Bank of China (Malaysia) Berhad

Risk Weighted Capital Adequacy Framework (Basel II)
-Disclosure Requirements (Pillar 3)
31 Dec 2024

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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 Basic Indicator Approach (BIA) for operational risk 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 BIA is computed based on an average of a fixed percentage of positive annual income over the three preceding years (equivalent to 12 quarters).

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.

The Bank has a wholly owned subsidiary company where the principal activities are to provide Chinese visa application services. The investment in subsidiary has been deducted from the Bank's regulatory capital. The subsidiary company commenced voluntary liquidation on 18 November 2024. As the subsidiary company's assets size is not significant in relation to the Bank's assets, there is no separate group consolidation for capital adequacy for regulatory capital reporting. For the purposes of this report, the disclosures presented herein will be representative 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 and Market Risk, and BIA 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 2.50%)

The minimum capital adequacy and capital buffer requirement for year 2024:

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:

	Dec 2024	Dec 2023
Capital ratios		
CET 1 capital ratio	16.707%	17.040%
Tier 1 capital ratio	16.707%	17.040%
Total capital ratio	28.572%	30.828%

There was no dividend declared and payout in financial year 2024.

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

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	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	3,827,876	3,827,876	-	-
Banks, Development Financial Institutions (DFIs) & Multilateral Development Banks (MDBs)	4,259,004	4,259,004	928,918	74,313
Insurance Cos, Securities Firm & Fund Managers	305,254	260,150	260,150	20,812
Corporate	8,924,756	8,759,464	8,495,933	679,675
Regulatory Retail	788,445	785,957	613,243	49,059
Residential mortgages	398,392	397,380	144,181	11,535
Other assets	119,545	119,545	94,946	7,596
Total on-balance sheet	18,623,272	18,409,376	10,537,371	842,990
Off Balance Sheet Exposure				
Credit-related off-balance exposure	2,405,901	2,335,537	1,538,472	123,078
Total credit risk	21,029,173	20,744,913	12,075,843	966,068
Market Risk:				
Foreign exchange risk	3,744		3,744	300
Operational Risk:				
Total risk weighted assets and capital requirement			767,893	61,431
Total			12,847,480	1,027,799

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	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	3,928,963	3,928,963	-	-
Banks, Development Financial Institutions (DFIs) & Multilateral Development Banks (MDBs)	3,180,183	3,180,183	665,175	53,214
Insurance Cos, Securities Firm & Fund Managers	105,148	60,042	60,043	4,803
Corporate	8,159,130	7,951,843	7,766,960	621,357
Regulatory Retail	478,075	476,348	384,489	30,759
Residential mortgages	445,569	444,515	170,393	13,631
Other assets	131,126	131,126	105,770	8,462
Total on-balance sheet	16,428,194	16,173,020	9,152,830	732,226
Off Balance Sheet Exposure				
Credit-related off-balance exposure	2,181,665	2,113,712	1,440,434	115,235
Total credit risk	18,609,859	18,286,732	10,593,264	847,461
Market Risk:				
Foreign exchange risk	3,077		3,077	246
Operational Risk:				
Total risk weighted assets and capital requirement			653,791	52,303
Total			11,250,132	900,010

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.

	Dec 2024	Dec 2023
	RM'000	RM'000
CET 1 capital:		
Paid-up ordinary share capital	760,518	760,518
Retained profits	1,403,206	1,176,810
Regulatory reserves	55,000	55,000
Fair value through other comprehensive reserve	10,164	8,160
Foreign exchange reserve	-	11
	2,228,888	2,000,499
Regulatory adjustments applied in CET1 capital:		
Deferred tax assets	(31,148)	(31,202)
Intangible assets	(1,903)	(1,724)
55% of cumulative gains of debt instruments at FVOCI	5,590	4,488
Regulatory reserve attributable to financial assets	(55,000)	(55,000)
Total CET 1 capital/ Total Tier 1 capital	2,146,427	1,917,061
Tier-2 capital:		
General Provision [1]	141,205	132,416
Subordinated loan	1,384,150	1,419,800
Less: Investment in subsidiary	(1,000)	(1,000)
Total tier-2 capital	1,524,355	1,551,216
Total capital base	3,670,782	3,468,277

