic business objectives and within the risk appetite.

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5.0 RISK MANAGEMENT (CONTINUED)

Risk Documentation

The Group recognises that effective implementation of its risk management system and process must be supported by a robust set of documentation and infrastructure. To this end, the Group has established frameworks, policies and other relevant control documents to ensure clearly defined practices and processes are implemented consistently across the Group. These documents are subject to a robust review process to ensure they remain current.

Risk Infrastructure

The Group has organised its resources and talents into specific functions, and invested in the technology, including data management to support the Group's risk management activities. Staff have clear roles and responsibilities, given access to relevant and up-to-date risk information, and the latitude to continuously enhance competency through learning and development programmes.

Risk systems and tools are designed to provide accessibility of risk information that complement the risk management process. The availability of data for analytics and monitoring, and dashboard and reporting assists in continuously enhancing risk management capabilities. The Group's Risk Management Report has evolved to be more analytically driven with dashboards including elements of quantitative and qualitative forward looking projections.

Effective risk management requires the Group to continuously review its risk management capabilities to effectively manage risk and to improve risk management practices across the Group. Therefore, the Group has embarked on transformation journeys striving for improvements for better efficiency and effectiveness.

As part of its PROGRESS 27 effort, Group Risk & Credit Management has put in place a comprehensive three-year strategic plan and initiatives centred around resiliency, agility, regulatory demand, and RHB's three-year growth strategy aligned with multi-year cost optimisation efforts.

6.0 CREDIT RISK

Credit Risk Definition

Credit risk is the risk of loss arising from customers' or counterparties' failure to fulfil their financial and contractual obligations in accordance to the agreed terms. It stems primarily from the Group's and the Bank's lending/financing, trade finance placement, underwriting, investment, hedging and trading activities from both on- and off-balance sheet transactions. Credit risk does not typically happen in isolation as depending on certain risk events (e.g. fluctuation of interest rate, foreign exchange) presence of other risks may also arise.

6.1 Credit Risk Management Oversight and Organisation

Group Credit Committee (GCC)/Group Investment Underwriting Committee (GIUC) are the senior management committee empowered to (i) deliberate, approve or reject all financial investments, counterparty credit, lending/financing and stockbroking/equities/futures business related proposals up to the defined threshold limits, and (ii) direct, monitor, review and consider such issues as may materially impact on the present and future quality of the Group's loan/asset book.

The Board Credit Committee's (BCC) main functions are (i) affirming, vetoing or imposing more stringent conditions on credits of the Group which are duly approved by the GCC and/or GIUC, (ii) overseeing the management of impaired and high risk accounts, and (iii) approving credit transactions to connected parties up to the defined threshold limits. BCC also endorses policy loans/financing and loans/financing required by BNM to be referred to the respective members of the Boards for approval.

The Group Community Banking Credit Management and Group Wholesale Banking Credit Management have the functional responsibility to ensure that internal processes and credit underwriting standards are adhered to before financing proposals are approved. All financing proposals are firstly assessed for its credit worthiness by the originating business units before being evaluated by an independent credit manager and decided upon by the delegated lending/financing authority/relevant committees.

All financing exposure limits are approved within a defined credit approval authority framework.

The Group Community Banking Credit Risk Management and Group Wholesale Credit Risk Management have the functional responsibility for credit risk management, portfolio risk monitoring, risk reporting and development of credit policies and guidelines. The Group also conducts regular credit stress tests to assess the credit portfolio's vulnerability to adverse credit risk events.

6.0 CREDIT RISK (CONTINUED)

6.2 Credit Risk Management Approach

The Group's credit risk management framework is founded upon the circulars, policies and guidelines issued by BNM and any other relevant statutory bodies/host country regulators where RHB has footprint in. The Group abides by its Group Credit Policy which supports the development of a strong credit culture with the objective of maintaining a diversified portfolio, and a reliable and satisfactory risk-weighted return.

The Group's credit risk management process is documented in the Group Credit Guidelines (GCG) and the Group Credit Procedures Manual (GCPM) which set out the operational procedures and guidelines governing the credit processes within the Group.

Lending/Financing to Corporate and Institutional Customers
Loans/financing to corporate and institutional customers are individually evaluated and risk-rated. Credit underwriters identify and assess the credit risk of large corporate or institutional customers, or customer groups, taking into consideration their financial and business profiles, industry and economic factors, collateral, or other credit support.

Credit Risk from Investment or Trading Activities
In the course of its trading or investment activities, the Group is also exposed to credit risks from trading, derivative and debt securities activities. Relevant credit guidelines are established to govern the credit risk via guidance on derivatives, hedging and investment related activities of the different exposures.

Lending/Financing to Consumers and Small Businesses
For retail and small business' program lending/financing, credit risk is managed on a portfolio basis leveraging on internal credit rating models. For retail and small businesses, credit risk is assessed and extended based on a set of clearly defined credit risk acceptance criteria, regular post approval review and credit risk monitoring to enable rigorous risk assessment, objective decision making, cost efficient processing and effective portfolio management.

Lending/Financing to Share Margin Financing
Loans/financing to share margin clients are based on credit/financing facilities made available to these clients for trading or redemption of securities that are listed in Bursa Malaysia Berhad in accordance with the Bursa Securities Rules. Credit risk is mitigated through the establishment of appropriate approving authority structure/matrix for the extension of trading/credit limits and assessment performed on the borrower/customer and shares which will be taken as collateral. Within clearly defined guidelines approved by the Board and in line with applicable laws and regulations, credit risk management also encompasses the systematic credit assessment, close monitoring of limits, exposures and concentration risk to counterparties or issuer, through timely management reporting procedures.

Credit Risk Mitigation
The Group generally does not grant credit facilities solely on the basis of collateral provided. All credit facilities are granted based on the credit standing of the borrower/customer, source of repayment and debt/financing servicing ability. Collateral is taken whenever possible to mitigate the credit risk assumed, subject to the Group's policies that govern the eligibility of collateral used for credit risk mitigation. Reliance on collateral when taken is carefully assessed in the light of issues such as legal certainty and enforceability, market valuation and counterparty risk of the guarantor. Recognised collaterals where relevant, include both financial and physical assets. The Group also accepts non-tangible securities as credit support. Tables 16a, 16b, 17a and 17b show the credit risk mitigation of portfolios under the Standardised Approach and IRB Approach respectively as at 31 December 2024 compared with 31 December 2023.

The Group has an established mechanism to monitor credit and market concentration within its credit mitigation.

Credit Concentration Risk
Risk concentrations can materialise from excessive exposure to a single counterparty or group of connected counterparties, a particular instrument or a particular market segment. The Group manages the diversification of its portfolio to avoid undue credit concentration risk. To manage these concentration risks, appropriate exposure thresholds/limits are established accordingly.

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6.0 CREDIT RISK (CONTINUED)

6.3 Credit Monitoring and Annual Reviews

The Group regularly monitors credit exposures, portfolio performance, and external trends which may impact risk management outcomes. Internal risk management reports generated for senior management, respective risk committees and Board, and include information on portfolio quality, credit rating migration and concentration risk exposures. Such reporting allows senior management to identify adverse credit trends, take prompt corrective actions, and ensure appropriate risk-adjusted decision making.

Reviews are conducted at least once a year with updated information on the customer's financial position, market position, industry and economic condition and account conduct. Specific loans/financings may be reviewed more frequently under appropriate circumstances.

Within Group Risk and Credit Management, there is a mechanism in place for credit monitoring to flagout problematic loans/ financing (watch list accounts) for intensive monitoring under Watchlist Credit Management. These are accounts which may be exhibiting early distress patterns or in the early stages of delinquency but not yet in default. For these cases, Group Community Banking Watchlist Credit Management and Early Care & Reporting, Group Wholesale Banking Credit Management will conduct independent assessment and work closely with the business units to implement strategies to address lending/business relationships under Watchlist Credit Management to rehabilitate the accounts after discussion with the borrower/customer to determine the root cause of the problem which may result in rescheduling, restructuring or "exit" strategies to be applied. For the larger or selected accounts, regular position update meetings are held with business units to review or revise these strategies. The relevant guidelines are refined from time to time, to better identify, monitor and resolve such accounts.

Group Internal Audit conducts independent post-approval reviews on a sampling basis to ensure that the quality of credit appraisals and approval standards is in accordance with the credit underwriting standards and financing policies established by the Group's management, and relevant laws and regulations.

Credit Risk Measurement

Along with judgement and experience, risk measurement or quantification plays a critical role in making informed risk taking and portfolio management decisions. As the nature of credit risk varies by financing type, the Group applies different credit risk measuring tools, so that the credit risk of each financing type is appropriately reflected. These measurement tools are developed for the material credit exposures, which fall under the IRB Approach.

The following represents the dimensions considered in the credit risk measurement:

1.0 Probability of Default (PD)

Probability of default refers to likelihood that a borrower/customer is unable to meet its debt obligation. For corporate/ non-retail financing, the probability of default is measured from obligor (or customer) rating obtained from the risk rating system to determine obligor's level of default risk. The risk rating of each obligor is regularly reviewed to ensure that it actually reflects the debtor's/customer's updated default risk. For retail exposures/financing, the default risk is measured via respective scoring model i.e. application scorecard, behavioural scorecard and customer centric scorecard.

2.0 Loss Given Default (LGD)

LGD is the amount of loss incurred when a borrower/customer defaults. For corporate financing, LGD is determined via the credit risk mitigation adjustment, in which the coverage of collateral and security will determine the level of LGD for a specific transaction. For retail financing, LGD is determined at respective segment (or pool) level.

3.0 Exposure at Default (EAD)

EAD is calculated from the current outstanding balance and availability of committed financing line. In this regard, the key factor is the Group's obligation related to the available financing line. For corporate financing, the EAD is measured at an individual obligor exposure as per BNM's Guideline on Capital Adequacy Framework (Basel II – Risk-Weighted Assets) and the Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets). For retail financing, the principle of credit risk measurement is similar, but measured on a pooled basis, based on internal models.

6.0 CREDIT RISK (CONTINUED)

6.4 Off-Balance Sheet Exposures and Counterparty Credit Risk (CCR)

The management of the following off-balance sheet exposures of the Group is in accordance to the credit risk management approach as set out under Section 6.2 of this document:

- Financial guarantees and standby letters of credit, which represent undertakings that the Group will make payments in the event that its customer cannot meet its obligations to third-parties. These exposures carry the same credit risk as loans/financing even though they are contingent in nature;
- Documentary and commercial letters of credit, which are undertakings by the Group on behalf of its customers. These exposures are usually collateralised by the underlying shipment of goods to which they relate;
- Commitments to extend financing, which includes the unutilised or undrawn portions of financing facilities;
- Unutilised credit card lines; and
- Credit equivalent amount of derivative financial instruments.

Counterparty Credit Risk

Counterparty Credit Risk is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows. An economic loss would occur if the transactions or portfolio of transactions with the counterparty has a positive economic value at the time of default. Unlike a firm's exposure to credit risk through a loan/financing, where the exposure to credit risk is unilateral and only the lending bank faces the risk of loss, CCR creates a bilateral risk of loss: the market value of the transaction can be positive or negative to either counterparty to the transaction. The market value is uncertain and can vary over time with the movement of underlying market factors.

Counterparty risk is typically associated with two broad classes of financial products:

- Over-the-counter derivatives such as interest rate/profit rate swaps, FX forwards and credit default swaps.
- Securities financing transactions such as repos and reverse repos; and securities borrowing and lending.

Derivative financial instruments are entered into for hedging or proprietary trading purposes governed by Board approved limits and internal controls.

Any financial loss is calculated based on the cost to replace the defaulted derivative financial instruments with another similar contract in the market. The cost of replacement is equivalent to the difference between the original value of the derivatives at the time of contract with the defaulted counterparty and the current fair value of a similar substitute at current market prices.

All outstanding financial derivative positions are marked-to-market on a daily basis. The Group monitors counterparties' positions and promptly escalates any shortfall in the threshold levels to the relevant parties for next course of action.

6.5 Credit Exposures and Risk-Weighted Assets by Portfolio and Approaches

The following tables show the credit exposures or Exposure at Default (EAD) as at 31 December 2024 compared with 31 December 2023, segregated by:

- the various types of asset classes, showing details of the exposures by type of approaches, before and after credit risk mitigation (CRM), the corresponding RWA and capital requirements;
- disclosure on off-balance sheet and counterparty credit risk;
- geographical distribution;
- industry sector; and
- residual maturity.

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6.0 CREDIT RISK (CONTINUED)

6.5 Credit Exposures and Risk-Weighted Assets by Portfolio and Approaches (continued)

Table 5a: Summary of Credit Exposures with Credit Risk Mitigation (CRM) by Asset Class and Minimum Capital Requirements (On and Off-Balance Sheet Exposures) as at 31 December 2024

RHB Bank Group Exposure Class	Gross Exposures/EAD Before CRM RM'000	Net Exposures/EAD After CRM RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirements RM'000
Exposures under Standardised Approach (SA)				
On-Balance Sheet Exposures				
Sovereigns & Central Banks	43,492,456	43,492,456	1,033,603	82,688
Public Sector Entities	13,175,536	13,172,936	90,893	7,271
Banks, Development Financial Institutions & MDBs	18,347,570	18,347,570	6,634,136	530,731
Insurance/Takaful Cos, Securities Firms & Fund Managers	550,843	550,843	485,696	38,856
Corporates	13,832,113	11,878,195	8,230,577	658,446
Regulatory Retail	12,893,888	11,895,256	10,515,514	841,241
Residential Mortgages/Financing	950,425	940,551	333,097	26,648
Higher Risk Assets	875,588	875,588	1,313,382	105,071
Other Assets	5,609,374	5,609,374	2,798,462	223,877
Equity Exposures	860,825	860,825	860,825	68,866
Defaulted Exposures	730,966	728,584	948,304	75,864
Total On-Balance Sheet Exposures	**111,319,584**	**108,352,178**	**33,244,489**	**2,659,559**
Off-Balance Sheet Exposures				
OTC Derivatives	4,316,537	3,903,826	1,037,781	83,022
Off-balance sheet exposures other than OTC derivatives or credit derivatives	20,990,986	11,163,140	2,345,599	187,648
Defaulted Exposures	17,332	17,020	4,219	338
Total Off-Balance Sheet Exposures	**25,324,855**	**15,083,986**	**3,387,599**	**271,008**
Total On and Off-Balance Sheet Exposures under SA	**136,644,439**	**123,436,164**	**36,632,088**	**2,930,567**
Exposures under F-IRB Approach				
On-Balance Sheet Exposures				
Corporates, of which	**96,544,898**	**96,544,898**	**55,907,172**	**4,472,574**
Corporate Exposures (excluding exposures with firm size adjustments)	48,827,817	48,827,817	26,715,440	2,137,235
Corporate Exposures (with firm size adjustments)	28,335,502	28,335,502	16,284,552	1,302,765
Specialised Lending Exposures (Slotting Approach)				
Project Finance	2,156,613	2,156,613	1,406,290	112,503
Income Producing Real Estate	17,224,966	17,224,966	11,500,890	920,071
Defaulted Exposures	2,317,142	2,317,142	131,761	10,541
Total On-Balance Sheet Exposures	**98,862,040**	**98,862,040**	**56,038,933**	**4,483,115**

6.0 CREDIT RISK (CONTINUED)

6.5 Credit Exposures and Risk-Weighted Assets by Portfolio and Approaches (continued)

Table 5a: Summary of Credit Exposures with Credit Risk Mitigation (CRM) by Asset Class and Minimum Capital Requirements (On and Off-Balance Sheet Exposures) as at 31 December 2024 (continued)

RHB Bank Group Exposure Class	Gross Exposures/EAD Before CRM RM'000	Net Exposures/EAD After CRM RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirements RM'000
Off-Balance Sheet Exposures				
OTC Derivatives	505,712	505,712	500,196	40,016
Off-balance sheet exposures other than OTC derivatives or credit derivatives	10,726,078	10,726,078	5,815,691	465,255
Defaulted Exposures	9,102	9,102	1,919	153
Total Off-Balance Sheet Exposures	**11,240,892**	**11,240,892**	**6,317,806**	**505,424**
Exposures under A-IRB Approach				
On-Balance Sheet Exposures				
Retail, of which	**127,683,124**	**127,683,124**	**24,596,832**	**1,967,747**
Residential Mortgages/Financing Exposures	78,286,935	78,286,935	11,146,168	891,694
Qualifying Revolving Retail Exposures	2,487,392	2,487,392	1,344,165	107,533
Hire Purchase Exposures	11,696,672	11,696,672	3,619,306	289,545
Other Retail Exposures	35,212,125	35,212,125	8,487,193	678,975
Defaulted Exposures	3,128,370	3,128,370	1,711,526	136,922
Total On-Balance Sheet Exposures	**130,811,494**	**130,811,494**	**26,308,358**	**2,104,669**
Off-Balance Sheet Exposures				
OTC Derivatives	–	–	–	–
Off-balance sheet exposures other than OTC derivatives or credit derivatives	16,824,417	16,824,417	2,485,705	198,856
Defaulted Exposures	53,717	53,717	77,880	6,231
Total Off-Balance Sheet Exposures	**16,878,134**	**16,878,134**	**2,563,585**	**205,087**
Total On and Off-Balance Sheet Exposures before scaling factor under the IRB Approach	**257,792,560**	**257,792,560**	**91,228,682**	**7,298,295**
Total On and Off-Balance Sheet Exposures after scaling factor, 1.06 under the IRB Approach			**96,702,403**	**7,736,192**
Total (Exposures under the SA Approach and Exposures under the IRB Approach)	**394,436,999**	**381,228,724**	**133,334,491**	**10,666,759**

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6.0 CREDIT RISK (CONTINUED)

6.5 Credit Exposures and Risk-Weighted Assets by Portfolio and Approaches (continued)

Table 5b: Summary of Credit Exposures with Credit Risk Mitigation (CRM) by Asset Class and Minimum Capital Requirements (On and Off-Balance Sheet Exposures) as at 31 December 2023

