Bank of China (Malaysia) Berhad

Risk Weighted Capital Adequacy Framework (Basel II)
-Disclosure Requirements (Pillar 3)
30 June 2026

CONTENTS

1. Introduction

Pursuant to Bank Negara Malaysia's (BNM) Risk-Weighted Capital Adequacy Framework (RWCAF), banking institutions are to make available Pillar 3 disclosure for financial reporting beginning 1 January 2010.

RWCAF is based around three Pillars:

- Pillar 1 requires banking institutions to define rules for the computation of minimum capital requirement for credit risk, market risk and operational risk.
- Pillar 2 requires banking institutions to implement an Internal Capital Adequacy Assessment Process (ICAAP) for other risks not fully captured and not covered by Pillar 1.
- Pillar 3 requires expanded disclosures to allow market participants to understand the risk profiles of the bank.

The Bank adopts Standardised Approach (SA) in computing the capital requirements for credit risk and market risk and adopts Business Indicator Component (BIC) for operational risk (effective Jan 2025) under Pillar 1 of BNM's RWCAF.

Under SA, standard risk weights are used to assess the capital requirements for exposures in credit risk and market risk. The capital requirement for operational risk under BIC is computed by multiplying the Business Indicator (BI) with the corresponding marginal coefficients, over the preceding 12 financial quarters (equivalent to 3 years). The BI is the sum of Interest/Profit Component (IPC), Services Component (SC) and Financial Component (FC).

The Pillar 3 disclosure will be published in the Bank's website, www.bankofchina.com.my

2. Scope of Application

Bank of China (Malaysia) Berhad (Bank) is a limited liability company, incorporated and domiciled in Malaysia. The immediate holding company is Bank of China (Hong Kong) Limited, which was incorporated in Hong Kong whereas the penultimate holding company is Bank of China Limited and the ultimate holding company is Central Huijin Investment Ltd, both incorporated in China. The principal activities of the Bank are commercial banking and related financial services. There were no significant changes in these activities during the financial year.

For the purposes of this report, the disclosures presented herein will be of the Bank entity disclosures only.

The disclosures have been reviewed by internal auditors, endorsed by Senior Management and approved by Board.

3 Capital
3.1 Capital Management

The Bank's capital management is guided by the Bank's Capital Management Policy which sets out the key capital management objectives, principles, processes, governance and roles & responsibilities.

The objective of the Bank's capital management are summarized as follows:

- ensure the Bank has sufficient capital to support business development, safeguard the capability to withstand unexpected loss and achieve the required level of return on shareholders' investment
- maintain adequate capital ratio by considering the minimum statutory and regulatory requirements and as well as internal management requirements
- maintain current credit rating and enhance stakeholders' confidence
- outline the capital management measurement in the event of Capital Adequacy Ratio (CAR) levels fall below the targeted level
- continuously enhances financial effectiveness, improve capital value and ultimately maximize shareholders' value while controlling risk

The Board of Directors (BOD) undertake the ultimate responsibility in ensuring capital is adequate to cover material risks inherent in the Bank while meeting all relevant regulatory standards and guidelines and ensure an effective capital management infrastructure to facilitate the implementation of capital management strategies. The Senior Management is responsible for implementing capital management that is consistent with the Bank's business strategies and risk appetite, ensuring the level of capital commensurate with the trend of business development and risk profile, and that various controls are in place, remain relevant and effective.

The Bank's capital management includes various aspects such as capital planning, capital monitoring and reporting, dividend policy, capital management remedial actions and procedures, capital injection or reduction mechanism and etc. In developing the capital plan, the Bank considers regulatory requirements, makes reference to the business strategy of the Bank, takes into account both short-term and medium to long term capital demand, and ensures a long-term stable capital level is maintained. Annual capital plan starts with annual financial budget that includes, but not limited to, RWA forecast, capital base forecast, CAR forecast, as well as major parameters and assumptions. It is submitted to the Senior Management and approved by the BOD accordingly on the annual basis.

The Bank, through capital monitoring mechanism, regularly monitors the level and any variation in capital adequacy to ensure proper and timely execution of capital management measures. The Bank sets triggers and internal capital targets for the Common Equity Tier 1 Capital Ratio (CET1), Tier 1 Capital Adequacy Ratio (Tier 1) and Total Capital Adequacy Ratio. The control procedures include the monitoring of capital structure and its optimization, enhance the quality of capital, and improve shareholders' return by fully utilizing the leverage effect while fulfilling regulatory compliance. Capital adequacy and regulatory capital ratio are closely monitored by the Bank. The information is reported to Senior Management and BOD on a regular basis.

3.2 Capital Adequacy Ratio

The capital adequacy ratios of the Bank are computed in accordance with BNM's Capital Adequacy Framework (Capital Components) Policy dated 14 June 2024. The Bank has adopted SA for Credit Risk, Market Risk, and BIC for Operational Risk.

Pursuant to BNM's Capital Adequacy Framework (Capital Components), the Bank is required to comply with the capital buffers and minimum capital adequacy ratios.

The capital buffers shall comprise of the following:
a) Capital Conservation Buffer (CCB) of 2.5%
b) Countercyclical Capital Buffer (CCyB), determined as the weighted average of the prevailing CCyB rates applied in the jurisdictions in which the bank has credit exposures. (Intended to protect the banking sector as a whole from the build-up of systemic risk during an economic upswing when aggregate credit growth tends to be excessive.) (Maximum is 2.5%)

The minimum capital adequacy and capital buffer requirement for year 2026:

CET 1 Ratio (including CCB and CCyB)	7.000%
Tier 1 Capital Ratio (including CCB and CCyB)	8.500%
Total Capital Ratio (including CCB and CCyB)	10.500%

Total CET 1, Tier 1 and Total capital ratio are as follows:

	Jun 2026	Dec 2025
Capital ratios		
CET 1 capital ratio	15.636%	17.479%
Tier 1 capital ratio	15.636%	17.479%
Total capital ratio	25.105%	27.887%

There was no dividend declared and payout in financial year 2025.

