

Industrial and Commercial Bank of China (Malaysia) Berhad

Registration No. 201001000001 (839839M)

(Incorporated in Malaysia)

**Risk-Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosures
as at 30 June 2025**

OFFICER-IN-CHARGE'S ATTESTATION

I, Geng Hao, being the Managing Director/Chief Executive Officer of Industrial and Commercial Bank of China (Malaysia) Berhad, do hereby state that, in my opinion, the Pillar 3 Disclosures set out on pages 1 to 27 have been prepared in accordance with the Bank Negara Malaysia's Risk-Weighted Capital Adequacy Framework (Basel II) - Disclosure Requirements (Pillar 3), and are accurate and complete.

Geng Hao
Managing Director/Chief Executive Officer

Date: 28 July 2025

Risk-Weighted Capital Adequacy Framework (Basel II)**Pillar 3 Disclosure****1.0 Overview**

The Pillar 3 Disclosure for financial reporting beginning 1 January 2010 is required under the Bank Negara Malaysia (“BNM”)’s Risk-Weighted Capital Adequacy Framework (“RWCAF”). This is equivalent to Basel II issued by the Basel Committee on Banking Supervision. Basel II consists of the following Pillars:

(i) Pillar 1

Outlines the minimum regulatory capital that banking institutions must hold against the credit, market and operational risks assumed.

(ii) Pillar 2

Focuses on strengthening the supervisory review process in developing a more rigorous risk management framework and techniques. The purpose of this Pillar is for banking institutions to implement an effective and rigorous internal capital adequacy assessment process that is commensurate with the scale, nature and complexity of its operations. It sets out the requirements to assess risks in a holistic manner and beyond the capital requirements for Pillar 1 risks.

(iii) Pillar 3

Outlines the minimum disclosure requirements of information on the risk management practices and capital adequacy of banking institutions. The Pillar’s aim is to enhance transparency and market discipline in regulating the risk-taking behaviours of banking institutions. In turn, this will contribute to BNM’s supervisory monitoring efforts and strengthen incentives for the banking institutions to implement robust risk management systems.

The approaches adopted by Industrial and Commercial Bank of China (Malaysia) Berhad (“the Bank”), are shown in the table below:

	Risk Type	Approach Adopted	Capital Requirement Assessment
1	Credit	Standardised Approach	Standard risk-weights
2	Market	Standardised Approach	Standard risk-weights
3	Operational	Basic Indicator Approach (BIA)	Fixed percentage over average gross income for a fixed number of years

The Bank is principally engaged in the provision of conventional banking and other related financial services. The Bank’s Pillar 3 Disclosure is in compliance with the BNM’s Risk-Weighted Capital Adequacy Framework (Basel II) - Disclosure Requirements (Pillar 3). The information provided herein has been reviewed and certified by the Bank’s Chief Executive Officer.

2.0 Capital Management and Capital Adequacy

The Bank’s lead regulator, BNM, sets and monitors capital requirements for the Bank. The Bank is required to comply with the provisions of the Basel II framework in respect of regulatory capital adequacy.

The Bank adopts a prudent and forward-looking capital management approach to ensure it has adequate capital to support its operations at all times. On top of the minimum regulatory capital requirements, a buffer is added on to arrive at the Bank’s internal capital target to ensure the adequacy of capital to support the current and anticipated business growth. Internal Capital Adequacy Assessment Process (“ICAAP”) is formulated to identify the material risks in the business. The material risk areas that are taken into consideration are credit risk, market risk, operational risk, cybersecurity risk, credit concentration risk, liquidity risk, interest rate risk in banking book, climate risk, compliance risk, legal risk, strategic risk as well as reputation risk.

2.0 Capital Management and Capital Adequacy (*continued*)

An internal capital assessment is carried out to determine the level of internal capital required by the Bank based on the Pillar 1 and Pillar 2 requirements as well as the assessment of the Bank's 3-year financial projection and stress testing. Capital plan, business plan and budget are approved by the Board of Directors on an annual basis. The business plan in particular sets out the Bank's lending direction and business strategies for the coming year according to the approved risk appetite set. Senior Management is responsible for ensuring a smooth development and implementation of the ICAAP policy as well as effective systems and processes are in place. The Bank's performance against the internal capital levels is reviewed on a regular basis by the Senior Management. Should there be a need for a capital raising exercise, it will be presented to the Board of Directors for approval.

The Bank undertakes a stress test exercise periodically to assess the Bank's capability to withstand an adverse economic environment. The stress test will at least cover the exceptional but plausible event and the worst case scenario for a 3-year period. The possible impact on the Bank due to the occurrence of adverse events, i.e. significant deterioration in borrowers' credit profile, decline in collateral value, erosion in the Bank's net interest margin and adverse movement of foreign exchange rate will be examined. The Bank also performs reverse stress testing to identify the potential stressed scenario that could threaten the viability of the Bank. The results of the stress test together with the proposed mitigating actions are tabled to the Senior Management and the Board of Directors for deliberations.

The Bank's regulatory capital is analysed as follows:

(i) Tier 1 Capital, which comprises the following:

- Common Equity Tier 1 ("CET1") Capital, which includes ordinary share capital, share premium, retained earnings (net of dividends declared), statutory reserve and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.
- Additional Tier 1 Capital, which consists of instruments that are issued and paid-up, subordinated to depositors and perpetual in nature (amongst all other criteria) which are not included in CET1 Capital, the share premium arising from the issuance of such instruments as well as the regulatory adjustments in relation to the calculation of Additional Tier 1 Capital.

(ii) Tier 2 Capital includes expected credit loss allowance (excluding expected credit loss allowances attributable to financing classified as impaired) and regulatory reserve.

The capital adequacy ratios of the Bank are computed in accordance with BNM's Capital Adequacy Framework. For the year 2024, the minimum regulatory CET1 capital ratio, Tier 1 capital ratio and total capital ratio requirement are 7.000%, 8.500% and 10.500% on the risk-weighted assets ("RWA") respectively. The following information presents the capital adequacy ratios of the Bank and the breakdown of RWA:

(a) Capital Adequacy Ratio	30 Jun 2025	31 Dec 2024
CET1 capital ratio	38.329%	37.308%
Tier 1 capital ratio	38.329%	37.308%
Total capital ratio	39.493%	38.451%

2.0 Capital Management and Capital Adequacy (continued)

- (b) The breakdown of RWA by exposures in each major risk category under the standardised approach is as follows:

Risk type	30 Jun 2025			
	Gross Exposures RM'000	Net Exposures RM'000	Risk-Weighted Assets RM'000	Capital Requirement RM'000
<i>Credit Risk</i>				
<u>On-Balance Sheet Exposures</u>				
Sovereigns / Central Banks	1,210,393	1,210,393	-	-
Banks, Development Financial Institutions and MDBs	850,403	850,403	215,732	17,259
Corporates	2,940,173	2,940,173	2,488,367	199,069
Regulatory Retail	87,489	87,489	84,657	6,773
Residential Mortgages	118,046	118,046	43,192	3,455
Other Assets	59,934	59,934	51,341	4,107
Total On-Balance Sheet Exposures	5,266,438	5,266,438	2,883,289	230,663
<u>Off-Balance Sheet Exposures</u>				
Credit-Related Off-Balance Sheet Exposures	944,778	944,778	547,057	43,765
OTC Derivatives	39,381	39,381	23,568	1,885
Total Off-Balance Sheet Exposures	984,159	984,159	570,625	45,650
Total On and Off-Balance Sheet Exposures	6,250,597	6,250,597	3,453,914	276,313
Large Exposure Risk Requirement*	-	-	-	-
<i>Market Risk</i>				
	Long Position	Short Position		
Foreign Currency Risk	20,582	-	-	20,582
Operational Risk	-	-	-	232,068
Total RWA and Capital Requirements			3,706,564	296,525

Note:

MDBs - Multilateral Development Banks

OTC - Over the counter

*The Bank does not need to fulfill the capital requirement for Large Exposure Risk as there is no amount in excess of the lowest threshold arising from equity holdings as specified in the BNM's RWCAF.

