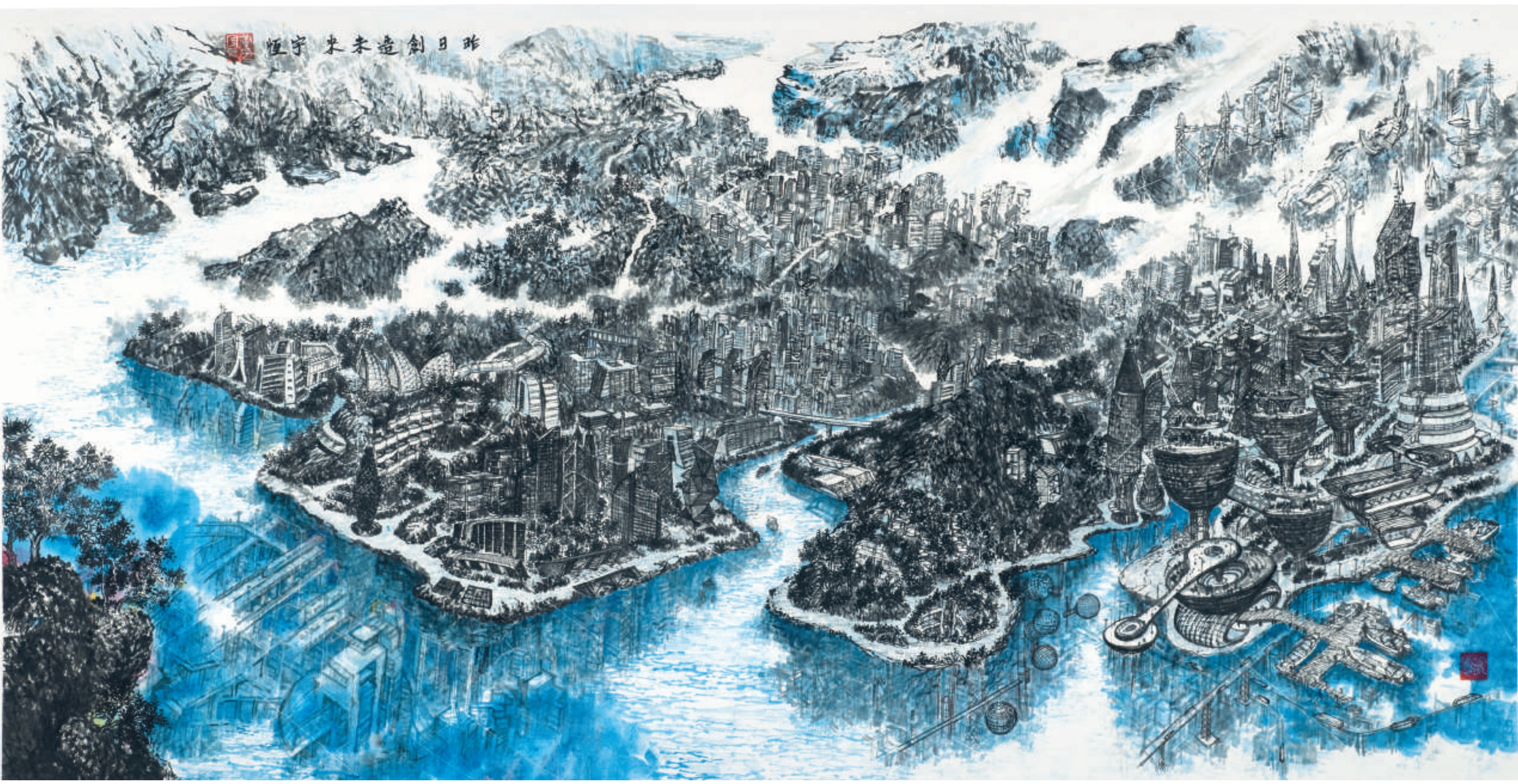
United Overseas Bank (Malaysia) Bhd
Annual Report 2021

Innovating for a Sustainable Tomorrow

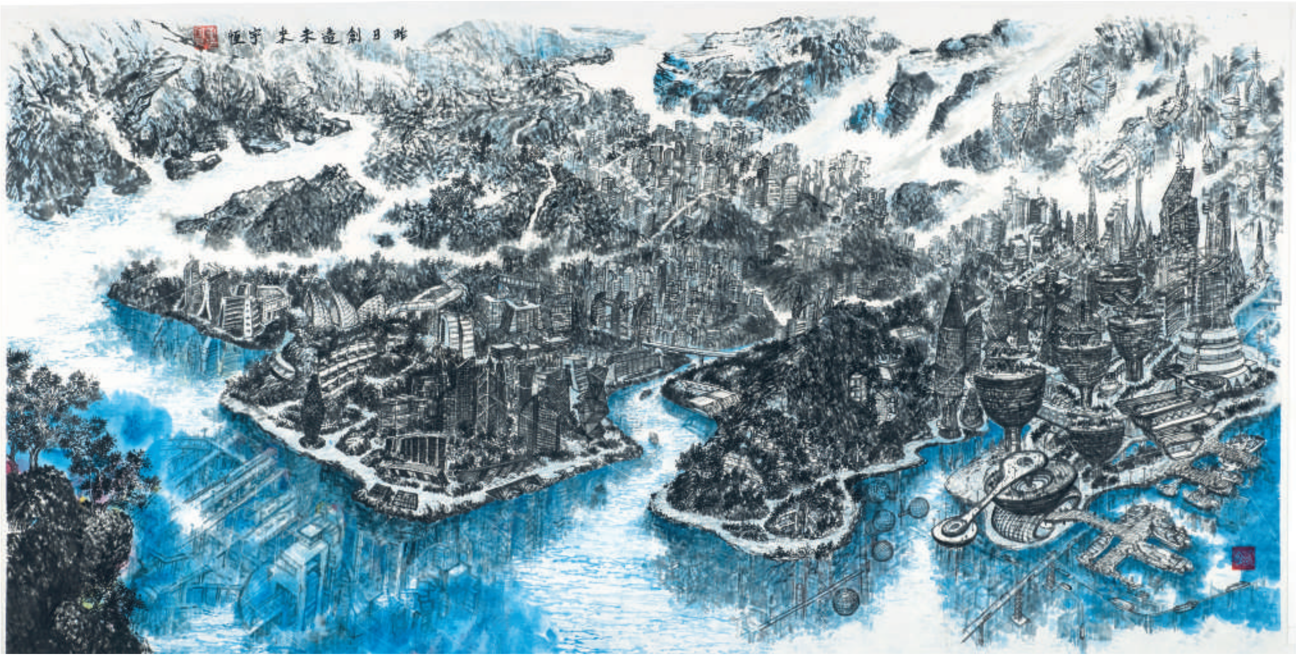


The Day After Tomorrow
Wong Yee Heng

United Overseas Bank (Malaysia) Bhd [199301017069 (271809K)]

Content

All figures in this Annual Report are in Malaysian Ringgit unless otherwise specified.



The Day After Tomorrow

Wong Yee Heng
Chinese ink on rice paper
70 x 140 cm

The Day After Tomorrow, the Silver Award winner in the Emerging Artist Category at the 2021 UOB Painting of the Year (Singapore), is the design inspiration for this year's Annual Report. The artwork is inspired by climate change and the natural disasters faced around the world. It depicts the natural landscape of mountains and rivers transforming into man-made high-rise buildings, tunnels, bridges, transportation and underground cities — a reminder that our desire to create futuristic cities comes at the expense of Mother Earth.

In these fast-changing times, we must consider how the continuous pursuit of progress and innovation is impacting the environment. At UOB, we believe that growth must be balanced with responsibility. It is our long-term approach as we draw on our time-tested values of Honour, Enterprise, Unity and Commitment to forge a sustainable future with our customers, colleagues and communities.

As the leading patron of the arts in Asia, UOB believes in the vital role of art in connecting communities. 2021 marks the significant 40th milestone for our flagship visual arts programme, the UOB Painting of the Year competition. The entries from across Indonesia, Malaysia, Singapore and Thailand ignited the imagination and demonstrated the ingenuity of artists in capturing the fortitude, compassion and resilience of people during these uncertain times.

United Overseas Bank (Malaysia) Bhd
and its subsidiaries

31 December 2021

Overview

About United Overseas Bank (Malaysia) Bhd

United Overseas Bank (Malaysia) Bhd (UOB (Malaysia)) was incorporated in 1993 but has had a presence in Malaysia since 1951. It is a subsidiary of United Overseas Bank Limited (UOB), a leading bank in Asia with a global network of more than 500 branches and offices in 19 countries and territories in Asia Pacific, Europe and North America.

UOB (Malaysia) is rated among the top banks in Malaysia with a long-term AAA rating from the Rating Agency of Malaysia, RAM Rating Services Berhad. Guided by our rich heritage and values, we have built lasting relationships with our customers and continue to ensure we act in their best interest by delivering solutions that meet their financial goals and suit their lifestyles and preferences. Today, UOB (Malaysia) is the most profitable and largest foreign bank operating in Malaysia by total assets, loans and deposits and has 45 branches across the country offering both conventional and Islamic banking services.

UOB (Malaysia) offers an extensive range of financial products and services through its branches and subsidiaries such as corporate and commercial lending, investment banking, treasury services, trade services, cash management, custody services, home loans, credit cards, wealth management, and bancassurance products.

UOB (Malaysia) believes in being a responsible financial services provider and we are committed to making a difference in the lives of our stakeholders and in the communities in which we operate. Just as we are dedicated to helping our customers manage their finances wisely and to grow their businesses, UOB (Malaysia) is steadfast in our support of social development, particularly in the areas of art, children and education.

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

Our Awards and Accolades in 2021

Euromoney

Euromoney Global Awards for Excellence 2021
- World's Best Bank for SMEs

CorporateTreasurer

CorporateTreasurer Awards 2021
- Best Transaction Bank in Southeast Asia

Alpha Southeast Asia

Alpha Southeast Asia Award in Transaction Banking 2021
- Best Cash Management in Southeast Asia
- Best Trade Finance Award in Southeast Asia

Asian Banking and Finance

ABF Wholesale Banking Awards 2021
- International Trade Finance Bank of the Year (Malaysia)
- International Initiative of the Year (Malaysia)

ABF Retail Banking Awards 2021
- International Retail Bank of the Year (Malaysia)
- Digital Banking Initiative of the Year (Malaysia)

The Asset

Triple A Treasury, Trade, Supply Chain and Risk Management Awards 2021
- Best Service Provider (Transaction Bank) – Malaysia
- Best Service Provider (E-Solutions Partner) – Malaysia
- Best Payments and Collection Solutions Award (e-Commerce) – Malaysia
- Best Payment and Collection Solutions Award (Real Estate) – Malaysia
- Best Payments and Collection Solutions Award (Education) – Malaysia
- Best Supply Chain Solution Award (Healthcare) – Malaysia

Triple A Islamic Finance Awards 2021
- Best New Sukuk (Corporate) – Malaysia
- Best Securitisation – Malaysia

Cambridge Institute of Islamic Finance (Cambridge-IFA)

Islamic Retail Banking Awards 2021
- Best Premier Islamic Banking

Human Resources Online

Employee Experience Award 2021
- Best Graduate Training Programme (Silver)

Dr Wee Cho Yaw
Chairman Emeritus and Honorary Adviser

Dr Wee Cho Yaw, visionary, banker extraordinaire, community pillar and celebrated pioneer, is highly regarded in Singapore and internationally.

Dr Wee was appointed as a director and the Chairman of UOB Malaysia in 1994, soon after the Bank was incorporated as a subsidiary of United Overseas Bank Limited of Singapore (UOB Singapore). In 2013, he was conferred the title of Chairman Emeritus and Adviser when he stepped down as Chairman of the Bank. Upon his retirement as director in April 2019, the Board appointed Dr Wee as Honorary Adviser in recognition of his many years of dedicated service and wise counsel.

A veteran in the banking, insurance, real estate and hospitality industries, Dr Wee has received numerous awards and accolades for his business achievements and support of education, community welfare and the business community. Among the awards conferred on him are The Distinguished Service Order - Singapore National Day Award, ASEAN Business Advisory Council Legacy Award for Singapore and Honorary Doctor of Letters degrees from the National University of Singapore and Nanyang Technological University.

Dr Wee is the Chairman Emeritus and Honorary Adviser of UOB Singapore, the Chairman of United Overseas Bank (Thai) Public Company and the Supervisor of UOB (China). He also chairs the board of United Overseas Insurance, UOL Group, Singapore Land Group (formerly known as United Industrial Corporation), Haw Par Corporation, Pan Pacific Hotels Group, Marina Centre Holdings and the Wee Foundation.

Dr Wee is an alumni and Chairman of Chung Cheng High School. He has served on various school management committees and the Councils of the Nanyang University and National University of Singapore.

Chairman's Statement

2021 Financial Performance

In 2021, the country was impacted by the resurgence of COVID-19 infections, but began to transition gradually into recovery, driven by the global economic rebound, reopening of businesses and the increasing vaccination rate. Against this backdrop, UOB (Malaysia) recorded a net profit after tax (NPAT) of RM1,142.1 million in 2021, 12.2 per cent higher than the previous year (2020: RM1,018.0 million). The increase in NPAT was driven mainly by higher operating income and lower total allowance for expected credit losses, but was partly offset by higher operating expenses.

Total operating income increased 4.3 per cent to RM3,347.8 million (2020: RM3,209.2 million), on the back of stronger net interest income, and net income from the Islamic Banking business. Net interest income grew 8.6 per cent to RM2,388.6 million (2020: RM2,200.0 million) as a result of a proactive balance sheet management. Our Islamic Banking business also recorded a 100.9 per cent increase in net income to RM141.2 million (2020: RM70.3 million), driven by an increase in financing income and fee income. However, non-interest income declined 12.9 per cent to RM818.1 million (2020: RM938.8 million), due to lower trading and investment income, as well as lower net foreign exchange gain, but was partly offset by a higher fee income.

Total operating expenses increased 5.7 per cent to RM1,352.9 million (2020: RM1,280.1 million) as we continued to invest in our technology infrastructure to support business growth, while remaining prudent in managing our discretionary expenses.

Total allowances for expected credit losses decreased by 17.7 per cent or RM103.2 million, largely resulting from lower expected credit losses on loans, advances, financing and other financial assets for non-impaired assets due to pre-emptive allowances set aside last year. However, this was partially offset by an increase in provisioning for impaired assets.

Gross loans, advances and financing rose 2.9 per cent to RM90.0 billion (2020: RM87.5 billion) and non-bank deposits increased 3.7 per cent to RM97.1 billion (2020: RM93.6 billion).

2022 Outlook

The global recovery continues even as risks linger, predominantly due to the uncertainty around the emergence of new COVID-19 virus variants, prolonged global supply chain disruptions and heightened financial volatility as major economies embark on monetary policy normalisation. In particular, the efficacy of vaccinations to fight new variants of the virus will affect how quickly we can move from the pandemic to living with COVID-19 as endemic. Complex policy trade-offs to balance growth and inflation could also weigh on the overall outlook.

We expect global growth momentum to moderate in 2022 as economic divergence widens across countries due to disparities in vaccine access and policy support. We see better prospects for commodity-exporting and developing economies with their ramping up of vaccination programmes and the reopening of borders. However, the outlook for advanced economies will continue to be challenged by supply disruptions and rapid price increases, due to goods and labour shortages alongside higher pent-up demand and rebound in commodity prices.

In Malaysia, the economy is close to full domestic reopening as more than 98 per cent of the country's adult population has been fully vaccinated. The government has also started to administer booster COVID-19 vaccine doses to curb another wave of infections. Since the gradual relaxation of restrictions and reopening of the economy, investor and consumer sentiments have rebounded along with improved exports and activities in manufacturing and services. This reinforces our expectations of the domestic economy's further recovery in 2022.

The improved outlook for Malaysia is also underpinned by the recovery in the labour market, resumption of infrastructure spending and further fiscal support. A release of pent-up demand is anticipated particularly for domestic travel and leisure which will aid the recovery. The improved assessments of the domestic economy may also warrant a gradual adjustment of the monetary policy by Bank Negara Malaysia. Potential downside risks to Malaysia's growth outlook could emanate from new virus variants, slower-than-expected global economic recovery, volatile commodity prices, elevated financial volatility and geopolitical risks.

Chairman's Statement (Continued)

2022 Outlook (Continued)

Overall, there are grounds for optimism as Malaysia's diversified economic structure provides underlying strength and resilience. Ongoing policy support from the various fiscal packages and Budget 2022 measures, as well as an accommodative monetary policy will serve to sustain and strengthen the recovery momentum. Guided by our time-tested values of Honour, Enterprise, Unity and Commitment, we remain confident that UOB (Malaysia) is well positioned to achieve strong performance.

Acknowledgement

I would like to thank our management team and people for their commitment to stand by our customers, colleagues and community through these trying times, while remaining resolute in forging a sustainable future together.

On behalf of the Board, I thank our Chairman Emeritus and Honorary Adviser, Dr Wee Cho Yaw, for his leadership and guidance. The Board continues to benefit greatly from his insight, experience and knowledge.

Finally, I would like to thank our valued customers for their confidence and trust in UOB (Malaysia).

Dato' Jeffrey Ng Tiong Lip
Chairman

Board of Directors and its Committees

As at 1 March 2022

Board

- Dato' Jeffrey Ng Tiong Lip (Chairman)
  Independent
- Wee Ee Cheong (Deputy Chairman)
  Executive
- Fatimah Binti Merican
  Independent
- Ching Yew Chye
  Independent
- Datuk Phang Ah Tong
  Independent
- Wong Kim Choong
  Executive and Chief Executive Officer

Nominating Committee

- Fatimah Binti Merican (Chairperson)
- Wee Ee Cheong
- Ching Yew Chye
- Datuk Phang Ah Tong

Remuneration Committee

- Fatimah Binti Merican (Chairperson)
- Ching Yew Chye
- Datuk Phang Ah Tong

Risk Management Committee

- Ching Yew Chye (Chairman)
- Fatimah Binti Merican
- Datuk Phang Ah Tong

Audit Committee

- Datuk Phang Ah Tong (Chairman)
- Dato' Jeffrey Ng Tiong Lip
- Fatimah Binti Merican
- Ching Yew Chye

Board of Directors

As at 1 March 2022

Dato' Jeffrey Ng Tiong Lip
Board Chairman
Independent

Appointed as a director: 16 June 2014

Appointed as Board Chairman: 2 January 2019

Dato' Jeffrey Ng has vast experience in the real estate/hotel industry. He has more than 37 years of extensive experience in finance, corporate planning and executive management in the property and hotel industry in both Malaysia and Australia. He holds various positions in non-governmental associations, among which he is the Chairman of Real Estate Housing Developers Association (REHDA) Institute and the Immediate Past Chairman of Malaysian REIT Managers Association (MRMA). He is also a panel member of the Appeal Board under the Federal Territory (Planning Act 1982).

Board Committee Position
- Audit Committee (Member)

Current Directorships in Other Companies and Principal Commitments
- Sunway REIT Management Sdn Bhd (Manager for Sunway REIT) (Chief Executive Officer and Executive Director)
- SunREIT Capital Berhad (Director)
- SunREIT Unrated Bond Berhad (Director)
- Sunway Lagoon Club Berhad (Chairman and Director)
- SunREIT Perpetual Bond Berhad (Director)
- SunREIT Hartanah Sdn Bhd (Director)
- Urban Hallmark Properties Sdn Bhd (Director)
- Swissglade Sdn Bhd (Director)
- Board of Studies – Master of Real Estate Development, University Tunku Abdul Rahman (Member)

Past Directorships in Other Companies and Principal Commitments
- Sunway City Berhad (now known as Sunway Berhad) (Executive Director)
- AP Land Berhad (Managing Director)
- REHDA Malaysia (Patron & President)
- REHDA Wilayah Persekutuan (KL) Branch (Chairman)
- Malaysian REIT Managers Association (Chairman)

Education and Achievements
- Bachelor of Economics, Monash University, Melbourne
- Malaysian Association of Certified Public Accountants (Member)
- Institute Chartered Accountants, Australia & New Zealand (Fellow Member)
- Entrepreneur of the Year by Malaysia Australia Business Council (2003)
- REHDA Personality of the Year 2015
- The Asset Corporate Award 2018, Best CEO - Property

Wee Ee Cheong
Deputy Chairman
Executive

Appointed as a director: 23 March 1994

Appointed as Deputy Chairman:
25 July 2001

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

Board Committee Position

- Nominating Committee (Member)

Current Directorships in Other Companies and Principal Commitments

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

Past Directorship in Other Companies and Principal Commitments

- Far Eastern Bank Limited (Director)
- Pan Pacific Hotels Group (Director)
- United International Securities (Director)
- UOL Group (Director)
- Housing & Development Board (Deputy Chairman)
- Port of Singapore Authority (Director)
- Visa AP Senior Client Council (Member)

Education and Achievements

- Master of Arts (Applied Economics), American University, Washington, DC
- Bachelor of Science (Business Administration), American University, Washington, DC
- Singapore Public Service Star (2013)

Board of Directors

As at 1 March 2022

Wong Kim Choong

Executive and Chief Executive Officer

Appointed as a director and Chief Executive Officer: 1 October 2012

Mr. Wong has 39 years of banking experience and started his career with United Overseas Bank Limited (UOBS) in 1983, where he served for over 14 years. During his tenure with UOBS, he held various management and senior roles across Consumer Banking, Corporate Banking and Commercial Banking. He was transferred to UOB (Malaysia) in 1997 where he was appointed as Head of Corporate and Commercial Banking and subsequently promoted as Deputy CEO in 2003. In 2004, he was appointed Director and Country CEO of United Overseas Bank (Thai) Public Company Limited, a position he held until his appointment as Director and CEO of UOB (Malaysia) in October 2012. He was elected Fellow Chartered Banker by Asian Institute of Chartered Bankers in 2015.

Board Committee Position
- Nil

Current Directorships in Other Companies and Principal Commitments
- UOB Asset Management (Malaysia) Berhad (Chairman)
- United Investments Pte Ltd (Director)
- Asia Alpha Fund (Director)
- UOB Innovation Hub 2 Sdn Bhd (Director)
- The Association of Banks in Malaysia (Council Member)
- The Asian Institute of Chartered Bankers (Council Member)

Past Directorships in Other Companies and Principal Commitments
- United Overseas Bank (Thai) Public Company Limited (Director and Chief Executive Officer)
- UOB Cayman I Limited (Director)

Education and Achievements
- Bachelor of Commerce, University of Toronto, Canada

Fatimah Binti Merican

Independent

Appointed as a director: 3 November 2014

Puan Fatimah has vast experience in management and information technology, having worked locally, regionally and globally, with over 35 years in a Fortune 500 company. She is currently a Certified NLP Coach from The American Board of Neuro-Linguistic Programming. She was a mentor in the TalentCorp/ICAEW Women in Leadership Malaysia program. She also chaired the Human Capital Council, Malaysian International Chamber of Commerce and Industry from 2012 to 2014.

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

Current Directorships in Other Companies and Principal Commitments
- Paramount Corporation Berhad (Director)

Past Directorships in Other Companies and Principal Commitments
- Esso Malaysia Berhad (Director)
- ExxonMobil group of companies (Director)
- IJM Plantations Berhad (Director)
- Merdeka Award Education and Community Category Nomination Committee (Member)

Education and Achievements
- Higher National Diploma in Computer Science, University of Westminster

Ching Yew Chye
Independent

Appointed as a director: 1 June 2018

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

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

Current Directorships in Other Companies and Principal Commitments
- AIA Bhd (Chairman)
- AIA General Berhad (Chairman)
- Genting Plantations Berhad (Director)
- YTL Starhill Global REIT Management Limited (Director)

Past Directorships in Other Companies and Principal Commitments
- Petronas Chemicals Group Berhad (Director)
- HSBC Bank Malaysia Berhad (Director)
- Avenue Invest Berhad (Director)
- China YuChai Limited (Director)
- Yorkville Advisors HK Ltd (Member of Advisory Board)

Education and Achievements
- Bachelor of Science (Honours), University of London, UK

Datuk Phang Ah Tong
Independent

Appointed as a director: 2 January 2019

Datuk Phang has had a distinguished career in the civil service of Malaysia, spanning 36 years in promoting foreign and domestic investments and assisted in developing the manufacturing and services sectors in Malaysia under the Malaysian Investment Development Authority (MIDA), where his last held position was the Deputy Chief Executive Officer, before his retirement in 2017. During his tenure in MIDA, he played an active role in shaping the economic landscape of Malaysia through his involvements in the First Industrial Master Plan (1986-1995), the 10th and 11th Malaysian Plan for the manufacturing sector and the Economic Transformation Programme.

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

Current Directorships in Other Companies and Principal Commitments
- Malaysia Automotive, Robotics and Internet of Things Institute (Chairman)
- JF Technology Berhad (Chairman)
- Jerasia Capital Berhad (Chairman)
- Novugen Pharma (Malaysia) Sdn Bhd (Chairman)
- Oncogen Pharma (Malaysia) Sdn Bhd (Chairman)
- Inari Amertron Berhad (Director)
- UMS Holdings Limited, Singapore (Director)
- Apex Healthcare Berhad (Director)
- Kiswire Sdn Bhd (Director)

Past Directorships in Other Companies and Principal Commitments
- MIDA London (Assistant Trade Commissioner)
- MIDA New York (Director)

Education and Achievements
- Bachelor Degree in Economics (Honours), University of Malaya

Corporate Information

Senior Management

Wong Kim Choong
Chief Executive Officer

Ng Wei Wei (Ms)
Deputy Chief Executive Officer

Lee Che Kong
Managing Director
Country Head, Global Markets

Lim Kheng Swee, Ronnie
Managing Director
Country Head, Personal Financial Services

Kan Wing Yin
Executive Director
Country Head, Credit - Commercial

Beh Wee Khee
Executive Director
Country Head, Commercial Banking

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

Chew Yee Lim, Lucas
Executive Director
Country Head, Transaction Banking

Chong Kim Khong, William
Executive Director
Country Head, Risk Management

Chui Keng Leng, Raymond
Executive Director
Country Head, Business Banking

Lai Tak Ming
Executive Director
Country Head, Human Resources

Liew Chee Choong
Executive Director
Country Head, Credit - Retail

Lim Ching Hui
Executive Director
Country Head, Technology & Operations

Yip Kien Yik, Stevenson
Executive Director
Country Head, Private Bank

Loke Chee Keen, Daniel
Executive Director
Country Head, Compliance

Mohd Fhauzi Bin Muridan
Executive Director
Country Head, Islamic Banking

Tam Chee Meng
Executive Director
Country Head, Credit - Corporate

Tan Mei Lin, Linda (Ms)
Executive Director
Country Head, Special Assets Management

Tang Wai Fong, Anita (Ms)
Executive Director
Country Head (Acting), Corporate Banking
Country Head, Wholesale Banking Business Management

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

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

Yap Kok Tee
Executive Director
Country Head, Channels and Digitalisation

Secretaries
Wan Yoke Nee, Penny
Lai Su Ming

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

Share Capital
Share capital: RM792,555,000

Registered Office
Level 11, Menara UOB
Jalan Raja Laut
50350 Kuala Lumpur

Head Office
Menara UOB, Jalan Raja Laut
P.O.Box 11212
50738 Kuala Lumpur
Telephone: 03-2692 7722
Facsimile: 03-2691 0281
SWIFT: UOVBMYKL
Email: uobcustomerservice@UOB.com.my
Website: www.UOB.com.my

Branch Network

Federal Territory / Negeri Sembilan
Central Area I
Bangunan UOB, Medan Pasar
10-12, Medan Pasar
50050 Kuala Lumpur
Tel: 03-2772 8000
Fax: 03-2031 9387 / 03-2070 8058
Area Manager: Phuah Ah Keng

Federal Territory
Kuala Lumpur Main Branch
Level 2, Menara UOB
Jalan Raja Laut
50350 Kuala Lumpur
Tel: 03-2692 4511
Fax: 03-2691 3110
Manager: Mona Tan Swee Ling

Jalan Imbi Branch
197-199, Jalan Imbi
55100 Kuala Lumpur
Tel: 03-2143 5722
Fax: 03-2148 9725
Manager: Nathan Cheah Siew Loon

Jalan Pudu Branch
408-410, Jalan Pudu
55100 Kuala Lumpur
Tel: 03-9222 9022
Fax: 03-9221 6667
Manager: Samantha Wong Thien Sen

Bangsar Branch
Bangunan Bangsaria
45E, Jalan Maarof
Bangsar Baru
59100 Kuala Lumpur
Tel: 03-2283 9888
Fax: 03-2283 9898
Manager: Susan Ee Sook Sun

Medan Pasar Branch (to be relocated to Bandar Sri Petaling in 2022)
Bangunan UOB, Medan Pasar
10-12, Medan Pasar
50050 Kuala Lumpur
Tel: 03-2772 8000
Fax: 03-2031 9387 / 03-2070 8058
Manager: Johnsen Phoon Leong Yew

Negeri Sembilan
Seremban Branch
24-26, Jalan Dato Lee Fong Yee
70000 Seremban
Tel: 06-760 4444
Fax: 06-760 4545
Manager: Wendy Yap Nyet Foong

Federal Territory / Selangor
Central Area II
2108, Jalan Meru
41050 Klang
Tel: 03-3361 2198
Fax: 03-3342 1135
Area Manager: Ho Hui Ming

Federal Territory
Kepong Branch
82, Ground Floor
Jalan 3/62D, Medan Putra Business Centre
Sri Menjalara, Off Jalan Damansara
52200 Kuala Lumpur
Tel: 03-6286 6888
Fax: 03-6275 3668
Manager: Vanessa Yew Shok Leng

Selangor
Ijok Branch
57, Jalan PPAJ 3/1
Pusat Perdagangan Alam Jaya
42300 Bandar Puncak Alam
Tel: 03-6038 8287
Fax: 03-6038 8289
Manager: Yeoh Kean Hiong

Klang Branch
2108, Jalan Meru
41050 Klang
Tel: 03-3361 2000
Fax: 03-3342 1135
Manager: Violet Koh Geok Lan

Kota Damansara Branch
48, Jalan PJU 5/8
Dataran Sunway
Kota Damansara
47810 Petaling Jaya
Tel: 03-6140 9881
Fax: 03-6140 9771
Manager: Jeffrey Liewn Chee Kean

Bandar Bukit Tinggi Branch
32A, Lorong Batu Nilam 4b
Bandar Bukit Tinggi 1
41200 Klang
Tel: 03-3080 3228
Fax: 03-3080 3100
Manager: Yeoh Kean Hiong

USJ Taipan Branch
No 7, Jalan USJ 10/1
USJ Taipan Triangle
47620 UEP Subang Jaya
Tel: 03-5565 2000
Fax: 03-5631 8703
Manager: Georgina Tia Lee Ping

Selangor
Central Area III
1, Jalan SS21/58 , Ground Floor
Uptown 1, Damansara Uptown
47400 Petaling Jaya
Tel: 03-7724 3939
Fax: 03-7727 9325
Area Manager: Wong Yin Pheng

Ampang Branch
495, Jalan Lima
Taman Ampang Utama
Jalan Ampang
68000 Ampang, Selangor
Tel: 03-4264 0288
Fax: 03-4257 8322
Manager: Andy Loo Say Chye

Cheras Branch
35, Jalan Desa Cahaya 11
Taman Desa Bukit Cahaya
56100 Cheras, Selangor
Tel: 03-9106 2788
Fax: 03-9106 2695
Manager: Daniel Foong Wai Choy

Damansara Uptown Branch
1, Jalan SS21/58
Ground Floor, Uptown 1, Damansara Uptown
47400 Petaling Jaya
Tel: 03-7724 3888
Fax: 03-7727 5566
Manager: Donald Hew Chun Kie

Jalan Othman Branch
39-45, Jalan Othman
46000 Petaling Jaya
Tel: 03-7788 3333
Fax: 03-7783 8131
Manager: Oh Seng Hu

Jalan Tengah Branch
2-6, Jalan Tengah
46200 Petaling Jaya
Tel: 03-7956 9057 / 03-7958 2282
Fax: 03-7955 9110
Manager: Joe Ng Weng Bu

Puchong Branch
6, Jalan Kenari 5
Bandar Puchong Jaya
47100 Puchong
Tel: 03-8090 7300
Fax: 03-8090 7329
Manager: Kennedy Choo Wei Hong

Pahang / Terengganu / Kelantan
East Coast Area
2, Jalan Besar
25000 Kuantan
Tel: 09-516 1844
Fax: 09-513 8266
Area Manager: Tracia Kek Choon Yian

Pahang
Kuantan Branch
2, Jalan Besar
25000 Kuantan
Tel: 09-514 4155 / 09-516 1844 / 09-516 4755
Fax: 09-513 8266
Manager: Lim Chu Luan

Bentong Branch
61-62, Jalan Loke Yew
28700 Bentong
Tel: 09-222 1600 / 09-222 1778
Fax: 09-222 5882
Manager: Karen Lee Shek Fern

Raub Branch
14 & 16, Jalan Tun Razak
27600 Raub
Tel: 09-355 1187 / 09-355 3766
Fax: 09-355 5955
Manager: Karen Lee Shek Fern

Terengganu
Kuala Terengganu Branch
51, Jalan Sultan Ismail
20200 Kuala Terengganu
Tel: 09-622 1644 / 09-622 7912
Fax: 09-623 4644
Manager: Yang Suan Seng

Kelantan
Kota Bharu Branch
No. 724, Jalan Sultanah Zainab
15000 Kota Bharu
Tel: 09-748 2699 / 09-748 3066
Fax: 09-748 4307
Manager: Wei Hui Kim

Perak / Pulau Pinang / Kedah
North Area Centre
1st Floor, 64E-H, Lebuh Bishop
10200 Pulau Pinang
Tel: 04-258 8188
Fax: 04-262 9119 / 04-258 8166
Area Manager: Jonathan How Boon Seong

Perak
Ipoh Branch
2, Jalan Dato' Seri Ahmad Said
30450 Ipoh
Tel: 05-254 0008 / 05-254 0200
Fax: 05-254 9092
Manager: Caryl Shim Weng Han

Pulau Pinang
Bukit Mertajam Branch
1, Jalan Tembikai
Taman Mutiara
14000 Bukit Mertajam
Tel: 04-548 8288
Fax: 04-530 3818
Manager: Ang Zhen Yao

Butterworth Branch
4071 & 4072, Jalan Bagan Luar
12000 Butterworth
Tel: 04-314 8000
Fax: 04-323 6953
Manager: Tay G. Lim

Jalan Kelawei Branch
9, Jalan Kelawei
10250 Pulau Pinang
Tel: 04-222 8799
Fax: 04-226 2382
Manager: Lee Ai Pin

Lebuh Bishop Branch
64E-H Lebuh Bishop
10200 Pulau Pinang
Tel: 04-258 8000
Fax: 04-261 0868
Manager: Tan Yang Cheng

Kedah
Alor Setar Branch
55, Jalan Gangsa
Kawasan Perusahaan Mergong 2
05150 Alor Setar
Tel: 04-732 1366
Fax: 04-733 0621
Manager: Choo Kin Chuan

Sungai Petani Branch
No. 4, Jalan Cempaka 1/3
Amanjaya Square
08000 Sungai Petani
Tel: 04-426 0800
Fax: 04-426 0818
Manager: Celina Khor She Ying

Melaka / Johor
South Area Centre
Bangunan UOB
8, Jalan Ponderosa 2/1
Taman Ponderosa
81100 Johor Bahru
Tel: 07-360 6800
Fax: 07-355 3761
Area Manager: Goh Boon Siang

Melaka
Plaza Mahkota Branch
1, Jalan PM5
Plaza Mahkota
75000 Melaka
Tel: 06-283 8840 / 06-283 8841
Fax: 06-283 8868
Manager: Maria Tan Swee Tin

Malim Branch
1, Jalan PPM 8, Plaza Pandan
Malim Business Park
Jalan Balai Panjang
75250 Melaka
Tel: 06-336 4336
Fax: 06-336 4337
Manager: Chan Chee Peng

Johor
Muar Branch
10, Jalan Pesta 1/1
Kg. Kenangan Tun Dr. Ismail (1)
Jalan Bakri
84000 Muar
Tel: 06-955 5881
Fax: 06-953 1181
Manager: Rachel Chong Siet Foon

Batu Pahat Branch
Ground Floor, Wisma Sing Long
9, Jalan Zabedah
83000 Batu Pahat
Tel: 07-432 8999
Fax: 07-433 8122
Manager: Vincent Kek Wen Shen

City Square Branch
Lot 1-23, Johor Bahru City Square
106-108, Jalan Wong Ah Fook
80000 Johor Bahru
Tel: 07-219 6300
Fax: 07-224 3706
Manager: Ben Liew Kar Voon

Kluang Branch
14-16 Jalan Dato Kapt Ahmad
86000 Kluang
Tel: 07-772 1967 / 07-772 5968
Fax: 07-772 1977
Manager: Yeow Kheng Leh

Kulai Branch
31-1 & 31-2 Jalan Raya
Kulai Besar
81000 Kulai
Tel: 07-663 1232 / 07-663 1342
Fax: 07-663 5287
Manager: Chong Hui See

Taman Ponderosa Branch
Bangunan UOB
Ground Floor, No. 8, Jalan Ponderosa 2/1
Taman Ponderosa
81100 Johor Bahru
Tel: 07-360 6800
Fax: 07-355 3761
Manager: Ricky Teo Choh Meng

Sabah / Sarawak
East Malaysia Area
UOB Tower CT160, Level 1,
Block C, iCom Square
Jalan Pending
93450 Kuching
Tel: 082-527 789
Fax: 082-527 752
Area Manager: Lee Kui Ping

Sabah
Kota Kinabalu Branch
Bangunan UOB
70 Jalan Gaya
88000 Kota Kinabalu
Tel: 088-526 000
Fax: 088-314 888
Manager: Robson Soo Kan Hung

Sandakan Branch
Lot 91 & 92, Block 10
Bandar Prima Square, Jalan Utara
90000 Sandakan
Tel: 089-212 028 / 089-217 833
Fax: 089-225 577
Manager: Kuan Tze Loi

Tuaran Branch
9 & 10, Jalan Datuk Dusing
89208 Tuaran
Tel: 088-788 567
Fax: 088-788 979
Manager: Robson Soo Kan Hung

Sarawak
Sibu Branch
8, Lorong 7A Jalan Pahlawan
Jaya Li Hua Commercial Centre
96000 Sibu
Tel: 084-216 089
Fax: 084-217 089
Manager: Donald Fu Ping Yung

Miri Branch
108 & 110, Jalan Bendahara
98000 Miri
Tel: 085-433 322
Fax: 085-422 221
Manager: George Lai Ted Min

Kuching Branch
UOB Tower CT160, Level 1,
Block C, iCom Square
Jalan Pending
93450 Kuching
Tel: 082-527 777
Fax: 082-527 752
Manager: Emily Rolanda Yong

Bintulu Branch
207 & 208, Parkcity Commerce Square
(Phase III), Jalan Tun Ahmad Zaidi
97000 Bintulu
Tel: 086-312 232
Fax: 086-338 381
Manager: Wong Pak Yew

United Overseas Bank (Malaysia) Bhd
and its subsidiaries

31 December 2021

Governance

Corporate Governance

Board of Directors' Composition, Function and Conduct

The Board of UOB (Malaysia) is committed in upholding good corporate governance, which is integral to the Bank's growth and success. The Board, together with Management, ensures that principles of good corporate governance are observed at all levels of the Bank. The Bank's corporate governance practices are based on the principles set out in the Policy on Corporate Governance issued by Bank Negara Malaysia (BNM) and the Malaysian Code on Corporate Governance.

Board Duties

The Board's responsibilities are set out in its Charter. Its responsibilities include:

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

The Board is also entrusted to oversee and approve matters pertaining to remuneration policy, risk appetite, technology, data and productivity initiatives, policies relating to Shariah matters, Islamic Banking products and services. Other matters reserved to the Board by the requirements of law and the regulators are also under the purview of the Board.

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

Board Delegation

The Board has delegated certain duties to four Board Committees, namely the Nominating Committee (NC), Remuneration Committee (RC), Risk Management Committee (RMC) and Audit Committee (AC).

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

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

Board and Board Committee Meetings

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

Managing Potential Conflicts of Interests

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

Board Attendance

Directors' attendance at Board and Board Committee meetings in 2021 is set out in the table below. The contributions of directors go beyond their attendance at formal meetings. Directors have individually or collectively engaged Management outside formal meetings in their oversight of the affairs of the Bank.

	Number of meetings attended in 2021				
	Board of Directors	Audit Committee	Risk Management Committee	Remuneration Committee	Nominating Committee
Dato' Jeffrey Ng Tiong Lip	8^	5	N/A	N/A	N/A
Mr Wee Ee Cheong	8	N/A	N/A	N/A	5
Puan Fatimah Binti Merican	8	5	4	2^	5^
Mr Ching Yew Chye	8	5	4^	2	5
Datuk Phang Ah Tong	8	5^	4	2	5
Mr Wong Kim Choong	8	N/A	N/A	N/A	N/A
Number of meetings held in 2021	8	5	4	2	5

^ Chairman/Chairperson of Committee.

Board Independence, Composition and Diversity

The Board currently comprises six members, the majority of whom are independent directors. Dato' Jeffrey Ng Tiong Lip, Puan Fatimah Binti Merican, Mr Ching Yew Chye and Datuk Phang Ah Tong are independent directors. Annually, the NC assists the Board to assess the overall composition and effectiveness of the Board and Board Committees as well as the independence of each director according to the criteria in BNM's Policy on Corporate Governance. For the year under review, the NC concluded that the independent directors continue to demonstrate independence through their conduct and behavior and that each of them continues to fulfil the definition of independence.

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

Chief Executive Officer

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

Induction and Continuous Development

The directors also recognise the importance of training and development to keep abreast of prudential requirements and best practices. For the year under review, they attended various training programmes related to their duties as directors including corporate governance, climate and sustainability issues, cyber security, cloud security, Islamic Finance and anti-money laundering. As part of the Bank's continuous development programmes, new and existing directors receive training on topics that are relevant to the business of the Bank and thereby providing the directors with the relevant knowledge and skills to perform their roles effectively. They also attended external programmes organised by FIDE Forum and ISRA Consultancy.

Induction and Continuous Development (Continued)

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

Access to Information

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

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

Role of Company Secretary

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

Board Committees

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

Nominating Committee

The main responsibilities of the NC are as follows:

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

Remuneration Committee

The main duties of the RC are as follows:

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

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

Risk Management Committee

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

- establishment and operation of a robust risk management system, policies, processes and procedures to identify, monitor, control and report risks;
- oversee senior management's activities in managing credit, market, liquidity, operational, compliance, legal and other risks;
- ensure that the risk management process is in place and functioning;
- review the Bank's framework in managing money laundering and terrorism financing risks;
- review risk management strategies, policies and risk appetite;
- review bank-wide stress test scenarios, assumptions, parameters and results, reasonableness of proposed actions and contingency plans, and senior management's attestation on the overall state of business continuity preparedness of the Bank;
- provide oversight over technology-related matters;
- examine whether incentives provided by the remuneration system take into consideration risks, capital, liquidity and the likelihood and timing of earnings, without prejudice to the tasks of the RC; and
- approve the appointment, resignation and dismissal of the Chief Risk Officer and review the performance of the risk management function.

Audit Committee

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

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

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

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

Another important duty of the AC is the review of fraud and whistleblowing cases reported to the Bank. Annually, the AC reviews the policy governing the management of whistleblowing cases.

Financial Reporting

In presenting the annual accounts and quarterly announcements, the Board is committed to present a balanced, clear and understandable assessment of the financial position and prospect of the Bank. The Board is assisted by the AC to oversee the Bank's financial reporting by scrutinising the information to be disclosed to ensure accuracy, adequacy and completeness. The statement by Directors in respect of preparation of the annual audited financial statements of the Bank is set out on page 109.

Internal Controls

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

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

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

Based on the internal controls and risk management processes established and maintained by the Bank, the work performed by IA, and the reviews performed by senior management and the relevant Board Committees, the Board - with the concurrence of the AC and the RMC - is of the opinion that the Bank's system of risk management and internal controls, including financial, operational, compliance and information technology controls, was adequate and effective as at 31 December 2021.

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

Internal Audit

The Bank has a well-established internal audit function which has a primary reporting line to the AC. The primary role of the IA function is to provide independent assessment of the adequacy and effectiveness of the Bank's system of internal controls, risk management and governance processes. It operates within the framework defined in its IA Charter and adopts the *Standards for Professional Practice of Internal Auditing* set by the Institute of Internal Auditors, and is guided by *The Internal Audit Function in Banks* issued by the Basel Committee on Banking Supervision. To ensure IA maintains its high performance standards, IA conducts a self-assessment of its activities against these standards and guidelines annually. In addition to the self-assessment, an external quality assurance review of the IA function is also conducted every five years. The last review was conducted in 2019.

IA ensures that the audit methodology remains relevant in addressing the ever-changing risk profile of the business in managing risks effectively as the Bank's third line of defence. In 2021, IA implemented the Enhanced Risk Assessment (ERA) approach. Under this approach, the risk taxonomy to address new emerging risks is aligned with the Bank's Risk Management, and IA's competencies on business insights and risk management are enhanced. A differentiated quality assessment under the ERA approach is adopted to assess the adequacy and effectiveness of risk oversight functions in the Bank's second line of defence. In addition, IA introduced Continuous Auditing, which uses technology-enabled audit techniques such as data visualisation, data analytics and automation. These give the Bank's business and support units greater assurance and more insightful audit results, which will help them to improve their processes and activities.

IA launched its Competency Framework, which is targeted at upskilling all internal auditors to meet expected knowledge and skills standards. It adopted a Digital Risk Audit Framework to audit risks associated with the digital initiatives undertaken by the Bank, and completed new subject matter training included Digital Risk training and Models training.

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

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

Remuneration Policy

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

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

Our Approach to Remuneration

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

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

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

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

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

Determining Variable Pay

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

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

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

Employees are assessed based on (1) performance objectives, (2) competency behaviours and (3) behaviour that uphold to UOB Values. Variable pay of each employee is dependent and differentiated by the employee's performance at the end of every year.

Remuneration Governance

Control Functions

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

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

Variable Pay Deferrals

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

- aligns compensation payment schedules with the time horizon of risks;
- retains key employees whose contributions are essential to the long-term growth and profitability of the Bank;
- encourages employees to focus on delivering sustainable long-term performance to align with shareholders' interests.