The breakdown of risk-weighted assets by exposure class are as follow:

30 Jun 2026

	Gross Exposure	Net Exposure	Risk-Weighted Assets	Capital Requirement
	RM'000	RM'000	RM'000	RM'000
Credit Risk:				
On Balance Sheet Exposure				
Sovereigns & central banks	4,244,575	4,244,575	-	-
Banks, Development Financial Institutions (DFIs) & Multilateral Development Banks (MDBs)	8,131,178	8,131,178	2,227,752	178,220
Insurance Cos, Securities Firm & Fund Managers	131,128	103,063	103,063	8,245
Corporate	9,811,270	9,671,070	9,098,881	727,910
Regulatory Retail	964,742	961,720	739,656	59,173
Residential mortgages	324,090	323,506	115,612	9,249
Other assets	166,763	166,763	146,591	11,727
Total on-balance sheet	23,773,746	23,601,875	12,431,555	994,524
Off Balance Sheet Exposure				
Credit-related off-balance exposure	3,280,524	3,124,586	2,055,704	164,456
Total credit risk	27,054,270	26,726,461	14,487,259	1,158,980
Market Risk:				
Foreign exchange risk	14,522		14,522	1,162
Operational Risk:				
Total risk weighted assets and capital requirement			721,331	57,706
Total			15,223,112	1,217,848

31 Dec 2025

	Gross Exposure	Net Exposure	Risk-Weighted Assets	Capital Requirement
	RM’000	RM’000	RM’000	RM’000
Credit Risk:				
On Balance Sheet Exposure				
Sovereigns & central banks	4,235,940	4,235,940	-	-
Banks, Development Financial Institutions (DFIs) & Multilateral Development Banks (MDBs)	6,724,664	6,724,664	1,692,552	135,405
Insurance Cos, Securities Firm & Fund Managers	147,066	102,027	102,027	8,162
Corporate	9,124,798	8,979,747	8,622,249	689,780
Regulatory Retail	915,139	912,186	702,591	56,207
Residential mortgages	343,195	342,618	121,963	9,757
Other assets	148,277	148,277	129,853	10,388
Total on-balance sheet	21,639,079	21,445,459	11,371,235	909,699
Off Balance Sheet Exposure				
Credit-related off-balance exposure	2,540,041	2,390,179	1,571,356	125,708
Total credit risk	24,179,120	23,835,638	12,942,591	1,035,407
Market Risk:				
Foreign exchange risk	14,119		14,119	1,130
Operational Risk:				
Total risk weighted assets and capital requirement			687,299	54,984
Total			13,644,009	1,091,521

3.3 Capital Structure

The Bank's regulatory capital is divided into CET 1 and Tier 2 capital.

CET 1 capital consists of share capital, capital reserves, reserves created by appropriations of retained earnings and regulatory adjustments. Tier 2 capital consists of loan loss provisions, subordinated loan, revaluation reserves and others. Goodwill, investment in subsidiaries, investments in entities engaged in banking and financial services which are not consolidated in the financial statement, investment properties and investments in commercial corporations are deducted from CET1 and Tier 2 capital to arrive at the regulatory capital.

	Jun 2026	Dec 2025
	RM'000	RM'000
CET 1 capital:		
Paid-up ordinary share capital	814,734	814,734
Retained profits	1,573,855	1,573,855
Regulatory reserves	110,000	110,000
Fair value through other comprehensive reserve	25,506	38,665
Foreign exchange reserve	58	3
	2,524,153	2,537,257
Regulatory adjustments applied in CET1 capital:		
Deferred tax assets	(19,058)	(19,975)
Intangible assets	(846)	(1,138)
55% of cumulative gains of debt instruments at FVOCI	(14,028)	(21,266)
Regulatory reserve attributable to financial assets	(110,000)	(110,000)
Total CET 1 capital/ Total Tier 1 capital	2,380,221	2,384,878
Tier-2 capital:		
General Provision [1]	175,815	161,782
Subordinated loan	1,265,730	1,258,290
Less: Investment in subsidiary	-	-
Total tier-2 capital	1,441,545	1,420,072
Total capital base	3,821,766	3,804,950

Note:

1. *General provision is subject to a maximum of 1.25% of total credit risk-weighted assets determined under SA for credit risk.*

4. Risk Management
4.1 Risk Management Framework

The risk governance of the Bank are as follows:

Approve the risk appetite and business plans, and oversee the effectiveness of enterprise-wide integrated risk management as well as the implementation of the Bank's governance framework and internal control policy. Ensure risk-taking activities remain within the risk appetite, and promote a sound risk culture and effective risk management and internal control system for the Bank.	Board of Directors (BOD) Board Risk Management Committee (BRMC) Board Audit Committee (BAC)
Monitor the formulation and implementation of enterprise-wide integrated risk management practices to ensure holistic risk management and oversee the risk strategy, frameworks and policies, and practices to identify, measure, monitor, manage and report the Bank's material risks to the BOD to facilitate deliberation and decision-making on risk taking and mitigation strategies.	Management Level Committee
Manage the Bank's various types of risks and ensure the day-to-day management of the Bank's activities is consistent with the comprehensive risk management strategy, including the risk appetite and policies approved by the BOD. In addition, promote enterprise-wide awareness of risk and ensure enterprise-wide integrated risk management is embedded into the Bank's business practices and decision-making.	Senior Management
Responsible for setting department's objectives, defining strategies, establishing governance structures/ processes to align with the Bank's objectives and shall take a leading role in promoting an effective risk management environment.	Head of Departments
Adopt three lines of defence model to improve the effectiveness of risk management system. Responsible for the effective management of various risks that is in line with the Bank's risk strategy and compliance with policies and procedures.	All Departments and Branches

The BOD, representing the interest of shareholders, is the highest decision making authority of the Bank and has the ultimate responsibility for overseeing the risk management of the Bank. The BOD's roles in governing the Bank and its corporate objectives are supported by a sound risk strategy and an effective risk management framework. The BOD promotes a consistent risk management culture within the Bank and uphold the standards of conduct, organizational practices and corporate values that are consistent with the Bank's overall risk appetite. The BOD also oversees the embedding of sustainability principles encompassing environmental, social and governance (ESG) considerations in business strategy, risk management, decision making process and operations.

The BRMC, a risk committee of the BOD, assists the BOD to oversee:

- the establishment of a robust risk management system and an effective framework to identify, monitor, control and report risk.
- the Management Level Committee and Senior Management that are responsible to manage material risks (including climate risk) and the contagion effects among the different risks to ensure that integrated risk management functions within the Bank are in place and effectively discharged.

BRMC shall refer any specific transaction to the BOD if BOD-level deliberation and approval is required.

The BAC assists the BOD in fulfilling its roles on overseeing internal control systems and compliance processes. BAC reviews and evaluates the appropriateness of the Bank's control culture, effectiveness of risk management and internal control system, which including financial, operational and compliance controls, and risk management matters that may have a significant impact to the Bank's financial standing and reputation. BAC also reviews the whistleblowing arrangements for the Bank's employees and other stakeholders who, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters. In addition, BAC also reviews the reports submitted by external auditors to Management in connection with the annual audit as well as the recommendations made by regulatory bodies on risk management and internal control.

