

Company No: 197501003274 (25046-T)

AFFIN Bank Berhad
(Incorporated in Malaysia)

BASEL II
PILLAR 3 DISCLOSURES
As at 31 December 2023

BASEL II Pillar 3 Disclosures

TABLE OF CONTENTS

1.	Introduction	1
1.1	Background	1
1.2	Scope of Application	1
2.	Risk Governance Structure	2
2.1	Overview	2
2.2	Board Committee	3
2.3	Group Management Committee	5
2.4	Group Risk Management Function	6
2.5	Internal Audit and Internal Control Activities	7
3.	Capital Management	7
3.1	Internal Capital Adequacy Assessment Process ('ICAAP')	7
3.2	Capital Structure	9
3.3	Capital Adequacy	13
4.	Risk Management Objectives and Policies	13
5.	Credit Risk	14
5.1	Credit Risk Management Objectives and Policies	14
5.2	Application of Standardised Approach for Credit Risk	14
5.3	Credit Risk Evaluation	16
5.4	Risk Limit Control and Mitigation Policies	17
5.5	Credit Risk Measurement	20
5.6	Credit Risk Monitoring	26
5.7	Credit Quality of Financial Assets	26
5.8	Distribution of Credit Exposure	40

BASEL II Pillar 3 Disclosures

TABLE OF CONTENTS

6. Securitisation	
7. Market Risk	50
7.1 Market Risk Management Objectives and Policies	50
7.2 Application of Standardised Approach for Market Risk Capital Charge Computation	49
7.3 Market Risk Measurement, Control and Monitoring	51
7.4 Foreign Exchange Risk	46
8. Liquidity Risk	51
8.1 Liquidity Risk Management Objectives and Policies	51
8.2 Liquidity Risk Measurement, Control and Monitoring	52
9. Operational Risk	52
9.1 Operational Risk Management Objectives and Policies	52
9.2 Application of Basic Indicator Approach for Operational Risk	53
9.3 Operational Risk Measurement, Control and Monitoring	53
10. Technology Risk	54
10.1 Technology Risk Objectives and Policies	54
10.2 Technology Risk Measurement, Control and Monitoring	50
11. Shariah Non-Compliance Risk	50
11.1 Shariah Non-Compliance Risk Objectives and Policies	50
11.2 Shariah Non-Compliance Risk Measurement, Control and Monitoring	56
11.3 Shariah Non-Compliance Income During The Year	57
12. Business Continuity Risk	56
12.1 Business Continuity Risk Objectives and Policies	56
12.2 Business Continuity Risk Measurement, Control and Monitoring	57
13. Equities in the Banking Book	52
Appendices	54

BASEL II Pillar 3 Disclosures

1. Introduction

1.1 Background

The Capital Adequacy Framework (Basel II - 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 Risk Weighted Capital Adequacy Framework (Basel II) ('RWCAF') - Disclosure Requirements (Pillar 3).
- Affin Bank Berhad ('the Bank') and its subsidiaries ('the Group') adopt 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 Group and the Bank for the year ended 31 December 2023. 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 Group's and the Bank's 2023 Annual Report for the year ended 31 December 2023.

The capital requirements of the Group and the Bank are generally based on the principles of consolidation adopted in the preparation of its financial statements. The Group incorporates those activities relating to Islamic banking business which have been undertaken by AFFIN Islamic Bank Berhad ('AFFIN Islamic'), a wholly owned subsidiary of the Bank.

BASEL II Pillar 3 Disclosures

1. Introduction (continued)

1.2 Scope of Application (continued)

There are no significant restrictions or impediments on the transfer of funds or regulatory capital within the Group. Any such transfers would require the approvals of the Board of Directors and BNM.

There were no capital deficiencies in any of the subsidiaries of the Group as at the financial year ended 31 December 2023.

2. Risk Governance Structure

2.1 Overview

The Board of Directors ('the Board') of the Group and the Bank are ultimately responsible for the overall performance of the Group and the Bank. The Board's responsibilities are congruent with the framework of BNM Guidelines. The Board also exercises great care to ensure that high ethical standards are upheld and that the interests of stakeholders are not compromised. These include responsibility for determining the Group and the Bank's general policies and strategies for the short, medium and long term, approving business plans, including targets and budgets, and approving major strategic decisions.

The Board has overall responsibility for maintaining the proper management and protection of the Group's and the Bank's interests by ensuring effective implementation of the risk management policy and process, as well as adherence to a sound system of internal controls. The Board also recognises that risks cannot be eliminated completely. As such, the inherent system of internal controls is designed to provide a reasonable though not absolute assurance against the risk of material errors, fraud or losses occurring. The system of internal controls encompasses controls relating to financial, operational, risk management and compliance with applicable laws, regulations, policies and guidelines.

The terms of reference of the Board Committees as disclosed in the Annual Report provide an outline of their respective roles and functions. In carrying out its functions, the Board has delegated specific responsibilities to other Board Committees, which operate under approved terms of reference, to assist the Board in discharging their duties. The Chairmen of the various Committees report on the outcome of their Committee meetings to the Board and any further deliberation is made at Board level, if required. These reports and deliberations are incorporated into the Minutes of the Board meetings. The Board meets on a monthly basis.

BASEL II Pillar 3 Disclosures

2. Risk Governance Structure (continued)

2.2 Board Committee

Group Board Nomination and Remuneration Committee ('GBNRC')

The GBNRC is responsible for providing a formal and transparent procedure for the appointment of Directors, Chief Executive Officer and Senior Management. The GBNRC develops the remuneration policy for Directors, Chief Executive Officer, Senior Management and other material risk takers, whereby, it assesses the effectiveness of individual Director, the Board as a whole and the performance of the Chief Executive Officer as well as Senior Management. The Committee obtains advice from experts in compensation and benefits, both internally and externally.

Group Board Compliance Committee ('GBCC')

The GBCC is responsible for overseeing, assessing and examining the adequacy of group compliance management frameworks including the policies, procedures and processes of the Group and the Bank. The Committee assists the Board in overseeing the management of the Group's compliance risk by ensuring compliance process is in place and functioning in line with the expectations of the regulators namely BNM, Securities Commission and Bursa Malaysia. It reviews and recommends compliance risk management philosophy and strategy for Board's approval, also ensuring clear and independent reporting lines and responsibilities for the overall business activities and compliance functions and recommending organizational alignments, where necessary, to the Board.

Group Board Risk Management Committee ('GBRMC')

The GBRMC is responsible for overseeing management activities in managing credit, market, liquidity, operational, legal, reputational and other material risks as well as ensuring that the risk management process is in place and functioning effectively.

It is responsible for setting the overall tone of the Group and the Bank's risk strategy and ensuring effective communication and integration of risk appetite within the business strategy, operations and culture.

The Committee also assists the Board in oversight responsibilities on internal controls, and risk management strategies, policies, processes, frameworks and other risk related matters. It has the responsibility of reviewing and/or approving risk management policies, guidelines and reports.

BASEL II Pillar 3 Disclosures

2. Risk Governance Structure (continued)

2.2 Board Committee (continued)

Group Board Credit Review and Recovery Committee ('GBCRRC')

The GBCRRC is responsible for providing critical review of financing and other credit facilities with high risk implications and vetoing financing applications that have been approved by the Group Management Credit Committee ('GMCC') as appropriate.

Group Board Audit Committee ('GBAC')

The GBAC is responsible for providing oversight and reviewing the adequacy and integrity of the internal control systems as well as oversees the work of the internal and external auditors.

Reliance is placed on the results of independent audits performed primarily by internal auditors, the outcome of statutory audits on financial statements conducted by external auditors and on representations by Management based on their control self-assessment of all areas of their responsibility.

Minutes of GBAC meetings, which provide a summary of the proceedings, are circulated to Board members for notation and discussion. The Group and the Bank have an established Group Internal Audit Division ('GIA') which reports functionally to the GBAC and administratively to the President & Group Chief Executive Officer ('PGCEO') of the Group.

Group Board Information Technology Committee ('GBITC')

The GBITC is responsible to oversee overall development, risk management, integration and alignment of Information Technology (IT) strategy plan with the Group's business strategy. Leveraging on technology for new business models, changing business practices, driving competitive advantage and empowering next level thinking. GBITC also provides oversight on the overall Group strategic transformation programme, ensure alignment with business strategic objectives and goals, as well as ensure strategic initiatives are being implemented effectively and in a timely manner.

Shariah Committee ('SC')

The SC is formed as legislated under the Islamic Financial Services Act 2013 and as per the Shariah Governance Framework for Islamic Financial Institutions.

The roles and responsibilities of the SC include advising the Board on Shariah matters to ensure that the business operations of AFFIN Islamic and the Islamic financing business of the Bank comply with Shariah principles at all times.

BASEL II Pillar 3 Disclosures

2. Risk Governance Structure (continued)

2.2 Board Committee (continued)

Shariah Committee ('SC') (continued)

SC is also responsible for endorsing and validating relevant documentations of AFFIN Islamic 's products to ensure that the products comply with Shariah principles and advising AFFIN Islamic on matters to be referred to the Shariah Advisory Council.

Group Board Sustainability Committee ('GBSC')

The GBSC is responsible for supervising the development and execution of the Group Sustainability matters. This includes the Value-based Intermediation Financing & Investment Impact Assessment Framework (VBIAF). The committee assist the Board by providing advice and direction in the formulation, execution, and monitoring of strategies, frameworks, and policies related to Sustainability, VBIAF, climate change and ensuring compliance with regulatory requirements namely Bursa Malaysia, Bank Negara, etc. with regards to sustainability matters.