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

The vesting of deferred compensation is subject to malus and clawback within seven (7) years from the grant date. Malus of unvested compensation and clawback of paid compensation will be triggered by, inter alia:

- Material violation of risk limits
- Bank-wide losses or material risks due to negligent risk-taking or inappropriate individual behaviour
- Material restatement of financial results
- Misconduct, malfeasance or fraud

Summary of 2021 Remuneration Outcomes

1. Breakdown of total remuneration for CEO for FY2021

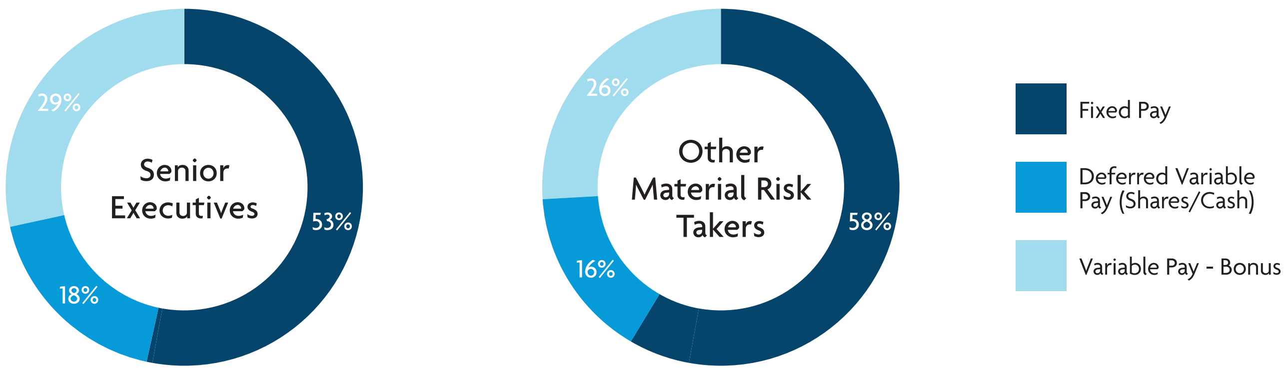
Name	Fixed Pay (RM'000)	Variable Pay – Unrestricted (RM'000)	Deferred Variable Pay – EEP (RM'000)
Wong Kim Choong	1,296	2,159	1,439

2. Breakdown of Remuneration Awarded to SEs and MRTs for FY2021

- Senior Executives (SEs) refers to the Chief Executive Officer and members of senior management comprising of country heads of Executive Director and Managing Director grades. There were 24 Senior Executives in 2021.
- In addition to all SEs, there were 6 other MRTs in 2021.

Summary of 2021 Remuneration Outcomes (Continued)

2. Breakdown of Remuneration Awarded to SEs and MRTs for FY2021 (Continued)



Total remuneration for FY2021 is RM29.78mil

Total remuneration for FY2021 is RM4.96mil

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

3. Guaranteed Bonuses, Sign-on Awards and Severance Payments for FY2021

Category of Remuneration	SEs	MRTs
Number of guaranteed bonuses	-	-
Number of sign-on awards	1	-
Number of severance payments	-	-
Total amounts of above payments made for the financial year (RM'000)	50	-

4. Breakdown of Deferred Remuneration

Category	SEs	MRTs
Total amount of outstanding deferred remuneration		
Cash (RM'000)	-	58
Shares (RM'000)	16,812	1,701
Total amount of deferred remuneration paid in FY2021		
Cash (RM'000)	0	37
Shares (RM'000)	5,167	285
Outstanding deferred remuneration (performance adjustments):		
Of which exposed to ex-post adjustments	100%	100%
Reductions in current year due to ex-post adjustments (explicit[1])	-	-
Reductions in current year due to ex-post adjustments (implicit[2])	-	-
Outstanding retained remuneration (performance adjustments):		
Of which exposed to ex-post adjustments	-	-
Reductions in current year due to ex-post adjustments (explicit)	-	-
Reductions in current year due to ex-post adjustments (implicit)	-	-

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

Statement on Shariah Governance

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

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

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

1. Dr. Samsuri Bin Sharif - Interim Chairman
2. Assoc. Prof. Dr. Sharifah Faigah Binti Syed Alwi (tenure expired on 31 March 2021)
3. Dr. Ahmad Zakirullah Bin Mohamed Shaarani (tenure expired on 31 March 2021)
4. Datin Dr. Wan Marhaini Binti Wan Ahmad (tenure started on 1 April 2021)
5. Prof. Dr. Noraini Binti Mohd Ariffin (tenure started on 1 April 2021)

During the financial year, the SC met 9[1] times. Attendance by the SC members was recorded as follows:

SC Member	Attendance
Dr. Samsuri Bin Sharif (Interim Chairman)	9/9
Assoc. Prof. Dr. Sharifah Faigah Binti Syed Alwi	3/3
Dr. Ahmad Zakirullah Bin Mohamed Shaarani	3/3
Datin Dr. Wan Marhaini Binti Wan Ahmad	6/6
Prof. Dr. Noraini Binti Mohd Ariffin	6/6

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

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

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

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

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

[1] Due to the Covid-19 pandemic, 8 meetings were conducted through online platform within the Banks's secured technology parameters to limit physical contact, as well as to preserve confidentiality of the deliberations.

Pillar 3 Disclosure

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

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

Scope of Application

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

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

Capital Adequacy

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

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

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

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

Capital Adequacy (Continued)

The aggregate breakdown of Risk-Weighted Assets (RWA) of the Bank by exposures in each risk category for the financial year ended 31 December 2021 were as follows:

RM'000

Item	Exposure class	Exposures pre Credit Risk Mitigation (CRM)	Exposures post Credit Risk Mitigation (CRM)	RWA	Minimum capital requirement at 8%
1.0	Credit risk				
1.1	Exempted exposures under the Standardised Approach (SA)				
	On-balance sheet exposures				
	Sovereigns/central banks	23,974,164	23,974,164	231	18
	Public sector entities	490,369	490,369	-	-
	Insurance cos, securities firms and fund managers	79	79	79	6
	Corporates	286,231	283,471	282,521	22,602
	Regulatory retail	2,885	2,885	2,885	231
	Other assets	1,312,402	1,312,402	715,963	57,277
	Equity exposure	155,420	155,420	155,420	12,434
	Defaulted exposures	1,361	1,361	2,042	163
	Total on-balance sheet exposures	26,222,911	26,220,151	1,159,141	92,731
	Off-balance sheet exposures				
	OTC derivatives	79,115	79,115	36,564	2,925
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	57,527	55,644	47,598	3,808
	Total off-balance sheet exposures	136,642	134,759	84,162	6,733
	Total on and off-balance sheet exposures (SA)	**26,359,553**	**26,354,909**	**1,243,302**	**99,464**
1.2	Exposures under the Foundation IRB Approach (FIRB)				
	On-balance sheet exposures				
	Banks, Development Financial Institutions and MDBs	5,118,838	5,118,838	710,630	56,850
	Insurance cos, securities firms and fund managers	1,100,850	1,090,832	265,444	21,236
	Corporates	36,909,182	32,827,475	33,913,283	2,713,063
	Equity (simple risk weight)	1,604	1,604	4,811	385
	Defaulted exposures	1,206,375	1,175,949	3,087	247
	Total on-balance sheet exposures	44,336,849	40,214,698	34,897,255	2,791,781
	Off-balance sheet exposures				
	OTC derivatives	2,316,478	2,313,617	811,908	64,953
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	8,401,933	7,373,286	7,026,857	562,149
	Defaulted exposures	14,652	13,466	-	-
	Total off-balance sheet exposures	10,733,063	9,700,369	7,838,765	627,102
	Total on and off-balance sheet exposures (FIRB)	**55,069,911**	**49,915,067**	**42,736,020**	**3,418,883**

Capital Adequacy (Continued)

The aggregate breakdown of RWA of the Bank by exposures in each risk category for the financial year ended 31 December 2021 were as follows (Continued):

RM'000

Item	Exposure class	Exposures pre CRM	Exposures post CRM	RWA	Minimum capital requirement at 8%
1.0	Credit risk (Continued)				
1.3	Exposures under the Advance IRB Approach (AIRB)				
	On-balance sheet exposures				
	Corporates	-	-	-	-
	Residential mortgages	35,779,788	35,779,788	3,632,064	290,565
	Qualifying revolving retail	2,354,160	2,354,160	806,937	64,555
	Other retail	15,103,074	15,103,074	2,545,133	203,611
	Defaulted exposures	1,164,324	1,164,324	483,876	38,710
	Total on-balance sheet exposures	54,401,346	54,401,346	7,468,010	597,441
	Off-balance sheet exposures				
	OTC derivatives	550	550	188	15
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	8,978,243	8,978,243	1,140,920	91,274
	Defaulted exposures	-	-	-	-
	Total off-balance sheet exposures	8,978,793	8,978,793	1,141,108	91,289
	Total on and off-balance sheet exposures (AIRB)	63,380,138	63,380,139	8,609,118	688,730
	Total exposures under IRB Approach	118,450,049	113,295,206	51,345,138	4,107,613
	Total (exempted exposures and exposures under the IRB Approach) after scaling factor			55,669,148	4,453,532
2.0	Large exposures risk requirement	-	-	-	-
3.0	Market risk	Long position	Short position		
	Interest rate risk	105,539	79,668	942,345	75,388
	Foreign currency risk	30,449	9,491	30,485	2,439
	Commodity risk	-	-	-	-
	Options risk	-	-	164,351	13,148
4.0	Operational risk (Basic Indicator Approach)			5,843,127	467,450
5.0	Total RWA and capital requirements			62,649,456	5,011,957

Capital Adequacy (Continued)

The aggregate breakdown of RWA of the Bank by exposures in each risk category for the financial year ended 31 December 2020 were as follows:

RM'000

Item	Exposure class	Exposures pre Credit Risk Mitigation (CRM)	Exposures post Credit Risk Mitigation (CRM)	RWA	Minimum capital requirement at 8%
1.0	Credit risk				
1.1	Exempted exposures under the Standardised Approach (SA)				
	On-balance sheet exposures				
	Sovereigns/central banks	23,059,910	22,859,553	229,862	18,389
	Public sector entities	179,046	179,046	-	-
	Insurance cos, securities firms and fund managers	62	62	62	5
	Corporates	294,798	292,128	291,658	23,333
	Regulatory retail	9,965	9,965	9,965	797
	Other assets	1,321,778	1,321,778	702,149	56,172
	Equity exposure	155,929	155,929	155,929	12,474
	Defaulted exposures	3,950	3,950	5,922	474
	Total on-balance sheet exposures	25,025,438	24,822,411	1,395,547	111,644
	Off-balance sheet exposures				
	OTC derivatives	98,390	98,390	56,255	4,500
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	90,766	89,748	88,198	7,056
	Total off-balance sheet exposures	189,156	188,138	144,453	11,556
	Total on and off-balance sheet exposures (SA)	**25,214,594**	**25,010,549**	**1,540,000**	**123,200**
1.2	Exposures under the Foundation IRB Approach (FIRB)				
	On-balance sheet exposures				
	Banks, Development Financial Institutions and MDBs	8,545,328	7,696,678	743,093	59,447
	Insurance cos, securities firms and fund managers	1,130,296	1,120,279	278,386	22,271
	Corporates	34,219,891	30,171,147	30,587,833	2,447,027
	Equity (simple risk weight)	2,456	2,456	7,369	590
	Defaulted exposures	983,679	965,294	-	-
	Total on-balance sheet exposures	44,881,649	39,955,855	31,616,681	2,529,334
	Off-balance sheet exposures				
	OTC derivatives	2,201,029	2,197,675	883,199	70,656
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	7,546,399	6,555,912	6,106,505	488,520
	Defaulted exposures	16,613	15,446	-	-
	Total off-balance sheet exposures	9,764,041	8,769,033	6,989,704	559,176
	Total on and off-balance sheet exposures (FIRB)	**54,645,690**	**48,724,888**	**38,606,385**	**3,088,511**

Capital Adequacy (Continued)

The aggregate breakdown of RWA of the Bank by exposures in each risk category for the financial year ended 31 December 2020 were as follows (Continued):

RM'000

Item	Exposure class	Exposures pre CRM	Exposures post CRM	RWA	Minimum capital requirement at 8%
1.0	Credit risk (Continued)				
1.3	Exposures under the Advance IRB Approach (AIRB)				
	On-balance sheet exposures				
	Corporates	-	-	-	-
	Residential mortgages	35,534,166	35,534,166	3,822,943	305,835
	Qualifying revolving retail	2,548,509	2,548,509	929,284	74,343
	Other retail	15,730,978	15,730,978	2,836,203	226,896
	Defaulted exposures	745,269	745,269	358,289	28,663
	Total on-balance sheet exposures	54,558,922	54,558,922	7,946,719	635,738
	Off-balance sheet exposures				
	OTC derivatives	482	482	110	9
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	9,347,069	9,347,069	1,251,725	100,138
	Defaulted exposures	-	-	-	-
	Total off-balance sheet exposures	9,347,551	9,347,551	1,251,836	100,147
	Total on and off-balance sheet exposures (AIRB)	63,906,473	63,906,473	9,198,555	735,884
	Total exposures under IRB Approach	118,552,163	112,631,361	47,804,940	3,824,395
	Total (exempted exposures and exposures under the IRB Approach) after scaling factor			52,213,236	4,177,059
2.0	Large exposures risk requirement	-	-	-	-
3.0	Market risk	Long position	Short position		
	Interest rate risk	121,706	88,261	907,177	72,574
	Foreign currency risk	498,504	570,773	94,230	7,538
	Commodity risk	1,622	-	3,041	243
	Options risk	-	-	62,200	4,976
4.0	Operational risk (Basic Indicator Approach)			5,658,697	452,696
5.0	Total RWA and capital requirements			58,938,581	4,715,087

Capital Adequacy (Continued)

The aggregate breakdown of RWA under the Islamic Banking Window by exposures in each risk category for the financial year ended 31 December 2021 were as follows:

RM'000

Item	Exposure class	Exposures pre CRM	Exposures post CRM	RWA	RWA absorbed by PSIA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
1.0	Credit risk						
1.1	Exempted exposures under the Standardised Approach (SA)						
	On-balance sheet exposures						
	Sovereigns/central banks	2,985,869	2,985,869	-	-	-	-
	Corporate	1,422	830	830	-	830	66
	Other assets	6,781	6,781	6,781	-	6,781	542
	Total on-balance sheet exposures	2,994,072	2,993,480	7,611	-	7,611	608
	Off-balance sheet exposures						
	OTC derivatives	4,098	4,098	2,179	-	2,179	174
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	-	-	-	-	-	-
	Total off-balance sheet exposures	4,098	4,098	2,179	-	2,179	174
	Total on and off-balance sheet exposures (SA)	2,998,170	2,997,578	9,790	-	9,790	782
1.2	Exposures under the FIRB Approach						
	On-balance sheet exposures						
	Banks, Development Financial Institutions and MDBs	203,839	203,839	20,946	-	20,946	1,676
	Insurance cos, securities firms and fund managers	1,001,490	1,001,490	237,727	237,727	-	-
	Corporates	2,772,166	2,638,527	3,206,101	1,310,128	1,895,973	151,678
	Defaulted exposures	96,211	96,211	-	-	-	-
	Total on-balance sheet exposures	4,073,706	3,940,067	3,464,774	1,547,855	1,916,919	153,354
	Off-balance sheet exposures						
	OTC derivatives	7,743	7,704	4,962	-	4,962	397
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	525,636	512,917	719,166	611,459	107,707	8,617
	Total off-balance sheet exposures	533,379	520,621	724,128	611,459	112,669	9,014
	Total on and off-balance sheet exposures (FIRB)	4,607,085	4,460,688	4,188,902	2,159,314	2,029,588	162,368

Capital Adequacy (Continued)

The aggregate breakdown of RWA under the Islamic Banking Window by exposures in each risk category for the financial year ended 31 December 2021 were as follows (Continued):

RM'000

Item	Exposure class	Exposures pre CRM	Exposures post CRM	RWA	RWA absorbed by PSIA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
1.0	Credit risk (Continued)						
1.3	Exposures under the AIRB Approach						
	On-balance sheet exposures						
	Corporate	-	-	-	-	-	-
	Residential mortgages	2,937,154	2,937,154	437,200	-	437,200	34,976
	Other retail	1,212,831	1,212,831	313,002	-	313,002	25,040
	Defaulted exposures	100,014	100,014	45,784	-	45,784	3,663
	Total on-balance sheet exposures	4,249,999	4,249,999	795,986	-	795,986	63,679
	Off-balance sheet exposures						
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	435,782	435,782	71,465	-	71,465	5,717
	Total off-balance sheet exposures	435,782	435,782	71,465	-	71,465	5,717
	Total on and off-balance sheet exposures (AIRB)	4,685,781	4,685,781	867,451	-	867,451	69,396
	Total exposures under IRB Approach	9,292,866	9,146,469	5,056,353	2,159,314	2,897,039	231,764
	Total (exempted exposures and exposures under the IRB Approach after scaling factor			5,369,525	2,288,873	3,080,652	246,452
2.0	Large exposures risk requirement	-	-	-	-	-	-
3.0	Market risk	Long Position	Short Position				
	Interest rate risk	19	4	272	-	272	22
	Foreign currency risk	353	389	389	-	389	31
	Commodity risk	-	-	-	-	-	-
	Options risk	-	-	-	-	-	-
4.0	Operational risk (Basic Indicator Approach)			156,436	-	156,436	12,515
5.0	Total RWA and capital requirements			5,526,622	2,288,873	3,237,749	259,020

Capital Adequacy (Continued)

The aggregate breakdown of RWA under the Islamic Banking Window by exposures in each risk category for the financial year ended 31 December 2020 were as follows:

RM'000

Item	Exposure class	Exposures pre CRM	Exposures post CRM	RWA	RWA absorbed by PSIA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
1.0	Credit risk						
1.1	Exempted exposures under the Standardised Approach (SA)						
	On-balance sheet exposures						
	Sovereigns/central banks	1,338,772	1,338,772	-	-	-	-
	Corporate	535	95	95	-	95	8
	Other assets	6,486	6,486	6,486	-	6,486	519
	Total on-balance sheet exposures	1,345,793	1,345,353	6,581	-	6,581	526
	Off-balance sheet exposures						
	OTC derivatives	5,627	5,627	2,013	-	2,013	161
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	-	-	-	-	-	-
	Total off-balance sheet exposures	5,627	5,627	2,013	-	2,013	161
	Total on and off-balance sheet exposures (SA)	1,351,421	1,350,981	8,594	-	8,594	688
1.2	Exposures under the FIRB Approach						
	On-balance sheet exposures						
	Banks, Development Financial Institutions and MDBs	115,504	115,504	11,893	-	11,893	951
	Insurance cos, securities firms and fund managers	1,001,476	1,001,476	238,004	-	238,004	19,040
	Corporates	2,092,581	1,966,802	2,457,216	765,372	1,691,844	135,348
	Defaulted exposures	15,486	15,486	-	-	-	-
	Total on-balance sheet exposures	3,225,048	3,099,269	2,707,113	765,372	1,941,741	155,339
	Off-balance sheet exposures						
	OTC derivatives	637	612	804	-	804	64
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	131,255	124,533	160,743	-	160,743	12,859
	Total off-balance sheet exposures	131,892	125,145	161,547	-	161,547	12,924
	Total on and off-balance sheet exposures (FIRB)	3,356,940	3,224,414	2,868,660	765,372	2,103,288	168,263

Capital Adequacy (Continued)

The aggregate breakdown of RWA under the Islamic Banking Window by exposures in each risk category for the financial year ended 31 December 2020 were as follows (Continued):

RM'000

Item	Exposure class	Exposures pre CRM	Exposures post CRM	RWA	RWA absorbed by PSIA	Total RWA after effects of PSIA	Minimum capital requirement at 8%
1.0	Credit risk (Continued)						
1.3	Exposures under the AIRB Approach						
	On-balance sheet exposures						
	Corporate	-	-	-	-	-	-
	Residential mortgages	2,539,930	2,539,930	408,690	-	408,690	32,695
	Other retail	1,087,704	1,087,704	294,283	-	294,283	23,543
	Defaulted exposures	59,951	59,951	18,139	-	18,139	1,451
	Total on-balance sheet exposures	3,687,585	3,687,585	721,111	-	721,111	57,689
	Off-balance sheet exposures						
	Off-balance sheet exposures other than OTC derivatives or credit derivatives	457,948	457,948	73,259	-	73,259	5,861
	Total off-balance sheet exposures	457,948	457,948	73,259	-	73,259	5,861
	Total on and off-balance sheet exposures (AIRB)	4,145,532	4,145,532	794,370	-	794,370	63,550
	Total exposures under IRB Approach	7,502,472	7,369,946	3,663,030	765,372	2,897,658	231,813
	Total (exempted exposures and exposures under the IRB Approach after scaling factor			3,891,406	811,295	3,080,111	246,409
2.0	Large exposures risk requirement	-	-	-	-	-	-
3.0	Market risk	Long Position	Short Position				
	Interest rate risk	256	256	5,221	-	5,221	418
	Foreign currency risk	62	339	339	-	339	27
	Commodity risk	-	-	-	-	-	-
	Options risk	-	-	-	-	-	-
4.0	Operational risk (Basic Indicator Approach)			93,714	-	93,714	7,497
5.0	Total RWA and capital requirements			3,990,680	811,295	3,179,385	254,351

Capital Structure

As at 31 December 2021, the Bank had issued the following subordinated notes under the RM8 billion Medium Term Notes and/or Senior Medium Term Notes Programme:

(1) On 25 July 2018, the Bank issued RM600 million subordinated notes at 4.80% p.a maturing on 25 July 2028;
(2) On 3 August 2020, the Bank issued RM750 million subordinated notes at 3.00% p.a. maturing on 2 August 2030.

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

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

The capital structure of the Group and the Bank were as follows:

	Group		Bank	
	Dec 31, 21 RM'000	Dec 31, 20 RM'000	Dec 31, 21 RM'000	Dec 31, 20 RM'000
Common Equity Tier 1 (CET1)/Tier 1 Capital				
Paid-up share capital	792,555	792,555	792,555	792,555
Retained profits	10,809,329	10,174,394	10,878,366	10,236,774
Other reserves	185,636	493,176	(14,002)	302,144
Regulatory adjustments applied in the calculation of CET1 Capital	(532,347)	(469,918)	(899,615)	(704,740)
Total CET1/Tier 1 Capital	11,255,173	10,990,207	10,757,304	10,626,733
Tier 2 Capital				
Tier 2 Capital instruments	1,350,000	1,350,000	1,350,000	1,350,000
Loan/financing loss provision				
- Surplus eligible provisions over expected losses	312,387	298,644	312,822	299,172
- General provisions	26,425	30,000	15,541	19,249
Regulatory adjustments applied in the calculation of Tier 2 Capital	86,731	82,858	-	-
Total Tier 2 Capital	1,775,543	1,761,502	1,678,363	1,668,421
Total Capital	13,030,716	12,751,709	12,435,667	12,295,154

Capital Structure (Continued)

The capital adequacy ratios of the Group and the Bank were as follows:

	Group		Bank	
	Dec 31, 21	Dec 31, 20	Dec 31, 21	Dec 31, 20
CET1/Tier 1 Capital	17.740%	18.407%	17.171%	18.030%
Total Capital	20.538%	21.358%	19.850%	20.861%
CET1/Tier 1 Capital (net of proposed dividends)	17.740%	17.558%	17.171%	17.170%
Total Capital (net of proposed dividends)	20.538%	20.508%	19.850%	20.001%

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

The capital structure of the Islamic Banking Window were as follows:

	Dec 31, 21 RM'000	Dec 31, 20 RM'000
Common Equity Tier 1 (CET1)/Tier 1 Capital		
Capital fund	450,000	450,000
Retained profits	14,261	6,311
Other reserves	(966)	262
Regulatory adjustments applied in the calculation of CET1 Capital	(11,130)	(10,130)
Total CET1/Tier 1 Capital	452,165	446,443
Tier 2 Capital		
Financing loss provision		
- Surplus eligible provisions over expected losses	18,426	18,173
- General provisions	122	107
Total Tier 2 Capital	18,548	18,280
Total Capital	470,713	464,723

Capital Structure (Continued)

The capital adequacy ratios of the Islamic Banking Window were as follows:

	Dec 31, 21	Dec 31, 20
Before the effects of RSIA		
CET1/Tier 1 Capital	8.182%	11.187%
Total Capital	8.766%	11.645%
After the effects of RSIA		
CET1/Tier 1 Capital	13.965%	14.042%
Total Capital	14.538%	14.617%

In accordance with BNM's Guidelines on the Investment Account, the credit and market risk weighted assets funded by the Restricted Specific Investment Account (RSIA) which qualify as risk absorbent are excluded from the calculation of capital adequacy ratio. As at 31 December 2021, credit risks related to RSIA assets excluded from the total capital ratio calculation amounting to RM2,288,873,000 (2020: RM811,295,000).

Risk Management

Risk Management Overview

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

Risk Culture

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

UOB Malaysia's Risk Culture Statement

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

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

Risk Management (Continued)

Risk Culture (Continued)

UOBM's Risk Culture Statement (Continued)

Safeguarding our reputation in creating long term value for our stakeholders

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

Maintaining a sound risk culture across our franchise

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

Demonstrating our unique set of values through consistent behaviour

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

Risk Management (Continued)

Risk Culture (Continued)

UOB Malaysia's Risk Culture Statement (Continued)

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

Risk Governance

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

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

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

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

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

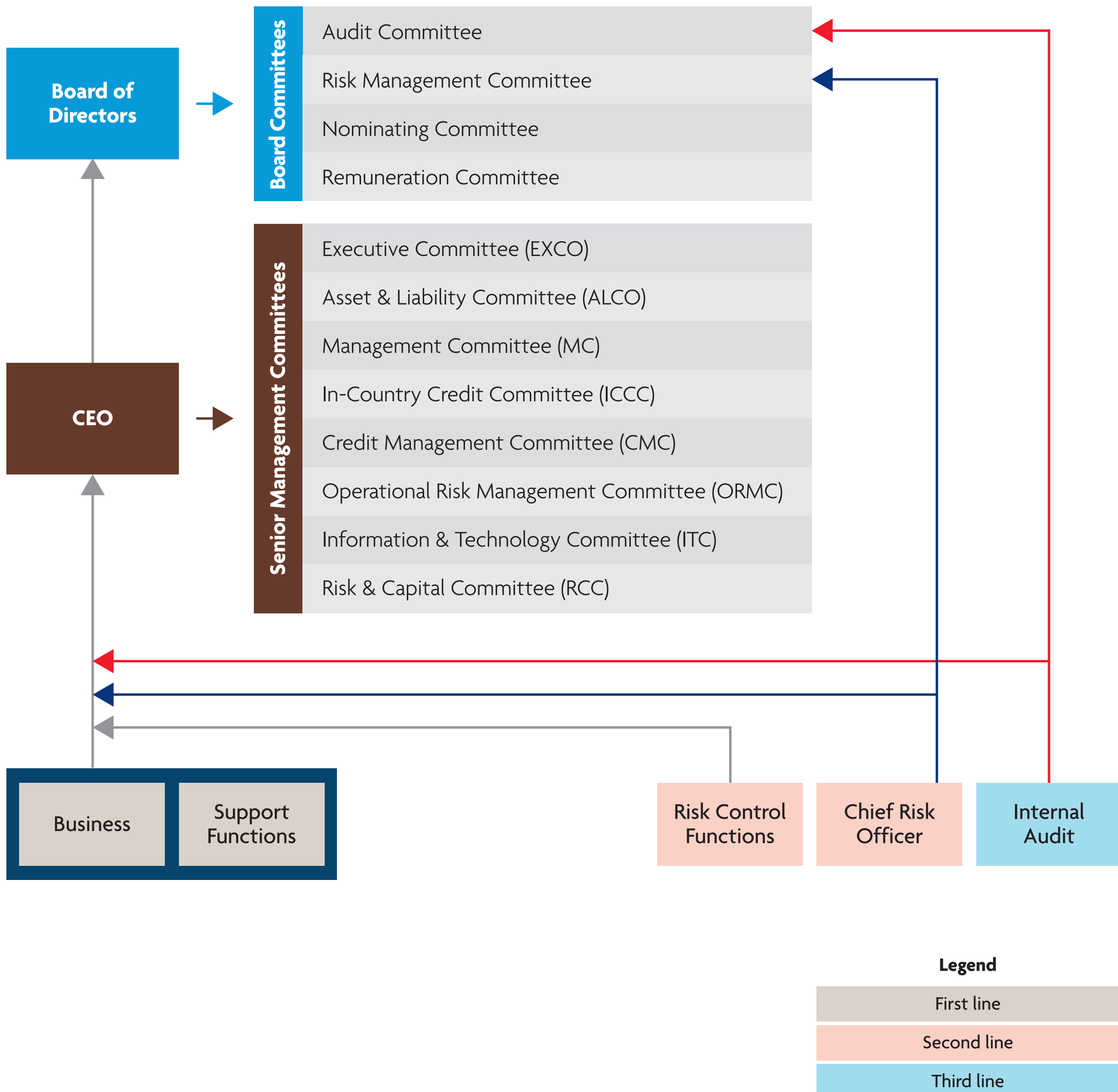
Management and the senior management committees are authorised to delegate risk appetite limits by location, business units and/or broad product lines.

Risk management is the responsibility of every employee in the Bank. We strive to instil awareness of the risks created by their actions and the accountability for the consequences of those actions in our employees. We have an established framework to ensure appropriate oversight, accountability and management of all risk types encountered in the course of our business. The organisational control structure provides the Three Lines Model as follows:

Risk Management (Continued)

Risk Governance (Continued)

Organisation Oversight & Control Structure – Three Lines Model



Risk Management (Continued)

Risk Governance (Continued)

First Line - The Risk Owner

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

Second Line - Risk Oversight

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

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

Third Line - Independent Audit

The Bank's internal auditors conduct risk-based audits covering all aspects of the First and Second Lines to provide independent assurance to the CEO, Audit Committee and the Board, on the adequacy and effectiveness of our system of risk management and internal controls.

The Bank adopts and adapts the parent bank's governance structure, frameworks and policies accordingly to comply with local regulatory requirements. This ensures that the approach across the regional UOB franchise is consistent and sufficiently flexible to suit local operating environments.

Risk Appetite

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

- alignment to the Bank's business strategy;
- relevance to the respective stakeholders, with appropriate levels of granularity;
- practical, consistent and easy to understand metrics for communication and implementation; and
- analytically-substantiated and measurable metrics.

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

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

Basel Framework

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

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

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

Credit Risk

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

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

Credit Risk Governance and Organisation

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

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

Credit Risk Policies and Processes

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

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

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

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

iii. Credit stress test
Credit stress-testing is a core component of the Bank's credit portfolio management process. Various regulatory and internal stress tests are conducted periodically. The three objectives are:

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

Stress tests are conducted to assess if the Bank's capital can withstand credit portfolio losses resulting from stress scenarios, and their impact on profitability and balance sheet quality. Stress tests also help us to identify the vulnerability of various business units and enable us to formulate appropriate mitigating measures.

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

Credit Risk (Continued)

Credit Monitoring and Remedial Management

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

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

ii. Classification and loan/financing loss impairment
   The Bank classifies its credit portfolios according to the borrower's ability to repay the credit facilities from their normal source of income.

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

   Upgrading and declassification of a 'Non-Performing' account to 'Pass' or 'Special Mention' must be supported by a credit assessment of the repayment capability, cash flows and financial position of the borrower. The Bank must also be satisfied that once the account is de-classified, the account is unlikely to be classified again in the near future.

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

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

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

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

Credit Risk (Continued)

(i) The credit exposures of the Bank by sectors for the financial year ended 31 December 2021 were as follows:

Bank	Sovereigns /central banks RM'000	Public sector entities RM'000	Banks, DFIs and MDBs RM'000	Insurance cos, securities firms and fund managers RM'000	Corporates (including specialised lending and SMEs) RM'000	Retail RM'000	Residential mortgages RM'000	Equity exposures RM'000	Other assets RM'000	Grand total RM'000
Agriculture, hunting, forestry and fishing	-	-	-	-	1,748,188	23,116	-	-	-	1,771,304
Mining and quarrying	-	-	465,278	-	193,661	10,751	-	-	-	669,690
Manufacturing	-	-	101,558	-	8,887,742	1,308,877	-	-	-	10,298,177
Electricity, gas and water	-	-	-	-	710,815	9,876	-	-	-	720,691
Construction	-	-	-	-	10,683,853	510,463	-	-	-	11,194,316
Wholesale, retail trade, restaurants and hotels	-	-	69,837	-	15,978,330	4,299,114	-	-	-	20,347,281
Transport, storage and communication	-	-	1,889	-	1,613,686	185,071	-	-	-	1,800,646
Finance, insurance and business services	2,553	39,858	6,644,993	1,228,166	2,951,604	942,398	-	-	-	11,809,572
Real estate	-	-	-	-	4,093,291	631,683	-	-	-	4,724,974
Community, social and personal services	-	-	-	-	36,276	133,048	-	-	-	169,324
Households	-	-	-	-	5,511	16,343,096	38,985,530	-	-	55,334,137
Others	23,991,341	490,369	-	-	292	-	-	157,023	1,330,465	25,969,490
	23,993,894	530,227	7,283,555	1,228,166	46,903,249	24,397,493	38,985,530	157,023	1,330,465	144,809,603

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

Credit Risk (Continued)

(i) The credit exposures of the Bank by sectors for the financial year ended 31 December 2020 were as follows:

Bank	Sovereigns /central banks RM'000	Public sector entities RM'000	Banks, DFIs and MDBs RM'000	Insurance cos, securities firms and fund managers RM'000	Corporates (including specialised lending and SMEs) RM'000	Retail RM'000	Residential mortgages RM'000	Equity exposures RM'000	Other assets RM'000	Grand total RM'000
Agriculture, hunting, forestry and fishing	-	-	-	-	1,912,643	26,806	-	-	-	1,939,449
Mining and quarrying	-	-	939,264	-	196,953	10,209	-	-	-	1,146,426
Manufacturing	-	-	76,037	-	7,307,636	1,365,505	-	-	-	8,749,178
Electricity, gas and water	-	-	-	-	262,442	12,793	-	-	-	275,235
Construction	-	-	-	-	10,891,718	549,171	-	-	-	11,440,889
Wholesale, retail trade, restaurants and hotels	-	179,045	3,230	-	13,412,676	4,383,772	-	-	-	17,978,723
Transport, storage and communication	-	-	268	-	2,078,322	187,574	-	-	-	2,266,164
Finance, insurance and business services	14,104	52,467	9,415,524	1,238,898	3,019,857	975,109	-	-	-	14,715,959
Real estate	-	-	-	-	4,053,440	666,667	-	-	-	4,720,107
Community, social and personal services	-	-	-	-	40,629	126,365	-	-	-	166,994
Households	-	-	-	-	3,406	17,208,786	38,403,682	-	-	55,615,874
Others	23,045,806	-	-	-	171,290	-	-	158,385	1,376,278	24,751,759
	23,059,910	231,512	10,434,323	1,238,898	43,351,012	25,512,757	38,403,682	158,385	1,376,278	143,766,757

Credit Risk (Continued)

(ii) The credit exposures under the Islamic Banking Window by sectors for the financial year ended 31 December 2021 were as follows:

Islamic Banking Window	Sovereigns /central banks RM'000	Public sector entities RM'000	Banks, DFIs and MDBs RM'000	Insurance cos, securities firms and fund managers RM'000	Corporates (including specialised lending and SMEs) RM'000	Retail RM'000	Residential mortgages RM'000	Equity exposures RM'000	Other assets RM'000	Grand total RM'000
Agriculture, hunting, forestry and fishing	-	-	-	-	336,538	419	-	-	-	336,957
Mining and quarrying	-	-	-	-	90,304	-	-	-	-	90,304
Manufacturing	-	-	-	-	1,013,493	171,938	-	-	-	1,185,431
Electricity, gas and water	-	-	-	-	512,805	-	-	-	-	512,805
Construction	-	-	-	-	585,886	67,414	-	-	-	653,300
Wholesale, retail trade, restaurants and hotels	-	-	-	-	556,652	467,448	-	-	-	1,024,100
Transport, storage and communication	-	-	-	-	93,518	34,824	-	-	-	128,342
Finance, insurance and business services	2,553	2,399	203,839	1,003,189	44,645	169,234	-	-	-	1,425,858
Real estate	-	-	-	-	169,338	115,659	-	-	-	284,997
Community, social and personal services	-	-	-	-	-	35,458	-	-	-	35,458
Households	-	-	-	-	-	305,240	3,318,148	-	-	3,623,388
Others	2,983,316	-	-	-	-	-	-	-	6,781	2,990,097
	2,985,869	2,399	203,839	1,003,189	3,403,179	1,367,634	3,318,148	-	6,781	12,291,036

Credit Risk (Continued)

(ii) The credit exposures under the Islamic Banking Window by sectors for the financial year ended 31 December 2020 were as follows:

Islamic Banking Window	Sovereigns /central banks RM'000	Public sector entities RM'000	Banks, DFIs and MDBs RM'000	Insurance cos, securities firms and fund managers RM'000	Corporates (including specialised lending and SMEs) RM'000	Retail RM'000	Residential mortgages RM'000	Equity exposures RM'000	Other assets RM'000	Grand total RM'000
Agriculture, hunting, forestry and fishing	-	-	-	-	524,065	450	-	-	-	524,515
Mining and quarrying	-	-	-	-	96,873	-	-	-	-	96,873
Manufacturing	-	-	-	-	319,301	160,764	-	-	-	480,065
Electricity, gas and water	-	-	-	-	56,921	-	-	-	-	56,921
Construction	-	-	-	-	416,643	66,793	-	-	-	483,436
Wholesale, retail trade, restaurants and hotels	-	-	-	-	479,525	389,479	-	-	-	869,004
Transport, storage and communication	-	-	-	-	96,846	34,482	-	-	-	131,328
Finance, insurance and business services	1,405	4,518	115,504	1,002,586	36,288	158,644	-	-	-	1,318,945
Real estate	-	-	-	-	214,033	109,194	-	-	-	323,227
Community, social and personal services	-	-	-	-	-	26,942	-	-	-	26,942
Households	-	-	-	-	-	291,032	2,907,752	-	-	3,198,784
Others	1,337,367	-	-	-	-	-	-	-	6,486	1,343,854
	1,338,772	4,518	115,504	1,002,586	2,240,495	1,237,780	2,907,752	-	6,486	8,853,893

Credit Risk (Continued)

(iii) The credit exposures of the Bank by remaining contractual maturities for the financial year ended 31 December 2021 were as follows:

Bank	Sovereigns /central banks RM'000	Public sector entities RM'000	Banks, DFIs and MDBs RM'000	Insurance cos, securities firms and fund managers RM'000	Corporates (including specialised lending and SMEs) RM'000	Retail RM'000	Residential mortgages RM'000	Equity exposures RM'000	Other assets RM'000	Grand total RM'000
< 3 months	8,894,308	16,121	2,751,777	141,384	13,821,556	936,232	11,293	-	-	26,572,672
3 - 6 months	1,397,040	69,119	1,956,894	23,921	3,415,986	230,128	4,684	-	-	7,097,772
6 - 12 months	934,050	118,129	705,131	29,633	3,828,096	6,703,554	1,523,709	-	480,123	14,322,425
1 - 3 years	5,765,580	124,150	1,192,280	31,612	11,131,151	2,483,304	110,359	157,023	850,342	21,845,801
3 - 5 years	3,283,638	-	606,804	1,001,616	8,069,100	818,565	272,350	-	-	14,052,073
> 5 years	3,719,278	202,707	70,669	-	6,637,360	13,225,710	37,063,134	-	-	60,918,858
	23,993,894	530,227	7,283,555	1,228,166	46,903,249	24,397,493	38,985,529	157,023	1,330,465	144,809,603

The credit exposures of the Bank by remaining contractual maturities for the financial year ended 31 December 2020 were as follows:

Bank	Sovereigns /central banks RM'000	Public sector entities RM'000	Banks, DFIs and MDBs RM'000	Insurance cos, securities firms and fund managers RM'000	Corporates (including specialised lending and SMEs) RM'000	Retail RM'000	Residential mortgages RM'000	Equity exposures RM'000	Other assets RM'000	Grand total RM'000
< 3 months	7,418,993	29,575	6,287,134	166,738	11,963,366	824,667	11,376	-	-	26,701,849
3 - 6 months	399,945	22,892	1,766,966	15,203	3,183,683	236,593	7,176	-	-	5,632,458
6 - 12 months	925,705	-	234,336	16,167	4,404,287	7,229,928	1,562,091	-	505,038	14,877,552
1 - 3 years	7,961,590	152,118	1,523,194	19,566	11,465,997	2,648,115	100,174	158,385	871,240	24,900,379
3 - 5 years	3,640,054	26,927	526,916	1,021,224	6,578,760	847,866	264,882	-	-	12,906,629
> 5 years	2,713,623	-	95,777	-	5,754,919	13,725,588	36,457,983	-	-	58,747,890
	23,059,910	231,512	10,434,323	1,238,898	43,351,012	25,512,757	38,403,682	158,385	1,376,278	143,766,757

Credit Risk (Continued)

(iv) The credit exposures under the Islamic Banking Window by remaining contractual maturities for the financial year ended 31 December 2021 were as follows:

Islamic Banking Window	Sovereigns /central banks RM'000	Public sector entities RM'000	Banks, DFIs and MDBs RM'000	Insurance cos, securities firms and fund managers RM'000	Corporates (including specialised lending and SMEs) RM'000	Retail RM'000	Residential mortgages RM'000	Equity exposures RM'000	Other assets RM'000	Grand total RM'000
< 3 months	1,407,000	-	133,686	1,699	558,765	3,778	-	-	-	2,104,928
3 - 6 months	1,244,241	2,399	-		62,410	766	-	-	-	1,309,816
6 - 12 months	197,204	-	-	-	85,420	158	-	-	-	282,782
1 - 3 years	137,424	-	70,153		156,681	8,323	606	-	6,781	379,968
3 - 5 years	-	-	-	1,001,490	1,363,684	3,938	299	-	-	2,369,411
> 5 years	-	-	-	-	1,176,219	1,350,671	3,317,243	-	-	5,844,132
	2,985,869	2,399	203,839	1,003,189	3,403,179	1,367,634	3,318,148	-	6,781	12,291,036

The credit exposures under the Islamic Banking Window by remaining contractual maturities for the financial year ended 31 December 2020 were as follows:

Islamic Banking Window	Sovereigns /central banks RM'000	Public sector entities RM'000	Banks, DFIs and MDBs RM'000	Insurance cos, securities firms and fund managers RM'000	Corporates (including specialised lending and SMEs) RM'000	Retail RM'000	Residential mortgages RM'000	Equity exposures RM'000	Other assets RM'000	Grand total RM'000
< 3 months	1,216,661	2,410	100,896	1,109	653,095	2,825	-	-	-	1,976,996
3 - 6 months	120,706	2,108	-	-	32,686	427	-	-	-	155,927
6 - 12 months	-	-	-	-	101,832	195	-	-	-	102,027
1 - 3 years	1,405	-	14,608	-	101,393	7,591	-	-	6,486	131,483
3 - 5 years	-	-	-	1,001,477	261,337	3,908	1,253	-	-	1,267,975
> 5 years	-	-	-	-	1,090,152	1,222,834	2,906,499	-	-	5,219,485
	1,338,772	4,518	115,504	1,002,586	2,240,495	1,237,780	2,907,752	-	6,486	8,853,893

Credit Risk (Continued)

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

	2021		2020	
Bank	Past due but not impaired RM'000	Impaired loans RM'000	Past due but not impaired RM'000	Impaired loans RM'000
Agriculture, hunting, forestry and fishing	6,545	1,273	50,632	559
Mining and quarrying	7,101	81,750	10,412	776
Manufacturing	31,410	205,181	169,827	213,580
Electricity, gas and water	-	-	3,855	
Construction	197,367	430,926	598,013	314,203
Wholesale, retail trade, restaurants and hotels	53,590	304,175	292,238	212,724
Transport, storage and communication	2,367	97,410	68,637	92,750
Finance, insurance and business services	14,604	29,184	74,141	23,895
Real estate	144,544	171,016	120,049	181,370
Community, social and personal services	836	-	6,047	-
Households				
- purchase of residential properties	258,161	718,355	743,747	466,125
- purchase of non-residential properties	80,900	185,960	280,502	96,145
- others	69,931	97,209	127,975	76,244
	867,356	**2,322,439**	**2,546,075**	**1,678,371**

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

	2021		2020	
Islamic Banking Window	Past due but not impaired RM'000	Credit-impaired financing, advances and others RM'000	Past due but not impaired RM'000	Credit-impaired financing, advances and others RM'000
Mining and quarrying	-	81,750	-	-
Manufacturing	-	18,544	20,629	15,485
Construction	-	3,348	2,582	4,386
Wholesale, retail trade, restaurants and hotels	1,332	10,040	8,310	10,006
Transport, storage and communication	-	3,315	3,406	-
Finance, insurance and business services	2,275	680	3,717	-
Real estate	-	-	4,290	-
Community, social and personal services			2,653	-
Households				
- purchase of residential properties	30,994	78,045	55,130	45,488
- purchase of non-residential properties	62	1,342	5,605	538
- others	294	143	615	-
	34,957	**197,207**	**106,937**	**75,903**

Credit Risk (Continued)

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

Bank	2021 ECL 3 RM'000	2021 ECL1 and ECL2 RM'000	2020 ECL 3 RM'000	2020 ECL1 and ECL2 RM'000
Agriculture, hunting, forestry and fishing	-	45,390	-	113,987
Mining and quarrying	81,750	995	-	4,422
Manufacturing	95,708	51,028	98,382	230,894
Electricity, gas and water	-	6,393	-	12,810
Construction	37,547	312,151	43,409	191,436
Wholesale, retail trade, restaurants and hotels	142,532	477,938	94,088	289,490
Transport, storage and communication	44,426	16,816	42,621	68,804
Finance, insurance and business services	11,092	67,825	10,612	131,110
Real estate	45,457	293,927	33,044	90,576
Community, social and personal services	-	6,112	-	10,649
Households				
- purchase of residential properties	135,823	164,337	98,378	150,134
- purchase of non-residential properties	23,201	4,430	17,261	9,720
- others	23,266	163,714	17,781	194,224
	640,802	1,611,056	455,576	1,498,256

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

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

Islamic Banking Window	2021 ECL 3 RM'000	2021 ECL1 and ECL2 RM'000	2020 ECL 3 RM'000	2020 ECL1 and ECL2 RM'000
Agriculture, hunting, forestry and fishing	-	519	-	20,122
Mining and quarrying	81,750	6	-	255
Manufacturing	3,437	3,930	4,068	6,761
Electricity, gas and water	-	5,447	-	10
Construction	613	6,792	1,203	5,118
Wholesale, retail trade, restaurants and hotels	4,829	20,085	4,490	9,705
Transport, storage and communication	-	569	-	2,048
Finance, insurance and business services	119	2,599	-	1,949
Real estate	-	6,440	-	2,951
Community, social and personal services	-	1,834	-	967
Households				
- purchase of residential properties	14,879	6,859	10,776	5,679
- purchase of non-residential properties	62	55	147	105
- others		25	-	37
	105,689	55,160	20,684	55,707

Credit Risk (Continued)

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

Bank	2021 Allowances for ECL 3 made during the year RM'000	2021 Write-offs during the year RM'000	2020 Allowances for ECL 3 made during the year RM'000	2020 Write-offs during the year RM'000
Agriculture, hunting, forestry and fishing	3	-	1,604	-
Mining and quarrying	81,750	-		
Manufacturing	30,565	27,850	45,757	10,145
Construction	6,980	2,398	38,491	19,054
Wholesale, retail trade, restaurants and hotels	71,285	13,799	78,549	9,189
Transport, storage and communication	3,186	1,292	5,540	654
Finance, insurance and business services	4,303	3,062	6,643	3,669
Real estate	17,339	2	34,298	830
Community, social and personal services	91	91	42	42
Households				
- purchase of residential properties	107,698	54,414	111,801	36,500
- purchase of non-residential properties	27,441	17,850	21,642	4,343
- others	75,987	67,143	61,767	49,572
	426,628	187,901	406,133	133,998

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

Islamic Banking Window	2021 Allowances for ECL 3 made during the year RM'000	2021 Write-offs during the year RM'000	2020 Allowances for ECL 3 made during the year RM'000	2020 Write-offs during the year RM'000
Mining and quarrying	81,750	-	-	-
Manufacturing	4	-	4,086	-
Construction	175	605	1,554	-
Wholesale, retail trade, restaurants and hotels	581	-	4,041	791
Finance, insurance and business services	121	-		
Households	11,660	6,181		
- purchase of residential properties	11,589	6,070	9,681	1,165
- purchase of non-residential properties	71	111	207	-
- others	-	-	31	-
	94,291	6,786	19,600	1,956

Impaired loans and impairment provision by geographical area

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

Credit Risk (Continued)

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

Bank	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
As at 31 December 2021			
Exempted exposures under Standardised Approach			
Sovereigns/central banks	23,993,894	-	23,993,894
Public sector entities	530,227	-	530,227
Banks, Development Financial Institutions & MDBs	-	-	-
Insurance cos, securities firms & fund managers	25,532	-	25,532
Corporates	321,131	-	321,131
Regulatory retail	2,885	-	2,885
Other assets	1,330,465	-	1,330,465
Equity exposure	155,420	-	155,420
Total exempted exposures	26,359,554	-	26,359,554
Exposures under IRB Approach			
Sovereigns/central banks	-	-	-
Public sector entities	-	-	-
Banks, Development Financial Institutions & MDBs	5,903,169	1,380,386	7,283,555
Insurance cos, securities firms & fund managers	1,202,634	-	1,202,634
Corporates	44,803,223	1,778,894	46,582,118
Residential mortgages	35,158,968	3,826,562	38,985,530
Qualifying revolving retail exposures	6,256,596	11,984	6,268,579
Other retail exposures	16,897,299	1,228,730	18,126,029
Equity exposure	1,604	-	1,604
Total IRB Approach	110,223,492	8,226,556	118,450,049
Total credit risk exposures	**136,583,046**	**8,226,556**	**144,809,602**

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

Credit Risk (Continued)

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

Bank	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
As at 31 December 2020			
Exempted exposures under Standardised Approach			
Sovereigns/central banks	23,059,910	-	23,059,910
Public sector entities	231,512	-	231,512
Banks, Development Financial Institutions & MDBs	-	-	-
Insurance cos, securities firms & fund managers	43,041	-	43,041
Corporates	337,959	-	337,959
Regulatory retail	9,965	-	9,965
Other assets	1,376,278	-	1,376,278
Equity exposure	155,929	-	155,929
Total exempted exposures	25,214,594	-	25,214,594
Exposures under IRB Approach			
Sovereigns/central banks	-	-	-
Public sector entities	-	-	-
Banks, Development Financial Institutions & MDBs	8,293,638	2,140,685	10,434,323
Insurance cos, securities firms & fund managers	1,195,857	-	1,195,857
Corporates	41,780,807	1,232,247	43,013,054
Residential mortgages	34,344,697	4,058,985	38,403,682
Qualifying revolving retail exposures	6,720,154	12,202	6,732,356
Other retail exposures	17,472,577	1,297,859	18,770,435
Equity exposure	2,456	-	2,456
Total IRB Approach	109,810,186	8,741,977	118,552,163
Total credit risk exposures	**135,024,779**	**8,741,977**	**143,766,757**

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

Credit Risk (Continued)

Credit Exposures under Basel II

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

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

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

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

	Standardised* RM'million	FIRB RM'million	AIRB RM'million
Total Credit Exposures	26,355	49,915	63,380

*Amount under Standardised Approach refers to credit exposures where IRB Approach is not applicable.

