

**Company No: 200501027372 (709506-V)**

**AFFIN Islamic Bank Berhad**  
**(Incorporated in Malaysia)**

**BASEL II**  
**PILLAR 3 DISCLOSURES**  
**As at 30th June 2022**

**BASEL II Pillar 3 Disclosures**

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## **BASEL II Pillar 3 Disclosures**

### **1. Introduction**

#### **1.1 Background**

The Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets) issued by Bank Negara Malaysia ('BNM'), which is the equivalent of the Basel II framework issued by the Basel Committee of Banking Supervision and the Islamic Financial Services Board is structured around three fundamental pillars:

- Pillar 1 defines the minimum capital requirement to ensure that financial institutions hold sufficient capital to cover their exposure to credit, market and operational risks.
- Pillar 2 requires financial institutions to have a process for assessing their overall capital adequacy in relation to their risk profile and a strategy for maintaining their capital levels.
- Pillar 3 requires financial institutions to establish and implement an appropriate disclosure policy that promotes transparency regarding their risk management practices and capital adequacy positions.
- Pillar 3 disclosure is required under the BNM Capital Adequacy Framework for Islamic Banks (CAFIB) - Disclosure Requirements (Pillar 3).
- Affin Islamic Bank Berhad ('the Bank') adopts the following approaches under Pillar 1 requirements:
  - Standardised Approach for Credit Risk
  - Standardised Approach for Market Risk
  - Basic Indicator Approach for Operational Risk

#### **1.2 Scope of Application**

This document contains the disclosure requirements under Pillar 3 for the Bank for financial period ended 30 June 2022. The disclosures are made in line with the Pillar 3 disclosure requirements under the Basel II framework as laid out by BNM.

The disclosures should be read in conjunction with the Bank's Financial Statements for the year ended 31 December 2021.

The capital requirements of the Bank are generally based on the principles of consolidation adopted in the preparation of its financial statements.

There are no significant restrictions or impediments on the transfer of funds or regulatory capital within the Bank.

There were no capital deficiencies in the Bank as at the financial period ended 30 June 2022.

## **BASEL II Pillar 3 Disclosures**

### **2. Capital Management**

#### **2.1 Internal Capital Adequacy Assessment Process ('ICAAP')**

In line with the BNM guideline on Capital Adequacy Framework for Islamic Banks - Internal Capital Adequacy Assessment Process (Pillar 2), the Bank has put in place the ICAAP Framework to assess the capital adequacy to ensure that the level of capital maintained by the Bank is adequate at all times, taking into consideration the Bank's risk profile and business strategies.

The Bank's capital management approach is focused on maintaining an appropriate level of capital to meet its business needs and regulatory requirements as capital adequacy and risk management are closely aligned. The Bank operates within an agreed risk appetite whilst optimising the use of shareholders' funds to deliver sustainable returns.

#### **2.2 Capital Structure**

The total capital and capital adequacy ratios of the Bank is computed in accordance with BNM's CAFIB (Capital Components).

The Bank is currently adopting the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk. In line with the transitional arrangements under the BNM CAFIB (Capital Components), the minimum capital adequacy requirement for Common Equity Tier 1 Capital Ratio ('CET 1') and Tier 1 Capital Ratio are 7.000% (2021: 7.000%) and 8.500% (2021: 8.500%) respectively for year 2022. The minimum regulatory capital adequacy requirement is 10.500% (2021: 10.500%) for total capital ratio.

The following table sets forth further details on the capital resources and capital adequacy ratios for the Bank as at 30 June 2022.

**BASEL II Pillar 3 Disclosures**

**2. Capital Management (continued)**

**2.2 Capital Structure (continued)**

	<b>Economic Entity</b>		<b>The Bank</b>	
	<b>30.06.2022</b>	<b>31.12.2021</b>	<b>30.06.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Paid-up share capital	<b>1,060,000</b>	1,060,000	<b>1,060,000</b>	1,060,000
Retained profits	<b>1,149,641</b>	981,016	<b>1,149,641</b>	981,016
	<b>2,209,641</b>	2,041,016	<b>2,209,641</b>	2,041,016
Less: Regulatory adjustment				
Goodwill and other intangibles	<b>(239)</b>	(345)	<b>(239)</b>	(345)
Deferred tax assets	<b>(24,935)</b>	(22,484)	<b>(24,935)</b>	(22,484)
Other CET1 transitional adjustment	<b>75,108</b>	81,108	<b>75,108</b>	81,108
<b>CET1 capital</b>	<b>2,259,575</b>	2,099,295	<b>2,259,575</b>	2,099,295
<b>Additional Tier 1 Capital</b>	<b>300,000</b>	300,000	<b>300,000</b>	300,000
<b>Total Tier 1 Capital</b>	<b>2,559,575</b>	2,399,295	<b>2,559,575</b>	2,399,295
Subordinated term financing and medium term notes (MTNs)	<b>800,000</b>	800,000	<b>800,000</b>	800,000
Expected loss provision #	<b>121,470</b>	91,378	<b>121,470</b>	91,378
<b>Tier II capital</b>	<b>921,470</b>	891,378	<b>921,470</b>	891,378
<b>Total capital</b>	<b>3,481,045</b>	3,290,673	<b>3,481,045</b>	3,290,673
Risk weighted assets for:				
Credit risk	<b>18,104,266</b>	16,484,875	<b>18,104,266</b>	16,484,875
Market risk	<b>16,174</b>	31,243	<b>16,174</b>	31,243
Operational risk	<b>861,138</b>	778,585	<b>861,138</b>	778,585
<b>Total risk weighted assets</b>	<b>18,981,578</b>	17,294,703	<b>18,981,578</b>	17,294,703
<b><u>With transitional arrangements*</u></b>				
CET 1 capital ratio	<b>11.904%</b>	12.138%	<b>11.904%</b>	12.138%
Tier 1 capital ratio	<b>13.485%</b>	13.873%	<b>13.485%</b>	13.873%
Total capital ratio	<b>18.339%</b>	19.027%	<b>18.339%</b>	19.027%
<b><u>Without transitional arrangements</u></b>				
CET 1 capital ratio	<b>11.508%</b>	11.669%	<b>11.508%</b>	11.669%
Tier 1 capital ratio	<b>13.089%</b>	13.404%	<b>13.089%</b>	13.404%
Total capital ratio	<b>18.339%</b>	19.027%	<b>18.339%</b>	19.027%

**BASEL II Pillar 3 Disclosures**

**2. Capital Management (continued)**

**2.2 Capital Structure (continued)**

# Qualifying loss provisions are restricted to allowances on the unimpaired portion of the financing and other financing.

\* The Bank has elected to apply BNM's transitional arrangement for four financial years beginning on 1 January 2020. Under the transitional arrangements, a financial institution is allowed to add back the amount of loss allowance measured at an amount equal to 12-month and lifetime expected credit losses to the extent they are ascribed to non-credit-impaired exposures (which is Stage 1 and Stage 2 provisions), to CET1 capital.