Management Level Committee assists the BRMC and BOD to:

- promote strong risk management culture, establish and implement effective risk management controls within the Bank and monitor risk-related matters proactively and timely.
- manage enterprise-wide integrated risk and implement the Bank's overall risk strategies and risk appetite set by the BOD and continuously monitor the implementation of the risk appetite through risk limits/ indicators management to ensure that the risk-taking activities remain consistent with the overall risk appetite approved by the BOD and, where necessary, recommend relevant changes for BOD's approval.
- ensure adequate measures are in place to manage the use of models for identifying and measuring risk by overseeing the model development and implementation process, establishing guidance on model use and monitoring model performance including independent model validation.

- continuously monitor the adequacy of the Bank's internal controls function, ensure that robust internal systems and infrastructure, resources, risk measurement systems and methodologies are in place for effective risk management activities.
- ensure adequate and effective information technology policies and procedures, and proper risk management framework to identify, measure, monitor and control technology risks. To provide BOD with management reports pertinent to information technology performance indicators and, where necessary, recommend actions to respond to key technology risk incidents.
- review and recommend specific actions/ correspondence with regard to regulatory assessment, significant issues arising from internal and/ or external audit matters (including the remediation plans).
- oversee the Bank's climate risk management and its implementation to promote sustainability and ensure that material climate-related risks are well managed.
- ensure the Bank's activities are in compliance with relevant laws and regulations as well as to promote sound risk and compliance culture.

The Bank has established and implemented an enterprise-wide integrated risk management framework through the Three Lines of Defence model which outlines the roles and responsibilities of risk-taking units, risk control units and internal audit. The risk-taking units undertake the day-to-day management of risks inherent in their business activities and ensure proper implementation and execution of its policy. Risk control units are responsible for the identification, measurement, monitoring and escalation of risk matters to Senior Management and BOD. Internal audit provides independent assurance of the effectiveness of the risk management framework and conduct independent review to ensure risk management policies are adequate, effective and robust. The key internal controls are summarized as follows:

(i) Establish a rational organisational structure with appropriate personnel whose responsibility, authority and accountability are clearly defined. The Bank has formulated policies and procedures to embed reasonable checks and balances in all operating units, safeguard the Bank's assets and ensure adherence to relevant laws and regulations and risk management practices.

(ii) The Management formulates and continuously monitors the implementation of the Bank's overall strategies, business plans and financial budgets. Accounting and management systems are in place to evaluate financial and operational performance.

(iii) The Bank has set up mechanisms to identify, evaluate and manage all major risks and has established corresponding internal control procedures and processes. The policies and procedures cover major aspects of risks including Credit, Operational, Market, Legal & Compliance, Liquidity, Interest Rate, Reputational, Strategic, Technology, Bribery, Corruption & Fraud Risk, Money Laundering/Terrorism Financing/ Proliferation Financing and Climate & sustainability-related risk. There are also procedures for handling and dissemination of information.

(iv) The Bank has established robust information technology infrastructure to generate relevant risk information accurately and timely. Such information facilitates the Management, business units and the regulatory bodies to assess and monitor the

Bank's risk position and performance. Proper communication channels and reporting mechanisms are in place to facilitate management of information.

(v) The Bank's internal audit, as 3rd line of defence, conducts independent review on the Bank's Risk Management Framework and assess the soundness, adequacy and compliance of internal controls including policies, structures and processes of the Bank. They follow-up closely on the items that require attention and reports implementation status to the Management and the BOD through BAC in a timely manner.

The Bank's ICAAP is guided by the ICAAP Policy which details the responsibilities, approaches and methodologies for identifying and measuring risks, stress testing, reporting and review process, capital planning for a 3 year-plan, independent review, and etc. The Bank has undertaken self-assessment to evaluate its existing capital and risk management practices against the expectations set forth by various stakeholders (e.g. BNM, shareholders and etc.) as well as business strategies and risk appetite in a forward-looking approach.

The internal capital adequacy assessment is regularly stress-tested using specific stress scenarios e.g. Covid-19 pandemic impact, Ukraine-Russia war, severe climate risks, inflationary pressure and etc. The stress testing approach mainly applies quantitative technique, covering key risks across the business lines and taking into consideration macroeconomics changes and other relevant factors to assess their impacts on Bank's capital adequacy.

The Bank continuously monitors emerging risks and put in place measurements and controls to mitigate those risks. The Bank employs regular risk assessment, stress testing and reverse stress test to ensure capital remains adequate to cover the risks captured under Pillar 1, as well as risk types that are not fully captured or covered under Pillar 1, such as liquidity risk, interest rate risk in the banking book (IRRBB) and concentration risks. Such information allows Senior Management to identify adverse trend, take preventive and corrective measures and formulate business strategies accordingly.

5 Credit Risk

Credit risk (including counterparty credit risk) is the risk of a counterparty failing to perform its obligations. Credit risk also exists in the trading book and banking book, as well as from on- and off-balance sheet transactions.

The Bank structures the levels of credit risk by placing appropriate thresholds on the amount of risk acceptable in relation to, but not limited to, single borrower, group of borrowers, industry segments, country, product in addition to limits set for regulatory compliance purpose. Such risks and compliance are monitored on a regular basis and are subject to annual or more frequent review. Limits set by regulator and Parent Bank are adopted by the Bank in managing credit risks.

Monitoring and Mitigation of Material Risk

- Business unit, as the 1st line of defence, is responsible for prudent customer selection. The Bank manages credit risk through well-defined risk appetite, risk threshold limit, underwriting standards for various type of lending, post-loan monitoring and continuous enhancement to credit rating. Weaker credits are mitigated by credit risk mitigation, such as tangible collaterals and guarantees.

- For both Corporate and Retail loans, the Bank applies independent credit due diligence process on credit applications. Credit proposals are validated, analysed, assessed and proposed by Business Unit. The credit proposals shall then be independently assessed and/ or approved by Credit Approval Department (CAD) based on the delegated credit authorities. Should any credit proposal exceed the highest delegated credit authority of the approvers, upon completing due diligence, the CAD will recommend the credit proposal to Credit Evaluation Panel (CEP) for deliberation, after which the credit proposal shall be submitted to CEO (or delegate) for final decision. Experienced and competent key personnel are appointed to the CEP to assist in assessing the credit applications and to provide recommendation for final decision. CEO (or delegate) has the discretion to reject or modify terms and conditions of the loans passed by CEP.

- The Bank reviews, analyses and monitors its credit exposure portfolio and reports to Management through Risk Management and Internal Control Committee (RMICC) and to the BRMC and BOD on a regular basis.