The GBSC conducts reviews and makes recommendations to the Board regarding the appropriateness of the Group's strategies related to climate, VBIAF, and sustainability. These strategies include position statements, frameworks, ambitions, metrics, and targets. The committee's recommendations are based on thorough assessments and are aimed at ensuring that the Group's strategies align with its sustainability goals and commitments to addressing climate change

2.3 Group Management Committee

Group Management Committee ('GMC')

The GMC comprises the senior management team chaired by PGCEO of Affin Bank Berhad. GMC is responsible for assisting the Board in managing the day-to-day operations, formulating tactical plans and business strategies while monitoring the banking entities' overall performance and ensuring all business activities conducted are in accordance with the Group's and the Bank's corporate objectives, strategies, policies as well as Annual Business Plan and Budget.

The GMC is supported by the following sub-committees:

- Islamic
- Capital Management
- Governance, Risk and Compliance
- Branch Performance
- IT, Operations, Digital and Customer Experience

BASEL II Pillar 3 Disclosures

2. Risk Governance Structure (continued)

2.3 Group Management Committee (continued)

Group Management Credit Committee ('GMCC')

The GMCC is established within senior management to approve complex and large financings and workout/recovery proposals beyond the delegated authority of the individual approvers.

Group Asset and Liability Management Committee ('GALCO')

The GALCO comprising the senior management team chaired by the PGCEO, manages the Group's and the Bank's asset and liability position by identifying, managing and controlling balance sheet risks and capital management in the execution of the business strategy, while implementing asset liability strategy and policy for the balance sheet of the respective subsidiary.

Group Management Committee – Governance, Risk and Compliance ('GMC-GRC')

The GMC-GRC is a senior management committee chaired by the PGCEO, established to oversee the governance, risk management, compliance and audit activities, issues and control lapses while supporting GBRMC in its review and monitoring of risk management. It is also responsible for reviewing and ensuring that the risk management programme, process and framework are implemented in accordance with regulatory requirement and manage loss incidents to an acceptable level.

Group Early Alert Committee ('GEAC')

The GEAC is a senior management committee, established to monitor credit quality through monthly reviews of the Early Control (MFRS 9 Stage 1) and Underperforming (MFRS 9 Stage 2) accounts as well as to review the actions taken to address the emerging risks and issues in these accounts.

2.4 Group Risk Management Function

Group Risk Management ('GRM'), headed by the Group Chief Risk Officer ('GCRO') is segregated from the lines of business, with a direct reporting line to the GBRMC to preserve the independence of the risk management function.

The independence of the risk management function is critical towards controlling and managing the risk-taking activities of the Group and the Bank to achieve an optimum balance of risk and return in line with the subsidiaries' risk appetite while taking into the differences in each subsidiary's business model.

BASEL II Pillar 3 Disclosures

2. Risk Governance Structure (continued)

2.4 Group Risk Management Function (continued)

Committees namely GBCRRC, SC, GMC, GMCC, GALCO, GBITC, GMC-GRC and GEAC assist GBRMC in managing credit, market, liquidity, operational and other material risks in the Group and the Bank. The responsibilities of these Committees include risk identification, risk assessment and measurement, risk control and mitigation and risk monitoring and reporting.

2.5 Internal Audit and Internal Control Activities

The scope of internal auditing encompasses the objective examination and evaluation of the adequacy and effectiveness of the Group's governance, risk management, and internal controls. The reviews by GIA focused on areas of significant risks and effectiveness of internal controls in accordance with the audit plan approved by the GBAC.

Based on GIA's review, identification and assessment of risk, testing, and evaluation of controls, GIA will provide an opinion on the effectiveness and efficiency of the internal controls established by the Management in addressing the applicable policies, plans, procedures, laws and regulations including Shariah related matters and BNM's directive and instructions. The risks highlighted on the respective auditable areas as well as a recommendation made by the GIA are addressed at GBAC and Management meetings. The GBAC also conducts annual reviews on the adequacy of the internal audit function, scope of work, resources, and budget of GIA.

3. Capital Management

3.1 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 Group and the Bank have instituted the ICAAP Framework ("Framework") to assess the overall capital adequacy in relation to the nature, size and complexity of the Group and the Bank that impact the institutional risk profile. The Framework aims to ensure that the Group and Bank are 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 Group's and the Bank's capital management approach is anchored in the integration of risk management and capital planning process. The Group and Bank operate within a Board 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 is undertaken by the Group and the Bank to identify and measure the following risks:

BASEL II Pillar 3 Disclosures

3. Capital Management (continued)

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

- 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 Group and the Bank spanning across retail, commercial, investment banking and business operations. The identification of material risks are aimed to ensure that the Group and the Bank are 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 Group and 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 Group and the Bank is facilitated by the Risk Management Process and it is embedded through various risk policies and frameworks across the entities.

The Group's and 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 Group and the Bank's exposure and ability to withstand such changes usually in relation to the resilience of its capital, earnings sustainability and liquidity strength.

It forms an integral part of the ICAAP and risk management process, enabling the Group and 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.

BASEL II Pillar 3 Disclosures

3. Capital Management (continued)

3.2 Capital Structure

The total capital and capital adequacy ratios of the Group and the Bank are computed in accordance with BNM's Capital Adequacy Framework (Capital Components).

The Group and the Bank are 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's Capital Adequacy Framework (Capital Components), the minimum capital adequacy requirement for Common Equity Tier 1 Capital Ratio ('CET 1') and Tier 1 Capital Ratio are 7.000% (2022: 7.000%) and 8.500% (2022: 8.500%) respectively for year 2023. The minimum regulatory capital adequacy requirement is 10.500% (2022: 10.500%) for total capital ratio.

The following table sets forth further details on the capital resources and capital adequacy ratios for the Group and the Bank as at 31 December 2023.

	The Group		The Bank	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Paid-up share capital	5,371,044	5,245,447	5,371,044	5,245,447
Retained profits	5,226,324	4,858,776	4,073,235	3,852,537
Unrealised gains on FVOCI instruments	169,540	44,806	204,573	166,472
Other disclosed reserves	4,146	-	4,146	-
Foreign exchange reserves	-	-	-	-
	10,770,054	10,149,029	9,652,998	9,264,456
Less: Regulatory adjustments				
Goodwill and other intangibles	(660,680)	(629,369)	(214,275)	(183,216)
Deferred tax assets	(138,283)	(233,973)	(72,072)	(125,964)
55% cumulative unrealised gains on FVOCI instruments	(93,247)	(24,644)	(112,515)	(91,560)
Investment in subsidiaries, joint ventures and associates	(841,260)	(794,779)	(3,871,402)	(3,846,578)
Other CET1 transitional adjustment	326,618	571,609	175,370	327,591
CET1 capital	9,364,202	9,037,873	5,558,104	5,344,729

BASEL II Pillar 3 Disclosures

3. Capital Management (continued)

3.2 Capital Structure (continued)

	The Group		The Bank	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Additional Tier 1 Capital				
Additional Tier 1 Capital	1,000,000	800,000	500,000	500,000
	1,000,000	800,000	500,000	500,000
Total Tier 1 Capital	10,364,202	9,837,873	6,058,104	5,844,729
Subordinated term financing and medium term notes (MTNs)	1,000,000	955,000	500,000	500,000
Qualifying loss provisions #	594,530	454,429	346,186	280,013
Less: Regulatory adjustments				
Investment in capital instruments of unconsolidated financial and insurance entities	-	-	-	(345,000)
Total Tier 2 capital	1,594,530	1,409,429	846,186	435,013
Total capital	11,958,732	11,247,302	6,904,290	6,279,742
Risk weighted assets for:				
Credit risk	59,600,642	52,982,623	39,013,653	33,967,295
Market risk	1,828,658	631,065	1,230,139	403,534
Operational risk	4,029,830	3,951,028	2,063,846	1,858,354
Total risk weighted assets	65,459,130	57,564,716	42,307,638	36,229,183
Capital adequacy ratios:				
<u>With transitional arrangements*</u>				
CET 1 capital ratio	14.305%	15.700%	13.137%	14.753%
Tier 1 capital ratio	15.833%	17.090%	14.319%	16.133%
Total capital ratio	18.269%	19.539%	16.319%	17.333%
<u>Net of proposed dividends (Note 1)</u>				
CET 1 capital ratio	14.259%	15.597%	13.066%	14.588%
Tier 1 capital ratio	15.787%	16.986%	14.247%	15.968%
Total capital ratio	18.223%	19.435%	16.247%	17.169%
<u>Without transitional arrangements</u>				
CET 1 capital ratio	13.806%	14.707%	12.723%	13.848%
Tier 1 capital ratio	15.334%	16.097%	13.905%	15.228%
Total capital ratio	18.000%	18.907%	16.239%	16.828%
<u>Net of proposed dividends (Note 1)</u>				
CET 1 capital ratio	13.760%	14.604%	12.651%	13.684%
Tier 1 capital ratio	15.288%	15.993%	13.833%	15.064%
Total capital ratio	17.954%	18.803%	16.167%	16.664%

BASEL II Pillar 3 Disclosures

3. Capital Management (continued)

3.2 Capital Structure (continued)

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

* The Group and the Bank have 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.