In accordance with BNM's Guidelines on Investment Account, the credit and market risk weighted on the assets funded by the RIA are excluded in calculation of capital adequacy for the Bank. As at 30 June 2022, RIA assets excluded in the Total Capital Ratio calculation amounted to RM1,770.2 million (2021: RM1,834.6 million).

The Bank has issued capital instruments which qualify as components of regulatory capital under the BNM CAFIB (Capital Components), as summarised in the following table:

Capital Instruments	Capital Component	Main Features
Issued by the Bank:		
(a) Additional Tier-1 Sukuk Wakalah ('AT1S')	Tier 1 Capital	The Bank had on 18 October 2018 issued AT1S of RM300 million out of its approved BASEL III Compliant Islamic medium term notes programme of RM5.0 billion in nominal value for the issuance of Senior Sukuk Murabahah, Tier 2 Sukuk Murabahah and/or AT1S (" <b>Sukuk Programme</b> "). The AT1S was issued on a perpetual non-callable 5-year basis, at a profit rate of 5.65% per annum. The AT1S was issued for the purpose of general banking business and working capital requirements of the Bank.

## **BASEL II Pillar 3 Disclosures**

### **2. Capital Management (continued)**

#### **2.2 Capital Structure (continued)**

Capital Instruments		Capital Component	Main Features
Issued by the Bank:			
(b)	Tier-2 Sukuk Murabahah	Tier 2 Capital	The Bank had on 23 October 2018 issued Tier-2 Sukuk Murabahah of RM800.0 million out of its approved BASEL III Compliant Sukuk Programme. The Tier-2 Sukuk Murabahah was issued for a tenure of 10 years from the issue date on a 10-year non-callable 5-year basis, at a profit rate of 5.05% per annum. The Tier-2 Sukuk Murabahah was issued for the purpose of general banking business and working capital requirements of the Bank.

#### **2.3 Capital Adequacy**

The Bank has in place an internal limit for its CET1 capital ratio, Tier I capital ratio and Total capital ratio, which is guided by the need to maintain a prudent relationship between available capital and the risks of its underlying businesses. The capital management process is monitored by senior management through periodic reviews.

Refer to Appendix I.

### **3. Application of Standardised Approach for Credit Risk**

The Bank uses the following External Credit Assessment Institutions ('ECAIs') to determine the risk weights for the rated credit exposures: -

- RAM Rating Services Berhad
- Malaysian Rating Corporation Berhad
- Standard & Poor's Rating Services
- Moody's Investors Service
- Fitch Ratings

The external ratings of the ECAIs are used to determine the risk weights of the following types of exposure: sovereigns, banks, public sector entities and corporates.

The mapping of the rating categories of different ECAIs to the risk weights is in accordance with BNM guidelines. In cases where there is no issuer or issue rating, the exposures are treated as unrated and accorded a risk weight appropriate for unrated exposure in the respective category.

Refer to Appendix II and III.

## **BASEL II Pillar 3 Disclosures**

### **3. Application of Standardised Approach for Credit Risk (continued)**

The Bank employs various policies and practices to control and mitigate credit risk.

#### Financing limits

The Bank establishes internal limits and related financing guidelines to manage large exposures and avoid undue concentration of credit risk in its credit portfolio. The limits include single customer groupings based on aggregation requirements, connected parties, geographical and industry segments. These risks are monitored regularly, and the limits reviewed annually or as and when required taking into account changes in market and economic conditions.

The credit risk exposure for derivatives due to potential exposures arising from market movements, and financing books are managed on an aggregated basis as part of the overall financing limits with customers.

#### Collateral

Credits are established against customer's capacity to repay rather than to rely solely on security. Collateral may be taken to mitigate credit risk.

The main collateral types accepted and ascribed value by the Bank are:

- Mortgage over residential real estate;
- Charges over commercial real estate or vehicles financed;
- Charges over business assets such as business premises, inventory and accounts receivable; and
- Charges over financial instruments such as marketable securities.

Where relevant, the Bank undertake a valuation of the collateral obtained as part of the financing origination process. The valuations are reviewed periodically.

Longer-term financings to corporate entities are generally secured; revolving individual credit facilities are generally unsecured.

Collateral held as security for financial assets other than financing and other financing depend on the nature of the instrument. Sukuk, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments. Derivatives are also collateralised.

The Bank's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Bank since the prior period.



## **BASEL II Pillar 3 Disclosures**

### **3. Application of Standardised Approach for Credit Risk (continued)**

#### Credit related commitments

Commitment to extend credit represents unutilised portion of approved credit in the form of financing, guarantees or letters of credit. Unutilised credits give rise to potential or contingent credit losses to the Bank in an amount equal to the total unutilised commitments. The Bank manages and mitigates the amount of potential and contingent losses arising from unutilised credit lines by imposing minimum specific credit standards on customers.

The Bank monitors the term to maturity of credit commitments as long-term commitments generally have a greater degree of credit risk than short-term commitments.

Refer to Appendix IV (a) to (b).

#### Credit Quality of Financial Assets

##### Total financing and other financing - credit quality

All financing and other financing are categorised into 'neither past due nor impaired', 'past due but not impaired' and 'impaired'.

Past due financing refers to financing and other financing that are overdue by one day or more.

Financing and other financing are classified as impaired when they fulfill any of the following criteria:

- i. the principal or profit or both is past due more than 90 days or 3 months from the first day of default;
- ii. where the account is in arrears for less than 90 days or 3 months, there is evidence of impairment to indicate that the customer is 'unlikely to repay' its credit obligations;
- iii. the financing is classified as rescheduled and restructured in the Central Credit Reference Information System ('CCRIS')

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**3. Application of Standardised Approach for Credit Risk (continued)**

Credit Quality of Financial Assets (continued)

Analysed by economic sectors

Past due financing

<b>Economic Entity and The Bank</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>30.06.2022</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Primary agriculture	954	786	-	1,740
Mining and quarrying	1,094	135	-	1,229
Manufacturing	8,119	33,390	-	41,509
Electricity, gas and water supply	46	156	-	202
Construction	21,455	17,949	-	39,404
Real estate	153	36,511	-	36,664
Wholesale & retail trade and restaurants & hotels	39,645	47,911	-	87,556
Transport, storage and communication	10,819	18,384	-	29,203
Finance, takaful and business services	17,535	17,339	-	34,874
Education, health and others	22,393	2,529	-	24,922
Household	635,192	661,496	-	1,296,688
	<b>757,405</b>	<b>836,586</b>	<b>-</b>	<b>1,593,991</b>

<b>Economic Entity and The Bank</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>31.12.2021</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Primary agriculture	86	831	-	917
Mining and quarrying	-	145	-	145
Manufacturing	2,210	2,834	-	5,044
Electricity, gas and water supply	39	319	-	358
Construction	17,367	7,412	-	24,779
Real estate	51,760	22,750	-	74,510
Wholesale & retail trade and restaurants & hotels	33,949	19,943	-	53,892
Transport, storage and communication	9,926	21,180	-	31,106
Finance, takaful and business services	9,163	11,515	-	20,678
Education, health and others	2,347	1,949	-	4,296
Household	519,788	373,583	-	893,371
	<b>646,635</b>	<b>462,461</b>	<b>-</b>	<b>1,109,096</b>