RHB Bank Group Exposure Class	Gross Exposures/EAD Before CRM RM'000	Net Exposures/EAD After CRM RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirements RM'000
Exposures under Standardised Approach (SA)				
On-Balance Sheet Exposures				
Sovereigns & Central Banks	42,343,480	42,343,480	1,374,792	109,983
Public Sector Entities	11,413,811	11,342,211	130,306	10,424
Banks, Development Financial Institutions & MDBs	17,295,079	17,295,079	6,017,808	481,425
Insurance/Takaful Cos, Securities Firms & Fund Managers	575,090	575,090	509,182	40,735
Corporates	14,462,776	12,902,282	8,885,686	710,855
Regulatory Retail	12,186,709	11,298,065	9,743,912	779,513
Residential Mortgages/Financing	761,249	750,362	266,267	21,301
Higher Risk Assets	736,080	736,080	1,104,120	88,330
Other Assets	5,483,948	5,483,948	2,627,908	210,233
Equity Exposures	825,539	825,539	825,539	66,043
Defaulted Exposures	707,408	605,622	801,262	64,101
Total On-Balance Sheet Exposures	106,791,169	104,157,758	32,286,782	2,582,943
Off-Balance Sheet Exposures				
OTC Derivatives	2,366,804	2,088,300	558,886	44,711
Off-balance sheet exposures other than OTC derivatives or credit derivatives	14,346,474	4,932,254	1,938,619	155,089
Defaulted Exposures	16,642	16,480	3,524	282
Total Off-Balance Sheet Exposures	16,729,920	7,037,034	2,501,029	200,082
Total On and Off-Balance Sheet Exposures under SA	123,521,089	111,194,792	34,787,811	2,783,025
Exposures under F-IRB Approach				
On-Balance Sheet Exposures				
Corporates, of which	90,217,254	90,217,254	52,092,883	4,167,431
Corporate Exposures (excluding exposures with firm size adjustments)	49,896,406	49,896,406	26,649,582	2,131,967
Corporate Exposures (with firm size adjustments)	25,511,065	25,511,065	15,131,913	1,210,553
Specialised Lending Exposures (Slotting Approach)				
Project Finance	1,954,962	1,954,962	1,233,581	98,686
Income Producing Real Estate	12,854,821	12,854,821	9,077,807	726,225
Defaulted Exposures	2,787,627	2,787,627	131,176	10,494
Total On-Balance Sheet Exposures	93,004,881	93,004,881	52,224,059	4,177,925

6.0 CREDIT RISK (CONTINUED)

6.5 Credit Exposures and Risk-Weighted Assets by Portfolio and Approaches (continued)

Table 5b: Summary of Credit Exposures with Credit Risk Mitigation (CRM) by Asset Class and Minimum Capital Requirements (On and Off-Balance Sheet Exposures) as at 31 December 2023 (continued)

RHB Bank Group Exposure Class	Gross Exposures/EAD Before CRM RM'000	Net Exposures/EAD After CRM RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirements RM'000
Off-Balance Sheet Exposures				
OTC Derivatives	589,647	589,647	608,490	48,679
Off-balance sheet exposures other than OTC derivatives or credit derivatives	9,054,722	9,054,722	4,878,754	390,300
Defaulted Exposures	14,956	14,956	–	–
Total Off-Balance Sheet Exposures	9,659,325	9,659,325	5,487,244	438,979
Exposures under A-IRB Approach				
On-Balance Sheet Exposures				
Retail, of which	120,920,087	120,920,087	23,779,355	1,902,348
Residential Mortgages/Financing Exposures	71,372,738	71,372,738	10,419,470	833,558
Qualifying Revolving Retail Exposures	2,200,761	2,200,761	1,221,694	97,735
Hire Purchase Exposures	10,415,530	10,415,530	3,222,193	257,775
Other Retail Exposures	36,931,058	36,931,058	8,915,998	713,280
Defaulted Exposures	3,158,214	3,158,214	1,894,663	151,573
Total On-Balance Sheet Exposures	124,078,301	124,078,301	25,674,018	2,053,921
Off-Balance Sheet Exposures				
OTC Derivatives	–	–	–	–
Off-balance sheet exposures other than OTC derivatives or credit derivatives	17,663,115	17,663,115	2,647,154	211,772
Defaulted Exposures	50,575	50,575	67,392	5,392
Total Off-Balance Sheet Exposures	17,713,690	17,713,690	2,714,546	217,164
Total On and Off-Balance Sheet Exposures before scaling factor under the IRB Approach	244,456,197	244,456,197	86,099,867	6,887,989
Total On and Off-Balance Sheet Exposures after scaling factor, 1.06 under the IRB Approach			91,265,859	7,301,269
Total (Exposures under the SA Approach and Exposures under the IRB Approach)	367,977,286	355,650,989	126,053,670	10,084,294

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6.0 CREDIT RISK (CONTINUED)

6.5 Credit Exposures and Risk-Weighted Assets by Portfolio and Approaches (continued)

Table 6a: Exposures on Off-Balance Sheet and Counterparty Credit Risk (Before Credit Risk Mitigation) as at 31 December 2024

RHB Bank Group Nature of Item	Principal/ Notional Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk-Weighted Assets RM'000
Direct credit substitutes	1,933,161		1,850,740	930,496
Transaction related contingent items	2,541,957		1,205,635	607,576
Short term self liquidating trade related contingencies	1,161,256		241,235	175,048
Forward asset purchases, forward deposits, partly paid shares and securities which represent commitments with certain drawdowns	488,912		488,912	–
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo style transactions	17,067,854		17,067,854	185,401
Foreign exchange related contracts	21,465,686	489,773	786,712	312,135
1 year or less	20,959,646	471,984	723,442	244,630
Over 1 year to 5 years	506,040	17,789	63,270	67,505
Over 5 years	–	–	–	–
Interest/profit rate related contracts	8,664,633	39,919	225,933	102,366
1 year or less	1,306,044	703	2,374	781
Over 1 year to 5 years	7,129,201	38,780	211,654	97,913
Over 5 years	229,388	436	11,905	3,672
Equity related contracts	716,806	60,848	99,470	14,936
1 year or less	682,206	60,175	97,768	14,598
Over 1 year to 5 years	34,600	673	1,702	338
Over 5 years	–	–	–	–
Commodity contracts	482,975	13,531	34,597	8,959
1 year or less	117,182	2,969	7,475	1,495
Over 1 year to 5 years	365,793	10,562	27,122	7,464
Over 5 years	–	–	–	–
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	301,342,647	638,800	3,675,537	1,099,581
Other commitments, such as formal standby facilities and credit/financing lines, with original maturity of over 1 year	35,946,040		26,568,705	8,563,392
Other commitments, such as formal standby facilities and credit/financing lines, with original maturity of up to 1 year	2,163,351		512,084	144,108
Any commitments that are unconditionally cancellable at any time by the Bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	19,084,318		686,467	124,992
Total	**413,059,596**	**1,242,871**	**53,443,881**	**12,268,990**

6.0 CREDIT RISK (CONTINUED)

6.5 Credit Exposures and Risk-Weighted Assets by Portfolio and Approaches (continued)

Table 6b: Exposures on Off-Balance Sheet and Counterparty Credit Risk (Before Credit Risk Mitigation) as at 31 December 2023

RHB Bank Group Nature of Item	Principal/ Notional Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk-Weighted Assets RM'000
Direct credit substitutes	1,564,192		1,475,846	702,110
Transaction related contingent items	2,048,797		952,679	448,337
Short term self liquidating trade related contingencies	1,126,639		236,801	164,281
Forward asset purchases, forward deposits, partly paid shares and securities which represent commitments with certain drawdowns	–		–	–
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo style transactions	11,313,173		11,313,173	250,397
Foreign exchange related contracts	9,512,484	82,652	255,298	240,537
1 year or less	8,921,987	57,479	173,911	90,318
Over 1 year to 5 years	590,497	25,173	81,387	150,219
Over 5 years	–	–	–	–
Interest/profit rate related contracts	5,468,332	72,190	172,802	81,173
1 year or less	1,568,971	261	3,270	2,030
Over 1 year to 5 years	3,746,788	69,806	159,481	74,658
Over 5 years	152,573	2,123	10,051	4,485
Equity related contracts	398,313	45,951	64,617	1,228
1 year or less	353,549	45,762	64,031	1,204
Over 1 year to 5 years	44,764	189	586	24
Over 5 years	–	–	–	–
Commodity contracts	366,150	8,009	21,817	8,013
1 year or less	27,518	–	–	–
Over 1 year to 5 years	338,632	8,009	21,817	8,013
Over 5 years	–	–	–	–
OTC derivative transactions and credit derivative contracts subject to valid bilateral netting agreements	160,696,684	502,839	2,441,917	836,425
Other commitments, such as formal standby facilities and credit/financing lines, with original maturity of over 1 year	34,458,892		26,052,639	7,786,579
Other commitments, such as formal standby facilities and credit/financing lines, with original maturity of up to 1 year	1,796,929		383,073	43,942
Any commitments that are unconditionally cancellable at any time by the Bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	17,312,765		732,273	139,797
Total	246,063,350	711,641	44,102,935	10,702,819

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6.0 CREDIT RISK (CONTINUED)

6.5 Credit Exposures and Risk-Weighted Assets by Portfolio and Approaches (continued)

Table 7a: Credit Risk Exposures (Before Credit Risk Mitigation) by Geographical Distribution as at 31 December 2024

RHB Bank Group Exposure Class	Malaysia (Include Labuan) RM'000	Singapore RM'000	Thailand RM'000	Brunei RM'000	Cambodia RM'000	Lao RM'000	Hong Kong RM'000	Indonesia RM'000	Vietnam RM'000	Total RM'000
<u>Exposures under Standardised Approach</u>										
Sovereigns & Central Banks	38,654,718	9,372,310	935,146	97,780	582,036	170,178	-	-	-	49,812,168
Public Sector Entities	14,364,888	493,179	241,898	-	-	-	-	-	-	15,099,965
Banks, Development Financial Institutions & MDBs	21,691,203	9,197,999	98,494	218,647	314,813	8,334	678	34,720	-	31,564,888
Insurance/Takaful Cos, Securities Firms & Fund Managers	630,069	75	-	-	-	-	-	11,108	-	641,252
Corporates	9,468,483	3,891,231	1,395,678	116,773	2,096,102	64,264	-	154,914	-	17,187,445
Regulatory Retail	8,797,945	3,803,902	-	86,097	1,180,726	19,387	-	94,803	-	13,982,860
Residential Mortgages/Financing	96,679	912,993	-	401	-	-	-	-	-	1,010,073
Higher Risk Assets	873,394	-	-	-	112	-	-	2,082	-	875,588
Other Assets	4,603,331	544,220	169,689	33,679	178,938	12,268	124	67,125	-	5,609,374
Total Exposures under Standardised Approach	99,180,710	28,215,909	2,840,905	553,377	4,352,727	274,431	802	364,752	-	135,783,613
<u>Exposures under IRB Approach</u>										
Corporates, of which	86,326,227	23,776,705	-	-	-	-	-	-	-	110,102,932
Corporate Exposures (excluding exposures with firm size adjustments)	47,635,708	7,634,638	-	-	-	-	-	-	-	55,270,346
Corporate Exposures (with firm size adjustments)	26,755,201	6,661,893	-	-	-	-	-	-	-	33,417,094
Specialised Lending Exposures (Slotting Approach)										
Project Finance	2,302,839	162,759	-	-	-	-	-	-	-	2,465,598
Income Producing Real Estate	9,632,479	9,317,415	-	-	-	-	-	-	-	18,949,894
Retail, of which	147,689,628	-	-	-	-	-	-	-	-	147,689,628
Residential Mortgages/Financing Exposures	83,529,969	-	-	-	-	-	-	-	-	83,529,969
Qualifying Revolving Retail Exposures	4,483,559	-	-	-	-	-	-	-	-	4,483,559
Hire Purchase Exposures	11,755,560	-	-	-	-	-	-	-	-	11,755,560
Other Retail Exposures	47,920,540	-	-	-	-	-	-	-	-	47,920,540
Total Exposures under IRB Approach	234,015,855	23,776,705	-	-	-	-	-	-	-	257,792,560
Total Exposures under Standardised and IRB Approaches	333,196,565	51,992,614	2,840,905	553,377	4,352,727	274,431	802	364,752	-	393,576,173

Note: This table excludes equity exposures

6.0 CREDIT RISK (CONTINUED)

6.5 Credit Exposures and Risk-Weighted Assets by Portfolio and Approaches (continued)

Table 7b: Credit Risk Exposures (Before Credit Risk Mitigation) by Geographical Distribution as at 31 December 2023

RHB Bank Group Exposure Class	Malaysia (Include Labuan) RM'000	Singapore RM'000	Thailand RM'000	Brunei RM'000	Cambodia RM'000	Lao RM'000	Hong Kong RM'000	Indonesia RM'000	Vietnam RM'000	Total RM'000
Exposures under Standardised Approach										
Sovereigns & Central Banks	30,770,953	9,572,672	1,075,183	108,287	945,497	178,323	–	–	–	42,650,915
Public Sector Entities	12,367,026	514,443	228,334	–	–	–	–	–	–	13,109,803
Banks, Development Financial Institutions & MDBs	21,510,279	7,027,634	85,096	231,862	175,152	10,006	678	49,911	13,636	29,104,254
Insurance/Takaful Cos, Securities Firms & Fund Managers	618,074	380	–	–	–	–	–	–	–	618,454
Corporates	8,585,189	4,035,340	1,970,840	137,143	2,250,930	64,029	–	97,651	–	17,141,122
Regulatory Retail	7,381,125	4,065,737	58,120	99,129	1,297,939	34,073	–	71,582	18,880	13,026,585
Residential Mortgages/Financing	85,099	738,711	–	579	–	–	–	–	–	824,389
Higher Risk Assets	733,459	–	266	–	115	–	–	2,240	–	736,080
Other Assets	4,490,524	439,490	249,660	49,940	158,852	11,125	124	79,600	4,633	5,483,948
Total Exposures under Standardised Approach	86,541,728	26,394,407	3,667,499	626,940	4,828,485	297,556	802	300,984	37,149	122,695,550
Exposures under IRB Approach										
Corporates, of which	82,465,991	20,198,215	–	–	–	–	–	–	–	102,664,206
Corporate Exposures (excluding exposures with firm size adjustments)	49,008,516	7,255,511	–	–	–	–	–	–	–	56,264,027
Corporate Exposures (with firm size adjustments)	24,006,182	6,110,229	–	–	–	–	–	–	–	30,116,411
Specialised Lending Exposures (Slotting Approach)										
Project Finance	2,082,582	–	–	–	–	–	–	–	–	2,082,582
Income Producing Real Estate	7,368,711	6,832,475	–	–	–	–	–	–	–	14,201,186
Retail, of which	141,791,991	–	–	–	–	–	–	–	–	141,791,991
Residential Mortgages/Financing Exposures	76,279,207	–	–	–	–	–	–	–	–	76,279,207
Qualifying Revolving Retail Exposures	3,961,343	–	–	–	–	–	–	–	–	3,961,343
Hire Purchase Exposures	10,484,540	–	–	–	–	–	–	–	–	10,484,540
Other Retail Exposures	51,066,901	–	–	–	–	–	–	–	–	51,066,901
Total Exposures under IRB Approach	224,257,982	20,198,215	–	–	–	–	–	–	–	244,456,197
Total Exposures under Standardised and IRB Approaches	310,799,710	46,592,622	3,667,499	626,940	4,828,485	297,556	802	300,984	37,149	367,151,747

Note: This table excludes equity exposures

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6.0 CREDIT RISK (CONTINUED)

6.5 Credit Exposures and Risk-Weighted Assets by Portfolio and Approaches (continued)

Table 8a: Credit Risk Exposures (Before Credit Risk Mitigation) by Industry Sector as at 31 December 2024

RHB Bank Group Exposure Class	Agriculture RM'000	Mining & Quarrying RM'000	Manufacturing RM'000	Electricity, Gas & Water Supply RM'000	Construction RM'000	Wholesale, Retail Trade, Restaurants & Hotels RM'000	Transport, Storage & Communication RM'000	Finance, Insurance/ Takaful, Real Estate & Business RM'000	Education, Health & Others RM'000	Household RM'000	Others RM'000	Total RM'000
Exposures under Standardised Approach												
Sovereigns & Central Banks	–	–	–	–	–	–	–	13,740,347	36,071,821	–	–	49,812,168
Public Sector Entities	1,296,419	–	–	–	–	–	3,504	153,886	13,646,156	–	–	15,099,965
Banks, Development Financial Institutions & MDBs	–	–	–	–	–	–	–	31,564,888	–	–	–	31,564,888
Insurance/Takaful Cos, Securities Firms & Fund Managers	–	–	–	–	–	–	–	641,252	–	–	–	641,252
Corporates	79,961	5,725	616,794	92,765	533,872	1,010,375	570,450	11,296,829	410,280	2,570,394	–	17,187,445
Regulatory Retail	6,312	2,400	68,175	6,560	75,960	185,014	36,641	72,674	14,998	13,514,126	–	13,982,860
Residential Mortgages/ Financing	–	–	–	–	–	–	–	–	–	1,010,073	–	1,010,073
Higher Risk Assets	–	–	–	–	–	–	–	875,469	–	119	–	875,588
Other Assets	–	–	–	–	–	–	–	297,695	–	–	5,311,679	5,609,374
Total Exposures under Standardised Approach	1,382,692	8,125	684,969	99,325	609,832	1,195,389	610,595	58,643,040	50,143,255	17,094,712	5,311,679	135,783,613
Exposures under IRB Approach												
Corporates, of which	3,966,013	1,215,531	11,664,654	3,369,067	20,363,762	16,720,929	8,443,174	37,000,266	7,359,536	–	–	110,102,932
Corporate Exposures (excluding exposures with firm size adjustments)	2,375,640	998,825	6,826,302	2,635,465	7,852,320	5,143,915	5,626,144	17,344,560	6,467,175	–	–	55,270,346
Corporate Exposures (with firm size adjustments)	1,590,373	187,297	4,173,982	597,465	5,418,907	8,116,956	2,817,030	9,771,231	743,853	–	–	33,417,094
Specialised Lending Exposures (Slotting Approach)												
Project Finance	–	29,409	664,370	108,910	1,281,747	–	–	232,654	148,508	–	–	2,465,598
Income Producing Real Estate	–	–	–	27,227	5,810,788	3,460,058	–	9,651,821	–	–	–	18,949,894
Retail, of which	542,090	105,164	2,835,276	146,519	1,915,333	8,611,178	1,415,137	3,684,774	484,546	127,949,290	321	147,689,628
Residential Mortgages/ Financing Exposures	–	–	–	–	–	–	–	–	–	83,529,969	–	83,529,969
Qualifying Revolving Retail Exposures	–	–	–	–	–	–	–	–	–	4,483,559	–	4,483,559
Hire Purchase Exposures	–	–	–	–	–	–	–	–	–	11,755,560	–	11,755,560
Other Retail Exposures	542,090	105,164	2,835,276	146,519	1,915,333	8,611,178	1,415,137	3,684,774	484,546	28,180,202	321	47,920,540
Total Exposures under IRB Approach	4,508,103	1,320,695	14,499,930	3,515,586	22,279,095	25,332,107	9,858,311	40,685,040	7,844,082	127,949,290	321	257,792,560
Total Exposures under Standardised and IRB Approaches	5,890,795	1,328,820	15,184,899	3,614,911	22,888,927	26,527,496	10,468,906	99,328,080	57,987,337	145,044,002	5,312,000	393,576,173