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 and Compliance, Liquidity, Interest Rate, Reputational, Strategic, Technology, Anti-Bribery Corruption & Fraud Risk and Climate and ESG 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; 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 concession granted, 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 2024 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

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Credit exposure	**Geography**				
Asset Class	**Malaysia**	**China**	**Hong Kong**	**Other**	**Total**
	RM’000	RM’000	RM’000	RM’000	RM’000
Sovereigns & central banks	3,827,876	-	-	-	3,827,876
Banks, DFIs & MDBs	3,835,615	963,378	192,789	114,512	5,106,294
Insurance Cos, Securities Firm & Fund Managers	357,136	-	-	-	357,136
Corporates	7,599,780	229,125	461,077	2,113,358	10,403,340
Regulatory retails	415,467	181,156	122,218	96,365	815,206
Residential mortgages	294,684	69,683	15,394	20,014	399,775
Other assets	119,545	-	-	-	119,545
Total	16,450,103	1,443,342	791,478	2,344,249	21,029,172

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Credit exposure	**Geography**				
Asset Class	**Malaysia**	**China**	**Hong Kong**	**Other**	**Total**
	RM’000	RM’000	RM’000	RM’000	RM’000
Sovereigns & central banks	3,928,963	-	-	-	3,928,963
Banks, DFIs & MDBs	1,850,586	909,374	723,295	259,587	3,742,842
Insurance Cos, Securities Firm & Fund Managers	135,338	-	-	-	135,338
Corporates	6,813,688	312,573	682,360	1,892,932	9,701,553
Regulatory retails	247,713	153,264	83,655	36,535	521,167
Residential mortgages	324,432	83,745	18,325	22,367	448,869
Other assets	131,126	-	-	-	131,126
Total	13,431,846	1,458,956	1,507,635	2,211,421	18,609,858

5.3 Industry Analysis

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

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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	-	-	-	55,636	1,429	-	-	57,065
Administrative and Support Service Activities	-	-	-	158,332	-	-	-	158,332
Agriculture, Forestry & Fishing	-	-	-	481,462	1,694	-	-	483,156
Arts, Entertainment and Recreation	-	-	-	72,949	-	-	-	72,949
Construction	-	-	-	1,153,673	1,756	-	-	1,155,429
Education	-	-	-	222,725	-	-	-	222,725
Electricity, Gas, Steam and Air Conditioning Supply	-	-	-	1,217,966	-	-	-	1,217,966
Financial and Insurance/Takaful Activities	3,827,876	5,106,294	357,136	1,406,684	-	-	-	10,697,990
Household	-	-	-	197,081	790,030	399,775	-	1,386,886
Information and Communication	-	-	-	349,615	28	-	-	349,643
Manufacturing	-	-	-	2,311,253	4,845	-	-	2,316,098
Mining & Quarrying	-	-	-	203,941	-	-	-	203,941
Professional, Scientific and Technical Activities	-	-	-	112,914	655	-	-	113,569
Public Administration and Defence; Compulsory Social Security	-	-	-	8,452	-	-	-	8,452
Real Estate Activities	-	-	-	1,597,321	12,083	-	-	1,609,404
Transportation and Storage	-	-	-	175,889	-	-	-	175,889
Water Supply; Sewerage, Waste Management and Remediation Activities	-	-	-	5,610	2	-	-	5,612
Wholesale and Retail Trade; Repair of Motor Vehicles and Motocycles	-	-	-	665,492	2,684	-	-	668,176
Others*	-	-	-	6,345	-	-	119,545	125,890
Total	3,827,876	5,106,294	357,136	10,403,340	815,206	399,775	119,545	21,029,172