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

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

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

Credit Risk (Continued)

The aggregate breakdown of credit risk exposures of the Bank by risk weights under the Standardised Approach for the financial year ended 31 December 2021 were as follows:

RM'000

Risk weights	Bank									
	Sovereigns /central banks	Public sector entities	Banks, DFIs and MDBs	Insurance cos, securities firms and fund managers	Corporates	Regulatory Retail	Other assets	Equity	Total exposures after netting and CRM	Total RWA
0%	23,980,527	490,369	-	-	2,401	-	596,439	-	25,069,736	-
10%	-	-	-	-	-	-	-	-	-	-
20%	13,136	39,858	-	-	196	-	-	-	53,189	10,638
35%	-	-	-	-	-	-	-	-	-	-
50%	-	-	-	-	-	-	-	-	-	-
75%	-	-	-	-	-	-	-	-	-	-
90%	-	-	-	-	-	-	-	-	-	-
100%	231	-	-	25,532	312,529	2,885	734,026	155,420	1,230,623	1,230,622
110%	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	1,361	-	-	-	1,361	2,042
270%	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-
937.5%	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-
Total	23,993,894	530,227	-	25,532	316,487	2,885	1,330,465	155,420	26,354,909	1,243,302

Credit Risk (Continued)

The aggregate breakdown of credit risk exposures of the Bank by risk weights under the Standardised Approach for the financial year ended 31 December 2020 were as follows:

RM'000

Risk weights	Bank									
	Sovereigns /central banks	Public sector entities	Banks, DFIs and MDBs	Insurance cos, securities firms and fund managers	Corporates	Regulatory Retail	Other assets	Equity	Total exposures after netting and CRM	Total RWA
0%	21,710,244	179,046	-	-	2,021	-	619,629	-	22,510,940	-
10%	-	-	-	-	-	-	-	-	-	-
20%	1,149,309	52,467	-	-	202	-	0	-	1,201,977	240,395
35%	-	-	-	-	-	-	-	-	-	-
50%	-	-	-	-	2	-	-	-	2	1
75%	-	-	-	-	-	-	-	-	-	-
90%	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	43,041	328,099	9,965	756,649	155,929	1,293,683	1,293,683
110%	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	3,947	-	-	-	3,947	5,921
270%	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-
937.5%	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-
Total	22,859,553	231,512	-	43,041	334,270	9,965	1,376,278	155,929	25,010,549	1,540,000

Credit Risk (Continued)

Credit Exposures Under Basel II (Continued)

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

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

	Standardised* RM'million	FIRB RM'million	AIRB RM'million
Total Credit Exposures	2,998	4,461	4,686

*Amount under Standardised Approach refers to credit exposures where IRB Approach is not applicable.

The aggregate breakdown of credit risk exposures under Islamic Banking Window by risk weights under the Standardised Approach for the financial year ended 31 December 2021 were as follows:

RM'000

Risk weights	Islamic Banking Window							
	Sovereigns/ central banks	Public sector entities	Banks, DFIs and MDBs	Insurance cos, securities firms and fund managers	Corporates	Other assets	Total exposures after netting and CRM	Total RWA
0%	2,985,869	-	-	-	-	-	2,985,869	-
10%	-	-	-	-	-	-	-	-
20%	-	2,399	-	-	-	-	2,399	480
35%	-	-	-	-	-	-	-	-
50%	-	-	-	-	-	-	-	-
75%	-	-	-	-	-	-	-	-
90%	-	-	-	-	-	-	-	-
100%	-	-	-	1,699	830	6,781	9,310	9,310
110%	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-
150%	-	-	-	-	-	-	-	-
270%	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-
937.5%	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-
Total	2,985,869	2,399	-	1,699	830	6,781	2,997,578	9,790

Credit Risk (Continued)

The aggregate breakdown of credit risk exposures under Islamic Banking Window by risk weights under the Standardised Approach for the financial year ended 31 December 2020 were as follows:

RM'000

Risk weights	Islamic Banking Window							
	Sovereigns/ central banks	Public sector entities	Banks, DFIs and MDBs	Insurance cos, securities firms and fund managers	Corporates	Other assets	Total exposures after netting and CRM	Total RWA
0%	1,338,772	-	-	-	-	-	1,338,772	-
10%	-	-	-	-	-	-	-	-
20%	-	4,518	-	-	-	-	4,518	904
35%	-	-	-	-	-	-	-	-
50%	-	-	-	-	-	-	-	-
75%	-	-	-	-	-	-	-	-
90%	-	-	-	-	-	-	-	-
100%	-	-	-	1,109	95	6,486	7,690	7,690
110%	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-
150%	-	-	-	-	-	-	-	-
270%	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-
937.5%	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-
Total	1,338,772	4,518	-	1,109	95	6,486	1,350,981	8,594

Credit Risk (Continued)

Rated Exposures of the Bank by ECAI ratings for the financial year ended 31 December 2021 were as follows:

RM'000

Ratings of Corporates by Approved ECAIs						
Exposure class	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
On and off-balance sheet exposures						
Credit exposures (using corporate risk weights)						
Public sector entities (applicable for entities risk weighted based on their external ratings as corporates)		-	-	-	-	530,227
Insurance cos, securities firms and fund managers		-	-	-	-	25,532
Corporates		-	-	-	-	316,487
Regulatory Retail		-	-	-	-	2,885
Total		-	-	-	-	875,131

RM'000

Ratings of Sovereigns and Central Banks by Approved ECAIs							
Exposure class	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
On and off-balance sheet exposures							
Sovereigns/central banks		-	23,993,894	-	-	-	-
Total		-	23,993,894	-	-	-	-

Credit Risk (Continued)

Rated Exposures of the Bank by ECAI ratings for the financial year ended 31 December 2020 were as follows:

RM'000

Ratings of Corporates by Approved ECAIs						
Exposure class	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
On and off-balance sheet exposures						
Credit exposures (using corporate risk weights)						
Public sector entities (applicable for entities risk weighted based on their external ratings as corporates)		-	-	-	-	231,512
Insurance cos, securities firms and fund managers		-	-	-	-	43,041
Corporates		-	-	-	-	334,270
Regulatory Retail		-	-	-	-	9,965
Total		-	-	-	-	618,789

RM'000

Ratings of Sovereigns and Central Banks by Approved ECAIs							
Exposure class	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
On and off-balance sheet exposures							
Sovereigns/central banks		-	21,761,800	-	-	-	1,097,753
Total		-	21,761,800	-	-	-	1,097,753

Credit Risk (Continued)

Rated Exposures of the Islamic Banking Window by ECAI ratings for the financial year ended 31 December 2021 were as follows:

RM'000

Ratings of Corporates by Approved ECAIs						
Exposure class	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
<u>On and off-balance sheet exposures</u>						
<u>Credit exposures (using corporate risk weights)</u>						
Public sector entities (applicable for entities risk weighted based on their external ratings as corporates)		-	-	-	-	2,399
Insurance cos, securities firms and fund managers		-	-	-	-	1,699
Corporates		-	-	-	-	830
Total		-	-	-	-	4,928

RM'000

Ratings of Sovereigns and Central Banks by Approved ECAIs							
Exposure class	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
<u>On and off-balance sheet exposures</u>							
Sovereigns/central banks		-	2,985,869	-	-	-	-
Total		-	2,985,869	-	-	-	-

Credit Risk (Continued)

Rated Exposures of the Islamic Banking Window by ECAI ratings for the financial year ended 31 December 2020 were as follows:

RM'000

Ratings of Corporates by Approved ECAIs						
Exposure class	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
On and off-balance sheet exposures						
Credit exposures (using corporate risk weights)						
Public sector entities (applicable for entities risk weighted based on their external ratings as corporates)		-	-	-	-	4,518
Insurance cos, securities firms and fund managers		-	-	-	-	1,109
Corporates		-	-	-	-	95
Total		-	-	-	-	5,722

RM'000

Ratings of Sovereigns and Central Banks by Approved ECAIs						
Exposure class	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
On and off-balance sheet exposures							
Sovereigns/central banks		-	829,859	-	-	-	508,913
Total		-	829,859	-	-	-	508,913

Credit Risk (Continued)

Internal Credit Rating System

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

The Bank has established a credit rating governance framework to ensure the reliable and consistent performance of the Bank's rating systems. The framework defines the roles and responsibilities of the various parties in the credit rating process, including model changes, model performance monitoring, annual model validation and independent reviews by Internal Audit.

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

Non-Retail Exposures

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

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

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

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

Corporate Portfolio

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

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

Specialised Lending Portfolio

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

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

Bank Portfolio

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

Equity Portfolio

The Bank adopts the following approaches for its equity investments:

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

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

Credit Risk (Continued)

Retail Exposures

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

Retail Probability of Default Models

Retail PD models are based on pools of homogeneous exposures segmented by a combination of application scores, behavioral scores and other risk drivers reflecting borrower, facility and delinquency characteristics. PD pools are calibrated through-the-cycle using at least five years of historical data that cover a full economic cycle. For low default portfolios, internal and/or external proxies that are highly correlated with internal defaults are used to estimate the long-run average PD. A regulatory floor of 0.03 per cent is applied to all PD pools.

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

Retail Loss Given Default Models

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

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

Retail Exposure at Default Models

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

Credit Risk (Continued)

Credit Risk Profile

The following tables provide the breakdown of exposures of the Bank using the respective internal rating scale for the models applicable to the asset classes for the financial year ended 31 December 2021:

Exposures under the IRB Approach by Risk Grade

CRR Band	1-9	10-16	17-20 (Default)
Non-retail exposures (EAD) (RM'000)			
Large corporate, SMEs and specialised lending (IPRE)	23,015,408	21,807,994	1,224,577
Bank	7,264,480	19,075	-
Total non-retail exposures	30,279,888	21,827,069	1,224,577
Undrawn commitments (RM'000)			
Large corporate, SMEs and specialised lending (IPRE)	1,478,295	595,756	1,288
Bank	-	-	-
Total undrawn commitments	1,478,295	595,756	1,288
Exposure weighted average LGD (%)			
Large corporate, SMEs and specialised lending (IPRE)	42%	40%	45%
Bank	45%	45%	-
Exposure weighted average risk weight (%)			
Large corporate, SMEs and specialised lending (IPRE)	68%	115%	0%
Bank	17%	55%	-

Specialised Lending exposures under the Supervisory Slotting Criteria

Supervisory Categories/ Risk Weights	Strong/ 50%	Strong/ 70%	Good/ 70%	Good/ 90%	Satisfactory/ 115%	Weak/ 250%	Default/ 0%
Specialised Lending Exposure (EAD) (RM'000)							
Project Finance	-	66,332	10,457	454,850	-	2,500	-
Risk Weighted Assets	-	46,433	7,320	409,365	-	6,250	-

Credit Risk (Continued)

Credit Risk Profile (Continued)

Exposures under the IRB Approach by Risk Grade (Continued)

PD range of retail exposures	0.00% to 1.00%	1.01% to 2.00%	2.01% to 99.99%	SD to default
Retail exposures (EAD) (RM'000)				
Residential mortgages	34,897,177	770,583	2,538,095	779,675
Qualifying revolving retail	3,937,270	709,801	1,598,311	23,197
Other retail	13,859,186	2,093,871	1,811,261	361,711
Total retail exposures	**52,693,633**	**3,574,255**	**5,947,667**	**1,164,583**
Undrawn commitments (RM'000)				
Residential mortgages	2,123,053	193,635	109,379	-
Qualifying revolving retail	2,854,041	337,320	699,862	-
Other retail	2,036,824	450,101	174,319	259
Total undrawn commitments	**7,013,918**	**981,056**	**983,560**	**259**
Exposure weighted average LGD (%)				
Residential mortgages	12.84%	14.23%	13.48%	14.01%
Qualifying revolving retail	32.91%	45.33%	43.30%	51.67%
Other retail	15.94%	24.07%	25.87%	20.72%
Exposure weighted average risk weight (%)				
Residential mortgages	7.46%	22.03%	42.79%	30.86%
Qualifying revolving retail	6.16%	19.94%	59.39%	198.91%
Other retail	11.87%	26.92%	39.92%	54.52%

The following tables provide the breakdown of exposures of the Bank using the respective internal rating scale for the models applicable to the asset classes for the financial year ended 31 December 2020:

Exposures under the IRB Approach by Risk Grade

CRR Band	1-9	10-16	17-20 (Default)
Non-retail exposures (EAD) (RM'000)			
Large corporate, SMEs and specialised lending (IPRE)	22,064,468	19,858,378	998,245
Bank	10,343,279	91,044	-
Total non-retail exposures	**32,407,748**	**19,949,422**	**998,245**
Undrawn commitments (RM'000)			
Large corporate, SMEs and specialised lending (IPRE)	1,682,598	605,667	1,877
Bank	-	-	-
Total undrawn commitments	**1,682,598**	**605,667**	**1,877**
Exposure weighted average LGD (%)			
Large corporate, SMEs and specialised lending (IPRE)	42%	40%	45%
Bank	41%	45%	-
Exposure weighted average risk weight (%)			
Large corporate, SMEs and specialised lending (IPRE)	66%	114%	0%
Bank	11%	62%	-

Credit Risk (Continued)

Credit Risk Profile (Continued)

Exposures under the IRB Approach by Risk Grade (Continued)

Specialised Lending exposures under the Supervisory Slotting Criteria

Supervisory Categories/ Risk Weights	Strong/ 50%	Strong/ 70%	Good/ 70%	Good/ 90%	Satisfactory/ 115%	Weak/ 250%	Default/ 0%
Specialised Lending Exposure (EAD) (RM'000)							
Project Finance	-	91,962	-	-	-	-	-
Risk Weighted Assets	-	64,373	-	-	-	-	-

PD range of retail exposures	0.00% to 1.00%	1.01% to 2.00%	2.01% to 99.99%	SD to default
Retail exposures (EAD) (RM'000)				
Residential mortgages	34,025,110	598,344	3,270,180	510,048
Qualifying revolving retail	4,105,639	856,893	1,746,060	23,764
Other retail	14,223,677	2,074,020	2,261,152	211,587
Total retail exposures	**52,354,426**	**3,529,257**	**7,277,392**	**745,399**
Undrawn commitments (RM'000)				
Residential mortgages	2,045,170	168,974	145,325	-
Qualifying revolving retail	3,003,987	391,010	765,085	-
Other retail	2,171,693	418,075	238,102	129
Total undrawn commitments	**7,220,849**	**978,059**	**1,148,512**	**129**
Exposure weighted average LGD (%)				
Residential mortgages	12.74%	13.87%	13.49%	14.06%
Qualifying revolving retail	32.91%	45.65%	44.32%	59.03%
Other retail	16.34%	26.77%	25.61%	25.34%
Exposure weighted average risk weight (%)				
Residential mortgages	7.33%	21.89%	43.63%	27.51%
Qualifying revolving retail	6.26%	19.84%	62.75%	287.35%
Other retail	12.19%	29.91%	40.37%	70.75%

Credit Risk (Continued)

Credit Risk Profile (Continued)

The following tables provide the breakdown of exposures of the Islamic Banking Window using the respective internal rating scale for the models applicable to the asset classes for the financial year ended 31 December 2021:

Exposures under the IRB Approach by Risk Grade

CRR band	1-9	10-16	17-20 (Default)
Non-retail exposures (EAD) (RM'000)			
Large corporate, SMEs and specialised lending (IPRE)	1,749,935	1,094,553	96,961
Bank	203,623	216	-
Total non-retail exposures	**1,953,558**	**1,094,770**	**96,961**
Undrawn commitments (RM'000)			
Large corporate, SMEs and specialised lending (IPRE)	30,643	11,464	750
Bank	-	-	-
Total undrawn commitments	**30,643**	**11,464**	**750**
Exposure weighted average LGD (%)			
Large corporate, SMEs and specialised lending (IPRE)	44%	41%	45%
Bank	45%	45%	-
Exposure weighted average risk weight (%)			
Large corporate, SMEs and specialised lending (IPRE)	110%	146%	0%
Bank	10%	43%	-

Supervisory Categories/ Risk Weights	Strong/ 50%	Strong/ 70%	Good/ 70%	Good/ 90%	Satisfactory/ 115%	Weak/ 250%	Default/ 0%
Specialised Lending Exposure (EAD) (RM'000)							
Project Finance	-	-	5,457	454,850	-	-	-
Risk Weighted Assets	-	-	3,820	409,365	-	-	-

Credit Risk (Continued)

Credit Risk Profile (Continued)

Exposures under the IRB Approach by Risk Grade (Continued)

PD range of retail exposures	0.00% to 1.00%	1.01% to 2.00%	2.01% to 99.99%	SD to default
Retail exposures (EAD) (RM'000)				
Residential mortgages	2,854,384	99,828	286,363	77,573
Other retail	733,550	477,406	134,237	22,441
Total retail exposures	**3,587,934**	**577,234**	**420,600**	**100,014**
Undrawn commitments (RM'000)				
Residential mortgages	262,373	35,161	5,886	-
Other retail	55,254	72,848	4,260	-
Total undrawn commitments	**317,627**	**108,009**	**10,146**	**-**
Exposure weighted average LGD (%)				
Residential mortgages	14.84%	14.82%	16.08%	15.46%
Other retail	22.62%	27.11%	28.96%	35.85%
Exposure weighted average risk weight (%)				
Residential mortgages	11.08%	22.72%	49.74%	7.75%
Other retail	19.09%	29.98%	42.49%	177.24%

The following tables provide the breakdown of exposures of the Islamic Banking Window using the respective internal rating scale for the models applicable to the asset classes for the financial year ended 31 December 2020:

CRR band	1-9	10-16	17-20 (Default)
Non-retail exposures (EAD) (RM'000)			
Large corporate, SMEs and specialised lending (IPRE)	1,354,068	869,279	16,612
Bank	115,504	-	-
Total non-retail exposures	**1,469,572**	**869,279**	**16,612**
Undrawn commitments (RM'000)			
Large corporate, SMEs and specialised lending (IPRE)	50,107	15,936	1,126
Bank	-	-	-
Total undrawn commitments	**50,107**	**15,936**	**1,126**
Exposure weighted average LGD (%)			
Large corporate, SMEs and specialised lending (IPRE)	44%	41%	45%
Bank	45%	-	-
Exposure weighted average risk weight (%)			
Large corporate, SMEs and specialised lending (IPRE)	105%	138%	0%
Bank	10%	-	-

Credit Risk (Continued)

Credit Risk Profile (Continued)

As at 31 December 2020, there were no Specialised Lending exposures under the Supervisory Slotting Criteria for Islamic Banking Window.

PD range of retail exposures	0.00% to 1.00%	1.01% to 2.00%	2.01% to 99.99%	SD to default
Retail exposures (EAD) (RM'000)				
Residential mortgages	2,477,900	73,348	311,319	45,185
Other retail	649,306	435,782	137,926	14,766
Total retail exposures	3,127,206	509,130	449,245	59,951
Undrawn commitments (RM'000)				
Residential mortgages	285,376	25,760	11,501	-
Other retail	61,503	67,711	6,097	-
Total undrawn commitments	346,879	93,471	17,598	-
Exposure weighted average LGD (%)				
Residential mortgages	15.55%	15.46%	16.52%	15.71%
Other retail	23.84%	27.31%	27.64%	41.90%
Exposure weighted average risk weight (%)				
Residential mortgages	11.04%	23.69%	52.17%	2.04%
Other retail	20.00%	30.39%	43.93%	116.61%

Credit Risk (Continued)

Retail exposures of the Bank under the IRB Approach by expected loss range for the financial year ended 31 December 2021 were as follows:

EL% range of retail exposures	0.0% to 1.0%	1.0% to 5.0%	5.0% to 10.0%	10.0% to 30.0%	30.0% to 100.0%
Retail exposures (EAD) (RM'000)					
Residential mortgages	37,822,494	530,293	64,871	567,872	-
Qualifying revolving retail	4,730,051	1,056,109	204,808	212,847	64,764
Other retail	17,068,391	655,367	58,459	256,989	86,823
Total retail exposures	59,620,936	2,241,769	328,138	1,037,708	151,587
Undrawn commitments (RM'000)					
Residential mortgages	2,414,653	10,883	531	-	-
Qualifying revolving retail	3,281,103	441,458	65,166	96,914	6,582
Other retail	2,622,632	37,923	597	299	52
Total undrawn commitments	8,318,388	490,264	66,294	97,213	6,634
Exposure weighted average risk weight (%)					
Residential mortgages	9.76%	66.21%	90.96%	0.00%	0.00%
Qualifying revolving retail	8.03%	45.80%	106.36%	111.43%	94.22%
Other retail	14.97%	59.02%	96.03%	43.93%	20.39%

Retail exposures of the Bank under the IRB Approach by expected loss range for the financial year ended 31 December 2020 were as follows:

EL% range of retail exposures	0.0% to 1.0%	1.0% to 5.0%	5.0% to 10.0%	10.0% to 30.0%	30.0% to 100.0%
Retail exposures (EAD) (RM'000)					
Residential mortgages	37,117,141	830,021	86,040	370,480	-
Qualifying revolving retail	5,017,892	1,229,668	239,944	197,628	47,224
Other retail	17,544,085	856,165	175,754	127,952	66,480
Total retail exposures	59,679,118	2,915,854	501,738	696,060	113,704
Undrawn commitments (RM'000)					
Residential mortgages	2,341,425	17,062	982	-	-
Qualifying revolving retail	3,450,546	542,915	86,516	78,368	1,737
Other retail	2,775,908	48,743	3,215	133	-
Total undrawn commitments	8,567,879	608,720	90,713	78,501	1,737
Exposure weighted average risk weight (%)					
Residential mortgages	9.50%	71.45%	83.07%	0.64%	0.00%
Qualifying revolving retail	8.30%	47.81%	106.02%	129.28%	162.14%
Other retail	15.13%	57.52%	105.09%	47.38%	36.32%

Credit Risk (Continued)

Retail exposures of the Islamic Banking Window under the IRB Approach by expected loss range for the financial year ended 31 December 2021 were as follows:

EL% range of retail exposures	0.0% to 1.0%	1.0% to 5.0%	5.0% to 10.0%	10.0% to 30.0%	30.0% to 100.0%
Retail exposures (EAD) (RM'000)					
Residential mortgages	3,205,321	32,123	7,942	72,762	-
Other retail	1,292,053	56,458	5,684	5,286	8,153
Total retail exposures	4,497,374	88,581	13,626	78,048	8,153
Undrawn commitments (RM'000)					
Residential mortgages	302,848	572	-	-	-
Other retail	129,221	3,141	-	-	-
Total undrawn commitments	432,069	3,713	-	-	-
Exposure weighted average risk weight (%)					
Residential mortgages	14.25%	70.55%	102.53%	0.00%	0.00%
Other retail	26.02%	53.44%	73.58%	174.97%	2.81%

Retail exposures of the Islamic Banking Window under the IRB Approach by expected loss range for the financial year ended 31 December 2020 were as follows:

EL% range of retail exposures	0.0% to 1.0%	1.0% to 5.0%	5.0% to 10.0%	10.0% to 30.0%	30.0% to 100.0%
Retail exposures (EAD) (RM'000)					
Residential mortgages	2,818,294	35,866	8,407	45,185	-
Other retail	1,159,614	48,323	10,938	9,655	9,250
Total retail exposures	3,977,908	84,189	19,345	54,840	9,250
Undrawn commitments (RM'000)					
Residential mortgages	321,948	689	-	-	-
Other retail	133,460	1,851	-	-	-
Total undrawn commitments	455,408	2,540	-	-	-
Exposure weighted average risk weight (%)					
Residential mortgages	14.79%	80.38%	89.95%	2.04%	0.00%
Other retail	25.09%	50.00%	68.29%	140.91%	42.54%

Credit Risk (Continued)

Actual Loss by Asset Class

Actual loss consists of impairment loss allowance and write-off posted to the Bank's income statement for the financial year ended 31 December 2021.

Comparison of actual loss and expected loss by asset class

Bank RM'000

Asset class	Actual loss (as at 31 December 2021)	Expected loss (as at 31 December 2020)	Actual loss (as at 31 December 2020)	Expected loss (as at 31 December 2019)
Corporate	144,610	1,018,671	162,496	887,882
Bank	-	3,201	-	3,784
Retail	190,944	365,635	117,955	368,221
Total	335,554	1,387,507	280,451	1,259,887

The actual loss in 2021 was lower than the expected loss computed as at 31 December 2020. The Bank continues to be proactive in its risk management approach to ensure that actual losses remain within the Bank's expectations.

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

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

i) EL as at 31 December 2020 is a measure of expected credit loss based on the credit exposure as at that date. On the other hand, impairment loss allowance and write-offs are accounting entries relating to a fluctuating portfolio over the course of the financial year. Moreover, write-offs may relate to defaults from prior years.
ii) EL is estimated based on non-default exposures only, while impairment loss allowance is an accounting estimate of likely loss from defaulted exposures. Write-offs are recorded on defaulted exposures when no further recovery is possible.

Islamic Banking Window RM'000

Asset class	Actual loss (as at 31 December 2021)	Expected loss (as at 31 December 2020)	Actual loss (as at 31 December 2020)	Expected loss (as at 31 December 2019)
Corporate	81,290	39,197	4,086	18,557
Bank	-	16	-	17
Retail	11,884	27,994	12,478	16,567
Total	93,174	67,207	16,564	35,141

Credit Risk (Continued)

Actual loss consists of allowances for ECL and write-off posted to the Bank's income statement for the financial year ended 31 December 2021.

Bank 2021	Stage 1 12 Months ECL RM'000	Stage 2 Lifetime ECL non credit-impaired RM'000	Stage 3 Lifetime ECL credit-impaired RM'000	Total ECL RM'000
At 1 January	712,300	785,956	455,576	1,953,832
Transferred to Stage 1	34,188	(77,956)	(2,501)	(46,269)
Transferred to Stage 2	(37,237)	134,368	(1,733)	95,398
Transferred to Stage 3	(1,951)	(22,872)	301,676	276,853
Allowances made for the financial year	142,177	556,993	124,952	824,122
Maturity/settlement/repayment	(535,116)	(78,717)	(34,643)	(648,476)
Exchange differences	(1,788)	711	-	(1,077)
Net total	(399,727)	512,527	387,751	500,551
Amounts written-off	-	-	(187,901)	(187,901)
Other movements	-	-	(14,624)	(14,624)
At 31 December	312,573	1,298,483	640,802	2,251,858

Bank 2020	Stage 1 12 Months ECL RM'000	Stage 2 Lifetime ECL non credit-impaired RM'000	Stage 3 Lifetime ECL credit-impaired RM'000	Total ECL RM'000
At 1 January	870,677	367,276	286,132	1,524,085
Transferred to Stage 1	66,937	(167,488)	(4,439)	(104,990)
Transferred to Stage 2	(75,955)	281,661	(11,214)	194,492
Transferred to Stage 3	(566)	(48,500)	169,358	120,292
Allowances made for the financial year	371,575	478,059	236,775	1,086,409
Maturity/settlement/repayment	(521,555)	(124,189)	(74,951)	(720,695)
Exchange differences	1,187	(863)	-	324
Net total	(158,377)	418,680	315,529	575,832
Amounts written-off	-	-	(133,998)	(133,998)
Other movements	-	-	(12,087)	(12,087)
At 31 December	712,300	785,956	455,576	1,953,832

Credit Risk (Continued)

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

Islamic Banking Window 2021	Stage 1 12 Months ECL RM'000	Stage 2 Lifetime ECL non credit-impaired RM'000	Stage 3 Lifetime ECL credit-impaired RM'000	Total ECL RM'000
At 1 January	20,975	34,732	20,684	76,391
Transferred to Stage 1	2,642	(19,561)	(28)	(16,947)
Transferred to Stage 2	(3,749)	8,420	(38)	4,633
Transferred to Stage 3	(248)	(1,657)	89,451	87,546
Allowances made for the financial year	13,430	33,652	4,840	51,922
Maturity/settlement/repayment	(16,387)	(17,089)	(1,242)	(34,718)
Net total	(4,312)	3,765	92,983	92,436
Amounts written-off	-	-	(6,786)	(6,786)
Other movements	-	-	(1,192)	(1,192)
At 31 December	**16,663**	**38,497**	**105,689**	**160,849**

Islamic Banking Window 2020	Stage 1 12 Months ECL RM'000	Stage 2 Lifetime ECL non credit-impaired RM'000	Stage 3 Lifetime ECL credit-impaired RM'000	Total ECL RM'000
At 1 January	10,763	27,330	7,115	45,208
Transferred to Stage 1	1,217	(7,722)	-	(6,505)
Transferred to Stage 2	(2,884)	17,670	(105)	14,681
Transferred to Stage 3	(282)	(1,605)	3,263	1,376
Allowances made for the financial year	75,965	7,591	16,337	99,893
Maturity/settlement/repayment	(63,804)	(8,532)	(2,917)	(75,253)
Net total	10,212	7,402	16,578	34,192
Amounts written-off	-	-	(1,956)	(1,956)
Other movements	-	-	(1,053)	(1,053)
At 31 December	**20,975**	**34,732**	**20,684**	**76,391**

Credit Risk (Continued)

Credit Risk Mitigation

Potential credit losses are mitigated using a variety of instruments such as collateral, derivatives and guarantee. The Bank generally does not grant credit facilities solely on the basis of the collateral provided. All requests for credit facilities are assessed based on the credit standing, source of repayment and debt servicing ability of the borrower.

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

When extending credit facilities to small- and medium-sized enterprises (SMEs), the Bank often take personal guarantees to secure the moral commitment from the principal shareholders and directors.

For IRB Approach purposes, the Bank does not recognise personal guarantees as eligible credit risk protection. Corporate guarantees are often obtained when the borrower's credit worthiness is not sufficient to justify an extension of credit. To recognise the effects of guarantees under the Foundation Internal Ratings-based (FIRB) Approach, the Bank adopts the Probability of Default (PD) substitution approach whereby the PD of an eligible guarantor of an exposure is used for calculating the capital requirement.

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

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

Credit Risk (Continued)

Credit Risk Mitigation (Continued)

The following table presents the total exposures of the Bank which are covered by eligible credit risk mitigants for the financial year ended 31 December 2021:

RM'000

Exposure class	Exposures before CRM	Exposures covered by guarantees/ credit derivatives	Exposures covered by eligible financial collateral	Exposures covered by other eligible collateral
Credit risk				
On-balance sheet exposures				
Sovereign/central banks	23,974,164	-	-	-
Public sector entities	490,369	490,369	-	-
Banks, DFIs and MDBs	5,118,838	-	-	-
Insurances cos, securities firms and fund managers	1,100,929	-	10,018	-
Corporates	37,193,516	2,829,288	2,263,069	1,821,399
Regulatory retail	17,457,234	-	-	-
Residential mortgages	35,779,788	-	-	-
Other assets	1,312,402	-	-	-
Equity exposures	157,023	-	-	-
Defaulted exposures*	1,721,583	8,518	12	29,178
Total on-balance sheet exposures	124,305,846	3,328,175	2,273,099	1,850,577
Off-balance sheet exposures				
OTC derivatives	1,739,838	2,509	1,572	641
Off-balance sheet exposures other than OTC derivatives or credit derivatives	18,093,749	256,968	1,389,609	188,337
Defaulted exposures*	7,256	-	895	-
Total off-balance sheet exposures	19,840,843	259,477	1,392,076	188,978
Total on and off-balance sheet exposures	144,146,689	3,587,653	3,665,175	2,039,555

*Defaulted exposure is net off specific provision.

Credit Risk (Continued)

Credit Risk Mitigation (Continued)

The following table presents the total exposures of the Bank which are covered by eligible credit risk mitigants for the financial year ended 31 December 2020:

RM'000

Exposure class	Exposures before CRM	Exposures covered by guarantees/ credit derivatives	Exposures covered by eligible financial collateral	Exposures covered by other eligible collateral
Credit risk				
On-balance sheet exposures				
Sovereign/central banks	23,059,910	-	200,357	-
Public sector entities	179,046	179,046	-	-
Banks, DFIs and MDBs	8,545,328	-	848,650	-
Insurances cos, securities firms and fund managers	1,130,358	-	10,016	-
Corporates	34,524,654	2,803,114	2,339,840	1,711,575
Regulatory retail	18,279,487	-	-	-
Residential mortgages	35,534,166	-	-	-
Other assets	1,321,778	-	-	-
Equity exposures	158,385	-	-	-
Defaulted exposures*	1,283,719	4,407	566	14,599
Total on-balance sheet exposures	124,016,831	2,986,567	3,399,428	1,726,174
Off-balance sheet exposures				
OTC derivatives	1,679,485	2,314	1,797	0
Off-balance sheet exposures other than OTC derivatives or credit derivatives	17,604,520	145,264	821,528	182,240
Defaulted exposures*	7,665	-	878	-
Total off-balance sheet exposures	19,291,670	147,578	824,204	182,240
Total on and off-balance sheet exposures	143,308,501	3,134,145	4,223,632	1,908,414

*Defaulted exposure is net off specific provision.

Credit Risk (Continued)

Credit Risk Mitigation (Continued)

The following table presents the total exposures of the Islamic Banking Window which are covered by eligible credit risk mitigants for the financial year ended 31 December 2021:

RM'000

Exposure class	Exposures before CRM	Exposures covered by guarantees/ credit derivatives	Exposures covered by eligible financial collateral	Exposures covered by other eligible collateral
Credit risk				
On-balance sheet exposures				
Sovereign/central banks	2,985,869	-	-	-
Banks, DFIs and MDBs	203,839	-	-	-
Insurances cos, securities firms and fund managers	1,001,490	-	-	-
Corporates	2,773,588	86,499	85,715	47,747
Regulatory retail	1,212,831	-	-	-
Residential mortgages	2,937,154	-	-	-
Other assets	6,781	-	-	-
Defaulted exposures*	91,380	-	-	-
Total on-balance sheet exposures	**11,212,934**	**86,499**	**85,715**	**47,747**
Off-balance sheet exposures				
OTC derivatives	11,841	-	40	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	960,668	2,743	10,974	1,745
Defaulted exposures*	750	-	-	-
Total off-balance sheet exposures	**973,259**	**2,743**	**11,014**	**1,745**
Total on and off-balance sheet exposures	**12,186,193**	**89,241**	**96,728**	**49,492**

*Defaulted exposure is net off specific provision.

Credit Risk (Continued)

Credit Risk Mitigation (Continued)

The following table presents the total exposures of the Islamic Banking Window which are covered by eligible credit risk mitigants for the financial year ended 31 December 2020:

RM'000

Exposure class	Exposures before CRM	Exposures covered by guarantees/ credit derivatives	Exposures covered by eligible financial collateral	Exposures covered by other eligible collateral
Credit risk				
On-balance sheet exposures				
Sovereign/central banks	1,338,772	-	-	-
Banks, DFIs and MDBs	115,504	-	-	-
Insurances cos, securities firms and fund managers	1,001,476	-	-	-
Corporates	2,093,116	94,904	80,354	45,864
Regulatory retail	1,087,704	-	-	-
Residential mortgages	2,539,930	-	-	-
Other assets	6,486	-	-	-
Defaulted exposures*	55,183	-	-	-
Total on-balance sheet exposures	8,238,171	94,904	80,354	45,864
Off-balance sheet exposures				
OTC derivatives	6,265	-	25	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	588,077	3,127	6,681	41
Defaulted exposures*	1,126	-	-	-
Total off-balance sheet exposures	595,468	3,127	6,707	41
Total on and off-balance sheet exposures	8,833,639	98,031	87,061	45,905

*Defaulted exposure is net off specific provision.

Off-Balance Sheet Exposures and Counterparty Credit Risk

Counterparty Credit Risk

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

The Bank also has established policies and procedures to manage wrong-way risk, i.e. where the counterparty credit exposure is correlated positively with its default risk. Transactions that exhibit such characteristics are identified and reported to Senior Management on a regular basis. In addition, transactions with specific wrong-way risk are generally rejected at the underwriting stage.

Credit Risk (Continued)

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

Credit Exposures from Foreign Exchange and Derivatives

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

The Off-Balance Sheet Exposures and their related counterparty credit risk of the Bank for the financial year ended 31 December 2021 were as follows:

RM'000

Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	RWA
Direct credit substitutes	3,283,375		3,189,255	2,369,357
Transaction related contingent items	6,050,045		3,001,739	2,059,927
Short-term self-liquidating trade-related contingencies	620,294		136,216	80,964
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions), and commitment to buy-back Islamic securities under Sell and Buy Back Agreement transactions.	563,417		16,649	723
Foreign exchange related contracts One year or less Over one year to five years	 43,703,666 338,754	 170,026 6,215	 729,714 28,112	 168,577 11,370
Interest/Profit rate related contracts One year or less Over one year to five years Over five years	 17,383,220 32,775,558 1,600,697	 57,846 206,915 41,510	 140,160 1,261,652 186,264	 73,134 472,061 100,431
Equity related contracts One year or less	 44,935	 20	 -	 -
Commodity contracts One year or less	 313,096	 33,214	 50,241	 23,086
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	6,644,725		4,577,876	2,845,756
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	19,253,186		913,737	168,450
Any commitments that are unconditionally cancelled at any time by the Bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	15,372,716		5,598,135	673,025
Unutilised credit card lines	93,739		18,748	17,181
Total	148,041,422	515,746	19,848,498	9,064,044

Credit Risk (Continued)

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

Credit Exposures from Foreign Exchange and Derivatives (Continued)

The Off-Balance Sheet Exposures and their related counterparty credit risk of the Bank for the financial year ended 31 December 2020 were as follows:

RM'000

Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	RWA
Direct credit substitutes	2,627,192		2,549,849	1,727,545
Transaction related contingent items	5,866,993		2,910,012	1,801,497
Short-term self-liquidating trade-related contingencies	436,465		99,150	61,223
Foreign exchange related contracts				
One year or less	35,267,102	257,337	670,627	182,943
Over one year to five years	196,407	1,300	17,149	11,954
Interest/Profit rate related contracts				
One year or less	6,219,513	44,782	94,004	44,549
Over one year to five years	25,759,642	385,087	1,196,853	516,581
Over five years	1,807,224	69,181	242,603	126,779
Equity related contracts				
One year or less	118,736	4,263	-	-
Commodity contracts				
One year or less	518,729	51,824	78,012	56,693
Over one year to five years	19,308	343	653	65
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	6,483,994		4,456,619	2,852,274
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	20,177,400		1,040,924	233,966
Any commitments that are unconditionally cancelled at any time by the Bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	15,634,135		5,925,122	751,331
Unutilised credit card lines	95,857		19,171	17,579
Total	121,228,697	814,118	19,300,748	8,384,979

Credit Risk (Continued)

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

Credit Exposures from Foreign Exchange and Derivatives (Continued)

The off-balance sheet exposures and their related counterparty credit risk of the Islamic Banking Window for the financial year ended 31 December 2021 were as follows:

RM'000

Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	RWA
Direct credit substitutes	146,542		146,542	281,909
Transaction related contingent items	158,716		79,458	152,484
Short-term self-liquidating trade-related contingencies	1,564		313	178
Foreign exchange related contracts with an original maturity up to one year				
One year or less	378,843	1,719	6,165	3,699
Over one year to five years	14,149	245	1,047	733
Interest/Profit rate related contracts				
Over one year to five years	362,880	-	4,629	2,708
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	1,011,585		727,874	353,527
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	224,833		7,231	2,534
Any commitments that are unconditionally cancelled at any time by the Bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	481,577		-	-
Total	2,780,689	1,964	973,259	797,772

Credit Risk (Continued)

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

Credit Exposures from Foreign Exchange and Derivatives (Continued)

The off-balance sheet exposures and their related counterparty credit risk of the Islamic Banking Window for the financial year ended 31 December 2020 were as follows:

RM'000

Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	RWA
Direct credit substitutes	35,164		35,164	36,981
Transaction related contingent items	56,499		28,449	32,415
Short-term self-liquidating trade-related contigencies	4,362		872	1,436
Foreign exchange related contracts with an original maturity up to one year	435,412	8,729	6,265	2,817
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	720,560		518,124	160,519
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	260,048		6,594	2,651
Any commitments that are unconditionally cancelled at any time by the Bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	227,495		-	-
Total	1,739,540	8,729	595,468	236,819

Market Risk

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

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

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

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

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

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

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

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

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

The Bank's daily ES as at 31 December 2021 was RM5.281 million.

	Year End RM'000	High RM'000	Low RM'000	Average RM'000
2021				
Interest rate	1,864	9,295	1,573	4,183
Foreign exchange	392	2,967	69	603
Commodities	11	347	2	103
Option Volatility	1	311	0	85
Total diversified ES	5,281	18,095	4,274	8,829
2020				
Interest rate	3,375	10,615	883	4,466
Foreign exchange	1,737	3,191	75	868
Commodities	145	560	5	155
Option Volatility	135	426	3	113
Total diversified ES	7,843	15,455	2,555	7,794

Interest Rate Risk/Rate of Return Risk In the Banking Book (IRRBB/RORRBB)

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

Mismatches in pricing and other characteristics of assets and liabilities of the Bank would give rise to sensitivity to interest/profit rate movements. As interest/profit rates and yield curves change over time, these mismatches may result in a change in the Bank's earnings and economic net worth. The primary objective of managing IRRBB/RORRBB is to protect and to enhance capital or economic net worth through adequate, stable and reliable growth in net interest/profit earnings under a broad range of possible economic conditions.

The ALCO oversees the effectiveness of the interest/profit rate risk management structure including policies, limits and controls. Balance Sheet Risk Management under Risk Management supports the ALCO in monitoring the interest/profit rate risk profile of the banking book.

Our banking book interest/profit rate exposure is quantified on a monthly basis using dynamic simulation techniques. Interest/profit rate risk varies with different repricing periods, currencies, embedded options and interest/profit rate basis. Embedded options may be in the form of loan prepayment and early withdrawal of time deposit.

In Economic Value of Equity (EVE) sensitivity simulations, we compute the present value for repricing cashflows, with the focus on changes in EVE under different interest/profit rate scenarios. This economic perspective measures interest/profit rate risks across the full maturity profile of the balance sheet, including off-balance sheet items. We estimate the potential effects of interest/profit rate changes on Net Interest Income (NII) by simulating the possible future course of interest/profit rates over a 12-month horizon. Mismatches in the longer tenor would result in greater change in EVE than similar positions in the shorter tenor while mismatches in the shorter tenor would have greater impact on NII. Interest/profit rate scenarios used in simulations include the six standard scenarios prescribed by the Basel Committee on Banking Supervision as well as internal scenarios covering changes in the shape of the yield curve, including positive and negative tilt scenarios.

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

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

Interest Rate Risk/Rate of Return Risk In the Banking Book (IRRBB/RORRBB)

Interest/Profit Rate Sensitivity Analysis - Banking Book

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

Economic Value of Equity (EVE)

	Increase/(Decrease) in basis point	Sensitivity of EVE	Increase/(Decrease) in basis point	Sensitivity of EVE
31 December 2021		RM'000		RM'000
Currency				
Total	+ 200/(200)	(833,072)/997,910	+ 100/(100)	(445,392)/520,914
MYR	+ 200/(200)	(850,249)/1,000,335	+ 100/(100)	(454,035)/524,580
USD	+ 200/(200)	17,177/(2,425)	+ 100/(100)	8,643/(3,666)
31 December 2020				
Currency				
Total	+ 200/(200)	(544,784)/533,352	+ 100/(100)	(281,127)/304,669
MYR	+ 200/(200)	(554,087)/532,553	+ 100/(100)	(285,816)/304,481
USD	+ 200/(200)	9,303/799	+ 100/(100)	4,689/188

Net Interest/Profit Income (NII/NPI)

	Increase/(Decrease) in basis point	Sensitivity of NII/NPI	Increase/(Decrease) in basis point	Sensitivity of NII/NPI
31 December 2021		RM'000		RM'000
Currency				
Total	+ 200/(200)	451,685/(657,880)	+ 100/(100)	225,843/(296,834)
MYR	+ 200/(200)	487,278/(653,648)	+ 100/(100)	243,639/(292,605)
USD	+ 200/(200)	(35,593)/(4,232)	+ 100/(100)	(17,796)/(4,229)
31 December 2020				
Currency				
Total	+ 200/(200)	389,685/(570,677)	+ 100/(100)	194,843/(264,821)
MYR	+ 200/(200)	422,720/(549,896)	+ 100/(100)	211,360/(255,267)
USD	+ 200/(200)	(33,035)/(20,781)	+ 100/(100)	(16,517)/(9,554)

Liquidity Risk

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

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

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

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

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

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

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

The policy of the Bank is to be self-sufficient in its funding capabilities, notwithstanding that it has the support of parent bank in Singapore.

The table in Note 42 to the financial statements on pages 205 to 208 provides the maturity mismatch analysis of the Bank's near and long-term time bands relating to the cash inflows and outflows based on contractual maturity arising from the Bank's activities.