5.1 Past Due and Impaired Loan

A loan is considered past due when the borrower/ counterparty has failed to make the principal or interest repayment when contractually due. Loans with more than 90 days past due or considered impaired as a result of significant credit events are to be classified as impaired according to the Bank's policies.

The classification of impaired loans and the relevant provision is consistent with the standard under Malaysian Financial Reporting Standards 9 (MFRS9) and BNM Guidelines on Financial Reporting.

The loans of the Bank are classified as impaired when they meet the following criteria:

i. Where the principal or interest or both of the loan is past due for more than 90 days or 3 months. In the case of revolving facilities, (e.g. overdraft facilities), the facility shall be classified as impaired where the outstanding amount has remained in excess of the approved limit for a period of more than 90 days or 3 months; or

ii. 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 exhibits weaknesses in accordance with Bank's policy that would render the account as impaired; or

iii. Where repayments are scheduled on intervals of 3 months or longer, the loan is classified as impaired as soon as a default occurs; or

iv. When the loan is classified as rescheduled and restructured; or

v. Occurrence of material adverse events/ circumstances such as significant financial difficulties including high possibilities of being wound up/ adjourned bankrupt or decreasing cash flow in near future.

In addition to the above mentioned criteria, the Bank would perform assessment immediately and propose appropriate account classification and rating when the following material adverse events/circumstances occurred.

i. Borrower Responsiveness
   - Borrowers are not contactable/not responsive/not cooperative after the Bank has exhausted all modes of communication to contact them.

ii. Conditions with Other Bank
   - There are legal proceedings by other financial institutions that have material negative impact on the borrower's repayment prospect.

iii. Business Operation
   - Borrower has ceased operation or business operation is currently suspended and unlikely to resume in the next 12 months; and
   - Parents/shareholders are unable/or unwilling to support the borrower.
   - Occurrence of material events such as breach of contract or contract termination that may lead to the significant weakening of repayment capability.

iv. Significant Adverse Market News
   - Classified under the Practice Note 17 (PN17) and Guidance Note 3 (GN3) by Bursa Malaysia Securities Berhad.

v. Receiver & manager or liquidator appointed or under judicial management/corporate voluntary arrangement

vi. Material fraud with investigation report duly confirmed

vii. Bankruptcy or 3rd party petition for winding up is presented and is not withdrawn or discharge.

With effect from 1 January 2018, the Bank has adopted MFRS9 which introduces a forward-looking expected credit loss (ECL) model for loan loss provisioning. The Bank applies a 3-stage approach to measure ECL as follows:

Stage 1 - 12 months ECL
- For non-impaired credit exposures where there have not been any significant increase in credit risk since initial recognition and the exposures are not credit

impaired upon origination, the ECL associated with the probability of default events occurring within the next 12 months will be recognised.

Stage 2 - Lifetime ECL

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

Stage 3 - Lifetime ECL

- Financial assets are assessed as credit impaired when one or more objective evidences of defaults that have a detrimental impact on the estimated future cash flows of that asset have occurred.

The MFRS9 ECL Methodology has been independently validated by external validator.

The Bank continues to apply overlay adjustment in the forward-looking factor of ECL estimation as disclosed in the Financial Statement dated 31 December 2025 to ensure sufficient level of provisioning.

5.2 Geographical Analysis

Geographic distribution of credit exposures, broken down in geographical location where the credit risk resides by major types of gross credit exposures

30 Jun 2026

Credit exposure	**Geography**				
Asset Class	**Malaysia**	**China**	**Hong Kong**	**Other**	**Total**
	RM'000	RM'000	RM'000	RM'000	RM'000
Sovereigns & central banks	4,444,575	-	-	-	4,444,575
Banks, DFIs & MDBs	6,580,237	1,397,565	616,835	730,460	9,325,097
Insurance Cos, Securities Firm & Fund Managers	211,978	-	-	-	211,978
Corporates	9,066,914	19,484	474,035	2,023,817	11,584,250
Regulatory retails	530,243	171,074	139,057	156,821	997,195
Residential mortgages	251,876	50,780	9,174	12,582	324,412
Other assets	166,763	-	-	-	166,763
Total	21,252,586	1,638,903	1,239,101	2,923,680	27,054,270

31 Dec 2025

Credit exposure	**Geography**				
Asset Class	**Malaysia**	**China**	**Hong Kong**	**Other**	**Total**
	RM'000	RM'000	RM'000	RM'000	RM'000
Sovereigns & central banks	4,310,940	-	-	-	4,310,940
Banks, DFIs & MDBs	4,924,313	1,105,430	425,892	1,270,132	7,725,767
Insurance Cos, Securities Firm & Fund Managers	220,197	-	-	-	220,197
Corporates	7,908,718	31,411	330,790	2,213,632	10,484,551
Regulatory retails	498,317	176,005	135,953	135,753	946,028
Residential mortgages	260,481	54,719	11,928	16,232	343,360
Other assets	148,277	-	-	-	148,277
Total	18,271,243	1,367,565	904,563	3,635,749	24,179,120

5.3 Industry Analysis

Distribution of exposures by sector, broken down by major types of gross credit exposures

30 Jun 2026

Credit exposure	Category							Total
Sector	Sovereigns & central	Banks, DFIs & MDBs	Insurance Cos, Securities Firm	Corporates	Regulatory Retails	Residential mortgages	Other assets	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accommodation and Food Service Activities	-	-	-	12,789	483	-	-	13,272
Administrative and Support Service Activities	-	-	-	196,277	-	-	-	196,277
Agriculture, Forestry & Fishing	-	-	-	293,534	1,374	-	-	294,908
Arts, Entertainment and Recreation	-	-	-	38,031	-	-	-	38,031
Construction	-	-	-	1,245,934	4,337	-	-	1,250,271
Education	-	-	-	201,053	-	-	-	201,053
Electricity, Gas, Steam and Air Conditioning Supply	-	-	-	1,191,961	-	-	-	1,191,961
Financial and Insurance/Takaful Activities	4,444,575	9,325,097	211,978	1,986,909	-	-	-	15,968,559
Household	-	-	-	197,667	977,303	324,412	-	1,499,382
Information and Communication	-	-	-	213,712	15	-	-	213,727
Manufacturing	-	-	-	2,846,555	2,399	-	-	2,848,954
Mining & Quarrying	-	-	-	175,877	1,764	-	-	177,641
Professional, Scientific and Technical Activities	-	-	-	515,169	-	-	-	515,169
Public Administration and Defence; Compulsory Social Security	-	-	-	-	-	-	-	0
Real Estate Activities	-	-	-	1,574,256	6,027	-	-	1,580,283
Transportation and Storage	-	-	-	227,244	990	-	-	228,234
Water Supply; Sewerage, Waste Management and Remediation Activities	-	-	-	51,993	-	-	-	51,993
Wholesale and Retail Trade; Repair of Motor Vehicles and Motocycles	-	-	-	598,417	2,503	-	-	600,920
Others*	-	-	-	16,872	-	-	166,763	183,635
Total	4,444,575	9,325,097	211,978	11,584,250	997,195	324,412	166,763	27,054,270