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

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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	-	-	-	60,027	584	-	-	60,611
Administrative and Support Service Activities	-	-	-	193,979	-	-	-	193,979
Agriculture, Forestry & Fishing	-	-	-	233,221	1,491	-	-	234,712
Arts, Entertainment and Recreation	-	-	-	71,686	-	-	-	71,686
Construction	-	-	-	1,285,799	1,339	-	-	1,287,138
Education	-	-	-	222,309	-	-	-	222,309
Electricity, Gas, Steam and Air Conditioning Supply	-	-	-	1,170,210	-	-	-	1,170,210
Financial and Insurance/Takaful Activities	3,928,963	3,742,842	135,338	994,382	-	-	-	8,801,525
Household	-	-	-	226,405	499,408	448,869	-	1,174,682
Information and Communication	-	-	-	335,266	5	-	-	335,271
Manufacturing	-	-	-	2,583,964	5,790	-	-	2,589,754
Mining & Quarrying	-	-	-	135,089	-	-	-	135,089
Professional, Scientific and Technical Activities	-	-	-	125,021	698	-	-	125,719
Public Administration and Defence; Compulsory Social Security	-	-	-	14,536	-	-	-	14,536
Real Estate Activities	-	-	-	1,512,980	9,274	-	-	1,522,254
Transportation and Storage	-	-	-	126,045	-	-	-	126,045
Water Supply; Sewerage, Waste Management and Remediation Activities	-	-	-	7,623	12	-	-	7,635
Wholesale and Retail Trade; Repair of Motor Vehicles and Motocycles	-	-	-	399,421	2,447	-	-	401,868
Others*	-	-	-	3,590	119	-	131,126	134,835
Total	3,928,963	3,742,842	135,338	9,701,553	521,167	448,869	131,126	18,609,858

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

5.4 Maturity Analysis

Original contractual maturity breakdown by major types of gross credit exposures

31 Dec 2024

Credit exposure	Maturity			Total
Category	Up to one year	1-5 year	>5years	
	RM'000	RM'000	RM'000	RM'000
Sovereigns & central banks	554,815	291,450	2,981,611	3,827,876
Banks, DFIs & MDBs	4,491,605	298,078	316,611	5,106,294
Insurance Cos, Securities Firm & Fund Managers	96,986	-	260,150	357,136
Corporates	3,597,602	3,039,375	3,766,363	10,403,340
Regulatory retails	5,803	1,428	807,975	815,206
Residential mortgages	79	-	399,696	399,775
Other assets	12,232	-	107,313	119,545
Total	8,759,122	3,630,331	8,639,719	21,029,172

31 Dec 2023

Credit exposure	Maturity			Total
Category	Up to one year	1-5 year	>5years	
	RM'000	RM'000	RM'000	RM'000
Sovereigns & central banks	939,152	441,820	2,547,991	3,928,963
Banks, DFIs & MDBs	3,214,768	374,803	153,271	3,742,842
Insurance Cos, Securities Firm & Fund Managers	58,846	16,450	60,042	135,338
Corporates	3,193,618	3,493,606	3,014,329	9,701,553
Regulatory retails	5,036	804	515,327	521,167
Residential mortgages	39	-	448,830	448,869
Other assets	14,521	-	116,605	131,126
Total	7,425,980	4,327,483	6,856,395	18,609,858

5.5 Loan and Advances and ECL by sector

(a) Loan and Advances -Impaired:

	Dec 2024	Dec 2023
	RM'000	RM'000
Accommodation and Food Service Activities	18,639	17,454
Agriculture, Forestry & Fishing	39,050	39,794
Arts, Entertainment and Recreation	72,949	71,686
Construction	582	671
Electricity, Gas, Steam and Air Conditioning Supply	-	15,865
Financial and Insurance/Takaful Activities	42,006	39,783
Household	97,962	101,356
Manufacturing	73,170	81,891
Real Estate Activities	6,352	6,976
Total	350,710	375,476

(b) Loan and Advances-Past due loans:

	Dec 2024	Dec 2023
	RM'000	RM'000
Accommodation and Food Service Activities	-	-
Agriculture, Forestry & Fishing	-	-
Construction	-	129,305
Financial and Insurance/Takaful Activities	-	-
Household	8,820	26,067
Manufacturing	-	-
Real Estate Activities	-	-
Transportation and Storage	-	-
Wholesale and Retail Trade; Repair of Motor Vehicles and Motocycles	-	-
Education	-	125,207
Total	8,820	280,579

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

	Dec 2024	Dec 2023
	RM'000	RM'000
Accommodation and Food Service Activities	38,100	38,845
Administrative and Support Service Activities	155,668	152,896
Agriculture, Forestry & Fishing	447,660	187,994
Construction	756,707	762,984
Education	222,725	84,046
Electricity, Gas, Steam and Air Conditioning Supply	987,725	925,698