Operational Risk

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

The Bank's primary objective is to foster a sound reputation and operating environment.

Operational Risk Governance, Framework and Programmes

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

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

The Operational Risk Management (ORM) under Risk Management, as part of the Second Line, provides overarching governance of operational risk through relevant frameworks, policies, programmes and systems. It also monitors and reports key risk self-assessment results, outsourcing matters, operational risk indicator breaches, self-identified operational risks and incidents to the ORMC and the Board.

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

The Bank has an established business continuity and crisis management programme which ensures prompt recovery of critical business and support units should there be unforeseen events. An annual attestation is provided to the Board on the state of business continuity readiness of the Bank.

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

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

Operational Risk (Continued)

Operational Risk Governance, Framework and Programmes (Continued)

The subject-specific key risks that we focus on include but not limited to:

Technology Risk

Technology risk is defined as any potential adverse outcome, damage, loss, violation, failure or disruption arising from the use of or reliance on information and communication technologies. The governance of technology risk rests with the ORMC, who facilitates a holistic oversight of operational risk matters across the Bank. The Bank has an established technology risk management framework which ensures technology and cyber risks are managed in a systematic and consistent manner. The scope of technology risk management covers many aspects, including technology asset management, technology resilience and service continuity, cybersecurity management and information security management. A dedicated Technology Risk Management (TRM) function within ORM, as part of the Second Line, drives the governance and oversight for technology risk management across the Bank. TRM works closely with business and support units, including the technology and information security teams, to oversee, review and strengthen their practices in technology risk management. The ORMC, RMC and Board are briefed regularly on technology risk appetite and technology risk matters.

Regulatory Compliance Risk

Regulatory compliance risk refers to the risk of non-compliance with laws, regulations, rules, standards and codes of conduct. This risk is identified, monitored and managed through a structured governance framework of compliance policies, procedures and guidelines. The framework also manages the risk of regulatory breaches relating to sanctions, anti-money laundering and countering the financing of terrorism.

Legal Risk

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

Reputational Risk

Reputational risk is the risk of adverse impact on earnings, liquidity or capital arising from negative stakeholder perception or opinion of the Bank's business practices, activities and financial condition. The Bank recognises the impact of reputational risk and has established a policy to identify and manage the risk across the Bank.

Outsourcing Risk

Outsourcing risk is the risk of adverse financial, operational, reputational, legal and compliance impact arising from the failure of a service provider to provide the outsourced service, or to comply with legal and regulatory requirements or breaches of security by a service provider. The Bank manages this risk through an outsourcing framework, policy, procedures and guidelines.

Third Party Non-Outsourcing Risk

Third party non-outsourcing risk is one that is not within the scope of outsourcing risk. The key risks in relation to third party non-outsourcing arrangements include information security/ cyber risks (including data loss), regulatory obligations/ requirements and reputational risks. The Bank manages this risk through its Third Party Non-Outsourcing Policy and Guidelines.

Fraud Risk

Fraud is defined as an act with an element to deceive or to conceal facts, and is not restricted to the gain of monetary or material benefits.

The Bank manages fraud risks actively. The governance oversight of fraud risk is provided by the Audit Committee (AC) at the Board level and primarily by the ORMC at the management level. The Integrated Fraud Management (IFM) under Risk Management, as part of the Second Line, drives the strategy and governance and oversees the framework and policy of fraud risk management across the Bank.

The Bank's fraud hotline managed by IFM provides a safe channel to report suspected frauds. IFM conducts independent fraud investigations and works closely with business and support units to strengthen its practices across the five pillars of prevention, detection, response, remediation and reporting.

Anti-bribery and Corruption

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

Equities (Disclosures for Banking Book Position)

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

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

Type of Equities	Bank			
	31 December 2021		31 December 2020	
	Exposures	RWA	Exposures	RWA
	RM'000	RM'000	RM'000	RM'000
Publicly traded equity exposures *mainly acquired via loan restructuring activities	1,604	4,811	2,456	7,369
All other equity exposures *unquoted shares which are non-traded in the stock exchange	155,420	155,420	155,929	155,929
Total	157,024	160,231	158,385	163,298

	Bank	
	31 December 2021 RM'000	31 December 2020 RM'000
Realised (loss)/gains arising from sales and liquidation	6	-
Unrealised gains included in fair value reserve	144,677	145,850

As at 31 December 2021 and 31 December 2020, there were no equity exposures under Islamic Banking Window.

Profit Sharing Investment Accounts and Shariah Governance

Profit Sharing Investment Accounts (PSIA)

United Overseas Bank (Malaysia) Bhd's Islamic Banking Window did not have any PSIA arrangement with third party as at 31 December 2021.

Shariah Governance

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

No actual Shariah non-compliance event had been detected for the financial year ended 31 December 2021. As such, no Shariah non-compliant income had been recorded for the year.

Other

COVID-19 and Relief Measures during the Pandemic

Exposures to COVID-19 impacted sectors

The table below represents loans, advances and financing (net of impairment) by industry sectors that were identified as directly vulnerable affected by COVID-19 pandemic for the Group and Bank

	Group and Bank	
	2021 RM'000	2020 RM'000
Loans, advances and financing		
Retail and wholesale/trading, accommodation, travel agencies/tourism, airline/aviation, food and beverage services/restaurants	13,317,444	10,981,248

COVID-19 relief measures during the pandemic

Since the onset of the COVID-19 pandemic, the Bank has been pro-actively assisting affected customers specifically on the vulnerable segments of our customers who are affected by the impact of the pandemic. At he same time, we have also been continuously supporting the various Government relief programmes aimed at alleviating the financial burden of the affected customers.

COVID-19 relief measures during the pandemic (Continued)

Summary of relief measures for Retail and Non-Retail customers as at 31 December 2021:

	Retail Customers					Non-retail Customers	
	Mortgages RM'000	Credit Card RM'000	Personal Financing RM'000	SME RM'000	Total RM'000	Total RM'000	Total Relief Measures RM'000
Total payment moratoriums, repayment assistances, rescheduling and restructuring granted	12,860,937	46,749	51,158	2,196,899	15,155,743	10,006,619	25,162,362
Resumed repayments	287,436	15,022	2,223	92,070	396,751	269,776	666,527
Extended and repaying as per revised schedules	597,880	-	1,574	27,033	626,487	1,064,448	1,690,935
Still under payment holiday	11,952,398	25,724	46,744	1,958,169	13,983,035	8,105,449	22,088,484
Missed payments	23,223	6,003	617	119,627	149,470	566,946	716,416
As a percentage of total:							
Resumed repayments	2%	32%	4%	4%	3%	3%	2%
Extended and repaying as per revised schedules	5%	0%	3%	1%	4%	10%	7%
Still under payment holiday	93%	55%	92%	89%	92%	81%	88%
Missed payments	0%	13%	1%	6%	1%	6%	3%
	100%	100%	100%	100%	100%	100%	100%

UOB Malaysia places great importance on relationships that we have built with our customers through various economic cycles and crises. The Group has remained resolute in supporting its customers required financial assistance during these difficult times. As at 31 December 2021, there were approximately 26.4% (9.5% in 2020) of the Group's loans, advances and financing under various repayment assistance schemes which the Group had supported its customers.

As at 28 February 2022, the outstanding balance of the Group's customers who were still under various repayment schemes has improved to 6.4% of the Group's total loans, advances and financing.

United Overseas Bank (Malaysia) Bhd
and its subsidiaries

31 December 2021

Financial Report

Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of United Overseas Bank (Malaysia) Bhd (the Bank) and its subsidiaries (the Group) for the financial year ended 31 December 2021.

Principal Activities

The principal activities of the Bank are banking and related financial services, including Islamic Banking. The principal activities and other information of the subsidiaries and the associate are set out in Notes 14 and 15 to the financial statements, respectively. There have been no significant changes in the nature of the principal activities during the financial year.

Results

	Group RM'000	Bank RM'000
Profit before taxation	1,511,146	1,518,730
Income tax expense	(369,087)	(370,014)
Profit for the year	1,142,059	1,148,716

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

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

Dividends

The amount of dividend paid by the Bank since 31 December 2020 was as follows:

	RM'000
In respect of the financial year ended 31 December 2020 as reported in the directors' report for that year, a final single-tier dividend of 107.9 sen, on 470,000,000 ordinary shares was paid on 6 May 2021	507,130

There was no proposed dividend for the financial year ended 31 December 2021.

Directors

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

The Bank
Dato' Jeffrey Ng Tiong Lip
Wee Ee Cheong
Fatimah Binti Merican
Ching Yew Chye
Datuk Phang Ah Tong
Wong Kim Choong

Subsidiaries of the Bank
Chang Yeong Gung
Kan Wing Yin
Lai Tak Ming
Ronnie Lim Kheng Swee
Teo Teck Hin

Directors' Benefits

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

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

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and the officers of the Group and of the Bank are RM459,221,100 and RM344,240 respectively.

Share-based compensation plans

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

In 2018, following a review of the total compensation model, the Remuneration and Human Capital Committee (RHCC) approved, inter alia, a revised variable pay deferral framework for senior employees and Material Risk Takers. Under this, a portion of variable pay will be deferred as shares under the RS Plan. Such deferred RS will vest over a minimum three-year period, subject to local regulatory requirements, and the fair value of the RS were estimated at grant date using the Trinomial valuation methodology. Following the approval from the RHCC in 2020, the fair value of RS awarded from 2021 are computed using market value instead and with it, dividends on unvested awards are accrued to participating employees based on the declared final dividend for the financial year 31 December 2020 and interim dividend for the financial year ended 31 December 2021.

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

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

Directors' Interests

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

		Number of ordinary shares				
		1.1.2021	Acquired	Disposed	Forfeited	31.12.2021
Ultimate holding company: UOBL						
Wee Ee Cheong	- Direct	3,081,455	-	-	-	3,081,455
	- Indirect	173,701,487	-	-	-	173,701,487
Wong Kim Choong	- Direct	3,704	-	-	-	3,704
	- Indirect	155,951	18,503	-	-	174,454
Ching Yew Chye	- Direct	23,193	343	-	-	23,536

		Number of options over ordinary shares under UOB Restricted Share Plan				
		1.1.2021	Granted	Vested	Forfeited	31.12.2021
Ultimate holding company: UOBL						
Wong Kim Choong	- Direct	53,410	16,918	(15,955)	-	54,373

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

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

Holding Companies

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

Strategy and performance for the financial year ended 31 December 2021

2021 was a year when the country began preparing to transition into recovery phases, but was soon overshadowed by a resurgence in the pandemic crisis that resulted in economic uncertainties. In response to a rise in COVID-19 infections, the Malaysian government reintroduced a series of nationwide movement control orders. We saw a gradual recovery in the last quarter, a result of the increasing vaccination rate, reopening of businesses and early stages of global economic recovery. The gradual recovery was also supported by the government's continuous efforts to strengthen the nation's strategic reform levers to stimulate economic growth, to enhance the country's resilience and to drive sustainability.

Emerging Stronger Together from Crises

At UOB Malaysia, we value the deep relationships that we have built over seven decades. Just as we have remained right by our customers through economic cycles and crises and across generations, we have remained resolute in our support of customers requiring financial assistance to safeguard their lives and livelihoods during these trying times.

Since the onset of the COVID-19 pandemic, the Bank has been proactively assisting affected customers, especially individuals, micro-enterprises and small and medium-sized enterprises (SMEs) through our COVID-19 Relief Assistance Programme. We also supported various initiatives by the government throughout 2021. In July, the Bank enhanced its relief programme in line with the Government's *PEMULIH* aid package, and subsequently, the Financial Management and Resilience Programme (URUS) in November 2021, in collaboration with *Agensi Kaunseling dan Pengurusan Kredit (AKPK) Malaysia*.

Overall, the Bank's COVID-19 Relief Assistance Programme has benefitted more than 34,000 individual, micro-enterprise and SME customers since the start of the pandemic. The relief assistance we extended involved more than RM23 billion in our loans and financing portfolio, and supported these customers in overcoming the financial impact caused by the prolonged movement restrictions. Throughout the year, we also held more than 50 webinars and virtual business clinics to provide expert advice on digital transformation and funding support to overcome the impact of the pandemic to more than 3,000 small businesses. The Bank's continued support of SMEs contributed to UOB being named as the World's Best Bank for SMEs at the *Euromoney* Global Awards for Excellence 2021.

Even as Malaysians were dealing with the pandemic crisis, heavy rainfall that caused massive floods during the year badly affected many areas in the Klang Valley and several states across the country. Throughout the year, the Bank also offered relief assistance aimed at alleviating the financial burden of customers whose livelihoods are impacted by the disaster or suffered damage to their properties and belongings. In addition to these measures, the Bank also waived certain fees and charges for selected services, such as replacing debit and credit cards or cheque books lost or damaged during the floods. We also waived late credit card payment charges for affected customers. The Bank has also put in place a claim process under our flood inconvenience allowances on selected bancassurance products underwritten by our insurance partners, so that claims can be processed in an expedited manner.

Helping businesses to transform digitally

In addition to meeting the financial needs of SMEs during the crises, we also support their digital transformation efforts so that they are more resilient and better equipped to achieve long-term business growth. In June 2021, we held the third edition of the *Jom* Transform Programme (JTP) via The FinLab Online. Organised by the Bank and The FinLab, the Group's innovation accelerator, the programme saw the participation from more than 300 SMEs, from industries including wholesale and retail trade, professional services, technology, manufacturing, information and communications, as well as construction, by the end of the year. These businesses gained advice and knowledge on digital implementation at various virtual workshops conducted by subject-matter experts and mentors from the Group and JTP partners.

In August 2021, the Bank and The FinLab also launched *Jom*X, an initiative to help SME customers access a host of digital solutions to accelerate their digitalisation efforts amid COVID-19 challenges. The Bank and The FinLab partnered seven JTP digital solution providers that specialise in digital solutions, ranging from business-to-business (B2B) and business-to-customer e-commerce platforms, cloud accounting systems, artificial intelligence and data analytics solutions to robotic process automation, creative technology and marketing technology solutions. These partners are Auto Count, Dattel, Designs.AI, Dropee, Exabytes, OrangeFIN Asia and Otomate Me. At the launch, the Bank offered SME customers and JTP participants 200 complimentary monthly subscription packages of up to 13 months. The packages were available for a range of *Jom*X digital solutions that aimed to help SMEs allay the costs of their digital transformation journey.

Strategy and Performance for the Financial Year Ended 31 December 2021 (Continued)

In November 2021, the Bank collaborated with Plenitude Solutions and Visa to develop the country's first end-to-end procurement solution to help local businesses manage costs efficiently and raise productivity. The UOB Visa Payables Automation (VPA) suite enables companies to procure goods with Plenitude Solution's e-procurement solution and to pay their vendors through UOB's virtual Visa commercial credit card account, even if these vendors do not accept card payments. As the UOB VPA suite automates these processes, businesses will be less reliant on manual processing and can redeploy their resources to focus on other areas of business.

With multiple nationwide lockdowns and movement restrictions this year, we continued to help small businesses, including those in the food and beverage sector, deepen their digital capabilities to save operational costs and to grow their businesses. In 2021, more than 1,000 new small businesses adopted UOB SmartBusiness, our integrated suite of cloud-based business solutions, as well as the solutions from our partner, StoreHub, which include a tablet-based retail operating system and Beep Delivery's online food delivery service.

Providing Businesses with Seamless Connectivity Across Our Network

Helping businesses advance responsibly

We are committed to balancing opportunity with responsibility and helping businesses advance responsibly through sustainable financing. Our sustainable finance frameworks aim to simplify sustainability for businesses, and are aligned with the United Nations Sustainable Development Goals (UN SDGs) and Malaysia's commitment to attain a carbon-neutral status by 2050. In particular, the UOB Smart City Sustainable Finance Framework guides our financing efforts to encourage the development of smart and sustainable cities through a streamlined and transparent process. Under this framework, the Bank launched the U-Energy programme in December 2021.

U-Energy is Asia's first integrated financing solution platform to drive the development and adoption of energy efficiency projects for buildings and homes in Malaysia. Commercial and industrial building owners can opt for a direct purchase of the energy-efficient equipment or systems with the Bank's green financing with ten U-Energy energy service companies (ESCOs) that the Bank partners. For homeowners, we offer a zero per cent interest instalment plan of up to three years when UOB credit cards are used as the mode of payment for their energy efficiency retrofitting projects. Apart from collaborating with ESCOs, U-Energy also received the support from The Energy Commission of Malaysia, Sustainable Energy Development Authority (SEDA) Malaysia, Malaysian Investment Development Authority (MIDA) and the Malaysian Green Technology Corporation.

We continued to help promote the switch to solar power by providing businesses and consumers flexible financing solutions under the U-Solar programme. In 2021, U-Solar has helped facilitate the generation of almost 90.1 gigawatt hours of solar power in Malaysia. This translates to greenhouse gas reduction of 58.8 tonnes of carbon dioxide equivalent, which is equivalent to almost 972,507 tree seedlings grown for 10 years and about 12,791 cars taken off the road for a year.

On the back of Malaysia's increasing electricity demand, the Bank is also helping to contribute to the country's transition to cleaner energy through its support of power plants with lower environmental impact. In April 2021, the Bank was a co-financier of a 1,200 megawatt combined-cycle gas turbine power plant in Pulau Indah, Selangor. Upon completion in 2024, the power plant is expected to meet the energy demand in the Klang Valley region in a more sustainable manner. In August 2021, the Bank helped EXSIM Group monetise the future earnings of its two sustainable residential developments in the Klang Valley. These property developments, once completed, are expected to attain Gold Rating certifications from Green Real Estate, which was set up by the Real Estate Housing Development Authority in 2013 to drive sustainability in Malaysia's real estate industry.

As part of our responsible financing policy, the Bank does not lend to businesses that create negative environmental, social and governance impact that is also aligned to Shariah principles. Through Shariah-compliant financing, we help businesses tap a wider pool of investors, as well as generate positive and sustainable impact on the economy and the community. To promote awareness of the importance of sustainability, the Bank collaborated with *The Star* in hosting the inaugural Circular Economy Conference 2021 in July 2021 and the 'Reducing CO2 Emissions in Support of Future Sustainability' webinar a month later. Both events, held in conjunction with the publication's 50th anniversary celebration, saw the participation of 900 representatives from various companies and sectors in the country. We also hosted a webinar more than 500 participants at the World Business Halal Conference 2021 to share about our Shariah-compliant financing offering.

Strategy and Performance for the Financial Year Ended 31 December 2021 (Continued)

Providing progressive solutions customised to businesses' needs

The Bank supported the development of the national 5G network that was identified as a key catalyst for Malaysia's digital economy aspirations. In October 2021, we provided a first tranche financing to Ericsson (Malaysia) for the initial phases of Digital Nasional Berhad (DNB)'s nationwide 5G network roll-out. DNB, an entity wholly-owned by the Minister of Finance (Incorporated), was mandated to undertake the accelerated deployment of 5G infrastructure and network nationwide. We were also mandated as the Lead Arranger for an additional syndicated financing for potential financial institutions participating in DNB's 5G network roll-out.

We were also involved in a landmark acquisition within the construction and infrastructure sector. In September 2021, the Bank supported the funding of Malayan Cement Berhad's acquisition of 10 cement and ready-mixed concrete companies from its parent company, YTL Cement Berhad through an Islamic syndicated term financing facility. In addition, we contributed to Malaysia's overall smart city infrastructure development and the enhancement of Perak's public transportation network. In September 2021, the Bank jointly subscribed to Perak Transit Berhad's issuance of a second tranche Islamic Medium Term Notes under its maiden *Sukuk* Murabahah Programme. The proceeds were to finance the Company's working capital requirements and capital expenditure for the development of its new transportation terminal hub in Bidor, Perak.

The Bank continued to provide a suite of trade financing solutions, including financial supply chain management (FSCM) programmes through which anchor companies could assist their SME suppliers in accessing funding and automating their FSCM processes. Due to the pandemic, many SMEs had to cope with supply chain disruptions and cash flow difficulties due to ineffective payment collection processes. In collaboration with our digital services partner, Enterpryze, we rolled out UOB mCollect, an integrated digital collection solution designed to help businesses ease their collection and reconciliation processes via e-invoicing, real-time collection and instant crediting of funds.

In 2021, the Bank's capabilities in customising financial solutions to ensure the long-term sustainability of our clients and their business ecosystems received various industry accolades. We were conferred the International Trade Finance Bank of the Year for the third year running and received the International Initiative of the Year award at the *Asian Banking and Finance* (ABF) Awards 2021. We also won the Best Transaction Bank in Southeast Asia title for the first time ever at the *Corporate Treasurer* Awards 2021.

We also garnered the Best Cash Management and Best Trade Finance in Southeast Asia titles at the *Alpha Southeast Asia* Award in Transaction Banking 2021. In addition to these, we received six accolades at *The Asset* Triple A Treasury, Trade, Supply Chain and Risk Management Awards 2021. We also won the Best New *Sukuk* (Corporate) – Malaysia and Best Securitisation – Malaysia awards at the Triple A Islamic Finance Awards 2021 for our capabilities in customising Shariah-compliant financial solutions and supporting businesses in their long-term capital and liquidity requirements.

Attracting foreign direct investments into high-value sectors locally

In 2021, we facilitated an overall increase of close to 20 per cent in foreign direct investment (FDI) inflows, compared with the year before. These flows included new investments from Greater China, ASEAN, South Korea and the US. Following the signing of a Memorandum of Understanding with MIDA last year, we have been working closely with the government agency to help multinational companies invest into Malaysia, as well as local businesses expand across the region. As part of the collaboration, in 2021 we jointly organised virtual roundtables with both local and international business delegations from various countries including Germany and China. At these sessions, participants gained insights into Malaysia's latest economic developments, policies and potential investment opportunities post-pandemic.

Creating Progressive Solutions Essential to Consumers' Life Stages

Engaging and serving customers through our omni-channel approach

We create distinctive banking solutions and offer them through our omni-channel touchpoints in a manner that best suits each customer. Guided by our values, we manage our customers' assets as if they were our own, providing financial advisory services and products so that the wealth they generate and the successes they achieve are carried into the future.

In 2021, we launched a digital account opening service for customers to open a personal bank account directly using the Bank's all-in-one mobile banking app, UOB Mighty. With this latest enhancement, customers can embark on their financial journey with us in just 10 minutes, which is up to 60 per cent less than the average time typically taken to open an account in person. As part of our commitment to providing customers progressive and convenient solutions, we also launched an official store on Shopee, an e-commerce platform, to offer customers selected UOB banking products which they can sign up for anytime, anywhere.

Strategy and Performance for the Financial Year Ended 31 December 2021 (Continued)

In keeping with our customers' lifestyle needs, we tied up with Prudential Assurance Malaysia Berhad to provide customers with a suite of insurance solutions digitally through a new Virtual Face-to-Face (VF2F) feature on Pulse, the insurer's all-in-one health and wellness app. Without visiting a physical branch, customers can receive insurance advisory services, including life insurance product recommendations that are relevant to their needs from the Bank's sales representatives via chat or video call. UOB Malaysia is the first bank in Southeast Asia to use the VF2F feature, enabling our customers to manage their insurance needs digitally and conveniently.

Beyond our digital products and services, in 2021, we strengthened our suite of deposit and card products to help our customers gain more value from their savings and spending. We enhanced the UOB One Account so that they can earn a higher-than-average interest rate on their deposits. The refreshed savings account also simplifies the requirements needed to earn bonus interest, enabling customers to have greater choice over how to earn interest based on their transaction and banking habits. To help young professionals grow their wealth and maximise their savings, the Bank included new criteria such as salary crediting and direct debit transactions to help customers earn bonus interest faster and easier.

To help customers manage their money with greater flexibility, we collaborated with DoctorOnCall and Pfizer to launch a financing programme that aims to improve children's access to pneumococcal vaccine in Malaysia. Under the programme, parents can give their children the protection against pneumococcal pneumonia via a 12-month interest-free instalment payment plan. In addition, we collaborated with our insurance partners to provide our customers with both life and general bancassurance products for greater financial protection.

In enhancing our omni-channel approach, in 2021 we reconfigured six of our existing branches into wealth advisory centres. These branches are located in the residential area of Kota Damansara as well as commercial centres of Seremban, Lebuh Bishop and Jalan Kelawei in Penang. We also recently relocated our Shah Alam branch to a growing affluent residential area at Bandar Bukit Tinggi, Klang and the Sandakan branch to Bandar Prima Square. Aside from offering essential banking services, these wealth advisory centres will serve the wealth management needs of the Bank's growing base of retail, SME, commercial and corporate customers.

In recognition of our commitment to making banking simpler, safer and smarter for our customers, the Bank received the International Retail Bank of the Year and the Digital Banking Initiative of the Year awards at the *Asian Banking and Finance* Retail Banking Awards 2021. We also won the Malaysia Customer Experience of the Year for Banking at the *Asian Business Review* Asian Experience Awards 2021 as well as the Best Premier Islamic Banking title for the second year running by the Cambridge Institute of Islamic Finance's Islamic Retail Banking Awards 2021.

Helping Our Colleagues Make a Meaningful Difference

Caring for our colleagues

In taking care of our colleagues' physical and mental wellness, we continued our COVID-19 safe precautionary measures. We provided COVID-19 self-test kits for our colleagues, especially those in customer-facing roles to safeguard their well-being as well as our customers. We further reduced our office density, ensuring more than 50 per cent of our people were working from home. Subsequently, we also arranged for more than 1,000 of our colleagues to receive COVID-19 vaccines in support of the national vaccination programme.

We expanded our medical coverage and flexCARE programme to provide COVID-19-related assistance. To meet the needs of our colleagues who were working remotely, we also enhanced our flexCARE programme to supplement the cost of working from home with the purchase of office equipment such as monitors, headsets and ergonomic chairs. We also implemented a new remote work option that enables the majority of our workforce to choose to work remotely up to two days a week once COVID-19 restrictions are fully lifted. The hybrid work model will offer colleagues more autonomy to choose how and where they work.

We introduced UOB Cares, an employee assistance programme that included initiatives such as a series of mental health webinars, virtual counselling therapy, educational talks and online training courses. In addition, we expanded our dedicated UOB Cares hotline to offer help and support to our colleagues and their immediate family members who needed to seek advice or emotional support from mental health professionals.

Encouraging the professional growth of our colleagues

In 2021, we rolled out the second phase of 'Better U', the Bank's holistic learning and development programme that helps our colleagues build successful careers in the digital age. It focused on two additional areas essential to future employability - data analytics and project management. More than 200 colleagues completed the foundational modules in 2021. We continued to make learning and self-improvement more accessible through LinkedIn Learning programmes to more than 3,000 colleagues.

Strategy and Performance for the Financial Year Ended 31 December 2021 (Continued)

As part of our talent management efforts, more than 180 colleagues completed the leadership and managerial skills training initiative called 'Leadership Right by You', aimed at to helping our people develop their management and leadership skills. We ran our flagship Advanced Collaborative Emerging Leadership Series for senior, mid-level and young talent in collaboration with INSEAD and Melbourne Business School, to support the Group's Leadership Academy initiatives. We also held a series of Leader-Coachers Programmes to develop leader-coachers who are able to teach and to grow our colleagues to become future leaders at the Bank.

Building our talent pipeline

As we adapt to changes in the way people engage and do business, we extended our recruitment drive to include online career fairs to attract graduates to the Group's 18-month Management Associate Programme. We also participated in the *Graduan* Live and *Graduan* Aspire career fairs to connect with and to recruit young talent. We employed more than 25 interns under the UOB Corporate Internship Programme, apart from revamping our Smart Internship Banking Programme that provides a structured training, to help interns to transition into the banking industry smoothly.

In recognition of our commitment to providing our people with meaningful careers and to supporting them in their development journey, the Bank received the Best Graduate Training Programme (Silver) at the *Human Resources Online* Employee Experience Awards 2021. We were also recognised as one of Malaysia's 100 Leading Graduate Employers as well as voted as among the top 25 employers at the *Graduan* Brand Awards.

Building a prudent, progressive and high-performing organisation

We conducted eight workshops for more than 120 of our colleagues from different age groups in 2021, aimed to help our colleagues understand and manage their differences, so they may resolve potential conflicts and work together more cohesively. During the year, we honoured and celebrated the dedication of 227 long-serving colleagues who have been with the Bank for 10, 20, 30 and 40 years, as well as 50 colleagues who retired in 2021. We also ran our annual bank-wide UOB Customer Commitment Awards (CCA) programme in recognition to people who act in the best interests of our customers. During the year, we recognised 25 individual colleagues and 13 teams for their exemplary conduct and commitment to our customers.

Supporting the Community Through the Pandemic

Just as we serve the financial needs of our customers and caring for our people, we focused our efforts on the most vulnerable segments of the community affected by the pandemic. Under the Bank's flagship annual fundraising event, the UOB Global Heartbeat Virtual Run/Walk, we raised RM300,000 to support disadvantaged children through Food Aid Foundation, SOLS 24/7 and *Yayasan Generasi Gemilang*. 2021 marks the 14th edition of UOB Malaysia's Heartbeat Run/Walk and it was the second time we held the event virtually for our colleagues to take part safely amid the COVID-19 pandemic.

In addition, we donated RM100,000 to three hospitals through MERCY Malaysia to provide critical medical equipment and to ease the burden of healthcare workers as they grappled with the spike in COVID-19 cases and deaths related to the highly transmissible Delta variant. The funds went towards supplying powered air-purifying respirators, oxygen concentrators, vital sign monitors, enteral feeding pumps, medical syringe pumps and other essential equipment to support the increasing number of patients admitted into the intensive care unit.

To help underprivileged children manage their online education needs amid school closures, the Bank donated 15 digital devices to the *Raudhatul Al-Faeez* children's home and the United Nations High Commissioner for Refugees. Throughout 2021, the Bank also donated more than 300 refurbished desktop computers to underserved schools nationwide through the Medical Awareness Camp Outreach. These contributions are part of the UOB My Digital Space Programme, a multi-year education programme to bridge the digital gap for children from disadvantaged backgrounds and to connect them to a world of digital learning opportunities. Throughout the year, our people volunteered more than 11,000 hours of their time through a wide range of outreach initiatives across Malaysia as we continued to demonstrate our commitment to community development in the areas of art, children and education.

We also reinforced our unwavering support of art and the creative community through our annual UOB Painting of the Year (POY) competition, which was in its eleventh year in Malaysia in 2021. We awarded cash prizes totalling more than RM230,000 to established and emerging Malaysian artists, helping to provide the much-needed boost to artists who were challenged financially due to the pandemic. UOB Malaysia's country winner, Mr Saiful Razman and his artwork titled, *Walk in Silence, Don't Walk Away in Silence*, also won the 2021 UOB Southeast Asian Painting of the Year Award and an additional cash prize of US$10,000. The artwork was chosen from among the country winners from Indonesia, Malaysia, Singapore and Thailand.

Strategy and Performance for the Financial Year Ended 31 December 2021 (Continued)

Outlook

The global recovery continues even as risks linger, predominantly due to the uncertainty around the emergence of new COVID-19 virus variants, prolonged global supply chain disruptions and heightened financial volatility as major economies embark on monetary policy normalisation. In particular, the efficacy of vaccinations to fight new variants of the virus will affect how quickly we can move from the pandemic to living with COVID-19 as endemic. Complex policy trade-offs to balance growth and inflation could also weigh on the overall outlook.

We expect global growth momentum to moderate in 2022 as economic divergence widens across countries due to disparities in vaccine access and policy support. We see better prospects for commodity-exporting and developing economies with their ramping up of vaccination programmes and the reopening of borders. However, the outlook for advanced economies will continue to be challenged by supply disruptions and rapid price increases, due to goods and labour shortages alongside higher pent-up demand and rebound in commodity prices.

In Malaysia, the economy is close to full domestic reopening as more than 98 per cent of the country's adult population has been fully vaccinated. The government has also started to administer booster COVID-19 vaccine doses to curb another wave of infections. Since the gradual relaxation of restrictions and reopening of the economy, investor and consumer sentiments have rebounded along with improved exports and activities in manufacturing and services. This reinforces our expectations of the domestic economy's further recovery in 2022.

The improved outlook for Malaysia is also underpinned by the recovery in the labour market, resumption of infrastructure spending and further fiscal support. A release of pent-up demand is anticipated particularly for domestic travel and leisure which will aid the recovery. The improved assessments of the domestic economy may also warrant a gradual adjustment of the monetary policy by Bank Negara Malaysia. Potential downside risks to Malaysia's growth outlook could emanate from new virus variants, slower-than-expected global economic recovery, volatile commodity prices, elevated financial volatility and geopolitical risks.

Overall, there are grounds for optimism as Malaysia's diversified economic structure provides underlying strength and resilience. Ongoing policy support from the various fiscal packages and Budget 2022 measures, as well as an accommodative monetary policy will serve to sustain and strengthen the recovery momentum. Guided by our time-tested values of Honour, Enterprise, Unity and Commitment, we remain confident that UOB (Malaysia) is well positioned to achieve strong performance.

Subsequent event

The subsequent event is disclosed in Note 48 to the financial statements.

Rating by External Rating Agencies

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

United Overseas Bank (Malaysia) Bhd's issue ratings

No.	Debt instruments issued by the Bank	Ratings
1	RM8 billion Medium Term Notes Programme: Tier-2 Subordinated Notes (2018/2028)	AA1/Stable
2	RM8 billion Medium Term Notes Programme: Tier-2 Subordinated Notes (2020/2030)	AA1/Stable

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

Other Statutory Information

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

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

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

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

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

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

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

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

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

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

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

(f) In the opinion of the directors:

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

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

Auditors and Auditors' Remuneration

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

The auditors' remuneration is disclosed in Note 31 to the financial statements.

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

Ng Tiong Lip

Wong Kim Choong

Kuala Lumpur, Malaysia
Date: 31 March 2022

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, Ng Tiong Lip and Wong Kim Choong, being two of the directors of United Overseas Bank (Malaysia) Bhd, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 113 to 240 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2021 and of their financial performance and cash flows for the year then ended.

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

Ng Tiong Lip

Wong Kim Choong

Kuala Lumpur, Malaysia
Date: 31 March 2022

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Wong Kim Choong, being the director primarily responsible for the financial management of United Overseas Bank (Malaysia) Bhd, do solemnly and sincerely declare that the accompanying financial statements set out on pages 113 to 240 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Wong Kim Choong at Kuala Lumpur in the Federal Territory on 31 March 2022.

Wong Kim Choong

Before me,

Shariah Committee's Report

In the name of *Allah*, the Most Beneficent, the Most Merciful

"O you who have believed, do not consume one another's wealth unjustly but only [in lawful] business by mutual consent" [4:29]

In compliance with the letter of appointment, we are submitting the following report:

We, the members of UOB Malaysia (the Bank)'s Shariah Committee, are responsible for the oversight of Shariah matters related to the Bank's Islamic Banking business, operations and activities. Although the Board of directors are ultimately responsible and accountable for all Shariah matters under the Bank, the Board of directors rely on our independent advice on the same. The Bank's management is responsible for ensuring that the Bank conducts its business in accordance with the Shariah rules and principles. It is our responsibility to form independent opinions, based on our review of the operations of the Bank, and to report to the Board of Directors and Bank Negara Malaysia accordingly.

We have concluded nine meetings to review the Bank's various Shariah product structures and documentation, transactions, services, and operations during the financial year ended 31 December 2021. There was no new product approval granted by the Shariah Committee during the financial year. However, we have provided opinions and approvals with regard to the enhancement of the existing products to comply with the Bank Negara Malaysia's regulations and market practice. We have also provided Shariah opinions on various matters relating to the Bank and observed the conducted review by the Shariah officers to form an opinion as to whether the Bank has complied with the Shariah rulings, resolutions and guidelines issued by the Shariah Committee and the Shariah Advisory Council of Bank Negara Malaysia.

We have assessed and endorsed the works carried out by the Shariah Review, the Shariah Risk Management and the Shariah Audit teams. The works were conducted by way of examining the relevant documentation and procedures adopted by the Bank in carrying out its Islamic Banking business. We are satisfied that the reviews and audits were properly planned and performed to deliver key information, and provided us with sufficient evidence to give reasonable assurance that the Bank has not violated any Shariah principles.

We have also reviewed the audited financial statements of the Bank's Islamic Banking business for the financial year and confirmed that the financial statements are in compliance with Shariah.

Based on the above, in our opinion:

(i) The Bank's Islamic Banking products, legal documents and processes, and any enhancements thereon, that we approved during the financial year ended 31 December 2021 are in compliance with the Shariah rules and principles;

(ii) The Bank's Islamic Banking transactions and dealings carried out in the financial year ended 31 December 2021 are in compliance with the Shariah rules and principles;

(iii) The Bank's sources of Shariah income during the financial year ended 31 December 2021 are in compliance with the Shariah rules and principles;

(iv) No Shariah non-compliant event was reported during the financial year ended 31 December 2021;

(v) The Bank has maintained sufficient internal policies, frameworks, manuals and operating procedures to ensure compliance with the Shariah rules and principles when carrying out its Islamic Banking business;

(vi) The Bank has taken sufficient and proactive steps in ensuring the competency of its employees through training programmes and various learning tools; and

(vii) No disclosure on the zakat payment as it is not applicable to the Bank.

To the best of our knowledge and based on the information provided to us, we hereby confirm that the Bank's Islamic Banking business, operations and activities for the financial year ended 31 December 2021 are in conformity with the Shariah rules and principles.

Dr. Samsuri Bin Sharif

Interim Chairman,
Shariah Committee

Prof. Dr. Noraini Binti Mohd Ariffin

Member,
Shariah Committee

Kuala Lumpur, Malaysia
Date: 31 March 2022

Independent Auditors' Report

to the Members of United Overseas Bank (Malaysia) Bhd
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of United Overseas Bank (Malaysia) Bhd, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Bank, and 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 113 to 240.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2021, and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Bank in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (By- Laws) and the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors' report thereon

The directors of the Bank are responsible for the other information. The other information comprises the information in Directors' Report and Annual Report, but does not include the financial statements of the Group and of the Bank and our auditors' report thereon, which the Directors' Report we obtained prior to the date of this auditors' report, and the Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Bank does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Bank, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Bank or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditors' report, 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 on the Directors' Report.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Bank and take appropriate action.

Responsibilities of the directors for the financial statements

The directors of the Bank are responsible for the preparation of financial statements of the Group and of the Bank that give a true and fair view in accordance with 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.

Independent Auditors' Report (Continued)

to the Members of United Overseas Bank (Malaysia) Bhd (Continued)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements (Continued)

Auditors' responsibilities for the audit of the financial statements (Continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Bank, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Bank's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Bank or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Bank to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Bank, including the disclosures, and whether the financial statements of the Group and of the Bank represent the underlying transactions and events in a manner that achieves fair presentation; and

- 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.

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.

Other Matters

This report is made solely to the Members of the Bank, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003
(LLP0022760-LCA) & AF 0039
Chartered Accountants

Yeo Beng Yean
No. 03013/10/2022 J
Chartered Accountant

Kuala Lumpur, Malaysia
Date: 31 March 2022

Statements of Financial Position

As at 31 December 2021

		Group		Bank	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Assets					
Cash and short-term funds	4	10,063,224	6,069,508	10,063,224	6,069,508
Deposits and placements with financial institutions	5	-	1,149,710	-	1,149,710
Securities purchased under resale agreements	6	77,705	1,170,004	77,705	1,170,004
Financial assets at fair value through profit or loss (FVTPL)	7	4,594,153	4,346,399	4,594,153	4,346,399
Debt instruments at fair value through other comprehensive income (FVOCI)	8	22,142,903	25,638,935	22,142,903	25,638,935
Equity instruments at fair value through other comprehensive income (FVOCI)	9	157,024	158,385	157,024	158,385
Debt instruments at amortised cost	10	1,176,380	519,844	1,176,380	519,844
Other assets	11	901,255	1,060,930	903,498	1,101,564
Derivative financial assets	25	515,746	814,118	515,746	814,118
Loans, advances and financing	12	87,712,734	85,506,564	87,804,018	85,608,272
Statutory deposits with Bank Negara Malaysia	13	180,667	196,451	180,667	196,451
Investment in subsidiaries	14	-	-	530,020	400,020
Investment in an associate	15	9,747	9,637	13,522	13,522
Property, plant and equipment	16	1,135,441	919,556	372,868	319,484
Right-of-use assets	17	66,048	76,974	118,290	148,751
Deferred tax assets	18	262,147	74,577	262,147	74,577
Total assets		128,995,174	127,711,592	128,912,165	127,729,544
Liabilities					
Deposits from customers	19	97,074,345	93,590,472	97,101,837	93,680,388
Deposits and placements of banks and other financial institutions	20	15,344,500	16,948,757	15,344,520	16,948,777
Obligations on securities sold under repurchase agreements	6	546,768	924,777	546,768	924,777
Bills and acceptances payable		208,321	205,025	208,321	205,025
Other liabilities	21	1,895,309	1,905,524	1,889,833	1,907,109
Derivative financial liabilities	25	520,281	1,082,914	520,281	1,082,914
Tax payable		155,402	118,789	154,823	118,107
Lease liabilities	17	69,455	79,200	125,595	153,808
Subordinated bonds	22	1,363,268	1,377,166	1,363,268	1,377,166
Deferred tax liabilities	18	30,005	18,843	-	-
Total liabilities		117,207,654	116,251,467	117,255,246	116,398,071
Equity attributable to equity holders of the Bank					
Share capital	23	792,555	792,555	792,555	792,555
Reserves	24	10,994,965	10,667,570	10,864,364	10,538,918
Total equity		11,787,520	11,460,125	11,656,919	11,331,473
Total liabilities and equity		128,995,174	127,711,592	128,912,165	127,729,544
Commitments and contingencies	38	148,148,043	121,487,155	148,041,422	121,228,697

The accompanying notes form an integral part of the financial statements.

Statements of Profit or Loss

For the financial year ended 31 December 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Bank 2021 RM'000	Bank 2020 RM'000
Operating revenue	27	5,129,292	5,680,529	5,132,206	5,685,218
Interest income	28	3,926,355	4,447,637	3,928,929	4,451,270
Interest expense	29	(1,537,779)	(2,247,589)	(1,539,935)	(2,251,427)
Net interest income		2,388,576	2,200,048	2,388,994	2,199,843
Net income from Islamic Banking operations	47	141,160	70,272	141,160	70,272
Other operating income	30	818,111	938,846	818,451	939,897
Operating income		3,347,847	3,209,166	3,348,605	3,210,012
Other operating expenses	31	(1,352,881)	(1,280,072)	(1,346,593)	(1,285,612)
Operating profit before allowances for expected credit losses		1,994,966	1,929,094	2,002,012	1,924,400
(Allowance for)/write-back of expected credit losses on:					
Loans, advances and financing	33	(451,265)	(537,223)	(450,925)	(537,144)
Other financial assets	33	28,772	(25,140)	25,892	(25,140)
Commitments and contingencies	21(c)	(58,249)	(21,624)	(58,249)	(21,624)
(Impairment loss)/write-back of impairment loss on property, plant and equipment	16	(3,188)	1,751	-	-
		1,511,036	1,346,858	1,518,730	1,340,492
Share of net profit of an associate	15	110	104	-	-
Profit before taxation		1,511,146	1,346,962	1,518,730	1,340,492
Income tax expense	34	(369,087)	(328,959)	(370,014)	(326,865)
Profit for the year attributable to equity holders of the Bank		1,142,059	1,018,003	1,148,716	1,013,627
Basic/diluted earnings per share (sen)	35	243.0	216.6		
Dividend per share (sen)	36	-	107.9		

The accompanying notes form an integral part of the financial statements.

Statements of Comprehensive Income
For the financial year ended 31 December 2021

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit for the year	1,142,059	1,018,003	1,148,716	1,013,627
Other comprehensive (losses)/income:				
Items that will be reclassified subsequently to income statements:				
Net fair value changes in debt instruments at FVOCI	(414,809)	158,798	(414,809)	158,798
Income tax effect (Note 18)	99,554	(38,111)	99,554	(38,111)
	(315,255)	120,687	(315,255)	120,687
Items that will not be reclassified subsequently to income statements:				
Net fair value changes in equity instruments at FVOCI	(1,173)	24,503	(1,173)	24,503
Revaluation of land and buildings (Note 16)	24,641	-	-	-
Gains on disposal of equity	6	-	6	-
Income tax effect (Note 18)	(15,753)	(5,880)	282	(5,880)
	7,721	18,623	(885)	18,623
Total other comprehensive (losses)/income for the year, net of tax	(307,534)	139,310	(316,140)	139,310
Total comprehensive income for the year attributable to equity holders	834,525	1,157,313	832,576	1,152,937

The accompanying notes form an integral part of the financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2021

Group	Share capital RM'000	← Non-distributable Revaluation reserve RM'000	→ FVOCI reserve RM'000	Distributable Retained profits RM'000	Total RM'000
2021					
Balance as at 1 January 2021	792,555	184,130	309,046	10,174,394	11,460,125
Profit for the year	-	-	-	1,142,059	1,142,059
Gain on disposal on equity	-	-	(6)	6	-
Other comprehensive income/(losses)	-	8,605	(316,139)	-	(307,534)
Total comprehensive income/(losses)	-	8,605	(316,145)	1,142,065	834,525
Transaction with owners:					
Dividend paid					
- Final dividend for the financial year ended 31 December 2020 (Note 36)	-	-	-	(507,130)	(507,130)
Balance as at 31 December 2021	**792,555**	**192,735**	**(7,099)**	**10,809,329**	**11,787,520**

Group	Share capital RM'000	← Non-distributable Revaluation reserve RM'000	→ FVOCI reserve RM'000	Distributable Retained profits RM'000	Total RM'000
2020					
Balance as at 1 January 2020	792,555	184,130	169,736	9,763,631	10,910,052
Profit for the year	-	-	-	1,018,003	1,018,003
Other comprehensive income	-	-	139,310	-	139,310
Total comprehensive income	-	-	139,310	1,018,003	1,157,313
Transaction with owners:					
Dividend paid					
- Final dividend for the financial year ended 31 December 2019 (Note 36)	-	-	-	(607,240)	(607,240)
Balance as at 31 December 2020	**792,555**	**184,130**	**309,046**	**10,174,394**	**11,460,125**

The accompanying notes form an integral part of the financial statements.