**Others are exposures which are not elsewhere classified.*

31 Dec 2025

Credit exposure	Category							Total
Sector	Sovereigns & central	Banks, DFIs & MDBs	Insurance Cos, Securities Firm	Corporates	Regulatory Retails	Residential mortgages	Other assets	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accommodation and Food Service Activities	-	-	-	12,476	471	-	-	12,947
Administrative and Support Service Activities	-	-	-	187,116	-	-	-	187,116
Agriculture, Forestry & Fishing	-	-	-	361,244	1,463	-	-	362,707
Arts, Entertainment and Recreation	-	-	-	41,873	-	-	-	41,873
Construction	-	-	-	907,091	2,319	-	-	909,410
Education	-	-	-	209,038	-	-	-	209,038
Electricity, Gas, Steam and Air Conditioning Supply	-	-	-	1,121,528	-	-	-	1,121,528
Financial and Insurance/Takaful Activities	4,310,940	7,725,767	220,197	2,047,240	-	-	-	14,304,144
Household	-	-	-	199,855	926,765	343,360	-	1,469,980
Information and Communication	-	-	-	127,235	20	-	-	127,255
Manufacturing	-	-	-	2,352,333	3,394	-	-	2,355,727
Mining & Quarrying	-	-	-	328,634	2,150	-	-	330,784
Professional, Scientific and Technical Activities	-	-	-	138,046	-	-	-	138,046
Public Administration and Defence; Compulsory Social Security	-	-	-	-	-	-	-	0
Real Estate Activities	-	-	-	1,633,822	6,556	-	-	1,640,378
Transportation and Storage	-	-	-	173,163	952	-	-	174,115
Water Supply; Sewerage, Waste Management and Remediation Activities	-	-	-	50,325	-	-	-	50,325
Wholesale and Retail Trade; Repair of Motor Vehicles and Motocycles	-	-	-	589,981	1,938	-	-	591,919
Others*	-	-	-	3,551	-	-	148,277	151,828
Total	4,310,940	7,725,767	220,197	10,484,551	946,028	343,360	148,277	24,179,120

**Others are exposures which are not elsewhere classified.*

5.4 Maturity Analysis

Original contractual maturity breakdown by major types of gross credit exposures

30 Jun 2026

Credit exposure	**Maturity**			**Total**
Category	**Up to one year**	**1-5 year**	**>5years**	
	RM'000	RM'000	RM'000	RM'000
Sovereigns & central banks	425,063	595,309	3,424,203	4,444,575
Banks, DFIs & MDBs	7,782,933	1,178,371	363,793	9,325,097
Insurance Cos, Securities Firm & Fund Managers	83,500	25,415	103,063	211,978
Corporates	3,927,893	2,809,477	4,846,880	11,584,250
Regulatory retails	6,315	3,077	987,803	997,195
Residential mortgages	-	-	324,412	324,412
Other assets	47,892	-	118,871	166,763
Total	12,273,596	4,611,649	10,169,025	27,054,270

31 Dec 2025

Credit exposure	**Maturity**			**Total**
Category	**Up to one year**	**1-5 year**	**>5years**	
	RM'000	RM'000	RM'000	RM'000
Sovereigns & central banks	535,981	294,428	3,480,531	4,310,940
Banks, DFIs & MDBs	6,555,575	774,343	395,849	7,725,767
Insurance Cos, Securities Firm & Fund Managers	92,875	25,295	102,027	220,197
Corporates	3,719,166	2,902,441	3,862,944	10,484,551
Regulatory retails	7,790	1,795	936,443	946,028
Residential mortgages	40	-	343,320	343,360
Other assets	27,713	-	120,564	148,277
Total	10,939,140	3,998,302	9,241,678	24,179,120

5.5 Loan and Advances and ECL by sector

(a) Loan and Advances -Impaired:

	Jun 2026	Dec 2025
	RM'000	RM'000
Accommodation and Food Service Activities	20,602	19,900
Agriculture, Forestry & Fishing	42,129	42,128
Arts, Entertainment and Recreation	78,391	76,171
Construction	503	495
Financial and Insurance/Takaful Activities	42,861	41,134
Household	57,554	54,962
Manufacturing	58,955	58,235
Real Estate Activities	1,377	1,653
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	93	121
Total	302,465	294,799

(b) Loan and Advances-Past due loans:

	Jun 2026	Dec 2025
	RM'000	RM'000
Household	28,407	13,957
Manufacturing	9,573	-
Total	37,980	13,957

(c) Loan and Advances –Neither Past Due nor Impaired:

	Jun 2026	Dec 2025
	RM'000	RM'000
Accommodation and Food Service Activities	12,641	12,057
Administrative and Support Service Activities	176,761	172,394
Agriculture, Forestry & Fishing	241,313	311,752
Construction	946,311	690,975
Education	201,052	209,038
Electricity, Gas, Steam and Air Conditioning Supply	1,001,893	910,315
Financial and Insurance/Takaful Activities	2,735,507	2,163,199
Household	1,395,138	1,383,969
Information and Communication	163,567	79,876
Manufacturing	2,155,706	1,894,987
Mining & Quarrying	136,698	312,484
Professional, Scientific and Technical Activities	491,070	138,036
Public Administration and Defence; Compulsory Social Security	-	-
Real Estate Activities	1,507,930	1,574,761
Transportation and Storage	754,482	998,101

	Jun 2026	Dec 2025
	RM'000	RM'000
Water Supply; Sewerage, Waste Management and Remediation Activities	45,142	43,484
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	472,488	490,660
Total	12,437,699	11,386,088

(d) Lifetime ECL (Credit Impaired) Stage 3 by sector:

	Jun 2026	Dec 2025
	RM'000	RM'000
Accommodation and Food Service Activities	20,097	19,428
Agriculture, Forestry & Fishing	29,816	29,508
Arts, Entertainment and Recreation	40,361	34,297
Construction	91	21
Financial and Insurance/Takaful Activities	28,467	26,255
Household	17,698	15,831
Manufacturing	51,224	50,485
Real Estate Activities	225	738
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	99	121
Total	188,078	176,684