	Dec 2024	Dec 2023
	RM'000	RM'000
Financial and Insurance/Takaful Activities	1,826,307	1,338,688
Household	1,281,130	1,027,245
Information and Communication	299,109	264,358
Manufacturing	1,847,964	2,087,287
Mining & Quarrying	192,233	133,293
Professional, Scientific and Technical Activities	111,620	100,613
Public Administration and Defence; Compulsory Social Security	8,452	14,536
Real Estate Activities	1,509,954	1,468,017
Transportation and Storage	1,161,920	1,111,911
Water Supply; Sewerage, Waste Management and Remediation Activities	1,179	3,531
Wholesale and Retail Trade; Repair of Motor Vehicles and Motocycles	563,531	319,291
Total	11,411,984	10,021,233

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

	Dec 2024	Dec 2023
	RM'000	RM'000
Accommodation and Food Service Activities	2,633	2,021
Agriculture, Forestry & Fishing	26,594	27,338
Construction	-	-
Electricity, Gas, Steam and Air Conditioning Supply	-	15,865
Financial and Insurance/Takaful Activities	27,744	27,408
Household	37,787	38,221
Manufacturing	61,521	65,905
Real Estate Activities	3,770	1,936
Total	160,049	178,694

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

	Dec 2024	Dec 2023
	RM'000	RM'000
Accommodation and Food Service Activities	108	54
Administrative and Support Service Activities	717	80
Agriculture, Forestry & Fishing	1,316	271
Construction	28,092	28,809
Education	2,746	2,600
Electricity, Gas, Steam and Air Conditioning Supply	2,814	3,737
Financial and Insurance/Takaful Activities	4,503	2,852
Household	4,482	5,541
Information and Communication	1,347	3,787
Manufacturing	5,384	7,595

	Dec 2024	Dec 2023
	RM'000	RM'000
Mining & Quarrying	1,453	1,588
Professional, Scientific and Technical Activities	2,273	4,292
Public Administration and Defence; Compulsory Social Security	47	111
Real Estate Activities	11,986	13,008
Transportation and Storage	881	584
Water Supply; Sewerage, Waste Management and Remediation Activities	8	48
Wholesale and Retail Trade; Repair of Motor Vehicles and Motocycles	2,770	1,199
Total	70,927	76,156

5.6 Loan and Advances and ECL by Geographical Location

(a) Loan and Advances -Impaired:

	Dec 2024	Dec 2023
	RM'000	RM'000
Malaysia	319,342	327,498
China	21,342	23,677
Hong Kong	-	-
Other	10,026	24,301
Total	350,710	375,476

(b) Loan and Advances-Past due loans:

	Dec 2024	Dec 2023
	RM'000	RM'000
Malaysia	7,792	165,954
China	-	8,481
Hong Kong	-	874
Other	1,028	105,270
Total	8,820	280,579

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

	Dec 2024	Dec 2023
	RM'000	RM'000
Malaysia	8,046,703	6,775,225
China	579,663	629,324
Hong Kong	579,431	752,911
Other	2,206,187	1,863,773
Total	11,411,984	10,021,233

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

	Dec 2024	Dec 2023
	RM’000	RM’000
Malaysia	146,909	151,274
China	9,159	8,020
Hong Kong	-	-
Other	3,981	19,400
Total	160,049	178,694

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

	Dec 2024	Dec 2023
	RM’000	RM’000
Malaysia	36,438	47,817
China	671	1,206
Hong Kong	3,763	3,172
Other	30,055	23,961
Total	70,927	76,156

5.7 Movement in credit impaired loans and advances

	Dec 2024	Dec 2023
	RM'000	RM'000
As at 1 Jan	375,476	380,832
Classified as credit impaired during the year	22,073	38,832
Reclassified as non-credit impaired/performing during the year	(367)	(5,156)
Amount recovered	(28,052)	(18,359)
Amount written-off/ write-down	(18,420)	(20,673)
Other adjustment	-	-
Gross Impaired Loan and advances	350,710	375,476
Minus: Lifetime ECL (credit impaired) (Stage 3)	(160,049)	(178,694)
Net Impaired Loan and advances	190,661	196,782