Note 1:

In accordance with the Implementation Guidance on Capital Adequacy Framework (Capital Components) dated 9 December 2020, under the Dividend Reinvestment Plan (“DRP”), where a portion of the dividend may be reinvested under a DRP (the electable portion), the amount of the declared dividend to be deducted from the Group and the Bank’s CET1 Capital may be reduced as follows: -

- (i) where an irrevocable written undertaking from shareholder has been obtained to reinvest the electable portion of the dividend; or
- (ii) where there is no irrevocable written undertaking provided, the average of the preceding 3-year take-up rates or if less than 3 preceding years, the available average historical take-up rates, subject to the amount being not more than 50% of the total electable portion of the dividend.

In arriving at the capital adequacy ratios, the portion of the proposed dividends where no irrevocable written undertaking from shareholders to reinvest the electable portion into new ordinary shares of the Bank is obtained, is assumed to be paid in cash and has been deducted from the calculation of CET 1 Capital.

In accordance with BNM's Guidelines on Investment Account, the credit and market risk weighted on the assets funded by the RIA are included in calculation of capital adequacy for the Bank. As at 31 December 2023, RIA assets included in the Total Capital Ratio calculation amounted to RM3,572.1 million (2022: RM2,723.1 million).

BASEL II Pillar 3 Disclosures

3. Capital Management (continued)

3.2 Capital Structure (continued)

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

	RM500 million 5.70% Non-Convertible Perpetual Additional Tier 1 Capital Securities Non-Callable 5 Years	RM500 million 5.10% Non-Convertible Perpetual Additional Tier 1 Sukuk Wakalah	RM500 million 5% Non-Convertible 10Y Non-callable 5Y Tier 2 Subordinated Medium Term Notes	RM500 million 4.66% Non-Convertible 10Y Non-callable 5Y Tier 2 Sukuk Murabahah
Issuer	Affin Bank Berhad	Affin Islamic Bank Berhad	Affin Bank Berhad	Affin Islamic Bank Berhad
Governing laws	Laws of Malaysia	Laws of Malaysia	Laws of Malaysia	Laws of Malaysia
Instrument Type	Additional Tier 1	Additional Tier 1	Tier 2	Tier 2
Programme size	RM3 billion	RM5 billion	RM6 billion	RM5 billion
Par value of instrument	RM500 million	RM500 million	RM500 million	RM500 million
Original date of issuance	23-Jun-23	10-Oct-23	26-Jul-22	13-Oct-23
Perpetual or dated	Perpetual	Perpetual	Dated	Dated
Original maturity date	No Maturity	No Maturity	26-Jul-32	13-Oct-33
Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes
First call date	23-Jun-28	10-Oct-28	26-Jul-27	13-Oct-28
Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
Coupon rate	5.70%	5.10%	5.00%	4.66%
Convertibility of Issuance	Non-Convertible	Non-Convertible	Non-Convertible	Non-Convertible
Details of security/collateral pledged	Unsecured	Unsecured	Unsecured	Unsecured
Position in subordination hierarchy in liquidation	Immediately subordinated to Tier 2 capital instruments	Immediately subordinated to Tier 2 capital instruments	Immediately subordinated to senior creditors	Immediately subordinated to senior creditors

BASEL II Pillar 3 Disclosures

3. Capital Management (continued)

3.3 Capital Adequacy

The Group and the Bank have 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.

4. Risk Management Objectives and Policies

The Group and the Bank are principally engaged in all aspects of banking and related financial services. The principal activities of the Bank's subsidiaries are Islamic banking business, investment banking, stockbroking activities, dealing in options and futures, property management services, nominee and trustee services.

The Group's and the Bank's business activities involve the analysis, measurement, management and acceptance of risks. The Group's and the Bank's business activities are operated within well-defined risk acceptance criteria covering customer segments, industries and products. The Group and the Bank do not enter into transactions where the risks arising from the same cannot be administered, quantified, monitored or valued. The Bank does not deal with persons of questionable integrity.

The Group and the Bank have established robust and comprehensive risk management policies and framework based on best practices, to ensure that the salient risk elements in the operations of the Group and the Bank are adequately managed and mitigated. The risk management policies are established to identify, assess, measure, control and mitigate all key risks as well as manage and monitor the risk positions. The risk measurement tools employed are commonly used in market practices and commensurate with the size and complexity of the Group's and the Bank's business operations.

The risk management policies and systems are reviewed regularly to reflect changes in markets, products and best practices in risk management processes. The Group's and the Bank's aim are to achieve an appropriate balance between risk and return as well as minimise any potential adverse effects.

BASEL II Pillar 3 Disclosures

5. Credit Risk

5.1 Credit Risk Management Objectives and Policies

Credit risk is the risk that a counterparty will fail to meet its contractual obligations which could result in a financial loss to the Group and the Bank. The Group's and the Bank's exposure to credit risks arises primarily from stockbroking trade receivables, share margin financing, corporate/inter-bank lending activities, bonds investment, foreign exchange trading as well as equity and debt underwriting and from participation in securities settlements and payment transactions.

The management of credit risk is governed by a set of approved credit policies, guidelines and procedures to ensure that the overall lending objectives are in compliance with the internal and regulatory requirements. The risk management policies are subject to review by the GBRMC, a sub-committee of the Board that reviews the adequacy of the Group's and the Bank's risk policies and framework. The Group's and the Bank's credit risk framework is further strengthened through an established process for the approval and review of proposals that comprises the GMCC and the GBCRRC. The GMCC represents the approving authority for credit and underwriting proposals, whilst the GBCRRC is the committee that reviews proposals that exceed specified limits and criteria, as well as to consider whether to reject the proposal or modify the terms of the proposal.

The Group and the Bank recognise that learning is a continuous journey and is committed to enhancing the knowledge and skills set of its staff. It places strong emphasis on creating and enhancing risk awareness in the organisation.

The Group and the Bank are supportive of credit officers in pursuing credit certification programmes offered by the Asian Institute of Chartered Bankers ('AICB'). Upon attaining the Chartered Banker certification, credit officers are expected to demonstrate sound understanding of credit process and competence to undertake credit roles and responsibilities.

5.2 Application of Standardised Approach for Credit Risk

The Group and the Bank use 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

BASEL II Pillar 3 Disclosures

5. Credit Risk (continued)

5.2 Application of Standardised Approach for Credit Risk (continued)

The external ratings of the ECAs 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 ECAs 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.

Long Term Credit Rating Category by ECAs under Standardised Approach :

Rating Category	External Credit Assessment Institutions (ECAs)				
	S&P	Moody's	Fitch	RAM	MARC
1	AAA to AA-	Aaa to Aa3	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 ECAs 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%

BASEL II Pillar 3 Disclosures

5. Credit Risk (continued)

5.2 Application of Standardised Approach for Credit Risk (continued)

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%

Refer to Appendix II and Appendix III.

5.3 Credit Risk Evaluation

Credit evaluation is the process of analysing the creditworthiness of a prospective counterparty against the Group's and the Bank's underwriting criteria and the ability of the Group and the Bank to make a return commensurate to the level of risk undertaken. Apart from conducting a holistic risk assessment on the prospective counterparty, a critical element in the evaluation process is the assignment of a credit risk grade to the counterparty. This assists in the risk assessment and decision-making process. A number of relevant qualitative and quantitative factors are taken into consideration in the identification and analysis of a counterparty's credit risk. Each counterparty is assigned a credit rating which considers factors such as competitive position, operating performance, cash flow financial strength and management strength. The Group and the Bank have developed internal rating models to support the assessment and quantification of credit risk.

BASEL II Pillar 3 Disclosures

5. Credit Risk (continued)

5.4 Risk Limit Control and Mitigation Policies

All corporate lending/financing, underwritings and corporate debt securities investments/sukuk are independently evaluated by the Group's and Bank's credit management function and approved by the relevant approving authorities based on the Authority Matrix approved by the Board.

For consumer mass market products, statistically developed application scorecards are used to assess the risks associated with the credit application as a decision support tool at loans, advances and financing origination. For share margin financing, the credit decisions are guided by an internally developed rating scorecard as well as other terms and conditions stipulated in the Group's and the Bank's Margin Financing Policy. The credit risk of share margin financing is largely mitigated by the holding of collateral in the form of marketable securities.

The Group and the Bank employ various policies and practices to control and mitigate credit risk.

Lending/Financing limits

The Group and the Bank establish internal limits and related lending guidelines to manage large exposures and avoid undue concentration of credit risk in its credit portfolio. The limits include single customer groupings, connected parties 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 loan/financing books are managed on an aggregated basis as part of the overall lending/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 Group and 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.

BASEL II Pillar 3 Disclosures

5. Credit Risk (continued)

5.4 Risk Limit Control and Mitigation Policies (continued)

Where relevant, the Group and the Bank undertake a valuation of the collateral obtained as part of the loan/financing origination process. This assessment is reviewed periodically.

Term loan/financing and lending to corporate entities are generally secured, while revolving individual credit facilities are generally unsecured.

Collateral held as security for financial assets other than loans, advances and financing depends on the nature of the instrument. Debt securities, 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.

Collateral (continued)

The Group's and 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 Group and the Bank since the prior period.

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.

BASEL II Pillar 3 Disclosures

5. Credit Risk (continued)

5.4 Risk Limit Control and Mitigation Policies (continued)

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 loans/financing, guarantees or letters of credit. Unutilised credits give rise to potential or contingent credit losses to the Group and the Bank in an amount equal to the total unutilised commitments. The Group and the Bank manage and mitigate the amount of potential and contingent losses arising from unutilised credit lines by imposing minimum specific credit standards on counterparties.