(e) 12 months ECL (Stage 1) & Lifetime ECL (Non-Credit Impaired) Stage 2 by sector:

	Jun 2026	Dec 2025
	RM'000	RM'000
Accommodation and Food Service Activities	112	107
Administrative and Support Service Activities	32	29
Agriculture, Forestry & Fishing	175	572
Construction	19,399	20,382
Education	1,287	1,354
Electricity, Gas, Steam and Air Conditioning Supply	1,665	1,367
Financial and Insurance/Takaful Activities	5,931	5,285
Household	4,652	5,461
Information and Communication	1,293	678
Manufacturing	9,312	6,126
Mining & Quarrying	360	1,099
Professional, Scientific and Technical Activities	875	52
Public Administration and Defence; Compulsory Social Security	-	-
Real Estate Activities	5,709	5,832
Transportation and Storage	721	382
Water Supply; Sewerage, Waste Management and Remediation Activities	101	55

	Jun 2026	Dec 2025
	RM’000	RM’000
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	1,163	1,407
Total	52,787	50,188

5.6 Loan and Advances and ECL by Geographical Location

(a) Loan and Advances -Impaired:

	Jun 2026	Dec 2025
	RM’000	RM’000
Malaysia	282,062	275,701
China	12,701	12,570
Hong Kong	93	-
Other	7,609	6,528
Total	302,465	294,799

(b) Loan and Advances-Past due loans:

	Jun 2026	Dec 2025
	RM’000	RM’000
Malaysia	30,645	12,573
China	4,273	-
Hong Kong	767	442
Other	2,295	942
Total	37,980	13,957

(c) Loan and Advances –Neither Past Due nor Impaired:

	Jun 2026	Dec 2025
	RM’000	RM’000
Malaysia	8,674,493	7,692,748
China	807,522	567,063
Hong Kong	558,047	462,431
Other	2,397,637	2,663,846
Total	12,437,699	11,386,088

(d) Lifetime ECL (Credit Impaired) Stage 3 by geographical:

	Jun 2026	Dec 2025
	RM’000	RM’000
Malaysia	177,243	166,209
China	7,728	7,579
Hong Kong	-	-
Other	3,107	2,896
Total	188,078	176,684

(e) 12 months ECL (Stage 1) & Lifetime ECL (Non-Credit Impaired) Stage 2 by geographical:

	Jun 2026	Dec 2025
	RM’000	RM’000
Malaysia	27,388	24,004
China	642	793
Hong Kong	1,848	1,397
Other	22,909	23,994
Total	52,787	50,188

5.7 Movement in credit impaired loans and advances

	Jun 2026	Dec 2025
	RM'000	RM'000
As at 1 Jan	294,799	350,710
Classified as credit impaired during the year	10,285	16,881
Reclassified as non-credit impaired/performing during the year	-	(309)
Amount recovered	(2,619)	(47,287)
Amount written-off/ write-down	-	(25,196)
Other adjustment	-	-
Gross Impaired Loan and advances	302,465	294,799
Minus: Lifetime ECL (credit impaired) (Stage 3)	(188,078)	(176,684)
Net Impaired Loan and advances	114,387	118,115

5.8 Movement in allowance for impairment on loan and advances

	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total
	(Stage 1)	(Stage 2)	(Stage 3)	
	RM'000	RM'000	RM'000	RM'000
Beginning 1 Jan 2026	25,733	24,455	176,684	226,872
Transferred to 12 months ECL	1,093	(1,093)	-	-
Transferred to lifetime ECL not credit impaired	(266)	266	-	-
Transferred to lifetime ECL credit impaired	(26)	(354)	380	-
New loans ECL	2,701	-	-	2,701
ECL (write-back)/made during the financial period	(1,793)	2,527	4,995	5,729

	12 months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total
	(Stage 1)	(Stage 2)	(Stage 3)	
	RM'000	RM'000	RM'000	RM'000
Full settlement	(456)	-	-	(456)
Amounts written off	-	-	-	-
Other movement	-	-	6,019	6,019
Total ECL amount as at 30 Jun 2026	26,986	25,801	188,078	240,865

6. Credit Rating

Under the standardized comprehensive approach, the Bank applies credit rating assigned by External Credit Assessment Institutions (ECAIs) that are recognized by BNM in the calculation of credit risk weighted assets for capital adequacy purposes.

The following are the eligible ECAIs:
a) Standard & Poor’s (S&P)
b) Moody’s Investor Service (Moody’s)
c) Fitch Rating (Fitch)
d) RAM Rating Services Berhad (RAM)
e) Malaysian Rating Corporation Berhad (MARC)

Disclosures on Rated Exposures according to Ratings by ECAIs.

6.1 Disclosure on Credit Risk: Disclosure on Risk Weights under SA

30 Jun 2026

Risk Weights	Exposures after Netting and CRM							Total exposures after Netting & CRM	Total Risk Weighted Assets
	Sovereigns & Central Banks	Banks, DFIs & MDBs	Insurance Cos, Securities Firm & Fund Managers	Corporate	Regulatory Retails	Residential Mortgages	Other Assets		
	RM’000	RM’000	RM’000	RM’000	RM’000	RM’000	RM’000	RM’000	RM’000
0%	4,444,575	-	-	-	-	-	20,172	4,464,747	-
20%	-	6,468,232	-	920,969	-	-	-	7,389,201	1,477,840
35%	-	-	-	-	-	316,280	-	316,280	110,698
50%	-	2,727,810	-	150,261	2,740	5,042	-	2,885,853	1,442,927
75%	-	-	-	-	916,944	-	-	916,944	687,708
100%	-	129,055	180,514	10,196,320	69,147	2,506	146,591	10,724,133	10,724,132
150%	-	-	-	26,881	2,422	-	-	29,303	43,954
	Grand Total							26,726,461	14,487,259

31 Dec 2025

Risk Weights	Exposures after Netting and CRM							Total exposures after Netting & CRM	Total Risk Weighted Assets
	Sovereigns & Central Banks	Banks, DFIs & MDBs	Insurance Cos, Securities Firm & Fund Managers	Corporate	Regulatory Retails	Residential Mortgages	Other Assets		
	RM’000	RM’000	RM’000	RM’000	RM’000	RM’000	RM’000	RM’000	RM’000
0%	4,310,940	-	-	-	-	-	18,424	4,329,364	-
20%	-	5,857,184	-	649,164	-	-	-	6,506,348	1,301,270
35%	-	-	-	-	-	333,157	-	333,157	116,605
50%	-	1,743,663	-	126,733	3,617	8,420	-	1,882,433	941,217
75%	-	-	-	-	862,190	-	-	862,190	646,643
100%	-	124,920	175,158	9,387,506	74,081	1,206	129,853	9,892,724	9,892,724
150%	-	-	-	28,239	1,183	-	-	29,422	44,132
	Grand Total							23,835,638	12,942,591