Note: This table excludes equity exposures

6.0 CREDIT RISK (CONTINUED)

6.5 Credit Exposures and Risk-Weighted Assets by Portfolio and Approaches (continued)

Table 8b: Credit Risk Exposures (Before Credit Risk Mitigation) by Industry Sector as at 31 December 2023

RHB Bank Group Exposure Class	Agriculture RM'000	Mining & Quarrying RM'000	Manufacturing RM'000	Electricity, Gas & Water Supply RM'000	Construction RM'000	Wholesale, Retail Trade, Restaurants & Hotels RM'000	Transport, Storage & Communication RM'000	Finance, Insurance/ Takaful, Real Estate & Business RM'000	Education, Health & Others RM'000	Household RM'000	Others RM'000	Total RM'000
Exposures under Standardised Approach												
Sovereigns & Central Banks	–	–	–	–	–	–	–	15,326,563	27,324,352	–	–	42,650,915
Public Sector Entities	1,374,716	–	–	–	–	–	2,500	163,898	11,568,689	–	–	13,109,803
Banks, Development Financial Institutions & MDBs	–	–	–	–	–	–	–	29,104,254	–	–	–	29,104,254
Insurance/Takaful Cos, Securities Firms & Fund Managers	–	–	–	–	–	–	–	618,454	–	–	–	618,454
Corporates	37,516	5,429	795,337	99,287	446,572	1,089,858	334,562	11,115,838	229,686	2,987,037	–	17,141,122
Regulatory Retail	2,541	1,914	75,552	6,400	94,409	223,519	63,982	108,165	25,289	12,424,814	–	13,026,585
Residential Mortgages/ Financing	–	–	–	–	–	–	–	–	–	824,389	–	824,389
Higher Risk Assets	–	–	–	–	–	–	–	735,950	–	130	–	736,080
Other Assets	–	–	–	–	–	–	–	249,686	–	1,653	5,232,609	5,483,948
Total Exposures under Standardised Approach	1,414,773	7,343	870,889	105,687	540,981	1,313,377	401,044	57,422,808	39,148,016	16,238,023	5,232,609	122,695,550
Exposures under IRB Approach												
Corporates, of which	4,533,574	1,224,218	14,232,412	5,274,314	16,317,802	14,587,086	9,069,227	30,968,422	6,457,151	–	–	102,664,206
Corporate Exposures (excluding exposures with firm size adjustments)	3,061,110	974,037	7,348,381	4,224,630	6,986,242	4,868,823	7,217,801	15,883,703	5,699,300	–	–	56,264,027
Corporate Exposures (with firm size adjustments)	1,471,681	221,478	4,027,678	923,533	4,164,711	7,990,153	1,851,138	8,814,060	651,979	–	–	30,116,411
Specialised Lending Exposures (Slotting Approach)												
Project Finance	–	28,703	719,934	126,151	1,096,966	–	–	4,956	105,872	–	–	2,082,582
Income Producing Real Estate	783	–	2,136,419	–	4,069,883	1,728,110	288	6,265,703	–	–	–	14,201,186
Retail, of which	479,794	87,300	2,800,475	96,977	2,104,271	8,699,289	1,417,863	3,880,862	497,796	121,727,364	–	141,791,991
Residential Mortgages/ Financing Exposures	–	–	–	–	–	–	–	–	–	76,279,207	–	76,279,207
Qualifying Revolving Retail Exposures	–	–	–	–	–	–	–	–	–	3,961,343	–	3,961,343
Hire Purchase Exposures	–	–	–	–	–	–	–	–	–	10,484,540	–	10,484,540
Other Retail Exposures	479,794	87,300	2,800,475	96,977	2,104,271	8,699,289	1,417,863	3,880,862	497,796	31,002,274	–	51,066,901
Total Exposures under IRB Approach	5,013,368	1,311,518	17,032,887	5,371,291	18,422,073	23,286,375	10,487,090	34,849,284	6,954,947	121,727,364	–	244,456,197
Total Exposures under Standardised and IRB Approaches	6,428,141	1,318,861	17,903,776	5,476,978	18,963,054	24,599,752	10,888,134	92,272,092	46,102,963	137,965,387	5,232,609	367,151,747

Note: This table excludes equity exposures

RHB Bank Group

Basel II Pillar 3 Disclosures as at 31 December 2024

6.0 CREDIT RISK (CONTINUED)

6.5 Credit Exposures and Risk-Weighted Assets by Portfolio and Approaches (continued)

Table 9a: Credit Risk Exposures (Before Credit Risk Mitigation) by Remaining Maturity as at 31 December 2024

RHB Bank Group Exposure Class	One Year or Less RM'000	More Than One to Five Years RM'000	Over Five Years RM'000	Total RM'000
Exposures under Standardised Approach				
Sovereigns & Central Banks	15,510,116	12,469,613	21,832,439	49,812,168
Public Sector Entities	1,871,518	4,675,061	8,553,386	15,099,965
Banks, Development Financial Institutions & MDBs	20,296,329	8,168,337	3,100,222	31,564,888
Insurance/Takaful Cos, Securities Firms & Fund Managers	109,559	237,373	294,320	641,252
Corporates	6,775,616	7,352,079	3,059,750	17,187,445
Regulatory Retail	2,199,092	1,671,121	10,112,647	13,982,860
Residential Mortgages/Financing	217	15,171	994,685	1,010,073
Higher Risk Assets	2,083	–	873,505	875,588
Other Assets	3,206,875	–	2,402,499	5,609,374
Total Exposures under Standardised Approach	49,971,405	34,588,755	51,223,453	135,783,613
Exposures under IRB Approach				
Corporates, of which	34,391,809	39,806,485	35,904,638	110,102,932
Corporate Exposures (excluding exposures with firm size adjustments)	18,176,339	21,110,313	15,983,694	55,270,346
Corporate Exposures (with firm size adjustments)	12,288,399	7,901,073	13,227,622	33,417,094
Specialised Lending Exposures (Slotting Approach)				
Project Finance	1,180,218	911,534	373,846	2,465,598
Income Producing Real Estate	2,746,853	9,883,565	6,319,476	18,949,894
Retail, of which	6,443,945	13,940,468	127,305,215	147,689,628
Residential Mortgages/Financing Exposures	106,305	414,405	83,009,259	83,529,969
Qualifying Revolving Retail Exposures	418,666	4,037,373	27,520	4,483,559
Hire Purchase Exposures	49,024	2,890,052	8,816,484	11,755,560
Other Retail Exposures	5,869,950	6,598,638	35,451,952	47,920,540
Total Exposures under IRB Approach	40,835,754	53,746,953	163,209,853	257,792,560
Total Exposures under Standardised and IRB Approaches	90,807,159	88,335,708	214,433,306	393,576,173

Note: This table excludes equity exposures

6.0 CREDIT RISK (CONTINUED)

6.5 Credit Exposures and Risk-Weighted Assets by Portfolio and Approaches (continued)

Table 9b: Credit Risk Exposures (Before Credit Risk Mitigation) by Remaining Maturity as at 31 December 2023

RHB Bank Group Exposure Class	One Year or Less RM'000	More Than One to Five Years RM'000	Over Five Years RM'000	Total RM'000
Exposures under Standardised Approach				
Sovereigns & Central Banks	13,736,697	10,637,969	18,276,249	42,650,915
Public Sector Entities	1,367,015	3,354,797	8,387,991	13,109,803
Banks, Development Financial Institutions & MDBs	18,903,699	7,552,985	2,647,570	29,104,254
Insurance/Takaful Cos, Securities Firms & Fund Managers	41,462	64,272	512,720	618,454
Corporates	6,472,431	7,850,164	2,818,527	17,141,122
Regulatory Retail	1,730,056	2,126,594	9,169,935	13,026,585
Residential Mortgages/Financing	561	15,176	808,652	824,389
Higher Risk Assets	266	–	735,814	736,080
Other Assets	3,116,008	–	2,367,940	5,483,948
Total Exposures under Standardised Approach	45,368,195	31,601,957	45,725,398	122,695,550
Exposures under IRB Approach				
Corporates, of which	32,441,175	35,856,360	34,366,671	102,664,206
Corporate Exposures (excluding exposures with firm size adjustments)	18,532,398	21,106,422	16,625,207	56,264,027
Corporate Exposures (with firm size adjustments)	10,041,386	7,209,242	12,865,783	30,116,411
Specialised Lending Exposures (Slotting Approach)				
Project Finance	1,282,676	93,942	705,964	2,082,582
Income Producing Real Estate	2,584,715	7,446,754	4,169,717	14,201,186
Retail, of which	2,333,851	16,872,821	122,585,319	141,791,991
Residential Mortgages/Financing Exposures	39,274	488,122	75,751,811	76,279,207
Qualifying Revolving Retail Exposures	335,321	3,515,831	110,191	3,961,343
Hire Purchase Exposures	54,425	2,513,207	7,916,908	10,484,540
Other Retail Exposures	1,904,831	10,355,661	38,806,409	51,066,901
Total Exposures under IRB Approach	34,775,026	52,729,181	156,951,990	244,456,197
Total Exposures under Standardised and IRB Approaches	80,143,221	84,331,138	202,677,388	367,151,747

Note: This table excludes equity exposures

RHB Bank Group

Basel II Pillar 3 Disclosures as at 31 December 2024

6.0 CREDIT RISK (CONTINUED)

6.5 Credit Exposures and Risk-Weighted Assets by Portfolio and Approaches (continued)

Standardised Approach for Other Portfolios

The Standardised Approach is applied to portfolios that are classified as permanently exempted from the IRB approach, and portfolios that are currently in transition to the IRB approach. Under this Standardised Approach, the risk weights are prescribed by BNM based on the asset class to which the exposure is assigned.

The following tables show RHB Bank Group's credit exposures for its portfolio with the corresponding risk weights and RWA under the Standardised Approach, after credit risk mitigation (CRM):

Table 10a: Portfolios under the Standardised Approach by Risk Weights as at 31 December 2024

RHB Bank Group Exposure Class	Sovereigns & Central Banks RM'000	Public Sector Entities RM'000	Banks, Development Financial Institutions & MDBs RM'000	Insurance/ Takaful Cos, Securities Firms & Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages/ Financing RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Equity Exposures RM'000	Total Exposures After Credit Risk Mitigation RM'000	Total Risk-Weighted Assets RM'000
Supervisory Risk Weights (%)												
0%	47,954,741	14,643,892	174,791	11,108	1,219,147	–	–	–	2,572,756	–	66,576,435	–
20%	858,082	393,655	13,908,192	34,403	3,756,668	130,557	–	–	297,695	–	19,379,252	3,875,850
35%	–	–	–	–	–	–	955,945	–	–	–	955,945	334,581
50%	256,051	–	6,548,336	53,033	260,236	17,680	27,977	–	–	–	7,163,313	3,581,657
75%	–	–	–	–	–	5,436,921	–	–	–	–	5,436,921	4,077,691
100%	573,116	58,826	1,610,296	531,110	9,008,408	6,853,428	13,343	–	2,738,923	860,826	22,248,276	22,248,276
150%	170,178	–	7,826	–	445,419	177,011	–	875,588	–	–	1,676,022	2,514,033
Total Exposures	49,812,168	15,096,373	22,249,441	629,654	14,689,878	12,615,597	997,265	875,588	5,609,374	860,826	123,436,164	36,632,088

Table 10b: Portfolios under the Standardised Approach by Risk Weights as at 31 December 2023

RHB Bank Group Exposure Class	Sovereigns & Central Banks RM'000	Public Sector Entities RM'000	Banks, Development Financial Institutions & MDBs RM'000	Insurance/ Takaful Cos, Securities Firms & Fund Managers RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages/ Financing RM'000	Higher Risk Assets RM'000	Other Assets RM'000	Equity Exposures RM'000	Total Exposures After Credit Risk Mitigation RM'000	Total Risk-Weighted Assets RM'000
Supervisory Risk Weights (%)												
0%	40,974,961	12,312,550	180,166	–	472,878	–	–	–	2,656,291	–	56,596,846	–
20%	421,630	692,125	12,551,874	33,824	4,313,126	257,444	–	–	249,686	–	18,519,709	3,703,942
35%	–	–	–	–	–	–	773,242	–	–	–	773,242	270,635
50%	103,757	31,936	6,388,668	77,698	933,110	11,508	25,909	–	–	–	7,572,586	3,786,293
75%	–	–	–	–	–	5,724,028	–	–	–	–	5,724,028	4,293,021
100%	974,131	–	1,159,695	482,631	8,846,517	5,678,528	12,291	–	2,577,971	825,539	20,557,303	20,557,303
150%	176,436	–	9,330	–	414,399	114,833	–	736,080	–	–	1,451,078	2,176,617
Total Exposures	42,650,915	13,036,611	20,289,733	594,153	14,980,030	11,786,341	811,442	736,080	5,483,948	825,539	111,194,792	34,787,811

6.0 CREDIT RISK (CONTINUED)

6.6 Use of External Ratings

For sovereigns, corporate and banking institutions, external ratings from approved external credit assessment institutions (ECAIs) are used to calculate the risk-weighted assets and regulatory capital, where available.

The process used to map ECAIs issuer ratings or comparable ECAIs issue ratings, are in accordance to the standards prescribed by BNM. Approved ECAIs are as follows:

- Standard & Poor's (S&P);
- Moody's Investor Services (Moody's);
- Fitch Ratings (Fitch);
- Malaysian Rating Corporation Berhad (MARC);
- Rating Agency Malaysia (RAM); and
- Rating and Investment Information, Inc (R&I).

External ratings for the counterparties are determined as soon as the relationship is established and these ratings are tracked and kept updated. Only publicly available credit ratings are used for regulatory risk weighting purpose.

