

Company No: 200501027372 (709506-V)

AFFIN Islamic Bank Berhad
(Incorporated in Malaysia)

BASEL II
PILLAR 3 DISCLOSURES
As at 30 June 2024

BASEL II Pillar 3 Disclosures

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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's 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 2024. 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 half year ended 30 June 2024.

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 2024.

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2. Capital Management

2.1 Internal Capital Adequacy Assessment Process ('ICAAP')

In line with the BNM guideline on Risk-Weighted Capital Adequacy Framework - Internal Capital Adequacy Assessment Process (ICAAP) (Pillar 2), the Bank has instituted the ICAAP Framework (“Framework”) to assess the overall capital adequacy in relation to the nature, size and complexity of the Bank that impact the institutional risk profile. The Framework aims to ensure that the Bank is able to maintain healthy capital levels to support strategic business priorities and forward-looking risk assessment in order to ensure that capital demand and supply is considered for both business as-usual and stressed conditions.

The Bank's capital management approach is anchored in the integration of risk management and capital planning process. The Bank operates within a Board of Director's approved Risk Appetite that ensures that business growth is done in a responsible and sustainable manner.

A key aspect of the risk management process on an enterprise-wide basis is the annual comprehensive risk assessment undertaken by the Bank to identify and measure the following risks:

- Risks captured under Pillar 1 (credit risk, market risk and operational risk);
- Risks not fully captured under Pillar 1 (e.g. model risk); and
- Risk types not covered by Pillar 1 (e.g. credit concentration risk, interest rate risk/rate of return on banking book, reputation risk, business and strategic risk, amongst others).

Material Risk Assessment ('MRA') is conducted as part of the ICAAP to identify material risks of the Bank spanning across retail, commercial, investment banking and business operations. The identification of material risks is aimed to ensure that the Bank is aware of the potential downside impact that are associated with the day-to-day running of the business. The identification of risks allows for robust management of the potential impact in the event the material risks crystalize. For each material risk identified, the Bank will ensure appropriate risk mitigation is in place and conduct regular risk monitoring to manage the risk. The management of risk across the Bank is facilitated by the Risk Management Process and it is embedded through various risk policies and frameworks across the entities.

The Bank's stress testing process is guided by the Group's Stress Testing Policy. Stress testing is an essential risk management tool to assess a banking institution's potential vulnerabilities to stressed business conditions. It involves identifying possible events or future changes in the financial and macroeconomic conditions that potentially have unfavorable effects on the Bank's exposure and ability to withstand such changes usually in relation to the resilience of its capital, earnings sustainability and liquidity strength.

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2. Capital Management (continued)

2.1 Internal Capital Adequacy Assessment Process ('ICAAP') (continued)

It forms an integral part of the ICAAP and risk management process, enabling the Bank to assess the impact on its capital adequacy in line with supervisory expectations and requirements.

The Group's stress testing has the following objectives:

- to identify and quantify vulnerabilities of the portfolio under stressed conditions;
- to develop appropriate strategies for mitigating and actively managing such risks under stressed conditions, e.g. setting of risk appetite, restructuring positions and contingency plans;
- to evaluate the capacity to withstand stressed situations in terms of solvency;
- to produce stress test results as an input in determining the internal capital threshold; and
- to ensure all stress test parameters, assumptions and scenarios are duly deliberated by senior management and the relevant committees prior to the execution of the stress test exercise.

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% (2023: 7.000%) and 8.500% (2023: 8.500%) respectively for year 2024. The minimum regulatory capital adequacy requirement is 10.500% (2023: 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 2024.

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2. Capital Management (continued)

2.2 Capital Structure (continued)

	Economic Entity		The Bank	
	30.06.2024	31.12.2023	30.06.2024	31.12.2023
	RM'000	RM'000	RM'000	RM'000
Paid-up share capital	1,310,000	1,210,000	1,310,000	1,210,000
Retained profits	1,329,321	1,375,320	1,329,321	1,375,320
Unrealised gains on FVOCI instruments	6,443	11,452	6,443	11,452
Other reserves	482	214	482	214
	2,646,246	2,596,986	2,646,246	2,596,986
Less: Regulatory adjustments				
Goodwill and other intangibles	(1,056)	(863)	(1,056)	(863)
Deferred tax assets	(35,351)	(39,040)	(35,351)	(39,040)
55% cumulative unrealised gains on FVOCI instruments	(3,544)	(6,299)	(3,544)	(6,298)
Other CET 1 transitional adjustment	-	138,827	-	138,827
CET 1 capital	2,606,295	2,689,611	2,606,295	2,689,611
Additional Tier 1 Capital	500,000	500,000	500,000	500,000
Total Tier 1 Capital	3,106,295	3,189,611	3,106,295	3,189,611
Subordinated term financing and medium term notes (MTNs)	500,000	500,000	500,000	500,000
Expected loss provision #	268,087	212,507	268,087	212,507
Total Tier 2 capital	768,087	768,087	768,087	712,507
Total capital	3,874,382	3,902,118	3,874,382	3,902,118
Risk weighted assets for:				
Credit risk	21,446,931	19,846,357	21,446,931	19,846,357
Market risk	140,383	123,659	140,383	123,659
Operational risk	1,205,013	1,152,829	1,205,013	1,152,829
Total risk weighted assets	22,792,327	21,122,845	22,792,327	21,122,845
<u>With transitional arrangements*</u>				
CET 1 capital ratio	N/A	12.733%	N/A	12.733%
Tier 1 capital ratio	N/A	15.100%	N/A	15.100%
Total capital ratio	N/A	18.473%	N/A	18.473%
<u>Without transitional arrangements</u>				
CET 1 capital ratio	11.435%	12.076%	11.435%	12.076%
Tier 1 capital ratio	13.629%	14.443%	13.629%	14.443%
Total capital ratio	16.999%	17.985%	16.999%	17.985%

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2. Capital Management (continued)

2.2 Capital Structure (continued)

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

* The Bank has opted to apply BNM's transitional arrangements for the financial years spanning from 1 January 2020 to 31 December 2023. Under this transitional arrangement, financial institutions are permitted to add-back the amount of loss allowance measured at an amount equal to 12-month ECL and Lifetime ECL to the extent they are ascribed to non-credit impaired exposures (which is Stage 1 and Stage 2 provisions) to their CET 1 capital. This strategic move aligns with the ongoing shift toward sustainable financial practices and prudent capital management. For the financial year beginning 1 January 2024, this transitional arrangements is no longer applicable.