### BASEL II Pillar 3 Disclosures

#### 3. Application of Standardised Approach for Credit Risk (continued)

##### Credit Quality of Financial Assets (continued)

##### Analysed by economic sectors (continued)

##### Expected credit losses

Economic Entity and The Bank 30.06.2022	12-month	Lifetime ECL	Lifetime ECL	Total RM'000
	ECL Stage 1 RM'000	Not credit impaired Stage 2 RM'000	credit impaired Stage 3 RM'000	
Primary agriculture	2,780	8	24	2,812
Mining and quarrying	97	1	-	98
Manufacturing	5,307	6,638	858	12,803
Electricity, gas and water supply	409	1	-	410
Construction	1,564	18,603	1,195	21,362
Real estate	6,564	13,925	11,422	31,911
Wholesale & retail trade and restaurants & hotels	6,130	16,865	4,194	27,189
Transport, storage and communication	985	2,029	693	3,707
Finance, takaful and business services	1,697	6,875	606	9,178
Education, health and others	2,276	6,501	283	9,060
Household	37,203	31,654	37,952	106,809
Government	67	-	-	67
	<b>65,079</b>	<b>103,100</b>	<b>57,228</b>	<b>225,407</b>

Economic Entity and The Bank 31.12.2021	12-month	Lifetime ECL	Lifetime ECL	Total RM'000
	ECL Stage 1 RM'000	Not credit impaired Stage 2 RM'000	credit impaired Stage 3 RM'000	
Primary agriculture	2,912	9	180	3,101
Mining and quarrying	17	1	-	18
Manufacturing	6,506	336	516	7,358
Electricity, gas and water supply	824	3	-	827
Construction	616	16,085	967	17,668
Real estate	11,537	16,192	6,774	34,503
Wholesale & retail trade and restaurants & hotels	6,996	7,996	1,999	16,991
Transport, storage and communication	982	2,319	316	3,617
Finance, takaful and business services	2,371	5,206	647	8,224
Education, health and others	846	3,180	288	4,314
Household	38,970	25,526	42,228	106,724
Government	351	6	-	357
	<b>72,928</b>	<b>76,859</b>	<b>53,915</b>	<b>203,702</b>

**BASEL II Pillar 3 Disclosures**

**3. Application of Standardised Approach for Credit Risk (continued)**

Credit Quality of Financial Assets (continued)

Analysed by economic sectors (continued)

Expected credit losses written-off

<b>Economic Entity and The Bank</b>	<b>30.06.2022 Lifetime ECL credit impaired Stage 3 RM'000</b>	<b>31.12.2021 Lifetime ECL credit impaired Stage 3 RM'000</b>
Primary agriculture	<b>98</b>	39
Mining and quarrying	-	-
Manufacturing	<b>26</b>	3,666
Electricity, gas and water supply	-	24
Construction	<b>139</b>	337
Real estate	-	-
Wholesale & retail trade and restaurants & hotels	<b>638</b>	52
Transport, storage and communication	-	212
Finance, takaful and business services	<b>68</b>	98
Education, health and others	-	199
Household	<b>8,018</b>	14,900
	<b>8,986</b>	19,527

**BASEL II Pillar 3 Disclosures**

**3. Application of Standardised Approach for Credit Risk (continued)**

Credit Quality of Financial Assets (continued)

Analysed by geographical area

Past due financing

Economic Entity and The Bank	Stage 1	Stage 2	Stage 3	Total
<b>30.06.2022</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Perlis	2,068	1,427	-	3,495
Kedah	48,607	46,554	-	95,161
Pulau Pinang	43,203	36,304	-	79,507
Perak	30,522	31,806	-	62,328
Selangor	251,471	325,291	-	576,762
Wilayah Persekutuan	115,861	128,416	-	244,277
Negeri Sembilan	49,402	58,745	-	108,147
Melaka	26,540	29,213	-	55,753
Johor	86,248	110,435	-	196,683
Pahang	34,660	19,996	-	54,656
Terengganu	30,632	22,448	-	53,080
Kelantan	21,595	15,381	-	36,976
Sarawak	6,981	3,573	-	10,554
Sabah	9,615	6,997	-	16,612
Labuan	-	-	-	-
	<b>757,405</b>	<b>836,586</b>	<b>-</b>	<b>1,593,991</b>
Economic Entity and The Bank	Stage 1	Stage 2	Stage 3	Total
<b>31.12.2021</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Perlis	696	1,266	-	1,962
Kedah	36,103	42,083	-	78,186
Pulau Pinang	28,245	21,276	-	49,521
Perak	25,170	21,175	-	46,345
Selangor	243,042	153,727	-	396,769
Wilayah Persekutuan	132,395	48,189	-	180,584
Negeri Sembilan	37,700	30,575	-	68,275
Melaka	23,075	10,077	-	33,152
Johor	55,474	69,680	-	125,154
Pahang	19,920	15,393	-	35,313
Terengganu	20,988	17,817	-	38,805
Kelantan	13,890	8,717	-	22,607
Sarawak	3,472	2,450	-	5,922
Sabah	6,465	3,413	-	9,878
Labuan	-	16,623	-	16,623
	<b>646,635</b>	<b>462,461</b>	<b>-</b>	<b>1,109,096</b>

**BASEL II Pillar 3 Disclosures**

**3. Application of Standardised Approach for Credit Risk (continued)**

Credit Quality of Financial Assets (continued)

Analysed by geographical area (continued)

Expected credit losses

Economic Entity and The Bank	Lifetime ECL		Lifetime ECL	Total
	12-month ECL	Not credit impaired	credit impaired	
30.06.2022	Stage 1	Stage 2	Stage 3	
	RM'000	RM'000	RM'000	RM'000
Perlis	562	47	803	1,412
Kedah	2,378	11,777	4,064	18,219
Pulau Pinang	4,095	2,979	1,864	8,938
Perak	1,606	1,074	1,751	4,431
Selangor	22,646	36,559	20,296	79,501
Wilayah Persekutuan	12,859	25,209	8,499	46,567
Negeri Sembilan	3,321	7,823	3,537	14,681
Melaka	905	852	767	2,524
Johor	7,004	9,958	12,801	29,763
Pahang	2,344	796	512	3,652
Terengganu	1,476	498	1,500	3,474
Kelantan	1,329	376	673	2,378
Sarawak	1,974	3,776	32	5,782
Sabah	2,578	725	128	3,431
Labuan	2	651	-	653
	<b>65,079</b>	<b>103,100</b>	<b>57,228</b>	<b>225,407</b>

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**3. Application of Standardised Approach for Credit Risk (continued)**

Credit Quality of Financial Assets (continued)

Analysed by geographical area (continued)

Expected credit losses (continued)

Economic Entity and The Bank 31.12.2021	12-month ECL Stage 1 RM'000	Lifetime ECL	Lifetime ECL	Total RM'000
		Not credit impaired Stage 2 RM'000	credit impaired Stage 3 RM'000	
Perlis	720	44	916	1,680
Kedah	2,444	12,948	2,827	18,219
Pulau Pinang	3,589	2,225	3,118	8,932
Perak	1,678	883	2,585	5,146
Selangor	25,541	22,660	19,877	68,078
Wilayah Persekutuan	16,093	22,091	7,692	45,876
Negeri Sembilan	3,500	4,798	5,018	13,316
Melaka	1,091	513	1,385	2,989
Johor	7,881	8,196	7,483	23,560
Pahang	2,467	570	618	3,655
Terengganu	1,598	463	1,027	3,088
Kelantan	1,431	367	878	2,676
Sarawak	2,227	167	15	2,409
Sabah	2,667	353	476	3,496
Labuan	1	581	-	582
	<u>72,928</u>	<u>76,859</u>	<u>53,915</u>	<u>203,702</u>

**BASEL II Pillar 3 Disclosures**

**3. Application of Standardised Approach for Credit Risk (continued)**

**3.1 Distribution of Credit Exposure**

(i) The following table depicts The Bank's Gross Credit Exposure by Geographical Distribution based on credit risk resides.