The following tables show the Group's credit exposures for 31 December 2024 compared with 31 December 2023, according to the ratings by ECAIs:

Table 11a: Rated Exposures According to Ratings by External Credit Assessment Institutions (ECAIs) as at 31 December 2024

RHB Bank Group

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	A1 to A3	BBB1 to BB3	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B1 to D	Unrated
	R&I	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
Exposure Class		RM'000	RM'000	RM'000	RM'000	RM'000
On and Off-Balance Sheet Exposures						
Public Sector Entities		493,179	–	–	–	14,603,194
Insurance/Takaful Cos, Securities Firms & Fund Managers		34,403	53,033	–	–	542,218
Corporates		3,690,836	82,881	–	–	10,916,161

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
	R&I	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
Exposure Class		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and Off-Balance Sheet Exposures							
Sovereigns & Central Banks		8,993,865	38,803,208	1,190,502	582,036	170,178	72,379

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
	R&I	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
Exposure Class		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and Off-Balance Sheet Exposures							
Banks, Development Financial Institutions & MDBs		9,975,289	6,816,667	2,256,994	939,138	–	2,261,353

RHB Bank Group

Basel II Pillar 3 Disclosures as at 31 December 2024

6.0 CREDIT RISK (CONTINUED)

6.6 Use of External Ratings (continued)

Table 11b: Rated Exposures According to Ratings by External Credit Assessment Institutions (ECAIs) as at 31 December 2023

RHB Bank Group

Ratings of Corporates by Approved ECAIs Exposure Class	Moody's S&P Fitch RAM MARC R&I	Aaa to Aa3 AAA to AA- AAA to AA- AAA to AA3 AAA to AA- AAA to AA- RM'000	A1 to A3 A+ to A- A+ to A- A1 to A3 A+ to A- A+ to A- RM'000	Baa1 to Ba3 BBB+ to BB- BBB+ to BB- BBB1 to BB3 BBB+ to BB- BBB+ to BB- RM'000	B1 to C B+ to D B+ to D B to D B1 to D B+ to D RM'000	Unrated Unrated Unrated Unrated Unrated Unrated RM'000
<u>On and Off-Balance Sheet Exposures</u>						
Public Sector Entities		505,789	–	–	–	12,530,822
Insurance/Takaful Cos, Securities Firms & Fund Managers		33,824	77,698	–	–	482,631
Corporates		4,251,819	831,747	67,410	–	9,829,054

Ratings of Sovereigns and Central Banks by Approved ECAIs Exposure Class	Moody's S&P Fitch R&I	Aaa to Aa3 AAA to AA- AAA to AA- AAA to AA- RM'000	A1 to A3 A+ to A- A+ to A- A+ to A- RM'000	Baa1 to Baa3 BBB+ to BBB- BBB+ to BBB- BBB+ to BBB- RM'000	Ba1 to B3 BB+ to B- BB+ to B- BB+ to B- RM'000	Caa1 to C CCC+ to D CCC+ to D CCC+ to C RM'000	Unrated Unrated Unrated Unrated RM'000
<u>On and Off-Balance Sheet Exposures</u>							
Sovereigns & Central Banks		9,151,073	31,054,958	1,239,351	945,497	178,323	81,713

Ratings of Banking Institutions by Approved ECAIs Exposure Class	Moody's S&P Fitch RAM MARC R&I	Aaa to Aa3 AAA to AA- AAA to AA- AAA to AA3 AAA to AA- AAA to AA- RM'000	A1 to A3 A+ to A- A+ to A- A1 to A3 A+ to A- A+ to A- RM'000	Baa1 to Baa3 BBB+ to BBB- BBB+ to BBB- BBB1 to BBB3 BBB+ to BBB- BBB+ to BBB- RM'000	Ba1 to B3 BB+ to B- BB+ to B- BB1 to B3 BB+ to B- BB+ to B- RM'000	Caa1 to C CCC+ to D CCC+ to D C1 to D C+ to D CCC+ to C RM'000	Unrated Unrated Unrated Unrated Unrated Unrated RM'000
<u>On and Off-Balance Sheet Exposures</u>							
Banks, Development Financial Institutions & MDBs		8,698,777	5,719,359	2,465,379	462,685	–	2,943,533

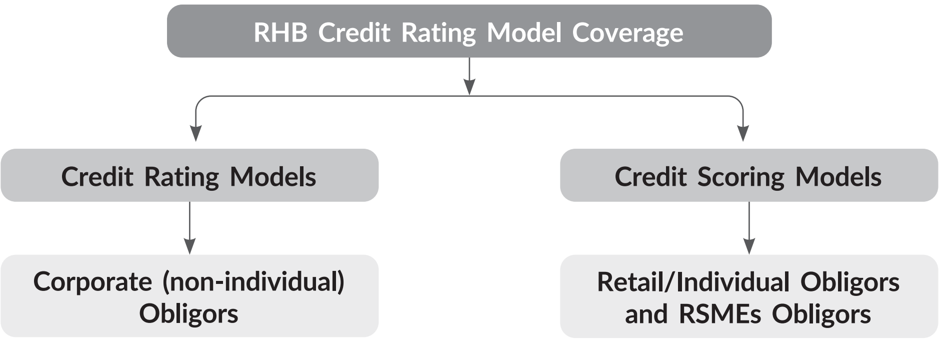
6.0 CREDIT RISK (CONTINUED)

6.7 Internal Credit Rating Models

Internal credit rating models are an integral part of the Group's credit risk management, decision-making process, and regulatory capital calculations. These internal credit rating models are developed by Enterprise Risk Management with active participation by the relevant credit experts from the Group's functional units and/or business units. Group Risk Modelling also continuously explores other techniques or methodologies to enhance the model development process such as implementation of artificial intelligence or machine learning.

Internal rating model development, validation and implementation process have been established to govern the development and validation of rating models and the application of these models. Specifically, all newly developed models prior to implementation, material changes of the rating systems and validation results must be endorsed by GCRC and approved by BRC. All models are also subject to independent validation by Model Risk Management before implementation to ensure that all aspects of the model development process have been satisfied. In addition, the models are also subject to annual validation by Model Risk Management to ensure that all models are performing as expected.

Credit risk/rating models can be broadly classified into:
- Credit Rating Models
- Credit Scoring Models



The credit rating models for corporate (or non-individual) obligors are used to risk rate the creditworthiness of the corporate obligors/guarantors/debt issuers based on their financial standing (such as gearing, expenses and profit) and qualitative aspects (such as management effectiveness and industry environment). Different rating models will be applied subject to the obligor's asset and sales volume to create further risk differentiation.

The credit scoring models are for large volume of exposures that are managed on a portfolio basis, which includes program lending/financing for small and medium-sized enterprises (SMEs). These models are developed through statistical modelling and applied onto the portfolio accordingly. For portfolios where data are readily available or when more granular segmentation is required to support business strategy, more models will be developed and deployed.

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6.0 CREDIT RISK (CONTINUED)

6.7 Internal Credit Rating Models (continued)

Application of Internal Ratings
The three components of risk parameters, i.e. the PD, LGD and EAD are used in variety of applications that measure credit risk across the entire portfolio.

- Credit Approval : PD models are used in the credit approval process in both retail and non-retail portfolios. In high volume retail portfolios, application scorecard, behaviour scorecard and customer centric scorecard are used as one of the risk management tools.
- Policy : Policies are established to govern the use of ratings in credit decisions and monitoring.
- Reporting : Model performance monitoring report is submitted to senior management on periodic basis.
- Capital Management : The capital management and allocation plan takes into consideration the projected RWA computed based on internal rating.
- Risk Limits : The internal ratings are used in establishing the Group's various internal limits (such as industry risk limit).
- Risk Reward and Pricing : PD, EAD and LGD metrics are used to assess profitability of deals to allow for risk-informed pricing considerations and strategic decisions.

F-IRB for Non-Retail Portfolios
The major non-retail portfolios of the Group are on the Foundation Internal Ratings-Based (F-IRB) approach for regulatory capital requirements. Specialised lending/financing uses supervisory slotting criteria. Under this approach, internal rating models are used to estimate the PD for each obligor, while the LGD and EAD parameters are prescribed by BNM. The PD models are developed with a combination of quantitative and qualitative factors.

A-IRB for Retail Portfolios
For regulatory capital requirements, the Group has adopted the Advanced Internal Ratings-Based (A-IRB) approach for the retail portfolios, i.e. residential mortgages/home financing, credit cards, auto loans/financing, commercial property financing, personal financing, ASB financing and RSMEs. The Group is continuously working on migrating its relevant significant portfolio under the Standardised Approach towards IRB compliance. The risk estimates – PD, LGD and EAD; are calibrated for these retail portfolios/pools. In addition, application scorecard, behavioural scorecard and customer centric scorecard are developed and implemented for use in credit approval decision support such as limit setting, credit score cut-off and approval, monitoring and reporting.

The following tables set out:

- Exposures subject to the Supervisory Risk Weights;
- Exposures under the IRB Approach by PD Band, Exposure Weighted Average Loss Given Default (LGD) and Exposure Weighted Average Risk Weights;
- Exposures under the A-IRB Approach by EL Range and Exposure Weighted Average Risk Weights; and
- Exposures under IRB Approach by Actual Losses versus Expected Losses.

6.0 CREDIT RISK (CONTINUED)

6.7 Internal Credit Rating Models (continued)

Table 12a: Exposures Subject to the Supervisory Risk Weights under the IRB Approach as at 31 December 2024

RHB Bank Group	Exposure After Credit Risk Mitigation					
Supervisory Categories	**Strong RM'000**	**Good RM'000**	**Satisfactory RM'000**	**Weak RM'000**	**Default RM'000**	**Total RM'000**
Specialised Lending Exposures						
Project Finance	57,651	1,768,557	646	–	56,792	1,883,646
Income Producing Real Estate	4,257,667	10,235,185	554,956	6,475	88,610	15,142,893
Total Exposures After Credit Risk Mitigation	4,315,318	12,003,742	555,602	6,475	145,402	17,026,539
Total Risk-Weighted Assets	2,380,439	9,026,853	638,942	16,187	–	12,062,421

Table 12b: Exposures Subject to the Supervisory Risk Weights under the IRB Approach as at 31 December 2023

RHB Bank Group	Exposure After Credit Risk Mitigation					
Supervisory Categories	**Strong RM'000**	**Good RM'000**	**Satisfactory RM'000**	**Weak RM'000**	**Default RM'000**	**Total RM'000**
Specialised Lending Exposures						
Project Finance	56,954	1,439,169	62,670	–	3,100	1,561,893
Income Producing Real Estate	2,844,408	8,657,179	576,673	9,466	209,663	12,297,389
Total Exposures After Credit Risk Mitigation	2,901,362	10,096,348	639,343	9,466	212,763	13,859,282
Total Risk-Weighted Assets	1,615,369	7,547,841	735,245	23,666	–	9,922,121

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6.0 CREDIT RISK (CONTINUED)

6.7 Internal Credit Rating Models (continued)

Table 13a: Exposures under the IRB Approach by PD Band, Exposure Weighted Average Loss Given Default (LGD) and Exposure Weighted Average Risk Weights as at 31 December 2024

RHB Bank Group Probability of Default (PD) Range (%)	Exposure At Default After Credit Risk Mitigation RM'000	Exposure Weighted Average LGD %	Exposure Weighted Average Risk Weights %	Undrawn Commitments RM'000
Non Retail Exposures				
Corporate Exposures (excluding exposures with firm size adjustments)				
0 to 1	40,797,250	41.31	51.49	8,648,112
>1 to 4	9,332,840	30.16	74.43	2,412,769
>4 to 12	7,814,401	10.51	36.27	2,831,804
>12 to <100	460,737	41.75	222.28	150,791
Default or 100	1,254,071	43.97	2.10	–
Total Corporate Exposures (excluding exposures with firm size adjustments)	59,659,299			14,043,476
Corporate Exposures (with firm size adjustments)				
0 to 1	19,521,042	37.21	42.49	7,086,657
>1 to 4	8,201,433	33.28	69.71	2,265,638
>4 to 12	2,929,165	36.26	108.91	924,270
>12 to <100	1,838,683	14.68	62.38	497,383
Default or 100	926,771	38.58	11.58	–
Total Corporate Exposures (with firm size adjustments)	33,417,094			10,773,948
Total Non Retail Exposures	93,076,393			24,817,424
Retail Exposures				
Residential Mortgages/Financing Exposures				
0 to 3	77,412,302	16.66	10.47	4,019,848
>3 to 10	2,313,760	16.62	48.95	107,553
>10 to 20	575,150	16.58	79.35	1,025
>20 to <100	2,118,790	16.63	88.56	4,641
Default or 100	1,109,967	16.52	64.28	12,100
Total Residential Mortgages/Financing Exposures	83,529,969			4,145,167

6.0 CREDIT RISK (CONTINUED)

6.7 Internal Credit Rating Models (continued)

Table 13a: Exposures under the IRB Approach by PD Band, Exposure Weighted Average Loss Given Default (LGD) and Exposure Weighted Average Risk Weights as at 31 December 2024 (continued)

RHB Bank Group Probability of Default (PD) Range (%)	Exposure At Default After Credit Risk Mitigation RM'000	Exposure Weighted Average LGD %	Exposure Weighted Average Risk Weights %	Undrawn Commitments RM'000
Retail Exposures (continued)				
Qualifying Revolving Retail Exposures				
0 to 3	2,828,411	59.54	22.97	4,910,867
>3 to 10	1,221,951	57.78	68.04	512,779
>10 to 20	245,306	54.71	116.04	73,953
>20 to <100	97,303	54.49	155.18	20,928
Default or 100	90,588	48.66	138.63	–
Total Qualifying Revolving Retail Exposures	4,483,559			5,518,527
Hire Purchase Exposures				
0 to 3	11,241,519	44.06	28.67	–
>3 to 10	224,725	45.88	72.85	–
>10 to 20	190,470	45.08	100.00	–
>20 to <100	39,958	45.39	106.12	–
Default or 100	58,888	45.69	41.06	–
Total Hire Purchase Exposures	11,755,560			–
Other Retail Exposures				
0 to 3	37,078,171	20.58	16.63	11,938,150
>3 to 10	6,540,818	23.37	34.60	205,786
>10 to 20	1,084,855	33.02	60.89	26,498
>20 to <100	1,294,052	28.59	68.64	47,043
Default or 100	1,922,644	31.32	48.17	26,398
Total Other Retail Exposures	47,920,540			12,243,875
Total Retail Exposures	147,689,628			21,907,569
Total Non Retail & Retail Exposures under IRB Approach	240,766,021			46,724,993

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6.0 CREDIT RISK (CONTINUED)

6.7 Internal Credit Rating Models (continued)

Table 13b: Exposures under the IRB Approach by PD Band, Exposure Weighted Average Loss Given Default (LGD) and Exposure Weighted Average Risk Weights as at 31 December 2023

RHB Bank Group Probability of Default (PD) Range (%)	Exposure At Default After Credit Risk Mitigation RM'000	Exposure Weighted Average LGD %	Exposure Weighted Average Risk Weights %	Undrawn Commitments RM'000
<u>Non Retail Exposures</u>				
Corporate Exposures (excluding exposures with firm size adjustments)				
0 to 1	39,730,983	41.59	51.37	8,274,520
>1 to 4	7,070,731	35.19	86.94	1,931,438
>4 to 12	10,016,730	7.95	29.38	2,773,607
>12 to <100	545,462	43.33	228.89	145,387
Default or 100	1,324,607	43.32	1.14	–
Total Corporate Exposures (excluding exposures with firm size adjustments)	58,688,513			13,124,952
Corporate Exposures (with firm size adjustments)				
0 to 1	16,852,073	36.48	42.51	5,742,950
>1 to 4	8,516,834	34.26	70.54	2,324,765
>4 to 12	2,701,407	32.71	97.90	1,076,491
>12 to <100	780,884	33.86	139.87	196,049
Default or 100	1,265,213	31.72	9.17	–
Total Corporate Exposures (with firm size adjustments)	30,116,411			9,340,255
Total Non Retail Exposures	88,804,924			22,465,207
<u>Retail Exposures</u>				
Residential Mortgages/Financing Exposures				
0 to 3	70,272,600	16.63	10.77	3,510,025
>3 to 10	2,306,880	16.55	48.88	175,795
>10 to 20	515,965	16.59	79.17	735
>20 to <100	1,970,236	16.61	87.80	6,387
Default or 100	1,213,526	16.60	82.20	9,230
Total Residential Mortgages/Financing Exposures	76,279,207			3,702,172

6.0 CREDIT RISK (CONTINUED)

6.7 Internal Credit Rating Models (continued)

Table 13b: Exposures under the IRB Approach by PD Band, Exposure Weighted Average Loss Given Default (LGD) and Exposure Weighted Average Risk Weights as at 31 December 2023 (continued)

RHB Bank Group Probability of Default (PD) Range (%)	Exposure At Default After Credit Risk Mitigation RM'000	Exposure Weighted Average LGD %	Exposure Weighted Average Risk Weights %	Undrawn Commitments RM'000
Retail Exposures (continued)				
Qualifying Revolving Retail Exposures				
0 to 3	2,426,925	59.52	23.37	4,239,740
>3 to 10	1,117,120	57.77	67.90	492,029
>10 to 20	223,796	55.05	115.40	64,485
>20 to <100	97,876	54.44	154.55	20,185
Default or 100	95,626	49.21	123.70	–
Total Qualifying Revolving Retail Exposures	3,961,343			4,816,439
Hire Purchase Exposures				
0 to 3	9,977,589	44.00	28.49	–
>3 to 10	220,311	45.79	72.72	–
>10 to 20	174,691	45.01	99.81	–
>20 to <100	42,940	45.27	105.87	–
Default or 100	69,009	45.33	42.35	–
Total Hire Purchase Exposures	10,484,540			–
Other Retail Exposures				
0 to 3	39,834,943	20.43	16.50	13,466,254
>3 to 10	6,947,830	23.76	35.25	231,424
>10 to 20	1,101,530	35.20	64.79	31,954
>20 to <100	1,351,970	27.66	66.23	48,821
Default or 100	1,830,628	32.36	44.63	25,295
Total Other Retail Exposures	51,066,901			13,803,748
Total Retail Exposures	141,791,991			22,322,359
Total Non Retail & Retail Exposures under IRB Approach	230,596,915			44,787,566

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6.0 CREDIT RISK (CONTINUED)

6.7 Internal Credit Rating Models (continued)

Table 14a: Exposures under the A-IRB Approach by EL Range and Exposure Weighted Average Risk Weights as at 31 December 2024

RHB Bank Group Expected Losses (EL) Range (%)	Exposure At Default After Credit Risk Mitigation RM'000	Exposure Weighted Average Risk Weights %	Undrawn Commitments RM'000
Retail Exposures			
Residential Mortgages/Financing Exposures			
0 to 1	79,773,369	11.78	4,134,819
>1 to 10	2,709,607	97.94	9,858
>10 to <100	964,178	23.85	448
100	82,815	0.00	42
Total Residential Mortgages/Financing Exposures	83,529,969		4,145,167
Qualifying Revolving Retail Exposures			
0 to 1	2,550,487	21.46	4,660,671
>1 to 10	1,735,477	69.38	831,947
>10 to <100	197,593	147.20	25,909
100	2	0.00	–
Total Qualifying Revolving Retail Exposures	4,483,559		5,518,527
Hire Purchase Exposures			
0 to 1	11,005,034	27.94	–
>1 to 10	651,702	77.05	–
>10 to <100	91,728	72.44	–
100	7,096	0.00	–
Total Hire Purchase Exposures	11,755,560		–
Other Retail Exposures			
0 to 1	41,124,834	16.02	12,077,877
>1 to 10	4,409,339	70.62	129,774
>10 to <100	1,924,041	62.52	35,839
100	462,326	0.00	385
Total Other Retail Exposures	47,920,540		12,243,875
Total Retail Exposures	147,689,628		21,907,569

6.0 CREDIT RISK (CONTINUED)

6.7 Internal Credit Rating Models (continued)

Table 14b: Exposures under the A-IRB Approach by EL Range and Exposure Weighted Average Risk Weights as at 31 December 2023