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 2024, RIA assets excluded in the Total Capital Ratio calculation amounted to RM3,340.8 million (2023: RM3,053.1 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:

	RM500 million 5.10% Non-Convertible Perpetual Additional Tier 1 Sukuk Wakalah	RM500 million 4.66% Non-Convertible Tier 2 Sukuk Murabahah 10 Years Non-Callable 5 Years
Issuer	Affin Islamic Bank Berhad	Affin Islamic Bank Berhad
Governing laws	Laws of Malaysia	Laws of Malaysia
Instrument Type	Additional Tier 1	Tier 2
Programme size	RM5 billion	RM5 billion
Par value of instrument	RM500 million	RM500 million
Original date of issuance	10-Oct-23	13-Oct-23
Perpetual or dated	Perpetual	Dated
Original maturity date	No Maturity	13-Oct-33
Issuer call subject to prior supervisory approval	Yes	Yes
First call date	10-Oct-28	13-Oct-28
Fixed or floating dividend/coupon	Fixed	Fixed
Coupon rate	5.10%	4.66%
Convertibility of Issuance	Non-Convertible	Non-Convertible

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2. Capital Management (continued)

2.2 Capital Structure (continued)

	RM500 million 5.10% Non-Convertible Perpetual Additional Tier 1 Sukuk Wakalah	RM500 million 4.66% Non- Convertible Tier 2 Sukuk Murabahah 10 Years Non-Callable 5 Years
Details of security/ collateral pledged	Unsecured	Unsecured
Position in subordination hierarchy in liquidation	Immediately subordinated to Tier 2 capital instruments	Immediately subordinated to senior creditors

2.3 Capital Adequacy

The Bank has in place an internal limit for its CET 1 capital ratio, Tier 1 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 ('RAM')
- Malaysian Rating Corporation Berhad ('MARC')
- Standard & Poor's Rating Services ('S&P')
- Moody's Investors Service ('Moody's')
- Fitch Ratings ('Fitch')

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.

The following is a summary of the prescribed rules governing the Standardised Approach for rated and unrated exposures.

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

Long Term Credit Rating Category by ECAIs under Standardised Approach :

Rating Category	External Credit Assessment Institutions (ECAIs)				
	S&P	Moody's	Fitch	RAM	MARC
1	AAA to AA-	Aaa to Aaa3	AAA to AA-	AAA to AA3	AAA to AA-
2	A+ to A-	A1 to A3	A+ to A-	A1 to A3	A+ to A-
3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	BBB1 to BBB3	BBB+ to BBB-
4	BB+ to B-	Ba1 to B3	BB+ to B-	BB1 to B3	BB+ to B-
5	CCC+ to D	Caa1 to C	CCC+ to D	C1 to D	C+ to D
Unrated	Unrated				

Long term Credit Rating Risk Weight Category by ECAIs under Standardised Approach for Banking Institution, Corporate and Sovereign & Central Bank :

Rating Category	Risk weights based on Credit Ratings of the Counterparty Exposure Class		
	Corporate	Banking Institutions	Sovereign & Central Bank
1	20%	20%	0%
2	50%	50%	20%
3	100%	50%	50%
4	150%	100%	100%
5	150%	150%	150%
Unrated	100%	50%	100%

Short term Credit Rating Category by ECAIs under Standardised Approach :

Rating Category	External Credit Assessment Institutions (ECAIs)				
	S&P	Moody's	Fitch	RAM	MARC
1	A-1	P-1	F1+, F1	P-1	MARC-1
2	A-2	P-2	F2	P-2	MARC-2
3	A-3	P-3	F3	P-3	MARC-3
4	Others	Others	B to D	NP	MARC-4

Short term Credit Rating Risk Weight Category by ECAIs under Standardised Approach for Banking Institution and Corporate :

Rating Category	Risk weights based on Credit Ratings of the Counterparty Exposure Class	
	Corporate	Banking Institutions
1	20%	20%
2	50%	50%
3	100%	100%
4	150%	150%

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

Refer to Appendix II and III.

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, connected parties, geographical and industry segments. These risks are monitored regularly and the limits reviewed annually or sooner depending on changing market and economic conditions.

The credit risk exposure for derivatives due to potential exposure 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 pay rather than to rely solely on collateral. However, 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 properties, equipment and fixed deposits;
- Charges over financial instruments such as marketable securities; and
- Debentures, personal guarantees and corporate guarantees.

Where relevant, the Bank undertakes a valuation of the collateral obtained as part of the financing origination process. This assessment is reviewed periodically.

Term financing to corporate entities are generally secured while revolving individual credit facilities are generally unsecured.

Collateral held as security for financial assets other than financing and other financing depends 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.

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

Guarantee

A guarantee is a legally binding contractual commitment made to the Bank that ensures that the guarantor is legally responsible to meet the obligations of a borrower in the event the borrower fails to pay.