Statements of Changes in Equity (Continued)

For the financial year ended 31 December 2021

Bank	Share capital RM'000	Non-distributable FVOCI reserve RM'000	Distributable Retained profits RM'000	Total RM'000
2021				
Balance as at 1 January 2021	792,555	302,144	10,236,774	11,331,473
Profit for the year	-	-	1,148,716	1,148,716
Gain on disposal on equity	-	(6)	6	-
Other comprehensive losses	-	(316,140)	-	(316,140)
Total comprehensive (losses)/income	-	(316,146)	1,148,722	832,576
Transaction with owners:				
Dividend paid				
- Final dividend for the financial year ended 31 December 2020 (Note 36)	-	-	(507,130)	(507,130)
Balance as at 31 December 2021	**792,555**	**(14,002)**	**10,878,366**	**11,656,919**

Bank	Share capital RM'000	Non-distributable FVOCI reserve RM'000	Distributable Retained profits RM'000	Total RM'000
2020				
Balance as at 1 January 2020	792,555	162,834	9,830,387	10,785,776
Profit for the year	-	-	1,013,627	1,013,627
Other comprehensive income	-	139,310	-	139,310
Total comprehensive income	-	139,310	1,013,627	1,152,937
Transaction with owners:				
Dividend paid				
- Final dividend for the financial year ended 31 December 2019 (Note 36)	-	-	(607,240)	(607,240)
Balance as at 31 December 2020	**792,555**	**302,144**	**10,236,774**	**11,331,473**

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows

For the financial year ended 31 December 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Bank 2021 RM'000	Bank 2020 RM'000
Cash flows from operating activities					
Profit before taxation		1,511,146	1,346,962	1,518,730	1,340,492
Adjustments for:					
Share of net profit of an associate	15	(110)	(104)	-	-
(Gain)/loss on disposal and write-off of property, plant and equipment		(583)	385	(583)	385
Depreciation of property, plant and equipment	31	89,212	75,632	72,517	63,557
Depreciation of right-of-use assets	31	16,443	16,062	33,974	35,565
Allowances for expected credit losses on loans, advances and financing	33	451,265	537,223	450,925	537,144
(Write-back of)/allowances for expected losses on other financial assets	33	(28,772)	25,140	(25,892)	25,140
Allowances for expected credit losses on commitments and contingencies	21(c)	58,249	21,624	58,249	21,624
Net unrealised loss on financial assets at FVTPL	30	2,909	4,228	2,909	4,228
Dividend income from equity instruments at FVOCI	30	(876)	(959)	(876)	(959)
Dividend income from an associate	30	-	-	-	(784)
Interest/profit income from debt instruments at FVOCI	28	(670,075)	(670,916)	(670,075)	(670,916)
Interest income from debt instruments at amortised cost	28	(28,445)	(30,871)	(28,445)	(30,871)
Gain from sale of debt instruments at FVOCI	30	(58,066)	(148,071)	(58,066)	(148,071)
Unrealised foreign exchange (gain)/loss		(353,837)	258,411	(353,837)	258,411
Loss/(gain) from sale of financial assets at FVTPL	30	1,252	(44,899)	1,252	(44,899)
(Gain)/loss from trading derivatives	30	(51,075)	998	(51,075)	998
Unrealised loss/(gain) from trading derivatives	30	29,983	(70,644)	29,983	(70,644)
Unrealised (gain)/loss on fair value hedge	30	(13,898)	14,946	(13,898)	14,946
Gain from sale of precious metals	30	(865)	(6,872)	(865)	(6,872)
Unrealised (gain)/loss from revaluation of precious metals	30	(1,815)	3,566	(1,815)	3,566
(Impairment loss)/write-back of impairment loss on property, plant and equipment	16	3,188	(1,751)	-	-
Interest expense from lease liabilities	29	1,975	2,136	3,527	5,319
Amortisation of premium less accretion of discount from					
- Financial assets at FVTPL	28	(1,259)	(11,120)	(1,259)	(11,120)
- Debt instruments at FVOCI	28	94,547	70,512	94,547	70,512
Operating profit before working capital changes		1,050,493	1,391,618	1,059,927	1,396,751
(Increase)/decrease in operating assets:					
Loans, advances and financing		(2,657,435)	(1,325,356)	(2,646,671)	(1,314,673)
Financial assets at FVTPL		(250,656)	(87,652)	(250,656)	(87,652)
Securities purchased under resale agreements		1,092,299	2,398,376	1,092,299	2,398,376
Statutory deposits with Bank Negara Malaysia		15,784	1,526,225	15,784	1,526,225
Derivative financial assets		319,464	(309,446)	319,464	(309,446)
Other assets		160,346	(384,267)	195,865	(419,841)
		(1,320,198)	1,817,880	(1,273,915)	1,792,989

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows (Continued)

For the financial year ended 31 December 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Bank 2021 RM'000	Bank 2020 RM'000
Cash flows from operating activities (Continued)					
Increase/(decrease) in operating liabilities:					
Deposits from customers		3,485,245	4,483,762	3,421,449	4,545,189
Deposits and placements of banks and other financial institutions		(1,604,257)	2,770,767	(1,604,257)	2,770,767
Obligation on securities sold under repurchase agreements		(378,009)	610,916	(378,009)	610,916
Bills and acceptances payable		3,296	(34,510)	3,296	(34,510)
Derivative financial liabilities		(562,633)	566,829	(562,633)	566,829
Other liabilities		284,001	(330,690)	279,932	(342,952)
		1,227,643	8,067,074	1,159,778	8,116,239
Cash generated from operations		957,938	11,276,572	945,790	11,305,979
Tax paid		(425,083)	(340,826)	(421,032)	(338,209)
Net cash generated from operating activities		532,855	10,935,746	524,758	10,967,770
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment		635	7	635	7
Purchase of property, plant and equipment	16	(283,695)	(247,627)	(125,952)	(108,082)
Interest/profit income from debt instruments at FVOCI	28	670,075	670,916	670,075	670,916
Interest income from debt instruments at amortised cost	28	28,445	30,871	28,445	30,871
Net disposal/(purchase) of debt instruments at FVOCI		3,046,357	(5,381,435)	3,046,357	(5,381,435)
Net (purchase)/disposal of debt instruments at amortised cost		(653,301)	286,146	(653,301)	286,146
Dividend income from equity instruments at FVOCI	30	876	959	876	959
Dividend income from an associate	15, 30	-	784	-	784
Subscription of redeemable preference shares	14(a)	-	-	(130,000)	(165,000)
Net cash generated from/(used in) investing activities		2,809,392	(4,639,379)	2,837,135	(4,664,834)
Cash flows from financing activities					
Net proceeds from issuance of subordinated bonds	22(b)	-	750,000	-	750,000
Repayment of subordinated bonds		-	(1,000,000)	-	(1,000,000)
Lease payments	17	(17,238)	(29,669)	(36,884)	(36,238)
Dividend paid	36	(507,130)	(607,240)	(507,130)	(607,240)
Net cash used in financing activity		(524,368)	(886,909)	(544,014)	(893,478)
Net increase in cash and cash equivalents		2,817,879	5,409,458	2,817,879	5,409,458
Cash and cash equivalents at beginning of the year		7,276,178	1,866,720	7,276,178	1,866,720
Cash and cash equivalents at end of the year		10,094,057	7,276,178	10,094,057	7,276,178
Analysis of cash and cash equivalents					
Cash and short-term funds	4	10,094,057	6,126,178	10,094,057	6,126,178
Deposits and placements with financial institutions	5	-	1,150,000	-	1,150,000
		10,094,057	7,276,178	10,094,057	7,276,178
Less: Allowances for Expected Credit Loss (ECL)	4, 5	(30,833)	(56,960)	(30,833)	(56,960)
		10,063,224	7,219,218	10,063,224	7,219,218

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

1. Corporate Information

The Bank is a limited liability company, incorporated and domiciled in Malaysia. The registered office of the Bank is located at Level 11, Menara UOB, Jalan Raja Laut, 50350 Kuala Lumpur, Malaysia.

The holding and ultimate holding companies of the Bank are Chung Khiaw (Malaysia) Berhad, a company incorporated in Malaysia, and United Overseas Bank Limited, a bank incorporated in Singapore, respectively.

The principal activities of the Bank are banking and related financial services, including Islamic Banking. The principal activities of the subsidiaries and the associate are set out in Notes 14 and 15, respectively. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 31 March 2022.

2. Significant Accounting Policies

2.1 Basis of preparation

The financial statements comply with the Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS) and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and the Bank have been prepared under the historical cost convention, unless otherwise indicated in this summary of significant accounting policies.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except where otherwise indicated.

2.2 Changes in accounting policies

Adoption of new and amended MFRSs and Interpretation Committee (IC) Interpretations issued

The accounting policies as set out in Note 2.4 adopted by the Group and the Bank are consistent with those adopted in previous years, except as follows:

The Group and the Bank adopted the following new and amended MFRSs and IC Interpretations beginning on or after 1 January 2021

Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)

COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to MFRS 16 Leases)

The adoption of the above new and amended MFRSs and IC Interpretations did not have any material impact on the financial statements of the Group and the Bank.

2.3 Standards issued but not yet effective

As at the date of authorisation of these financial statements, the following MFRSs and amendments to MFRSs have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective and have not been adopted by the Group and the Bank.

Effective for financial periods beginning on or after 1 January 2022

Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRS Standards 2018-2020"

Reference to the Conceptual Framework (Amendments to MFRS 3 Business Combinations)

Property, Plant and Equipment - Proceeds before Intended Use (Amendments to MFRS 116 Property, Plant and Equipment)

Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets)

Effective for financial periods beginning on or after 1 January 2023

MFRS 17 Insurance Contracts

Amendments to MFRS 17 Insurance Contracts

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

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

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

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

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

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

Effective for financial periods which have yet to be determined by the MASB

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

2. Significant Accounting Policies (Continued)

2.3 Standards issued but not yet effective (Continued)

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

2.4 Summary of significant accounting policies

(a) Subsidiaries and basis of consolidation

(i) Subsidiaries

The consolidated financial statements comprise of the financial statements of the Bank and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting date as the Bank.

Subsidiaries are entities of which the Group has control. Subsidiaries are consolidated where the Group obtains control and ceases when the Group ceases control.

Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

In the Bank's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(ii) Basis of consolidation

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceed the cost of acquisition, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedure used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the cost of acquisition, then the gain is recognised immediately in profit or loss.

(b) Associate

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investment in an associate is accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the carrying amount of the investment in an associate is adjusted for post-acquisition changes in the Group's share of net assets of the associate.

2. Significant Accounting Policies (Continued)

2.4 Summary of significant accounting policies (Continued)

(b) Associate (Continued)

The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes, when applicable, in the statement of changes in equity. In applying the equity method, unrealised gains or losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in the associate. At each reporting date, the Group determines whether there is objective evidence that the investment in associates is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value.

The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recently available audited financial statements of the associate are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived from the last audited financial statements available and management financial statements for the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Bank's separate financial statements, investment in an associate is stated at cost less impairment loss.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(c) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment loss. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(d) Recognition of interest/profit income

Interest/profit income is recognised using the effective interest/profit method. Interest/profit income includes the amortisation of premium or accretion of discount. The effective interest/profit method applies the rate that exactly discounts estimated future cash receipts through the effective life of the financial instrument to the net carrying amount of the financial asset.

(e) Recognition of fees, commission income, dividends and other income

Fees and commission income are recognised in the accounting period when services are rendered. For services that are provided over a period of time, material fees and commission income are recognised over the service period.

Dividends from subsidiaries and an associate, securities at FVTPL, debt and equity instruments at FVOCI and debt instruments at amortised cost are recognised on a declared basis.

(f) Securities purchased under resale agreements and obligations on securities sold under repurchase agreements

Securities purchased under resale agreements are collateralised lending whereby the lender (i.e. the Bank) buys securities or money market instruments (representing the collateral) from the borrower and simultaneously agrees to sell them back to the borrower at a specified price and date. The commitment to resell the securities is reflected as an asset at amortised cost on the statements of financial position.

2. Significant Accounting Policies (Continued)

2.4 Summary of significant accounting policies (Continued)

(f) Securities purchased under resale agreements and obligations on securities sold under repurchase agreements (Continued)

Obligations on securities sold under repurchase agreements are collateralised borrowing whereby the borrower (i.e. the Bank) sells securities or money market instruments (representing the collateral) to the lender and simultaneously agrees to buy them back from the lender at a specified price and date. The commitment to repurchase the securities is reflected as a liability at amortised cost on the statements of financial position.

(g) Financial instruments

(i) Classification

Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Bank become a party to the contractual provisions of the financial assets. The Group and the Bank classify their financial assets under the following categories:

a) Amortised cost

Financial assets are measured at amortised cost if they are held within a business model which the objective is to hold the financial assets in order to collect contractual cash flows which represent solely payments of principal and interest/profit (SPPI).

b) Debt instruments at FVOCI

'FVOCI with recycling to profit or loss' applies to debt instruments with contractual cash flow characteristics that are SPPI and business model objective is to both collecting contractual cash flow and selling of the financial assets.

c) Equity instruments at FVOCI

'FVOCI without recycling to profit or loss' applies to equity instruments which are not held for trading, and which the irrevocable option of not carrying the financial instruments at FVTPL has been selected.

d) Financial instruments at FVTPL

Financial assets that qualify for neither held at amortised cost nor at FVOCI are measured at FVTPL.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability.

a) Financial instruments at FVTPL

Financial liabilities are measured at FVTPL if they are held for trading and designated upon initial recognition as FVTPL.

b) Amortised cost

Non-derivative financial liabilities that are not held for active trading or designated as FVTPL are classified as non-trading liabilities.

(ii) Measurement

Initial measurement

Financial instruments are initially recognised at their fair value plus transaction costs directly attributable to the acquisition or issuance of the instruments. For financial instruments classified as FVTPL, transaction costs are expensed off.

Subsequent measurement

a) Amortised cost

Amortised cost financial instruments are measured at amortised cost using effective interest/profit rate method. Gains/losses are recognised in profit or loss through the amortisation process and when the financial instruments are impaired or derecognised.

b) Debt instruments at FVOCI

Debt instruments classified as FVOCI are measured at fair value. Any gains or losses arising from the impairment loss and changes in fair value of these financial instruments are recognised in other comprehensive income (OCI), except for exchange differences and interest/profit income which are recognised in profit or loss. The cumulative gain or loss previously recognised in OCI is classified from equity to profit or loss as a reclassification adjustment when the financial instrument is derecognised.

c) Equity instruments at FVOCI

Equity instruments classified as FVOCI are measured at fair value. Any gains or losses arising from the changes in fair value of these financial instruments are recognised in OCI and are not subsequently transferred to profit or loss. Dividends on equity instruments are recognised in profit or loss when the Group's or the Bank's right to receive payment is established.

d) Financial instruments at FVTPL

All other financial instruments which are classified as FVTPL are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial instruments at FVTPL do not include exchange differences, interest/profit and dividend income. Exchange differences, interest/profit and dividend income on financial instruments at FVTPL are recognised separately in profit or loss as part of income or losses.

2. Significant Accounting Policies (Continued)

2.4 Summary of significant accounting policies (Continued)

(g) Financial instruments (Continued)

(iii) Classification of credit-impaired loans, advances and financing

The Group and the Bank classify a loan or advance or financing as credit-impaired when there is objective evidence that the loan or advance or financing is credit-impaired. In addition, the Group and the Bank also comply with Bank Negara Malaysia's Guideline on Classification and Impairment Provisions for Loans/Financing which states that, based on repayment conduct, a loan or financing should be classified as credit-impaired:

- where the principal or interest/profit or both of the loan/financing is past due for more than 90 days or 3 months;
- in the case of revolving credit facilities (e.g. overdraft facilities), where the outstanding amount has remained in excess of the approved limit for a period of more than 90 days or 3 months;
- where the amount is past due or the outstanding amount has been in excess of the approved limit for 90 days or 3 months or less, and the loan/financing exhibits weaknesses in accordance with the banking institution's credit risk measurement framework; or
- as soon as a default occurs where the principal and/or interest/profit repayments are scheduled on intervals of 3 months or longer.

Upgrading or de-classification of a credit-impaired account shall be supported by a credit assessment of the repayment capability, cash flows and financial position of the borrower or obligor. The Group and the Bank must also be satisfied that once the account is de-classified, the account is unlikely to be classified again in the near future.

(iv) Impairment

The impairment requirements apply to financial assets measured at amortised cost and debt instruments at FVOCI and certain loan and financing commitments as well as financial guarantee contracts. The allowance for impairment are based on the expected credit losses (ECL) associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk (SICR) since origination, in which case, the allowance is based on the probability of default over the expected remaining life of the assets. The impairment can be assessed either individually or collectively.

(v) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(vi) Recognition and derecognition

Financial instruments are recognised when the Group and the Bank become a party to the contractual provision of the instruments. All regular purchases and sales of financial assets that require delivery within the period generally established by regulation or market convention are recognised on the settlement date.

Financial instruments are derecognised when the risks and rewards associated with the instruments are substantially transferred/settled, cancelled or expired. On derecognition, the difference between the carrying amount of the instruments and the consideration received/paid, less the cumulative gain or loss that has been recognised in the equity are taken to profit or loss.

(vii) Write-off policy

A credit-impaired account that is not secured by any realisable collateral will be written-off either when the prospect of a recovery is considered poor or when all feasible avenues of recovery have been exhausted.

(h) Impairment of non-financial assets

The carrying amounts of the Group's and the Bank's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market's assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

2. Significant Accounting Policies (Continued)

2.4 Summary of significant accounting policies (Continued)

(h) Impairment of non-financial assets (Continued)

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(i) Financial derivatives

Financial derivatives with positive and negative fair values are presented as assets and liabilities in the statements of financial position respectively.

Such financial derivatives are initially recognised at fair value as the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Any gains or losses arising from changes in the fair value of derivative are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss where the hedge items affect profit or loss.

Derivatives embedded in financial liabilities are accounted for separately as derivatives if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not carried at FVTPL.

(j) Property, plant and equipment, and depreciation

All items of property, plant and equipment are initially recorded at cost. 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 repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment, except for freehold land and certain leasehold land and buildings, are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land, leasehold land and buildings are stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated impairment losses. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. Revaluations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from that which would be determined using fair values at the reporting date. Any revaluation surplus is credited to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss to the extent of the decrease previously recognised. A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in profit or loss.

Freehold land is not depreciated. Capital work-in-progress is not depreciated as these assets are not yet available for use. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write-off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Leasehold land	50 years or lease period, whichever is shorter
Buildings	2%
Office furniture, fittings and equipment	10 - 20%
Computer equipment and software	12.5 - 33⅓%
Motor vehicles	20%

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

2. Significant Accounting Policies (Continued)

2.4 Summary of significant accounting policies (Continued)

(k) Leases

The Group and the Bank assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group and the Bank as lessee

The Group and the Bank apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Bank recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group and the Bank recognise right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, reinstatement costs and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group and the Bank at the end of the lease term or the cost reflects the exercise of a purchase option, the depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment as disclosed in Note 2.4(h).

(ii) Lease liabilities

At the commencement date of the lease, the Group and the Bank recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Bank and payments of penalties for terminating the lease, if the lease term reflects the Group and the Bank exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group and the Bank use their incremental borrowing rates at the lease commencement date because the interest rates implicit in the lease are not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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

The Group and the Bank apply the short-term lease recognition exemption to its short-term leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. They also apply the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense over the lease term.

(l) Fair value measurement

Fair value of financial assets and financial liabilities with active markets is determined based on the market bid and ask prices respectively at the reporting date. For financial instruments with no active markets, fair value is established using valuation techniques such as making reference to recent transactions or other comparable financial instruments, discounted cash flow method and option pricing models.

(m) Foreign currencies

(i) Functional and presentation currency

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

2. Significant Accounting Policies (Continued)

2.4 Summary of significant accounting policies (Continued)

(m) Foreign currencies (Continued)

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the Bank's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period.

(n) Income and deferred taxes

Income tax on profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the profit or loss, except when it arises from a transaction which is recognised in OCI or directly in equity, in which case the deferred tax is also recognised in OCI or directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

Deferred tax assets and deferred tax liabilities are offset as it is a legally enforceable right to set off current tax assets against current income tax liabilities and the deferred taxes relates to the same taxable entity and the same taxation authority.

(o) Employee benefits

(i) Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Post-employment benefits - Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund (EPF).

(p) Share-based payment

Cost of equity-settled share-based compensation (being the fair value at grant date) is expensed off to the profit or loss over the vesting period with the corresponding increase in the amount due to the ultimate holding company.

The estimated number of grants to be ultimately vested and its financial impact are reviewed quarterly and adjustments are made accordingly to reflect changes in the non-market vesting conditions.

(q) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances and deposit placements maturing in less than one month held for the purpose of meeting short-term commitments and are readily convertible into cash without significant risk of changes in value.

(r) Bills and acceptances payable

Bills and acceptances payable represent the Group's and the Bank's own bills and acceptances rediscounted and outstanding in the market.

2. Significant Accounting Policies (Continued)

2.4 Summary of significant accounting policies (Continued)

(s) Provisions

Provisions are recognised when the Group and the Bank have a present legal or constructive obligation where an outflow of resources to settle the obligation is probable and a reliable estimate can be made.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. When an outflow of resources to settle the obligation is no longer probable, the provision is reversed.

(t) Subordinated bonds

Subordinated bonds are classified as liabilities in the statements of financial position as there is a contractual obligation to make cash payments of either principal or interest/profit or both to holders of the debt securities and that the Group and the Bank are contractually obligated to settle the financial instrument in cash.

(u) Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Bank after deducting all of its liabilities. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(v) Precious metal

Included in the other assets and other liabilities are precious metal accounts resulting from the Bank's broker-dealer activities. These are accounted for at fair value less costs to sell. Changes in fair value less costs to sell are recognised in the income statements under the caption of 'other operating income'.

(w) Hedge accounting

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; and
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group and the Bank formally designate and document the hedge relationship to which the Group or the Bank wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Fair value hedges

The change in the fair value of a hedging instrument is recognised in profit or loss as a finance cost. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in profit or loss as a finance cost.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the effective interest/profit rate (EIR or EPR). The amortisation using the EIR or EPR 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 is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit and loss.

The Group and the Bank have an interest rate swap that is used as a hedge for the exposure of changes in the fair value of its subordinated bonds as disclosed in Note 22(c).

2. Significant Accounting Policies (Continued)

2.5 Significant accounting estimates and judgements

In the preparation of the financial statements, management was required to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial statements in the period in which the estimate is revised and in any future periods affected.

Significant areas of estimation, uncertainty and critical judgements used in applying accounting policies that have a significant effect on the amount recognised in the financial statements include the following:

(a) Allowances for ECL on financial assets

The measurement of ECL under MFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining ECL and the assessment of SICR. These estimates are driven by a number of factors, including macro-economic factors as disclosed in Note 40.1(b), changes in which can result in different levels of allowance.

The Group's and the Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's and the Bank's internal credit grading model, which assigns probability of default (PD) to each individual grade;
- The Group's and the Bank's criteria for assessing if there has been a SICR and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including the various formula and the choice of inputs;
- Determination of associations between macroeconomic variables and, economic inputs, such as unemployment rates and collateral values, and the effect on PD, exposure at default (EAD) and loss given default (LGD); and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

It is the Group's and the Bank's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

The amounts of allowance for ECL on loans, advances and financing recognised by the Group and the Bank are as disclosed in Note 12.

(b) Level 3 fair value estimation for financial instruments and land and buildings

The fair value of financial instruments, land and buildings are the price that would be received to sell an asset in the principal (or most advantageous) market at the measurement date under the current market conditions (an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The key assumptions used to determine the fair value are as disclosed in Note 26(d).

3. Changes in Regulatory Requirements

3.1 Measures to assist individuals, SMEs and corporates affected by COVID-19

Since the onset of the COVID-19 pandemic, the Bank has been proactively assisting affected customers, especially individuals, micro-enterprises and small-and-medium-sized enterprises (SMEs) through our COVID-19 relief Assistance Programme.

The Bank also supported various initiatives by the Government throughout financial year 2021. In July 2021, the Bank enhanced its relief programme in line with the Government's *Pakej Perlindungan Rakyat & Pemulih Ekonomi (PEMULIH)* aid package. Subsequently, in November 2021, an additional relief programme, the Financial Management and Resilience Programme (URUS) was introduced in collaboration with *Agensi Kaunseling dan Pengurusan Kredit (AKPK) Malaysia* to assist on targeted affected customers.

At the end of financial year 2021, heavy rainfall caused massive floods in many areas across the country. The Bank's remained resolute in its support of customers arising from this natural disaster. The Bank's relief assistance aims to alleviate the financial burden of its customers whose livehoods, properties and belongings are impacted by the floods.

The assistance includes measures such as deferment of financing or loan payments, reduction in monthly repayment instalments and extension of repayment tenures.

3. Changes in Regulatory Requirements (Continued)

3.2 Expected credit losses under relief assistance

The measurement of ECL under MFRS 9 across all categories of financial assets requires various inputs into the ECL models which can result in different levels of allowance. Elements of the ECL models would require various inputs which included the Bank's assessment of SICR as well as the selection of forward-looking macroeconomic scenarios and their probability weightings. Amidst the challenging COVID-19 pandemic crisis, management overlays for ECL have been provided during the financial year in anticipation of potential deterioration of credit risk where relief assistance is provided. As the Bank directs its efforts to help its customers through the crisis, the Bank shall continue to assess and monitor closely the challenging economic environment and to take appropriate and timely actions to address the situations.

4. Cash and Short-Term Funds

	Group and Bank 2021 RM'000	Group and Bank 2020 RM'000
Cash and balances with banks and other financial institutions	1,335,442	1,096,170
Money at call and deposit placements maturing within one month	8,758,615	5,030,008
	10,094,057	6,126,178
Less: Allowances for ECL	(30,833)	(56,670)
	10,063,224	6,069,508

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

Group and Bank	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL non credit-impaired RM'000	Stage 3 Lifetime ECL credit-impaired RM'000	Total ECL RM'000
2021				
At 1 January	56,670	-	-	56,670
Allowances made	24,138	-	-	24,138
Maturity/settlement/repayment	(49,975)	-	-	(49,975)
	(25,837)	-	-	(25,837)
At 31 December	30,833	-	-	30,833
2020				
At 1 January	36,455	-	-	36,455
Allowances made	44,368	-	-	44,368
Maturity/settlement/repayment	(24,153)	-	-	(24,153)
	20,215	-	-	20,215
At 31 December	56,670	-	-	56,670

5. Deposits and Placements with Financial Institutions

	Group and Bank	
	2021 RM'000	2020 RM'000
Licensed banks	-	1,150,000
Less: Allowances for ECL	-	(290)
	-	1,149,710

Movements in the allowance for ECL on deposits and placements with financial institutions are as follows:

Group and Bank	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL non credit-impaired	Lifetime ECL credit-impaired	Total ECL
2021	RM'000	RM'000	RM'000	RM'000
At 1 January	290	-	-	290
Allowances made	-	-	-	-
Maturity/settlement/repayment	(290)	-	-	(290)
	(290)	-	-	(290)
At 31 December	-	-	-	-
2020				
At 1 January	136	-	-	136
Allowances made	290	-	-	290
Maturity/settlement/repayment	(136)	-	-	(136)
	154	-	-	154
At 31 December	290	-	-	290

6. Securities Purchased under Resale Agreements (Reverse Repos) and Obligations on Securities Sold under Repurchase Agreements (Repos)

Reverse Repos

Reverse Repos are treated as collateralised lendings and the amounts lent are reported as assets.

	Group and Bank	
	2021 RM'000	2020 RM'000
Assets received for Reverse Repos transactions, at amortised cost	77,705	1,170,004

Repos

Repos are treated as collateralised borrowings and the amounts borrowed are reported as liabilities.

	Group and Bank	
	2021 RM'000	2020 RM'000
Assets sold for Repos transactions, at amortised cost	546,768	924,777

7. Financial Assets at Fair Value through Profit or Loss (FVTPL)

	Group and Bank	
	2021 RM'000	2020 RM'000
Money market instruments		
Malaysian Government treasury bills	619,799	662,524
Malaysian Government securities	335,233	677,488
Negotiable instruments of deposits	1,999,656	900,116
	2,954,688	2,240,128
Unquoted securities in Malaysia		
Cagamas bonds	306,142	265,363
Private debt securities	1,333,323	1,840,908
	1,639,465	2,106,271
Total financial assets at FVTPL	4,594,153	4,346,399

8. Debt Instruments at Fair Value through Other Comprehensive Income (FVOCI)

	Group and Bank	
	2021 RM'000	2020 RM'000
Money market instruments		
Bank Negara Malaysia bills	-	1,149,308
Malaysian Government securities	14,758,380	16,664,179
Negotiable instruments of deposits	3,539,347	2,640,101
	18,297,727	20,453,588
Unquoted securities in Malaysia		
Cagamas bonds	1,333,627	1,537,218
Private debt securities	2,511,549	3,648,129
	3,845,176	5,185,347
Total debt instruments at FVOCI	**22,142,903**	**25,638,935**

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

Group and Bank 2021	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL non credit- impaired RM'000	Stage 3 Lifetime ECL credit- impaired RM'000	Total ECL RM'000
At 1 January	13,828	-	39,960	53,788
Allowances made	13,348	-	-	13,348
Maturity/settlement/repayment	(14,963)	-	-	(14,963)
	(1,615)	-	-	(1,615)
At 31 December	12,213	-	39,960	52,173
2020				
At 1 January	8,623	-	39,960	48,583
Allowances made	77,163	-	-	77,163
Maturity/settlement/repayment	(71,958)	-	-	(71,958)
	5,205	-	-	5,205
At 31 December	13,828	-	39,960	53,788

9. Equity Instruments at Fair Value through Other Comprehensive Income (FVOCI)

	Group and Bank	
	2021 RM'000	2020 RM'000
Quoted securities		
Shares of corporations in Malaysia	1,604	2,456
Unquoted securities		
Shares of corporations in Malaysia (Note (a))	155,420	155,929
	157,024	158,385

(a) The Group and the Bank have equity interests in several unquoted securities, for which the fair value determined are disclosed in Note 26(d).

10. Debt Instruments at Amortised Cost

	Group and Bank	
	2021 RM'000	2020 RM'000
Money market instruments		
Malaysian Government securities	451,645	-
Unquoted securities in Malaysia		
Private debt securities	726,510	524,854
Less: Allowance for ECL	(1,775)	(5,010)
	1,176,380	519,844

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

Group and Bank	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL non credit-impaired	Lifetime ECL credit-impaired	Total ECL
2021	RM'000	RM'000	RM'000	RM'000
At 1 January	5,010	-	-	5,010
Allowances write-back	(3,235)	-	-	(3,235)
At 31 December	1,775	-	-	1,775
2020				
At 1 January	7,540	-	-	7,540
Allowances write-back	(2,530)	-	-	(2,530)
At 31 December	5,010	-	-	5,010

11. Other Assets

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Other receivables, deposits and prepayments	313,392	435,856	313,248	471,336
Accrued interest/income receivables	209,919	237,647	209,919	237,647
Amount due from subsidiaries (Note (a))	-	-	5,267	5,154
Amount due from fellow subsidiaries (Note (b))	240	1,235	240	1,235
Amount due from holding company (Note (b))	48	167	48	167
Amount due from the ultimate holding company (Note (b))	851	1,178	851	1,178
Precious metal accounts (Note (c))	383,299	389,136	383,299	389,136
Less: Allowances for ECL (Note (d))	(6,494)	(4,289)	(9,374)	(4,289)
	901,255	1,060,930	903,498	1,101,564

(a) Amount due from subsidiaries are unsecured, interest free and repayable on demand.

(b) Amounts due from the holding company, ultimate holding company and fellow subsidiaries are unsecured, interest free and repayable on demand.

(c) As at 31 December 2021, precious metal accounts comprise the following:

- Precious metals on loan to customers of the Bank which are directly sought from the gold market amounting to RM357,741,000 (2020: RM358,565,000).
- The net balance due from customers of the Bank are stated at the gross amounts loaned amounting to RM118,390,000 (2020: RM85,055,000) net of cash collateral received from the customers of RM92,832,000 (2020: RM54,482,000).

The gross amounts loaned to customers and precious metals lent to the ultimate holding company and other financial institutions are marked-to-market based on the quoted market prevailing prices of the respective precious metals as quoted by the London Bullion Market Association.

11. Other Assets (Continued)

(d) Movements in the allowances for ECL on other assets are as follows:

Group 2021	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL non credit-impaired RM'000	Stage 3 Lifetime ECL credit-impaired RM'000	Total ECL RM'000
At 1 January	2,657	1,632	-	4,289
Allowances made	1,632	5,106	-	6,738
Maturity/settlement/repayment	(2,709)	(1,824)	-	(4,533)
	(1,077)	3,282	-	2,205
At 31 December	1,580	4,914	-	6,494
2020				
At 1 January	1,643	550	-	2,193
Allowances made	1,048	1,104	-	2,152
Maturity/settlement/repayment	(34)	(22)	-	(56)
	1,014	1,082	-	2,096
At 31 December	2,657	1,632	-	4,289

Bank 2021	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL non credit-impaired RM'000	Stage 3 Lifetime ECL credit-impaired RM'000	Total ECL RM'000
At 1 January	2,657	1,632	-	4,289
Allowances made	1,632	7,986	-	9,618
Maturity/settlement/repayment	(2,709)	(1,824)	-	(4,533)
	(1,077)	6,162	-	5,085
At 31 December	1,580	7,794	-	9,374
2020				
At 1 January	1,643	550	-	2,193
Allowances made	1,022	1,085	-	2,107
Maturity/settlement/repayment	(8)	(3)	-	(11)
	1,014	1,082	-	2,096
At 31 December	2,657	1,632	-	4,289

12. Loans, Advances and Financing

At amortised cost	Group 2021 RM'000	Group 2020 RM'000	Bank 2021 RM'000	Bank 2020 RM'000
Overdrafts	2,636,072	2,712,538	2,636,072	2,712,538
Term loans/financing and revolving credits				
- Housing loans/financing	33,954,442	33,277,257	33,954,442	33,277,257
- Syndicated term loans/financing	2,089,627	921,066	2,089,627	921,066
- Other term loans/financing*	37,811,091	38,757,375	37,903,284	38,860,332
Credit card receivables	2,435,130	2,617,464	2,435,130	2,617,464
Bills receivables	696,528	1,115,519	696,528	1,115,519
Trust receipts	5,298,316	3,056,688	5,298,316	3,056,688
Claims on customers under acceptance credits	5,141,539	5,145,177	5,141,539	5,145,177
Staff loans	37,352	38,575	37,352	38,575
Others	3,348	240	3,348	240
	90,103,445	87,641,899	90,195,638	87,744,856
Unearned interest/income	(139,762)	(182,752)	(139,762)	(182,752)
Gross loans, advances and financing	89,963,683	87,459,147	90,055,876	87,562,104
Allowances for ECL on loans, advances and financing				
- Stage 1 - 12-month ECL	(311,664)	(711,051)	(312,573)	(712,300)
- Stage 2 - Lifetime ECL non credit-impaired	(1,298,483)	(785,956)	(1,298,483)	(785,956)
- Stage 3 - Lifetime ECL credit-impaired	(640,802)	(455,576)	(640,802)	(455,576)
Net loans, advances and financing	87,712,734	85,506,564	87,804,018	85,608,272

* Other term loans/financing include the following:

	Group 2021 RM'000	Group 2020 RM'000	Bank 2021 RM'000	Bank 2020 RM'000
Loans/financing to subsidiaries				
- UOB Properties Bhd	-	-	79,223	89,486
- UOB Properties (KL) Bhd	-	-	12,970	13,471
	-	-	92,193	102,957

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

	Group 2021 RM'000	Group 2020 RM'000	Bank 2021 RM'000	Bank 2020 RM'000
Maturing within one year	22,986,954	22,416,133	23,079,147	22,519,090
One year to three years	6,093,520	6,423,980	6,093,520	6,423,980
Three years to five years	8,278,729	6,604,606	8,278,729	6,604,606
Over five years	52,604,480	52,014,428	52,604,480	52,014,428
	89,963,683	87,459,147	90,055,876	87,562,104

12. Loans, Advances and Financing (Continued)

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
(ii) Gross loans, advances and financing by type of customers:				
Domestic non-banking financial institutions				
- Stockbroking companies	10,744	10,135	10,744	10,135
- Others	2,266,529	2,166,855	2,266,529	2,166,855
Domestic business enterprises				
- Small and medium enterprises	21,400,001	20,491,025	21,400,001	20,491,025
- Others	16,963,443	15,088,909	17,055,636	15,191,866
Individuals	43,160,411	42,953,031	43,160,411	42,953,031
Foreign entities	6,162,555	6,749,192	6,162,555	6,749,192
	89,963,683	87,459,147	90,055,876	87,562,104

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
(iii) Gross loans, advances and financing by interest/profit rate sensitivity:				
Fixed rate				
- Housing loans/financing	11,082	13,414	11,082	13,414
- Other fixed rate loans/financing	9,824,867	11,146,092	9,824,867	11,146,092
Variable rate				
- Base rate/base lending/financing rate-plus	55,040,775	54,799,091	55,040,775	54,799,091
- Cost-plus	24,378,075	20,775,520	24,470,268	20,878,477
- Other variable rates	708,884	725,030	708,884	725,030
	89,963,683	87,459,147	90,055,876	87,562,104

12. Loans, Advances and Financing (Continued)

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

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Agriculture, hunting, forestry and fishing	1,694,512	1,829,451	1,694,512	1,829,451
Mining and quarrying	597,154	1,072,933	597,154	1,072,933
Manufacturing	8,830,615	7,313,797	8,830,615	7,313,797
Electricity, gas and water	414,011	249,564	414,011	249,564
Construction	6,981,131	7,239,448	6,981,131	7,239,448
Wholesale, retail trade, restaurants and hotels	13,672,443	11,295,941	13,672,443	11,295,941
Transport, storage and communication	1,514,949	2,019,115	1,514,949	2,019,115
Finance, insurance and business services	3,947,289	4,153,056	3,947,289	4,153,056
Real estate	4,155,245	4,074,470	4,247,438	4,177,427
Community, social and personal services	156,312	154,290	156,312	154,290
Households				
- Purchase of residential properties	34,638,094	34,001,017	34,638,094	34,001,017
- Purchase of non-residential properties	8,313,384	8,657,987	8,313,384	8,657,987
- Others	5,048,544	5,398,078	5,048,544	5,398,078
	89,963,683	87,459,147	90,055,876	87,562,104

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

	Group and Bank	
	2021 RM'000	2020 RM'000
At beginning of the financial year	1,678,371	1,560,810
Classified as credit-impaired during the financial year	1,167,585	693,199
Amounts recovered	(248,872)	(245,989)
Reclassified as non credit-impaired	(61,852)	(180,113)
Amounts written-off	(212,793)	(149,536)
Gross credit-impaired loans, advances and financing	2,322,439	1,678,371
Less: Stage 3 - Lifetime ECL credit-impaired	(640,802)	(455,576)
Net credit-impaired loans, advances and financing	1,681,637	1,222,795
Ratio of net credit-impaired loans, advances and financing to gross loans, advances and financing less allowances for ECL on credit-impaired provisions	1.9%	1.4%

12. Loans, Advances and Financing (Continued)

(vi) Movements in the allowances for ECL on loans, advances and financing:

Group 2021	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL non credit-impaired RM'000	Stage 3 Lifetime ECL credit-impaired RM'000	Total ECL RM'000
At 1 January	711,051	785,956	455,576	1,952,583
Transferred to Stage 1	34,188	(77,956)	(2,501)	(46,269)
Transferred to Stage 2	(37,237)	134,368	(1,733)	95,398
Transferred to Stage 3	(1,951)	(22,872)	301,676	276,853
Allowances made	141,266	556,993	124,952	823,211
Maturity/settlement/repayment	(533,865)	(78,717)	(34,643)	(647,225)
Exchange differences	(1,788)	711	-	(1,077)
Net total (Note 33)	(399,387)	512,527	387,751	500,891
Amounts written-off	-	-	(187,901)	(187,901)
Other movements	-	-	(14,624)	(14,624)
At 31 December	311,664	1,298,483	640,802	2,250,949

Group 2020				
At 1 January	869,349	367,276	286,132	1,522,757
Transferred to Stage 1	66,937	(167,488)	(4,439)	(104,990)
Transferred to Stage 2	(75,955)	281,661	(11,214)	194,492
Transferred to Stage 3	(566)	(48,500)	169,358	120,292
Allowances made	370,327	478,059	236,775	1,085,161
Maturity/settlement/repayment	(520,228)	(124,189)	(74,951)	(719,368)
Exchange differences	1,187	(863)	-	324
Net total (Note 33)	(158,298)	418,680	315,529	575,911
Amounts written-off	-	-	(133,998)	(133,998)
Other movements	-	-	(12,087)	(12,087)
At 31 December	711,051	785,956	455,576	1,952,583

12. Loans, Advances and Financing (Continued)

(vi) Movements in the allowances for ECL on loans, advances and financing (Continued):

Bank 2021	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL non credit-impaired RM'000	Stage 3 Lifetime ECL credit-impaired RM'000	Total ECL RM'000
At 1 January	712,300	785,956	455,576	1,953,832
Transferred to Stage 1	34,188	(77,956)	(2,501)	(46,269)
Transferred to Stage 2	(37,237)	134,368	(1,733)	95,398
Transferred to Stage 3	(1,951)	(22,872)	301,676	276,853
Allowances made	142,177	556,993	124,952	824,122
Maturity/settlement/repayment	(535,116)	(78,717)	(34,643)	(648,476)
Exchange differences	(1,788)	711	-	(1,077)
Net total (Note 33)	(399,727)	512,527	387,751	500,551
Amounts written-off	-	-	(187,901)	(187,901)
Other movements	-	-	(14,624)	(14,624)
At 31 December	312,573	1,298,483	640,802	2,251,858

Bank 2020	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL non credit-impaired RM'000	Stage 3 Lifetime ECL credit-impaired RM'000	Total ECL RM'000
At 1 January	870,677	367,276	286,132	1,524,085
Transferred to Stage 1	66,937	(167,488)	(4,439)	(104,990)
Transferred to Stage 2	(75,955)	281,661	(11,214)	194,492
Transferred to Stage 3	(566)	(48,500)	169,358	120,292
Allowances made	371,575	478,059	236,775	1,086,409
Maturity/settlement/repayment	(521,555)	(124,189)	(74,951)	(720,695)
Exchange differences	1,187	(863)	-	324
Net total (Note 33)	(158,377)	418,680	315,529	575,832
Amounts written-off	-	-	(133,998)	(133,998)
Other movements	-	-	(12,087)	(12,087)
At 31 December	712,300	785,956	455,576	1,953,832

12. Loans, Advances and Financing (Continued)

(vii) Credit-impaired loans, advances and financing analysed by economic sectors:

	Group and Bank	
	2021 RM'000	2020 RM'000
Agriculture, hunting, forestry and fishing	1,273	559
Mining and quarrying	81,750	776
Manufacturing	205,181	213,580
Construction	430,926	314,203
Wholesale, retail trade, restaurants and hotels	304,175	212,724
Transport, storage and communication	97,410	92,750
Finance, insurance and business services	29,184	23,895
Real estate	171,016	181,370
Households		
- Purchase of residential properties	718,355	466,125
- Purchase of non-residential properties	185,960	96,145
- Others	97,209	76,244
	2,322,439	1,678,371

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

	Group and Bank	
	2021 RM'000	2020 RM'000
In Malaysia	2,322,439	1,678,371

13. Statutory Deposits with Bank Negara Malaysia

The non-interest bearing statutory deposits are maintained with Bank Negara Malaysia (BNM) in compliance with Section 26(2)(c) and Section 26(3) of the Central Bank of Malaysia Act 2009. The amounts are set at a predetermined percentage of total eligible liabilities.

With effective from 16 May 2020, banks in Malaysia are allowed to use Malaysian Government Securities and Malaysian Government Investment Issues to fully meet the Statutory Reserve Requirement (SRR) compliance. Such flexibility is available until 31 December 2022 and the Bank has utilised such flexibility.

14. Investment in Subsidiaries

	Bank	
	2021 RM'000	2020 RM'000
Unquoted shares in Malaysia, at cost		
At 1 January	20	20
At 31 December	20	20
Redeemable preference shares in Malaysia, at cost		
At 1 January	400,000	235,000
Subscription of preference shares (Note (a))	130,000	165,000
At 31 December	530,000	400,000
Total investment in subsidiaries	530,020	400,020

The subsidiaries of the Bank, all of which are incorporated in Malaysia and held directly by the Bank (except as indicated*), are as follows:

	Paid-up capital	Group's effective interest		Principal activities
		2021	2020	
	RM	%	%	
UOB Properties (KL) Bhd* (held directly by UOB Properties Bhd)	2	100	100	Property investment holding and property management company
UOB Properties Bhd	7	100	100	Property holding company
UOBM Nominees (Tempatan) Sdn Bhd	10,000	100	100	Nominee services
UOBM Nominees (Asing) Sdn Bhd	10,000	100	100	Nominee services
UOB Credit Bhd	2	100	100	Dormant
UOB 2006 Nominees (Tempatan) Sdn Bhd	10,000	100	100	Nominee services

(a) In July 2017, the Board of UOB Properties (KL) Bhd approved the issuance of redeemable preference shares amounting to RM600,000,000 over the period from 1 July 2017 to 31 January 2021. Subsequently in March 2021, the Board has approved the extension till 30 June 2023. As at 31 December 2021, the Bank has subscribed to 530,000,000 units of redeemable preference shares amounting to RM530,000,000, of which RM130,000,000 was subscribed by the Bank during the current financial year. The preference shares rank ahead of the ordinary shares in the event of liquidation. The redemption of the redeemable preference shares are solely at the discretion of UOB Properties (KL) Bhd and it does not carry the right to any dividends.

All trading transactions of UOBM Nominees (Tempatan) Sdn Bhd, UOBM Nominees (Asing) Sdn Bhd and UOB 2006 Nominees (Tempatan) Sdn Bhd are entered into as agents for the Bank and the records accordingly are incorporated into the books and financial statements of the Bank.

All of the subsidiaries are audited by Ernst & Young PLT.

15. Investment in an Associate

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unquoted shares, at cost	33,277	33,277	33,277	33,277
Balance brought forward	(3,885)	(3,205)	-	-
Dividend received (Note 30)	-	(784)	-	-
Share of net profit for the year	110	104	-	-
Share of post-acquisition deficit	(3,775)	(3,885)	-	-
	29,502	29,392	33,277	33,277
Accumulated impairment loss	(19,755)	(19,755)	(19,755)	(19,755)
	9,747	9,637	13,522	13,522

The details of the associate, which is incorporated in Malaysia, are as follows:

	Group's effective interest 2021 %	Group's effective interest 2020 %	Principal activities	Accounting model applied
Uni.Asia Capital Sdn Bhd (Uni.Asia Capital)	49	49	Investment holding company	Equity

Uni.Asia Capital's financial statements are not coterminous with the Bank. It has its financial year end at 31 December 2021 to conform with its holding company's financial year end.

The summarised financial information of the associate as at 31 December is as follows:

	2021 RM'000	2020 RM'000
Assets and liabilities		
Current assets	19,979	21,498
Total assets	19,979	21,498
Current liabilities	5	1,749
Total liabilities	5	1,749
Results		
Revenue	349	474
Profit before taxation	306	324
Profit for the year	224	213

At 31 December 2021, the amount of goodwill included within the Group is RM19,755,000 (2020: RM19,755,000), all of which are allocated to the investment in associate as a cash generating unit and it has been fully impaired.