6.2 Rated Exposures according to Ratings by ECAIs

30 Jun 2026

Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and Off Balance Sheet Exposures							
Sovereigns/Central Banks		-	4,444,575	-	-	-	-
Total		-	4,444,575	-	-	-	-

Exposure Class	Ratings of Banking Institutions by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB+ to BBB-	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and Off Balance Sheet Exposures							
Banks, MDBs and FDIs		1,034,060	7,809,827	335,837	145,298	-	75
Total		1,034,060	7,809,827	335,837	145,298	-	75

Exposure Class	Ratings of Corporate by Approved ECAIs					
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
		RM'000	RM'000	RM'000	RM'000	RM'000
On and Off Balance Sheet Exposures						
Corporate		917,789	90,921	13,300	-	10,562,240
Total		917,789	90,921	13,300	-	10,562,240

31 Dec 2025

Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and Off Balance Sheet Exposures							
Sovereigns/Central Banks		-	4,310,940	-	-	-	-
Total		-	4,310,940	-	-	-	-

Exposure Class	Ratings of Banking Institutions by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB+ to BBB-	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>On and Off Balance Sheet Exposures</u>							
Banks, MDBs and FDIs		1,698,463	5,604,489	297,825	124,920	-	70
Total		1,698,463	5,604,489	297,825	124,920	-	70

Exposure Class	Ratings of Corporate by Approved ECAIs					
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
		RM'000	RM'000	RM'000	RM'000	RM'000
<u>On and Off Balance Sheet Exposures</u>						
Corporate		640,895	94,332	25,071	-	9,724,253
Total		640,895	94,332	25,071	-	9,724,253

7. Credit Risk Mitigation (CRM)

The Bank grants credit facilities based on the credit worthiness of the customer, legitimate loan purpose, source of repayment, debt servicing ability and collateral(s)/ guarantees/ etc as CRM. Credit facilities may be granted unsecured premised on the merit of the customer's creditworthiness.

The main types of tangible collateral recognized by the Bank as CRM are as follows:

No	Types of Collaterals
1	Fixed Deposit, Cash Margin
2	Property / Land
3	Quoted Share
4	Bond
5	Standby Letter of Credit by Financial Institution
6	Others (e.g. Machinery, Vessels, Assignment of proceeds, etc.)

The Bank also accepts guarantees from individuals, corporate and institutional customers to mitigate credit risk subject to internal guidelines on eligibility.

Property valuation report of by panel valuer is required by the Bank to ensure the value is fair unless it is exempted by internal guidelines. Generally, the value of the property charged is updated during the periodic credit review to reflect the current market value.

For the computation of capital adequacy requirements for collateralized transactions, the Bank has since in August 2013 applied **comprehensive approach**, which allows greater offset of CRM against exposures, by effectively reducing the exposure amount by the value ascribed to the collateral. This is guided by the minimum conditions for the eligible collaterals set out in the "Risk-Weighted Capital Adequacy Framework (Basel II – Risk-Weighted Assets Computation) issued by BNM.

7.1 Disclosure on CRM

30 Jun 2026

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees/ Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
	RM'000	RM'000	RM'000	RM'000
Credit Risk				
On-Balance Sheet Exposure:				
Sovereigns/Central Bank	4,244,575	-	-	-
Banks, DFIs & MDBs	8,131,178	-	-	-
Insurance Cos, Securities Firm & Fund Managers	131,128	-	31,465	-
Corporates	9,711,899	26,953	289,818	-
Regulatory Retail	955,931	-	5,942	-
Residential Mortgages	317,879	-	584	-
Other Assets	166,763	-	-	-
Defaulted Exposures	114,393	-	-	-
Total for On-Balance Sheet Exposure	23,773,746	26,953	327,809	-
Off-Balance Sheet Exposure:				
Off-balance sheet exposures included OTC derivatives or credit derivatives	3,280,524	-	-	-
Total for Off-Balance Sheet Exposure	3,280,524	-	-	-
Total On and Off Balance Sheet Exposure	27,054,270	26,953	327,809	-

31 Dec 2025

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees/ Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
	RM'000	RM'000	RM'000	RM'000
Credit Risk				
On-Balance Sheet Exposure:				
Sovereigns/Central Bank	4,235,940	-	-	-
Banks, DFIs & MDBs	6,724,664	-	-	-
Insurance Cos, Securities Firm & Fund Managers	147,066	-	45,038	-
Corporates	9,019,436	43,058	292,909	-
Regulatory Retail	907,738	-	4,957	-
Residential Mortgages	337,843	-	577	-
Other Assets	148,277	-	-	-
Defaulted Exposures	118,115	-	-	-
Total for On-Balance Sheet Exposure	21,639,079	43,058	343,481	-
Off-Balance Sheet Exposure:				
Off-balance sheet exposures included OTC derivatives or credit derivatives	2,540,041	-	-	-
Total for Off-Balance Sheet Exposure	2,540,041	-	-	-
Total On and Off Balance Sheet Exposure	24,179,120	43,058	343,481	-

8. Off-Balance Sheet Exposure

Off-Balance Sheet exposures of the Bank are mainly composed of the following:

- Bank Guarantee and Standby Letter of Credit, which represent undertakings that the Bank will make payment in the event that a customer cannot meet its obligations to third parties.
- Documentary Letter of Credit, which are undertaking that the Bank on behalf of the customer for payment of goods purchased.
- Commitments to extend credit including the unutilized or undrawn portion of credit facilities.