The Bank may substitute its exposure to the direct counterparty with an exposure to the guarantor or protection provided that the guarantor or protection provider is of a better rating than the direct counterparty, and that the guarantee or the protection is irrevocable and unconditional. However, where the direct counterparty and the guarantor or protection provider are connected, the exposure shall be treated as a single group exposure.

In case of guarantees being provided (for HP and ASB Loans/ATTF-i (ASB/ASB2) only), the combined DSR of both customer/ borrower/ counterparty and guarantor shall be taken. For this purpose, acceptable guarantors shall be restricted to immediate family members (spouse/ parents/sibling/child) regardless of cohabitation. Guarantors not defined as immediate family members shall not be included in DSR computation.

Offsetting financial instruments

The Bank also uses legal agreements to reduce credit risk, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

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 counterparties.

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

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

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

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 3 months from the first day of default;
- ii. where the account is in arrears for less than 3 months, there is evidence of impairment to indicate that the customer is 'unlikely to meet' its credit obligations;
or;
- 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

Economic Entity and The Bank	<u>Past Due But Not Credit-impaired</u>		<u>Impaired</u>	Total
	Stage 1	Stage 2	Stage 3	
30.06.2024	RM'000	RM'000	RM'000	RM'000
Primary agriculture	4,797	872	102	5,771
Mining and quarrying	295	1,064	-	1,359
Manufacturing	7,796	51,727	6,164	65,687
Electricity, gas and water supply	49,826	172	45	50,043
Construction	32,496	62,913	32,529	127,938
Real estate	3,940	3,725	12,707	20,372
Wholesale & retail trade and restaurants & hotels	50,444	66,178	33,105	149,727
Transport, storage and communication	16,382	11,991	10,783	39,156
Finance, takaful and business services	26,174	29,026	15,545	70,745
Education, health and others	5,145	5,649	2,017	12,811
Household	1,048,168	1,041,012	181,866	2,271,046
	1,245,463	1,274,329	294,863	2,814,655

Economic Entity and The Bank	<u>Past Due But Not Credit-impaired</u>		<u>Impaired</u>	Total
	Stage 1	Stage 2	Stage 3	
31.12.2023	RM'000	RM'000	RM'000	RM'000
Primary agriculture	8,178	1,290	173	9,642
Mining and quarrying	104	1,136	19,817	21,057
Manufacturing	8,970	45,829	6,726	61,525
Electricity, gas and water supply	1,245	149	3	1,397
Construction	120,322	58,117	11,526	189,965
Real estate	1,971	51,181	12,428	65,580
Wholesale & retail trade and restaurants & hotels	81,609	43,417	19,618	144,644
Transport, storage and communication	18,408	19,613	2,627	40,648
Finance, takaful and business services	24,317	27,154	10,594	62,065
Education, health and others	8,619	3,469	1,011	13,099
Household	1,147,605	980,327	136,455	2,264,386
	1,421,348	1,231,682	220,978	2,874,008

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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	Lifetime ECL		Lifetime ECL	Total
	12-month ECL	Not credit impaired	credit impaired	
30.06.2024	Stage 1	Stage 2	Stage 3	
	RM'000	RM'000	RM'000	RM'000
Primary agriculture	564	337	29	930
Mining and quarrying	904	8,030	10,460	19,394
Manufacturing	2,618	149,875	860	153,353
Electricity, gas and water supply	93	5	19	117
Construction	950	3,333	7,784	12,067
Real estate	37,108	20,278	55,897	113,283
Wholesale & retail trade and restaurants & hotels	1,592	30,557	2,960	35,109
Transport, storage and communication	54	167	-	221
Finance, takaful and business services	680	2,336	7,787	10,803
Education, health and others	521	13,228	6,721	20,470
Household	7,171	28,222	17,141	52,534
Government	-	-	-	-
	52,255	256,368	109,658	418,281

Economic Entity and The Bank	Lifetime ECL		Lifetime ECL	Total
	12-month ECL	Not credit impaired	credit impaired	
31.12.2023	Stage 1	Stage 2	Stage 3	
	RM'000	RM'000	RM'000	RM'000
Primary agriculture	876	68	175	1,119
Mining and quarrying	953	13,264	8,913	23,130
Manufacturing	1,164	185,707	479	187,350
Electricity, gas and water supply	684	8	3	695
Construction	1,194	911	6,232	8,337
Real estate	35,917	40,345	40,975	117,237
Wholesale & retail trade and restaurants & hotels	2,580	26,660	3,440	32,680
Transport, storage and communication	40	(86)	1,664	1,618
Finance, takaful and business services	1,050	15,282	7,309	23,641
Education, health and others	595	(20,763)	1,481	(18,687)
Household	7,610	33,044	11,604	52,258
Government	-	-	-	-
	52,663	294,440	82,275	429,378

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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

Economic Entity and The Bank	30.06.2024	31.12.2023
	Lifetime	
	ECL	Lifetime ECL
	credit	credit
	impaired	impaired
	Stage 3	Stage 3
	RM'000	RM'000
Primary agriculture	82	198
Mining and quarrying	-	-
Manufacturing	598	85
Electricity, gas and water supply	-	-
Construction	786	39
Real estate	-	-
Wholesale & retail trade and restaurants & hotels	2,412	415
Transport, storage and communication	355	201
Finance, takaful and business services	950	63
Education, health and others	-	29
Household	21,492	42,066
	26,675	43,096

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

Credit Quality of Financial Assets (continued)