16. Property, Plant and Equipment

Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Office furniture, fittings and equipment RM'000	Computer equipment and software RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
2021								
Cost or valuation								
At 1 January:								
At cost	-	-	-	234,249	543,151	7,074	400,807	1,185,281
At valuation	89,777	96,846	204,963	-	-	-	-	391,586
	89,777	96,846	204,963	234,249	543,151	7,074	400,807	1,576,867
Additions	-	-	-	23,277	80,518	1,981	177,919	283,695
Revaluation surplus	5,860	656	18,125	-	-	-	-	24,641
Disposals/write-off	-	-	-	(2,574)	(6,309)	(2,126)	(23)	(11,032)
At 31 December	95,637	97,502	223,088	254,952	617,360	6,929	578,703	1,874,171
Representing:								
At cost	-	-	-	254,952	617,360	6,929	578,703	1,457,944
At valuation	95,637	97,502	223,088	-	-	-	-	416,227
At 31 December	95,637	97,502	223,088	254,952	617,360	6,929	578,703	1,874,171
Accumulated depreciation								
At 1 January	-	20,031	115,422	151,583	359,650	5,847	-	652,533
Depreciation charge (Note 31)	-	1,449	12,883	16,970	56,869	1,041	-	89,212
Disposals/write-off	-	-	-	(2,555)	(6,300)	(2,126)	-	(10,981)
At 31 December	-	21,480	128,305	165,998	410,219	4,762	-	730,764
Impairment loss								
At 1 January	1,900	458	2,420	-	-	-	-	4,778
Additional	1,340	2,096	144	-	-	-	-	3,580
Write-back	-	-	(392)	-	-	-	-	(392)
At 31 December	3,240	2,554	2,172	-	-	-	-	7,966
Net carrying amount								
At cost	-	-	-	88,954	207,141	2,167	578,703	876,965
At valuation	92,397	73,468	92,611	-	-	-	-	258,476
At 31 December	92,397	73,468	92,611	88,954	207,141	2,167	578,703	1,135,441

16. Property, Plant and Equipment (Continued)

Group (Continued)	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Office furniture, fittings and equipment RM'000	Computer equipment and software RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
2020								
Cost or valuation								
At 1 January:								
At cost	-	-	-	263,065	580,638	7,074	217,444	1,068,221
At valuation	89,777	96,846	204,963	-	-	-	-	391,586
	89,777	96,846	204,963	263,065	580,638	7,074	217,444	1,459,807
Additions	-	-	-	11,889	40,443	-	195,295	247,627
Reclassifications	-	-	-	4,903	7,029	-	(11,932)	-
Disposals/write-off	-	-	-	(45,608)	(84,959)	-	-	(130,567)
At 31 December	89,777	96,846	204,963	234,249	543,151	7,074	400,807	1,576,867
Representing:								
At cost	-	-	-	234,249	543,151	7,074	400,807	1,185,281
At valuation	89,777	96,846	204,963	-	-	-	-	391,586
At 31 December	89,777	96,846	204,963	234,249	543,151	7,074	400,807	1,576,867
Accumulated depreciation								
At 1 January	-	18,595	107,040	180,893	395,574	4,976	-	707,078
Depreciation charge (Note 31)	-	1,436	8,382	16,250	48,693	871	-	75,632
Disposals/write-off	-	-	-	(45,560)	(84,617)	-	-	(130,177)
At 31 December	-	20,031	115,422	151,583	359,650	5,847	-	652,533
Impairment loss								
At 1 January	1,810	79	4,640	-	-	-	-	6,529
Additional	90	407	21	-	-	-	-	518
Write-back	-	(28)	(2,241)	-	-	-	-	(2,269)
At 31 December	1,900	458	2,420	-	-	-	-	4,778
Net carrying amount								
At cost	-	-	-	82,666	183,501	1,227	400,807	668,201
At valuation	87,877	76,357	87,121	-	-	-	-	251,355
At 31 December	87,877	76,357	87,121	82,666	183,501	1,227	400,807	919,556

16. Property, Plant and Equipment (Continued)

Bank	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Office furniture, fittings and equipment RM'000	Computer equipment and software RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
2021								
Cost								
At 1 January	-	-	-	212,355	543,043	7,072	67,339	829,809
Additions	-	-	-	23,093	80,395	1,981	20,483	125,952
Disposals/write-off	-	-	-	(2,574)	(6,297)	(2,126)	(23)	(11,020)
At 31 December	-	-	-	232,874	617,141	6,927	87,799	944,741
Accumulated depreciation								
At 1 January	-	-	-	144,928	359,552	5,845	-	510,325
Depreciation charge (Note 31)	-	-	-	14,651	56,825	1,041	-	72,517
Disposals/write-off	-	-	-	(2,555)	(6,288)	(2,126)	-	(10,969)
At 31 December	-	-	-	157,024	410,089	4,760	-	571,873
Net carrying amount								
At 31 December	-	-	-	75,850	207,052	2,167	87,799	372,868
2020								
Cost								
At 1 January	-	-	-	246,131	580,512	7,072	18,580	852,295
Additions	-	-	-	11,368	40,443	-	56,271	108,082
Reclassifications	-	-	-	465	7,047	-	(7,512)	-
Disposals/write-off	-	-	-	(45,609)	(84,959)	-	-	(130,568)
At 31 December	-	-	-	212,355	543,043	7,072	67,339	829,809
Accumulated depreciation								
At 1 January	-	-	-	176,469	395,500	4,975	-	576,944
Depreciation charge (Note 31)	-	-	-	14,019	48,668	870	-	63,557
Disposals/write-off	-	-	-	(45,560)	(84,616)	-	-	(130,176)
At 31 December	-	-	-	144,928	359,552	5,845	-	510,325
Net carrying amount								
At 31 December	-	-	-	67,427	183,491	1,227	67,339	319,484

16. Property, Plant and Equipment (Continued)

The net carrying amount of land and buildings, had these assets been carried at cost less accumulated depreciation, are as follows:

	Group	
	2021 RM'000	2020 RM'000
Freehold land	18,508	18,508
Freehold buildings	10,723	11,167
Leasehold land and buildings	33,131	34,383
	62,362	64,058

17. Right-of-use Assets and Lease Liabilities

Group and Bank as lessee

The Group and the Bank have lease contracts for various buildings used in their operations. Leases of buildings generally have lease terms of 3 years. There are several lease contracts that include extension and termination options, which are further discussed below.

Set out below are the carrying amounts recognised and the movements during the period:

	Buildings			
	Group		Bank	
Right-of-use assets	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 January	76,974	20,771	148,751	60,834
Non-cash additions	5,517	72,265	3,513	123,482
Depreciation charge (Note 31)	(16,443)	(16,062)	(33,974)	(35,565)
At 31 December	66,048	76,974	118,290	148,751
Lease liabilities				
At 1 January	79,200	19,523	153,808	58,006
Non-cash additions	5,518	87,210	5,144	126,721
Accretion of interest (Note 29)	1,975	2,136	3,527	5,319
Lease payments	(17,238)	(29,669)	(36,884)	(36,238)
At 31 December	69,455	79,200	125,595	153,808

The Group and the Bank have several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's and the Bank's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

17. Right-of-use Assets and Lease Liabilities (Continued)

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension options that are not included in the lease terms:

2021	Within 1 year RM'000	More than 1 year RM'000	Total RM'000
Group			
Extension options expected not to be exercised	-	-	-
Bank			
Extension options expected not to be exercised	10,689	53,445	64,134
2020			
Group			
Extension options expected not to be exercised	1,359	2,717	4,076
Bank			
Extension options expected not to be exercised	12,048	56,162	68,210

18. Deferred Tax Assets/(Liabilities)

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 January	55,734	54,933	74,577	74,542
Charged to the income statements (Note 34)	92,607	44,792	87,734	44,026
Recognised in OCI	83,801	(43,991)	99,836	(43,991)
At 31 December	232,142	55,734	262,147	74,577

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities in respect of each entity and when the deferred income taxes relate to the same tax authority. The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

Deferred tax assets, net	262,147	74,577	262,147	74,577
Deferred tax liabilities, net	(30,005)	(18,843)	-	-
	232,142	55,734	262,147	74,577

Deferred tax assets and liabilities prior to offsetting are summarised as follows:

Deferred tax assets	309,307	206,001	306,327	223,092
Deferred tax liabilities	(77,165)	(150,267)	(44,180)	(148,515)
	232,142	55,734	262,147	74,577

18. Deferred Tax Assets/(Liabilities) (Continued)

The components and movements in deferred tax assets and liabilities of the Group during the financial year prior to offsetting are as follows:

Deferred tax assets

Group	Provisions RM'000	Other temporary difference RM'000	Lease liabilities RM'000	Deferred income RM'000	Allowances for ECL RM'000	Total RM'000
2021						
At 1 January	51,598	-	19,008	21,142	114,253	206,001
Charged to income statements	25,471	-	11,135	(6,115)	72,815	103,306
At 31 December	77,069	-	30,143	15,027	187,068	309,307
2020						
At 1 January	56,479	-	4,686	30,018	58,698	149,881
Charged to income statements	(4,881)	-	14,322	(8,876)	55,555	56,120
At 31 December	51,598	-	19,008	21,142	114,253	206,001

Deferred tax liabilities

Group	Property, plant and equipment RM'000	Right-of-use assets RM'000	FVOCI reserve RM'000	Total RM'000
2021				
At 1 January	36,380	18,474	95,413	150,267
Charged to income statements	783	9,916	-	10,699
Recognised in OCI	16,035	-	(99,836)	(83,801)
At 31 December	53,198	28,390	(4,423)	77,165
2020				
At 1 January	38,541	4,985	51,422	94,948
Charged to income statements	(2,161)	13,489	-	11,328
Recognised in OCI	-	-	43,991	43,991
At 31 December	36,380	18,474	95,413	150,267

18. Deferred Tax Assets/(Liabilities) (Continued)

The components and movements in deferred tax assets and liabilities of the Group during the financial year prior to offsetting are as follows (Continued):

Deferred tax assets

Bank	Provisions RM'000	Other temporary difference RM'000	Lease liabilities RM'000	Deferred income RM'000	Allowances for ECL RM'000	Total RM'000
2021						
At 1 January	50,782	-	36,914	21,142	114,254	223,092
Charged to income statements	23,306	-	(6,771)	(6,115)	72,815	83,235
At 31 December	74,088	-	30,143	15,027	187,069	306,327
2020						
At 1 January	56,680	-	13,921	30,018	58,699	159,318
Charged to income statements	(5,898)	-	22,993	(8,876)	55,555	63,774
At 31 December	50,782	-	36,914	21,142	114,254	223,092

Deferred tax liabilities

Bank	Property, plant and equipment RM'000	Right-of-use assets RM'000	FVOCI reserve RM'000	Total RM'000
2021				
At 1 January	17,402	35,700	95,413	148,515
Charged to income statements	2,811	(7,310)	-	(4,499)
Recognised in OCI	-	-	(99,836)	(99,836)
At 31 December	20,213	28,390	(4,423)	44,180
2020				
At 1 January	18,754	14,600	51,422	84,776
Charged to income statements	(1,352)	21,100	-	19,748
Recognised in OCI	-	-	43,991	43,991
At 31 December	17,402	35,700	95,413	148,515

18. Deferred Tax Assets/(Liabilities) (Continued)

The amounts of net deferred tax assets, calculated at the current applicable tax rate, which are not recognised in the financial statements due to uncertainty of their realisation, are as follows:

	Group	
	2021 RM'000	2020 RM'000
Unutilised tax losses	131	131
Unabsorbed capital allowances	11,069	11,069
	11,200	11,200

The unutilised tax losses of the Group are available for offsetting against future taxable profits of the respective entities within the Group for another 7 consecutive years effective from Year of Assessment 2019. The unabsorbed capital allowances of the Group are not subject to 7 year limitation period and available indefinitely for offsetting against future taxable profits of the respective entities within the Group.

These utilisation of carried forward tax losses and allowances are also subject to no substantial change in shareholdings of those entities under the Income Tax Act 1967 and guidelines issued by the tax authority.

19. Deposits from Customers

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Demand deposits #	31,974,033	27,338,425	32,000,153	27,428,341
Savings deposits	6,357,942	5,401,159	6,357,942	5,401,159
Fixed deposits #	54,792,750	58,037,500	54,792,750	58,037,500
Others	3,949,620	2,813,388	3,950,992	2,813,388
	97,074,345	93,590,472	97,101,837	93,680,388

Demand deposits and fixed deposits include the following:

	Group 2021	Group 2020	Bank 2021	Bank 2020
Demand deposits from subsidiaries				
- UOB Properties Bhd	-	-	947	1,228
- UOB Properties (KL) Bhd	-	-	26,545	88,688
	-	-	27,492	89,916
Demand deposits from related companies				
- UOB Centre of Excellence (M) Sdn Bhd	500	500	500	500
- Chung Khiaw Realty Limited	242	88	242	88
	742	588	742	588
Fixed deposit from a related company				
- Chung Khiaw Realty Limited	-	239	-	239

19. Deposits from Customers (Continued)

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

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Due within six months	35,175,716	40,752,152	35,175,716	40,752,152
Six months to one year	19,435,185	17,012,237	19,435,185	17,012,237
One year to three years	181,775	262,971	181,775	262,971
Three years to five years	74	10,140	74	10,140
	54,792,750	58,037,500	54,792,750	58,037,500

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

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Business enterprises				
- Subsidiaries	-	-	26,120	89,916
- Related companies	742	827	742	827
- Others	44,128,146	40,443,369	44,129,518	40,443,369
Individuals	49,672,108	50,459,732	49,672,108	50,459,732
Others	3,273,349	2,686,544	3,273,349	2,686,544
	97,074,345	93,590,472	97,101,837	93,680,388

20. Deposits and Placements of Banks and Other Financial Institutions

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Licensed banks in Malaysia	1,782,856	396,613	1,782,806	396,613
Bank Negara Malaysia*	1,011,320	1,153,243	1,011,320	1,153,243
Other financial institutions**	12,550,324	15,398,901	12,550,394	15,398,921
	15,344,500	16,948,757	15,344,520	16,948,777

* Included in the deposits from BNM is an amount of RM374,750,000 (2020: RM543,031,000) placed by BNM for the purposes of funding the Fund for Small and Medium Industries 2 and New Entrepreneurs Fund 2. The amounts loaned to customers of the Bank under these schemes are included in loans, advances and financing.

Also included herewith is an amount of RM636,570,000 (2020: RM610,212,000) relating to funds received under a government financing scheme for the purpose of SME lending at a below market and concession rate with remaining maturity of more than four years.

** Included in the deposits from other financial institutions are the deposit placement from the ultimate holding company amounting to RM11,878,779,000 (2020: RM15,397,920,000), deposit placement from subsidiaries amounting to RM20,000 (2020: RM20,000) and deposit placement from fellow subsidiaries amounting to RM444,900 (2020: RM930,400).

21. Other Liabilities

	Group 2021 RM'000	Group 2020 RM'000	Bank 2021 RM'000	Bank 2020 RM'000
Allowances for ECL on commitments and contingencies (Note (c))	190,605	132,356	190,605	132,356
Accrued interest payables	188,185	262,411	188,185	262,411
Accruals and provisions for operational expenses	250,881	155,095	245,398	153,615
Other payables and accruals (Note (a))	1,203,022	1,267,567	1,203,029	1,270,632
Deferred income (Note (b))	62,616	88,095	62,616	88,095
	1,895,309	1,905,524	1,889,833	1,907,109

(a) Included in other payables and accruals are 'Customer Gold Accounts' amounting to RM335,775,000 (2020: RM303,648,000).

(b) Included in deferred income is upfront cash payment from a Bancassurance partnership signed in 2011 for a contractual 12 years period until 2023.

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

Group and Bank	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL non credit-impaired RM'000	Stage 3 Lifetime ECL credit-impaired RM'000	Total ECL RM'000
2021				
At 1 January	75,917	38,846	17,593	132,356
Transferred to Stage 1	15,781	(18,792)	-	(3,011)
Transferred to Stage 2	(8,048)	24,333	-	16,285
Allowances made	43,608	100,256	98	143,962
Maturity/settlement/repayment	(80,451)	(16,172)	(2,623)	(99,246)
Foreign translation gain/(loss)	169	90	-	259
	(28,941)	89,715	(2,525)	58,249
At 31 December	46,976	128,561	15,068	190,605
2020				
At 1 January	78,450	18,299	13,983	110,732
Transferred to Stage 1	22,855	(41,888)	-	(19,033)
Transferred to Stage 2	(23,830)	64,993	-	41,163
Transferred to Stage 3	(9)	(22)	9,018	8,987
Allowances made	98,615	30,568	-	129,183
Maturity/settlement/repayment	(100,201)	(32,993)	(5,408)	(138,602)
Foreign translation gain/(loss)	37	(111)	-	(74)
	(2,533)	20,547	3,610	21,624
At 31 December	75,917	38,846	17,593	132,356

22. Subordinated Bonds

At amortised cost	Group and Bank 2021 RM'000	Group and Bank 2020 RM'000
RM600 million subordinated bond 2018/2028, at par (Note (a))	613,268	627,166
RM750 million subordinated bond 2020/2030, at par (Note (b))	750,000	750,000
	1,363,268	1,377,166
Accumulated fair value hedge loss (Note (c))	(13,268)	(27,166)

(a) On 25 July 2018, the Bank issued RM600 million Basel III compliant Tier 2 subordinated bonds (10 years maturity, non-callable 5 years) (the Bond 1).

The Bond 1 bears interest at the rate of 4.80% per annum. The coupon rate herein is applicable throughout the tenure of the subordinated bonds.

The Bond 1 may be redeemed at par at the option of the Bank, in part or in whole, on 25 July 2023 or at any interest payment date thereafter.

The interest is payable semi-annually in arrears on 25 January and 25 July each year commencing 25 January 2019.

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

(b) On 3 August 2020, the Bank issued RM750 million Basel III compliant Tier 2 subordinated bonds (10 years maturity, non-callable 5 years) (the Bond 2).

The Bond 2 bears interest at the rate of 3.00% per annum. The coupon rate herein is applicable throughout the tenure of the subordinated bonds.

The Bond 2 may be redeemed at par at the option of the Bank, in part or in whole, on 1 August 2025 or at any interest payment date thereafter.

The interest is payable semi-annually in arrears on 3 February and 3 August each year commencing 3 February 2021.

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

22. Subordinated Bonds (Continued)

(c) Fair value hedge

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

As at 31 December 2021, the Bank had an interest rate swap agreement in place with notional amount of RM600 million (2020: RM600 million) for Bond 1.

For Bond 1, the Bank receives a fixed interest rate of 3.835% per annum and pays variable interests rate of 3-month KLIBOR on the notional amount.

The swap is being used to hedge exposure to changes in fair value of the Bond 1, which have a fixed rate.

The movements in fair value of the interest rate swap of unrealised gain of RM13,898,000 (31 December 2020: unrealised loss of RM14,946,000) are recognised in trading and investment income during the period (Note 30). There is no ineffectiveness recognised for this hedge.

The net gain and loss arising from fair value hedge during the year is as follows:

	Group and Bank	
	2021 RM'000	2020 RM'000
(Loss)/gain on hedging instrument	(13,898)	14,946
Gain/(loss) on the hedged item attributable to the hedged risk (Note 30)	13,898	(14,946)
	-	-

23. Share Capital

	Group and Bank 2021		Group and Bank 2020	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
Issued and fully paid ordinary shares				
At 1 January/At 31 December	470,000	792,555	470,000	792,555

24. Reserves

	Note	Group		Bank	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-distributable					
Revaluation reserve	(a)	192,735	184,130	-	-
FVOCI reserve	2.4(g)(ii) (b) and (c)	(7,099)	309,046	(14,002)	302,144
		185,636	493,176	(14,002)	302,144
Distributable					
Retained profits	(b)	10,809,329	10,174,394	10,878,366	10,236,774
Total reserves		10,994,965	10,667,570	10,864,364	10,538,918

(a) The revaluation reserve is in respect of gain from revaluation of freehold land, leasehold land and buildings.

(b) The Bank may distribute dividends out of its entire retained profits as at 31 December 2021 under the single-tier system.

25. Financial Derivatives

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

25. Financial Derivatives (Continued)

The fair values of the financial derivatives are as follows:

Group and Bank	Contract or underlying principal amount RM'000	Positive fair value RM'000	Negative fair value RM'000
2021			
Foreign exchange contracts			
- Forwards	11,510,741	31,253	46,340
- Swaps	31,645,477	140,737	184,340
- Options	886,202	4,250	856
Interest rate related contracts			
- Swaps	51,119,083	304,352	263,273
- Futures	460,392	92	586
- Options	180,000	1,828	117
Equity related contracts			
- Options	44,935	20	10,918
Commodity related contracts			
- Swaps	180,195	26,268	5,469
- Futures	125,010	1,373	8,382
- Options	7,891	5,573	-
		515,746	520,281
2020			
Foreign exchange contracts			
- Forwards	9,713,638	55,637	184,919
- Swaps	24,958,066	200,756	485,544
- Options	791,805	2,244	1,789
Interest rate related contracts			
- Swaps	33,593,528	496,446	367,052
- Futures	12,851	20	-
- Options	180,000	2,584	242
Equity related contracts			
- Options	118,736	4,263	4,391
Commodity related contracts			
- Swaps	247,483	41,350	8,785
- Futures	224,233	72	29,095
- Options	66,321	10,746	1,097
		814,118	1,082,914

25. Financial Derivatives (Continued)

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

26. Fair Value of Assets and Liabilities

(a) Determination of fair value and fair value hierarchy

Where available, quoted and observable market prices are used as the measure of fair value. Where quoted and observable market prices are not available, fair value is estimated based on a range of methodologies and assumptions, the principal ones being as follows:

(i) Fair value of securities actively traded is determined by quoted bid prices. For non-actively traded securities, independent broker quotations are obtained. Fair value of unquoted equity securities is estimated using a number of methods, including net tangible assets, earnings ratios and discounted cash flow analysis. Where discounted cash flow technique is used, the estimated future cash flows are discounted using applicable prevailing market or indicative rates of similar instruments at the reporting date.

(ii) Fair value of precious metals is determined based on prevailing quoted market prices from the London Bullion Market Association.

(iii) For financial derivatives, where quoted and observable market prices are not available, fair value is arrived at using internal pricing models. As assumptions were made regarding risk characteristics of the various financial instruments, discount rates, future expected loss and other factors, changes in the uncertainties and assumptions could materially affect these estimates and the resulting fair value estimates.

(iv) Fair value of land and buildings is determined by a registered valuer, using the comparison approach.

Level 1 - Unadjusted quoted prices in active market for identical financial instruments.
Level 2 - Inputs other than quoted prices that are observable either directly or indirectly.
Level 3 - Inputs that are not based on observable market data.

26. Fair Value of Assets and Liabilities (Continued)

(b) **Financial instruments and non-financial assets carried at fair value**

The following tables show the Group's and the Bank's financial instruments and non-financial assets which are measured at fair value at the reporting date analysed by the various levels within the fair value hierarchy.

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2021				
Assets				
Financial assets at FVTPL	-	4,594,153	-	4,594,153
Debt instruments at FVOCI	-	22,142,903	-	22,142,903
Equity instruments at FVOCI	1,604	-	155,420	157,024
Derivative financial assets	-	515,746	-	515,746
Precious metal accounts	383,299	-	-	383,299
Land and buildings	-	-	258,476	258,476
Total	384,903	27,252,802	413,896	28,051,601
Liabilities				
Derivative financial liabilities	-	520,281	-	520,281
Total	-	520,281	-	520,281
2020				
Assets				
Financial assets at FVTPL	-	4,346,399	-	4,346,399
Debt instruments at FVOCI	-	25,638,935	-	25,638,935
Equity instruments at FVOCI	2,456	-	155,929	158,385
Derivative financial assets	-	814,118	-	814,118
Precious metal accounts	389,136	-	-	389,136
Land and buildings	-	-	251,355	251,355
Total	391,592	30,799,452	407,284	31,598,328
Liabilities				
Derivative financial liabilities	-	1,082,914	-	1,082,914
Total	-	1,082,914	-	1,082,914

26. Fair Value of Assets and Liabilities (Continued)

(b) Financial instruments and non-financial assets carried at fair value (Continued)

Bank	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2021				
Assets				
Financial assets at FVTPL	-	4,594,153	-	4,594,153
Debt instruments at FVOCI	-	22,142,903	-	22,142,903
Equity instruments at FVOCI	1,604	-	155,420	157,024
Derivative financial assets	-	515,746	-	515,746
Precious metal accounts	383,299	-	-	383,299
Total	384,903	27,252,802	155,420	27,793,125
Liabilities				
Derivative financial liabilities	-	520,281	-	520,281
Total	-	520,281	-	520,281
2020				
Assets				
Financial assets at FVTPL	-	4,346,399	-	4,346,399
Debt instruments at FVOCI	-	25,638,935	-	25,638,935
Equity instruments at FVOCI	2,456	-	155,929	158,385
Derivative financial assets	-	814,118	-	814,118
Precious metal accounts	389,136	-	-	389,136
Total	391,592	30,799,452	155,929	31,346,973
Liabilities				
Derivative financial liabilities	-	1,082,914	-	1,082,914
Total	-	1,082,914	-	1,082,914

26. Fair Value of Assets and Liabilities (Continued)

(c) Fair value of financial instruments not carried at fair value

The fair value of fixed rate loans, advances and financing is estimated based on discounted cash flows using prevailing market rates of loans, advances and financing of similar credit risks and maturity. For fair value of variable rate loans, advances and financing, the fair value is estimated to approximate its carrying amounts.

The fair value of the subordinated bonds is estimated based on prevailing market rates of the subordinated bonds of similar credit risks and maturity. For fair value of the Bond 1, the fair value is estimated based on independent brokers' quotations.

The fair value of the debt instruments at amortised cost is estimated based on independent broker quotations.

Set out below is the comparison of the carrying amounts and fair value of the financial instruments of the Group and the Bank which are not carried at fair value in the financial statement.

	2021		2020	
Group	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Assets				
Gross loans, advances and financing	89,963,683	88,112,651	87,459,147	84,607,099
Gross debt instruments at amortised cost	1,178,155	1,178,155	524,854	524,854
	91,141,838	89,290,806	87,984,001	85,131,953
Liabilities				
Subordinated bonds	1,363,268	1,349,111	1,377,166	1,377,507
Bank				
Assets				
Gross loans, advances and financing	90,055,876	88,204,844	87,562,104	84,710,056
Gross debt instruments at amortised cost	1,178,155	1,178,155	524,854	524,854
	91,234,031	89,382,999	88,086,958	85,234,910
Liabilities				
Subordinated bonds	1,363,268	1,349,111	1,377,166	1,377,507

26. Fair Value of Assets and Liabilities (Continued)

(c) Fair value of financial instruments not carried at fair value (Continued)

The following tables show the fair value of the Group's and the Bank's financial instruments which are not carried at fair value at the reporting date, analysed by various levels within the fair value hierarchy.

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2021				
Assets				
Gross loans, advances and financing	-	88,112,651	-	88,112,651
Gross debt instruments at amortised cost	-	1,178,155	-	1,178,155
	-	89,290,806	-	89,290,806
Liabilities				
Subordinated bonds	-	1,349,111	-	1,349,111
2020				
Assets				
Gross loans, advances and financing	-	84,607,099	-	84,607,099
Gross debt instruments at amortised cost	-	524,854	-	524,854
	-	85,131,953	-	85,131,953
Liabilities				
Subordinated bonds	-	1,377,507	-	1,377,507

Bank	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2021				
Assets				
Gross loans, advances and financing	-	88,204,844	-	88,204,844
Gross debt instruments at amortised cost	-	1,178,155	-	1,178,155
	-	89,382,999	-	89,382,999
Liabilities				
Subordinated bonds	-	1,349,111	-	1,349,111

26. Fair Value of Assets and Liabilities (Continued)

(c) Fair value of financial instruments not carried at fair value (Continued)

Bank (Continued)	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2020				
Assets				
Gross loans, advances and financing	-	84,710,056	-	84,710,056
Gross debt instruments at amortised cost	-	524,854	-	524,854
	-	85,234,910	-	85,234,910
Liabilities				
Subordinated bonds	-	1,377,507	-	1,377,507

(d) Movement and assumptions used in Level 3 fair value

The following table presents the changes in Level 3 financial assets and non-financial assets for the financial year end ended:

Reconciliation of fair value/revalued amount:

	Group and Bank	Group
	Equity instruments at FVOCI: unquoted securities RM'000	Land and buildings RM'000
At 1 January 2020	131,809	259,422
Recognised in OCI	24,120	-
Depreciation (recognised in other operating expenses)	-	(9,818)
Write-back, net	-	1,751
At 31 December 2020	155,929	251,355
Recognised in OCI	(509)	-
Depreciation (recognised in other operating expenses)	-	(14,332)
Write-back, net	-	(3,188)
Revaluation gain	-	24,641
At 31 December 2021	155,420	258,476

26. Fair Value of Assets and Liabilities (Continued)

(d) Movement and assumptions used in Level 3 fair value (Continued)

Equity instruments at FVOCI: unquoted securities

Unquoted securities were revalued using the Cost/Asset Based Approach, specifically the Adjusted Net Assets Method. This method uses the assets and liabilities on the statements of financial position of the respective unquoted securities' audited financial statements as at 31 December 2021 and 2020 by adopting the fair value of each item as disclosed in the notes to the accounts, where applicable.

Changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

Land and buildings

Land and buildings were revalued on 15 November 2021 by Knight Frank Malaysia Sdn Bhd, a registered valuer, by using the comparison approach. The investment method is also used as a check against the comparison approach. The previous valuation was performed on 12 September 2018.

The comparison approach generally compares and analyses recent recorded transactions of similar type of properties in the locality or similar locations and making the relevant adjustments for differences in factors that affect value. Listings and offers may also be considered. The investment method considers income and expense data relating to the properties being valued and estimates value through a capitalisation process by converting an income amount into a value estimate. This process may consider direct relationships including yield or discount rates (reflecting measures of return on investment).

Area	Significant unobservable valuation input	Range
Central	Price per square metre	RM2,916 - RM11,699
North	Price per square metre	RM2,439 - RM5,789
South	Price per square metre	RM1,560 - RM11,148
East Coast	Price per square metre	RM2,330 - RM2,662
East Malaysia	Price per square metre	RM2,950 - RM5,530

Significant increases/(decreases) in estimated price per square metre in isolation would result in a significantly higher/(lower) fair value.

(e) Fair value of financial instruments that are carried at cost and which the fair value could not be reliably measured

The fair value of contingent liabilities and undrawn credit facilities is not readily ascertainable. These financial instruments are presently not sold or traded. The estimated fair value may be represented by the present value of the fees expected to be received, less associated costs. The Group and the Bank assess that their respective fair value is unlikely to be significant given that the overall level of fees involved is not significant.

(f) Fair values of financial instruments carried at cost or amortised cost

For cash and short-term funds, securities purchased under resale agreements, obligations on securities sold under repurchase agreements, deposits and placements with/of banks and other financial institutions, deposits from customers with short-term or no stated maturity, as well as interest and other short-term receivables and payables, fair value is expected to approximate the carrying amounts in the statements of financial position due to their short-term maturity.

27. Operating Revenue

Operating revenue of the Group and the Bank comprise interest/financing income, fee income, investment income/(loss) and other income derived from banking operations.

28. Interest Income

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Loans, advances and financing	2,966,256	3,483,615	2,968,830	3,487,248
Credit-impaired loans, advances and financing	56,416	64,487	56,416	64,487
Money at call and deposit placements with financial institutions	176,280	161,318	176,280	161,318
Financial assets at FVTPL	122,171	95,822	122,171	95,822
Debt instruments at FVOCI	670,075	670,916	670,075	670,916
Debt instrument at amortised cost	28,445	30,871	28,445	30,871
	4,019,643	4,507,029	4,022,217	4,510,662
Amortisation of premium less accretion of discount on				
- Financial assets at FVTPL	1,259	11,120	1,259	11,120
- Debt instruments at FVOCI	(94,547)	(70,512)	(94,547)	(70,512)
	3,926,355	4,447,637	3,928,929	4,451,270

29. Interest Expense

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deposits from customers	1,426,014	2,053,156	1,426,618	2,053,811
Deposits and placements of banks and other financial institutions	64,158	135,352	64,158	135,352
Subordinated bonds	39,934	46,071	39,934	46,071
Lease liabilities (Note 17)	1,975	2,136	3,527	5,319
Others	5,698	10,874	5,698	10,874
	1,537,779	2,247,589	1,539,935	2,251,427

30. Other Operating Income

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fee income				
- Commission	303,001	276,268	303,001	276,268
- Guarantee fees	75,897	65,526	75,897	65,525
- Service charges and fees	202,139	172,556	202,538	172,893
Less: Fee expenses	(55,110)	(57,527)	(55,110)	(57,527)
	147,029	115,029	147,428	115,366
- Commitment fees	30,854	33,578	30,854	33,578
- Arrangement and participation fees	12,257	4,524	12,257	4,524
	569,038	494,925	569,437	495,261
Trading and investment income				
- (Loss)/gain from sale of financial assets at FVTPL	(1,252)	44,899	(1,252)	44,899
- Unrealised loss on financial assets at FVTPL	(2,909)	(4,228)	(2,909)	(4,228)
- Gain/(loss) from trading derivatives	51,075	(998)	51,075	(998)
- Unrealised (loss)/gain from trading derivatives	(29,983)	70,644	(29,983)	70,644
- Unrealised gain/(loss) on fair value hedge (Note 22(c))	13,898	(14,946)	13,898	(14,946)
- Gain from sale of precious metals	865	6,872	865	6,872
- Unrealised gain/(loss) from revaluation of precious metals	1,815	(3,566)	1,815	(3,566)
- Gain from sale of debt instruments at FVOCI	58,066	148,071	58,066	148,071
- Gross dividends from equity instruments at FVOCI	876	959	876	959
- Gross dividends from an associate (Note 15)	-	-	-	784
	92,451	247,707	92,451	248,491
Other income				
- Foreign exchange gain, net	134,265	177,709	134,265	177,709
- Rental income from operating leases	59	64	-	-
- Gain on disposal of property, plant and equipment	635	-	635	-
- Others	21,663	18,441	21,663	18,436
	156,622	196,214	156,563	196,145
	818,111	938,846	818,451	939,897

31. Other Operating Expenses

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Personnel expenses	794,407	800,389	789,958	796,269
Establishment related expenses	401,623	335,972	400,274	345,990
Promotion and marketing related expenses	27,423	29,161	27,413	29,134
General administrative expenses	129,428	114,550	128,948	114,219
	1,352,881	1,280,072	1,346,593	1,285,612
Personnel expenses				
- Wages, salaries and bonus	615,732	624,318	612,158	620,935
- Defined contribution plan	96,473	96,602	95,934	96,098
- Other employee benefits	82,202	79,469	81,866	79,236
	794,407	800,389	789,958	796,269
Establishment related expenses				
- Depreciation of property, plant and equipment (Note 16)	89,212	75,632	72,517	63,557
- Depreciation of right-of-use assets (Note 17)	16,443	16,062	33,974	35,565
- Information technology costs	199,279	155,412	199,279	155,412
- Repair and maintenance	50,017	41,811	45,094	40,788
- Short-term lease expenses	134	509	134	509
- Others	46,538	46,546	49,276	50,159
	401,623	335,972	400,274	345,990
Promotion and marketing related expenses				
- Advertising and publicity	27,423	29,161	27,413	29,134
General administrative expenses				
- Fees and commissions paid	46,458	28,302	46,079	28,054
- Auditors' remuneration				
- Statutory audit	1,145	1,169	1,105	1,143
- Assurance related services	25	105	25	105
- Others	10	93	10	93
	1,180	1,367	1,140	1,341
Others	81,790	84,881	81,729	84,824
	129,428	114,550	128,948	114,219

32. Chief Executive Officer, Non-Executive Directors and Shariah Committee Members' Remuneration

Remuneration in aggregate paid for the financial year is as follows:

	Group and Bank	
	2021 RM'000	2020 RM'000
Chief Executive Officer		
- Salary and other remuneration	1,632	1,617
- Bonus	1,921	2,122
- Benefits-in-kind	1,622	1,337
Non-executive directors		
- Fees	769	805
Shariah Committee members (Note 47(r))	205	325
	6,149	6,206

The number of directors of the Group and the Bank whose total remuneration paid during the financial year fell within the following bands are analysed below:

	Number of directors	
	2021	2020
Chief Executive Officer		
RM1 to RM6,000,000	1	1
Non-executive directors		
RM1 to RM100,000	-	1
RM100,001 to RM300,000	4	4

32. Chief Executive Officer, Non-Executive Directors and Shariah Committee Members' Remuneration (Continued)

The total remuneration (including benefits-in-kind) of the directors of the Bank is as follows:

	Remuneration received from the Bank				
	Salary RM'000	Fees RM'000	Bonus RM'000	Benefits-in-kind RM'000	Total RM'000
2021					
Chief Executive Officer					
Wong Kim Choong	1,632	-	1,921	1,622	5,175
Non-executive directors					
Dato' Jeffrey Ng Tiong Lip	-	253	-	-	253
Fatimah Binti Merican	-	172	-	-	172
Ching Yew Chye	-	172	-	-	172
Datuk Phang Ah Tong	-	172	-	-	172
	1,632	769	1,921	1,622	5,944
2020					
Chief Executive Officer					
Wong Kim Choong	1,617	-	2,122	1,337	5,076
Non-executive directors					
Dr. Wee Cho Yaw (retired on 12 April 2019)	-	41	-	-	41
Dato' Jeffrey Ng Tiong Lip	-	253	-	-	253
Fatimah Binti Merican	-	172	-	-	172
Ching Yew Chye	-	172	-	-	172
Datuk Phang Ah Tong (appointed on 2 January 2019)	-	167	-	-	167
	1,617	805	2,122	1,337	5,881

33. Allowances for ECL on Loans, Advances and Financing and Other Financial Assets

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Allowances for ECL on loans, advances and financing (Note 12(vi))				
- Stage 1 ECL	(399,387)	(158,298)	(399,727)	(158,377)
- Stage 2 ECL	512,527	418,680	512,527	418,680
- Stage 3 ECL	387,751	315,529	387,751	315,529
Credit-impaired loans, advances and financing				
- Written-off	42,688	32,569	42,688	32,569
- Recovered	(92,314)	(71,257)	(92,314)	(71,257)
	451,265	537,223	450,925	537,144
(Write-back of)/allowance for ECL on other financial assets:				
- Stage 1 ECL	(32,054)	24,058	(32,054)	24,058
- Stage 2 ECL	3,282	1,082	6,162	1,082
	(28,772)	25,140	(25,892)	25,140

34. Income Tax Expense

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Income tax				
- Malaysian income tax in respect of current financial year	461,059	371,906	457,026	368,929
- Under provision in prior financial years	635	1,845	722	1,962
	461,694	373,751	457,748	370,891
Deferred tax (Note 18)				
- Relating to origination and reversal of temporary differences	(89,663)	(44,069)	(85,972)	(43,579)
- Over provision in prior financial years	(2,944)	(723)	(1,762)	(447)
	(92,607)	(44,792)	(87,734)	(44,026)
	369,087	328,959	370,014	326,865

34. Income Tax Expense (Continued)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2020: 24%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Bank are as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before taxation	1,511,146	1,346,962	1,518,730	1,340,492
Taxation at Malaysian statutory tax rate of 24%	362,675	323,271	364,495	321,718
Effects of income not subject to tax	(363)	(230)	(363)	(230)
Effects of expenses not deductible for tax purposes	9,110	4,821	6,922	3,862
Effects of share of an associate's post-tax profit included in Group's profit before taxation	(26)	(25)	-	-
Under provision of tax expense in prior financial years	635	1,845	722	1,962
Over provision of deferred tax in prior financial years	(2,944)	(723)	(1,762)	(447)
Tax expense for the financial year	369,087	328,959	370,014	326,865

35. Earnings Per Share

The basic/diluted earnings per ordinary share of the Group has been calculated based on the profit for the year attributable to ordinary shareholders of the Group of RM1,142,059,000 (2020: RM1,018,003,000) and on the number of issued and fully paid ordinary shares during the year of 470,000,000 (2020: 470,000,000).

36. Dividends

	Group and Bank 2021		Group and Bank 2020	
	Net dividend per share sen	Amount of dividend, net of tax RM'000	Net dividend per share sen	Amount of dividend, net of tax RM'000
Final dividend recognised during the year in respect of the previous financial year	107.9	507,130	129.2	607,240
Proposed final dividend for the current financial year	-	-	107.9	507,130

37. Significant Related Party Transactions and Balances

(a) Related parties and relationships

The related parties of and their relationship with the Bank (other than those disclosed in Notes 14 and 15) are as follows:

Related parties	Relationship
United Overseas Bank Limited	Ultimate holding company
Chung Khiaw (Malaysia) Berhad	Holding company
Chung Khiaw Realty Limited	Fellow subsidiary
UOB Centre of Excellence (M) Sdn Bhd	Fellow subsidiary
UOB Asset Management (Malaysia) Berhad	Fellow subsidiary
UOB Bullion and Futures Limited	Fellow subsidiary
United Overseas Bank (Thai) Public Company Limited	Fellow subsidiary
UOB Innovation Hub 2 Sdn Bhd	Fellow subsidiary

Key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Bank either directly or indirectly. The key management personnel of the Group and the Bank include non-executive directors of the Bank and certain members of senior management of the Bank.

37. Significant Related Party Transactions and Balances (Continued)

(b) Related parties transactions

A number of banking transactions are entered into with related parties in the normal course of business. These include loans, deposits and foreign currency transactions. These significant related party transactions were carried out on commercial terms and at market rates. In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances. The related party transactions described below were carried out on terms and conditions obtainable in transactions with unrelated parties unless otherwise stated.

	Ultimate holding company RM'000	Holding company RM'000	Subsidiaries RM'000	An associate RM'000	Key management personnel RM'000	Fellow subsidiaries RM'000
2021						
Income						
- Interest on placements, loans and advances	72	-	2,571	-	84	16
- Commission income	-	-	-	-	-	29,068
- Service charge income	1,575	24	399	-	-	25
- Other income	4,037	-	-	-	-	556
	5,684	24	2,970	-	84	29,665
Expenditure						
- Interest on deposits	19,774	-	603	350	448	3
- Interest expense from lease liabilities	-	-	1,553	-	-	-
- Other expenses	192,514	-	4,197	-	-	-
	212,288	-	6,353	350	448	3
Assets						
- Cash and short-term funds	89,174	-	-	-	-	3,432
- Loans, advances and financing	-	-	92,193	-	3,169	5,007
- Other assets	851	48	5,267	-	-	240
- Right-of-use assets	-	-	52,242	-	-	-
	90,025	48	149,702	-	3,169	8,679
Liabilities						
- Deposits from customers	-	-	27,492	18,792	25,882	741
- Deposits and placements of banks and other financial institutions	11,878,779	-	20	-	-	445
- Other liabilities	19,842	-	1,372	-	-	-
- Lease liabilities	-	-	56,141	-	-	-
	11,898,621	-	85,025	18,792	25,882	1,186

37. Significant Related Party Transactions and Balances (Continued)

(b) Related parties transactions (Continued)

2020	Ultimate holding company RM'000	Holding company RM'000	Subsidiaries RM'000	An associate RM'000	Key management personnel RM'000	Fellow subsidiaries RM'000
Income						
- Interest on placements, loans and advances	61	-	3,633	-	98	-
- Commission income	-	-	-	-	-	21,747
- Dividend income	-	-	-	784	-	-
- Service charge income	34	24	337	-	-	8
- Other income	6,619	-	-	-	-	1,235
	6,714	24	3,970	784	98	22,990
Expenditure						
- Interest on deposits	85,720	-	655	490	563	6
- Interest expense from lease liabilities	-	-	3,183	-	-	-
- Other expenses	151,071	-	5,056	-	-	-
	236,791	-	8,894	490	563	6
Assets						
- Cash and short-term funds	88,712	-	-	-	-	5,160
- Loans, advances and financing	-	-	102,957	-	3,542	-
- Other assets	1,178	167	5,154	-	-	1,235
- Right-of-use assets	-	-	71,777	-	-	-
	89,890	167	179,888	-	3,542	6,395
Liabilities						
- Deposits from customers	-	-	89,916	22,403	27,723	827
- Deposits and placements of banks and other financial institutions	15,397,920	-	20	-	-	930
- Other liabilities	22,069	-	1,372	-	-	-
- Lease liabilities	-	-	74,608	-	-	-
	15,419,989	-	165,916	22,403	27,723	1,757

37. Significant Related Party Transactions and Balances (Continued)

(b) Related parties transactions (Continued)

The remuneration of key management personnel included in the income statements was as follows:

	Group and Bank	
	2021 RM'000	2020 RM'000
Short-term employee benefits	26,919	28,554
Post employment benefits: defined contribution plan	3,128	3,617
Share-based payment*	5,698	6,158
	35,745	38,329

* In prior financial years, key management personnel of the Bank were granted options to subscribe in shares of the ultimate holding company under the Restricted Shares Plan. As at 31 December 2021, the number of options held by key management personnel were 226,725 (2020: 233,185).

38. Commitments and Contingencies

Group	Principal amount RM'000	Credit equivalent amount RM'000	Risk-weighted amount RM'000
2021			
Direct credit substitutes	3,283,375	3,189,255	2,369,357
Transaction-related contingent items	6,050,045	3,001,739	2,059,927
Short-term self-liquidating trade-related contingencies	620,294	136,216	80,964
Lending of banks' securities or the posting of securities as collateral by banks	563,417	16,649	723
Foreign exchange related contracts			
- Not more than one year	43,703,666	729,714	168,577
- More than one year to less than five years	338,754	28,112	11,370
Interest rate related contracts			
- Not more than one year	17,383,220	140,160	73,134
- More than one year to less than five years	32,775,558	1,261,652	472,061
- Five years and above	1,600,697	186,264	100,431
Equity related contracts			
- Not more than one year	44,935	-	-
Commodity related contracts			
- Not more than one year	313,096	50,241	23,086
Undrawn credit facilities			
- Not more than one year	18,968,168	895,675	150,388
- More than one year	6,644,725	4,577,876	2,845,756
- Unconditionally cancellable	15,466,455	5,616,882	690,206
Other commitments	391,638	124,684	124,684
	148,148,043	19,955,119	9,170,664

38. Commitments and Contingencies (Continued)

Group	Principal amount RM'000	Credit equivalent amount RM'000	Risk-weighted amount RM'000
2020			
Direct credit substitutes	2,627,192	2,549,849	1,727,545
Transaction-related contingent items	5,866,993	2,910,012	1,801,497
Short-term self-liquidating trade-related contingencies	436,465	99,150	61,223
Lending of banks' securities or the posting of securities as collateral by banks	-	-	-
Foreign exchange related contracts			
- Not more than one year	35,267,102	670,627	182,943
- More than one year to less than five years	196,407	17,149	11,954
Interest rate related contracts			
- Not more than one year	6,219,513	94,004	44,549
- More than one year to less than five years	25,759,642	1,196,853	516,581
- Five years and above	1,807,224	242,603	126,779
Equity related contracts			
- Not more than one year	118,736	-	-
Commodity related contracts			
- Not more than one year	518,729	78,012	56,693
- More than one year to less than five years	19,308	653	65
Undrawn credit facilities			
- Not more than one year	19,886,620	986,423	179,466
- More than one year	6,483,994	4,456,619	2,852,274
- Unconditionally cancellable	15,729,993	5,944,293	768,911
Other commitments	549,237	312,958	312,957
	121,487,155	19,559,205	8,643,437

38. Commitments and Contingencies (Continued)

Bank	Principal amount RM'000	Credit equivalent amount RM'000	Risk-weighted amount RM'000
2021			
Direct credit substitutes	3,283,375	3,189,255	2,369,357
Transaction-related contingent items	6,050,045	3,001,739	2,059,927
Short-term self-liquidating trade-related contingencies	620,294	136,216	80,964
Lending of banks' securities or the posting of securities as collateral by banks	563,417	16,649	723
Foreign exchange related contracts			
- Not more than one year	43,703,666	729,714	168,577
- More than one year to less than five years	338,754	28,112	11,370
Interest rate related contracts			
- Not more than one year	17,383,220	140,160	73,134
- More than one year to less than five years	32,775,558	1,261,652	472,061
- Five years and above	1,600,697	186,264	100,431
Equity related contracts			
- Not more than one year	44,935	-	-
Commodity related contracts			
- Not more than one year	313,096	50,241	23,086
Undrawn credit facilities			
- Not more than one year	18,968,166	895,675	150,388
- More than one year	6,644,725	4,577,876	2,845,756
- Unconditionally cancellable	15,466,455	5,616,882	690,206
Other commitments	285,019	18,063	18,064
	148,041,422	19,848,498	9,064,044

38. Commitments and Contingencies (Continued)

Bank	Principal amount RM'000	Credit equivalent amount RM'000	Risk-weighted amount RM'000
2020			
Direct credit substitutes	2,627,192	2,549,849	1,727,545
Transaction-related contingent items	5,866,993	2,910,012	1,801,497
Short-term self-liquidating trade-related contingencies	436,465	99,150	61,223
Lending of banks' securities or the posting of securities as collateral by bank	-	-	-
Foreign exchange related contracts			
- Not more than one year	35,267,102	670,627	182,943
- More than one year to less than five years	196,407	17,149	11,954
Interest rate related contracts			
- Not more than one year	6,219,513	94,004	44,549
- More than one year to less than five years	25,759,642	1,196,853	516,581
- Five years and above	1,807,224	242,603	126,779
Equity related contracts			
- Not more than one year	118,736	-	-
Commodity related contracts			
- Not more than one year	518,729	78,012	56,693
- More than one year to less than five years	19,308	653	65
Undrawn credit facilities			
- Not more than one year	19,886,620	986,423	179,466
- More than one year	6,483,994	4,456,619	2,852,274
- Unconditionally cancellable	15,729,993	5,944,293	768,911
Other commitments	290,779	54,501	54,499
	121,228,697	19,300,748	8,384,979

39. Capital Commitments

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Capital expenditure for property, plant and equipment				
- Authorised and contracted for	124,683	312,958	18,063	54,501

40. Financial Risk Management

The Group's and the Bank's business activities involve the use of financial instruments, including derivatives. These activities expose the Group and the Bank to a variety of financial risks, mainly credit risk, foreign exchange risk, interest rate risk and liquidity risk.