Economic Entity and The Bank	30.06.2022			31.12.2021		
	Malaysia	Other countries	Total	Malaysia	Other countries	Total
<u>On Balance Sheet Exposures</u>						
Corporates	8,708,806	-	8,708,806	7,359,834	-	7,359,834
Regulatory Retail	5,870,536	8	5,870,544	5,333,988	4	5,333,992
Other Assets	208,615	-	208,615	161,501	-	161,501
Sovereigns/Central Banks	5,898,825	-	5,898,825	5,014,312	-	5,014,312
Banks, Development Financial Institutions & MDBs	241,338	-	241,338	216,298	-	216,298
Takaful Companies, Securities Firms & Fund Managers	456	-	456	144	-	144
Residential Mortgages	8,699,021	-	8,699,021	8,383,205	-	8,383,205
Higher Risk Assets	824	-	824	762	-	762
Defaulted Exposures	170,830	-	170,830	182,556	-	182,556
<b>Total for On-Balance Sheet Exposures</b>	<b>29,799,251</b>	<b>8</b>	<b>29,799,259</b>	<b>26,652,600</b>	<b>4</b>	<b>26,652,604</b>
<u>Off Balance Sheet Exposures</u>						
Over-the-counter (“OTC”) derivatives	84,789	-	84,789	35,833	-	35,833
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	1,176,976	-	1,176,976	1,102,820	-	1,102,820
Defaulted Exposures	516	-	516	6,009	-	6,009
<b>Total for Off-Balance Sheet Exposures</b>	<b>1,262,281</b>	<b>-</b>	<b>1,262,281</b>	<b>1,144,662</b>	<b>-</b>	<b>1,144,662</b>
<b>Total for On and Off-Balance Sheet Exposures</b>	<b>31,061,532</b>	<b>8</b>	<b>31,061,540</b>	<b>27,797,262</b>	<b>4</b>	<b>27,797,266</b>



**BASEL II Pillar 3 Disclosures**

**3. Application of Standardised Approach for Credit Risk (continued)**

**3.1 Distribution of Credit Exposure (continued)**

(ii) The following table depicts The Bank's Gross Credit Exposure by Sectorial Analysis or Industry Distribution.

30.06.2022	Economy Entity and The Bank												
Exposure class	Primary agriculture	Mining and quarrying	Manufacturing	Electricity, gas and water supply	Construction	Real estate	Wholesale & retail trade and restaurants & hotels	Transport, storage and communication	Finance, takaful and business services	Education, health and others	Household	Others	Total
<u>On Balance Sheet Exposures</u>													
Corporates	766,625	9,827	1,234,001	282,580	451,961	1,178,845	1,093,980	279,407	406,316	606,747	2,368,517	30,000	8,708,806
Regulatory Retail	17,406	1,867	92,182	3,399	100,291	31,247	201,585	80,050	126,082	43,633	5,172,802	-	5,870,544
Other Assets	-	-	-	-	-	-	-	-	-	-	-	208,615	208,615
Sovereigns/Central Banks	-	-	-	27,857	70,000	-	-	121,535	5,284,783	394,650	-	-	5,898,825
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	8	-	239,047	2,283	-	-	241,338
Takaful Companies, Securities Firms & Fund Managers	-	-	-	-	-	-	-	-	456	-	-	-	456
Residential Mortgages	-	-	-	-	-	-	-	-	-	-	8,699,021	-	8,699,021
Higher Risk Assets	-	-	-	-	-	-	-	-	-	-	824	-	824
Defaulted Exposures	61	21,108	1,610	-	2,344	29,509	1,883	37,506	4,104	363	72,342	-	170,830
<b>Total for On-Balance Sheet Exposures</b>	<b>784,092</b>	<b>32,802</b>	<b>1,327,793</b>	<b>313,836</b>	<b>624,596</b>	<b>1,239,601</b>	<b>1,297,456</b>	<b>518,498</b>	<b>6,060,788</b>	<b>1,047,676</b>	<b>16,313,506</b>	<b>238,615</b>	<b>29,799,259</b>
<u>Off Balance Sheet Exposures</u>													
Over-the-counter (“OTC”) derivatives	-	-	2,206	-	-	-	17,962	-	64,621	-	-	-	84,789
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	52,757	74,729	121,701	72,436	227,210	29,438	110,795	43,133	27,961	92,714	324,102	-	1,176,976
Defaulted Exposures	-	-	-	-	-	-	19	-	-	-	497	-	516
<b>Total for Off-Balance Sheet Exposures</b>	<b>52,757</b>	<b>74,729</b>	<b>123,907</b>	<b>72,436</b>	<b>227,210</b>	<b>29,438</b>	<b>128,776</b>	<b>43,133</b>	<b>92,582</b>	<b>92,714</b>	<b>324,599</b>	<b>-</b>	<b>1,262,281</b>
<b>Total for On and Off-Balance Sheet Exposures</b>	<b>836,849</b>	<b>107,531</b>	<b>1,451,700</b>	<b>386,272</b>	<b>851,806</b>	<b>1,269,039</b>	<b>1,426,232</b>	<b>561,631</b>	<b>6,153,370</b>	<b>1,140,390</b>	<b>16,638,105</b>	<b>238,615</b>	<b>31,061,540</b>

**BASEL II Pillar 3 Disclosures**

**3. Application of Standardised Approach for Credit Risk (continued)**

**3.1 Distribution of Credit Exposure (continued)**

(ii) The following table depicts The Bank's Gross Credit Exposure by Sectorial Analysis or Industry Distribution. (continued)