The Group and the Bank monitor 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).

BASEL II Pillar 3 Disclosures

5. Credit Risk (continued)

5.5 Credit Risk Measurement

Credit risk grades

The Group and the Bank allocate a credit risk grade to each exposure. Credit risk grades are indicative of the risk of default and are generated using qualitative and quantitative factors which are supplemented by experienced credit judgement. These inputs vary depending on the nature of the exposure and the type of customer.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates.

Determining whether credit risk has increased significantly

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in probability of default ('PD') and qualitative factors, including a backstop based on delinquency.

The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Group's and the Bank's quantitative modelling, the remaining lifetime PD is determined to have increased by more than a predetermined percentage/range.

Using its expert credit judgement and, where possible, relevant historical experience, the Group and the Bank may determine that an exposure has undergone a significant increase in credit risk ('SICR') based on qualitative indicators that it considers are indicative of such and which effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

As a backstop, the Group and the Bank consider that a significant increase in credit risk is presumed if a borrower/customer is more than 30 days or 1 month past due. Days or months past due are determined by the number of days or month since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

The Group and the Bank monitor the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (Stage 1) and lifetime PD (Stage 2).

BASEL II Pillar 3 Disclosures

5. Credit Risk (continued)

5.5 Credit Risk Measurement (continued)

Measurement of expected credit losses ('ECL')

The Group and the Bank use three categories for financial instruments at fair value through other comprehensive income ('FVOCI') and amortised cost for recognising ECL.

Category	Definition	Basis for recognising
Performing accounts (Stage 1)	<ul style="list-style-type: none"> ▪ Financial assets that do not have significant increase in credit risk since initial recognition of the asset and therefore, less likely to default; ▪ Performing accounts with credit grade 13 or better; ▪ Accounts past due less than or equal to 30 days; or ▪ For early control accounts where one that has risk or potential weakness which if left unchecked, may result in significant deterioration of repayment prospect and transfer to Underperforming status (Stage 2) or worse. 	12 months ECL

BASEL II Pillar 3 Disclosures

5. Credit Risk (continued)

5.5 Credit Risk Measurement (continued)

Measurement of ECL (continued)

Category	Definition	Basis for recognising
Underperforming accounts (Stage 2)	<ul style="list-style-type: none"> ▪ An account with significant increase in credit risk since initial recognition and if left uncorrected, may result in impairment of the account within the next 12 months; ▪ Accounts past due more than 30 days or 1 month but up to 90 days or 3 months; ▪ Account demonstrating critical level of risk and therefore, credit grade 14 and placed under Watchlist; or ▪ Restructuring and rescheduling ('R&R') due to significant increase in credit risk. 	Lifetime ECL - not credit impaired
Impaired accounts (Stage 3)	<ul style="list-style-type: none"> ▪ Impaired credit; ▪ Credit grade 15 or worse; ▪ Accounts past due more than 90 days or 3 months; or ▪ R&R which warrants a reclassification to Stage 3. 	Lifetime ECL - credit impaired
Write-off	<ul style="list-style-type: none"> ▪ Evidence indicating that there is no reasonable expectation of recovery based on unavailability of debtor's sources of income; or ▪ Assets unable to generate sufficient future cash flows to repay the amount. 	Asset is written off

The Group and the Bank have not used the low credit risk exemption for any financial instrument for the financial year ended 31 December 2023.

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default ('PD');
- loss given default ('LGD'); and
- exposure at default ('EAD').

BASEL II Pillar 3 Disclosures

5. Credit Risk (continued)

5.5 Credit Risk Measurement (continued)

Measurement of ECL (continued)

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

PD is the likelihood of a counterparty defaulting on its contractual obligations over a given time horizon and are estimates at a certain date, which are calculated based on statistical models. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. If a counterparty or exposure migrates between rating classes, this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

The Group and the Bank collect performance and default information relating to its credit risk exposures which are analysed by type of product and customer as well as by credit risk grading. For some portfolios, information from external credit assessment institutions are also used.

The Group and the Bank employ statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change with time.

The lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile is used to determine how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the financing. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

LGD is the magnitude of loss in an event of a default. LGD parameters are estimated based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. LGD estimates are recalibrated for different economic scenarios. They are calculated on a discounted cash flow basis using the effective profit rate as the discounting factor.

BASEL II Pillar 3 Disclosures

5. Credit Risk (continued)

5.5 Credit Risk Measurement (continued)

Measurement of ECL (continued)

EAD represents the exposure outstanding in the event of a default. The Group and the Bank derive the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For financing commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

The 12-month and lifetime EAD are determined based on the expected payment profile, which varies by product type.

ECL is determined by projecting the PD, LGD and EAD at each future point on a yearly basis on individual exposures, or collective segments, and discounting these monthly expected losses back to the reporting date. The discount rate used in the ECL calculation is the original profit rate or an approximation thereof.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group and the Bank measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Group and the Bank consider a longer period. The maximum contractual period extends to the date at which the Group and the Bank have the right to require repayment of an advance or terminate a loan commitment or guarantee.

Forward looking economic information is also included in determining the 12-month and lifetime PD, LGD and EAD.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics which include:

- product/instrument type;
- past due status;
- credit risk grading;
- collateral type;
- date of initial recognition; and
- remaining term to maturity.

BASEL II Pillar 3 Disclosures

5. Credit Risk (continued)

5.5 Credit Risk Measurement (continued)

Measurement of ECL (continued)

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period that have material impact to ECL.

Incorporation of forward-looking information

The Group and the Bank incorporate forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. A 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios are formulated.

This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities.

The base case represents a most-likely outcome and is aligned with information used by the Group and the Bank for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Group and the Bank carry out stress testing which involves more extreme shocks to calibrate its determination of these other representative scenarios.

The Group and the Bank have identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past 3 years.

BASEL II Pillar 3 Disclosures

5. Credit Risk (continued)

5.6 Credit Risk Monitoring

Corporate credits and large individual accounts are subject to ongoing monitoring. This is to ensure that the credit grades remain appropriate and to detect any signs of weaknesses or deterioration in the credit quality. Appropriate remedial action is taken where evidence of deterioration exists.

The credit monitoring process is also to identify significant increase in credit risk as a means to pro-actively report and manage potentially deteriorating credit quality. Watchlist accounts are closely reviewed and monitored with appropriate corrective measures employed to prevent further credit deterioration into non-performing status. Watchlist accounts are either managed up or managed out within a period of twelve months.

The Group and the Bank have established MFRS 9 - Stage Transfer Policy to provide guidance in determining significant increases in credit risk of financial assets. There are 3 stages to differentiate the credit risk of financial assets in conjunction with MFRS 9 standards: Performing Accounts (Stage 1), Underperforming Accounts (Stage 2) and Impaired Accounts (Stage 3).

Active portfolio monitoring as well as exception reporting are in place to identify, analyze and managed the overall risk profile to mitigate adverse trends or specific areas of risk concerns.

The Group and the Bank conduct post-mortem reviews on newly impaired financing to determine the key reason(s) and/or driver(s) leading to the account being classified as impaired. The findings are communicated at both management and Board levels as lessons learned which are used to assist in formulating appropriate remedial actions or measures to minimize potential or future credit loss from similar or repeat events.

In addition, post-approval independent credit review is undertaken by the Group and the Bank to ensure that credit decision-making is consistent with the overall credit risk appetite and strategy.

5.7 Credit Quality of Financial Assets

Total loans, advances and other financing - credit quality

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

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

BASEL II Pillar 3 Disclosures

5. Credit Risk (continued)

5.7 Credit Quality of Financial Assets (continued)

Total loans, advances and other financing - credit quality (continued)

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

- i. the principal or interest/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 borrower/customer is 'unlikely to meet' its credit obligations; or
- iii. the loan/financing is classified as rescheduled and restructured in the Central Credit Reference Information System ('CCRIS').