2.0 Capital Management and Capital Adequacy (continued)

Risk type	31 Dec 2024			
	Gross Exposures RM'000	Net Exposures RM'000	Risk-Weighted Assets RM'000	Capital Requirement RM'000
<i>Credit Risk</i>				
<u>On-Balance Sheet Exposures</u>				
Sovereigns / Central Banks	1,142,720	1,142,720	-	-
Banks, Development Financial Institutions and MDBs	1,125,687	1,125,687	269,922	21,594
Corporates	2,778,960	2,778,960	2,561,346	204,908
Regulatory Retail	119,309	119,309	116,726	9,338
Residential Mortgages	120,046	120,046	44,594	3,568
Other Assets	50,655	50,655	42,671	3,414
Total On-Balance Sheet Exposures	5,337,377	5,337,377	3,035,259	242,822
<u>Off-Balance Sheet Exposures</u>				
Credit-Related Off-Balance Sheet Exposures	753,316	753,316	406,505	32,520
OTC Derivatives	62,132	62,132	26,231	2,098
Total Off-Balance Sheet Exposures	815,448	815,448	432,736	34,618
Total On and Off-Balance Sheet Exposures	6,152,825	6,152,825	3,467,995	277,440
Large Exposure Risk Requirement*	-	-	-	-
<i>Market Risk</i>				
	Long Position	Short Position		
Foreign Currency Risk	13,773	-	-	13,773
Interest Rate Risk	-	-	-	-
<i>Operational Risk</i>	-	-	-	312,336
Total RWA and Capital Requirements			3,794,104	303,529

Note:

MDBs - Multilateral Development Banks

OTC - Over the counter

*The Bank does not need to fulfill the capital requirement for Large Exposure Risk as there is no amount in excess of the lowest threshold arising from equity holdings as specified in the BNM's RWCAF.

3.0 Capital Structure

The Bank 's total capital according to Bank Negara Malaysia 's Capital Adequacy Framework (Capital Components) is as follows:

	30 Jun 2025 RM'000	31 Dec 2024 RM'000
Common Equity Tier 1 ("CET1") Capital/Tier 1 Capital		
Paid-up share capital	832,609	832,609
Retained earnings	588,106	588,106
Regulatory reserve	17,644	17,644
Foreign currency translation reserve	1,312	4,435
Unrealised gains on financial investments measured at FVOCI	15,548	5,665
	1,455,219	1,448,459
Less: Regulatory adjustments applied in the calculation of CET1 Capital		
- Deferred tax assets	(8,318)	(12,196)
- 55% of cumulative gains of financial investments measured at FVOCI	(8,552)	(3,116)
- Regulatory reserve attributable to loans, advances and financing	(17,644)	(17,644)
	(34,514)	(32,956)
Total CET1 Capital/Tier 1 Capital	1,420,705	1,415,503
Tier 2 Capital		
Allowance for credit loss	25,476	25,706
Regulatory reserve	17,644	17,644
Total Tier 2 Capital	43,120	43,350
Total Capital	1,463,825	1,458,853

4.0 Risk Management Framework

The Board of Directors establishes the Bank 's risk appetite and risk principles. The Board Risk Management Committee ("BRMC") is the principal board committee that oversees the Bank's risk management. It reviews the Bank 's overall risk management framework and major risk policies. The BRMC is supported by the Senior Management Committee ("SMC") and various functional committees at the management level and the Risk Management Department.

The Management Risk Management Committee ("MRMC") has been established for active Senior Management oversight, deliberating on policies, profiles and activities pertaining to integrated risk management. All major risk policies have to be deliberated by the MRMC and/or such other committees prior to escalation to the SMC and the BRMC for deliberation, and the Board of Directors for approval.

The Bank 's risk management policies are established to guide the risk governance activities that cover the identification, measurement, assessment, monitoring and controlling of risks. Risk management policies and systems are reviewed regularly to suit the evolving operating environment and requirements. The Bank, through its training, communications, standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Board Audit Committee, supported by the Internal Audit Department, provides an independent assessment of the adequacy and reliability of the risk management processes and system of internal controls, and compliance with risk policies and regulatory requirements.

4.0 Risk Management Framework *(continued)*

The Bank has exposure to the following risks, amongst others, from financial instruments:

- Credit risk
- Market risk
- Operational risk
- Liquidity risk

5.0 Credit Risk

Credit risk is the risk of financial loss to the Bank due to the failure of the Bank's customers or counterparties in meeting their contractual financial obligations. The credit risk comes primarily from the Bank's placements, direct lending, trade finance and funding activities. Credit exposures are managed in a prudent manner and collaterals are taken whenever required as risk mitigation measures. Periodic credit reviews are performed to assess the ongoing quality of the Bank's credit portfolio, the impact of pertinent factors on the credit profile of the counterparties / customers and the collaterals taken.

The Board of Directors has delegated the responsibility for the oversight of credit risk to the Credit Committee and MRMC. These committees are supervised by the SMC.

The functions of the Credit Committee are as follows:

- Ensuring prudent underwriting standards that are consistent with the Bank's risk appetite and lending direction.
- Deliberation of lending propositions and credit related requests.
- Reviewing credit exposures periodically to ensure prudent and effective credit risk management.

The functions of the MRMC are as follows:

- Review and deliberation of the Bank's credit risk exposures, credit risk portfolio and credit risk management activities.
- Review and deliberation of credit risk policies.
- Review and recommend the credit risk appetite of the Bank for Board's approval.

The Bank employs a credit rating system as a tool for determining the credit risk profile of borrowers / counterparties using an appropriate form of scorecard. The credit ratings are used as a basis to support the underwriting of credit.

Accounting standard MFRS 9 requires banks to determine the quantified amount of expected credit loss ("ECL") amount on a probability-weighted basis as the difference between cash flows that are due to the Bank in accordance with the contractual terms of financial assets and the cash flows that the Bank expects to receive.