RHB Bank Group Expected Losses (EL) Range (%)	Exposure At Default After Credit Risk Mitigation RM'000	Exposure Weighted Average Risk Weights %	Undrawn Commitments RM'000
Retail Exposures			
Residential Mortgages/Financing Exposures			
0 to 1	72,541,704	12.01	3,688,954
>1 to 10	2,763,853	104.82	12,049
>10 to <100	893,311	24.92	694
100	80,339	0.00	475
Total Residential Mortgages/Financing Exposures	76,279,207		3,702,172
Qualifying Revolving Retail Exposures			
0 to 1	2,161,822	21.73	3,997,196
>1 to 10	1,599,702	69.09	795,462
>10 to <100	199,815	139.47	23,781
100	4	0.00	–
Total Qualifying Revolving Retail Exposures	3,961,343		4,816,439
Hire Purchase Exposures			
0 to 1	9,747,919	27.69	–
>1 to 10	624,672	76.46	–
>10 to <100	97,472	76.62	–
100	14,477	0.00	–
Total Hire Purchase Exposures	10,484,540		–
Other Retail Exposures			
0 to 1	44,195,808	15.82	13,644,807
>1 to 10	4,593,136	71.50	120,832
>10 to <100	1,867,889	62.74	37,645
100	410,068	0.00	464
Total Other Retail Exposures	51,066,901		13,803,748
Total Retail Exposures	141,791,991		22,322,359

RHB Bank Group

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6.0 CREDIT RISK (CONTINUED)

6.7 Internal Credit Rating Models (continued)

Table 15: Exposures under IRB Approach by Actual Losses versus Expected Losses

RHB Bank Group Exposure Class	Actual Losses as at 31 December 2024 RM'000	Expected Losses as at 31 December 2023 RM'000	Actual Losses as at 31 December 2023 RM'000	Expected Losses as at 31 December 2022 RM'000
Corporates, of which				
Corporate Exposures (excluding exposures with firm size adjustments)	**7,166**	**214,055**	25,527	161,401
Corporate Exposures (with firm size adjustments)	**28,896**	**206,255**	126,428	258,256
Specialised Lending Exposures (Slotting Approach)				
Project Finance	**9,603**	**8,173**	–	14,800
Income Producing Real Estate	**198**	**63,773**	–	55,938
Retail, of which				
Residential Mortgages/Financing Exposures	**89,180**	**196,646**	96,931	155,630
Qualifying Revolving Retail Exposures	**41,966**	**80,261**	49,094	73,151
Hire Purchase Exposures	**34,270**	**57,990**	38,115	54,269
Other Retail Exposures	**314,883**	**346,027**	351,894	341,111
Total	**526,162**	**1,173,180**	687,989	1,114,556

Actual losses are derived from impairment allowances and write-offs during the year, while expected losses (EL) measures the loss expected from the Group's credit exposures as at 31 December of the preceding year.

A comparison of actual losses and EL provides some insight of the predictive power of the IRB approach models used by the Group; however the two metrics are not directly comparable due to the differences in methodology. In particular, the EL used in this comparison is the forecast credit loss from the counterparty defaults of the Group's exposures over a one-year period and is computed as the product of PD, LGD and EAD for the Group's exposures as at 31 December of the preceding year.

6.0 CREDIT RISK (CONTINUED)

6.7 Internal Credit Rating Models (continued)

The following tables show the credit risk mitigation of portfolios under the Standardised Approach and IRB Approach respectively as at 31 December 2024 compared with 31 December 2023:

Table 16a: Credit Risk Mitigation of Portfolios under the Standardised Approach as at 31 December 2024

RHB Bank Group Exposure Class	Gross Exposures Before Credit Risk Mitigation RM'000	Gross Exposures Covered by Guarantees/ Credit Derivatives RM'000	Gross Exposures Covered by Eligible Financial Collateral RM'000
On-Balance Sheet Exposures			
Sovereigns & Central Banks	43,492,456	–	–
Public Sector Entities	13,175,536	12,503,703	2,600
Banks, Development Financial Institutions & MDBs	18,347,570	174,791	–
Insurance/Takaful Cos, Securities Firms & Fund Managers	550,843	–	–
Corporates	13,832,113	856,302	1,953,918
Regulatory Retail	12,893,888	115,450	998,632
Residential Mortgages/Financing	950,425	–	9,874
Higher Risk Assets	875,588	–	–
Other Assets	5,609,374	–	–
Equity Exposures	860,825	–	–
Defaulted Exposures	730,966	15,022	2,382
Total On-Balance Sheet Exposures	**111,319,584**	**13,665,268**	**2,967,406**
Off-Balance Sheet Exposures			
OTC Derivatives	4,316,537	–	412,711
Off-balance sheet exposures other than OTC derivatives or credit derivatives	20,990,986	2,209,798	9,827,846
Defaulted Exposures	17,332	15,918	312
Total Off-Balance Sheet Exposures	**25,324,855**	**2,225,716**	**10,240,869**
Total On and Off-Balance Sheet Exposures	**136,644,439**	**15,890,984**	**13,208,275**

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6.0 CREDIT RISK (CONTINUED)

6.7 Internal Credit Rating Models (continued)

Table 16b: Credit Risk Mitigation of Portfolios under the Standardised Approach as at 31 December 2023

RHB Bank Group Exposure Class	Gross Exposures Before Credit Risk Mitigation RM'000	Gross Exposures Covered by Guarantees/ Credit Derivatives RM'000	Gross Exposures Covered by Eligible Financial Collateral RM'000
On-Balance Sheet Exposures			
Sovereigns & Central Banks	42,343,480	–	–
Public Sector Entities	11,413,811	10,738,587	71,600
Banks, Development Financial Institutions & MDBs	17,295,079	180,166	–
Insurance/Takaful Cos, Securities Firms & Fund Managers	575,090	–	–
Corporates	14,462,776	319,523	1,560,494
Regulatory Retail	12,186,709	243,550	888,644
Residential Mortgages/Financing	761,249	–	10,887
Higher Risk Assets	736,080	–	–
Other Assets	5,483,948	–	–
Equity Exposures	825,539	–	–
Defaulted Exposures	707,408	12,407	101,786
Total On-Balance Sheet Exposures	106,791,169	11,494,233	2,633,411
Off-Balance Sheet Exposures			
OTC Derivatives	2,366,804	–	278,504
Off-balance sheet exposures other than OTC derivatives or credit derivatives	14,346,474	1,833,994	9,414,220
Defaulted Exposures	16,642	16,195	162
Total Off-Balance Sheet Exposures	16,729,920	1,850,189	9,692,886
Total On and Off-Balance Sheet Exposures	123,521,089	13,344,422	12,326,297

6.0 CREDIT RISK (CONTINUED)

6.7 Internal Credit Rating Models (continued)

Table 17a: Credit Risk Mitigation of Portfolios under the IRB Approach as at 31 December 2024

RHB Bank Group Exposure Class	Gross Exposures Before Credit Risk Mitigation RM'000	Gross Exposures Covered by Guarantees/ Credit Derivatives RM'000	Gross Exposures Covered by Eligible Financial Collateral RM'000	Gross Exposures Covered by Other Eligible Collateral RM'000
<u>On-Balance Sheet Exposures</u>				
Corporates, of which	96,544,898	25,762,308	3,445,328	18,221,292
Corporate Exposures (excluding exposures with firm size adjustments)	48,827,817	18,892,072	685,006	5,522,400
Corporate Exposures (with firm size adjustments)	28,335,502	3,010,928	2,760,322	12,698,892
Specialised Lending Exposures (Slotting Approach)				
Project Finance	2,156,613	531,882	–	–
Income Producing Real Estate	17,224,966	3,327,426	–	–
Retail, of which	127,683,124	132,483	5,943,340	91,010,299
Residential Mortgages/Financing Exposures	78,286,935	–	–	78,116,602
Qualifying Revolving Retail Exposures	2,487,392	–	–	–
Hire Purchase Exposures	11,696,672	–	–	–
Other Retail Exposures	35,212,125	132,483	5,943,340	12,893,697
Defaulted Exposures	5,445,512	244,325	15,550	1,861,175
Total On-Balance Sheet Exposures	229,673,534	26,139,116	9,404,218	111,092,766
<u>Off-Balance Sheet Exposures</u>				
OTC Derivatives	505,712	–	2,553	–
Off-balance sheet exposures other than OTC derivatives or credit derivatives	27,550,495	2,138,791	806,775	13,749,188
Defaulted Exposures	62,819	3,878	2,130	34,684
Total Off-Balance Sheet Exposures	28,119,026	2,142,669	811,458	13,783,872
Total On and Off-Balance Sheet Exposures	257,792,560	28,281,785	10,215,676	124,876,638

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6.0 CREDIT RISK (CONTINUED)

6.7 Internal Credit Rating Models (continued)

Table 17b: Credit Risk Mitigation of Portfolios under the IRB Approach as at 31 December 2023

RHB Bank Group Exposure Class	Gross Exposures Before Credit Risk Mitigation RM'000	Gross Exposures Covered by Guarantees/ Credit Derivatives RM'000	Gross Exposures Covered by Eligible Financial Collateral RM'000	Gross Exposures Covered by Other Eligible Collateral RM'000
<u>On-Balance Sheet Exposures</u>				
Corporates, of which	90,217,254	23,567,625	3,027,241	17,859,322
Corporate Exposures (excluding exposures with firm size adjustments)	49,896,406	18,719,200	1,071,476	5,059,491
Corporate Exposures (with firm size adjustments)	25,511,065	2,811,933	1,955,765	12,799,831
Specialised Lending Exposures (Slotting Approach)				
Project Finance	1,954,962	488,861	–	–
Income Producing Real Estate	12,854,821	1,547,631	–	–
Retail, of which	120,920,087	154,833	6,277,641	85,086,578
Residential Mortgages/Financing Exposures	71,372,738	–	–	71,194,790
Qualifying Revolving Retail Exposures	2,200,761	–	–	–
Hire Purchase Exposures	10,415,530	–	–	–
Other Retail Exposures	36,931,058	154,833	6,277,641	13,891,788
Defaulted Exposures	5,945,841	225,057	250,852	2,086,264
Total On-Balance Sheet Exposures	217,083,182	23,947,515	9,555,734	105,032,164
<u>Off-Balance Sheet Exposures</u>				
OTC Derivatives	589,647	–	1,414	–
Off-balance sheet exposures other than OTC derivatives or credit derivatives	26,717,837	1,785,071	862,960	14,562,318
Defaulted Exposures	65,531	–	5,959	32,645
Total Off-Balance Sheet Exposures	27,373,015	1,785,071	870,333	14,594,963
Total On and Off-Balance Sheet Exposures	244,456,197	25,732,586	10,426,067	119,627,127

6.0 CREDIT RISK (CONTINUED)

6.8 Impairment Allowances for Loans/Financing

The Group adopts BNM's guidelines on Financial Reporting. The principles in these guidelines are in line with the Malaysian Financial Reporting Standards 9 (MFRS 9), which is in compliance with the International Financial Reporting Standards framework.

MFRS 9 impairment model requires the recognition of expected credit loss (ECL) for all financial assets, except for financial assets classified or designated as Fair Value Through Profit & Loss or FVTPL and equity securities classified under Fair Value through Other Comprehensive Income or FVOCI, which are not subject to impairment assessment. Off-balance sheet items that are subject to ECL include financial guarantees and undrawn loan commitments.

MFRS 9 does not distinguish between individual assessment and collective assessment. The Group first assess whether objective evidence of impairment exists for financial assets which are individually significant. If the Group determine that objective evidence of impairment exists, i.e. credit impaired, for an individually assessed financial asset, a lifetime ECL will be recognised for impairment loss which has been incurred. Financial assets which are individually significant but non-impaired and not individually significant are grouped on the basis of similar credit risk characteristics (such as credit quality, instrument type, credit risk ratings, credit utilisation, level of collateralisation and other relevant factors) for collective assessment. Collectively, the individual assessment allowance and collective assessment allowance form the total expected credit allowance for the Group.

ECL will be assessed using an approach which classifies financial assets into three stages which reflects the change in credit quality of the financial assets since initial recognition:

Stage 1: 12 months ECL – not credit impaired
For credit exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the ECL associated with the probability of default events occurring within the next 12 months will be recognised.

Stage 2: Lifetime ECL – not credit impaired
For credit exposures where there has been a significant increase in credit risk since initial recognition and that are not credit impaired, the ECL associated with the probability of default events occurring within the lifetime ECL will be recognised.

Stage 3: Lifetime ECL – credit impaired
Financial assets are assessed as credit impaired when one or more objective evidence of defaults that have a detrimental impact on the estimated future cashflows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL will be recognised.

The changes in ECL between two-periods will be recognised in profit and loss.

The assessment of significant deterioration in credit risk since initial recognition is key in establishing the point of switching between the requirement to measure an allowance based on 12-month ECL and one that is based on lifetime ECL. The quantitative and qualitative assessments are required to estimate the significant increase in credit risk by comparing the risk of a default occurring on the financial assets as at reporting date with the risk of default occurring on the financial assets as at the date of initial recognition. The assessment of credit risk, as well as the estimation of ECL, are required to be unbiased, probability weighted and should incorporate all available information which is relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. The measurement of ECL is based on the discounted products of the PD, LGD and EAD models. Certain ECL models are leveraging on the existing Group's Basel II Internal Ratings-Based model, where feasible or available, with necessary adjustment to meet MFRS 9 requirements.

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6.0 CREDIT RISK (CONTINUED)

6.8 Impairment Allowances for Loans/Financing (continued)

Individual Assessment - Impairment Triggers

The borrower/customer assessed under Impairment Allowances (IA) shall be classified as impaired under any one of the following situations:

1. When the principal or interest/profit or both, of any facility(s) of the borrower/customer is past due for 90 days or 3 months and above.
2. In the case of revolving facilities (e.g. overdraft facilities), the borrower/customer of the facility shall be classified as impaired where the outstanding amount has remained in excess of the approved limit for 90 days or 3 months and above.
3. Where the amount is past due or the outstanding amount has been in excess of the approved limit for less than 90 days or 3 months, the loan/financing exhibits weaknesses (refer to impairment trigger) that would render it to be classified as impaired.
4. Where repayments of the loans/financing are scheduled on intervals of 3 months or longer, the borrower/customer is classified as impaired as soon as a default occurs.
5. Upon occurrence of any one Mandatory Status Triggers (MSTs), both Ancillary Status Trigger (AST) 1 and AST 4 or any three ASTs and above. These MSTs and ASTs are pre-defined trigger events approved by the Group to facilitate impairment classification.
6. In the case of share margin facilities, the borrower/customer shall be classified as impaired where the force selling ratio is triggered and after a period of time after force selling has commenced or where margin of finance exceeds the pre-set threshold.

Note:
For R&R facilities, the customer shall be classified as impaired in accordance with paras 1 to 4 above based on the revised or restructured terms.

Individual Impairment Provisions

Borrowers/customers under individual assessment and triggered either by any one MSTs, both AST 1 and AST 4, or any 3 ASTs and above will be classified as impaired. Consequently, impairment assessment is to be carried out on these impaired borrowers/customers, based on reasonable and well documented estimates of the future cashflows/realisations of collateral that is expected to recover from the impaired borrowers/customers i.e. net present value of future cashflows are discounted based on original effective interest/profit rates and compared against carrying amount. Any impairment on the shortfalls will be provided in full immediately.

Re-classification and Write Back of Impairment Provision

An impaired borrower/customer may be re-classified as a non-impaired status under the following situations:

1. When the loan/financing repayment of the impaired borrower/customer has improved with the principal or interest/profit or both, of its facilities with the Group being past due less than 90 days or 3 months.
2. Where the borrower/customer exhibits weakness(es) that render it to be classified as impaired, even though the loan/financing is past-due less than 90 days or 3 months, such borrowers may be reclassified as non-impaired status when these weaknesses have been subsequently addressed or resolved.
3. Where the borrower/customer has been individually assessed as impaired due to either any one MSTs, both AST 1 and AST 4, or any three ASTs and above, the borrower/customer may be reclassified as non-impaired status when these triggers have since been addressed and resolved.
4. For borrower with R&R facilities - when the borrower has complied with the revised repayment terms under cooling period requirement.
5. When the margin account's equity exceeds 130% of the outstanding balance, as determined in accordance with Chapter 7 Rule 7.30 of Bursa Malaysia Securities Berhad at the end of the calendar month of that occurring.

6.0 CREDIT RISK (CONTINUED)

6.8 Impairment Allowances for Loans/Financing (continued)

Write-Off of Impaired Loans/Financing

The policy of writing off impaired loans/financial assets is intended to provide a timely and consistent methodology for loans/financial assets to be written off, and to reflect the true value of assets in the books of the Bank.

1. All impaired loans/financial assets which are deemed irrecoverable, worthless, slim in prospect of recovery, or under approved composite settlement schemes, may be recommended for write-off.
2. Accelerated write-off based on time based approach is allowed for Retail and programmed lending impaired loans/financial assets.
3. Partial write-offs of impaired loans/financial assets is permitted for the shortfall portion in outstanding balance over the security value which is uncollectible and worthless; and the Bank is in the final stage of realising the security/collateral; or in the case of approved settlement arrangement, the waiver portion.