Analysed by economic sectors

The Group	<u>Past Due But Not Credit-impaired</u>		<u>Impaired</u>	
	Stage 1	Stage 2	Stage 3	Total
31.12.2023	RM'000	RM'000	RM'000	RM'000
Primary agriculture	13,548	10,882	9,686	34,116
Mining and quarrying	309	1,587	29,941	31,837
Manufacturing	26,946	81,616	40,733	149,295
Electricity, gas and water supply	3,313	10,540	4	13,857
Construction	165,752	99,240	179,913	444,905
Real estate	23,569	270,248	204,395	498,212
Wholesale & retail trade and restaurants & hotels	173,259	111,194	343,533	627,986
Transport, storage and communication	67,583	51,476	98,939	217,998
Finance, insurance/takaful and business services	58,984	56,461	21,211	136,656
Education, health and others	17,122	101,142	13,671	131,935
Household	2,153,427	1,877,720	323,385	4,354,532
	2,703,812	2,672,106	1,265,411	6,641,329

BASEL II Pillar 3 Disclosures

5. Credit Risk (continued)

5.7 Credit Quality of Financial Assets (continued)

Analysed by economic sectors (continued)

	<u>Past Due But Not Credit-impaired</u>		<u>Impaired</u>	Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
The Group 31.12.2022				
Primary agriculture	5,271	9,873	18,955	34,099
Mining and quarrying	84	3,678	27,531	31,293
Manufacturing	39,386	50,883	49,998	140,267
Electricity, gas and water supply	10	112	-	122
Construction	67,931	147,532	99,805	315,268
Real estate	27,766	205,693	133,373	366,832
Wholesale & retail trade and restaurants & hotels	115,289	154,031	74,697	344,017
Transport, storage and communication	48,732	43,674	316,154	408,560
Finance, insurance/takaful and business services	67,644	46,065	24,250	137,959
Education, health and others	80,611	12,727	195,050	288,388
Household	1,658,547	1,289,374	231,368	3,179,289
	<u>2,111,271</u>	<u>1,963,642</u>	<u>1,171,181</u>	<u>5,246,094</u>

	<u>Past Due But Not Credit-impaired</u>		<u>Impaired</u>	Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
The Bank 31.12.2023				
Primary agriculture	5,370	9,592	9,513	24,475
Mining and quarrying	205	451	10,124	10,780
Manufacturing	17,976	35,787	34,007	87,770
Electricity, gas and water supply	2,068	10,391	1	12,460
Construction	45,430	41,123	121,028	207,581
Real estate	21,598	219,067	168,038	408,703
Wholesale & retail trade and restaurants & hotels	91,650	67,777	323,915	483,342
Transport, storage and communication	49,175	31,863	96,312	177,350
Finance, insurance and business services	34,667	29,307	10,617	74,591
Education, health and others	8,503	97,673	12,660	118,836
Household	1,005,822	897,393	186,930	2,090,145
	<u>1,282,464</u>	<u>1,440,424</u>	<u>973,145</u>	<u>3,696,033</u>

BASEL II Pillar 3 Disclosures

5. Credit Risk (continued)

5.7 Credit Quality of Financial Assets (continued)

Analysed by economic sectors (continued)

	<u>Past Due But Not Credit-impaired</u>		<u>Impaired</u>	Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
The Bank 31.12.2022				
Primary agriculture	4,310	8,961	18,656	31,927
Mining and quarrying	-	1,974	6,907	8,881
Manufacturing	34,500	43,639	41,764	119,903
Electricity, gas and water supply	-	82	-	82
Construction	50,158	83,632	46,339	180,129
Real estate	16,879	152,134	58,692	227,705
Wholesale & retail trade and restaurants & hotels	76,044	111,192	68,622	255,858
Transport, storage and communication	39,403	31,823	157,204	228,430
Finance, insurance and business services	43,554	22,614	20,730	86,898
Education, health and others	5,895	9,856	194,223	209,974
Household	730,909	577,353	122,297	1,430,559
	1,001,652	1,043,260	735,434	2,780,346

Expected credit losses

The Group 31.12.2023	12-month ECL Stage 1 RM'000	Lifetime ECL Not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
	Primary agriculture	5,113	1,767	8,359
Mining and quarrying	4,987	24,360	70,797	100,144
Manufacturing	3,185	212,482	4,635	220,302
Electricity, gas and water supply	1,619	3,908	4	5,531
Construction	3,356	81,809	22,534	107,699
Real estate	70,405	113,574	122,443	306,422
Wholesale & retail trade and restaurants & hotels	12,199	118,987	19,632	150,818
Transport, storage and communication	630	4,668	10,087	15,385
Finance, insurance/takaful and business services	21,484	50,000	41,928	113,412
Education, health and others	4,301	8,809	23,462	36,572
Household	21,981	84,301	260,066	366,348
Government	-	-	-	-
	149,260	704,665	583,947	1,437,872

BASEL II Pillar 3 Disclosures

5. Credit Risk (continued)

5.7 Credit Quality of Financial Assets (continued)

Analysed by economic sectors (continued)

Expected credit losses (continued)

The Group		Lifetime ECL	Lifetime ECL	
31.12.2022	12-month ECL	Not credit impaired	credit impaired	Total
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	RM'000
Primary agriculture	4,170	4,018	10,113	18,301
Mining and quarrying	411	549	8,033	8,993
Manufacturing	14,744	184,919	13,782	213,445
Electricity, gas and water supply	1,181	1,415	-	2,596
Construction	6,048	20,698	50,643	77,389
Real estate	46,560	99,767	67,183	213,510
Wholesale & retail trade and restaurants & hotels	22,756	76,002	36,942	135,700
Transport, storage and communication	4,523	24,656	120,979	150,158
Finance, insurance/takaful and business services	6,441	103,824	7,067	117,332
Education, health and others	3,778	184,120	6,060	193,958
Household	100,761	78,246	100,432	279,439
Government	-	-	-	-
	211,373	778,214	421,234	1,410,821

The Bank		Lifetime ECL	Lifetime ECL	
31.12.2023	12-month ECL	Not credit impaired	credit impaired	Total
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	RM'000
Primary agriculture	4,203	1,699	8,184	14,086
Mining and quarrying	4,034	11,096	61,884	77,014
Manufacturing	2,019	13,856	4,156	20,031
Electricity, gas and water supply	935	3,900	1	4,836
Construction	2,084	80,879	5,488	88,451
Real estate	33,908	73,228	59,959	167,095
Wholesale & retail trade and restaurants & hotels	9,619	91,803	16,192	117,614
Transport, storage and communication	585	789	8,423	9,797
Finance, insurance and business services	20,370	34,718	34,619	89,707
Education, health and others	3,703	29,572	21,981	55,256
Household	14,185	51,257	248,462	313,904
Government	-	-	-	-
	95,645	392,797	469,349	957,791

BASEL II Pillar 3 Disclosures

5. Credit Risk (continued)

5.7 Credit Quality of Financial Assets (continued)

Analysed by economic sectors (continued)

Expected credit losses (continued)

The Bank		Lifetime ECL	Lifetime ECL	
31.12.2022	12-month ECL	Not credit impaired	credit impaired	Total
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	RM'000
Primary agriculture	2,727	4,009	9,883	16,619
Mining and quarrying	376	468	5,906	6,750
Manufacturing	10,625	153,159	7,634	171,418
Electricity, gas and water supply	884	1,414	-	2,298
Construction	3,165	11,229	34,690	49,084
Real estate	42,631	72,798	26,888	142,317
Wholesale & retail trade and restaurants & hotels	16,721	56,450	32,999	106,170
Transport, storage and communication	3,707	18,025	115,061	136,793
Finance, insurance and business services	4,792	96,017	5,230	106,039
Education, health and others	2,030	4,577	5,671	12,278
Household	56,916	30,847	53,437	141,200
Government	-	-	-	-
	144,574	448,993	297,399	890,966

Expected credit losses written-off

	The Group		The Bank	
	Write-Offs for Lifetime ECL Credit Impaired (Stage 3)		Write-Offs for Lifetime ECL Credit Impaired (Stage 3)	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Primary agriculture	292	99	94	1
Mining and quarrying	-	5	-	5
Manufacturing	536	1,649	451	1,432
Electricity, gas and water supply	-	31	-	31
Construction	973	6,567	934	2,194
Real estate	451	15	451	-
Wholesale & retail trade and restaurants & hotels	938	7,918	523	6,184
Transport, storage and communication	378	1,225	177	1,131
Finance, insurance/takaful and business services	227	12,324	164	12,100
Education, health and others	83	565	54	563
Household	86,812	53,999	44,746	29,066
	90,690	84,397	47,594	52,707

BASEL II Pillar 3 Disclosures

5. Credit Risk (continued)

5.7 Credit Quality of Financial Assets (continued)

Analysed by geographical area

The Group 31.12.2023	<u>Past Due But Not Credit- impaired</u>		<u>Impaired</u>	Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
Perlis	4,835	3,052	4,437	12,324
Kedah	110,437	138,070	48,031	296,538
Pulau Pinang	141,183	151,748	129,073	422,004
Perak	82,292	189,885	15,768	287,945
Selangor	1,017,187	864,288	374,058	2,255,533
Wilayah Persekutuan	411,068	370,604	350,641	1,132,313
Negeri Sembilan	139,262	154,294	34,555	328,111
Melaka	55,688	71,143	132,140	258,971
Johor	379,663	451,358	54,104	885,125
Pahang	65,089	56,363	27,532	148,984
Terengganu	43,580	33,307	3,606	80,493
Kelantan	32,154	28,388	6,732	67,274
Sarawak	94,078	61,497	73,315	228,890
Sabah	113,259	97,840	11,373	222,472
Labuan	125	119	-	244
Outside Malaysia	13,912	150	46	14,108
	2,703,812	2,672,106	1,265,411	6,641,329

The Group 31.12.2022	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Perlis	3,399	2,891	3,572	9,862
Kedah	74,492	134,227	52,952	261,671
Pulau Pinang	97,519	120,430	56,812	274,761
Perak	67,818	69,024	10,651	147,493
Selangor	728,400	589,007	243,513	1,560,920
Wilayah Persekutuan	395,258	447,862	82,189	925,309
Negeri Sembilan	111,324	96,554	23,389	231,267
Melaka	53,806	68,547	38,930	161,283
Johor	282,159	227,901	258,135	768,195
Pahang	52,905	44,044	25,127	122,076
Terengganu	40,086	25,877	292,568	358,531
Kelantan	30,591	20,378	2,969	53,938
Sarawak	72,933	51,745	68,205	192,883
Sabah	92,258	65,122	12,135	169,515
Labuan	102	-	-	102
Outside Malaysia	8,221	33	34	8,288
	2,111,271	1,963,642	1,171,181	5,246,094