ECL are generally measured based on the risk of default over one of three (3) different stages, depending on whether the credit risk of the borrower/counterparty has increased significantly since the initial recognition. Below are the categories of staging criteria for ECL measurement under MFRS 9:-

5.0 Credit Risk (continued)

Category	Stage 1	Stage 2	Stage 3
	12-month ECL	Lifetime ECL	Lifetime ECL
Description	Performing credit assets	Under-performing credit assets: Credit exposures that show Significant Increase in Credit Risk ("SICR") since the initial recognition	Non-performing credit assets: Credit impaired exposures
Staging Criteria	i) Days Past Due ("DPD") ≤ 30 days; ii) Not SICR; and iii) Not credit-impaired	i) SICR, where: • DPD > 30 days and ≤ 90 days; or • Watch List account; or • Significant downgrade in credit rating; and ii) Not credit-impaired	i) DPD > 90 days; or ii) Credit-impaired

Upon implementation of the ECL Model, the provision/impairment for the credit exposures of the Bank is equivalent to 12-Month ECL or Lifetime ECL, depending on the category of the stages as tabulated above, which are to be computed in the following manner:-

Individual assessment is required for impaired loans. Individually assessed expected credit loss is required to be provided if the recoverable amount of the loan asset is less than its net carrying amount. Expected Discounted Cash Flows (or the recoverable amount) is the present value of the estimated future cash flows discounted at the effective interest rate. The individual impairment assessment shall consider forward-looking factors appropriate to the subject impaired credit exposure/counterparty.

5.1 Distribution of Credit Exposures

The following tables present the credit exposures of financial assets broken down by relevant category and class against the relevant industry, geography and maturity. For on-balance sheet exposures, the maximum exposure to credit risk equals to their carrying amounts. For financial guarantees, the maximum exposure to credit risk is the maximum amount that the Bank would have to pay if the obligations for which the instruments were issued are called upon. For credit commitments, the maximum exposure to credit risk is the full amount of the undrawn credit granted to customers.

(i) Industry Analysis

The following tables present the credit exposures of financial assets of the Bank analysed by industrial distribution.

As at 30 Jun 2025																
	Central Bank	Financial	Manufacturing	Construction	Real Estate	Wholesale & Retail Trade and Repair of Motor	Information & Communication	Finance & Insurance	Mining and Quarrying	Electricity, Gas and water	Agriculture, Forestry and Fishing	Transportation and Storage	Education	Household	Others	Total
On-Balance Sheet Exposures	RM'000	Services RM'000	RM'000	RM'000	Activities RM'000	Vehicles & Motorcycles RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	67,962	348,039	-	-	-	-	-	-	-	-	-	-	-	-	-	416,001
Deposits and placements with banks and other financial institutions	-	399,866	-	-	-	-	-	-	-	-	-	-	-	-	-	399,866
Financial investments measured at FVOCI	1,127,886	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,127,886
Financial investments measured at amortised cost	-	-	-	-	-	-	-	120,022	-	102,346	40,040	-	-	-	-	262,408
Loans, advances and financing	-	4,715	542,657	116,212	492,624	298,208	4,916	478,248	391,920	137,513	7,515	174,604	197,279	127,814	20,167	2,994,392
Overdrafts	-	-	17	1,778	2	1,972	-	-	-	-	-	-	-	213	-	3,982
Term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	119,551	-	119,551
- Housing loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Syndicated term loans	-	-	177,409	15,632	28,564	-	-	162,361	288,994	137,513	-	-	-	-	-	810,473
- Other term loans	-	-	-	25,711	319,035	21,152	-	-	102,926	-	-	154,236	-	3,734	141	626,935
Bills receivable	-	4,715	29,236	-	-	67,899	4,916	-	-	-	-	20,368	-	-	-	127,134
Revolving credits	-	-	327,228	61,277	145,023	106,751	-	315,887	-	-	7,515	-	197,279	-	20,026	1,180,986
Bankers' acceptances	-	-	8,767	11,814	-	100,434	-	-	-	-	-	-	-	-	-	121,015
Staff loans	-	-	-	-	-	-	-	-	-	-	-	-	-	1,658	-	1,658
Credit card loans	-	-	-	-	-	-	-	-	-	-	-	-	-	2,658	-	2,658
Statutory deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
with Bank Negara Malaysia	14,545	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,545
	1,210,393	752,620	542,657	116,212	492,624	298,208	4,916	598,270	391,920	239,859	47,555	174,604	197,279	127,814	20,167	5,215,098
Commitments and Contingencies																
Contingent liabilities	-	566,718	4,285	27,434	-	57,814	5,182	13,394	-	12,199	-	-	-	-	-	687,026
Commitments	-	25,814	22,206	40,792	44,002	22,322	20,907	16,425	-	33,085	5,714	49,862	600	10,004	5,400	297,133
	-	592,532	26,491	68,226	44,002	80,136	26,089	29,819	-	45,284	5,714	49,862	600	10,004	5,400	984,159
Total Credit Exposures	1,210,393	1,345,152	569,148	184,438	536,626	378,344	31,005	628,089	391,920	285,143	53,269	224,466	197,879	137,818	25,567	6,199,257

5.1 Distribution of Credit Exposures (continued)**(i) Industry Analysis (continued)**

	As at 31 Dec 2024															
		Financial			Wholesale & Retail Trade and Repair of Motor Vehicles & Motorcycles					Electricity, Gas and water	Agriculture, Forestry and Fishing	Transportation and Storage	Education	Household	Others	Total
On-Balance Sheet Exposures	Central Bank RM'000	Services RM'000	Manufacturing RM'000	Construction RM'000	Real Estate Activities RM'000	Information & Communication RM'000	Finance & Insurance RM'000	Mining and Quarrying RM'000		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	16,266	595,624	-	-	-	-	-	-	-	-	-	-	-	-	-	611,890
Deposits and placements with banks and other financial institutions	-	301,347	-	-	-	-	-	-	-	-	-	-	-	-	-	301,347
Financial investments measured at FVOCI	1,095,518	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,095,518
Financial investments measured at amortised cost	-	-	-	-	-	-	160,035	-	-	-	5,010	-	-	-	-	165,045
Loans, advances and financing	-	34,560	707,793	150,314	461,030	275,692	8,456	555,440	217,169	151,976	5,013	175,394	198,203	128,694	20,237	3,089,971
Overdrafts	-	-	4	1,064	-	1,134	1,976	-	-	-	-	-	-	221	-	4,399
Term loans																
- Housing loans	-	-	-	-	-	-	-	-	-	-	-	-	-	119,438	-	119,438
- Syndicated term loans	-	-	339,684	19,724	15,592	-	183,797	94,608	151,976	-	-	-	-	-	-	805,381
- Other term loans	-	-	-	51,043	339,062	22,412	-	122,561	-	-	-	158,110	-	4,114	200	697,502
Bills receivable	-	34,560	46,466	-	-	45,270	6,480	89,203	-	-	-	17,284	-	-	-	239,263
Revolving credits	-	-	315,558	72,016	106,376	143,542	-	282,440	-	-	5,013	-	198,203	-	20,037	1,143,185
Bankers' acceptances	-	-	6,081	6,467	-	63,334	-	-	-	-	-	-	-	-	-	75,882
Staff loans	-	-	-	-	-	-	-	-	-	-	-	-	-	1,718	-	1,718
Credit card loans	-	-	-	-	-	-	-	-	-	-	-	-	-	3,203	-	3,203
Statutory deposits with Bank Negara Malaysia	30,936	-	-	-	-	-	-	-	-	-	-	-	-	-	-	30,936
	1,142,720	931,531	707,793	150,314	461,030	275,692	8,456	715,475	217,169	151,976	10,023	175,394	198,203	128,694	20,237	5,294,707
Commitments and Contingencies																
Contingent liabilities	-	318,565	5,432	5,497	-	30,801	4,449	89,638	-	14,846	-	-	-	-	-	469,228
Commitments	-	55,322	20,758	13,224	50,848	72,473	20,510	12,141	-	31,974	6,470	46,861	400	9,839	5,400	346,220
	-	373,887	26,190	18,721	50,848	103,274	24,959	101,779	-	46,820	6,470	46,861	400	9,839	5,400	815,448
Total Credit Exposures	1,142,720	1,305,418	733,983	169,035	511,878	378,966	33,415	817,254	217,169	198,796	16,493	222,255	198,603	138,533	25,637	6,110,155