The following tables show RHB Bank Group's impaired and past due loans/financing and allowance for credit losses by industry sector as at 31 December 2024 compared with 31 December 2023:

Table 18a: Impaired and Past Due Loans/Financing and Allowance for Credit Losses by Industry Sector as at 31 December 2024

RHB Bank Group Industry Sector	Impaired Loans and Advances/ Financing RM'000	Past Due Loans/ Financing RM'000	Allowance for Credit Losses RM'000
Agriculture	51,993	8,782	28,637
Mining & Quarrying	3,498	15,626	2,794
Manufacturing	342,422	198,671	260,557
Electricity, Gas & Water Supply	9,384	2	21,968
Construction	460,804	172,454	251,619
Wholesale, Retail Trade, Restaurants & Hotels	765,568	494,040	458,413
Transport, Storage & Communication	90,144	35,559	123,095
Finance, Insurance/Takaful, Real Estate & Business	389,660	269,329	377,298
Education, Health & Others	120,701	78,973	29,143
Household	1,205,944	5,717,996	969,204
Others	47,090	320,113	217,296
Total	**3,487,208**	**7,311,545**	**2,740,024**

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6.0 CREDIT RISK (CONTINUED)

6.8 Impairment Allowances for Loans/Financing (continued)

Table 18b: Impaired and Past Due Loans/Financing and Allowance for Credit Losses by Industry Sector as at 31 December 2023

RHB Bank Group Industry Sector	Impaired Loans and Advances/ Financing RM'000	Past Due Loans/ Financing RM'000	Allowance for Credit Losses RM'000
Agriculture	49,276	48,610	38,510
Mining & Quarrying	20,314	1,749	1,600
Manufacturing	265,367	130,484	242,008
Electricity, Gas & Water Supply	7,833	479	8,403
Construction	551,833	168,324	294,180
Wholesale, Retail Trade, Restaurants & Hotels	654,989	432,586	477,742
Transport, Storage & Communication	508,571	38,127	159,750
Finance, Insurance/Takaful, Real Estate & Business	520,335	225,402	339,310
Education, Health & Others	141,733	154,051	37,857
Household	1,104,119	5,510,703	1,035,009
Others	54,907	502,444	148,226
Total	3,879,277	7,212,959	2,782,595

The following table shows the net charges/(write back) and write-offs for loans/financing impairment by industry sector as at 31 December 2024 compared with 31 December 2023:

Table 19: Net Charges/(Write back) and Write-Offs for Loans/Financing Impairment by Industry Sector

RHB Bank Group	Twelve Months Period Ended 2024		Twelve Months Period Ended 2023	
Industry Sector	Net Charges/ (Write back) for Lifetime ECL Credit Impaired (Stage 3) RM'000	Write-Offs for Lifetime ECL Credit Impaired (Stage 3) RM'000	Net Charges/ (Write back) for Lifetime ECL Credit Impaired (Stage 3) RM'000	Write-Offs for Lifetime ECL Credit Impaired (Stage 3) RM'000
Agriculture	**4,594**	**(17,522)**	17,366	(3,726)
Mining & Quarrying	**954**	**(428)**	295	–
Manufacturing	**81,935**	**(28,298)**	74,598	(67,256)
Electricity, Gas & Water Supply	**5,264**	**(137)**	1,110	(3,372)
Construction	**29,115**	**(78,808)**	59,761	(18,187)
Wholesale, Retail Trade, Restaurants & Hotels	**134,248**	**(135,948)**	229,155	(120,078)
Transport, Storage & Communication	**(76,788)**	**(15,641)**	104,714	(5,456)
Finance, Insurance/Takaful, Real Estate & Business	**17,824**	**(26,714)**	103,617	(79,890)
Education, Health & Others	**(3,208)**	**(5,479)**	(11,835)	(755,670)
Household	**314,683**	**(336,880)**	373,331	(378,969)
Others	**1,782**	**(2,487)**	(15,373)	(757)
Total	**510,403**	**(648,342)**	936,739	(1,433,361)

6.0 CREDIT RISK (CONTINUED)

6.8 Impairment Allowances for Loans/Financing (continued)

The following tables show RHB Bank Group's Impaired and Past Due Loans/Financing and Allowance for Credit Losses by Geographical Distribution as at 31 December 2024 compared with 31 December 2023:

Table 20a: Impaired and Past Due Loans/Financing and Allowance for Credit Losses by Geographical Distribution as at 31 December 2024

RHB Bank Group Geographical Distribution	Impaired Loans and Advances/ Financing RM'000	Past Due Loans/ Financing RM'000	Allowance for Credit Losses RM'000
Malaysia	**2,431,036**	**6,418,648**	**2,147,969**
Labuan Offshore	**–**	**–**	**5,077**
Singapore	**219,625**	**279,145**	**199,215**
Thailand	**445,703**	**–**	**314,620**
Brunei	**4,078**	**30,804**	**2,101**
Cambodia	**386,766**	**503,335**	**64,999**
Lao	**–**	**79,613**	**6,043**
Total	**3,487,208**	**7,311,545**	**2,740,024**

Table 20b: Impaired and Past Due Loans/Financing and Allowance for Credit Losses by Geographical Distribution as at 31 December 2023

RHB Bank Group Geographical Distribution	Impaired Loans and Advances/ Financing RM'000	Past Due Loans/ Financing RM'000	Allowance for Credit Losses RM'000
Malaysia	2,882,420	6,128,255	2,201,301
Labuan Offshore	–	–	6,460
Singapore	299,194	441,794	207,765
Thailand	344,852	62,878	287,975
Brunei	4,048	31,536	1,234
Cambodia	342,842	453,490	61,191
Lao	5,921	95,006	16,669
Total	3,879,277	7,212,959	2,782,595

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6.0 CREDIT RISK (CONTINUED)

6.8 Impairment Allowances for Loans/Financing (continued)

The following tables show RHB Bank Group's Movement in Loans/Financing Allowance for Credit Losses as at 31 December 2024 compared with 31 December 2023:

Table 21a: Movement in Loans/Financing Allowance for Credit Losses as at 31 December 2024

RHB Bank Group	12-month ECL (Stage 1) RM'000	Lifetime ECL Not Credit Impaired (Stage 2) RM'000	Lifetime ECL Credit Impaired (Stage 3) RM'000	Total RM'000
Balance as at the beginning of the financial year	691,260	706,389	1,384,946	2,782,595
Changes due to financial assets recognised in the opening balance that have been:				
– Transferred to 12-month ECL (Stage 1)	223,174	(183,709)	(39,465)	–
– Transferred to Lifetime ECL not credit impaired (Stage 2)	(33,719)	209,889	(176,170)	–
– Transferred to Lifetime ECL credit impaired (Stage 3)	(10,170)	(81,073)	91,243	–
	179,285	(54,893)	(124,392)	–
Changes in credit risk	(140,541)	39,086	745,417	643,962
Purchases and origination	134,124	99,666	26,862	260,652
Bad debts written off	–	–	(648,342)	(648,342)
Changes to model methodologies	(7,591)	–	–	(7,591)
Derecognition	(45,872)	(65,946)	(137,484)	(249,302)
Disposal of a subsidiary	–	–	(3,182)	(3,182)
Exchange differences	(7,536)	(3,129)	(8,547)	(19,212)
Other movements	–	–	(19,556)	(19,556)
Balance as at the end of the financial year	803,129	721,173	1,215,722	2,740,024

Table 21b: Movement in Loans/Financing Allowance for Credit Losses as at 31 December 2023

RHB Bank Group	12-month ECL (Stage 1) RM'000	Lifetime ECL Not Credit Impaired (Stage 2) RM'000	Lifetime ECL Credit Impaired (Stage 3) RM'000	Total RM'000
Balance as at the beginning of the financial year	846,101	1,055,527	1,808,374	3,710,002
Changes due to financial assets recognised in the opening balance that have been:				
– Transferred to 12-month ECL (Stage 1)	184,876	(159,840)	(25,036)	–
– Transferred to Lifetime ECL not credit impaired (Stage 2)	(34,939)	86,407	(51,468)	–
– Transferred to Lifetime ECL credit impaired (Stage 3)	(11,531)	(123,915)	135,446	–
	138,406	(197,348)	58,942	–
Changes in credit risk	(328,330)	(154,670)	912,730	429,730
Purchases and origination	127,406	95,457	66,119	288,982
Bad debts written off	–	–	(1,433,361)	(1,433,361)
Changes to model methodologies	(49,488)	(20,304)	761	(69,031)
Derecognition	(45,551)	(72,541)	(101,813)	(219,905)
Exchange differences	2,716	268	39,357	42,341
Other movements	–	–	33,837	33,837
Balance as at the end of the financial year	691,260	706,389	1,384,946	2,782,595

7.0 MARKET RISK

Market risk is the risk of losses arising from adverse movements in market indicators, such as interest/profit rates, credit spreads, equity prices, currency exchange rates and commodity prices. Under this definition, market risk will constitute:

- the interest/profit rate and equity risks pertaining to financial instruments in the trading book; and
- foreign exchange risk and commodities risk in the trading and banking books.

The Group transacts in financial instruments such as debt papers and derivative instruments such as futures, forwards, swaps, and options. Derivative instruments are contracts whose characteristics and value are derived from the underlying assets which may include interest/profit rates, exchange rates, debt securities, equities, indices and commodities.

The Group Market Risk Management within Group Risk Management is the working level that forms a centralised function to support senior management in the development of market risk framework, risk limits, operationalise the processes and implement measurement methodologies to ensure adequate risk control and oversight are in place. The main responsibility of managing market risk as the first line of defence remains at the respective business units.

The Group Asset and Liability Committee (Group ALCO), GCRC and IBRMC perform a critical role in the management of market risk and support the board committees in the overall market risk management. The management committees meet regularly and serve as the forum where strategic and tactical decisions are made for the management of market risk; this includes the development of the Group's market risk strategy, market risk management structure and the policies as well as measurement techniques to be put in place.

The Group has established Group Trading Book Policy Statement, frameworks and risk limits as guidance for market risk management. These documents are reviewed regularly and/or upon change in significant event that has a material impact on policy compliance or regulatory changes.

Market Risk Measurement and Control

The Group applies risk monitoring and assessment tools to measure trading book positions and market risk factors. Statistical and non-statistical risk assessment tools applied include Value-at-Risk (VaR), sensitivity analysis and stress testing.

The Group adopts a systematic approach in managing these risks by types of instruments and nature of exposure. Market risk is primarily monitored and controlled via a structure of limits and triggers i.e. cut loss, VaR, trading and notional limit set in accordance with the size of positions and risk tolerance appetites. In addition, the Group conducts periodic stress testing of its respective portfolios to ascertain market risk under abnormal market conditions.

Market Risk Monitoring and Reporting

For effective control of market risk, defined management action triggers and risk limits are established and actively monitored. Only authorised trading activities can be undertaken by the authorised/relevant business units within the allocated limits. All trading positions are monitored independently on a daily basis and in accordance with the established escalation procedures and the key actions to be undertaken. Market risk exposure reports are presented to the senior management, relevant committees and the Board.

Hedging Activities

Hedging activities designated for hedge accounting are governed by the Group's Hedging Policy which prescribes the overall hedging activities that can be executed by the Group along with the subsequent control procedures, such as effectiveness measurement and reporting to Group ALCO. Hedging instruments used to mitigate these risks include options, futures, forwards and swaps that are approved by the Board. Execution of the hedging is carried out by the relevant division through the Group's treasury functions with the approval of Group ALCO.

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7.0 MARKET RISK (CONTINUED)

Capital Treatment for Market Risk

The Group applies the Standardised Approach to calculate market risk capital requirements in accordance with BNM's Guideline. The market risk-weighted assets and the corresponding capital requirements for RHB Bank Group, RHB Bank, RHB Islamic Bank and RHB Investment Bank as at 31 December 2024 and 31 December 2023 are shown in the tables below:

Table 22a: Market Risk-Weighted Assets and Minimum Capital Requirements as at 31 December 2024

RHB Bank Group Market Risk	Long Position RM'000	Short Position RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirements RM'000
Interest Rate Risk/Profit Rate Risk	271,049,793	267,429,322	4,536,244	362,900
Equity Position Risk	164,506	150,039	51,885	4,151
Foreign Currency Risk	1,062,207	406,722	1,024,165	81,933
Options Risk	204,617	169,741	64,924	5,194
Total			5,677,218	454,178

RHB Bank Market Risk	Long Position RM'000	Short Position RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirements RM'000
Interest Rate Risk/Profit Rate Risk	277,188,942	271,605,527	4,396,470	351,718
Equity Position Risk	–	–	–	–
Foreign Currency Risk	730,941	599,676	692,903	55,432
Options Risk	40,111	19,702	2,856	228
Total			5,092,229	407,378

RHB Islamic Bank Market Risk	Long Position RM'000	Short Position RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirements RM'000
Profit Rate Risk	35,864,622	35,657,616	442,382	35,391
Equity Position Risk	–	–	–	–
Foreign Currency Risk	43,588	91,283	91,287	7,303
Options Risk	–	–	–	–
Total			533,669	42,694

RHB Investment Bank Market Risk	Long Position RM'000	Short Position RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirements RM'000
Interest Rate Risk/Profit Rate Risk	174,005	18,216	3,046	244
Equity Position Risk	152,029	147,635	30,538	2,443
Foreign Currency Risk	112,187	4,547	112,187	8,975
Options Risk	–	147,635	60,212	4,817
Total			205,983	16,479

Note:
As at 31 December 2024:
1. RHB Bank Group did not have any exposure under commodity risk, inventory risk, and market risk exposure absorbed by PSIA.
2. RHB Bank did not have any exposure under equity position risk, commodity risk, inventory risk, and market risk exposure absorbed by PSIA.
3. RHB Islamic Bank did not have any exposure under equity position risk, commodity risk, inventory risk, options risk, and market risk exposure absorbed by PSIA.
4. RHB Investment Bank did not have any exposure under commodity risk and inventory risk. The equity position risk is computed based on net long and net short position.

7.0 MARKET RISK (CONTINUED)

Table 22b: Market Risk-Weighted Assets and Minimum Capital Requirements as at 31 December 2023

RHB Bank Group Market Risk	Long Position RM'000	Short Position RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirements RM'000
Interest Rate Risk/Profit Rate Risk	146,985,109	145,704,652	3,063,441	245,075
Equity Position Risk	157,072	137,825	93,013	7,441
Foreign Currency Risk	938,889	277,450	910,478	72,838
Options Risk	76,061	155,572	92,132	7,371
Total			4,159,064	332,725

RHB Bank Market Risk	Long Position RM'000	Short Position RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirements RM'000
Interest Rate Risk/Profit Rate Risk	146,845,814	145,722,763	2,967,501	237,400
Equity Position Risk	–	–	–	–
Foreign Currency Risk	588,573	299,312	560,162	44,813
Options Risk	44,036	18,119	10,885	871
Total			3,538,548	283,084

RHB Islamic Bank Market Risk	Long Position RM'000	Short Position RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirements RM'000
Profit Rate Risk	15,251,690	15,114,493	125,307	10,025
Equity Position Risk	–	–	–	–
Foreign Currency Risk	5,801	61,824	61,824	4,946
Options Risk	–	–	–	–
Total			187,131	14,971

RHB Investment Bank Market Risk	Long Position RM'000	Short Position RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirements RM'000
Interest Rate Risk/Profit Rate Risk	14,571	10,376	4,143	331
Equity Position Risk	132,267	129,438	33,169	2,654
Foreign Currency Risk	67,810	1,007	67,810	5,425
Options Risk	–	129,438	50,462	4,037
Total			155,584	12,447

Note:
As at 31 December 2023:
1. RHB Bank Group did not have any exposure under commodity risk, inventory risk, and market risk exposure absorbed by PSIA.
2. RHB Bank did not have any exposure under equity position risk, commodity risk, inventory risk, and market risk exposure absorbed by PSIA.
3. RHB Islamic Bank did not have any exposure under equity position risk, commodity risk, inventory risk, options risk, and market risk exposure absorbed by PSIA.
4. RHB Investment Bank did not have any exposure under commodity risk and inventory risk. The equity position risk is computed based on net long and net short position.

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8.0 EQUITY EXPOSURES IN THE BANKING BOOK

Equity risk is the risk of decline in the net realisable value of equity exposures in the banking book. These include:

- Investment in securities (listed and unlisted equity holdings, whether direct/indirect, and includes private equity); and
- Investment in associate companies and joint ventures.

The Group holds positions as a result of debt equity conversions and for socio-economic and non-socio-economic purposes, which are deemed as non-trading instruments. Holding of publicly traded equity investments comprise quoted shares which are traded actively in the stock exchange. All publicly traded equity exposures and unquoted investments are stated at fair value.

The Group Impairment Guidelines provides the guidance of debt equity conversions and management of such exposures to ensure that these exposures are effectively managed and accounted for in the Group's books.

For regulatory capital purpose, RHB Bank Group adopts the Standardised Approach to calculate the risk-weighted exposures. The risk-weighted assets of equity investments of the Group as at 31 December 2024 and 31 December 2023 are shown in the tables below:

Table 23: Equity Exposures in the Banking Book

RHB Bank Group	Gross Credit Exposures		Risk-Weighted Assets	
Equity Type	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Publicly traded				
Investment in unit trust funds	**31,828**	50,127	**31,828**	50,127
Holdings of equity investments	**3,433**	5,596	**3,433**	5,596
Privately held				
For socio-economic purposes	**825,564**	769,816	**825,564**	769,816
For non-socio-economic purposes	**875,469**	735,950	**1,313,203**	1,103,925
Total	**1,736,294**	1,561,489	**2,174,028**	1,929,464

	2024 RM'000	2023 RM'000
Cumulative Realised Gains/(Loss) from Sale and Liquidations	**21,512**	(47)
Total Net Unrealised Gains/(Loss)	**1,002,570**	678,347

9.0 LIQUIDITY RISK

Liquidity risk is the risk of the Group being unable to maintain sufficient liquid assets to meet its financial commitments and obligations when they fall due and transact at a reasonable cost. Liquidity risk also arises from the inability to manage unplanned decreases or changes in funding sources.

There are two types of liquidity risk, namely funding liquidity and market liquidity risk. Funding liquidity risk is the risk that the Group is unable to efficiently meet both expected and unexpected current and future cash flow and collateral needs without affecting either daily operations or the financial condition of the Group. Market liquidity risk is the risk that the Group cannot easily offset or eliminate a position at the market price because of inadequate market depth or market disruption.