The Group's and the Bank's financial risks are centrally managed by the various specialist committees within the delegated authority by the Board of Directors. These various specialist committees formulate and review policies and limits to monitor and manage risk exposures under their respective supervision. The major policy decisions and proposals endorsed by these committees are subject to approval by the Executive Committee (EXCO) and/or Board of Directors. The Risk Management Division assumes the independent oversight of risks undertaken by the Group and the Bank, and takes the lead in the formulation and approval of risk policies, controls and processes. The Product Control Department of Risk Management Division enforces Global Markets Division's compliance with trading policies and limits. This is further enhanced by the periodic risk assessment audit carried out by the Group's and the Bank's Internal Audit Division.

The main financial risks that the Group and the Bank are exposed to and how they are being managed are set out below:

40.1 Credit risk

Credit risk is the risk of loss arising from any failure by a customer or counterparty to meet its financial obligations when such obligations fall due.

(a) Credit risk management

The Credit Management Committee supports the CEO and Board of Directors in managing the credit risk exposures of the Group and the Bank. It serves as an executive forum for discussions on all credit-related issues including the credit risk management framework, policies, processes, infrastructure, methodologies and system.

Credit risk exposures are managed through a robust credit underwriting, structuring and monitoring process. The process includes monthly review of all impaired and special mention loans, ensuring credit quality and the timely recognition of asset impairment. In addition, credit review and audit are performed regularly to proactively manage any delinquency, minimise undesirable concentrations, maximise recoveries, and ensure that credit policies and procedures are complied with. Past dues and credit limit excesses are tracked and analysed by business and product lines. Moreover, macro-economic factors and their impacts are regularly monitored as part of the normal process of the Bank in tracking credit risk and measuring ECL, including the on-going COVID-19 development and impacts. Significant trends are reported to the Credit Management Committee.

40. Financial Risk Management (Continued)

40.1 Credit risk (Continued)

(a) Credit risk management (Continued)

Maximum exposure to credit risk

Group	2021 RM'000	2020 RM'000
Cash and short-term funds	10,063,224	6,069,508
Deposits and placements with financial institutions	-	1,149,710
Securities purchased under resale agreements	77,705	1,170,004
Financial assets at FVTPL	4,594,153	4,346,399
Debt instruments at FVOCI	22,142,903	25,638,935
Debt instruments at amortised cost	1,176,380	519,844
Other assets	334,456	498,404
Derivative financial assets	515,746	814,118
Loans, advances and financing	87,712,734	85,506,564
Statutory deposits with BNM	180,667	196,451
Total gross financial assets	126,797,968	125,909,937
Financial assets not subject to credit risk	2,197,206	1,801,655
	128,995,174	127,711,592
Commitments and contingencies	148,148,043	121,487,155

Bank		
Cash and short-term funds	10,063,224	6,069,508
Deposits and placements with financial institutions	-	1,149,710
Securities purchased under resale agreements	77,705	1,170,004
Financial assets at FVTPL	4,594,153	4,346,399
Debt instruments at FVOCI	22,142,903	25,638,935
Debt instruments at amortised cost	1,176,380	519,844
Other assets	334,456	498,404
Derivative financial assets	515,746	814,118
Loans, advances and financing	87,804,018	85,608,272
Statutory deposits with BNM	180,667	196,451
Total gross financial assets	126,889,252	126,011,645
Financial assets not subject to credit risk	2,022,913	1,717,899
	128,912,165	127,729,544
Commitments and contingencies	148,041,422	121,228,697

40. Financial Risk Management (Continued)

40.1 Credit risk (Continued)

(a) Credit risk management (Continued)

Maximum exposure to credit risk (Continued)
As a fundamental credit principle, the Group and the Bank generally do not grant credit facilities solely on the basis of the collateral provided. All credit facilities are granted based on the credit standing of the borrower, source of repayment and debt servicing ability.

Collateral is taken whenever possible to mitigate the credit risk assumed. The value of the collateral is monitored periodically. The frequency of valuation depends on the type, liquidity and volatility of the collateral value. The collaterals accepted are mainly properties, cash and marketable securities. We have in place policies and processes to monitor collateral concentration.

In extending credit facilities to small and medium enterprises, personal guarantees are often taken as a form of moral support to ensure moral commitment from the principal shareholders and directors.

Corporate guarantees are often obtained when the customer's credit worthiness is not sufficient to justify an extension of credit.

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

(b) Expected credit loss measurement

(i) Definition of default and cure
The Group and the Bank classify a loan or advance or financing as credit-impaired when there is objective evidence that the loan or advance or financing is credit-impaired.

The details of the default definition is as disclosed in Note 2.4(g)(iii).

(ii) Measuring ECL – Explanation of inputs, assumptions and estimation techniques
The ECL is measured on either a 12-month or lifetime basis depending on whether a SICR has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECL is the discounted product of the PD, EAD and LGD, defined as follows:

- The PD represents the likelihood of a borrower or obligor defaulting on its financial obligation (as per definition of default above), either over the next 12 months, or over the remaining lifetime of the obligation;

- EAD is based on the amounts the Group and the Bank expect to be owed at the time of default, over the next 12 months or over the remaining lifetime of the obligation; and

- LGD represents the Group's and the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default. LGD is calculated on a 12-month or lifetime basis.

The ECL is determined by projecting the PD, EAD and LGD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival. The discount rate used in the ECL calculation is the original effective interest rate or effective profit rate or an approximation thereof.

Information incorporated in the ECL models
The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group and the Bank use external and internal information to generate a "base case" and "downturn" scenario which considers forecast economic variables, based on assigned probability weights determined by the Group and the Bank. The Group and the Bank have performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. The macroeconomic variables (MEV) considered include gross domestic product (GDP), house price index (HPI), Kuala Lumpur Composite Index (KLCI), consumer price index (CPI), base lending rates (BLR), production price index (PPI), and unemployment rates.

40. Financial Risk Management (Continued)

40.1 Credit risk (Continued)

(b) Expected credit loss measurement (Continued)

(ii) Measuring ECL – Explanation of inputs, assumptions and estimation techniques (Continued)

Information incorporated in the ECL models (Continued)

The MEV data is obtained from Bank Negara Malaysia and in-house economist, which GDP forecast range from -3.0% to 5.5% (2020: -3.5% to 5.2%); CPI forecast range from -0.6% to 2.8% (2020: -0.5% to 3.0%); BLR range from 4.8% to 6.6% (2020: 5.7% to 6.1%); HPI forecast range from -5.1% to 3.5% (2020: -20.0% to 4.0%); PPI forecast range from 0.9% to 5.0% (2020:-1.0% to 2.8%); KLCI forecast range from 5.0% to 10.0% (2020: -25.0% to 20.0%); and unemployment rates range from 3.3% to 5.5% (2020: 3.2% to 5.0%).

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgement has also been applied in this process.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period since the last financial year.

(iii) Significant increase in credit risk (SICR)

The Group and the Bank continuously monitor all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12-month ECL or lifetime ECL, the Group and the Bank assess whether there has been a SICR since initial recognition. The Group and the Bank consider an exposure to have significantly increased in credit risk when an instrument triggered the quantitative, qualitative or backstop criteria.

(iv) Grouping of financial assets measured on a collective basis

When estimating ECLs on a collective basis for a group of similar assets, the Group and the Bank apply the same principles for assessing whether there has been a SICR since initial recognition.

Asset classes where the Group and the Bank calculate ECL on an individual basis includes all Stage 3 financial assets.

Asset classes where the Group and the Bank calculate ECL on a collective basis includes all Stage 1 and Stage 2 financial assets. Subsequently, Stage 1 and Stage 2 financial assets are further disaggregated based on wholesale banking, business banking and personal financial services portfolios.

(v) Management overlays

With the COVID-19 pandemic disrupting business and economic activities globally over the past two years and the ensuing movement restrictions, the Bank has consistently supported its customers with various repayment initiatives. Management Overlay (MO) was refined to focus more on repayment assistance portfolios in anticipation of potential deterioration of credit risk.

The borrowers and customers who have received repayment supports remain in their existing stages unless they have been individually identified as not viable or with subsequent indicators of significant increase in credit risk from each of their pre-COVID-19 status. The overlays and post-model adjustments were assessed regularly to ensure there is sufficient level of ECLs. The Group and the Bank applied their best credit judgement based on information available on-hand and taking into account views of possible severities of the pandemic and paths of recovery in the forward looking assesment for ECL estimation. The Bank has a stringent monitoring process to determine a sufficient overall level of ECLs for the year ended as at 31 December 2021.

40. Financial Risk Management (Continued)

40.1 Credit risk (Continued)

(c) Credit risk concentration by economic sectors of the Group and the Bank:

The following table sets out the credit risk concentration by economic sectors of the Group and the Bank:

Group 2021	Short-term funds, securities purchased under resale agreements and placements with financial institutions RM'000	Financial assets at FVTPL RM'000	Debt instruments at FVOCI RM'000	Debt instruments at amortised cost RM'000	Loans, advances and financing RM'000	Derivative financial assets, statutory deposits and other assets RM'000	Total RM'000	Commitments and contingencies RM'000
Agriculture, hunting, forestry and fishing	-	-	-	-	1,649,122	-	1,649,122	953,680
Mining and quarrying	-	-	-	221,262	514,409	-	735,671	562,883
Manufacturing	-	24,902	-	118,896	8,683,879	-	8,827,677	13,267,669
Electricity, gas and water	-	49,172	335,532	-	407,618	-	792,322	888,661
Construction	-	-	9,406	49,947	6,631,433	-	6,690,786	15,168,869
Wholesale, retail trade, restaurants and hotels	-	9,884	50,170	-	13,051,973	-	13,112,027	12,392,365
Transport, storage and communication	-	142,973	521,043	145,825	1,453,707	-	2,263,548	1,277,673
Finance, insurance and business services	10,140,929	4,286,717	20,889,365	640,450	3,868,372	1,030,869	40,856,702	89,167,323
Real estate	-	251	10,020	-	3,816,770	-	3,827,041	920,005
Community, social and personal services	-	80,254	327,367	-	150,200	-	557,821	43,682
Households								
- Purchase of residential properties	-	-	-	-	34,337,934	-	34,337,934	-
- Purchase of non-residential properties	-	-	-	-	8,285,753	-	8,285,753	-
- Others	-	-	-	-	4,861,564	-	4,861,564	11,704,411
Others	-	-	-	-	-	-	-	1,800,822
Other assets not subject to credit risk	-	-	-	-	-	2,197,206	2,197,206	-
	10,140,929	4,594,153	22,142,903	1,176,380	87,712,734	3,228,075	128,995,174	148,148,043

40. Financial Risk Management (Continued)

40.1 Credit risk (Continued)

(c) Credit risk concentration by economic sectors of the Group and the Bank (Continued):

The following table sets out the credit risk concentration by economic sectors of the Group and the Bank (Continued):

Group 2020	Short-term funds, securities purchased under resale agreements and placements with financial institutions RM'000	Financial assets at FVTPL RM'000	Debt instruments at FVOCI RM'000	Debt instruments at amortised cost RM'000	Loans, advances and financing RM'000	Derivative financial assets, statutory deposits and other assets RM'000	Total RM'000	Commitments and contingencies RM'000
Agriculture, hunting, forestry and fishing	-	-	-	-	1,715,464	-	1,715,464	1,245,594
Mining and quarrying	-	-	-	298,033	1,068,511	-	1,366,544	440,603
Manufacturing	-	34,318	-	99,721	6,984,521	-	7,118,560	13,550,392
Electricity, gas and water	-	44,470	69,093	-	236,754	-	350,317	482,280
Construction	-	16,261	9,405	-	7,004,603	-	7,030,269	15,120,912
Wholesale, retail trade, restaurants and hotels	-	9,875	50,782	-	10,912,363	-	10,973,020	12,239,652
Transport, storage and communication	-	63,205	447,680	110,575	1,907,690	-	2,529,150	1,428,603
Finance, insurance and business services	8,389,222	4,083,932	24,789,521	11,515	4,011,334	1,508,973	42,794,497	62,474,004
Real estate	-	18,224	-	-	3,952,100	-	3,970,324	1,314,814
Community, social and personal services	-	76,114	272,454	-	143,641	-	492,209	40,196
Households								
- Purchase of residential properties	-	-	-	-	33,752,505	-	33,752,505	-
- Purchase of non-residential properties	-	-	-	-	8,631,006	-	8,631,006	-
- Others	-	-	-	-	5,186,072	-	5,186,072	12,040,325
Others	-	-	-	-	-	-	-	1,109,780
Other assets not subject to credit risk	-	-	-	-	-	1,801,655	1,801,655	-
	8,389,222	4,346,399	25,638,935	519,844	85,506,564	3,310,628	127,711,592	121,487,155

40. Financial Risk Management (Continued)

40.1 Credit risk (Continued)

(c) Credit risk concentration by economic sectors of the Group and the Bank (Continued):

The following table sets out the credit risk concentration by economic sectors of the Group and the Bank (Continued):

Bank 2021	Short-term funds, securities purchased under resale agreements and placements with financial institutions RM'000	Financial assets at FVTPL RM'000	Debt instruments at FVOCI RM'000	Debt instruments at amortised cost RM'000	Loans, advances and financing RM'000	Derivative financial assets, statutory deposits and other assets RM'000	Total RM'000	Commitments and contingencies RM'000
Agriculture, hunting, forestry and fishing	-	-	-	-	1,649,122	-	1,649,122	953,680
Mining and quarrying	-	-	-	221,262	514,409	-	735,671	562,883
Manufacturing	-	24,902	-	118,896	8,683,879	-	8,827,677	13,267,669
Electricity, gas and water	-	49,172	335,532	-	407,618	-	792,322	888,661
Construction	-	-	9,406	49,947	6,631,433	-	6,690,786	15,168,869
Wholesale, retail trade, restaurants and hotels	-	9,884	50,170	-	13,051,973	-	13,112,027	12,392,365
Transport, storage and communication	-	142,973	521,043	145,825	1,453,707	-	2,263,548	1,277,673
Finance, insurance and business services	10,140,929	4,286,717	20,889,365	640,450	3,868,372	1,030,869	40,856,702	89,167,323
Real estate	-	251	10,020	-	3,908,054	-	3,918,325	813,384
Community, social and personal services	-	80,254	327,367	-	150,200	-	557,821	43,682
Households								
- Purchase of residential properties	-	-	-	-	34,337,934	-	34,337,934	-
- Purchase of non-residential properties	-	-	-	-	8,285,753	-	8,285,753	-
- Others	-	-	-	-	4,861,564	-	4,861,564	11,704,411
Others	-	-	-	-	-	-	-	1,800,822
Other assets not subject to credit risk	-	-	-	-	-	2,022,913	2,022,913	-
	10,140,929	4,594,153	22,142,903	1,176,380	87,804,018	3,053,782	128,912,165	148,041,422

40. Financial Risk Management (Continued)

40.1 Credit risk (Continued)

(c) Credit risk concentration by economic sectors of the Group and the Bank (Continued):

The following table sets out the credit risk concentration by economic sectors of the Group and the Bank (Continued):

Bank 2020	Short-term funds, securities purchased under resale agreements and placements with financial institutions RM'000	Financial assets at FVTPL RM'000	Debt instruments at FVOCI RM'000	Debt instruments at amortised cost RM'000	Loans, advances and financing RM'000	Derivative financial assets, statutory deposits and other assets RM'000	Total RM'000	Commitments and contingencies RM'000
Agriculture, hunting, forestry and fishing	-	-	-	-	1,715,464	-	1,715,464	1,245,594
Mining and quarrying	-	-	-	298,033	1,068,511	-	1,366,544	440,603
Manufacturing	-	34,318	-	99,721	6,984,521	-	7,118,560	13,550,392
Electricity, gas and water	-	44,470	69,093	-	236,754	-	350,317	482,280
Construction	-	16,261	9,405	-	7,004,603	-	7,030,269	15,120,912
Wholesale, retail trade, restaurants and hotels	-	9,875	50,782	-	10,912,363	-	10,973,020	12,239,652
Transport, storage and communication	-	63,205	447,680	110,575	1,907,690	-	2,529,150	1,428,603
Finance, insurance and business services	8,389,222	4,083,932	24,789,521	11,515	4,011,334	1,508,973	42,794,497	62,474,004
Real estate	-	18,224	-	-	4,053,808	-	4,072,032	1,056,356
Community, social and personal services	-	76,114	272,454	-	143,641	-	492,209	40,196
Households								
- Purchase of residential properties	-	-	-	-	33,752,505	-	33,752,505	-
- Purchase of non-residential properties	-	-	-	-	8,631,006	-	8,631,006	-
- Others	-	-	-	-	5,186,072	-	5,186,072	12,040,325
Others	-	-	-	-	-	-	-	1,109,780
Other assets not subject to credit risk	-	-	-	-	-	1,717,899	1,717,899	-
	8,389,222	4,346,399	25,638,935	519,844	85,608,272	3,226,872	127,729,544	121,228,697

40. Financial Risk Management (Continued)

40.1 Credit risk (Continued)

(d) Effects of holding collaterals

Collateral is taken whenever possible to mitigate the credit risk assumed. The value of the collateral is monitored periodically. The frequency of valuation depends on the type, liquidity and volatility of the collateral value. The main types of collateral taken by the Group and the Bank are cash, marketable securities, real estate, equipment, inventory and receivables. Policies and processes are in place to control, monitor and report concentration risk to particular types of collateral.

The credit risk of financial assets of the Group and the Bank is mitigated by the collaterals held against the financial assets.

(i) Effects of holding collaterals on credit-impaired loans, advances and financing

All credit-impaired loans, advances and financing are subject to impairment review as at the current and previous financial year-ends. The collateral mitigates credit risk and would reduce the extent of allowances for expected credit losses for the assets subject to impairment review.

Group and Bank	Financial effect RM'000	Maximum exposure to credit risk RM'000	Unsecured portion of credit exposure RM'000
2021			
Credit-impaired loans, advances and financing	1,647,578	2,322,439	674,861
2020			
Credit-impaired loans, advances and financing	1,178,044	1,678,371	500,327

For credit-impaired loans, advances and financing, allowances for ECL as at the date of the statements of financial position would have been higher by approximately RM1,647,578,000 (2020: RM1,178,044,000) without the collaterals held.

(ii) Repossessed collaterals

These are assets obtained by taking possession of collaterals held as security against loans, advances and financing.

Repossessed collaterals are sold as soon as practicable. Repossessed collaterals are recognised in other assets on the statements of financial position. The Group and the Bank do not occupy repossessed properties for its business use.

For the financial years ended 31 December 2021 and 31 December 2020, there were no repossessed collaterals.

40. Financial Risk Management (Continued)

40.1 Credit risk (Continued)

(e) Credit exposure analysed by geography

Group	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
2021			
Cash and short-term funds	8,779,911	1,283,313	10,063,224
Deposits and placements with financial institutions	-	-	-
Securities purchased under resale agreements	77,705	-	77,705
Financial assets at FVTPL	4,594,153	-	4,594,153
Debt instruments at FVOCI	22,142,903	-	22,142,903
Debt instruments at amortised cost	1,176,380	-	1,176,380
Other assets	239,250	95,206	334,456
Derivative financial assets	460,141	55,605	515,746
Loans, advances and financing	81,550,179	6,162,555	87,712,734
Statutory deposits with BNM	180,667	-	180,667
Financial assets not subject to credit risk	2,110,407	86,799	2,197,206
	121,311,696	7,683,478	128,995,174
Commitments and contingencies	133,066,489	15,081,554	148,148,043
2020			
Cash and short-term funds	4,780,793	1,288,715	6,069,508
Deposits and placements with financial institutions	1,149,710	-	1,149,710
Securities purchased under resale agreements	1,170,004	-	1,170,004
Financial assets at FVTPL	4,346,399	-	4,346,399
Debt instruments at FVOCI	25,638,935	-	25,638,935
Debt instruments at amortised cost	519,844	-	519,844
Other assets	451,255	47,149	498,404
Derivative financial assets	765,829	48,289	814,118
Loans, advances and financing	78,757,372	6,749,192	85,506,564
Statutory deposits with BNM	196,451	-	196,451
Financial assets not subject to credit risk	1,726,458	75,197	1,801,655
	119,503,050	8,208,542	127,711,592
Commitments and contingencies	109,449,506	12,037,649	121,487,155

40. Financial Risk Management (Continued)

40.1 Credit risk (Continued)

(e) Credit exposure analysed by geography (Continued)

Bank	In Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
2021			
Cash and short-term funds	8,779,911	1,283,313	10,063,224
Deposits and placements with financial institutions	-	-	-
Securities purchased under resale agreements	77,705	-	77,705
Financial assets at FVTPL	4,594,153	-	4,594,153
Debt instruments at FVOCI	22,142,903	-	22,142,903
Debt instruments at amortised cost	1,176,380	-	1,176,380
Other assets	239,251	95,206	334,457
Derivative financial assets	460,141	55,605	515,746
Loans, advances and financing	81,641,463	6,162,555	87,804,018
Statutory deposits with BNM	180,667	-	180,667
Financial assets not subject to credit risk	1,936,113	86,799	2,022,912
	121,228,687	7,683,478	128,912,165
Commitments and contingencies	132,959,868	15,081,554	148,041,422
2020			
Cash and short-term funds	4,780,793	1,288,715	6,069,508
Deposits and placements with financial institutions	1,149,710	-	1,149,710
Securities purchased under resale agreements	1,170,004	-	1,170,004
Financial assets at FVTPL	4,346,399	-	4,346,399
Debt instruments at FVOCI	25,638,935	-	25,638,935
Debt instruments at amortised cost	519,844	-	519,844
Other assets	451,255	47,149	498,404
Derivative financial assets	765,829	48,289	814,118
Loans, advances and financing	78,859,080	6,749,192	85,608,272
Statutory deposits with BNM	196,451	-	196,451
Financial assets not subject to credit risk	1,642,702	75,197	1,717,899
	119,521,002	8,208,542	127,729,544
Commitments and contingencies	109,191,048	12,037,649	121,228,697

40. Financial Risk Management (Continued)

40.1 Credit risk (Continued)

(f) Credit quality of financial assets and financial liabilities

The credit quality of the Group's and the Bank's financial assets and financial liabilities are graded based on the following risk grades:

Risk grades	Description
Pass	Indicates that timely repayment of the outstanding credit facility is not in doubt. Repayment is prompt and the credit facility does not exhibit any potential weakness in repayment capability, business, cash flow or financial position of the borrower or obligor.
Special mention	Indicates that the credit facility exhibits potential weaknesses that, if not corrected in a timely manner, may adversely affect repayment by the borrower or obligor at a future date, and warrant close attention by the Group and the Bank.
Substandard	Indicates that the credit facility exhibits definable weaknesses, either in respect of the business, cash flow or financial position of the borrower or obligor that may jeopardise repayment on existing terms.
Doubtful	Indicates that the outstanding credit facility exhibits more severe weaknesses than those in a "substandard" credit facility, such that the prospect of full recovery of the outstanding credit facility is questionable and the prospect of a loss is high, but the exact amount remains undeterminable as yet.
Loss	Indicates that the outstanding credit facility is not collectable, and little or nothing can be done to recover the outstanding amount from any collateral or from the assets of the borrower or obligor generally.
Investment grade	Indicates that the securities have a low risk of default, determined based on a relative scale by credit rating agencies such as RAM (AAA to BBB3) and Malaysian Rating Corporation Berhad (MARC) (AAA to BBB-). Such credit ratings express the ability and willingness of securities issuer to repay its debt and are based on many financial and economic indicators that influence the borrower's or obligor's creditworthiness.
Non-investment grade	Indicates that the securities have possible risk of default, determined based on a relative scale by credit rating agencies such as RAM (BB1 to C3) and MARC (BB+ to C-). Such credit ratings express the ability and willingness of securities issuer to repay its debt and are based on many financial and economic indicators that influence the borrower's or obligor's creditworthiness.
Unrated	Indicates that the securities are not assigned or have not been assigned with a rating by any credit rating agencies.

40. Financial Risk Management (Continued)

40.1 Credit risk (Continued)

(f) Credit quality of financial assets and financial liabilities (Continued)

Gross loans, advances and financing

Group	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2021				
Pass	75,591,170	10,267,138	-	85,858,308
Special mention	-	1,782,936	-	1,782,936
Substandard	-	-	1,682,553	1,682,553
Doubtful	-	-	114,121	114,121
Loss	-	-	525,765	525,765
	75,591,170	12,050,074	2,322,439	89,963,683
2020				
Pass	77,442,843	6,472,916	-	83,915,759
Special mention	-	1,865,017	-	1,865,017
Substandard	-	-	1,200,556	1,200,556
Doubtful	-	-	154,041	154,041
Loss	-	-	323,774	323,774
	77,442,843	8,337,933	1,678,371	87,459,147
Bank				
2021				
Pass	75,683,363	10,267,138	-	85,950,501
Special mention	-	1,782,936	-	1,782,936
Substandard	-	-	1,682,553	1,682,553
Doubtful	-	-	114,121	114,121
Loss	-	-	525,765	525,765
	75,683,363	12,050,074	2,322,439	90,055,876
2020				
Pass	77,545,800	6,472,916	-	84,018,716
Special mention	-	1,865,017	-	1,865,017
Substandard	-	-	1,200,556	1,200,556
Doubtful	-	-	154,041	154,041
Loss	-	-	323,774	323,774
	77,545,800	8,337,933	1,678,371	87,562,104

40. Financial Risk Management (Continued)

40.1 Credit risk (Continued)

(f) Credit quality of financial assets and financial liabilities (Continued)

Irrevocable commitments and contingencies

Group	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2021				
Pass	41,026,975	3,683,011	-	44,709,986
Special mention	-	213,225	-	213,225
Substandard	-	-	13,938	13,938
Doubtful	-	-	318	318
Loss	-	-	14,166	14,166
	41,026,975	3,896,236	28,422	44,951,633
2020				
Pass	42,681,062	2,784,524	-	45,465,586
Special mention	-	218,229	-	218,229
Substandard	-	-	12,780	12,780
Doubtful	-	-	562	562
Loss	-	-	16,343	16,343
	42,681,062	3,002,753	29,685	45,713,500

Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2021				
Pass	41,026,975	3,683,011	-	44,709,986
Special mention	-	213,225	-	213,225
Substandard	-	-	13,938	13,938
Doubtful	-	-	318	318
Loss	-	-	14,166	14,166
	41,026,975	3,896,236	28,422	44,951,633
2020				
Pass	42,422,605	2,784,524	-	45,207,129
Special mention	-	218,229	-	218,229
Substandard	-	-	12,780	12,780
Doubtful	-	-	562	562
Loss	-	-	16,343	16,343
	42,422,605	3,002,753	29,685	45,455,043

40. Financial Risk Management (Continued)

40.1 Credit risk (Continued)

(f) Credit quality of financial assets and financial liabilities (Continued)

Debt instruments at FVOCI

Group and Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2021				
Investment grade	22,093,538	-	-	22,093,538
Non-investment grade	-	-	49,365	49,365
	22,093,538	-	49,365	22,142,903
2020				
Investment grade	25,589,570	-	-	25,589,570
Non-investment grade	-	-	49,365	49,365
	25,589,570	-	49,365	25,638,935

Debt instruments at amortised cost

Group and Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2021				
Unrated	1,178,155	-	-	1,178,155
2020				
Unrated	524,854	-	-	524,854

Cash and short-term funds

Group and Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2021				
Pass	10,094,057	-	-	10,094,057
2020				
Pass	6,126,178	-	-	6,126,178

40. Financial Risk Management (Continued)

40.1 Credit risk (Continued)

(f) Credit quality of financial assets and financial liabilities (Continued)

Deposits and placements with financial institutions

Group and Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2021				
Pass	-	-	-	-
2020				
Pass	1,150,000	-	-	1,150,000

Other assets

Group	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2021				
Pass	875,353	32,396	-	907,749
2020				
Pass	905,604	159,615	-	1,065,219
Bank				
2021				
Pass	880,293	32,579	-	912,872
2020				
Pass	940,149	165,704	-	1,105,853

40. Financial Risk Management (Continued)

40.1 Credit risk (Continued)

(g) Expected credit loss allowances

Movements in gross carrying amount between stages for loans, advances and financing are as follows:

Group	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2021				
Gross carrying amount as at 1 January	77,442,843	8,337,933	1,678,371	87,459,147
Transferred to Stage 1	2,016,844	(1,979,428)	(37,416)	-
Transferred to Stage 2	(7,303,125)	7,327,561	(24,436)	-
Transferred to Stage 3	(608,548)	(535,418)	1,143,966	-
Net increase/(decrease)	4,043,156	(1,100,574)	(225,253)	2,717,329
Write-off	-	-	(212,793)	(212,793)
Balance as at 31 December	75,591,170	12,050,074	2,322,439	89,963,683
2020				
Gross carrying amount as at 1 January	79,688,890	4,991,488	1,560,810	86,241,188
Transferred to Stage 1	5,778,135	(5,758,294)	(19,841)	-
Transferred to Stage 2	(9,828,150)	9,988,422	(160,272)	-
Transferred to Stage 3	(43,757)	(608,149)	651,906	-
Net increase/(decrease)	1,847,725	(275,534)	(204,696)	1,367,495
Write-off	-	-	(149,536)	(149,536)
Balance as at 31 December	77,442,843	8,337,933	1,678,371	87,459,147
Bank				
2021				
Gross carrying amount as at 1 January	77,545,800	8,337,933	1,678,371	87,562,104
Transferred to Stage 1	2,016,844	(1,979,428)	(37,416)	-
Transferred to Stage 2	(7,303,125)	7,327,561	(24,436)	-
Transferred to Stage 3	(608,548)	(535,418)	1,143,966	-
Net increase/(decrease)	4,032,392	(1,100,574)	(225,253)	2,706,565
Write-off	-	-	(212,793)	(212,793)
Balance as at 31 December	75,683,363	12,050,074	2,322,439	90,055,876

40. Financial Risk Management (Continued)

40.1 Credit risk (Continued)

(g) Expected credit loss allowances (Continued)

Movements in gross carrying amount between stages for loans, advances and financing are as follows (Continued):

Bank (Continued)	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2020				
Gross carrying amount as at 1 January	79,802,530	4,991,488	1,560,810	86,354,828
Transferred to Stage 1	5,778,135	(5,758,294)	(19,841)	-
Transferred to Stage 2	(9,828,150)	9,988,422	(160,272)	-
Transferred to Stage 3	(43,757)	(608,149)	651,906	-
Net increase/(decrease)	1,837,042	(275,534)	(204,696)	1,356,812
Write-off	-	-	(149,536)	(149,536)
Balance as at 31 December	77,545,800	8,337,933	1,678,371	87,562,104

Movements in gross carrying amount between stages for irrevocable commitments and contingencies are as follows:

Group	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2021				
Gross carrying amount as at 1 January	42,681,062	3,002,753	29,685	45,713,500
Transferred to Stage 1	1,924,903	(1,924,903)	-	-
Transferred to Stage 2	(3,101,337)	3,101,337	-	-
Transferred to Stage 3	(748)	(1,304)	2,052	-
Net decrease	(476,905)	(281,647)	(3,315)	(761,867)
Balance as at 31 December	41,026,975	3,896,236	28,422	44,951,633
2020				
Gross carrying amount as at 1 January	41,853,055	1,589,279	24,750	43,467,084
Transferred to Stage 1	4,431,707	(4,431,707)	-	-
Transferred to Stage 2	(6,212,319)	6,212,319	-	-
Transferred to Stage 3	(4,478)	(5,476)	9,954	-
Net increase/(decrease)	2,613,097	(361,662)	(5,019)	2,246,416
Balance as at 31 December	42,681,062	3,002,753	29,685	45,713,500

40. Financial Risk Management (Continued)

40.1 Credit risk (Continued)

(g) Expected credit loss allowances (Continued)

Movements in gross carrying amount between stages for irrevocable commitments and contingencies are as follows (Continued):

Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2021				
Gross carrying amount as at 1 January	42,422,605	3,002,753	29,685	45,455,043
Transferred to Stage 1	1,924,903	(1,924,903)	-	-
Transferred to Stage 2	(3,101,337)	3,101,337	-	-
Transferred to Stage 3	(748)	(1,304)	2,052	-
Net decrease	(218,448)	(281,647)	(3,315)	(503,410)
Balance as at 31 December	41,026,975	3,896,236	28,422	44,951,633
2020				
Gross carrying amount as at 1 January	41,502,083	1,589,279	24,750	43,116,112
Transferred to Stage 1	4,431,707	(4,431,707)	-	-
Transferred to Stage 2	(6,212,319)	6,212,319	-	-
Transferred to Stage 3	(4,478)	(5,476)	9,954	-
Net increase/(decrease)	2,705,612	(361,662)	(5,019)	2,338,931
Balance as at 31 December	42,422,605	3,002,753	29,685	45,455,043

Cash and short-term funds

No transfer between stages occurred for the Group's and the Bank's cash and short-term funds during the financial year. Gross balance in Stage 1 as at 31 December 2021 was RM10,094,057,000 (2020: RM6,126,178,000).

Deposits and placements with financial institutions

No transfer between stages occurred for the Group's and the Bank's deposits and placements with financial institutions during the financial year. Gross balance in Stage 1 as at 31 December 2021 was nil (2020: RM1,150,000,000).

Debt instruments at FVOCI

No transfer between stages occurred for the Group's and the Bank's debt instruments at FVOCI during the financial year. Gross balance in Stage 1 as at 31 December 2021 was RM22,093,538,000 (2020: RM25,589,570,000). Gross balance in Stage 3 as at 31 December 2021 was RM49,365,000 (2020: RM49,365,000).

Debt instruments at amortised cost

No transfer between stages occurred for the Group's and the Bank's debt instruments at amortised cost during the financial year. Gross balance in Stage 1 as at 31 December 2021 was RM1,178,155,000 (2020: RM524,854,000).

Other assets

Movement in gross carrying amount between stages for the Group's and the Bank's other assets is as follows:

No transfer between stages occurred for the Group's and the Bank's other assets during the financial year. The Group's gross balances in Stage 1 and Stage 2 as at 31 December 2021 was RM875,353,000 (2020: RM905,604,000) and RM32,396,000 (2020: RM159,615,000) respectively. The Bank's gross balances in Stage 1 and Stage 2 as at 31 December 2021 was RM880,293,000 (2020: RM940,149,000) and RM32,579,000 (2020: RM165,704,000) respectively.

40. Financial Risk Management (Continued)

40.2 Market risk

(i) Foreign exchange risk

Foreign exchange risk is the risk to earnings and economic value of foreign currency assets, liabilities and financial derivatives caused by fluctuations in foreign exchange rates.

Foreign exchange exposures of the Group and the Bank arise mainly from foreign exchange position-taking from proprietary business and customer facilitation business. Foreign exchange contracts and foreign exchange derivatives are utilised by the Group and the Bank to hedge and mitigate the foreign exchange exposures.

Foreign exchange risk is managed through policies which are approved by Board of Directors while the market risk limits approved by the EXCO. The limits are independently monitored by Market Risk Management Department of Risk Management Division.

The Group and the Bank have performed foreign currency sensitivity analysis by using Expected Shortfall (ES) as demonstrated in Note 40.2(iii).

(ii) Interest rate/rate of return risk in the banking book

Interest rate/rate of return risk in the banking book is the impact to earnings and economic value of the Group and the Bank due to fluctuations in interest/profit rates.

Banking book interest rate/rate of return exposure arises from the differences in the maturities and repricing dates of assets, liabilities and off-balance sheet items. These mismatches are actively monitored and managed as part of the overall banking book interest/rate of return risk management process which is conducted in accordance with the policies as approved by the Board.

The Economic Value of Equity (EVE) sensitivity at 100 and 200 basis points parallel interest rate/rate of return shocks were negative RM445 million and RM833 million (2020: negative RM281 million and RM545 million), respectively. This is computed on the banking book for major currencies (Ringgit Malaysia and US Dollar). The reported figures are based on the worst case of an upward and downward parallel movement of the yield curve. The repricing profile of loans/financing and deposits that do not have maturity dates are generally based on the earliest possible repricing dates taking into account the notice period to be served to customers.

40. Financial Risk Management (Continued)

40.2 Market risk (Continued)

(iii) Expected Shortfall (ES)

The Group and the Bank adopt a daily ES to estimate market risk within a 97.5% confidence interval using the historical simulation method. This methodology does not make assumptions on the distribution of returns and the correlations between risk classes. It assumes that possible future changes in market rates may be implied by observed historical market movements. ES is the average portfolio loss, assuming that the loss is greater than the specified percentile of the loss distribution. Market risk stress tests are conducted to complement the daily ES. The table below shows the ES profile by risk classes.

2021	Year end RM'000	High RM'000	Low RM'000	Average RM'000
Interest/profit rate	1,864	9,295	1,573	4,183
Foreign exchange	392	2,967	69	603
Commodities	11	347	2	103
Option volatility	1	311	-	85
Total diversified ES	5,281	18,095	4,274	8,829
2020				
Interest/profit rate	3,375	10,615	883	4,466
Foreign exchange	1,737	3,191	75	868
Commodities	145	560	5	155
Option volatility	135	426	3	113
Total diversified ES	7,843	15,455	2,555	7,794

41. Liquidity Risk

Liquidity risk is the risk that the Group and the Bank is unable to meet its financial obligations as and when they fall due, such as upon maturity of deposits and draw-down of loans.

The Group and the Bank manage liquidity risk in accordance with the liquidity framework approved by the Board and by Board delegated commitees. This framework comprises policies, controls and limits. These controls and policies include setting of cash flow mismatch limits, monitoring of liquidity early warning indicators, stress test analysis of cash flows in liquidity crisis scenarios and establishment of a comprehensive contingency funding plan. The Group and the Bank are also required by the regulators to maintain high quality liquid assets as a buffer against unforeseen liquidity requirements. The main objectives are honouring all cash outflow commitments on an on-going basis, satisfying statutory liquidity and reserve requirements, and avoiding raising funds at market premiums or through forced sale of assets.

41. Liquidity Risk (Continued)

The following table shows the contractual undiscounted cash flows of the Group's and the Bank's assets and liabilities based on remaining contractual maturities. The contractual maturity profile often does not reflect the actual behavioural patterns. In particular, the Bank has a significant amount of "core deposits" of non-bank customers which are contractually at call (included in the "Up to 3 months" time band) but has historically provided a stable source of long-term funding for the Bank.

Group	Up to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	1 to 5 years RM'000	Over 5 years RM'000	Total RM'000
2021						
Assets						
Cash and short-term funds	10,063,363	-	-	-	-	10,063,363
Deposits and placements with financial institutions	-	-	-	-	-	-
Securities purchased under resale agreements	78,093	-	-	-	-	78,093
Financial assets at FVTPL	1,478,762	1,995,284	785,093	330,417	98,943	4,688,499
Debt instruments at FVOCI	1,724,922	2,964,800	2,355,555	11,502,853	4,893,398	23,441,528
Equity instruments at FVOCI	-	-	-	-	157,024	157,024
Debt instruments at amortised cost	39,920	-	42,361	359,567	1,204,668	1,646,516
Other assets	507,836	-	-	-	-	507,836
Derivative financial assets	64,958	38,101	50,724	254,686	107,277	515,746
Loans, advances and financing	20,238,113	4,623,048	4,621,235	26,116,413	57,510,449	113,109,258
Statutory deposits with BNM	-	-	-	-	180,667	180,667
	34,195,967	9,621,233	7,854,968	38,563,936	64,152,426	154,388,530
Liabilities						
Deposits from customers	69,602,253	7,973,195	19,743,926	195,687	-	97,515,061
Deposits and placements of banks and other financial institutions	9,517,140	4,115,522	711,850	20,973	985,104	15,350,589
Obligations on securities sold under repurchase agreements	550,653	-	-	-	-	550,653
Bills and acceptances payable	208,321	-	-	-	-	208,321
Other liabilities	467,725	27,121	15,169	99,523	-	609,538
Derivative financial liabilities	56,334	80,167	88,269	212,823	82,688	520,281
Lease liabilities	164	53	23	14,429	54,786	69,455
Subordinated bonds	-	-	-	-	1,754,241	1,754,241
	80,402,590	12,196,058	20,559,237	543,435	2,876,819	116,578,139
Net maturity mismatches	(46,206,623)	(2,574,825)	(12,704,269)	38,020,501	61,275,607	
Off-balance sheet liabilities						
Credit and commitments	33,873,048	10,276,707	15,535,089	31,338,956	5,364,768	96,388,568
Derivatives	987	5,096	7,528	27,028	(1,817)	38,822
Net maturity mismatches	33,874,035	10,281,803	15,542,617	31,365,984	5,362,951	96,427,390

41. Liquidity Risk (Continued)

Group 2020	Up to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	1 to 5 years RM'000	Over 5 years RM'000	Total RM'000
Assets						
Cash and short-term funds	6,069,511	-	-	-	-	6,069,511
Deposits and placements with financial institutions	1,154,260	-	-	-	-	1,154,260
Securities purchased under resale agreements	1,176,219	-	-	-	-	1,176,219
Financial assets at FVTPL	1,632,497	1,442,807	480,072	695,510	116,554	4,367,440
Debt instruments at FVOCI	4,966,889	2,230,131	2,063,348	14,304,348	3,441,442	27,006,158
Equity instruments at FVOCI	-	-	-	-	158,385	158,385
Debt instruments at amortised cost	201,916	-	42,366	287,005	118,030	649,317
Other assets	650,045	-	-	-	-	650,045
Derivative financial assets	174,209	59,491	124,301	386,936	69,181	814,118
Loans, advances and financing	19,606,704	4,261,969	4,782,066	24,663,541	59,227,940	112,542,220
Statutory deposits with BNM	-	-	-	-	196,451	196,451
	35,632,250	7,994,398	7,492,153	40,337,340	63,327,983	154,784,124
Liabilities						
Deposits from customers	60,598,681	15,910,852	17,254,897	299,145	-	94,063,575
Deposits and placements of banks and other financial institutions	12,987,278	2,813,061	1,887	15,096	1,134,374	16,951,696
Obligations on securities sold under repurchase agreements	925,913	-	-	-	-	925,913
Bills and acceptances payable	205,025	-	-	-	-	205,025
Other liabilities	575,279	22,576	3,515	-	-	601,370
Derivative financial liabilities	548,015	134,861	38,670	291,307	70,061	1,082,914
Lease liabilities	-	-	10,998	22,806	45,396	79,200
Subordinated bonds	-	-	-	-	1,805,462	1,805,462
	75,840,191	18,881,350	17,309,967	628,354	3,055,293	115,715,155
Net maturity mismatches	(40,207,941)	(10,886,952)	(9,817,814)	39,708,986	60,272,690	
Off-balance sheet liabilities						
Credit and commitments	28,444,762	8,813,102	13,909,899	31,655,608	4,877,405	87,700,776
Derivatives	6,209	8,896	27,303	188,051	(3,559)	226,900
Net maturity mismatches	28,450,971	8,821,998	13,937,202	31,843,659	4,873,846	87,927,676

41. Liquidity Risk (Continued)

Bank 2021	Up to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	1 to 5 years RM'000	Over 5 years RM'000	Total RM'000
Assets						
Cash and short-term funds	10,063,363	-	-	-	-	10,063,363
Deposits and placements with financial institutions	-	-	-	-	-	-
Securities purchased under resale agreements	78,093	-	-	-	-	78,093
Financial assets at FVTPL	1,478,762	1,995,284	785,093	330,417	98,943	4,688,499
Debt instruments at FVOCI	1,724,922	2,964,800	2,355,555	11,502,853	4,893,398	23,441,528
Equity instruments at FVOCI	-	-	-	-	157,024	157,024
Debt instruments at amortised cost	39,920	-	42,361	359,567	1,204,668	1,646,516
Other assets	507,836	-	-	-	-	507,836
Derivative financial assets	64,958	38,101	50,724	254,686	107,277	515,746
Loans, advances and financing	20,238,113	4,623,048	4,621,235	26,116,413	57,601,733	113,200,542
Statutory deposits with BNM	-	-	-	-	180,667	180,667
	34,195,967	9,621,233	7,854,968	38,563,936	64,243,710	154,479,814
Liabilities						
Deposits from customers	69,629,745	7,973,195	19,743,926	195,687	-	97,542,553
Deposits and placements of banks and other financial institutions	9,517,160	4,115,522	711,850	20,973	985,104	15,350,609
Obligations on securities sold under repurchase agreements	550,653	-	-	-	-	550,653
Bills and acceptances payable	208,321	-	-	-	-	208,321
Other liabilities	467,725	27,121	15,169	99,523	-	609,538
Derivative financial liabilities	56,334	80,167	88,269	212,823	82,688	520,281
Lease liabilities	164	53	23	14,429	110,926	125,595
Subordinated bonds	-	-	-	-	1,754,241	1,754,241
	80,430,102	12,196,058	20,559,237	543,435	2,932,959	116,661,791
Net maturity mismatches	(46,234,135)	(2,574,825)	(12,704,269)	38,020,501	61,310,751	
Off-balance sheet liabilities						
Credit and commitments	33,873,048	10,276,707	15,535,089	31,338,956	5,258,147	96,281,947
Derivatives	987	5,096	7,528	27,028	(1,817)	38,822
Net maturity mismatches	33,874,035	10,281,803	15,542,617	31,365,984	5,256,330	96,320,769

41. Liquidity Risk (Continued)

Bank 2020	Up to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	1 to 5 years RM'000	Over 5 years RM'000	Total RM'000
Assets						
Cash and short-term funds	6,069,511	-	-	-	-	6,069,511
Deposits and placements with financial institutions	1,154,260	-	-	-	-	1,154,260
Securities purchased under resale agreements	1,176,219	-	-	-	-	1,176,219
Financial assets at FVTPL	1,632,497	1,442,807	480,072	695,510	116,554	4,367,440
Debt instruments at FVOCI	4,966,889	2,230,131	2,063,348	14,304,348	3,441,442	27,006,158
Equity instruments at FVOCI	-	-	-	-	158,385	158,385
Debt instruments at amortised cost	201,916	-	42,366	287,005	118,030	649,317
Other assets	650,045	-	-	-	-	650,045
Derivative financial assets	174,209	59,491	124,301	386,936	69,181	814,118
Loans, advances and financing	19,606,704	4,261,969	4,782,066	24,663,541	59,329,648	112,643,928
Statutory deposits with BNM	-	-	-	-	196,451	196,451
	35,632,250	7,994,398	7,492,153	40,337,340	63,429,691	154,885,832
Liabilities						
Deposits from customers	60,688,597	15,910,852	17,254,897	299,145	-	94,153,491
Deposits and placements of banks and other financial institutions	12,987,298	2,813,061	1,887	15,096	1,134,374	16,951,716
Obligations on securities sold under repurchase agreements	925,913	-	-	-	-	925,913
Bills and acceptances payable	205,025	-	-	-	-	205,025
Other liabilities	575,279	22,576	3,515	-	-	601,370
Derivative financial liabilities	548,015	134,861	38,670	291,307	70,061	1,082,914
Lease liabilities	-	-	10,998	22,806	120,004	153,808
Subordinated bonds	-	-	-	-	1,805,462	1,805,462
	75,930,127	18,881,350	17,309,967	628,354	3,129,901	115,879,699
Net maturity mismatches	(40,297,877)	(10,886,952)	(9,817,814)	39,708,986	60,299,790	
Off-balance sheet liabilities						
Credit and commitments	28,444,762	8,813,102	13,909,899	31,655,608	4,618,947	87,442,318
Derivatives	6,209	8,896	27,303	188,051	(3,559)	226,900
Net maturity mismatches	28,450,971	8,821,998	13,937,202	31,843,659	4,615,388	87,669,218

The Group and the Bank are subject to liquidity requirements to support calls under outstanding contingent liabilities and undrawn credit facility commitments as disclosed in Note 38. These have been incorporated in the net off-balance sheet positions for the financial years ended 31 December 2021 and 31 December 2020. The total outstanding contractual amounts of these items do not represent future cash requirements since the Group and the Bank expect many of these contingent liabilities and commitments (such as direct credit substitutes and undrawn credit facilities) to expire without being called or drawn upon, and many of the contingent liabilities (such as letters of credit) are reimbursable by customers.