5.1 Distribution of Credit Exposures (continued)**(ii) Geographical Analysis**

The following tables present the credit exposures of financial assets analysed by geographical distribution based on the geographical location where the credit risk resides.

	As at 30 Jun 2025		
	Within Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
On-Balance Sheet Exposures			
Cash and short-term funds	316,125	99,876	416,001
Deposits and placements with banks and other financial institutions	326,017	73,849	399,866
Financial investments measured at FVOCI	1,127,886	-	1,127,886
Financial investments measured at amortised cost	262,408	-	262,408
Loans, advances and financing	2,225,949	768,443	2,994,392
Overdrafts	3,982	-	3,982
Term loans			
- Housing loans	119,551	-	119,551
- Syndicated term loans	253,819	556,654	810,473
- Other term loans	419,868	207,067	626,935
Bills receivable	122,419	4,715	127,134
Revolving credits	1,180,986	-	1,180,986
Bankers' acceptances	121,015	-	121,015
Staff loans	1,658	-	1,658
Credit card loans	2,651	7	2,658
Statutory deposits with Bank Negara Malaysia	14,545	-	14,545
	4,272,930	942,168	5,215,098
Commitments and Contingencies			
Contingent liabilities	225,655	461,371	687,026
Commitments	251,064	46,069	297,133
	476,719	507,440	984,159
Total Credit Exposures	4,749,649	1,449,608	6,199,257

5.1 Distribution of Credit Exposures (continued)**(ii) Geographical Analysis (continued)**

	As at 31 Dec 2024		
	Within Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
On-Balance Sheet Exposures			
Cash and short-term funds	531,958	79,932	611,890
Deposits and placements with banks and other financial institutions	271,199	30,148	301,347
Financial investments measured at FVOCI	1,095,518	-	1,095,518
Financial investments measured at amortised cost	165,045	-	165,045
Loans, advances and financing	2,405,368	684,603	3,089,971
Overdrafts	4,399	-	4,399
Term loans			
- Housing loans	119,438	-	119,438
- Syndicated term loans	460,229	345,152	805,381
- Other term loans	481,820	215,682	697,502
Bills receivable	115,500	123,763	239,263
Revolving credits	1,143,185	-	1,143,185
Bankers' acceptances	75,882	-	75,882
Staff loans	1,718	-	1,718
Credit card loans	3,197	6	3,203
Statutory deposits with Bank Negara Malaysia	30,936	-	30,936
	<u>4,500,024</u>	<u>794,683</u>	<u>5,294,707</u>
Commitments and Contingencies			
Contingent liabilities	262,415	206,813	469,228
Commitments	293,637	52,583	346,220
	<u>556,052</u>	<u>259,396</u>	<u>815,448</u>
Total Credit Exposures	<u>5,056,076</u>	<u>1,054,079</u>	<u>6,110,155</u>

5.1 Distribution of Credit Exposures (continued)**(iii) Maturity Analysis**

The following tables present the residual contractual maturity for major types of gross credit exposures for on and off-balance sheet exposures of financial assets.

	As at 30 Jun 2025					
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Total RM'000
On-Balance Sheet Exposures						
Cash and short-term funds	416,001	-	-	-	-	416,001
Deposits and placements with banks and other financial institutions	-	295,543	104,323	-	-	399,866
Financial investments measured at FVOCI	-	-	13,087	982,388	132,411	1,127,886
Financial investments measured at amortised cost	-	5,001	55,068	202,339	-	262,408
Loans, advances and financing	822,726	503,880	324,424	972,683	370,679	2,994,392
Overdrafts	3,982	-	-	-	-	3,982
Term loans						
- Housing loans	822	772	3,627	20,598	93,732	119,551
- Syndicated term loans	4,104	4,717	189,474	481,500	130,678	810,473
- Other term loans	5,284	11,848	69,188	395,467	145,148	626,935
Bills receivable	17,078	56,743	18,628	34,685	-	127,134
Revolving credits	739,184	373,678	28,124	40,000	-	1,180,986
Bankers' acceptances	49,601	56,106	15,308	-	-	121,015
Staff loans	13	16	75	433	1,121	1,658
Credit card loans	2,658	-	-	-	-	2,658
Statutory deposits with Bank Negara Malaysia	-	-	-	-	14,545	14,545
	1,238,727	804,424	496,902	2,157,410	517,635	5,215,098
Commitments and Contingencies						
Contingent liabilities	34,989	102,872	346,965	201,975	225	687,026
Commitments	28,919	8,042	215,125	45,047	-	297,133
	63,908	110,914	562,090	247,022	225	984,159
Total Credit Exposures	1,302,635	915,338	1,058,992	2,404,432	517,860	6,199,257

5.1 Distribution of Credit Exposures (continued)**(iii) Maturity Analysis (continued)**

	As at 31 Dec 2024					
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Total RM'000
On-Balance Sheet Exposures						
Cash and short-term funds	611,890	-	-	-	-	611,890
Deposits and placements with banks and other financial institutions	-	213,010	88,337	-	-	301,347
Financial investments measured at FVOCI	-	-	-	954,663	140,855	1,095,518
Financial investments measured at amortised cost	-	-	70,010	95,035	-	165,045
Loans, advances and financing	973,781	436,286	147,914	1,145,814	386,176	3,089,971
Overdrafts	4,399	-	-	-	-	4,399
Term loans						
- Housing loans	811	793	3,507	20,248	94,079	119,438
- Syndicated term loans	5,399	2,025	29,008	627,933	141,016	805,381
- Other term loans	5,555	37,206	46,160	458,678	149,903	697,502
Bills receivable	11,180	140,025	49,529	38,529	-	239,263
Revolving credits	921,697	221,488	-	-	-	1,143,185
Bankers' acceptances	21,522	34,729	19,631	-	-	75,882
Staff loans	15	20	79	426	1,178	1,718
Credit card loans	3,203	-	-	-	-	3,203
Statutory deposits with Bank Negara Malaysia	-	-	-	-	30,936	30,936
	1,585,671	649,296	306,261	2,195,512	557,967	5,294,707
Commitments and Contingencies						
Contingent liabilities	87,198	83,818	39,172	258,815	225	469,228
Commitments	10,139	8,494	274,405	53,182	-	346,220
	97,337	92,312	313,577	311,997	225	815,448
Total Credit Exposures	1,683,008	741,608	619,838	2,507,509	558,192	6,110,155