The fundamental role of financial institutions in the maturity transformation of short-term deposits into long-term loans makes financial institutions inherently vulnerable to liquidity risk, both of institution-specific nature and that which affects financial markets as a whole. Guided by the Group's Liquidity Risk Policy, the Group manages the funding and market liquidity risk to ensure that banking operations continue to be uninterrupted under normal and stressed conditions. The key principles in Group's Liquidity Risk Policy includes maintaining financial market confidence at all times, protecting key stakeholders' interests and meeting regulatory liquidity requirements.

Early warning indicators and triggers are identified, assessed and monitored to guard off adverse liquidity event. The same is reported to Management and Senior Management Committees to facilitate discussion and development of preventive actions to mitigate potential risk. In addition, the Group's guideline on Liquidity Incident Management Plan (i.e. Contingency Funding Plan) stipulates guidance on managing liquidity crisis. The corresponding remedial action plan is documented with clear roles and responsibilities from relevant business and functional units (including overseas operations). The escalation processes are defined to facilitate orderly and timely execution of liquidity management plans. Simulation exercise on contingency funding plan is carried out periodically to ensure it remains relevant and fit-for-purpose.

Group Asset and Liability Management (Group ALM) undertakes the responsibility of liquidity risk management, including establishing liquidity management policies and risk limits, identify and monitor risk exposures, perform stress testing, and develop and review contingency funding plans. These processes are carried out regularly or as warranted by changes in business or market circumstances. Key liquidity risk ratio/measurement includes but not limited to Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR), Top Depositor concentration ratio, Liquidity Crisis Trigger and available contingency funding sources.

The Group adopts and adheres to BNM liquidity standards on LCR (ensuring holding of sufficient high-quality liquid assets (HQLA) to withstand an acute liquidity stress scenario over a 30-day horizon at both the entity and consolidated level) and NSFR (i.e. maintaining a stable funding profile to support their assets and off-balance sheet activities). The LCR and NSFR at RHB Banking Group level have been maintained at above regulatory limit of 100%.

The Group ALCO supports the board committees by performing the critical role in oversight of balance sheet risk, liquidity risk, and market risk (both trading and banking book). Group ALCO meets regularly to review and assess potential risk arising from interest rate/rate of return risk in banking book, liquidity and market risk, deliberate business strategies and risk mitigation plans on the back of prevailing market condition and business landscape. In addition, Group ALCO reviews and approves interest/profit rates for liabilities products as well as reference rates for financing products and services.

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10.0 INTEREST RATE RISK/RATE OF RETURN RISK IN THE BANKING BOOK

Interest rate risk/rate of return risk in the banking book refers to the risk of the Group's earnings and economic value of equity due to the adverse movements in interest rate/benchmark rate. The risk may arise from the mismatches in the timing of re-pricing of assets and liabilities from both on and off-balance sheet positions in the banking book, changes in slope and shape of the yield curve, basis risk and optionality risk.

Interest rate risk/rate of return risk in the banking book comprises:

• Re-pricing risk (mismatch risk)	–	Arises from timing differences in the maturity (for fixed-rate) and re-pricing (for floating-rate) of bank assets, liabilities, and off-balance sheet positions. While such re-pricing mismatches are fundamental to the business of banking, they can expose a bank's income and underlying economic value to unanticipated fluctuations as interest/benchmark rates vary;
• Basis risk	–	Arises from imperfect correlation in the adjustment of the rates earned and paid on different instruments with otherwise similar re-pricing characteristics. When interest/benchmark rates change, these differences can give rise to unexpected changes in the cash flows and earnings spread between assets, liabilities and off-balance sheet instruments of similar maturities or re-pricing frequencies;
• Yield curve risk	–	Arises when unanticipated shifts of the yield curve have adverse effects on the Group's income or underlying economic value; and
• Embedded optionality	–	Arises primarily from options that are embedded in some banking book products (e.g. Mortgage/home financing products which allow early prepayment without penalty. Call deposit which allows customers to withdraw its deposit at any time).

Earnings-at-Risk (EaR) and Economic Value of Equity (EVE) are used to assess interest rate risk/rate of return risk in the banking book. They are computed based on the re-pricing gap profile of the banking book in accordance to BNM reporting requirement. Assets and liabilities are bucketed based on their remaining maturity or next re-price dates.

EaR measures the impact of interest/benchmark rate on earnings of the bank, over a one-year horizon. Interest rate shock scenarios are determined based on balance sheet structure and repricing gap of the bank/reporting entity to assess the adverse impact to earnings.

EVE measures the impact of interest/benchmark rates changes on the value of net cash flows (covering assets, liabilities and off-balance sheet positions) over the total capital of the bank. It is a long term economic measure in assessing the degree of interest rate exposure in relation to the total capital of the bank.

Guided by Group Interest Rate Risk/Rate of Return Risk in the Banking Book Policy, Group Asset and Liability Management (Group ALM) manages interest rate/rate of return risk in banking book in adherence to established governance structure and process. Monthly EaR and EVE are measured, controlled and monitored against risk limits set. These are supplemented with projections to assess potential risk arising from changes in balance sheet structure and market environment. In addition, assessment of EaR and EVE are performed based on stressed scenarios on a regular basis. The Group evaluates the level of capital that it should hold, to ensure it is sufficient to cover interest rate/rate of return risk in banking book. This is performed via internal capital assessment based on internal methodologies.

The potential risk arising from interest rate/rate of return risk in banking book is regularly reviewed and assessed by Group ALCO.

10.0 INTEREST RATE RISK/RATE OF RETURN RISK IN THE BANKING BOOK (CONTINUED)

The impact of changes in interest/benchmark rates to net earnings and economic value as at 31 December 2024 and 31 December 2023 are shown in the following tables:

Table 24a: Interest Rate Risk/Rate of Return Risk in the Banking Book as at 31 December 2024

RHB Bank Group	Impact on Position as at Reporting Period (100 basis points) Parallel Shift			
	Increase/(Decline) in Earnings		Increase/(Decline) in Economic Value	
Currency	Impact based on +100 basis points RM'000	Impact based on -100 basis points RM'000	Impact based on +100 basis points RM'000	Impact based on -100 basis points RM'000
MYR – Malaysian Ringgit	**482,094**	**(482,094)**	**(1,407,430)**	**1,407,430**
USD – US Dollar	**(133,493)**	**133,493**	**(99,374)**	**99,374**
Others[1]	**27,646**	**(27,646)**	**(64,316)**	**64,316**
Total	**376,247**	**(376,247)**	**(1,571,120)**	**1,571,120**

Table 24b: Interest Rate Risk/Rate of Return Risk in the Banking Book as at 31 December 2023

RHB Bank Group	Impact on Position as at Reporting Period (100 basis points) Parallel Shift			
	Increase/(Decline) in Earnings		Increase/(Decline) in Economic Value	
Currency	Impact based on +100 basis points RM'000	Impact based on -100 basis points RM'000	Impact based on +100 basis points RM'000	Impact based on -100 basis points RM'000
MYR – Malaysian Ringgit	514,334	(514,334)	(1,589,328)	1,589,328
USD – US Dollar	(103,226)	103,226	6,176	(6,176)
Others[1]	111,315	(111,315)	25,444	(25,444)
Total	522,423	(522,423)	(1,557,708)	1,557,708

Note:
1. Inclusive of GBP, EUR, SGD, etc.
2. The EaR and EVE exposures are additive and do not take into account any correlation impact in the aggregation.
3. The earnings and economic values were computed based on the standardised approach adopted by BNM.

The impact to net earnings above represents financial assets and liabilities that have been prepared on the following basis:
- Interest/benchmark rate sensitive assets and liabilities with residual maturity or re-pricing tenure of up to one year that is not captured in the trading portfolio are slotted into time bands based on the maturity or re-pricing tenure whichever is earlier.
- A set of risk weights with its respective time band is used to project the applicable basis point interest/benchmark rate change impact.
- For assets and liabilities without maturity, e.g., current and savings accounts, behavioural assumptions are applied while reporting these in the respective time-buckets.

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11.0 OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems and/or external events, which also includes IT, legal and Shariah non-compliance risk but excludes strategic and reputational risk. Operational risk may result in direct financial losses as well as indirect financial losses (e.g. loss of business and market share) due to reputational damage.

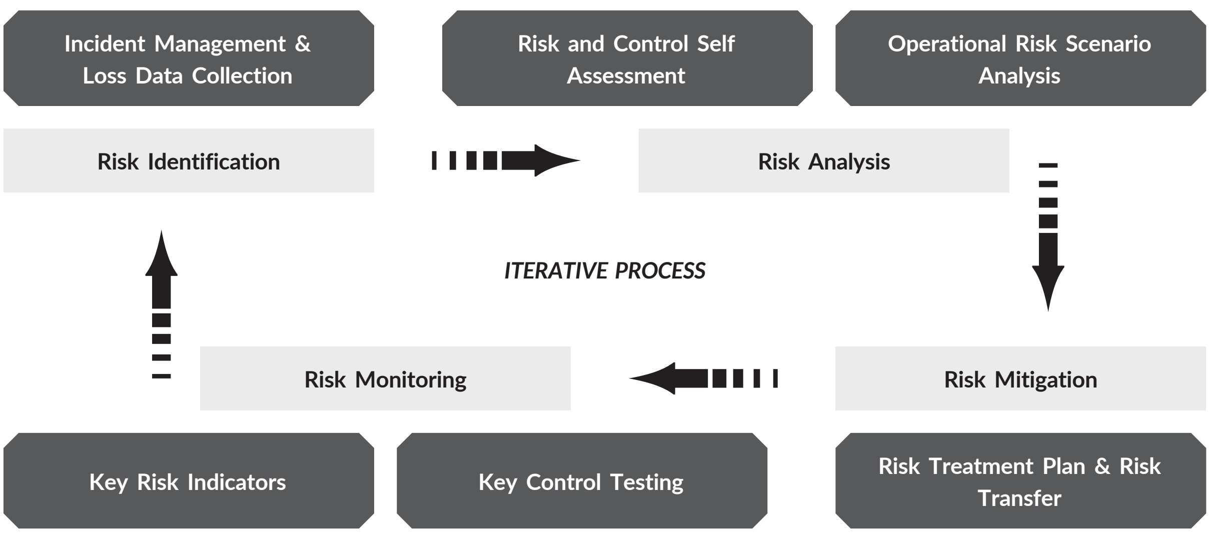
Operational Risk Management Function and Organisation

The Group Non-Financial Risk Management within Group Risk Management has functional responsibility for the development of operational risk framework, policy and methodologies, and providing guidance and information to the business units on operational risk areas. Its responsibility also includes generating a broader understanding and awareness of operational risk issues at all levels in the Group. It also ensures that operational risks from new products, processes and systems are adequately managed and mitigated. The respective business and support units are primarily responsible for managing operational risk on a day-to-day basis.

Regular operational risk reporting is made to the senior management, respective committees and the Board that includes various operational risk information such as risk analysis, risk mitigation action plans, risk tools outcomes, risk appetite breaches, significant operational risk events and control failures, and lessons learnt. In addition, key operational risk incidents are reported to senior management daily. Such reporting enables senior management to be informed and deliberate on the identified operational lapses, promptness of corrective actions, and to ensure appropriate risk mitigation decision making and action plans are performed.

Operational Risk Management Processes and Tools

The Group establishes and uses the relevant operational risk tools and methodologies to support and ensure an effective operational risk management processes.



1. Incident Management and Data Collection – a process to report and record all operational risk incidents;
2. Risk and Control Self-Assessment – a methodology to build risk profile for each business/function;
3. Operational Risk Scenario Analysis – a methodology to identify plausible risk scenarios for assessment;
4. Risk Treatment Plan – a register to assist business to monitor the action plans;
5. Key Risk indicators – a methodology for business to track and monitor significant risk areas associated to their business/function; and
6. Key Control Testing – a methodology to assist business in performing a test on the controls to determine effectiveness.

11.0 OPERATIONAL RISK (CONTINUED)

Risk Mitigation and Controls

Risk mitigation strategies are used to minimise risk to an acceptable level and aim to decrease the likelihood of an undesirable event and the impact on the business, should it occur. The control tools and techniques, amongst others, are as follows:

- **Strengthening Internal Controls**
  Internal controls (i.e. control environment, risk assessment, control activities, information and communication, and monitoring) are designed to commensurate with the operational risk exposures faced by the Group. The Group monitors and regularly evaluates its internal control systems to ensure that they are operating effectively and to take account of changing internal and external conditions.

- **Business Resilience and Continuity**
  To mitigate the impact of unforeseen operational risk events, the Group has on-going and actively managed Business Continuity Management (BCM) programme for its major critical business operations and activities at the Head Office, data centre, and branches' locations. There are ongoing continuous improvement initiatives to build operational resilience to ensure sustainability of critical services. The BCM programme is subject to regular testing to validate the adequacy and preparedness of all resources to support critical and essential services in the event of disruption. BCM Programme is under the responsibility of the Operations Resiliency & 3rd-Party Risk Department. The Board of Directors has an oversight function through the Board Risk Committee and Group Capital and Risk Committee (GCRC). The Group Business Continuity Committee, which reports to GCRC, is the committee that oversees the Group's business continuity framework, policies, budget and plans.

- **Fraud Risk Management**
  Robust fraud risk management processes are in place to manage threats from external sources and internally, guided by the Group Fraud Risk Management Policy. The Group constantly assesses and monitors fraud risk to ensure consistent organisational behaviour through the development, implementation, and regular review of fraud prevention, detection, and response strategies. To help protect our customers against fraud, the Group invest on continuous fraud awareness briefings and fraud risk management training for our frontline employees while also promoting greater customers awareness of prevailing fraud scheme through frequent customer communications via email, our website, mobile banking app, automated teller machines and social media channels.

- **Outsourcing**
  Due to the need to outsource for cost and operational efficiency, policy and guidelines are put in place to ensure that the risks arising from outsourcing activities are adequately identified, assessed and managed prior to entering into any new arrangements and on an on-going basis.

- **Insurance/Takaful Management**
  The Group considers risk transfer by means of insurance/Takaful to mitigate operational risk. The Group has a programme of insurance/Takaful designed to reduce its exposure to liability and to protect its assets. Insurance/takaful arrangement is used to complement the management of operational risk and not as a substitute for a sound internal control environment.

Technology Risk

Technology Risk refers to the business risk associated with the use, ownership, operation, involvement, influence and adoption of Information Technology (IT) within the Group.

The Group recognises the risk arising from the advancement and reliance upon information technology to support business operations through the deployment of advance technology and online systems to provide customers with convenient and reliable products and services. The Group's Technology and Cyber Risk Management Framework ensures that a governance structure is in place for the identification, assessment and management of technology risks within existing IT operations as well as prior to deployment of applications and systems for both internal and external customers.

To ensure that the residual risk is acceptable, the Group has established Technology and Cloud Risk Assessment processes to comprehensively identify and assess relevant risks and corresponding controls for IT and digitalisation initiatives.

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11.0 OPERATIONAL RISK (CONTINUED)

Cyber Risk

Cyber Risk refers to threats or vulnerabilities emanating from the connectivity of internal technology infrastructure to the Internet. This is an inherent risk associated to the industry moving towards the Internet as a channel for the delivery of banking services. The Group recognises the risks associated to cyber and as part of the mitigation shall continuously identify suitable security devices to be deployed and ensure sufficient resources with the right skill sets are allocated to manage this risk.

The Group also subscribes to various threat intelligence services to obtain latest information on cyber threat incidence which can be used for the risk mitigation. To further provide assurance that the Internet facing application systems are secured, the Group engages reputable IT security service providers to perform periodic penetration testing where weaknesses detected shall be duly resolved with attestation from external consultants. To further strengthen the controls, Red Team and compromise assessment activities are performed regularly to test the effectiveness of the implemented safeguards. Phishing simulation exercises are also carried out periodically to maintain staff vigilance and increase awareness on such social engineering cyberattacks. To effectively manage third-party/outsourcing risks i.e. partners, vendors as well as the service providers, they are subjected to due diligence exercise which encompasses the attestation of their security controls and fulfilment of requirements as outlined in Bank Negara Malaysia's Risk Management in Technology (RMiT).

New Product and Services Approval Process

The Group has established a Group Policy on Product Development & Approval and Group Guideline on Product Development & Approval which governs the risk management of new products, services, or significant changes thereto. The responsible units have a duty to assess the risk for new product launches and/or significant changes in product features or related processes and working systems, as well as to ensure that the risk is at an acceptable level at all times. The Guideline and Policy also have been enhanced recently to incorporate the BNM requirements on the Fair Treatment of Financial Consumer (FTFC) in ensuring that the products developed are transparent and provide sufficient information to consumers, ensuring they fully understand the products and services.

Legal Risk

Legal risk is part of operational risk. It can arise from unenforceable, unfavourable, defective or unintended contracts; lawsuits or claims; developments in laws and regulations, or non-compliance with applicable laws and regulations. Business units work together with the Group’s legal counsel and external legal counsel to ensure that legal risk is effectively managed.