BASEL II Pillar 3 Disclosures

5. Credit Risk (continued)

5.7 Credit Quality of Financial Assets (continued)

Analysed by geographical area (continued)

The Bank 31.12.2023	<u>Past Due But Not Credit-impaired</u>		<u>Impaired</u>	Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
Perlis	1,728	904	621	3,253
Kedah	31,762	26,104	32,478	90,344
Pulau Pinang	79,133	97,090	119,639	295,862
Perak	32,566	144,433	9,111	186,110
Selangor	431,762	414,878	263,021	1,109,661
Wilayah Persekutuan	188,027	188,785	315,905	692,717
Negeri Sembilan	47,557	47,238	19,349	114,144
Melaka	23,127	37,136	123,206	183,469
Johor	224,194	320,344	30,132	574,670
Pahang	22,710	18,415	24,219	65,344
Terengganu	2,308	1,929	667	4,904
Kelantan	1,781	2,028	244	4,053
Sarawak	84,126	53,815	25,711	163,652
Sabah	97,696	87,226	8,796	193,718
Labuan	125	-	-	125
Outside Malaysia	13,862	99	46	14,007
	1,282,464	1,440,424	973,145	3,696,033
The Bank 31.12.2022	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Perlis	1,222	1,131	81	2,434
Kedah	21,550	16,064	41,498	79,112
Pulau Pinang	49,672	39,725	47,091	136,488
Perak	30,956	35,119	5,569	71,644
Selangor	328,938	286,440	147,135	762,513
Wilayah Persekutuan	176,900	334,102	51,821	562,823
Negeri Sembilan	33,052	29,399	15,096	77,547
Melaka	27,431	48,793	20,520	96,744
Johor	167,281	122,879	203,596	493,756
Pahang	13,844	16,895	23,096	53,835
Terengganu	2,488	2,097	144,800	149,385
Kelantan	2,563	2,568	591	5,722
Sarawak	58,779	48,316	23,674	130,769
Sabah	78,653	59,699	10,832	149,184
Labuan	102	-	-	102
Outside Malaysia	8,221	33	34	8,288
	1,001,652	1,043,260	735,434	2,780,346

BASEL II Pillar 3 Disclosures

5. Credit Risk (continued)

5.7 Credit Quality of Financial Assets (continued)

Analysed by geographical area (continued)

Expected credit losses

The Group	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
Perlis	156	2,451	2,575	5,182
Kedah	3,800	20,877	38,484	63,161
Pulau Pinang	7,730	68,552	103,235	179,517
Perak	4,432	21,314	6,091	31,837
Selangor	48,645	250,723	133,445	432,813
Wilayah Persekutuan	30,956	231,144	121,964	384,064
Negeri Sembilan	4,643	10,101	8,721	23,465
Melaka	2,457	8,705	81,937	93,099
Johor	20,461	32,251	22,299	75,011
Pahang	4,312	8,988	19,896	33,196
Terengganu	1,492	22,589	2,160	26,241
Kelantan	1,926	3,472	3,021	8,419
Sarawak	8,079	9,434	34,653	52,166
Sabah	5,757	9,952	5,433	21,142
Labuan	1,587	4,101	0	5,688
Outside Malaysia	2,829	11	33	2,872
	149,260	704,665	583,947	1,437,872

BASEL II Pillar 3 Disclosures

5. Credit Risk (continued)

5.7 Credit Quality of Financial Assets (continued)

Analysed by geographical area (continued)

Expected credit losses (continued)

The Group		Lifetime ECL	Lifetime ECL	
31.12.2022	12-month ECL	Not credit impaired	credit impaired	Total
	Stage 1	Stage 2	Stage 3	
	RM'000	RM'000	RM'000	RM'000
Perlis	329	80	2,306	2,715
Kedah	5,008	11,217	37,837	54,062
Pulau Pinang	12,023	68,046	14,890	94,959
Perak	5,034	5,416	5,051	15,501
Selangor	79,297	248,302	102,572	430,171
Wilayah Persekutuan	49,872	371,046	38,690	459,608
Negeri Sembilan	6,011	11,199	5,950	23,160
Melaka	3,745	19,034	19,654	42,433
Johor	25,850	19,342	32,960	78,152
Pahang	6,053	6,161	17,109	29,323
Terengganu	2,128	1,521	107,695	111,344
Kelantan	1,781	844	1,050	3,675
Sarawak	6,692	4,752	29,452	40,896
Sabah	7,088	6,060	5,995	19,143
Labuan	140	5,191	-	5,331
Outside Malaysia	322	3	23	348
	<u>211,373</u>	<u>778,214</u>	<u>421,234</u>	<u>1,410,821</u>

BASEL II Pillar 3 Disclosures

5. Credit Risk (continued)

5.7 Credit Quality of Financial Assets (continued)

Analysed by geographical area (continued)

Expected credit losses (continued)

The Bank	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
Perlis	49	2,303	95	2,447
Kedah	1,268	2,279	31,496	35,043
Pulau Pinang	4,244	52,208	100,214	156,666
Perak	2,304	19,281	3,558	25,143
Selangor	32,477	56,228	85,184	173,889
Wilayah Persekutuan	21,605	190,649	109,511	321,765
Negeri Sembilan	1,799	1,624	3,539	6,962
Melaka	1,392	5,717	74,977	82,086
Johor	13,725	22,836	13,657	50,218
Pahang	2,436	6,146	18,153	26,735
Terengganu	178	20,003	401	20,582
Kelantan	150	86	206	442
Sarawak	6,187	3,970	23,719	33,876
Sabah	3,593	9,459	4,606	17,658
Labuan	1,418	1	0	1,419
Outside Malaysia	2,820	7	33	2,860
	95,645	392,797	469,349	957,791

BASEL II Pillar 3 Disclosures

5. Credit Risk (continued)

5.7 Credit Quality of Financial Assets (continued)

Analysed by geographical area (continued)

Expected credit losses (continued)

The Bank 31.12.2022	12-month ECL Stage 1 RM'000	Lifetime ECL Not credit impaired Stage 2 RM'000	Lifetime ECL credit impaired Stage 3 RM'000	Total RM'000
Perlis	132	35	27	194
Kedah	2,193	623	31,794	34,610
Pulau Pinang	7,392	51,588	11,193	70,173
Perak	2,903	4,063	1,938	8,904
Selangor	51,333	37,512	57,356	146,201
Wilayah Persekutuan	44,126	309,250	22,794	376,170
Negeri Sembilan	2,191	4,381	2,422	8,994
Melaka	2,640	18,250	8,316	29,206
Johor	17,026	10,846	11,973	39,845
Pahang	3,225	5,175	16,379	24,779
Terengganu	151	186	106,529	106,866
Kelantan	169	96	204	469
Sarawak	5,616	1,528	20,839	27,983
Sabah	5,019	5,454	5,612	16,085
Labuan	136	3	-	139
Outside Malaysia	322	3	23	348
	<u>144,574</u>	<u>448,993</u>	<u>297,399</u>	<u>890,966</u>

BASEL II Pillar 3 Disclosures

5. Credit Risk (continued)

5.7 Credit Quality of Financial Assets (continued)

Expected credit losses (continued)

Movement in expected credit loss for loans/financing

The Group	12-month ECL	Lifetime ECL	Lifetime ECL	Total
		Not credit impaired	credit impaired	
31.12.2023	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	RM'000
At beginning of the financial period	211,373	778,214	421,234	1,410,821
Total transfer between stages due to change in credit risk:	(169,761)	305,516	(135,755)	-
- Transfer to 12-month ECL (Stage 1)	46,853	(41,757)	(5,096)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(215,896)	436,284	(220,388)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(718)	(89,011)	89,729	-
Loans/financing derecognised (other than write-off)	(67,652)	(58,675)	(26,487)	(131,847)
New loans/financing originated or purchased	290,231	-	-	290,231
Changes due to change in credit risk	(115,159)	(320,651)	371,623	(44,493)
Write-off	-	-	(69,723)	(90,690)
Other adjustments	228	261	23,055	3,850
At end of the financial period	149,260	704,665	583,947	1,437,872
The Group	12-month ECL	Lifetime ECL	Lifetime ECL	Total
31.12.2022	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	RM'000
At beginning of the financial period	237,148	314,020	338,104	889,272
Total transfer between stages due to change in credit risk:	38,317	29,274	(67,591)	-
- Transfer to 12-month ECL (Stage 1)	89,510	(80,338)	(9,172)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(51,146)	127,435	(76,289)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(47)	(17,823)	17,870	-
Loans/financing derecognised (other than write-off)	(64,117)	(31,143)	(21,636)	(116,896)
New loans/financing originated or purchased	112,914	-	-	112,914
Changes due to change in credit risk	(112,981)	465,820	172,723	525,562
Write-off	-	-	(84,397)	(84,397)
Other adjustments	92	243	84,031	84,366
At end of the financial period	211,373	778,214	421,234	1,410,821

BASEL II Pillar 3 Disclosures

5. Credit Risk (continued)

5.7 Credit Quality of Financial Assets (continued)

Expected credit losses (continued)

Movement in expected credit loss for loans/financing (continued)