31.12.2021	Economy Entity and The Bank												
Exposure class	Primary agriculture	Mining and quarrying	Manufacturing	Electricity, gas and water supply	Construction	Real estate	Wholesale & retail trade and restaurants & hotels	Transport, storage and communication	Finance, takaful and business services	Education, health and others	Household	Others	Total
<u>On Balance Sheet Exposures</u>													
Corporates	721,912	4,958	868,877	205,967	579,601	1,013,810	1,245,440	255,629	210,579	501,806	1,722,352	28,903	7,359,834
Regulatory Retail	16,459	2,486	87,092	2,790	107,239	30,733	181,121	72,030	113,003	46,790	4,674,249	-	5,333,992
Other Assets	-	-	-	-	-	-	-	-	-	-	-	161,501	161,501
Sovereigns/Central Banks	-	-	-	26,302	67,729	-	-	398,059	4,103,595	418,627	-	-	5,014,312
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	40	-	213,787	2,471	-	-	216,298
Takaful Companies, Securities Firms & Fund Managers	-	-	-	-	-	-	-	-	144	-	-	-	144
Residential Mortgages	-	-	-	-	-	-	-	-	-	-	8,383,205	-	8,383,205
Higher Risk Assets	-	-	-	-	-	-	-	-	-	-	762	-	762
Defaulted Exposures	1,438	26,660	713	-	2,487	34,335	1,664	50,212	706	379	63,956	6	182,556
<b>Total for On-Balance Sheet Exposures</b>	<b>739,809</b>	<b>34,104</b>	<b>956,682</b>	<b>235,059</b>	<b>757,056</b>	<b>1,078,878</b>	<b>1,428,265</b>	<b>775,930</b>	<b>4,641,814</b>	<b>970,073</b>	<b>14,844,524</b>	<b>190,410</b>	<b>26,652,604</b>
<u>Off Balance Sheet Exposures</u>													
Over-the-counter ("OTC") derivatives	-	-	640	-	-	-	7,023	-	27,876	294	-	-	35,833
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	35,993	74,396	125,773	1,401	245,243	21,742	113,929	40,900	24,583	91,246	327,614	-	1,102,820
Defaulted Exposures	-	5,506	-	-	-	-	-	-	-	-	503	-	6,009
<b>Total for Off-Balance Sheet Exposures</b>	<b>35,993</b>	<b>79,902</b>	<b>126,413</b>	<b>1,401</b>	<b>245,243</b>	<b>21,742</b>	<b>120,952</b>	<b>40,900</b>	<b>52,459</b>	<b>91,540</b>	<b>328,117</b>	<b>-</b>	<b>1,144,662</b>
<b>Total for On and Off-Balance Sheet Exposures</b>	<b>775,802</b>	<b>114,006</b>	<b>1,083,095</b>	<b>236,460</b>	<b>1,002,299</b>	<b>1,100,620</b>	<b>1,549,217</b>	<b>816,830</b>	<b>4,694,273</b>	<b>1,061,613</b>	<b>15,172,641</b>	<b>190,410</b>	<b>27,797,266</b>

### BASEL II Pillar 3 Disclosures

#### 3. Application of Standardised Approach for Credit Risk (continued)

##### 3.1 Distribution of Credit Exposure (continued)

(iii) The following table depicts The Bank's Gross Credit Exposure analysed into relevant maturity tenures by residual contractual maturity.

<b>30.06.2022</b>	<b>Economic Entity and The Bank</b>				
<b>Exposure class</b>	<b>&lt; 1 year</b>	<b>&gt;1-5 years</b>	<b>&gt; 5 years</b>	<b>No specific maturity</b>	<b>Total</b>
<u>On Balance Sheet Exposures</u>					
Corporates	2,222,992	1,307,149	4,539,054	639,611	8,708,806
Regulatory Retail	47,906	1,437,036	4,269,370	116,232	5,870,544
Other Assets	-	-	-	208,615	208,615
Sovereigns/Central Banks	2,072,878	655,728	3,170,219	-	5,898,825
Banks, Development Financial Institutions & MDBs	159,955	38,251	43,037	95	241,338
Takaful Companies, Securities Firms & Fund Managers	3	453	-	-	456
Residential Mortgages	356	17,414	8,680,295	956	8,699,021
Higher Risk Assets	-	-	824	-	824
Defaulted Exposures	41,087	9,577	115,529	4,637	170,830
<b>Total for On-Balance Sheet Exposures</b>	<b>4,545,177</b>	<b>3,465,608</b>	<b>20,818,328</b>	<b>970,146</b>	<b>29,799,259</b>
<u>Off Balance Sheet Exposures</u>					
Over-the-counter (“OTC”) derivatives	84,789	-	-	-	84,789
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	556,117	190,793	94,900	335,166	1,176,976
Defaulted Exposures	29	13	-	474	516
<b>Total for Off-Balance Sheet Exposures</b>	<b>640,935</b>	<b>190,806</b>	<b>94,900</b>	<b>335,640</b>	<b>1,262,281</b>
<b>Total for On and Off-Balance Sheet Exposures</b>	<b>5,186,112</b>	<b>3,656,414</b>	<b>20,913,228</b>	<b>1,305,786</b>	<b>31,061,540</b>

**BASEL II Pillar 3 Disclosures**

**3. Application of Standardised Approach for Credit Risk (continued)**

**3.1 Distribution of Credit Exposure (continued)**

(iii) The following table depicts The Bank's Gross Credit Exposure analysed into relevant maturity tenures by residual contractual maturity. (continued)

31.12.2021	Economic Entity and The Bank				
Exposure class	< 1 year	>1-5 years	> 5 years	No specific maturity	Total
<u>On Balance Sheet Exposures</u>					
Corporates	1,995,816	1,242,599	4,121,419	-	7,359,834
Regulatory Retail	43,906	1,427,688	3,817,532	44,866	5,333,992
Other Assets	-	-	-	161,501	161,501
Sovereigns/Central Banks	2,378,470	612,098	2,023,744	-	5,014,312
Banks, Development Financial Institutions & MDBs	143,039	32,418	40,841	-	216,298
Takaful Companies, Securities Firms & Fund Managers	21	123	-	-	144
Residential Mortgages	392	15,337	8,367,476	-	8,383,205
Higher Risk Assets	-	-	762	-	762
Defaulted Exposures	53,537	7,209	121,714	96	182,556
<b>Total for On-Balance Sheet Exposures</b>	<b>4,615,181</b>	<b>3,337,472</b>	<b>18,493,488</b>	<b>206,463</b>	<b>26,652,604</b>
<u>Off Balance Sheet Exposures</u>					
Over-the-counter (“OTC”) derivatives	35,833	-	-	-	35,833
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	548,538	116,670	394,722	42,890	1,102,820
Defaulted Exposures	5,151	-	858	-	6,009
<b>Total for Off-Balance Sheet Exposures</b>	<b>589,522</b>	<b>116,670</b>	<b>395,580</b>	<b>42,890</b>	<b>1,144,662</b>
<b>Total for On and Off-Balance Sheet Exposures</b>	<b>5,204,703</b>	<b>3,454,142</b>	<b>18,889,068</b>	<b>249,353</b>	<b>27,797,266</b>

**4. Application of Standardised Approach for market risk**

The Bank adopts the Standardised Approach for the purpose of calculating the capital requirement for market risk.

Refer Appendix I.

**5. Application of Basic Indicator Approach for operational risk**

The Bank adopts the Basic Indicator Approach for the purpose of calculating the capital requirement for operational risk. The capital requirement is calculated by taking 15% of the average annual gross income over the previous three years.

Refer Appendix I.