5.2 Credit Quality of Loans, Advances and Financing

(i) Impaired loans, advances and financing analysed by:

	30 Jun 2025 RM'000	31 Dec 2024 RM'000
a) <i>Sector</i>		
Wholesale & retail trade and restaurant & hotels	1,138	1,207
Household	70	37
	<u>1,208</u>	<u>1,244</u>
b) <i>By geographical distributions</i>		
Within Malaysia	70	37
Outside Malaysia	1,138	1,207
	<u>1,208</u>	<u>1,244</u>

(ii) Past due but not impaired loans

Household	<u>1,082</u>	<u>463</u>
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All past due but not impaired loans were from customers residing in Malaysia.

(iii) Expected Credit Loss Allowance broken down by geographical location

The following tables present the expected credit loss allowance of loans, advances and financing analysed by geographical distribution based on the geographical location where the credit risk resides.

	30 Jun 2025		
	Within Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Loans, advances and financing	42,449	6,958	49,407
Overdrafts	43	-	43
Term loans			
- Housing loans	220	-	220
- Syndicated term loans	1,390	6,599	7,989
- Other term loans	6,610	289	6,899
Bills receivable	2,157	70	2,227
Revolving credits	31,024	-	31,024
Bankers' acceptances	982	-	982
Staff loans	3	-	3
Credit card loans	20	-	20
	<u>42,449</u>	<u>6,958</u>	<u>49,407</u>

	31 Dec 2024		
	Within Malaysia RM'000	Outside Malaysia RM'000	Total RM'000
Loans, advances and financing	49,776	7,250	57,026
Overdrafts	72	-	72
Term loans			
- Housing loans	220	-	220
- Syndicated term loans	6,025	6,394	12,419
- Other term loans	7,342	301	7,643
Bills receivable	1,245	555	1,800
Revolving credits	34,232	-	34,232
Bankers' acceptances	614	-	614
Staff loans	3	-	3
Credit card loans	23	-	23
	<u>49,776</u>	<u>7,250</u>	<u>57,026</u>

5.2 Credit Quality of Loans, advances and Financing (continued)

(iv) Expected Credit Loss Allowance broken down by sector

The following tables present the expected credit loss allowance of loans, advances and financing of the Bank analysed by industrial distribution.

As at 30 Jun 2025															
On-Balance Sheet Exposures	Financial Services	Manufacturing	Construction	Real Estate Activities	Wholesale & Retail Trade and Repair of Motor Vehicles & Motorcycles	Information & Communication	Finance & Insurance	Mining and Quarrying	Electricity, Gas and water	Agriculture, Forestry and Fishing	Transportation and Storage	Education	Household	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	70	3,330	16,323	6,642	1,655	307	3,404	2,197	3,199	86	2,367	9,214	277	336	49,407
Overdrafts	-	-	21	-	21	-	-	-	-	-	-	-	1	-	43
Term loans	-	-	-	-	-	-	-	-	-	-	-	-	220	-	220
- Housing loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Syndicated term loans	-	1,076	1,044	206	-	-	1,853	611	3,199	-	-	-	-	-	7,989
- Other term loans	-	-	67	3,077	107	-	-	1,586	-	-	2,027	-	33	2	6,899
Bills receivable	70	1,350	-	-	160	307	-	-	-	-	340	-	-	-	2,227
Revolving credits	-	739	14,941	3,359	800	-	1,551	-	-	86	-	9,214	-	334	31,024
Bankers' acceptances	-	165	250	-	567	-	-	-	-	-	-	-	-	-	982
Staff loans	-	-	-	-	-	-	-	-	-	-	-	-	3	-	3
Credit card loans	-	-	-	-	-	-	-	-	-	-	-	-	20	-	20
	70	3,330	16,323	6,642	1,655	307	3,404	2,197	3,199	86	2,367	9,214	277	336	49,407

As at 31 Dec 2024															
On-Balance Sheet Exposures	Financial Services	Manufacturing	Construction	Real Estate Activities	Wholesale & Retail Trade and Repair of Motor Vehicles & Motorcycles	Information & Communication	Finance & Insurance	Mining and Quarrying	Electricity, Gas and water	Agriculture, Forestry and Fishing	Transportation and Storage	Education	Household	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	515	4,970	20,088	6,691	1,748	116	5,747	2,419	3,046	57	1,753	9,257	282	337	57,026
Overdrafts	-	-	12	-	8	51	-	-	-	-	-	-	1	-	72
Term loans	-	-	-	-	-	-	-	-	-	-	-	-	220	-	220
- Housing loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Syndicated term loans	-	3,257	1,426	113	-	-	4,189	388	3,046	-	-	-	-	-	12,419
- Other term loans	-	-	129	3,775	117	-	-	2,031	-	-	1,553	-	35	3	7,643
Bills receivable	515	874	-	-	106	65	40	-	-	-	200	-	-	-	1,800
Revolving credits	-	688	18,394	2,803	1,181	-	1,518	-	-	57	-	9,257	-	334	34,232
Bankers' acceptances	-	151	127	-	336	-	-	-	-	-	-	-	-	-	614
Staff loans	-	-	-	-	-	-	-	-	-	-	-	-	3	-	3
Credit card loans	-	-	-	-	-	-	-	-	-	-	-	-	23	-	23
	515	4,970	20,088	6,691	1,748	116	5,747	2,419	3,046	57	1,753	9,257	282	337	57,026

5.2 Credit Quality of Loans, advances and Financing (continued)**(v) Movements in allowance for impairment on loans, advances and financing**

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January 2024	24,579	32,447	1,244	58,270
New assets originated	3,688	14,611	2	18,301
Assets derecognised or repaid	(6,712)	(20,790)	-	(27,502)
Transfer to Stage 1	9	(4)	(5)	-
Transfer to Stage 2	(2)	2	-	-
Transfer to Stage 3	-	(1)	1	-
Changes due to change in credit risk	1,598	414	35	2,047
Changes in model / risk parameter	-	-	-	-
Write-offs	-	-	-	-
Foreign exchange adjustments	(352)	(80)	(69)	(501)
As at 31 December 2024	22,808	26,599	1,208	50,615

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January 2024	18,871	4,178	1,279	24,328
New assets originated	6,992	564	8	7,564
Assets derecognised or repaid	(10,469)	(2,150)	-	(12,619)
Transfer to Stage 1	381	(284)	(97)	-
Transfer to Stage 2	(1,430)	1,459	(29)	-
Transfer to Stage 3	-	(2)	2	-
Changes due to change in credit risk	223	26,323	110	26,656
Changes in model / risk parameter	1,653	735	-	2,388
Write-offs	-	-	(74)	(74)
Foreign exchange adjustments	1,084	(1,218)	(32)	(166)
As at 31 December 2024	24,579	32,447	1,244	58,270

5.3 Off-Balance Sheet Exposures and Counterparty Credit Risk

Off-balance sheet exposures of the Bank arise mainly from the following:

- Bank guarantee which represents the Bank's undertaking to make payment to the beneficiary in the event the customer is unable to meet its obligations to the latter.
- Undrawn credit commitment represents the Bank's commitment to extend credit for approved credit facilities that have yet to be fully utilised within the availability period.
- Documentary letter of credit is the Bank's undertaking on behalf of a customer to make payment in relation to a trade transaction.
- Derivative financial instruments.