The Bank		Lifetime ECL	Lifetime ECL	
31.12.2023	12-month ECL	Not credit impaired	credit impaired	Total
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	RM'000
At beginning of the financial period	144,574	448,993	297,399	890,966
Total transfer between stages due to change in credit risk:	(1,009)	100,548	(99,539)	-
- Transfer to 12-month ECL (Stage 1)	25,133	(21,763)	(3,370)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(25,554)	191,214	(165,660)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(588)	(68,903)	69,491	-
Loans/financing derecognised (other than write-off)	(45,423)	(44,966)	(21,126)	(111,515)
New loans/financing originated or purchased	73,097	-	-	73,097
Changes due to change in credit risk	(75,819)	(112,039)	309,046	121,188
Write-off	-	-	(26,627)	(26,627)
Other adjustments	225	261	10,196	10,682
At end of the financial period	95,645	392,797	469,349	957,791
The Bank		Lifetime ECL	Lifetime ECL	
31.12.2022	12-month ECL	Not credit impaired	credit impaired	Total
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	RM'000
At beginning of the financial period	163,175	214,857	251,437	629,469
Total transfer between stages due to change in credit risk:	19,470	11,686	(31,156)	-
- Transfer to 12-month ECL (Stage 1)	50,931	(47,132)	(3,799)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(31,456)	72,179	(40,723)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(5)	(13,361)	13,366	-
Loans/financing derecognised (other than write-off)	(29,825)	(18,162)	(13,586)	(61,573)
New loans/financing originated or purchased	57,436	-	-	57,436
Changes due to change in credit risk	(65,768)	240,369	81,725	256,326
Write-off	-	-	(52,707)	(52,707)
Other adjustments	86	243	61,686	62,015
At end of the financial period	144,574	448,993	297,399	890,966

BASEL II Pillar 3 Disclosures

5. Credit Risk (continued)

5.8 Distribution of Credit Exposure

(i) The following table depicts the Group's Gross Credit Exposure by Geographical Distribution based on the geographical location where the credit risk resides.

The Group	31.12.2023			31.12.2022		
	Malaysia	Other countries	Total	Malaysia	Other countries	Total
<u>On Balance Sheet Exposures</u>						
Corporates	28,209,355	724,377	28,933,732	28,407,079	152,690	28,559,769
Regulatory Retail	27,959,467	2,814	27,962,281	20,826,141	1,062	20,827,203
Other Assets	5,304,673	-	5,304,673	4,578,409	-	4,578,409
Sovereigns/Central Banks	21,944,937	364,017	22,308,954	19,280,368	173,401	19,453,769
Banks, Development Financial Institutions & MDBs	5,435,811	858,026	6,293,837	2,420,716	309,664	2,730,380
Insurance/Takaful Companies, Securities Firms & Fund Managers	53,337	-	53,337	51,869	-	51,869
Residential Mortgages	12,810,207	-	12,810,207	12,099,523	-	12,099,523
Higher Risk Assets	45,213	-	45,213	32,370	-	32,370
Defaulted Exposures	819,240	14	819,254	763,366	6	763,372
Total for On-Balance Sheet Exposures	102,582,240	1,949,248	104,531,488	88,459,841	636,823	89,096,664
<u>Off Balance Sheet Exposures</u>						
Over-the-counter (“OTC”) derivatives	1,328,425	25,984	1,354,409	1,113,435	21,307	1,134,742
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	9,338,260	243,560	9,581,820	10,063,594	83,512	10,147,106
Defaulted Exposures	41,116	-	41,116	15,762	-	15,762
Total for Off-Balance Sheet Exposures	10,707,801	269,544	10,977,345	11,192,791	104,819	11,297,610
Total for On and Off-Balance Sheet Exposures	113,290,041	2,218,792	115,508,833	99,652,632	741,642	100,394,274

BASEL II Pillar 3 Disclosures

5. Credit Risk (continued)

5.8 Distribution of Credit Exposure (continued)

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

The Bank	31.12.2023			31.12.2022		
	Malaysia	Other countries	Total	Malaysia	Other countries	Total
<u>On Balance Sheet Exposures</u>						
Corporates	18,649,145	693,963	19,343,108	17,413,459	124,492	17,537,951
Regulatory Retail	17,533,514	1,612	17,535,126	14,288,142	1,053	14,289,195
Other Assets	4,074,512	-	4,074,512	3,486,578	-	3,486,578
Sovereigns/Central Banks	10,725,303	364,017	11,089,320	9,445,340	173,401	9,618,741
Banks, Development Financial Institutions & MDBs	6,141,828	791,756	6,933,584	2,708,063	309,664	3,017,727
Insurance Companies, Securities Firms & Fund Managers	15,812	-	15,812	15,426	-	15,426
Residential Mortgages	3,084,139	-	3,084,139	2,972,292	-	2,972,292
Higher Risk Assets	34,673	-	34,673	24,597	-	24,597
Defaulted Exposures	639,509	14	639,523	606,882	6	606,888
Total for On-Balance Sheet Exposures	60,898,435	1,851,362	62,749,797	50,960,779	608,616	51,569,395
<u>Off Balance Sheet Exposures</u>						
Over-the-counter (“OTC”) derivatives	936,431	25,984	962,415	838,714	21,307	860,021
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	6,931,195	242,943	7,174,138	8,769,168	83,441	8,852,609
Defaulted Exposures	39,082	-	39,082	15,212	-	15,212
Total for Off-Balance Sheet Exposures	7,906,708	268,927	8,175,635	9,623,094	104,748	9,727,842
Total for On and Off-Balance Sheet Exposures	68,805,143	2,120,289	70,925,432	60,583,873	713,364	61,297,237

Company No: 197501003274 (25046-T)
AFFIN Bank Berhad
(Incorporated in Malaysia)

BASEL II Pillar 3 Disclosures

5. Credit Risk (continued)

5.8 Distribution of Credit Exposure (continued)

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

31.12.2023	The Group												
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, insurance/takaful and business services	Education, health and others	Household	Others	Total
On Balance Sheet Exposures													
Corporates	1,470,273	353,707	3,795,628	843,462	1,892,993	5,001,586	5,348,081	2,119,013	2,451,806	1,763,111	2,548,091	1,345,981	28,933,732
Regulatory Retail	90,066	14,336	517,068	8,292	434,037	183,493	1,248,624	399,483	475,959	141,068	24,449,095	760	27,962,281
Other Assets	-	-	-	-	-	-	-	-	24,759	-	-	5,279,914	5,304,673
Sovereigns/Central Banks	-	-	-	27,215	767,345	-	-	1,033,203	18,758,013	949,370	21	773,787	22,308,954
Public Sector Entities	-	-	-	-	-	-	-	-	-	-	-	-	-
Banks, Development Financial Institutions & MDBs	1,910	-	-	-	-	-	403	-	6,289,706	1,818	-	-	6,293,837
Insurance/Takaful Companies, Securities Firms & Fund Managers	-	-	-	-	-	-	807	-	52,530	-	-	-	53,337
Residential Mortgages	-	-	-	-	-	-	-	-	-	-	12,810,207	-	12,810,207
Higher Risk Assets	-	-	-	-	-	-	-	-	-	-	30,298	14,915	45,213
Specialised Financing/Investment Equity Exposure	-	-	-	-	-	-	-	-	-	-	-	-	-
Securitisation Exposure	-	-	-	-	-	-	-	-	-	-	-	-	-
Defaulted Exposures	1,667	25,153	22,123	-	101,367	142,185	97,002	76,830	45,276	70,446	237,205	-	819,254
Total for On-Balance Sheet Exposures	1,563,916	393,196	4,334,819	878,969	3,195,742	5,327,264	6,694,917	3,628,529	28,098,049	2,925,813	40,074,917	7,415,357	104,531,488
Off Balance Sheet Exposures													
Over-the-counter ("OTC") derivatives	-	-	14,358	2,849	-	-	7,526	11,715	1,262,921	55,040	-	-	1,354,409
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	120,686	90,509	616,406	116,881	670,346	299,875	407,118	250,281	4,540,400	1,130,689	1,338,402	227	9,581,820
Defaulted Exposures	-	7,731	392	-	9,926	-	15,597	1,155	2,916	1,847	1,552	-	41,116
Total for Off-Balance Sheet Exposures	120,686	98,240	631,156	119,730	680,272	299,875	430,241	263,151	5,806,237	1,187,576	1,339,954	227	10,977,345
Total for On and Off-Balance Sheet Exposures	1,684,602	491,436	4,965,975	998,699	3,876,014	5,627,139	7,125,158	3,891,680	33,904,286	4,113,389	41,414,871	7,415,584	115,508,833

Company No: 197501003274 (25046-T)
AFFIN Bank Berhad
(Incorporated in Malaysia)