**BASEL II Pillar 3 Disclosures**

The Bank has adopted Basel II - Risk Weighted Assets computation under the BNM's Risk-Weighted Capital Adequacy Framework with effect from 1 January 2008. The Bank has adopted the Standardised Approach for credit risk and market risk, and Basic Indicator Approach for operation risk computation.

The following information concerning the Economic Entity and the Bank's risk exposures are disclosed as accompanying information to the annual report and does not form part of the audited accounts.

**Disclosure on Capital Adequacy under the Standardised Approach (RM'000)**

**Economic Entity and The Bank**

**30.06.2022**

	Exposure Class	Gross Exposures /EAD before CRM	Net Exposures /EAD after CRM	Risk Weighted Assets	Total Risk Weighted Assets after Effects of PSIA	Minimum Capital Requirements at 8%
<b>1</b>	<b><u>CREDIT RISK</u></b>					
	<u>On Balance Sheet Exposures</u>					
	Corporates	8,708,806	8,431,168	7,696,022	7,696,022	615,682
	Regulatory Retail	5,870,544	5,148,556	3,839,670	3,839,670	307,174
	Other Assets	208,615	208,615	142,921	142,921	11,434
	Sovereigns/Central Banks	5,898,825	5,898,825	-	-	-
	Banks, Development Financial Institutions & MDBs	241,338	238,675	65,338	65,338	5,227
	Takaful Companies, Securities Firms & Fund Managers	456	456	456	456	36
	Residential Mortgages	8,699,021	8,687,942	5,237,300	5,237,300	418,984
	Higher Risk Assets	824	824	1,236	1,236	99
	Defaulted Exposures	170,830	170,649	181,157	181,157	14,493
	<b>Total for On-Balance Sheet Exposures</b>	<b>29,799,259</b>	<b>28,785,710</b>	<b>17,164,101</b>	<b>17,164,101</b>	<b>1,373,128</b>

BASEL II Pillar 3 Disclosures

Disclosure on Capital Adequacy under the Standardised Approach (RM'000) (continued)

Economic Entity and The Bank

30.06.2022

	Exposure Class	Gross Exposures /EAD before CRM		Net Exposures /EAD after CRM		Risk Weighted Assets	Total Risk Weighted Assets after Effects of PSIA	Minimum Capital Requirements at 8%
1	<b><u>CREDIT RISK (continued)</u></b>							
	<u>Off Balance Sheet Exposures</u>							
	Over-the-counter (“OTC”) derivatives	84,789	84,789	34,201	34,201	2,736		
	Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	1,176,976	1,155,094	905,661	905,661	72,453		
	Defaulted Exposures	516	516	303	303	24		
	<b>Total for Off-Balance Sheet Exposures</b>	<b>1,262,281</b>	<b>1,240,399</b>	<b>940,165</b>	<b>940,165</b>	<b>75,213</b>		
	<b>Total for On and Off-Balance Sheet Exposures</b>	<b>31,061,540</b>	<b>30,026,109</b>	<b>18,104,266</b>	<b>18,104,266</b>	<b>1,448,341</b>		
2	<b><u>MARKET RISK</u></b>	<b>Long Position</b>	<b>Short Position</b>					
	Profit Rate Risk	726,648	725,112	1,536	11,659	11,659	933	
	Foreign Currency Risk	2,912	4,515	(1,603)	4,515	4,515	361	
3	<b><u>OPERATIONAL RISK</u></b>							
	Operational Risk				861,138		68,891	
<b>Total RWA and Capital Requirements</b>					<b>18,981,578</b>	<b>18,120,440</b>	<b>1,518,526</b>	

PSIA "Profit Sharing Investment Account"

**BASEL II Pillar 3 Disclosures**

**Disclosure on Capital Adequacy under the Standardised Approach (RM'000) (continued)**

Economic Entity and The Bank

31.12.2021

	Exposure Class	Gross Exposures /EAD before CRM	Net Exposures /EAD after CRM	Risk Weighted Assets	Total Risk Weighted Assets after Effects of PSIA	Minimum Capital Requirements at 8%
1	<b><u>CREDIT RISK</u></b>					
	<b><u>On Balance Sheet Exposures</u></b>					
	Corporates	7,359,834	7,104,509	6,585,865	6,585,865	526,869
	Regulatory Retail	5,333,992	4,795,981	3,576,317	3,576,317	286,105
	Other Assets	161,501	161,501	116,308	116,308	9,305
	Sovereigns/Central Banks	5,014,312	5,014,312	-	-	-
	Banks, Development Financial Institutions & MDBs	216,298	213,635	54,974	54,974	4,398
	Takaful Companies, Securities Firms & Fund Managers	144	144	144	144	12
	Residential Mortgages	8,383,205	8,371,802	5,068,454	5,068,454	405,476
	Higher Risk Assets	762	762	1,143	1,143	91
	Defaulted Exposures	182,556	197,672	215,573	215,573	17,246
	<b>Total for On-Balance Sheet Exposures</b>	<b>26,652,604</b>	<b>25,860,318</b>	<b>15,618,778</b>	<b>15,618,778</b>	<b>1,249,502</b>

**BASEL II Pillar 3 Disclosures**

**Disclosure on Capital Adequacy under the Standardised Approach (RM'000) (continued)**

Economic Entity and The Bank

31.12.2021

	Exposure Class	Gross Exposures /EAD before CRM	Net Exposures /EAD after CRM	Risk Weighted Assets	Total Risk Weighted Assets after Effects of PSIA	Minimum Capital Requirements at 8%	
1	<b><u>CREDIT RISK (continued)</u></b>						
	<b><u>Off Balance Sheet Exposures</u></b>						
	Over-the-counter (“OTC”) derivatives	35,833	35,833	16,067	16,067	1,285	
	Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	1,102,820	1,082,000	841,456	841,456	67,317	
	Defaulted Exposures	6,009	6,128	8,574	8,574	686	
	<b>Total for Off-Balance Sheet Exposures</b>	1,144,662	1,123,961	866,097	866,097	69,288	
	<b>Total for On and Off-Balance Sheet Exposures</b>	27,797,266	26,984,278	16,484,875	16,484,875	1,318,790	
2	<b><u>MARKET RISK</u></b>	<b>Long Position</b>	<b>Short Position</b>				
	Profit Rate Risk	463,278	468,847	(5,568)	15,766	15,766	1,261
	Foreign Currency Risk	15,477	-	15,477	15,477	15,477	1,238
3	<b><u>OPERATIONAL RISK</u></b>						
	Operational Risk			778,585		62,287	
<b>Total RWA and Capital Requirements</b>				17,294,703	16,516,118	1,383,576	

PSIA "Profit Sharing Investment Account"



**BASEL II Pillar 3 Disclosures**

**Disclosure on Capital Adequacy under the Standardised Approach (RM'000) (continued)**

Market risk is defined as changes in the market value of financial instrument position arising from movements in market factors such as profit rate, foreign exchange rates and implied volatility rates. The Bank's Capital-at-Risk ('CaR') is defined as the amount of the Bank's capital that is exposed to the risk of unexpected losses arising particularly from movements in profit and foreign exchange rates. A CaR reference threshold is set as a management trigger to ensure that the Bank's capital adequacy is not impinged upon in the event of adverse market movements. The Bank currently adopts BNM's Standardised Approach for the computation of market risk capital charges. The market risk capital charge addresses among others, capital requirement for market risk which includes the profit rate risk in the Bank's Trading Book as well as foreign exchange risk in the Trading and Banking Books.