Analysed by geographical area

Economic Entity and The Bank	<u>Past Due But Not Credit-impaired</u>		<u>Impaired</u>	Total
	Stage 1	Stage 2	Stage 3	
30.06.2024	RM'000	RM'000	RM'000	RM'000
Perlis	4,104	2,115	4,080	10,299
Kedah	73,775	134,792	18,782	227,349
Pulau Pinang	54,045	50,962	13,509	118,516
Perak	46,400	46,763	8,522	101,685
Selangor	488,422	476,007	101,326	1,065,755
Wilayah Persekutuan	157,509	168,218	49,768	375,495
Negeri Sembilan	78,105	117,947	16,823	212,875
Melaka	32,134	30,620	17,917	80,671
Johor	148,642	130,678	30,071	309,391
Pahang	40,413	37,954	16,604	94,971
Terengganu	43,250	30,681	4,102	78,033
Kelantan	28,612	26,706	8,388	63,706
Sarawak	15,057	7,801	666	23,524
Sabah	34,955	12,896	4,305	52,156
Labuan	-	189	-	189
	1,245,463	1,274,329	294,863	2,814,615
Economic Entity and The Bank	Stage 1	Stage 2	Stage 3	Total
31.12.2023	RM'000	RM'000	RM'000	RM'000
Perlis	3,107	2,148	3,816	9,071
Kedah	78,675	111,966	15,553	206,194
Pulau Pinang	62,050	54,658	9,434	126,142
Perak	49,726	45,452	6,657	101,835
Selangor	585,425	449,410	87,108	1,121,943
Wilayah Persekutuan	223,041	181,819	34,736	439,596
Negeri Sembilan	91,705	107,056	15,206	213,967
Melaka	32,561	34,007	8,934	75,502
Johor	155,469	131,014	23,972	310,455
Pahang	42,379	37,948	3,313	83,640
Terengganu	41,272	31,378	2,939	75,589
Kelantan	30,373	26,360	6,488	63,221
Sarawak	9,952	7,682	245	17,879
Sabah	15,563	10,614	2,577	28,754
Labuan	-	119	-	119
	1,421,348	1,231,682	220,978	2,873,907

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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

Economic Entity and The Bank	Lifetime ECL		Lifetime ECL	Total
	12-month ECL	Not credit impaired	credit impaired	
30.06.2024	Stage 1	Stage 2	Stage 3	
	RM'000	RM'000	RM'000	RM'000
Perlis	162	126	2,718	3,006
Kedah	2,743	20,562	8,225	31,530
Pulau Pinang	2,900	(2,165)	4,527	5,262
Perak	2,128	2,154	2,933	7,215
Selangor	15,767	189,225	36,386	241,378
Wilayah Persekutuan	9,732	15,347	12,586	37,665
Negeri Sembilan	3,194	8,871	5,223	17,288
Melaka	1,127	1,995	12,912	16,034
Johor	6,097	8,268	10,223	24,588
Pahang	1,922	2,296	6,136	10,354
Terengganu	1,358	1,857	1,946	5,161
Kelantan	1,655	3,023	4,333	9,011
Sarawak	1,814	4,290	214	6,318
Sabah	1,637	513	1,296	3,446
Labuan	12	1	-	13
Outside Malaysia	7	5	-	12
	52,255	256,368	109,658	418,281

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 (continued)

Economic Entity and The Bank	Lifetime ECL		Lifetime ECL	
	12-month ECL	Not credit impaired	credit impaired	Total
31.12.2023	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Perlis	107	148	2,480	2,735
Kedah	2,531	18,598	6,988	28,117
Pulau Pinang	3,481	16,344	3,021	22,846
Perak	2,127	2,033	2,533	6,693
Selangor	16,050	194,495	26,752	237,297
Wilayah Persekutuan	9,138	27,051	12,453	48,642
Negeri Sembilan	2,843	8,477	5,182	16,502
Melaka	1,065	2,988	6,960	11,013
Johor	6,321	9,415	8,642	24,378
Pahang	1,876	2,842	1,743	6,461
Terengganu	1,314	2,567	1,759	5,640
Kelantan	1,776	3,386	2,815	7,977
Sarawak	1,891	5,464	120	7,475
Sabah	2,129	493	827	3,449
Labuan	5	135	-	140
	52,663	294,440	82,275	429,378

BASEL II Pillar 3 Disclosures

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

Credit Quality of Financial Assets (continued)

Expected credit losses (continued)

Movement in expected credit loss for financing

Economic Entity and The Bank	Lifetime ECL		Total	
	12-month ECL	Lifetime ECL		
	Not credit impaired	credit impaired		
	Stage 1	Stage 2	Stage 3	
	RM'000	RM'000	RM'000	RM'000
30.06.2024				
At beginning of the financial period	52,663	294,440	82,275	429,378
Total transfer between stages due to change in credit risk:	(406,109)	417,475	(11,366)	-
- Transfer to 12-month ECL (Stage 1)	7,898	(6,618)	(1,280)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(413,844)	441,011	(27,167)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(163)	(16,918)	17,081	-
Financing derecognised (other than write-off)	(7,798)	(427,107)	(3,826)	(438,731)
New financing originated or purchased	425,120	-	-	425,120
Changes due to change in credit risk	(11,621)	(28,440)	69,250	29,189
Write-off	-	-	(26,675)	(26,675)
Other adjustments	-	-	-	-
At end of the financial period	52,255	256,368	109,658	418,281
31.12.2023				
At beginning of the financial period	65,218	302,452	87,445	455,115
Total transfer between stages due to change in credit risk:	(168,533)	204,749	(36,216)	-
- Transfer to 12-month ECL (Stage 1)	21,720	(19,994)	(1,726)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(190,123)	244,851	(54,728)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(130)	(20,108)	20,238	-
Financing derecognised (other than write-off)	(22,024)	(13,709)	(2,189)	(37,922)
New financing originated or purchased	216,912	-	-	216,912
Changes due to change in credit risk	(38,912)	(199,052)	66,833	(171,131)
Write-off	-	-	(43,096)	(43,096)
Other adjustments	2	-	9,498	9,500
At end of the financial period	52,663	294,440	82,275	429,378

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 the geographical location where the credit risk resides.