42. Maturity Analysis of Assets and Liabilities

The following table shows an analysis of when the Group's and the Bank's assets and liabilities are expected to be recovered or settled.

Group	Within 12 months RM'000	After 12 months RM'000	Total RM'000
2021			
Assets			
Cash and short-term funds	10,063,224	-	10,063,224
Deposits and placements with financial institutions	-	-	-
Securities purchased under resale agreements	77,705	-	77,705
Financial assets at FVTPL	4,229,093	365,060	4,594,153
Debt instruments at FVOCI	8,043,578	14,099,325	22,142,903
Equity instruments at FVOCI	-	157,024	157,024
Debt instruments at amortised cost	80,313	1,096,067	1,176,380
Other assets	890,525	10,730	901,255
Derivative financial assets	153,783	361,963	515,746
Loans, advances and financing	27,190,541	60,522,193	87,712,734
Statutory deposits with BNM	-	180,667	180,667
Investment in an associate	-	9,747	9,747
Property, plant and equipment	-	1,135,441	1,135,441
Right-of-use assets	240	65,808	66,048
Deferred tax assets	-	262,147	262,147
Total assets	50,729,002	78,266,172	128,995,174
Liabilities			
Deposits from customers	96,892,496	181,849	97,074,345
Deposits and placements of banks and other financial institutions	14,338,423	1,006,077	15,344,500
Obligations on securities sold under repurchase agreements	546,768	-	546,768
Bills and acceptances payable	208,321	-	208,321
Other liabilities	1,679,105	216,204	1,895,309
Derivative financial liabilities	224,769	295,512	520,281
Tax payable	155,402	-	155,402
Lease liabilities	240	69,215	69,455
Subordinated bonds	-	1,363,268	1,363,268
Deferred tax liabilities	-	30,005	30,005
Total liabilities	114,045,524	3,162,130	117,207,654
Net mismatch	(63,316,522)	75,104,042	11,787,520

42. Maturity Analysis of Assets and Liabilities (Continued)

Group 2020	Within 12 months RM'000	After 12 months RM'000	Total RM'000
Assets			
Cash and short-term funds	6,069,508	-	6,069,508
Deposits and placements with financial institutions	1,149,710	-	1,149,710
Securities purchased under resale agreements	1,170,004	-	1,170,004
Financial assets at FVTPL	3,541,712	804,687	4,346,399
Debt instruments at FVOCI	9,371,472	16,267,463	25,638,935
Equity instruments at FVOCI	-	158,385	158,385
Debt instruments at amortised cost	54,738	465,106	519,844
Other assets	1,050,156	10,774	1,060,930
Derivative financial assets	358,001	456,117	814,118
Loans, advances and financing	26,357,498	59,149,066	85,506,564
Statutory deposits with BNM	-	196,451	196,451
Investment in an associate	-	9,637	9,637
Property, plant and equipment	-	919,556	919,556
Right-of-use assets	10,138	66,836	76,974
Deferred tax assets	-	74,577	74,577
Total assets	49,132,937	78,578,655	127,711,592
Liabilities			
Deposits from customers	93,317,361	273,111	93,590,472
Deposits and placements of banks and other financial institutions	15,799,288	1,149,469	16,948,757
Obligations on securities sold under repurchase agreements	924,777	-	924,777
Bills and acceptances payable	205,025	-	205,025
Other liabilities	1,685,112	220,412	1,905,524
Derivative financial liabilities	721,546	361,368	1,082,914
Tax payable	118,789	-	118,789
Lease liabilities	10,998	68,202	79,200
Subordinated bonds	-	1,377,166	1,377,166
Deferred tax liabilities	-	18,843	18,843
Total liabilities	112,782,896	3,468,571	116,251,467
Net mismatch	(63,649,959)	75,110,084	11,460,125

42. Maturity Analysis of Assets and Liabilities (Continued)

Bank 2021	Within 12 months RM'000	After 12 months RM'000	Total RM'000
Assets			
Cash and short-term funds	10,063,224	-	10,063,224
Deposits and placements with financial institutions	-	-	-
Securities purchased under resale agreements	77,705	-	77,705
Financial assets at FVTPL	4,229,093	365,060	4,594,153
Debt instruments at FVOCI	8,043,578	14,099,325	22,142,903
Equity instruments at FVOCI	-	157,024	157,024
Debt instruments at amortised cost	80,313	1,096,067	1,176,380
Other assets	892,768	10,730	903,498
Derivative financial assets	153,783	361,963	515,746
Loans, advances and financing	27,190,541	60,613,477	87,804,018
Statutory deposits with BNM	-	180,667	180,667
Investment in subsidiaries	-	530,020	530,020
Investment in an associate	-	13,522	13,522
Property, plant and equipment	-	372,868	372,868
Right-of-use assets	240	118,050	118,290
Deferred tax assets	-	262,147	262,147
Total assets	50,731,245	78,180,920	128,912,165
Liabilities			
Deposits from customers	96,919,988	181,849	97,101,837
Deposits and placements of banks and other financial institutions	14,338,443	1,006,077	15,344,520
Obligations on securities sold under repurchase agreements	546,768	-	546,768
Bills and acceptances payable	208,321	-	208,321
Other liabilities	1,673,629	216,204	1,889,833
Derivative financial liabilities	224,769	295,512	520,281
Tax payable	154,823	-	154,823
Lease liabilities	240	125,355	125,595
Subordinated bonds	-	1,363,268	1,363,268
Total liabilities	114,066,981	3,188,265	117,255,246
Net mismatch	(63,335,736)	74,992,655	11,656,919

42. Maturity Analysis of Assets and Liabilities (Continued)

Bank 2020	Within 12 months RM'000	After 12 months RM'000	Total RM'000
Assets			
Cash and short-term funds	6,069,508	-	6,069,508
Deposits and placements with financial institutions	1,149,710	-	1,149,710
Securities purchased under resale agreements	1,170,004	-	1,170,004
Financial assets at FVTPL	3,541,712	804,687	4,346,399
Debt instruments at FVOCI	9,371,472	16,267,463	25,638,935
Equity instruments at FVOCI	-	158,385	158,385
Debt instruments at amortised cost	54,738	465,106	519,844
Other assets	1,090,790	10,774	1,101,564
Derivative financial assets	358,001	456,117	814,118
Loans, advances and financing	26,357,498	59,250,774	85,608,272
Statutory deposits with BNM	-	196,451	196,451
Investment in subsidiaries	-	400,020	400,020
Investment in an associate	-	13,522	13,522
Property, plant and equipment	-	319,484	319,484
Right-of-use assets	10,137	138,614	148,751
Deferred tax assets	-	74,577	74,577
Total assets	49,173,570	78,555,974	127,729,544
Liabilities			
Deposits from customers	93,407,277	273,111	93,680,388
Deposits and placements of banks and other financial institutions	15,799,308	1,149,469	16,948,777
Obligations on securities sold under repurchase agreements	924,777	-	924,777
Bills and acceptances payable	205,025	-	205,025
Other liabilities	1,686,697	220,412	1,907,109
Derivative financial liabilities	721,546	361,368	1,082,914
Tax payable	118,107	-	118,107
Lease liabilities	10,998	142,810	153,808
Subordinated bonds	-	1,377,166	1,377,166
Total liabilities	112,873,735	3,524,336	116,398,071
Net mismatch	(63,700,165)	75,031,638	11,331,473

43. Offsetting Financial Assets and Financial Liabilities

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements are as follows:

Group and Bank	Gross amount recognised as financial assets/ liabilities RM'000	Gross amount offset in the statements of financial position RM'000	Amount presented in the statements of financial position RM'000	Amount not set-off in the statements of financial position	
				Cash collateral received/ pledged RM'000	Net amount RM'000
2020					
Financial assets					
Derivative financial assets	515,746	-	515,746	(75,618)	440,128
Financial liabilities					
Derivative financial liabilities	520,281	-	520,281	(99,766)	420,515
2020					
Financial assets					
Derivative financial assets	814,118	-	814,118	(129,043)	685,075
Financial liabilities					
Derivative financial liabilities	1,082,914	-	1,082,914	(266,299)	816,615

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Derivatives and reverse repurchase agreements included in the amount not set-off in the statements of financial position relate to transactions where:

(i) the counterparty has an offsetting exposure with the Group and the Bank and a master netting or similar arrangements is in place with a right to set-off only in the event of default, insolvency or bankruptcy; and

(ii) cash and securities are received or cash pledged in respect of the transaction described above.

44. Segment Information

Operating segments

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

The Group's businesses are organised into the following four segments based on the types of products and services that it provides:

Retail

The Retail segment covers Personal Financial Services, Business and Private Banking. Personal Financial Services serves the individual customers, offers a wide range of products and services, including deposits, loans, credit and debit cards, insurance products, and also provides an extended range of financial services, including wealth management to wealthy and affluent customers. Private Banking caters to high net worth individuals and accredited investors, offering a wide range of products and services, including deposits, loans, credit and debit cards, insurance products, and also provides financial advisory on an extended range of financial services, including wealth management products. Business Banking serves small enterprises, offers a range of products and services, including deposits, loans, trade, foreign exchange and insurance products.

Wholesale Banking (WB)

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

Global Markets (GM)

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

Others

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

44. Segment Information (Continued)

Operating segments (Continued)

Group	Retail RM'000	WB RM'000	GM RM'000	Others RM'000	Total segments RM'000	Eliminations RM'000	Total RM'000
2021							
Operating income	1,620,052	1,202,932	269,181	279,231	3,371,396	(23,549)	3,347,847
Other operating expenses	(824,299)	(304,134)	(81,825)	(164,863)	(1,375,121)	22,240	(1,352,881)
Allowances for ECL	(232,666)	(250,351)	-	(233)	(483,250)	2,508	(480,742)
(Impairment loss)/write-back of impairment loss on property, plant and equipment	-	-	-	(3,188)	(3,188)	-	(3,188)
Share of net profit of an associate	-	-	-	110	110	-	110
Profit before taxation	563,087	648,447	187,356	111,057	1,509,947	1,199	1,511,146
Income tax expense							(369,087)
							1,142,059
Other information							
Gross loans, advances and financing	54,564,075	35,131,025	-	360,776	90,055,876	(92,193)	89,963,683
Deposits from customers	64,982,903	32,115,059	-	3,875	97,101,837	(27,492)	97,074,345
Inter-segment operating income/(expense)	211,249	(12,299)	(453,822)	278,421	23,549	(23,549)	-
Depreciation of property, plant and equipment and right-of-use assets	29,218	8,818	4,199	81,032	123,267	(17,612)	105,655
2020							
Operating income	1,602,110	1,159,713	444,111	26,859	3,232,793	(23,627)	3,209,166
Other operating expenses	(771,480)	(278,293)	(81,120)	(174,020)	(1,304,913)	24,841	(1,280,072)
Allowances for ECL	(375,609)	(208,102)	-	(228)	(583,939)	(48)	(583,987)
(Impairment loss)/write-back of impairment loss on property, plant and equipment	-	-	-	1,751	1,751	-	1,751
Share of net profit of an associate	-	-	-	104	104	-	104
Profit before taxation	455,021	673,318	362,991	(145,534)	1,345,796	1,166	1,346,962
Income tax expense							(328,959)
							1,018,003
Other information							
Gross loans, advances and financing	54,792,150	32,484,471	-	285,483	87,562,104	(102,957)	87,459,147
Deposits from customers	65,032,675	28,636,988	-	10,725	93,680,388	(89,916)	93,590,472
Inter-segment operating income/(expense)	505,409	(50,464)	(468,371)	37,053	23,627	(23,627)	-
Depreciation of property, plant and equipment	25,451	8,202	4,518	72,943	111,114	(19,420)	91,694

44. Segment Information (Continued)

Operating segments (Continued)

	Group	
	2021 RM'000	2020 RM'000
Reconciliation of profit before taxation		
Segment profit	1,509,947	1,345,796
Eliminations		
Interest income		
- Interest income from loans, advances and financing	(3,177)	(4,288)
Interest expense		
- Deposits from customers	4,728	7,471
Fee income		
- Service charges and fees	(1,657)	(2,458)
Dividend income	-	(784)
Other income		
- Rental income from operating leases	(23,443)	(23,568)
	(23,549)	(23,627)
Allowance for/(write-back of) ECL	2,508	(48)
Establishment related expenses		
- Depreciation of property, plant and equipment	81	(83)
- Depreciation of right-of-use assets	17,531	19,503
- Others	4,628	5,421
	22,240	24,841
Profit before taxation	1,511,146	1,346,962

45. Capital Management and Capital Adequacy

The Group's and the Bank's capital management objective is to maintain an optimal level of capital. Policies are set to ensure that the capital maintained is adequate to support business growth, taking into consideration regulatory requirements, the underlying risk of the Group's and the Bank's business and other factors such as rating targets. The policies endorsed by the Board of Directors are overseen by senior management.

The Group and the Bank compute capital adequacy ratios in accordance with BNM's guidelines. Total risk-weighted assets (RWA) are computed based on the Internal Rating Based Approach (IRBA) for Credit Risk, Standardised Approach for Market Risk and Basic Indicator Approach for Operational Risk.

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Common Equity Tier 1 (CET1)/Tier 1 Capital				
Paid-up share capital	792,555	792,555	792,555	792,555
Retained profits	10,809,329	10,174,394	10,878,366	10,236,774
Other reserves	185,636	493,176	(14,002)	302,144
Regulatory adjustments applied in the calculation of CET1 Capital	(532,347)	(469,918)	(899,615)	(704,740)
Total CET1/Tier 1 Capital	11,255,173	10,990,207	10,757,304	10,626,733
Tier 2 Capital				
Tier 2 Capital instruments	1,350,000	1,350,000	1,350,000	1,350,000
Loan/financing loss provision				
- Surplus eligible provisions over expected losses	312,387	298,644	312,822	299,172
- General provisions	26,425	30,000	15,541	19,249
Regulatory adjustments applied in the calculation of Tier 2 Capital	86,731	82,858	-	-
Total Tier 2 Capital	1,775,543	1,761,502	1,678,363	1,668,421
Total Capital	13,030,716	12,751,709	12,435,667	12,295,154

45. Capital Management and Capital Adequacy (Continued)

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

	Group		Bank	
	2021	2020	2021	2020
CET1/Tier 1 Capital	17.740%	18.407%	17.171%	18.030%
Total Capital	20.538%	21.358%	19.850%	20.861%
CET1/Tier 1 Capital (net of proposed dividends)	17.740%	17.558%	17.171%	17.170%
Total Capital (net of proposed dividends)	20.538%	20.508%	19.850%	20.001%

The capital adequacy ratios of the Group and the Bank are computed in accordance with BNM's Capital Adequacy Framework (Capital Components) issued on 9 December 2020 and Capital Adequacy Framework (Basel II – Risk-Weighted Assets) issued on 3 May 2019.

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

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Total RWA for credit risk	56,467,374	52,985,316	55,669,148	52,213,236
Total RWA for market risk	1,137,181	1,066,648	1,137,181	1,066,648
Total RWA for operational risk	5,840,780	5,653,531	5,843,126	5,658,697
	63,445,335	59,705,495	62,649,455	58,938,581

46. Credit Exposure Arising from Credit Transactions with Connected Parties

	Group and Bank	
	2021	2020
Outstanding credit exposures with connected parties (RM'000)	1,202,508	2,444,468
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	1.335%	2.792%
Percentage of outstanding credit exposures to connected parties which is impaired or in default	0.079%	0.081%

The credit exposures above are derived based on BNM's revised Guidelines on Credit Transactions and Exposures with Connected Parties issued on 16 July 2014.

47. Islamic Banking Operations

Statement of financial position
As at 31 December 2021

	Note	2021 RM'000	2020 RM'000
Assets			
Cash and short-term funds	a	1,686,916	1,126,268
Debt instruments at FVOCI	b	1,973,099	599,582
Debt Instruments at amortised cost	c	98,974	99,721
Other assets	e	4,167	2,565
Derivative financial assets	f	1,964	8,729
Financing, advances and others	d	7,859,764	6,619,287
Plant and equipment		4,363	5,190
Deferred tax assets		10,993	9,975
Total assets		11,640,240	8,471,317
Liabilities and Islamic Banking funds			
Deposits from customers	g	5,134,316	4,432,076
Investment accounts due to a designated financial institution	h	2,755,451	1,397,425
Deposits and placements of banks and other financial institutions	i	3,159,928	2,089,319
Bills and acceptances payable		599	1,277
Other liabilities	j	121,786	79,771
Derivative financial liabilities	f	1,711	10,296
Tax payable		3,154	4,580
Total liabilities		11,176,945	8,014,744
Capital fund		450,000	450,000
Reserves		13,295	6,573
Islamic Banking funds	k	463,295	456,573
Total liabilities and Islamic Banking funds		11,640,240	8,471,317
Commitments and contingencies	s	2,780,689	1,739,540

The notes on pages 219 to 239 are integral part of the financial statements.

47. Islamic Banking Operations (Continued)

Statements of profit or loss and other comprehensive income
For the financial year ended 31 December 2021

	Note	2021 RM'000	2020 RM'000
Income derived from depositors' funds	l	259,529	199,688
Income derived from investment of Islamic Banking funds	m	26,666	21,013
Income derived from investment of investment account funds	n	65,835	34,270
(Allowances for)/write-back of ECL on:			
Financing, advances and others	o	(97,779)	(37,573)
Other financial assets	o	193	(182)
Commitment and contingencies	o	(1,166)	(2,312)
Total attributable income		253,278	214,904
Income attributable to depositors	p	(158,202)	(157,283)
Income attributable to an investment account holder	q	(52,668)	(27,416)
Total net income		42,408	30,205
Other operating expenses	r	(31,933)	(30,579)
Profit/(loss) for the year before taxation		10,475	(374)
Income tax expense		(2,525)	83
Profit/(loss) for the year after taxation		7,950	(291)
Other comprehensive (loss)/income:			
Items that will be reclassified subsequently to income statements:			
Net fair value changes in debt instruments at FVOCI		(1,616)	(1,195)
Income tax effect		388	287
Total other comprehensive loss for the year, net of tax		(1,228)	(908)
Total comprehensive income/(loss) for the year		6,722	(1,199)

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

	2021 RM'000	2020 RM'000
Income derived from depositors' funds	259,529	199,688
Income derived from investment of Islamic Banking funds	26,666	21,013
Income derived from investment of investment account funds	65,835	34,270
Income attributable to depositors	(158,202)	(157,283)
Income attributable to an investment account holder	(52,668)	(27,416)
Net income from Islamic Banking operations reported in the income statements of the Group and Bank	141,160	70,272

47. Islamic Banking Operations (Continued)

Statement of changes in Islamic Banking funds
For the financial year ended 31 December 2021

	Capital fund RM'000	FVOCI reserve RM'000	Retained profit/ (accumulated losses) RM'000	Total RM'000
2021				
Balance as at 1 January 2021	450,000	262	6,311	456,573
Profit for the year	-	-	7,950	7,950
Other comprehensive loss	-	(1,228)	-	(1,228)
Total comprehensive (loss)/income	-	(1,228)	7,950	6,722
Balance as at 31 December 2021	450,000	(966)	14,261	463,295
2020				
Balance as at 1 January 2020	450,000	1,170	6,602	457,772
Loss for the year	-	-	(291)	(291)
Other comprehensive loss	-	(908)	-	(908)
Total comprehensive loss	-	(908)	(291)	(1,199)
Balance as at 31 December 2020	450,000	262	6,311	456,573

47. Islamic Banking Operations (Continued)

Statement of cash flows
For the financial year ended 31 December 2021

	Note	2021 RM'000	2020 RM'000
Cash flows from operating activities			
Profit/(loss) before taxation		10,475	(374)
Adjustments for:			
Profit income from financial instruments at FVOCI	l, m, n	(37,023)	(22,857)
Allowances for/(write-back of) ECL on:			
Financing, advances and others	o	97,779	37,573
Other financial assets	o	(193)	182
Commitments and contingencies	o	1,166	2,312
Depreciation of plant and equipment	r	862	861
Trading income	l, m	(3,233)	(2,281)
Operating income before working capital changes		69,833	15,416
(Increase)/decrease in operating assets:			
Financing, advances and others		(1,338,256)	(2,303,683)
Derivative financial assets		9,998	(3,811)
Statutory deposits with BNM		-	90,000
Other assets		(1,600)	9,476
		(1,329,858)	(2,208,018)
Increase/(decrease) in operating liabilities:			
Deposits from customers		702,240	154,958
Investment accounts due to designated financial institution		1,358,026	1,024,378
Deposits and placements of banks and other financial institutions		1,070,609	1,115,433
Derivative financial liabilities		(8,585)	7,239
Other liabilities		40,849	(2,236)
Bills and acceptances payable		(678)	475
		3,162,461	2,300,247
Cash generated from operations		1,902,436	107,645
Tax paid		(4,581)	(4,406)
Net cash generated from operating activities		1,897,855	103,239

47. Islamic Banking Operations (Continued)

Statement of cash flows (Continued)
For the financial year ended 31 December 2021 (Continued)

	Note	2021 RM'000	2020 RM'000
Cash flows from investing activities			
Purchase of property, plant and equipment		(35)	(21)
Profit income from financial instruments at FVOCI		37,023	22,857
(Purchase)/net disposal of debt instruments at FVOCI		(1,375,480)	1,051,741
Net disposal/(purchase) of debt instruments on AC		1,000	(100,000)
Net cash (used in)/generated from investing activities		(1,337,492)	974,577
Net increase in cash and cash equivalents		560,363	1,077,816
Cash and cash equivalents at beginning of the year		1,127,539	49,723
Cash and cash equivalents at end of the year		1,687,902	1,127,539
Analysis of cash and cash equivalents			
Cash and short-term funds	a	1,687,902	1,127,539
Less: Allowances for ECL	a	(986)	(1,271)
		1,686,916	1,126,268

(a) Cash and short-term funds

	2021 RM'000	2020 RM'000
Cash and balances with banks and other financial institutions	680,902	390,539
Money at call and deposit placements maturing within one month	1,007,000	737,000
	1,687,902	1,127,539
Less: Allowances for ECL	(986)	(1,271)
	1,686,916	1,126,268

47. Islamic Banking Operations (Continued)

(a) Cash and short-term funds (Continued)

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

2021	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL non credit-impaired RM'000	Stage 3 Lifetime ECL credit-impaired RM'000	Total ECL RM'000
At 1 January	1,271	-	-	1,271
Allowances made	1,576	-	-	1,576
Maturity/settlement/repayment	(1,861)	-	-	(1,861)
	(285)	-	-	(285)
At 31 December	986	-	-	986
2020				
At 1 January	1,097	-	-	1,097
Allowances made	542	-	-	542
Maturity/settlement/repayment	(368)	-	-	(368)
	174	-	-	174
At 31 December	1,271	-	-	1,271

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

	2021 RM'000	2020 RM'000
Money market instruments		
Government Islamic investments	1,973,099	599,582

47. Islamic Banking Operations (Continued)

(b) Debt instruments at FVOCI (Continued)

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

2021	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL non credit-impaired RM'000	Stage 3 Lifetime ECL credit-impaired RM'000	Total ECL RM'000
At 1 January	62	-	-	62
Allowances made	425	-	-	425
Maturity/settlement/repayment	(78)	-	-	(78)
	347	-	-	347
At 31 December	409	-	-	409
2020				
At 1 January	336	-	-	336
Allowances made	63	-	-	63
Maturity/settlement/repayment	(337)	-	-	(337)
	(274)			(274)
At 31 December	62			62

(c) Debt instruments at amortised cost

	2021 RM'000	2020 RM'000
Private debt securities of companies incorporated in Malaysia		
Unquoted corporate sukuk	99,000	100,000
Less: Allowances for ECL	(26)	(279)
	98,974	99,721

47. Islamic Banking Operations (Continued)

(c) Debt instruments at amortised cost (Continued)

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

2021	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL non credit-impaired RM'000	Stage 3 Lifetime ECL credit-impaired RM'000	Total ECL RM'000
At 1 January	279	-	-	279
Maturity/settlement/repayment	(253)	-	-	(253)
	(253)	-	-	(253)
At 31 December	26	-	-	26
2020				
At 1 January	-	-	-	-
Allowances made	291	-	-	291
Maturity/settlement/repayment	(12)	-	-	(12)
	279	-	-	279
At 31 December	279	-	-	279

(d) Financing, advances and others

(i) Financing by type of Shariah contract:

	Sale based contracts			
2021	Tawarruq RM'000	Murabahah RM'000	Bai Al-Dayn RM'000	Total RM'000
Term financing and revolving credits				
- Housing financing	2,971,221	-	-	2,971,221
- Others term financing	4,920,719	-	-	4,920,719
Trust receipt	-	11,407	-	11,407
Claim on customers under acceptance credit	-	116,844	422	117,266
Gross financing, advances and others	7,891,940	128,251	422	8,020,613
Allowances for ECL on financing, advances and others				
- Stage 1 - 12-month ECL				(16,663)
- Stage 2 - Lifetime ECL non-credit impaired				(38,497)
- Stage 3 - Lifetime ECL credit-impaired				(105,689)
Net financing, advances and others				7,859,764

47. Islamic Banking Operations (Continued)

(d) Financing, advances and others (Continued)

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

2020	Sale based contracts Tawarruq RM'000	Murabahah RM'000	Bai Al-Dayn RM'000	Total RM'000
Term financing and revolving credits				
- Housing financing	2,546,577	-	-	2,546,577
- Others term financing	4,051,967	-	-	4,051,967
Trust receipt	-	15,541	-	15,541
Claim on customers under acceptance credit	-	80,351	1,242	81,593
Gross financing, advances and others	6,598,544	95,892	1,242	6,695,678
Allowances for ECL on financing, advances and others				
- Stage 1 - 12-month ECL				(20,975)
- Stage 2 - Lifetime ECL non-credit impaired				(34,732)
- Stage 3 - Lifetime ECL credit-impaired				(20,684)
Net financing, advances and others				6,619,287

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

As at 31 December 2021, the gross exposure and ECL relating to RSIA financing amounting to RM2,149,834,281 (2020: RM1,371,993,842) and RM21,078,898 (2020: RM18,574,864) respectively.

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

	2021 RM'000	2020 RM'000
Maturing within one year	644,691	764,442
One year to three years	214,329	60,529
Three years to five years	1,929,348	1,259,523
Over five years	5,232,245	4,611,184
	8,020,613	6,695,678

47. Islamic Banking Operations (Continued)

(d) Financing, advances and others (Continued)

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

	2021 RM'000	2020 RM'000
Domestic non-banking financial institutions		
- Others	1,023,164	1,014,590
Domestic business enterprises		
- Small and medium enterprises	1,881,633	1,717,267
- Others	1,903,068	1,188,433
Individuals	3,067,824	2,640,821
Foreign entities	144,924	134,567
	8,020,613	6,695,678

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

	2021 RM'000	2020 RM'000
Fixed rate		
- Other fixed rate financing	1,371,338	1,355,749
Variable rate		
- Base rate/base financing rate-plus	4,361,157	3,788,362
- Cost-plus	2,288,118	1,551,567
	8,020,613	6,695,678

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

	2021 RM'000	2020 RM'000
Agriculture, hunting, forestry and fishing	321,952	509,375
Mining and quarrying	90,303	96,819
Manufacturing	1,162,244	464,879
Electricity, gas and water	250,684	56,921
Construction	461,685	442,653
Wholesale, retail trade, restaurants and hotels	888,993	719,588
Transport, storage and communication	124,830	120,339
Finance, insurance and business services	1,201,400	1,180,935
Real estate	272,041	302,114
Community, social and personal services	33,731	26,666
Households		
- purchase of residential properties	2,979,193	2,553,839
- purchase of non-residential properties	170,186	160,022
- others	63,371	61,528
	8,020,613	6,695,678

47. Islamic Banking Operations (Continued)

(d) Financing, advances and others (Continued)

(vi) Movements in the allowances for ECL on financing, advances and others:

2021	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL non credit-impaired RM'000	Stage 3 Lifetime ECL credit-impaired RM'000	Total ECL RM'000
At 1 January	20,975	34,732	20,684	76,391
Transferred to Stage 1	2,642	(19,561)	(28)	(16,947)
Transferred to Stage 2	(3,749)	8,420	(38)	4,633
Transferred to Stage 3	(248)	(1,657)	89,451	87,546
Allowances made	13,430	33,652	4,840	51,922
Maturity/settlement/repayment	(16,387)	(17,089)	(1,242)	(34,718)
Net total (Note (o))	(4,312)	3,765	92,983	92,436
Amounts written-off	-	-	(6,786)	(6,786)
Other movements	-	-	(1,192)	(1,192)
At 31 December	16,663	38,497	105,689	160,849
2020				
At 1 January	10,763	27,330	7,115	45,208
Transferred to Stage 1	1,217	(7,722)	-	(6,505)
Transferred to Stage 2	(2,884)	17,670	(105)	14,681
Transferred to Stage 3	(282)	(1,605)	3,263	1,376
Allowances made	75,965	7,591	16,337	99,893
Maturity/settlement/repayment	(63,804)	(8,532)	(2,917)	(75,253)
Net total (Note (o))	10,212	7,402	16,578	34,192
Amounts written-off	-	-	(1,956)	(1,956)
Other movements	-	-	(1,053)	(1,053)
At 31 December	20,975	34,732	20,684	76,391

47. Islamic Banking Operations (Continued)

(d) Financing, advances and others (Continued)

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

	2021 RM'000	2020 RM'000
At 1 January	75,903	38,486
Classified as credit-impaired during the financial year	138,292	42,179
Amount recovered	(9,863)	(2,072)
Reclassified as non credit-impaired	(931)	(1,082)
Amount written-off	(6,194)	(1,608)
Gross credit-impaired financing, advances and others	197,207	75,903
Allowances for ECL	(105,689)	(20,684)
Net credit-impaired financing, advances and others	91,518	55,219
Ratio of net credit-impaired financing, advances and others to gross financing, advances and others less allowances for ECL on credit-impaired provision	1.1%	0.8%

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

	2021 RM'000	2020 RM'000
Mining and quarrying	81,750	-
Manufacturing	18,544	15,485
Construction	3,348	4,386
Wholesale, retail trade, restaurants and hotels	10,040	10,006
Transport, storage and communication	3,315	-
Finance, insurance and business services	680	-
Households		
- purchase of residential properties	78,045	45,488
- purchase of non-residential properties	1,342	538
- others	143	-
	197,207	75,903

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

	2021 RM'000	2020 RM'000
In Malaysia	197,207	75,903

47. Islamic Banking Operations (Continued)

(e) Other assets

	2021 RM'000	2020 RM'000
Other receivables, deposits and prepayments	213	1,187
Profit receivable	3,957	1,383
Less: Allowances for ECL	(3)	(5)
	4,167	2,565

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

2021	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL non credit-impaired RM'000	Stage 3 Lifetime ECL credit-impaired RM'000	Total ECL RM'000
At 1 January	3	2	-	5
Write-back for the financial year	(1)	(1)	-	(2)
At 31 December	2	1	-	3
2020				
At 1 January	1	1	-	2
Allowances for the financial year	2	1	-	3
At 31 December	3	2	-	5

47. Islamic Banking Operations (Continued)

(f) Financial derivatives

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

The fair value of the financial derivatives are as follows:

	Contract or underlying principal amount RM'000	Positive fair value RM'000	Negative fair value RM'000
2021			
Foreign exchange contracts			
- Forwards	392,992	1,964	1,135
- Profit rate swaps	362,880	-	576
		1,964	1,711
2020			
Foreign exchange contracts			
- Forwards	435,412	8,729	10,296

(g) Deposits from customers

(i) By type of deposits:

	2021 RM'000	2020 RM'000
Non-mudharabah fund		
Demand deposits		
- Qard	728,088	378,200
Savings deposits		
- Qard	58,384	37,970
Fixed deposits		
- Tawarruq	3,752,842	3,930,154
Other deposits		
- Tawarruq	595,002	85,752
	5,134,316	4,432,076

47. Islamic Banking Operations (Continued)

(g) Deposits from customers (Continued)

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

	2021 RM'000	2020 RM'000
Due within six months	1,823,430	1,708,761
Six months to one year	1,757,540	1,958,959
One year to three years	171,833	252,408
Three years to five years	39	10,026
	3,752,842	3,930,154

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

	2021 RM'000	2020 RM'000
Business enterprises	1,565,711	1,265,437
Individuals	2,676,861	2,704,069
Others	891,744	462,570
	5,134,316	4,432,076

(h) Investment accounts due to a designated financial institution

	2021 RM'000	2020 RM'000
Mudharabah RSIA		
Licensed bank	2,776,530	1,416,000
Amount receivable from Conventional Banking	(21,079)	(18,575)
	2,755,451	1,397,425

(i) Deposits and placements of banks and other financial institutions

	2021 RM'000	2020 RM'000
Non-mudharabah fund		
Other financial institutions	3,159,928	2,089,319

47. Islamic Banking Operations (Continued)

(j) Other liabilities

	2021 RM'000	2020 RM'000
Allowances for ECL for commitments and contingencies	16,843	8,013
Accrued profit payable	102,279	55,282
Accruals and provisions for operational expenses	2,664	16,476
	121,786	79,771

Movements in the allowances for ECL on commitments and contingencies:

2021	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL non credit-impaired RM'000	Stage 3 Lifetime ECL credit-impaired RM'000	Total ECL RM'000
At 1 January	5,148	2,865	-	8,013
Transferred to Stage 1	669	(2,322)	-	(1,653)
Transferred to Stage 2	(553)	694	-	141
Allowances made	12,946	3,945	-	16,891
Maturity/settlement/repayment	(5,508)	(1,045)	-	(6,553)
Foreign translation gain	1	3	-	4
	7,555	1,275	-	8,830
At 31 December	12,703	4,140	-	16,843
2020				
At 1 January	3,133	2,568	-	5,701
Transferred to Stage 1	370	(419)	-	(49)
Transferred to Stage 2	(541)	1,760	-	1,219
Allowances made	9,146	584	-	9,730
Maturity/settlement/repayment	(6,960)	(1,623)	-	(8,583)
Foreign translation gain	-	(5)	-	(5)
	2,015	297	-	2,312
At 31 December	5,148	2,865	-	8,013

47. Islamic Banking Operations (Continued)

(k) Islamic Banking funds

	2021 RM'000	2020 RM'000
Capital fund	450,000	450,000
FVOCI reserve	(966)	262
Retained profits	14,261	6,311
	463,295	456,573

(l) Income derived from depositors' funds

	2021 RM'000	2020 RM'000
Finance income and hibah		
Financing, advances and others	165,379	161,076
Money at call and deposit placements with financial institutions	19,014	5,873
FVOCI securities	33,587	20,520
	217,980	187,469
Other operating income		
Trading income	2,930	2,063
Commission income	6,012	5,553
Fee income	32,454	4,505
Others	153	98
	259,529	199,688

(m) Income derived from investment of Islamic Banking funds

	2021 RM'000	2020 RM'000
Finance income and hibah		
Financing, advances and others	17,010	16,988
Money at call and deposit placements with financial institutions	1,945	621
Debt instruments at FVOCI	3,436	2,129
	22,391	19,738
Other operating income		
Trading income	303	218
Commission income	620	584
Fee income	3,336	462
Others	16	11
	26,666	21,013

47. Islamic Banking Operations (Continued)

(n) Income derived from investment of investment account funds

	2021 RM'000	2020 RM'000
Financing, advances and others	59,945	32,782
Money at call and deposit placements with financial institutions	5,890	1,280
FVOCI securities	-	208
	65,835	34,270

(o) Allowances/(write-back of) ECL

	2021 RM'000	2020 RM'000
Financing, advances and others: (Note d(vi))		
Stage 1 ECL	(4,312)	10,212
Stage 2 ECL	3,765	7,402
Stage 3 ECL	92,983	16,578
Movement in ECL for RSIA holder*	5,160	3,378
	97,596	37,570
Credit-impaired financing, advances and others		
written-off	205	3
recovered	(22)	-
	97,779	37,573
Other financial assets:		
Stage 1 ECL	(192)	180
Stage 2 ECL	(1)	2
	(193)	182
Commitments and contingencies:		
Stage 1 ECL	7,555	2,015
Stage 2 ECL	1,275	297
Movement in ECL for RSIA holder*	(7,664)	-
	1,166	2,312
	98,752	40,067

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

47. Islamic Banking Operations (Continued)

(p) Income attributable to depositors

	2021 RM'000	2020 RM'000
Income attributable to depositors from non-mudharabah fund	158,202	157,283

(q) Income attributable to investment account holders

	2021 RM'000	2020 RM'000
Income attributable to depositors from mudharabah fund	52,668	27,416

(r) Other operating expenses

	2021 RM'000	2020 RM'000
Personnel expenses	2,990	3,005
Establishment related expenses	2,993	2,614
Promotion and marketing related expenses	81	260
General administrative expenses	25,869	24,700
	31,933	30,579
Personnel expenses		
- Wages, salaries and bonus	2,379	2,419
- Defined contribution plan	381	390
- Other employee benefits	230	196
	2,990	3,005
Establishment related expenses		
- Depreciation of plant and equipment	862	861
- Repair and maintenance	5	2
- Information technology costs	1,026	879
- Others	1,100	872
	2,993	2,614
Promotion and marketing related expenses		
- Advertisement and publicity	81	260
General administrative expenses		
- Fees and commissions paid	377	2,843
- Management fee	25,147	21,500
- Others	345	357
	25,869	24,700

47. Islamic Banking Operations (Continued)

(r) Other operating expenses (Continued)

Included in other operating expenses is the Shariah Committee's remuneration. The total remuneration of the Shariah Committee members are as follows:

	2020 RM'000	2020 RM'000
Dr. Samsuri bin Sharif	77	77
Prof. Dr. Norhashimah binti Mohd Yasin (resigned on 30 November 2020)	-	59
Dr. Marhanum binti Che Mohd Salleh (resigned on 30 November 2020)	-	59
Assoc. Prof. Dr. Sharifah Faigah binti Syed Alwi (resigned on 31 March 2021)	16	65
Dr. Ahmad Zakirullah bin Mohamed Shaarani (resigned on 31 March 2021)	16	65
Datin Dr. Wan Marhaini Binti Wan Ahmad (appointed on 01 April 2021)	48	-
Prof. Dr. Noraini Binti Mohd Ariffin (appointed on 01 Apil 2021)	48	-
	205	325

(s) Commitments and contingencies

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

2021	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Direct credit substitutes	146,542	146,542	281,909
Transaction-related contingent items	158,716	79,458	152,484
Short-term self-liquidating trade-related contigencies	1,564	313	178
Foreign exchange related contracts			
- not more than one year	378,843	6,165	3,699
- more than one year to less than five years	14,149	1,047	733
Profit rate related contracts			
- more than one year to less than five years	362,880	4,629	2,708
Undrawn credit facilities			
- not more than one year	224,833	7,231	2,534
- more than one year	1,011,585	727,874	353,527
- unconditionally cancellable	481,577	-	-
	2,780,689	973,259	797,772

47. Islamic Banking Operations (Continued)

(s) Commitments and contingencies (Continued)

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

2020	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Direct credit substitutes	35,164	35,164	36,981
Transaction-related contingent items	56,499	28,449	32,415
Short-term self-liquidating trade-related contigencies	4,362	872	1,436
Foreign exchange related contracts			
- not more than one year	435,412	6,265	2,817
Undrawn credit facilities			
- not more than one year	260,048	6,594	2,651
- more than one year	720,560	518,124	160,519
- unconditionally cancellable	227,495	-	-
	1,739,540	595,468	236,819

(t) Capital management and capital adequacy

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

	2021 RM'000	2020 RM'000
Common Equity Tier 1 (CET1)/Tier 1 Capital		
Capital fund	450,000	450,000
Retained profit	14,261	6,311
Other reserves	(966)	262
Regulatory adjustments applied in the calculation of CET1 Capital	(11,130)	(10,130)
Total CET1/Tier 1 Capital	452,165	446,443
Tier 2 Capital		
Financing loss provision		
- Surplus eligible provisions over expected losses	18,426	18,173
- General provisions	122	107
Total Tier 2 Capital	18,548	18,280
Total Capital	470,713	464,723

47. Islamic Banking Operations (Continued)

(t) Capital management and capital adequacy (Continued)

(a) The capital adequacy ratios are as follows:

	2021	2020
Before the effects of RSIA		
CET1/Tier 1 Capital	8.182%	11.187%
Total Capital	8.766%	11.645%
After the effects of RSIA		
CET1/Tier 1 Capital	13.965%	14.042%
Total Capital	14.538%	14.617%

In accordance with BNM's Guidelines on the Investment Account, the credit and market risk weighted assets funded by the RSIA which qualify as risk absorbent are excluded from the calculation of capital adequacy ratio. As at 31 December 2021, credit risks related to RSIA assets excluded from the total capital ratio calculation amounting to RM2,288,873,000 (2020: RM811,295,000).

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

	2021 RM'000	2020 RM'000
Total RWA for credit risk	3,080,652	3,080,111
Total RWA for market risk	661	5,560
Total RWA for operational risk	156,436	93,714
	3,237,749	3,179,385

47. Islamic Banking Operations (Continued)

(u) Mudharabah RSIA

(i) Movement in the Mudharabah RSIA:

	2021 RM'000	2020 RM'000
As at 1 January	1,397,425	373,047
Funding inflows/(outflows)		
New placement during the year	1,394,053	1,021,000
Profit to fund provider	(52,668)	(27,416)
Income from investment	65,835	34,270
Redemption during the year	(33,523)	-
Share of profit		
Profit distributed to mudarib	(13,167)	(6,854)
Amount receivable from Conventional Banking	(2,504)	3,378
As at 31 December	2,755,451	1,397,425
Investment assets		
Financing and advances	2,149,781	1,353,419
Interbank placement	605,670	44,006
	2,755,451	1,397,425

(ii) Profit sharing ratio and rate of return:

	Average profit sharing ratio (Depositor: Islamic Banking operations)		Average rate of return (%)	
	2021	2020	2021	2020
Up to 1 year	80:20	80:20	3.12	3.49
Over 5 year	80:20	80:20	3.58	3.44

47. Islamic Banking Operations (Continued)

(v) Liquidity risk

The following table shows the contractual undiscounted cash flows of the Islamic Banking Window's assets and liabilities based on remaining contractual maturities. The contractual maturity profile often does not reflect the actual behavioural patterns.

2021	Up to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	1 to 5 years RM'000	Over 5 years RM'000	Total RM'000
Assets						
Cash and short-term funds	1,686,916	-	-	-	-	1,686,916
Debt instruments at FVOCI	399,254	1,244,241	197,204	134,871	-	1,975,570
Debt instruments at amortised cost	-	-	-	-	99,256	99,256
Derivative financial assets	1,964	-	-	-	-	1,964
Financing, advances and others	968,842	519,138	1,072,222	1,956,926	5,943,563	10,460,691
	3,056,976	1,763,379	1,269,426	2,091,797	6,042,819	14,224,397
Liabilities						
Deposits from customers	2,833,480	377,501	1,787,282	185,418	-	5,183,681
Investment accounts due to a designated financial institution	4,413	-	101,971	2,608,695	463,417	3,178,496
Deposits and placements of banks and other financial institutions	3,162,889	-	-	-	-	3,162,889
Bills and acceptances payable	599	-	-	-	-	599
Derivative financial liabilities	1,711	-	-	-	-	1,711
	6,003,092	377,501	1,889,253	2,794,113	463,417	11,527,376
Net maturity mismatches	(2,946,116)	1,385,878	(619,827)	(702,316)	5,579,402	
Off-balance sheet liabilities						
Credit and commitments	252,772	180,636	116,607	1,049,467	818,327	2,417,809
Net maturity mismatches	252,772	180,636	116,607	1,049,467	818,327	2,417,809

47. Islamic Banking Operations (Continued)

(v) Liquidity risk (Continued)

2020	Up to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	1 to 5 years RM'000	Over 5 years RM'000	Total RM'000
Assets						
Cash and short-term funds	1,126,268	-	-	-	-	1,126,268
Debt instruments at FVOCI	479,581	120,706	-	-	-	600,287
Debt instruments at amortised cost	-	-	-	-	100,276	100,276
Derivative financial assets	8,729	-	-	-	-	8,729
Financing, advances and others	759,170	437,468	938,180	1,537,526	5,105,429	8,777,773
	2,373,748	558,174	938,180	1,537,526	5,205,705	10,613,333
Liabilities						
Deposits from customers	1,448,661	770,413	1,988,726	288,150	-	4,495,950
Investment accounts due to a designated financial institution	3,989	-	101,186	1,156,079	376,492	1,637,746
Deposits and placements of banks and other financial institutions	2,093,085	-	-	-	-	2,093,085
Bills and acceptances payable	1,277	-	-	-	-	1,277
Derivative financial liabilities	10,296	-	-	-	-	10,296
	3,557,308	770,413	2,089,912	1,444,229	376,492	8,238,354
Net maturity mismatches	(1,183,560)	(212,239)	(1,151,732)	93,297	4,829,213	
Off-balance sheet liabilities						
Credit and commitments	300,342	150,281	91,317	424,737	772,863	1,739,540
Net maturity mismatches	300,342	150,281	91,317	424,737	772,863	1,739,540

48. Subsequent Event

On 14 January 2022, UOBL proposed acquisition of Citigroup Inc.'s (Citi) consumer banking businesses comprising its unsecured and secured lending portfolios, wealth management and retail deposit businesses (the Consumer Business) in Indonesia, Malaysia, Thailand and Vietnam. Total cash consideration on this acquisition is based on an aggregate premium plus the net asset value of the Consumer Business as at completion.

Completion of the acquisition in Malaysia will be conditional on obtaining regulatory approvals in Malaysia and Singapore. It is estimated that completion will take place between mid-2022 and early 2024, depending on the progress and outcome of the regulatory approval process.

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