Off-Balance Sheet and Counterparty Credit Risk – 30 Jun 2026

Description	Principal Amount	Credit Equivalent Amount	Risk Weighted Assets
	RM'000	RM'000	RM'000
Direct Credit Substitutes	60,140	60,140	-
Transaction related contingent items	2,993,817	1,496,908	763,737
Short Term Self Liquidating trade related contingencies	93,378	18,676	12,893
Foreign exchange related contracts			
-One year or less	7,577,495	141,093	62,449
Interest/Profit rate related contracts			
-One year or less	796,777	5,028	1,753
-Over one year to five year	1,015,204	45,395	29,400
-Over five year	-	-	-
Other commitments , such as formal standby facilities and credit lines, with an original maturity of up to one year	3,991,049	798,210	678,182
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	1,430,149	715,074	507,290
Unutilised credit card lines	-	-	-
Total	17,958,009	3,280,524	2,055,704

Off-Balance Sheet and Counterparty Credit Risk – 31 Dec 2025

Description	Principal Amount	Credit Equivalent Amount	Risk Weighted Assets
	RM'000	RM'000	RM'000
Direct Credit Substitutes	58,107	58,107	-
Transaction related contingent items	2,701,265	1,350,633	668,351
Short Term Self Liquidating trade related contingencies	54,808	10,961	7,557
Foreign exchange related contracts			
-One year or less	8,328,249	111,449	49,978
Interest/Profit rate related contracts			
-One year or less	597,880	6,680	5,197
-Over one year to five year	856,011	38,866	29,445
- Over five year	-	-	-
Other commitments , such as formal standby facilities and credit lines, with an original maturity of up to one year	3,694,830	738,966	668,330
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	448,758	224,379	142,498
Unutilised credit card lines	-	-	-
Total	16,739,908	2,540,041	1,571,356

9. Market Risk

Market risk is the risk of potential losses resulting from the adverse movement in the value of assets and liabilities (including off-balance sheet assets and liabilities) due to fluctuations in the risk factors such as foreign exchange rates, interest rates, credit spreads, equity prices, commodities prices and their associated volatility.

The Bank's Management Level Committee is responsible for the oversight of market risk management of the Bank and executing the BRMC and BOD mandate on market risk management strategies, risk appetite and tolerance level. The Bank has established the Market Risk Management Policy to govern the Bank’s market risk governance structure, risk identification, measurement, monitoring and reporting processes. The Bank’s market risk is managed by Business Unit and monitored by RMD. RMD measures and monitors its FX Net Open Position (FX NOP), Value-at-Risk (VaR), Price Value of Basis Point (PVBP) and stop loss limits (Daily, Monthly and Yearly) on daily basis. RMD also reports to Management Level Committee and BOD on a regular basis on the Bank’s market risk exposures and its compliance to the limits approved for each market risk indicators.

For capital requirement, the Bank adopts SA. The current market risk capital charge is mainly from the Bank’s exposures in the foreign exchange risk.

Risk weighted assets and capital requirement for market risk

Capital Charge Requirement for :	30 Jun 2026	31 Dec 2025
	Standardised Approach	Standardised Approach
	RM’000	RM’000
Interest Rate risk	-	-
Equity Position Risk	-	-
Foreign Exchange Risk	1,162	1,130
Commodity Risk	-	-
Others	-	-
Total Risk Weighted Assets Equivalent for Market Risk	14,522	14,119

10. Operational Risk

Operational risk refers to the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Operational risk is inherent in all activities, products and services of financial institutions and can transverse multiple activities and business lines within the bank. It includes a wide spectrum of heterogeneous risk such as fraud, physical damage, business disruption, transaction failures, legal and regulatory breaches as well as employee health and safety hazards. Operational risk may result in direct financial losses as well as indirect financial losses (e.g. loss of business and market share) due to reputational damage.

To manage operational risk, the Bank has established “Three lines of defence” model to manage operational risk events, where:-

1. 1st line of defence – Business and functional lines are primarily responsible in managing operational risk of their respective businesses and functions.
2. 2nd line of defence – Provide advisory to the business and functional lines on the established operational risk management policies/ procedures and perform review on the operational risk management process (on risk-based basis) undertaken by the business and functional lines to evaluate the effectiveness of the risk mitigation activities at the business and functional lines.

3. 3rd line of defence – provide regular independent reviews and assessments of the operational risk management framework, processes and systems.

Management Level Committee and BRMC are the Bank's key risk governance committees accountable for overseeing the enterprise wide operational risk function. These committees are responsible to monitor and deliberate on operational risk issues specific to the business or functional lines, and promote risk ownership and management by the business and functional lines.

For capital requirement, the Bank adopts BIC approach (effective Jan 2025). The approach is in line with BNM Guidelines where the calculation is multiplying the Business Indicator (BI) with the corresponding marginal coefficients, over the preceding 12 financial quarters (equivalent to 3 years). The BI is the sum of Interest/Profit Component (IPC), Services Component (SC) and Financial Component (FC) where the data is sourced from income statement and balance sheet.

	30 Jun 2026	31 Dec 2025
	RM'000	RM'000
Minimum Capital required for Operational Risk	57,706	54,984
Total Risk Weighted Assets Equivalent for Operational Risk	721,331	687,299

11. Interest Rate Risk in Banking Book (IRRBB)

IRRBB is defined as the potential risk to the Bank's earnings i.e. the net interest income (NII) and economic value of equity (EVE) arising from the adverse movement of interest rates.

The Bank's Management Level Committee is responsible for the oversight of the Bank's IRRBB and executing the BRMC and BOD mandate on interest rate risk management strategies, risk appetite and tolerance level. IRRBB Policy and limits are established to measure and manage the risk. RMD monitors the bank's NII and EVE limits and reports to Management Level Committee and BRMC on a regular basis.

The table below illustrates the Bank's IRRBB under a 200 basis points parallel interest rate shock from earning and economic value perspective.

As at 30 Jun 2026:

Currency	Earnings (NII)	Economic Value (EVE)
	RM'000	RM'000
All Currencies (in MYR)	+/-95,198	+/-160,938
USD	+/-13,749	+/-18,736
CNY/CNH	+/-1,105	+/-6,212

As at 31 Dec 2025:

Currency	Earnings (NII)	Economic Value (EVE)
	RM’000	RM’000
All Currencies (in MYR)	+/-83,505	+/-174,663
USD	+/-16,359	+/-15,941
CNY/CNH	+/-5,552	+/-10,228

12. Liquidity Risk

Liquidity risk arises when the Bank encounters challenges in securing funds to fulfill its current or future obligations.

The Bank’s Management Level Committee is responsible for the oversight of the Bank’s Liquidity Risk and executing the BRMC and BOD mandate on liquidity risk management strategies, risk appetite and tolerance level. The liquidity risk management has been carried out in compliance with the regulatory standards as well as in accordance with the liquidity risk policy and limits set by the Bank.

The Bank maintains a strong liquidity position and constantly manages the liquidity composition of its assets, liabilities and commitments in ensuring adequate cash flow to meet all obligations. RMD monitors the Bank’s Liquidity Coverage Ratio (LCR) limits and report to Management Level Committee and BRMC on a regular basis.

The table below illustrates the Bank’s LCR, presented as average 12-month historical observation points of the financial reporting period.

%	30 Jun 2026	31 Dec 2025
LCR – Bank Level	161.10%	180.48%

------------------------ The end of Report ------------------------