Economic Entity and The Bank	30.06.2024			31.12.2023		
	Malaysia	Other countries	Total	Malaysia	Other countries	Total
<u>On Balance Sheet Exposures</u>						
Corporates	9,884,793	1	9,884,794	6,532,496	-	6,532,496
Regulatory Retail	8,540,768	1,305	8,542,073	10,123,273	1,202	10,124,475
Other Assets	883,339	-	883,339	1,063,404	-	1,063,404
Sovereigns/Central Banks	6,537,849	-	6,537,849	7,231,779	-	7,231,779
Banks, Development Financial Institutions & MDBs	1,498,189	-	1,498,189	1,493,634	-	1,493,634
Takaful Companies, Securities Firms & Fund Managers	257	-	257	307	-	307
Residential Mortgages	9,793,708	-	9,793,708	9,726,068	-	9,726,068
Higher Risk Assets	20,388	-	20,388	10,540	-	10,540
Defaulted Exposures	172,604	-	172,604	140,766	-	140,766
Total for On-Balance Sheet Exposures	37,331,895	1,306	37,333,201	36,322,267	1,202	36,323,469
<u>Off Balance Sheet Exposures</u>						
Over-the-counter (“OTC”) derivatives	63,047	-	63,047	65,542	-	65,542
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	2,199,271	645	2,199,916	2,358,466	617	2,359,083
Defaulted Exposures	12,506	-	12,506	2,034	-	2,034
Total for Off-Balance Sheet Exposures	2,274,824	645	2,275,469	2,426,042	617	2,426,659
Total for On and Off-Balance Sheet Exposures	39,606,719	1,951	39,608,670	38,748,309	1,819	38,750,128

Company No: 200501027372 (709506-V)
AFFIN Islamic Bank Berhad
(Incorporated in Malaysia)

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.

30.06.2024	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	299,610	20,259	1,015,401	393,019	549,356	616,593	1,120,782	420,121	665,930	541,923	4,231,800	10,000	9,884,794
Regulatory Retail	22,713	2,542	111,176	4,032	129,340	29,466	309,984	86,359	163,517	58,812	7,623,617	515	8,542,073
Other Assets	-	-	-	-	-	-	-	-	-	-	-	883,339	883,339
Sovereigns/Central Banks	-	-	-	26,997	191,182	-	-	553,924	4,729,820	927,373	-	108,553	6,537,849
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	369	-	1,493,967	3,853	-	-	1,498,189
Takaful Companies, Securities Firms & Fund Managers	-	-	-	-	-	-	-	-	257	-	-	-	257
Residential Mortgages	-	-	-	-	-	-	-	-	-	-	9,793,708	-	9,793,708
Higher Risk Assets	-	-	-	-	-	9,884	-	-	-	-	10,504	-	20,388
Defaulted Exposures	79	-	3,301	27	6,970	4,920	17,055	4,065	9,554	1,158	125,475	-	172,604
Total for On-Balance Sheet Exposures	322,402	22,801	1,129,878	424,075	876,848	660,863	1,448,190	1,064,469	7,063,045	1,533,119	21,785,104	1,002,407	37,333,201
<u>Off Balance Sheet Exposures</u>													
Over-the-counter ("OTC") derivatives	-	-	1,358	8,165	-	-	2,532	-	50,992	-	-	-	63,047
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	87,157	72,006	159,581	104,484	189,371	46,822	138,017	59,285	33,750	998,458	310,985	-	2,199,916
Defaulted Exposures	-	-	-	-	10,711	-	25	-	223	-	1,547	-	12,506
Total for Off-Balance Sheet Exposures	87,157	72,006	160,939	112,649	200,082	46,822	140,574	59,285	84,965	998,458	312,532	-	2,275,469
Total for On and Off-Balance Sheet Exposures	409,559	94,807	1,290,817	536,724	1,076,930	707,685	1,588,764	1,123,754	7,148,010	2,531,577	22,097,636	1,002,407	39,608,670

Company No: 200501027372 (709506-V)
AFFIN Islamic Bank Berhad
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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)

31.12.2023	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
On Balance Sheet Exposures													
Corporates	345,946	19,673	967,480	110,829	503,133	631,688	1,080,211	334,121	510,018	471,597	1,290,939	266,861	6,532,496
Regulatory Retail	16,904	4,546	109,527	4,796	125,324	29,648	308,342	90,060	163,654	55,035	9,216,639	-	10,124,475
Other Assets	-	-	-	-	-	-	-	-	-	-	-	1,063,404	1,063,404
Sovereigns/Central Banks	-	-	-	27,215	191,272	-	-	307,894	6,041,159	511,537	-	152,702	7,231,779
Banks, Development Financial Institutions & MDBs	-	-	-	-	-	-	403	-	1,491,413	1,818	-	-	1,493,634
Takaful Companies, Securities Firms & Fund Managers	-	-	-	-	-	-	-	-	307	-	-	-	307
Residential Mortgages	-	-	-	-	-	-	-	-	-	-	9,726,068	-	9,726,068
Higher Risk Assets	-	-	-	-	-	-	-	-	-	-	10,540	-	10,540
Defaulted Exposures	-	18,317	3,205	-	2,511	4,948	8,883	1,210	6,462	830	94,400	-	140,766
Total for On-Balance Sheet Exposures	362,850	42,536	1,080,212	142,840	822,240	666,284	1,397,839	733,285	8,213,013	1,040,817	20,338,586	1,482,967	36,323,469
Off Balance Sheet Exposures													
Over-the-counter ("OTC") derivatives	-	-	1,199	2,849	-	-	5,281	59	56,154	-	-	-	65,542
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	74,342	71,122	204,980	107,561	211,175	52,444	137,656	62,707	30,050	1,063,998	343,048	-	2,359,083
Defaulted Exposures	-	-	-	-	259	-	-	-	223	-	1,552	-	2,034
Total for Off-Balance Sheet Exposures	74,342	71,122	206,179	110,410	211,434	52,444	142,937	62,766	86,427	1,063,998	344,600	-	2,426,659
Total for On and Off-Balance Sheet Exposures	437,192	113,658	1,286,391	253,250	1,033,674	718,728	1,540,776	796,051	8,299,440	2,104,815	20,683,186	1,482,967	38,750,128

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.