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 2024	36,760	39,396	178,694	254,850

	12 months ECL (Stage 1) RM'000	Lifetime ECL (not credit impaired) (Stage 2) RM'000	Lifetime ECL (credit impaired) (Stage 3) RM'000	Total RM'000
Transferred to 12 months ECL	4,903	(4,536)	(367)	-
Transferred to lifetime ECL not credit impaired	(297)	297	-	-
Transferred to lifetime ECL credit impaired	(2)	(578)	580	-
New loans ECL	4,691	-	-	4,691
ECL (write-back)/made during the financial period	(5,580)	5,594	18,507	18,521
Full settlement	(1,968)	(7,753)	(17,807)	(27,528)
Amounts written off	-	-	(18,420)	(18,420)
Other movement	-	-	(1,138)	(1,138)
Total ECL amount as at 31 Dec 2024	38,507	32,420	160,049	230,976

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

31 Dec 2024

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%	3,827,876	-	-	-	-	-	24,599	3,852,475	-
20%	-	4,151,990	-	615,058	-	-	-	4,767,048	953,410
35%	-	-	-	-	-	369,706	-	369,706	129,397
50%	-	948,883	-	397,320	9,602	27,576	-	1,383,381	691,691
75%	-	-	-	-	702,007	-	-	702,007	526,504
100%	-	5,421	312,032	8,950,242	97,082	1,481	94,946	9,461,204	9,461,203
150%	-	-	-	206,480	2,612	-	-	209,092	313,638
	Grand Total							20,744,913	12,075,843

31 Dec 2023

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%	3,928,963	-	-	-	-	-	25,356	3,954,319	-
20%	-	3,169,794	-	491,616	-	-	-	3,661,410	732,282
35%	-	-	-	-	-	351,303	-	351,303	122,956
50%	-	507,564	-	445,475	2,918	95,838	-	1,051,795	525,898
75%	-	-	-	-	410,407	-	-	410,407	307,806
100%	-	65,485	90,232	8,399,964	101,724	673	105,770	8,763,848	8,763,847
150%	-	-	-	90,211	3,439	-	-	93,650	140,475
	Grand Total							18,286,732	10,593,264

6.2 Rated Exposures according to Ratings by ECAIs

31 Dec 2024

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		-	3,827,876	-	-	-	-
Total		-	3,827,876	-	-	-	-

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		1,951,102	2,950,442	147,035	57,658	-	57
Total		1,951,102	2,950,442	147,035	57,658	-	57

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		588,256	148,558	186,616	117,992	9,361,918
Total		588,256	148,558	186,616	117,992	9,361,918

31 Dec 2023

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		-	3,928,963	-	-	-	-
Total		-	3,928,963	-	-	-	-

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		653,284	2,832,296	135,517	121,667	-	78
Total		653,284	2,832,296	135,517	121,667	-	78

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		470,907	100,183	509,194	-	8,621,269
Total		470,907	100,183	509,194	-	8,621,269

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

31 Dec 2024

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees/ Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
	RM’000	RM’000	RM’000	RM’000
Credit Risk				
On-Balance Sheet Exposure:				
Sovereigns/Central Bank	3,827,876	-	-	-
Banks, DFIs & MDBs	4,259,004	-	-	-
Insurance Cos, Securities Firm & Fund Managers	305,254	-	45,104	-
Corporates	8,759,985	254,595	234,241	-
Regulatory Retail	768,488	-	3,903	-
Residential Mortgages	392,459	-	1,013	-
Other Assets	119,545	-	-	-
Defaulted Exposures	190,661	-	-	-
Total for On-Balance Sheet Exposure	18,623,272	254,595	284,261	-
Off-Balance Sheet Exposure:				
Off-balance sheet exposures included OTC derivatives or credit derivatives	2,405,901	-	-	-
Total for Off-Balance Sheet Exposure	2,405,901	-	-	-
Total On and Off Balance Sheet Exposure	21,029,173	254,595	284,261	-