The computation of market risk capital charge covers the foreign exchange financial instruments.

The Bank's Trading Book Policy Statement stipulates the policies and procedures for including or excluding exposures from the Trading Book for the purpose of calculating regulatory market risk capital.

BASEL II Pillar 3 Disclosures

Disclosure on Credit Risk: Disclosures on Risk Weights under the Standardised Approach (RM'000)

Economic Entity and The Bank

30.06.2022

Risk Weights	Exposures after Netting and Credit Risk Mitigation												Total Exposure after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks	PSEs	Banks, MDBs and DFIs	Takaful Companies, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Specialised Financing /Investment	Securitisisation	Equity		
0%	5,916,105	-	-	-	-	-	-	-	57,565	-	-	-	5,973,670	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	50,390	-	244,926	-	904,609	39,642	-	-	10,161	-	-	-	1,249,728	249,946
35%	-	-	-	-	-	-	3,898,675	-	-	-	-	-	3,898,675	1,364,536
50%	-	-	62,370	-	81,947	97	2,172,037	-	-	-	-	-	2,316,451	1,158,225
75%	-	-	-	-	-	5,164,949	5,562	-	-	-	-	-	5,170,512	3,877,884
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	456	8,273,412	37,366	2,891,745	-	140,889	-	-	-	11,343,868	11,343,868
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	69,670	1,791	-	1,743	-	-	-	-	73,204	109,806
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
937.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Average Risk Weight											-		-	-
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total</b>	<b>5,966,495</b>	<b>-</b>	<b>307,296</b>	<b>456</b>	<b>9,329,639</b>	<b>5,243,845</b>	<b>8,968,020</b>	<b>1,743</b>	<b>208,615</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,026,109</b>	<b>18,104,266</b>

PSE "Public Sector Entities"

MDB "Multilateral Development Bank"

DFI "Development Financial Institution"

**BASEL II Pillar 3 Disclosures**

**Disclosure on Credit Risk: Disclosures on Risk Weights under the Standardised Approach (RM'000) (continued)**

Economic Entity and The Bank

31.12.2021

Risk Weights	Exposures after Netting and Credit Risk Mitigation												Total Exposure after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks	PSEs	Banks, MDBs and DFIs	Takaful Companies, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Specialised Financing /Investment	Securitisisation	Equity		
0%	5,032,247	-	-	-	-	-	-	-	31,982	-	-	-	5,064,229	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	47,814	-	195,546	-	633,349	37,579	-	-	16,514	-	-	-	930,802	186,160
35%	-	-	-	-	-	-	3,760,044	-	-	-	-	-	3,760,044	1,316,015
50%	-	-	50,058	-	87,239	178	2,066,596	-	-	-	-	-	2,204,071	1,102,036
75%	-	-	-	-	-	4,811,116	6,388	-	-	-	-	-	4,817,504	3,613,128
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	144	7,138,140	7,974	2,828,549	-	113,005	-	-	-	10,087,812	10,087,812
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	89,624	28,972	-	1,220	-	-	-	-	119,816	179,724
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
937.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Average Risk Weight														
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total	5,080,061	-	245,604	144	7,948,352	4,885,819	8,661,577	1,220	161,501	-	-	-	26,984,278	16,484,875

PSE "Public Sector Entities"

MDB "Multilateral Development Bank"

DFI "Development Financial Institution"

**BASEL II Pillar 3 Disclosures**

**Disclosures on Rated Exposures according to Ratings by ECAIs (RM'000)**

**Economic Entity and The Bank**

**30.06.2022**

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
<b><u>On and Off-Balance-Sheet Exposures</u></b>						
<b><u>Credit Exposures (using Corporate Risk Weights)</u></b>						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)		-	-	-	-	-
Takaful Companies, Securities Firms & Fund Managers		-	-	-	-	456
Corporates		310,169	-	-	-	9,315,279
<b>Total</b>		<b>310,169</b>	-	-	-	<b>9,315,735</b>

**BASEL II Pillar 3 Disclosures**

**Disclosures on Rated Exposures according to Ratings by ECAIs (RM'000) (continued)**

Economic Entity and The Bank  
 31.12.2021

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
<u>On and Off-Balance-Sheet Exposures</u>						
<u>Credit Exposures (using Corporate Risk Weights)</u>						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)		-	-	-	-	-
Takaful Companies, Securities Firms & Fund Managers		-	-	-	-	144
Corporates		178,665	-	-	-	8,024,745
<b>Total</b>		<b>178,665</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,024,889</b>

**BASEL II Pillar 3 Disclosures**

**Disclosures on Rated Exposures according to Ratings by ECAIs (RM'000) (continued)**

**Economic Entity and The Bank**

**30.06.2022**

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
	RAM	AAA to AA3-	A1 to A3	BBB1+ to BBB3	BB1 to B3	C1+ to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
<b><u>On and Off-Balance-Sheet Exposures</u></b> Sovereigns and Central Banks		4,766,563	538,563	-	-	-	661,369
<b>Total</b>		4,766,563	538,563	-	-	-	661,369

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-	A1 to A3	BBB1+ to BBB3	BB1 to B3	C1+ to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
<b><u>On and Off-Balance-Sheet Exposures</u></b> Banks, MDBs and DFIs		60,926	100,000	-	-	-	149,033
<b>Total</b>		60,926	100,000	-	-	-	149,033

**BASEL II Pillar 3 Disclosures**

**Disclosures on Rated Exposures according to Ratings by ECAs (RM'000) (continued)**

Economic Entity and The Bank

31.12.2021

Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3-	A1 to A3	BBB1+ to BBB3	BB1 to B3	C1+ to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
<u>On and Off-Balance-Sheet Exposures</u> Sovereigns and Central Banks		3,990,097	340,321	-	-	-	749,643
Total		3,990,097	340,321	-	-	-	749,643
Exposure Class	Ratings of Banking Institutions by Approved ECAs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3-	A1 to A3	BBB1+ to BBB3	BB1 to B3	C1+ to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
<u>On and Off-Balance-Sheet Exposures</u> Banks, MDBs and DFIs		18,299	90,000				139,969
Total		18,299	90,000	-	-	-	139,969