30.06.2024	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	2,052,926	1,254,570	5,973,113	604,185	9,884,794
Regulatory Retail	69,389	1,738,162	6,533,766	200,756	8,542,073
Other Assets	-	-	-	883,339	883,339
Sovereigns/Central Banks	1,823,616	2,195,186	2,519,047	-	6,537,849
Banks, Development Financial Institutions & MDBs	920,092	497,270	78,519	2,308	1,498,189
Takaful Companies, Securities Firms & Fund Managers	-	257	-	-	257
Residential Mortgages	364	19,690	9,772,317	1,337	9,793,708
Higher Risk Assets	9,884	3,513	6,991	-	20,388
Defaulted Exposures	5,211	25,817	139,355	2,221	172,604
Total for On-Balance Sheet Exposures	4,881,482	5,734,465	25,023,108	1,694,146	37,333,201
<u>Off Balance Sheet Exposures</u>					
Over-the-counter (“OTC”) derivatives	15,025	40,989	7,033	-	63,047
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	958,740	843,406	99,507	298,263	2,199,916
Defaulted Exposures	10,879	97	-	1,530	12,506
Total for Off-Balance Sheet Exposures	984,644	884,492	106,540	299,793	2,275,469
Total for On and Off-Balance Sheet Exposures	5,866,126	6,618,957	25,129,648	1,993,939	39,608,670

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)

31.12.2023	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	1,582,142	1,138,593	3,072,671	739,090	6,532,496
Regulatory Retail	72,627	1,719,446	8,113,768	218,634	10,124,475
Other Assets	-	-	-	1,063,404	1,063,404
Sovereigns/Central Banks	2,761,617	1,732,929	2,737,233	-	7,231,779
Banks, Development Financial Institutions & MDBs	1,165,369	274,993	53,261	11	1,493,634
Takaful Companies, Securities Firms & Fund Managers	-	307	-	-	307
Residential Mortgages	344	19,357	9,705,394	973	9,726,068
Higher Risk Assets	-	3,514	7,026	-	10,540
Defaulted Exposures	5,465	36,293	97,887	1,121	140,766
Total for On-Balance Sheet Exposures	5,587,564	4,925,432	23,787,240	2,023,233	36,323,469
<u>Off Balance Sheet Exposures</u>					
Over-the-counter (“OTC”) derivatives	20,235	38,273	7,034	-	65,542
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	872,778	119,667	1,008,800	357,838	2,359,083
Defaulted Exposures	428	70	-	1,536	2,034
Total for Off-Balance Sheet Exposures	893,441	158,010	1,015,834	359,374	2,426,659
Total for On and Off-Balance Sheet Exposures	6,481,005	5,083,442	24,803,074	2,382,607	38,750,128

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 (RM'000)
Economic Entity and The Bank
30.06.2024

	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	<u>CREDIT RISK</u>					
	<u>On Balance Sheet Exposures</u>					
	Corporates	9,884,794	9,725,570	8,772,081	8,772,081	701,766
	Regulatory Retail	8,542,073	7,273,657	5,398,311	5,398,311	431,865
	Other Assets	883,339	883,339	256,992	256,992	20,559
	Sovereigns/Central Banks	6,537,849	6,537,849	223,790	223,790	17,903
	Banks, Development Financial Institutions & MDBs	1,498,189	1,495,456	347,039	347,039	27,763
	Takaful Companies, Securities Firms & Fund Managers	257	257	257	257	21
	Residential Mortgages	9,793,708	9,785,617	4,996,983	4,996,983	399,759
	Higher Risk Assets	20,388	20,388	30,582	30,582	2,447
	Defaulted Exposures	172,604	172,409	180,047	180,047	14,404
	Total for On-Balance Sheet Exposures	37,333,201	35,894,542	20,206,082	20,206,082	1,616,487

BASEL II Pillar 3 Disclosures

Disclosure on Capital Adequacy (RM'000) (continued)
Economic Entity and The Bank
30.06.2024

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%
<u>CREDIT RISK (continued)</u>						
<u>Off Balance Sheet Exposures</u>						
Over-the-counter (“OTC”) derivatives	63,047		63,047	34,976	34,976	2,798
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	2,199,916		2,167,900	1,187,743	1,187,743	95,019
Defaulted Exposures	12,506		12,506	18,130	18,130	1,450
Total for Off-Balance Sheet Exposures	2,275,469		2,243,453	1,240,849	1,240,849	99,267
Total for On and Off-Balance Sheet Exposures	39,608,670		38,137,995	21,446,931	21,446,931	1,715,754
<u>MARKET RISK</u>	Long Position	Short Position				
Profit Rate Risk	1,088,015	941,093	146,922	119,827	119,827	9,586
Foreign Currency Risk	10,113	20,556	(10,442)	20,556	20,556	1,644
<u>OPERATIONAL RISK</u>	-					
Operational Risk				1,205,013		96,401
Total RWA and Capital Requirements				22,792,327	21,587,314	1,823,385

PSIA "Profit Sharing Investment Account"

BASEL II Pillar 3 Disclosures

Disclosure on Capital Adequacy (RM'000) (continued)