31 Dec 2023

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees/ Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
	RM’000	RM’000	RM’000	RM’000
Credit Risk				
On-Balance Sheet Exposure:				
Sovereigns/Central Bank	3,928,963	-	-	-
Banks, DFIs & MDBs	3,180,183	-	-	-
Insurance Cos, Securities Firm & Fund Managers	105,148	-	45,106	-
Corporates	7,989,132	345,727	272,525	-
Regulatory Retail	460,367	-	2,678	-
Residential Mortgages	435,359	-	1,055	-
Other Assets	131,126	-	-	-
Defaulted Exposures	197,916	-	1,762	-
Total for On-Balance Sheet Exposure	16,428,194	345,727	323,126	-
Off-Balance Sheet Exposure:				
Off-balance sheet exposures included OTC derivatives or credit derivatives	2,181,665	-	-	-
Total for Off-Balance Sheet Exposure	2,181,665	-	-	-
Total On and Off Balance Sheet Exposure	18,609,859	345,727	323,126	-

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 – 31 Dec 2024

Description	Principal Amount	Credit Equivalent Amount	Risk Weighted Assets
	RM’000	RM’000	RM’000
Direct Credit Substitutes	1,898	1,898	1,882
Transaction related contingent items	2,782,112	1,391,057	705,362
Short Term Self Liquidating trade related contingencies	60,656	12,131	9,412
Foreign exchange related contracts			
-One year or less	7,375,786	175,141	54,818
Interest/Profit rate related contracts			
-One year or less	633,449	5,147	2,839
-Over one year to five year	328,239	14,660	11,275
-Over five year	-	-	-
Other commitments , such as formal standby facilities and credit lines, with an original maturity of up to one year	3,231,454	646,291	606,315
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	319,152	159,576	146,569
Unutilised credit card lines	-	-	-
Total	14,732,746	2,405,901	1,538,472

Off-Balance Sheet and Counterparty Credit Risk – 31 Dec 2023

Description	Principal Amount	Credit Equivalent Amount	Risk Weighted Assets
	RM'000	RM'000	RM'000
Direct Credit Substitutes	3,187	3,187	3,187
Transaction related contingent items	2,553,642	1,276,821	647,176
Short Term Self Liquidating trade related contingencies	70,903	14,181	12,646
Foreign exchange related contracts			
-One year or less	1,731,010	27,578	12,010
Interest/Profit rate related contracts			
-One year or less	517,526	3,360	2,686
-Over one year to five year	64,197	4,536	2,750
- Over five year	-	-	-
Other commitments , such as formal standby facilities and credit lines, with an original maturity of up to one year	3,212,332	642,467	570,359
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	419,070	209,535	189,620
Unutilised credit card lines	-	-	-
Total	8,571,867	2,181,665	1,440,434

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 :	31 Dec 2024 Standardised Approach	31 Dec 2023 Standardised Approach
	RM'000	RM'000
Interest Rate risk	-	-
Equity Position Risk	-	-
Foreign Exchange Risk	300	246
Commodity Risk	-	-
Others	-	-
Total Risk Weighted Assets Equivalent for Market Risk	3,744	3,077

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. First line of defence – Business and functional lines are primarily responsible in managing operational risk of their respective businesses and functions.
2. Second 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. Third 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 BIA approach. The approach is in line with BNM Guidelines where the calculation is based on an average of a fixed percentage of positive annual gross income over the three preceding years.

	31 Dec 2024	31 Dec 2023
	RM'000	RM'000
Minimum Capital required for Operational Risk	61,431	52,303
Total Risk Weighted Assets Equivalent for Operational Risk	767,893	653,791

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 point parallel interest rate shock from earning and economic value perspective.

As at 31 Dec 2024:

Currency	Earnings (NII)	Economic Value (EVE)
	RM'000	RM'000
All Currencies (in MYR)	+/-73,113	+/-120,644
USD	+/-7,193	+/-10,476
CNY/CNH	+/-2,714	+/-1,728

As at 31 Dec 2023:

Currency	Earnings (NII)	Economic Value (EVE)
	RM'000	RM'000
All Currencies (in MYR)	+/- 71,153	+/- 4,468
USD	+/- 5,658	+/- 9,317
CNY/CNH	+/- 3,802	+/- 5,168

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.

%	31 Dec 2024	31 Dec 2023
LCR – Bank Level	203.24%	188.74%

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