**BASEL II Pillar 3 Disclosures**

**a) Disclosures on Credit Risk Mitigation (RM'000)**

**Economic Entity and The Bank  
 30.06.2022**

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees /Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
<b><u>Credit Risk</u></b>				
<b><u>On-Balance Sheet Exposures</u></b>				
Sovereigns/Central Banks	5,898,825	-	-	-
Banks, Development Financial Institutions & MDBs	241,338	-	2,663	-
Takaful Cos, Securities Firms & Fund Managers	456	-	-	-
Corporates	8,708,806	334,513	277,638	-
Regulatory Retail	5,870,544	39,540	721,988	-
Residential Mortgages	8,699,021	-	11,079	-
Higher Risk Assets	824	-	-	-
Other Assets	208,615	-	-	-
Defaulted Exposures	170,830	638	181	-
<b>Total for On-Balance Sheet Exposures</b>	<b>29,799,259</b>	<b>374,691</b>	<b>1,013,549</b>	<b>-</b>
<b><u>Off-Balance Sheet Exposures</u></b>				
Over-the-counter (“OTC”) derivatives	84,789	-	-	-
Off-Balance sheet exposures other than OTC derivatives or credit derivatives	1,176,976	8,998	21,882	-
Defaulted Exposures	516	-	-	-
<b>Total for Off-Balance Sheet Exposures</b>	<b>1,262,281</b>	<b>8,998</b>	<b>21,882</b>	<b>-</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>31,061,540</b>	<b>383,689</b>	<b>1,035,431</b>	<b>-</b>



**BASEL II Pillar 3 Disclosures**

**a) Disclosures on Credit Risk Mitigation (RM'000) (continued)**

Economic Entity and The Bank

31.12.2021

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees /Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
<b><u>Credit Risk</u></b>				
<b><u>On-Balance Sheet Exposures</u></b>				
Sovereigns/Central Banks	5,014,312	-	-	-
Banks, Development Financial Institutions & MDBs	216,298	-	2,663	-
Takaful Cos, Securities Firms & Fund Managers	144	-	-	-
Corporates	7,359,834	218,937	255,058	-
Regulatory Retail	5,333,992	-	543,361	-
Residential Mortgages	8,383,205	-	11,825	-
Higher Risk Assets	762	-	-	-
Other Assets	161,501	-	-	-
Defaulted Exposures	182,556	-	81	-
<b>Total for On-Balance Sheet Exposures</b>	<b>26,652,604</b>	<b>218,937</b>	<b>812,988</b>	<b>-</b>
<b><u>Off-Balance Sheet Exposures</u></b>				
Over-the-counter (“OTC”) derivatives	35,833	-	-	-
Off-Balance sheet exposures other than OTC derivatives or credit derivatives	1,102,820	-	-	-
Defaulted Exposures	6,009	-	-	-
<b>Total for Off-Balance Sheet Exposures</b>	<b>1,144,662</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total On and Off-Balance Sheet Exposures</b>	<b>27,797,266</b>	<b>218,937</b>	<b>812,988</b>	<b>-</b>

**BASEL II Pillar 3 Disclosures**

**b) Disclosure on Off-Balance Sheet and Counterparty Credit Risk (RM'000)**

Counterparty Credit Risk is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cashflows. An economic loss could occur if the transactions with the counterparty has a positive economic value for the Bank at the time of default.

In contrast to the exposure to credit risk through a financing, where the exposure to credit risk is unilateral and only the financing bank faces the risk of loss, Counterparty Credit Risk creates a bilateral risk of loss where the market value for many types of transactions can be positive or negative to either counterparty.

In respect of off-balance sheet items, the credit risk inherent in each off-balance sheet instrument is translated into an on balance sheet exposure equivalent (credit equivalent) by multiplying the nominal principal amount with a credit conversion factor ('CCF') as prescribed by the Standardised Approach under the Risk Weighted Capital Adequacy Framework. The resulting amount is then weighted against the risk weight of the counterparty. In addition, counterparty risk weights for over-the-counter ('OTC') derivative transactions will be determined based on the external rating of the counterparty and will not be subject to any specific ceiling.

**Economic Entity and The Bank**

**30.06.2022**

Description	Total Principle Amount	Positive Fair Value of Derivative Contracts	Total Credit Equivalent Amount	Total Risk Weighted Amount
Direct Credit Substitutes	95,007		95,007	94,920
Transaction related contingent Items	389,718		194,859	193,865
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	933,566		466,118	313,578
Short Term Self Liquidating trade related contingencies	276,365		55,273	14,489
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	1,599,047		319,809	254,292
Unutilised credit card lines	232,132		46,426	34,820
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a customer's creditworthiness	-		-	-
Foreign exchange related contracts				
-less than one year	2,386,174	51,518	84,789	34,201
<b>Total</b>	<b>5,912,009</b>	<b>51,518</b>	<b>1,262,281</b>	<b>940,165</b>

**BASEL II Pillar 3 Disclosures**

**b) Disclosure on Off-Balance Sheet and Counterparty Credit Risk (RM'000) (continued)**

Economic Entity and The Bank

31.12.2021

Description	Total Principle Amount	Positive Fair Value of Derivative Contracts	Total Credit Equivalent Amount	Total Risk Weighted Amount
Direct Credit Substitutes	91,921		91,921	91,921
Transaction related contingent Items	409,317		204,658	207,169
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	826,881		412,776	253,510
Short Term Self Liquidating trade related contingencies	260,650		52,130	13,879
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	1,522,266		304,453	251,384
Unutilised credit card lines	214,449		42,891	32,167
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a customer's creditworthiness	-		-	-
Foreign exchange related contracts				
-less than one year	1,750,186	11,436	35,833	16,067
<b>Total</b>	<b>5,075,670</b>	<b>11,436</b>	<b>1,144,662</b>	<b>866,097</b>

**BASEL II Pillar 3 Disclosures**

**c) Disclosure on Market Risk – Profit Rate Risk/ Rate of Return in the Banking Book**

Profit rate risk is the risk to earnings and capital arising from exposure to adverse movements in profit rates mainly due to mismatches in timing repricing of assets and liabilities. These mismatches are actively managed from an earnings and economic value perspective.

The objective of profit rate risk management is to achieve a stable and sustainable net profit income from the following perspectives:

- 1) Next 12 months' Earnings - Profit rate risk from the earnings perspective is the impact based on changes to the net profit income ('NPI') over the next 12 months. This risk is measured through sensitivity analysis including the application of an instantaneous 100 basis point parallel shock in profit rates across the yield curve.
- 2) Economic Value - Measuring the change in the economic value of equity ('EVE') is an assessment of the long-term impact to the Bank's capital. This is assessed through the application of relevant duration factors to capture the net economic value impact over the long term or total life of all balance sheet assets and liabilities to adverse changes in profit rates.

Profit rate risk thresholds are established in line with the Bank's strategy and risk appetite. These thresholds are reviewed regularly to ensure relevance in the context of prevailing market conditions.

Economic Entity and The Bank Type of Currency (RM million)	30.06.2022		30.12.2021	
	Impact on Positions (100 basis points) Parallel Shift		Impact on Positions (100 basis points) Parallel Shift	
	Increase/(Decline) in Earnings	Increase/(Decline) in Economic Value	Increase/(Decline) in Earnings	Increase/(Decline) in Economic Value
Ringgit Malaysia	35.1	(327.2)	46.6	(211.1)
US Dollar	(4.2)	3.2	(2.9)	0.9
Others (*)	(0.0)	0.0	(0.0)	0.0
<b>Total</b>	<b>30.8</b>	<b>(324.0)</b>	43.7	(210.2)

\*Others comprise of SGD, EUR, AUD, JPY, HKD and GBP currencies where the amount of each currency is relatively small.