Economic Entity and The Bank

31.12.2023

	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	<u>CREDIT RISK</u>					
	<u>On Balance Sheet Exposures</u>					
	Corporates	6,532,496	6,360,110	5,477,414	5,477,414	438,194
	Regulatory Retail	10,124,475	9,069,608	6,744,173	6,744,173	539,534
	Other Assets	1,063,404	1,063,404	246,047	246,047	19,684
	Sovereigns/Central Banks	7,231,779	7,231,779	59,754	59,754	4,780
	Banks, Development Financial Institutions & MDBs	1,493,634	1,490,900	317,882	317,882	25,431
	Takaful Companies, Securities Firms & Fund Managers	307	307	307	307	25
	Residential Mortgages	9,726,068	9,716,851	5,537,756	5,537,756	443,020
	Higher Risk Assets	10,540	10,540	15,810	15,810	1,265
	Defaulted Exposures	140,766	140,535	146,868	146,869	11,749
	Total for On-Balance Sheet Exposures	36,323,469	35,084,034	18,546,011	18,546,012	1,483,682

BASEL II Pillar 3 Disclosures

Disclosure on Capital Adequacy (RM'000) (continued)

Economic Entity and The Bank

31.12.2023

	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	<u>CREDIT RISK (continued)</u>						
	<u>Off Balance Sheet Exposures</u>						
	Over-the-counter (“OTC”) derivatives	65,542	65,541	35,640	35,640	2,851	
	Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	2,359,083	2,321,933	1,262,301	1,262,301	100,984	
	Defaulted Exposures	2,034	2,033	2,405	2,405	192	
	Total for Off-Balance Sheet Exposures	2,426,659	2,389,507	1,300,346	1,300,346	104,027	
	Total for On and Off-Balance Sheet Exposures	38,750,128	37,473,542	19,846,357	19,846,358	1,587,709	
2	<u>MARKET RISK</u>	Long Position	Short Position				
	Profit Rate Risk	595,326	594,123	1,203	112,648	112,648	9,012
	Foreign Currency Risk	1,837	11,011	(9,175)	11,011	11,011	881
3	<u>OPERATIONAL RISK</u>						
	Operational Risk				1,152,829		92,226
Total RWA and Capital Requirements					21,122,845	19,970,017	1,689,827

PSIA "Profit Sharing Investment Account"

BASEL II Pillar 3 Disclosures

Disclosure on Capital Adequacy (continued)

Market risk is defined as changes in the market value of a trading position arising from movements in market factors such as profit rate, foreign exchange rates and implied volatility rates. The Bank's Value-at-Risk ('VaR') 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. Management Action Trigger ('MAT') and Limit are established for VaR in Risk Appetite Statement ('RAS') to ensure that the Bank's capital adequacy is not impinged upon in the event of adverse market movements. The Bank currently adopt 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.

- a) Foreign Exchange ('FX')
- b) Profit Rate Swap ('IPRS')
- c) Cross Currency Swap ('CCS')
- d) Fixed Income Instruments (i.e. Corporate Sukuk and Government Securities)
- e) FX Options

BASEL II Pillar 3 Disclosures

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

Economic Entity and The Bank

30.06.2024

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%	6,377,454	-	-	-	-	-	-	-	531,841	-	-	-	6,909,296	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	832,067	-	1,344,215	-	1,233,280	103,513	-	-	118,132	-	-	-	3,631,207	726,241
35%	-	-	-	-	-	-	5,376,031	-	-	-	-	-	5,376,031	1,881,611
50%	135,925	-	202,455	257	98,650	2,869	2,794,305	-	-	-	-	-	3,234,460	1,617,102
75%	-	-	-	-	-	7,271,178	3,375	-	-	-	-	-	7,274,553	5,455,915
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	139,993	-	-	-	9,349,416	34,253	1,848,705	-	233,366	-	-	-	11,605,733	11,605,990
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
115%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	78,284	3,936	-	24,495	-	-	-	-	106,715	160,073
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
937.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Average Risk Weight														56%
Deduction from Capital Base														
Total	7,485,438	-	1,546,670	257	10,759,631	7,415,749	10,022,416	24,495	883,339	-	-	-	38,137,995	21,446,931

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

31.12.2023

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	Securitisatation	Equity		
0%	7,235,095	-	-	-	-	-	-	-	542,785	-	-	-	7,777,880	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	922,043	-	1,431,309	-	1,148,886	106,225	-	-	343,214	-	-	-	3,951,677	790,336
35%	-	-	-	-	-	-	4,660,411	-	-	-	-	-	4,660,411	1,631,144
50%	108,523	-	116,345	307	49,174	9,478	2,557,897	-	-	-	-	-	2,841,724	1,420,708
75%	-	-	-	-	-	9,044,217	2,146	-	-	-	-	-	9,046,363	6,784,773
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	-	6,185,870	25,054	2,759,951	-	177,405	-	-	-	9,148,280	9,148,586
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
115%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	31,402	1,157	-	14,647	-	-	-	-	47,206	70,810
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
937.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Average Risk Weight														53%
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total	8,265,661	-	1,547,654	307	7,415,332	9,186,131	9,980,405	14,647	1,063,404	-	-	-	37,473,541	19,846,357

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 ECAs (RM'000)

Economic Entity and The Bank

30.06.2024

Exposure Class	Ratings of Corporate by Approved ECAs					
	Moodys	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		-	-	-	-	257
Corporates		85,464	-	-	-	10,860,727
Total		85,464	-	-	-	10,860,984

BASEL II Pillar 3 Disclosures

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

Economic Entity and The Bank

31.12.2023

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		-	-	-	-	307
Corporates		872,735	10,006	-	-	6,737,540
Total		872,735	10,006	-	-	6,737,847