Counterparty credit risk on derivative financial instruments is the risk that the Bank's counterparty in a derivative contract is unable to meet the terms of the contract upon maturity. To mitigate the risk, the creditworthiness of the counterparty is thoroughly assessed and on a case-to-case basis, collateral may be required.

5.3 Off-Balance Sheet Exposures and Counterparty Credit Risk (continued)**(i) Composition of Off-Balance Sheet Exposures**

The off-balance sheet exposures and their related counterparty credit risk of the Bank as at the respective reporting dates are as follows:

	30 Jun 2025		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
<u>Credit-related exposures</u>			
Direct credit substitutes	105,347	105,348	21,070
Transaction-related contingent items	1,057,318	528,659	282,273
Short term self-liquidating trade-related contingencies	265,099	53,020	33,705
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:			
- Exceeding one year	177,979	88,989	87,952
- Not exceeding one year	815,072	163,014	117,747
Unutilised credit card lines	28,740	5,748	4,311
<u>Derivative financial contracts</u>			
Foreign exchange related contracts:			
- Less than one year	1,363,162	39,099	23,511
Interest rate related contracts:			
- Less than one year	-	-	-
- One year to five years	50,000	282	56
Total	3,862,717	984,159	570,625

	31 Dec 2024		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
<u>Credit-related exposures</u>			
Transaction-related contingent items	111,752	111,752	22,350
Short term self-liquidating trade-related contingencies	648,468	324,234	132,850
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:			
- Exceeding one year	200,154	100,077	99,078
- Not exceeding one year	891,407	178,281	131,639
Unutilised credit card lines	28,652	5,730	4,298
<u>Derivative financial contracts</u>			
Foreign exchange related contracts:			
- Less than one year	1,424,274	60,760	25,957
Interest rate related contracts:			
- Less than one year	-	-	-
- One year to five years	100,000	1,372	274
Total	3,570,917	815,448	432,736

5.4 Credit Risk Mitigation

The Bank takes a prudent approach in granting credit facilities to customers. The main considerations in the credit assessment process include customer's credit-worthiness, reliability of the source of repayments and debt servicing ability. Credit Risk Mitigation ("CRM") such as collateral and guarantee provides further comfort to the Bank's exposures but these are deemed as the secondary safeguard measure. Depending on the credit standing of a customer, the Bank may provide facilities to the customer on a clean basis. It is in the interest of the Bank to diversify its unsecured exposures to a larger pool of clients that carry good credit rating.

As at the respective reporting dates, the main types of collateral obtained to mitigate credit risks are in the form of cash deposit, bank guarantee, standby letter of credit, quoted shares and property. Corporate guarantees and personal guarantees are often taken if such credit supports could effectively mitigate the credit risks.

Prior to accepting the CRM, a proper assessment of the aspect of legal enforceability of the collateral and guarantor's credibility will be undertaken to examine the extent of mitigations. Valuation on the property taken as CRM is required prior to the loan's drawdown unless prior approval is obtained for waiver.

Proper legal documentation is in place to ensure that the Bank's interests are protected and CRM are enforceable in the event of default by a customer. The value and status of CRM will be reviewed periodically to ensure the Bank's exposures remain adequately covered. For collateral with value that fluctuates in a more frequent and volatile manner, such as quoted securities, the collateral value is marked to market periodically for close monitoring. Top up of collateral may be required to bring the loan-to-value ratio back to a satisfactory level in the event of a sharp deterioration in the collateral value. Alternatively, the amount of credit facility is to be reduced accordingly to reinstate the original loan-to-value ratio.

In order to manage any potential concentration risk within the mitigation taken, there is a report prepared on a regular interval to track the concentration level. Thus, the CRM concentration risk is appropriately managed while ongoing efforts are in place to grow the loan portfolio in a diversified manner.

There is no netting arrangement in place for the Bank's existing on and off-balance sheet exposures. The netting arrangement will be considered on an as-and-when basis to minimise the Bank's risk exposures.

The following tables present the credit exposures covered by guarantee (bank guarantees) and eligible financial collateral (fixed deposits) as at the respective reporting dates:

	30 Jun 2025		
	Total Exposures Before CRM RM'000	Total Exposures Covered by Guarantees RM'000	Total Exposures Covered by Eligible Financial Collateral RM'000
<i>Credit Risk</i>			
<u>On-Balance Sheet Exposures</u>			
Sovereigns / Central Banks	1,210,393	-	-
Banks, Development Financial Institutions and MDBs	850,403	-	-
Corporates	2,940,173	-	6,794
Regulatory Retail	87,489	-	1,377
Residential Mortgages	118,046	-	80
Other Assets	59,934	-	-
Total On-Balance Sheet Exposures	5,266,438	-	8,251
<u>Off-Balance Sheet Exposures</u>			
Credit-Related Off-Balance Sheet Exposures	944,778	387,680	25,470
OTC Derivatives	39,381	-	-
Total Off-Balance Sheet Exposures	984,159	387,680	25,470
Total On and Off-Balance Sheet Exposures	6,250,597	387,680	33,721

5.4 Credit Risk Mitigation (continued)

	31 Dec 2024		
	Total Exposures Before CRM	Total Exposures Covered by Guarantees	Total Exposures Covered by Eligible Financial Collateral
	RM'000	RM'000	RM'000
<i>Credit Risk</i>			
<u>On-Balance Sheet Exposures</u>			
Sovereigns / Central Banks	1,142,720	-	-
Banks, Development Financial Institutions and MDBs	1,125,687	-	-
Corporates	2,778,960	-	15,135
Regulatory Retail	119,309	-	1,504
Residential Mortgages	120,046	-	80
Other Assets	50,655	-	-
Total On-Balance Sheet Exposures	5,337,377	-	16,719
<u>Off-Balance Sheet Exposures</u>			
Credit-Related Off-Balance Sheet Exposures	753,316	154,906	93,228
OTC Derivatives	62,132	-	-
Total Off-Balance Sheet Exposures	815,448	154,906	93,228
Total On and Off-Balance Sheet Exposures	6,152,825	154,906	109,947

Note:

MDBs - Multilateral Development Banks

OTC - Over the counter

5.5 Assignment of Risk Weights for Portfolios Under The Standardised Approach

The Bank refers to the credit ratings assigned by credit rating agencies in its calculation of credit risk-weighted assets. The following are the External Credit Assessment Institutions ("ECAI") ratings used by the Bank and are recognised by BNM in the RWCAF:

- Standard & Poor's Rating Services ("S&P")
- Moody's Investors Service ("Moody's")
- Fitch Ratings ("Fitch")
- RAM Rating Services Berhad ("RAM")
- Malaysian Rating Corporation Berhad ("MARC")
- Rating and Investment Information, Inc. ("R&I").