Capital Treatment for Operational Risk

The Group adopts the Basic Indicator Approach for the calculation of regulatory operational risk capital requirements. The operational risk-weighted assets and the corresponding capital requirements for RHB Bank Group, RHB Bank, RHB Islamic Bank and RHB Investment Bank as at 31 December 2024 and 31 December 2023, are shown below:

Table 25a: Operational Risk-Weighted Assets and Minimum Capital Requirements as at 31 December 2024

Operational Risk	RHB Bank Group RM'000	RHB Bank RM'000	RHB Islamic Bank RM'000	RHB Investment Bank RM'000
Risk-Weighted Assets	**14,795,927**	**9,833,938**	**3,534,619**	**718,125**
Minimum Capital Requirements	**1,183,674**	**786,715**	**282,769**	**57,450**

Table 25b: Operational Risk-Weighted Assets and Minimum Capital Requirements as at 31 December 2023

Operational Risk	RHB Bank Group RM'000	RHB Bank RM'000	RHB Islamic Bank RM'000	RHB Investment Bank RM'000
Risk-Weighted Assets	14,301,431	9,405,985	3,387,790	797,424
Minimum Capital Requirements	1,144,114	752,479	271,023	63,794

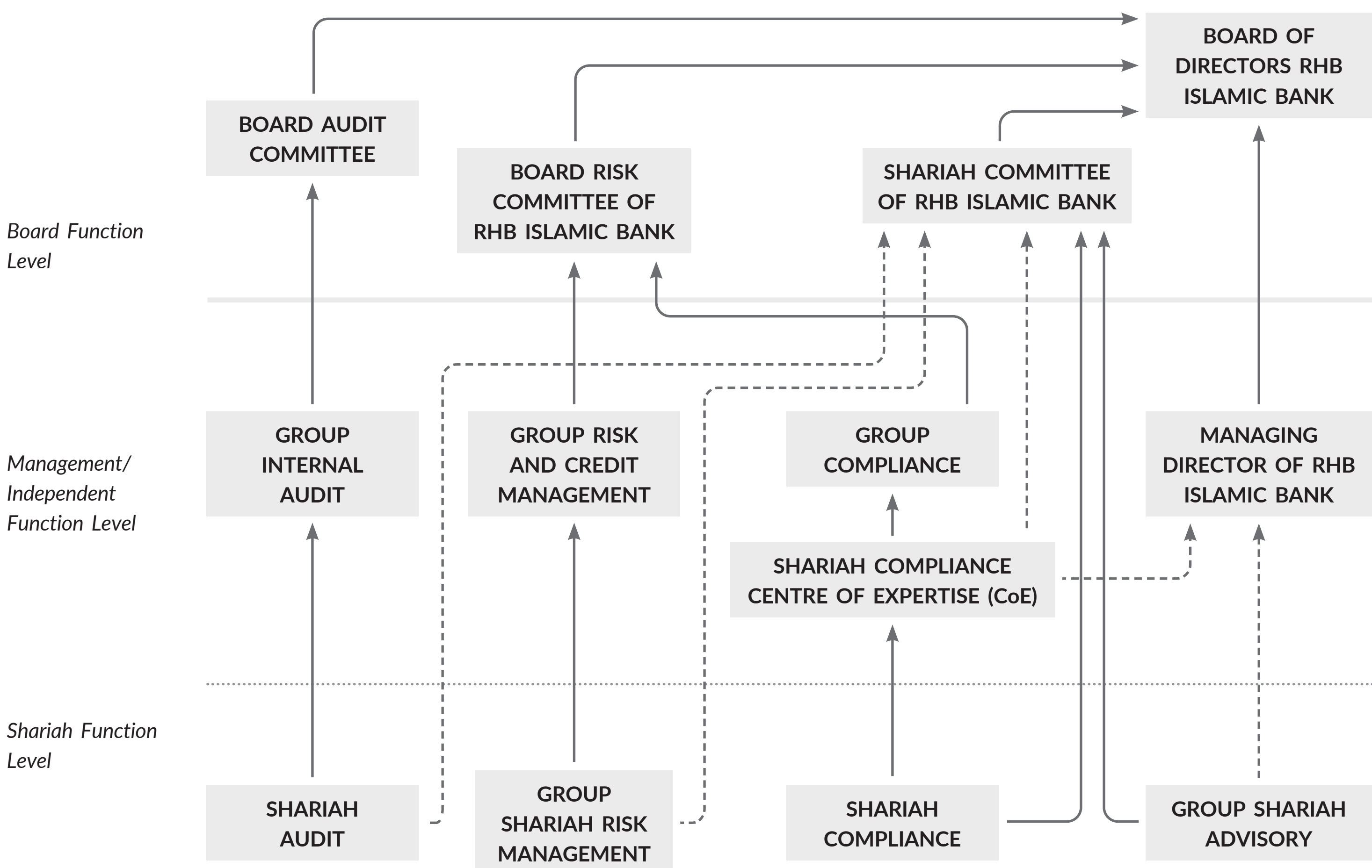
12.0 SHARIAH NON-COMPLIANCE RISK AND GOVERNANCE

Shariah non-compliance risk is the risk of legal or regulatory sanctions, financial loss or non-financial implications including reputational damage, which RHB may suffer arising from failure to comply with the rulings of the Shariah Advisory Council (SAC) of local regulatory bodies (such as the SAC of the BNM for Malaysia operations), standards on Shariah matters issued by the local regulator, or decisions or advice of the Shariah committee/adviser appointed by respective RHB entities.

A Shariah Governance Framework has been developed with the objective of governing the entire Shariah compliance process within Islamic banking operations, and to:

- Ensure that the planning, development, and implementation of the Islamic products, services and conduct of business are in accordance with Shariah principles;
- Ensure that the operations do not contravene any of the Shariah principles and authorities' regulations related to the Shariah; and
- Act as a guide on the expectations to all personnel engaged in the Islamic business activities; to ensure that all such functions are based on the Shariah principles, practices and prudence.

The reporting structure of Shariah governance is as follows:



The Shariah Committee of RHB Islamic Bank (SCR) was established under BNM's Shariah Governance Policy Document.

The main duties and responsibilities of the SCR are to provide objective and sound advice to the Bank on Shariah matters in relation to Islamic business and operations; deliberating, affirming, and addressing any Shariah non-compliance event; as well as to provide written Shariah opinion on new products and RHB Islamic Bank's financial statements. The other entities within the RHB Banking Group without internal Shariah committee established have given the mandate to the SCR to advise on the Shariah matters, which are ultimately governed by the respective entities' board of directors.

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12.0 SHARIAH NON-COMPLIANCE RISK AND GOVERNANCE (CONTINUED)

On a functional basis, the RHB Banking Group Islamic businesses are supported by Group Shariah Advisory, Group Shariah Risk Management, Shariah Compliance Centre of Expertise (CoE) and Shariah Audit.

The Head of Group Shariah Advisory reports functionally to the SCR and administratively to the Managing Director of RHB Islamic Bank. The main duties and responsibilities of Group Shariah Advisory include, but not limited to, conduct reviews on Islamic products and services; provide internal Shariah advisory support to the management in its daily business and operational matters; assist the SCR in elaborating and discussing on pertinent Shariah issues; provide in-depth research on competitive analysis in order to assist the SCR's decision-making process; ensure the internal Shariah governance, the internal process flow and policies, and Shariah approval processes are well managed and maintained in an efficient manner; ensure the Bank is in compliance with the highest standard of Shariah governance as set by BNM; serve as the secretariat of the SCR and to act as the mediator between the management and the SCR; oversee the computation and distribution of zakat and funds to be channelled to charity; and to represent the management in any Shariah-related matters.

The key role and responsibilities of Group Shariah Risk Management is to facilitate the identifying, measuring, monitoring and controlling of Shariah non-compliance risks inherent in the Islamic business and operations to mitigate any potential Shariah non-compliance events. Group Shariah Risk Management also performs assessment and provides support and reporting to the senior management committees relating to Shariah non-compliance risk.

Shariah Compliance CoE conducts review and assists the SCR in providing opinions from Shariah perspective in relation to the status of Shariah compliance of products, services and operations of the Islamic business operations. Shariah Audit provides an independent assessment on the adequacy and effectiveness of the Bank's internal control, risk management systems, governance processes including the overall compliance of the Bank's operations, business, affairs and activities with Shariah requirements.

Any incidences of Shariah non-compliance decided by the SCR are reported to the GCRC, BRC-i, BRC, the Board of Directors of respective entities in RHB Banking Group and the BNM (for Malaysia operations). Remedial actions may include the immediate termination of the Shariah non-compliant products or services and de-recognition of any Shariah non-compliant income.

There were nil Shariah Non-Compliance events reported in 2024.

13.0 INVESTMENT ACCOUNT

Investment Account (IA)

The Group via RHB Islamic Bank offers two types of Investment Account (IA) namely, Restricted Investment Account (RIA) which refers to an IA where the Investment Account Holder (IAH) provides a specific investment to RHB Islamic Bank, and Unrestricted Investment Account (URIA) which refers to an IA where the customer provides RHB Islamic Bank with a mandate to make the ultimate investment decision without specifying any particular restriction or condition. Each IA product under the RIA and URIA must be structured based on the application of the approved Shariah contract.

RHB Islamic Bank has put in place the necessary risk management framework, policies and guidelines as well as operational manuals and procedures in ensuring the interests of the IAH are protected. The operationalisation of the RIA and URIA products are governed by RHB Islamic Bank's governance component, amongst others:

1. Shariah Governance Framework;
2. RHB Islamic Bank Investment Account Pricing Framework;
3. RHB Islamic Bank Investment Account Policy;
4. RHB Islamic Bank Investment Account Guideline;
5. Profit Sharing & Restricted Agency Investment Account-i (PSIA-I & RAIA-I) Operations Manual;
6. Restricted Investment Account-i (RIA-i) Operations Manual; and
7. Treasury Operations Manual.

13.0 INVESTMENT ACCOUNT (CONTINUED)

Investment Account (IA) (Continued)

The roles and responsibilities of various parties in ensuring the proper management of the IAH's funds are described as follows:

- Board of Directors committees – provide the strategic directions and risk appetite for the Bank, approve relevant governance structure, objectives and policy as well as providing oversight on the risk management and overall control activities;
- Shariah Committee – oversee and endorse the overall management and operations of the investment account business to be in compliance with Shariah, assess the work carried out by Shariah Advisory, Shariah Risk and Shariah Review on the investment account operations, and provide opinion on Shariah compliance of the IAs and the related operations;
- Senior management – formulate and implement investment strategies, internal control and risk management system, including profit distribution policy and valuation policy, in line with the investment objectives;
- Group ALCO – approve the structure, pricing and terms of IA based on the approved IA product;
- Other control and support functions – Group Treasury, Strategic Business Group, Group Finance, Group Shariah Business, Group Risk Management, Group Compliance and Group Internal Audit providing the necessary operational functions and independent assessment.

The governing principles as set out in the IA Policy of RHB Islamic Bank include policies related to asset allocations of the IA products which are translated into guidelines and operational document (standard manuals), which help senior management in making the necessary decision during the process. The related policy statements are as below:

1. The management of the assets and funds of the investment accounts must be managed with due care to the rights and safeguarding the interests of the investors.
2. The underlying assets, investment funds and transaction of the various investment accounts must be separated from other funds and assets managed and or owned by the Bank.
3. Transactions between the investment accounts and the Bank, if any, must be conducted in a transparent manner and on an arm's length basis.
4. The records for each investment account must be maintained separately and subjected to the valuation methodology established in accordance with the relevant accounting standards.
5. RHB Islamic Bank shall not implement profit smoothing practices or techniques to manage the Displaced Commercial Risk. The relationship and terms between the parties must be clearly stated in the terms and conditions of each investment account.
6. The Bank shall develop a list of permissible direct expenses that must be approved by the Board and the Shariah Committee. The list must be reviewed at least annually.

Restricted Investment Account (RIA)

Currently RHB Islamic Bank offers the following products under the RIA category:

1. Profit Sharing Investment Account-i (PSIA-i) which uses Mudarabah as the underlying Shariah contract (counterparty restricted to RHB Bank only); and
2. Restricted Investment Account-i (RIA-i) using the Mudarabah contract for retail and non-retail investors.

The products are offered to investors having the following characteristics:

1. Risk appetite match with investment objectives.
2. Require investment that comply with Shariah requirements.
3. Are willing to accept potential risk of losing the capital invested in order to achieve potential higher profit than normal term deposit rate.
4. IAH must be a legal entity that has legal capacity to enter into the contract.

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13.0 INVESTMENT ACCOUNT (CONTINUED)

Unrestricted Investment Account (URIA)

RHB Islamic Bank currently offers the Wakalah Money Market Investment Account-i (WMMIA-i) using the Wakalah bi al-Istithmar contract. This product is offered to corporate investors (resident) having the following characteristics:

1. Risk appetite match with investment objectives.
2. Require investment that comply with Shariah requirements.
3. Are willing to accept potential risk of losing the capital invested in order to achieve potential higher profit than normal term deposit rate.
4. IAH must be a legal entity that has legal capacity to enter into Wakalah bi al-Istithmar contract.

Table 26: Disclosure on Profit Sharing Investment Account

RHB Bank Group Unrestricted Investment Account (URIA)	2024 %	2023 %
Return on Assets (ROA)	**13.33**	8.93
Average Net Distributable Income	**5.19**	19.88
Average Net Distributable Income Attributable to the Investment Account Holder (IAH)	**3.94**	4.03
	RM'000	**RM'000**
Impaired assets funded by URIA	**11,781**	299
Impairment provisions funded by URIA	**9,759**	91

Note:
1. Return on Assets refers to total gross income/average amount of assets funded by URIA.
2. Average Net Distributable Income refers to total average net distributable income/average amount of assets funded by URIA.
3. Impairment provisions funded by URIA cover Stage 1, Stage 2, and Stage 3 ECL.

Restricted Investment Account (RIA)

For the financial year ended 31 December 2024, the Return on Assets and Average Net Distributable Income Ratio for the financial assets funded by RIA with external investors is 6.88% (31 December 2023: 6.89%).

Impaired assets for financial assets funded by RIA with external investors is RM564,169,000 (31 December 2023: RM508,675,000).

14.0 COUNTRY CROSS-BORDER RISK

Country cross-border risk is the risk that the Group faced mainly involving multiple legal requirements in various jurisdictions which in turn result in compliance with different sets of standards. Some of these requirements may be unique to a jurisdiction or may be incompatible with each other, including those with respect to fiduciary duties, securities laws requirements and deal structure.

Additionally, political considerations such as the country's national security interest, offering policies on foreign investment, anti-trust and labor and employment policies may also require careful consideration. Due to this, there is a need for the Group to set out the policies and underline the expected conduct when venturing into such business activity.

This is to safeguard the Group's interest and reduce the compliance risk associated with the overseas business activities. In addition, the Group is also guided by the Country Risk limit, to manage the credit concentration risk arising from changes in the country's business environment where the Group has exposure in.

15.0 REPUTATIONAL RISK

Reputational risk is defined as the risk that negative publicity regarding the conduct of the Group or any of the entities within the Group, and its business practices or associations, whether true or not, will adversely affect its revenues, operations or customer base, or require costly litigation or other defensive measures. It also undermines public confidence in the Group, affecting the share price.

Reputational risk in the Group is managed and controlled through codes of conduct, governance practices and risk management practices, policies, procedures and training. The Group has developed and implemented the Group Reputational Risk Management Policy which outlines the core principles to manage reputational risk.

16.0 FORWARD LOOKING STATEMENTS

This document could or may contain forward looking statements that are based on current expectations as well as assumptions or anticipation of future events. These forward looking statements can be identified by the fact that they do not relate only to historical or current facts, and often use words such as anticipate, target, expect, estimate, intend, plan, believe, will, may, should, would, could or other words of similar expressions.

Undue reliance should not be placed on any of such statements. By their nature, forward looking statements are subject to risks and uncertainty because they relate to future events and circumstances, including, but not limited to domestic and global economic and business conditions, the effects of continued volatility in the credit markets, market-related risks such as changes in profit rates and exchange rates, changes in regulation, and future business combinations or dispositions. As a result, the Bank's actual future results may differ materially from the plans, goals, and the expectations contained in the forward looking statements.

The Group undertakes no obligation to revise or update any forward looking statements contained in this document, regardless of whether these statements are affected as a result of new information, future events or otherwise.

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Table 27: Glossary of Terms

A-IRB	Advanced Internal Ratings-Based Approach
ASB	Amanah Saham Bumiputera
BCC	Board Credit Committee
BCM	Business Continuity Management
BNM	Bank Negara Malaysia
Board	Board of Directors
BRC	Board Risk Committee
CAFIB	Capital Adequacy Framework for Islamic Banks
CCB	Capital Conservation Buffer
CCR	Counterparty Credit Risk
CCyB	Countercyclical Capital Buffer
CET	Common Equity Tier
CoE	Centre of Expertise
CRM	Credit Risk Mitigation
DFIs	Development Financial Institutions
DRP	Dividend Reinvestment Plan
EAD	Exposure at Default
EaR	Earnings-at-Risk
ECAIs	External Credit Assessment Institutions
ECL	Expected Credit Loss
EL	Expected Loss
EUR	Euro Dollar
EVE	Economic Value of Equity
F-IRB	Foundation Internal Ratings-Based Approach
Fitch	Fitch Ratings
FX	Foreign Exchange
GBP	Pound Sterling
GCC	Group Credit Committee
GCG	Group Credit Guidelines
GCPM	Group Credit Procedures Manual
GCRC	Group Capital and Risk Committee
GIUC	Group Investment Underwriting Committee
Group ALCO	Group Asset and Liability Committee
Group ALM	Group Asset and Liability Management
IAH	Investment Account Holder
IBRMC	Investment Bank Risk Management Committee
ICAAP	Internal Capital Adequacy Assessment Process
IT	Information Technology
IRB Approach	Internal Ratings-Based Approach
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default
MARC	Malaysian Rating Corporation Berhad
MATs	Management Action Triggers
MDBs	Multilateral Development Banks
MFRS 9	Malaysian Financial Reporting Standards 9
Moody's	Moody's Investors Service
MYR	Malaysian Ringgit
NSFR	Net Stable Funding Ratio
OTC	Over-the-Counter
PD	Probability of Default
PSIA	Profit Sharing Investment Accounts
R&I	Rating and Investment Information, Inc
RAM	Rating Agency Malaysia
RM'000	Malaysian Ringgit in nearest thousand
R&R	Rescheduling and Restructuring
RSME	Retail Small and Medium Sized Enterprises
RWCAF	Risk-Weighted Capital Adequacy Framework
RWA	Risk-Weighted Assets
SA	Standardised Approach
SCR	Shariah Committee of RHB Islamic Bank
SGD	Singapore Dollar
S&P	Standard & Poor's
USD	US Dollar
VaR	Value-at-Risk

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