BASEL II Pillar 3 Disclosures

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

Economic Entity and The Bank

30.06.2024

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
	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		3,960,711	2,165,507	-	136,027	-	1,223,193
Total		3,960,711	2,165,507	-	136,027	-	1,223,193
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
<u>On and Off-Balance-Sheet Exposures</u> Banks, MDBs and DFIs		-	53,109	-	-	-	1,496,294
Total		-	53,109	-	-	-	1,496,294

BASEL II Pillar 3 Disclosures

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

Economic Entity and The Bank
31.12.2023

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		5,544,300	27,462	108,523	-	-	2,585,376
Total		5,544,300	27,462	108,523	-	-	2,585,376

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		370,758	32,814	-	-	-	1,146,815
Total		370,758	32,814	-	-	-	1,146,815

BASEL II Pillar 3 Disclosures

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

Economic Entity and The Bank

30.06.2024

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees /Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
<u>Credit Risk</u>				
<u>On-Balance Sheet Exposures</u>				
Sovereigns/Central Banks	6,537,849	-	-	-
Banks, Development Financial Institutions & MDBs	1,498,189	-	2,733	-
Takaful Companies, Securities Firms & Fund Managers	257	-	-	-
Corporates	9,884,794	192,229	159,224	-
Regulatory Retail	8,542,073	103,513	1,268,416	-
Residential Mortgages	9,793,708	-	8,091	-
Higher Risk Assets	20,388	-	-	-
Other Assets	883,339	-	-	-
Defaulted Exposures	172,604	-	195	-
Total for On-Balance Sheet Exposures	37,333,201	295,742	1,438,659	-
<u>Off-Balance Sheet Exposures</u>				
Over-the-counter (“OTC”) derivatives	63,047	-	-	-
Off-Balance sheet exposures other than OTC derivatives or credit derivatives	2,199,916	15,320	32,015	-
Defaulted Exposures	12,506	-	-	-
Total for Off-Balance Sheet Exposures	2,275,469	15,320	32,015	-
Total On and Off-Balance Sheet Exposures	39,608,670	311,062	1,470,674	-

BASEL II Pillar 3 Disclosures

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

Economic Entity and The Bank

31.12.2023

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees /Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
<u>Credit Risk</u>				
<u>On-Balance Sheet Exposures</u>				
Sovereigns/Central Banks	7,231,779	-	-	-
Banks, Development Financial Institutions & MDBs	1,493,634	-	2,733	-
Takaful Companies, Securities Firms & Fund Managers	307	-	-	-
Corporates	6,532,496	189,148	172,388	-
Regulatory Retail	10,124,475	105,515	1,054,866	-
Residential Mortgages	9,726,068	-	9,217	-
Higher Risk Assets	10,540	-	-	-
Other Assets	1,063,404	-	-	-
Defaulted Exposures	140,766	970	231	-
Total for On-Balance Sheet Exposures	36,323,469	295,633	1,239,435	-
<u>Off-Balance Sheet Exposures</u>				
Over-the-counter (“OTC”) derivatives	65,542	-	-	-
Off-Balance sheet exposures other than OTC derivatives or credit derivatives	2,359,083	21,161	37,152	-
Defaulted Exposures	2,034	-	-	-
Total for Off-Balance Sheet Exposures	2,426,659	21,161	37,152	-
Total On and Off-Balance Sheet Exposures	38,750,128	316,794	1,276,587	-

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

30.06.2024

Description	Total Principal Amount	Positive Fair Value of Derivative Contracts	Total Credit Equivalent Amount	Total Risk Weighted Amount
Direct Credit Substitutes	156,113		156,113	154,140
Transaction related contingent Items	335,832		167,916	164,225
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	806,693		402,500	295,719
Short Term Self Liquidating trade related contingencies	3,889,610		777,922	175,530
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	3,222,908		644,570	368,637
Unutilised credit card lines	317,011		63,402	47,623
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				
-One year or less	2,334,276	3,426	15,025	6,882
Profit rate related contracts				
-One year to less than five years	1,430,936	11,722	40,989	24,577
-five years and above	117,224	1,695	7,034	3,517
Total	12,610,603	16,843	2,275,469	1,240,849

BASEL II Pillar 3 Disclosures

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

Economic Entity and The Bank

31.12.2023

Description	Total Principal Amount	Positive Fair Value of Derivative Contracts	Total Credit Equivalent Amount	Total Risk Weighted Amount
Direct Credit Substitutes	158,092		158,092	155,729
Transaction related contingent Items	480,714		240,357	237,174
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	855,076		426,696	282,665
Short Term Self Liquidating trade related contingencies	4,520,054		904,011	188,252
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	2,876,523		575,304	358,347
Unutilised credit card lines	283,292		56,658	42,539
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				
-One year or less	1,009,326	6,244	20,235	11,563
Profit rate related contracts				
-less than one year	1,096,670	11,039	38,273	20,561
-five years and above	117,225	1,624	7,034	3,517
Total	11,396,972	18,907	2,426,660	1,300,347

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.

The reported numbers are generated based on assumptions used in RORBB BNM template.

Economic Entity and The Bank Type of Currency (RM million)	30.06.2024		30.06.2024	
	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	61.0	(64.1)	(62.5)	55.3
US Dollar	(5.2)	(19.0)	5.2	19.0
Others (*)	(0.0)	0.0	0.0	(0.0)
Total	55.8	(83.1)	(57.3)	74.3

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

BASEL II Pillar 3 Disclosures

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

Economic Entity and The Bank Type of Currency (RM million)	31.12.2023		31.12.2023	
	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	81.4	(95.2)	(81.4)	95.2
US Dollar	(2.0)	(2.5)	2.0	2.5
Others (*)	-	0.1	-	(0.1)
Total	79.4	(97.6)	(79.4)	97.6

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