The ECAI ratings accorded to the following counterparty exposure classes are used in the calculation of risk-weighted assets for capital adequacy purposes:

- Sovereigns / Central Banks
- Banking institutions
- Corporates

Under BNM RWCAF, an exposure would be deemed to have an external rating if the issuer or the issue has a rating provided by ECAI that has been recognised by BNM. In cases where an exposure does not have an issuer or issue rating, the exposure shall be deemed as unrated and shall be accorded a risk weight for unrated exposures in their respective exposure category.

There are cases where a borrower / securities issuer or financial instrument is rated by more than one ECAI. In such cases, all available external ratings of a borrower or an issuer from recognised ECAs must be captured and the following rules must be observed:

- Where a particular security has issue-specific rating(s), the issue-specific rating(s) are to be applied; else, the issuer rating(s) are to be applied to senior exposures on that counterparty; and
- Where 2 recognised external ratings are available, the lower rating is to be applied; or
- Where 3 or more recognised external ratings are available, the lower of the highest 2 ratings will be used for capital adequacy calculation purposes.

5.5 Assignment of Risk Weights for Portfolios Under The Standardised Approach (continued)

In cases where the credit exposures are secured by guarantees issued by eligible or rated guarantors, the risk weights similar to those of the guarantors are assigned.

The following is a summary of the risk weights and rating categories used in assigning credit quality to each exposure under the Standardised Approach.

Sovereigns / Central Banks

Rating Category	S&P	Moody's	Fitch	R&I	Risk Weight
1	AAA to AA-	Aaa to Aa3	AAA to AA-	AAA to AA-	0%
2	A+ to A-	A1 to A3	A+ to A-	A+ to A-	20%
3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	BBB+ to BBB-	50%
4	BB+ to B-	Ba1 to B3	BB+ to B-	BB+ to B-	100%
5	CCC+ to D	Caa1 to C	CCC+ to D	CCC+ to C	150%
Unrated					100%

Banking Institutions

Rating Category	S&P	Moody's	Fitch	R&I	RAM	MARC	Risk Weight
1	AAA to AA-	Aaa to Aa3	AAA to AA-	AAA to AA-	AAA to AA3	AAA to AA-	20%
2	A+ to A-	A1 to A3	A+ to A-	A+ to A-	A1 to A3	A+ to A-	50%
3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	BBB+ to BBB-	BBB1 to BBB3	BBB+ to BBB-	50%
4	BB+ to B-	Ba1 to B3	BB+ to B-	BB+ to B-	BB1 to B3	BB+ to B-	100%
5	CCC+ to D	Caa1 to C	CCC+ to D	CCC+ to C	C1 to D	C+ to D	150%
Unrated							50%

5.5 Assignment of Risk Weights for Portfolios Under The Standardised Approach (continued)**Banking Institutions**

Rating Category	Risk Weight (original maturity of ≤ 6 months)	Risk Weight (original maturity of ≤ 3 months)
1	20%	20%
2	20%	
3	20%	
4	50%	
5	150%	
Unrated	20%	

Corporates

Rating Category	S&P	Moody's	Fitch	R&I	RAM	MARC	Risk Weight
1	AAA to AA-	Aaa to Aa3	AAA to AA-	AAA to AA-	AAA to AA3	AAA to AA-	20%
2	A+ to A-	A1 to A3	A+ to A-	A+ to A-	A1 to A3	A+ to A-	50%
3	BBB+ to BB-	Baa1 to Ba3	BBB+ to BB-	BBB+ to BB-	BBB1 to BB3	BBB+ to BB-	100%
4	B+ to D	B1 to C	B+ to D	B+ to D	B1 to D	B+ to D	150%
Unrated							100%

5.5 Assignment of Risk Weights for Portfolios Under The Standardised Approach (continued)**(i) Rated Exposures As Per ECAIs**

The following tables present the credit exposures, categorised according to the credit quality rating as at 30 June 2025:

	Ratings of Sovereigns / Central Banks						
	1	2	3	4	5	Unrated	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>On and Off-Balance Sheet Exposures</u>							
Sovereigns / Central Banks	-	-	-	-	-	1,120,393	1,120,393

	Ratings of Banking Institutions						
	1	2	3	4	5	Unrated	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>On and Off-Balance Sheet Exposures</u>							
Banks, MDBs and DFIs	384,570	483,698	-	-	-	169,767	1,038,035

	Ratings of Corporates					
	1	2	3	4	Unrated	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>On and Off-Balance Sheet Exposures</u>						
Corporates	460,662	445,416	-	-	2,786,771	3,692,849

	Ratings of Regulatory Retail					
	1	2	3	4	Unrated	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>On and Off-Balance Sheet Exposures</u>						
Regulatory Retail	-	-	-	-	100,552	100,552

	Ratings of Residential Mortgages					
	1	2	3	4	Unrated	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>On and Off-Balance Sheet Exposures</u>						
Residential Mortgages	-	-	-	-	118,046	118,046

5.5 Assignment of Risk Weights for Portfolios Under The Standardised Approach (continued)**(i) Rated Exposures As Per ECAIs (continued)**

The following tables present the credit exposures, categorised according to the credit quality rating as at 31 December 2024:

	Ratings of Sovereigns / Central Banks						
	1	2	3	4	5	Unrated	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>On and Off-Balance Sheet Exposures</u>							
Sovereigns / Central Banks	-	-	-	-	-	1,142,720	1,142,720

	Ratings of Banking Institutions						
	1	2	3	4	5	Unrated	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>On and Off-Balance Sheet Exposures</u>							
Banks, MDBs and DFIs	529,448	592,817	40,000	-	-	135,065	1,297,330

	Ratings of Corporates					
	1	2	3	4	Unrated	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>On and Off-Balance Sheet Exposures</u>						
Corporates	318,650	104,596	-	-	2,932,478	3,355,724

	Ratings of Regulatory Retail					
	1	2	3	4	Unrated	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>On and Off-Balance Sheet Exposures</u>						
Regulatory Retail	-	-	-	-	132,202	132,202

	Ratings of Residential Mortgages					
	1	2	3	4	Unrated	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>On and Off-Balance Sheet Exposures</u>						
Residential Mortgages	-	-	-	-	120,046	120,046

Note:

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

5.5 Assignment of Risk Weights for Portfolios Under The Standardised Approach (continued)**(ii) Assignment of Risk Weights for Portfolios Under The Standardised Approach**

The following tables present the breakdown of credit exposures by risk weights as at the respective reporting dates:

	Exposures after Netting and Credit Risk Mitigation						Total Exposures After Netting & Credit Risk Mitigation RM'000	Total Risk-Weighted Assets RM'000
	Sovereign / Central Banks RM'000	Banks, MDBs and DFIs RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Other Assets RM'000		
30 Jun 2025								
Risk Weights								
0%	1,210,393	-	32,242	1,399	80	8,594	1,252,708	-
20%	-	803,580	460,662	-	-	9,586	1,273,828	254,766
35%	-	-	-	-	105,272	-	105,272	36,845
50%	-	225,861	650,269	-	12,694	16,290	905,114	452,557
75%	-	-	-	15,719	-	-	15,719	11,789
100%	-	-	2,549,676	83,434	-	64,846	2,697,956	2,697,957
Total Exposures	1,210,393	1,029,441	3,692,849	100,552	118,046	99,316	6,250,597	3,453,914
Risk-Weighted Assets by Exposures	-	273,647	2,966,943	95,223	43,192	74,909	3,453,914	
Average Risk Weight	0.0%	26.6%	80.3%	94.7%	36.6%	75.4%	55.3%	
Deduction from Capital Base	-	-	-	-	-	-	-	

	Exposures after Netting and Credit Risk Mitigation						Total Exposures After Netting & Credit Risk Mitigation RM'000	Total Risk-Weighted Assets RM'000
	Sovereign / Central Banks RM'000	Banks, MDBs and DFIs RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Other Assets RM'000		
31 Dec 2024								
Risk Weights								
0%	1,142,720	-	114,254	1,516	80	7,985	1,266,555	-
20%	-	1,088,158	318,650	-	-	26,932	1,433,740	286,748
35%	-	-	-	-	102,591	-	102,591	35,907
50%	-	201,188	154,906	-	17,375	28,710	402,179	201,090
75%	-	-	-	14,040	-	-	14,040	10,530
100%	-	-	2,767,914	116,646	-	49,160	2,933,720	2,933,720
Total Exposures	1,142,720	1,289,346	3,355,724	132,202	120,046	112,787	6,152,825	3,467,995
Risk-Weighted Assets by Exposures	-	318,226	2,909,097	127,176	44,594	68,902	3,467,995	
Average Risk Weight	0.0%	24.7%	86.7%	96.2%	37.1%	61.1%	56.4%	
Deduction from Capital Base	-	-	-	-	-	-	-	

Note:

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

6.0 Market Risk

Market risk is the risk of loss arising from movements in market variables, such as interest rates, foreign exchange rates or volatility risk in the prices of any form of instruments. The Bank has established a governance process for market risk management that covers the activities of identifying, measuring, monitoring, controlling and reporting market risks on a timely basis. The objective of market risk management is to manage and control the market risk exposures within an acceptable range according to the Bank's risk appetite.

The Bank does not engage in any proprietary trading activities. Exposures arising from normal banking activities (deposits, loans, foreign exchange, etc) are managed accordingly to minimise the exposure to market risk. All risks related to treasury activities will be managed according to, and within the authorised risk limits.

The minimum regulatory capital requirement for market risk exposures for the financial year is disclosed in note 2.0 (b).

6.1 Interest Rate Risk in the Banking Book ("IRRBB")

The projection, by using the repricing gap method, assumes that the interest rate moves up and down parallelly by 100 basis points ("bps") across all maturities for all the interest bearing assets and liabilities. It is further assumed that all positions are repriced at the mid-point of each time band and will run to maturity. The repricing profile of a loan that does not have maturity is based on the earliest possible repricing dates. The impact on earnings and economic value is measured on a monthly basis.

The table below illustrates the impact under a 100 bps parallel upward / downward interest rate shock on the Bank's earnings and economic value.

	30 Jun 2025		31 Dec 2024	
	-100 bps	+100 bps	-100 bps	+100 bps
	RM'000	RM'000	RM'000	RM'000
Impact on net interest income				
Ringgit Malaysia	(6,772)	6,772	(8,215)	8,215
United States Dollar	(1,345)	1,345	(1,133)	1,133
Chinese Renminbi	212	(212)	(1,829)	1,829
Others	(50)	50	(94)	94
Total	(7,955)	7,955	(11,271)	11,271
Impact on economic value				
Ringgit Malaysia	36,373	(36,373)	32,197	(32,197)
United States Dollar	(891)	891	(786)	786
Chinese Renminbi	1,149	(1,149)	(1,640)	1,640
Others	16	(16)	(52)	52
Total	36,647	(36,647)	29,719	(29,719)

7.0 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems or from external events. This includes the risks that may result in disruption to operations (which should be mitigated by a business continuity plan), and erosion of income and capital funds. Operational risk also includes legal risks, but excludes strategic and reputational risks.

Operational risk is embedded in all the Bank's business and management practices. Potential operational risks inherent in products, practices, procedures and information systems should therefore be identified for effective management.

The Bank actively manages operational risk through a comprehensive framework that includes policies, procedures and controls to identify, assess, mitigate, monitor, and report risks. The Bank promotes risk ownership and adopts the following principle in management of operational risks, include but not limited to:

- a) clear operational risk management strategy and objective;
- b) clear roles and responsibilities of relevant parties;
- c) comprehensive policies and procedures to intergrate risk management in daily operations;
- d) check and balance between front, middle and back offices;
- e) develop and apply scientific tools or methodologies to prevent improper human manipulations and to report operational incidents, errors or near misses through KijangNet;
- f) implement effective control to achieve dynamic equilibrium in managing business and risks; and
- g) promote enterprise-wide risk management culture to create awareness of risk culture among the staff of the Bank.
- h) develop and maintain departmental BCPs ensuring that risk mitigation measures are practical and relevant to each unit's operations.

The Bank has also implemented "Three Lines of Defence" concept so that the Bank could carry out the management of operational risk effectively. Business Departments and Branches as the First Line of Defence are primarily responsible for operational risk management under respective scopes of the business functions. The Second Line of Defence which consists of functional departments, compliance and internal control, as well as risk management functions takes charge of managing the pertinent operational risk of the respective subject matters. The Internal Audit Department will be acting as the Third Line of Defence to conduct an independent review and assessment of the effectiveness of the Bank's internal control environment and operational risk management.

The Bank review loss events and risk trends regularly with the Board of Directors receiving periodic updates on operational risk management activities. The Bank also remains committed to minimizing operational risks to safeguard its financial and operational stability while maintaining customer trust and confidence.

The minimum regulatory capital requirement on operational risk exposures for the financial year is disclosed in note 2.0 (b).

8.0 Liquidity Risk

Liquidity risks arise when the Bank encounters challenges in securing funds to fulfil its current or future obligations. This can be attributed to premature and collective withdrawals by customers, overdue repayments from counterparties, mismatch in asset-liability maturity structure and difficulties in realisation of assets.

The liquidity and funding management has been carried out in compliance with regulatory standards as well as in accordance with the specific requirements and thresholds set by the Assets and Liabilities Committee (“ALCO”). The Bank maintains a strong liquidity position and constantly manages the liquidity composition of its assets, liabilities and commitments. This is to ensure that cash flow needs are adequately addressed and all obligations are met accordingly.

The Bank has continuously maintained relationships with new and existing depositors and funding counterparties. This strategy approach is aimed at growing the Bank's diversified funding base.