BASEL II Pillar 3 Disclosures

5. Credit Risk (continued)

5.8 Distribution of Credit Exposure (continued)

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

31.12.2022	The Group												
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, insurance/ takaful and business services	Education, health and others	Household	Others	Total
On Balance Sheet Exposures													
Corporates	1,468,198	198,494	3,762,009	873,462	1,618,617	5,306,397	5,082,523	1,386,897	2,834,548	1,694,829	4,108,782	225,013	28,559,769
Regulatory Retail	94,643	10,626	467,924	8,064	400,077	186,040	1,131,261	392,233	425,303	127,537	17,583,383	112	20,827,203
Other Assets	-	-	-	-	-	-	-	-	23,914	230	-	4,554,265	4,578,409
Sovereigns/Central Banks	-	-	-	78,158	538,976	-	-	541,324	17,160,123	910,235	16	224,937	19,453,769
Public Sector Entities	-	-	-	-	-	-	-	-	-	-	-	-	-
Banks, Development Financial Institutions & MDBs	5,776	-	-	-	-	-	3	-	2,722,432	2,113	56	-	2,730,380
Insurance/Takaful Companies, Securities Firms & Fund Managers	-	-	-	-	-	-	426	-	51,443	-	-	-	51,869
Residential Mortgages	-	-	-	-	-	-	-	-	-	-	12,099,523	-	12,099,523
Higher Risk Assets	-	-	-	-	-	-	-	14,916	-	-	17,454	-	32,370
Defaulted Exposures	1,000	18,497	34,235	-	46,903	52,877	46,586	195,166	59,941	186,496	121,669	2	763,372
Total for On-Balance Sheet Exposures	1,569,617	227,617	4,264,168	959,684	2,604,573	5,545,314	6,260,799	2,530,536	23,277,704	2,921,440	33,930,883	5,004,329	89,096,664
Off Balance Sheet Exposures													
Over-the-counter (“OTC”) derivatives	-	-	26,659	-	-	-	8,312	32	1,043,382	56,357	-	-	1,134,742
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	96,218	83,633	476,356	67,069	692,827	218,064	410,117	177,551	6,351,768	185,313	1,333,260	54,930	10,147,106
Defaulted Exposures	0	9,558	236	-	873	-	845	2,601	557	-	1,092	-	15,762
Total for Off-Balance Sheet Exposures	96,218	93,191	503,251	67,069	693,700	218,064	419,274	180,184	7,395,707	241,670	1,334,352	54,930	11,297,610
Total for On and Off-Balance Sheet Exposures	1,665,835	320,808	4,767,419	1,026,753	3,298,273	5,763,378	6,680,073	2,710,720	30,673,411	3,163,110	35,265,235	5,059,259	100,394,274

Company No: 197501003274 (25046-T)
AFFIN Bank Berhad
(Incorporated in Malaysia)

BASEL II Pillar 3 Disclosures

5. Credit Risk (continued)

5.8 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	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, insurance and business services	Education, health and others	Household	Others	Total
<u>On Balance Sheet Exposures</u>													
Corporates	1,050,819	334,034	2,713,561	522,528	1,102,785	4,144,447	4,160,451	1,669,592	1,073,115	1,275,179	419,026	877,571	19,343,108
Regulatory Retail	73,162	9,790	407,541	3,496	308,713	152,234	939,009	309,423	311,299	86,033	14,933,666	760	17,535,126
Other Assets	-	-	-	-	-	-	-	-	-	-	-	4,074,512	4,074,512
Sovereigns/Central Banks	-	-	-	-	232,394	-	-	430,745	9,798,364	310,785	21	317,011	11,089,320
Banks, Development Financial Institutions & MDBs	1,910	-	-	-	-	-	-	-	6,931,674	-	-	-	6,933,584
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	-	-	807	-	15,005	-	-	-	15,812
Residential Mortgages	-	-	-	-	-	-	-	-	-	-	3,084,139	-	3,084,139
Higher Risk Assets	-	-	-	-	-	-	-	-	-	-	19,758	14,915	34,673
Defaulted Exposures	1,667	6,836	18,918	-	62,311	134,817	88,119	75,620	38,814	69,616	142,805	-	639,523
Total for On-Balance Sheet Exposures	1,127,558	350,660	3,140,020	526,024	1,706,203	4,431,498	5,188,386	2,485,380	18,168,271	1,741,613	18,599,415	5,284,769	62,749,797
<u>Off Balance Sheet Exposures</u>													
Over-the-counter ("OTC") derivatives	-	-	13,159	-	-	-	2,245	11,656	880,315	55,040	-	-	962,415
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	46,344	19,387	411,426	9,320	428,039	247,431	268,799	185,751	4,509,143	66,691	981,580	227	7,174,138
Defaulted Exposures	-	7,731	392	-	9,667	-	15,597	1,155	2,693	1,847	-	-	39,082
Total for Off-Balance Sheet Exposures	46,344	27,118	424,977	9,320	437,706	247,431	286,641	198,562	5,392,151	123,578	981,580	227	8,175,635
Total for On and Off-Balance Sheet Exposures	1,173,902	377,778	3,564,997	535,344	2,143,909	4,678,929	5,475,027	2,683,942	23,560,422	1,865,191	19,580,995	5,284,996	70,925,432

Company No: 197501003274 (25046-T)
AFFIN Bank Berhad
(Incorporated in Malaysia)

BASEL II Pillar 3 Disclosures

5. Credit Risk (continued)

5.8 Distribution of Credit Exposure (continued)

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

31.12.2022	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, insurance and business services	Education, health and others	Household	Others	Total
<u>On Balance Sheet Exposures</u>													
Corporates	967,406	176,832	2,541,614	468,300	923,900	4,179,645	3,846,364	1,067,247	1,687,065	1,127,341	507,237	45,000	17,537,951
Regulatory Retail	77,789	8,951	374,261	2,711	291,330	157,794	893,786	310,092	282,696	82,658	11,807,015	112	14,289,195
Other Assets	-	-	-	-	-	-	-	-	-	-	-	3,486,578	3,486,578
Sovereigns/Central Banks	-	-	-	-	107,356	-	-	126,320	9,035,897	349,152	16	-	9,618,741
Banks, Development Financial Institutions & MDBs	5,776	-	-	-	-	-	-	-	3,011,895	-	56	-	3,017,727
Insurance Companies, Securities Firms & Fund Managers	-	-	-	-	-	-	426	-	15,000	-	-	-	15,426
Residential Mortgages	-	-	-	-	-	-	-	-	-	-	2,972,292	-	2,972,292
Higher Risk Assets	-	-	-	-	-	-	-	14,916	-	-	9,681	-	24,597
Defaulted Exposures	929	-	32,695	-	10,257	24,783	43,973	188,005	57,730	186,164	62,352	-	606,888
Total for On-Balance Sheet Exposures	1,051,900	185,783	2,948,570	471,011	1,332,843	4,362,222	4,784,549	1,706,580	14,090,283	1,745,315	15,358,649	3,531,690	51,569,395
<u>Off Balance Sheet Exposures</u>													
Over-the-counter ("OTC") derivatives	-	-	14,569	-	-	-	2,289	32	786,774	56,357	-	-	860,021
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	39,982	19,037	347,776	6,033	444,665	193,554	278,880	132,868	6,324,401	102,336	962,753	324	8,852,609
Defaulted Exposures	0	9,558	236	-	873	-	845	2,601	557	-	542	-	15,212
Total for Off-Balance Sheet Exposures	39,982	28,595	362,581	6,033	445,538	193,554	282,014	135,501	7,111,732	158,693	963,295	324	9,727,842
Total for On and Off-Balance Sheet Exposures	1,091,882	214,378	3,311,151	477,044	1,778,381	4,555,776	5,066,563	1,842,081	21,202,015	1,904,008	16,321,944	3,532,014	61,297,237

BASEL II Pillar 3 Disclosures

5. Credit Risk (continued)

5.8 Distribution of Credit Exposure (continued)

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

31.12.2023	The Group				
	< 1 year	>1-5 years	> 5 years	No specific maturity	Total
<u>On Balance Sheet Exposures</u>					
Corporates	8,862,922	7,023,489	11,313,707	1,733,614	28,933,732
Regulatory Retail	586,298	5,192,595	21,352,056	831,332	27,962,281
Other Assets	-	-	-	5,304,673	5,304,673
Sovereigns/Central Banks	4,649,411	8,558,535	8,970,315	130,693	22,308,954
Public Sector Entities	-	-	-	-	-
Banks, Development Financial Institutions & MDBs	4,386,794	1,565,124	339,902	2,017	6,293,837
Insurance/Takaful Companies, Securities Firms & Fund Managers	12,675	40,194	463	5	53,337
Residential Mortgages	1,600	57,534	12,721,394	29,679	12,810,207
Higher Risk Assets	923	18,915	25,375	-	45,213
Defaulted Exposures	102,292	112,767	512,622	91,573	819,254
Total for On-Balance Sheet Exposures	18,602,915	22,569,153	55,235,834	8,123,586	104,531,488
<u>Off Balance Sheet Exposures</u>					
Over-the-counter ("OTC") derivatives	883,172	414,220	57,017	-	1,354,409
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	6,748,010	446,693	1,025,329	1,361,788	9,581,820
Defaulted Exposures	27,029	10,775	123	3,189	41,116
Total for Off-Balance Sheet Exposures	7,658,211	871,688	1,082,469	1,364,977	10,977,345
Total for On and Off-Balance Sheet Exposures	26,261,126	23,440,841	56,318,303	9,488,563	115,508,833

BASEL II Pillar 3 Disclosures

5. Credit Risk (continued)

5.8 Distribution of Credit Exposure (continued)

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

31.12.2022	The Group				
Exposure class	< 1 year	>1-5 years	> 5 years	No specific maturity	Total
<u>On Balance Sheet Exposures</u>					
Corporates	8,517,267	6,843,517	11,448,286	1,750,699	28,559,769
Regulatory Retail	471,926	4,865,310	14,849,999	639,968	20,827,203
Other Assets	-	-	-	4,578,409	4,578,409
Sovereigns/Central Banks	4,050,817	6,582,118	8,718,737	102,097	19,453,769
Banks, Development Financial Institutions & MDBs	1,771,544	628,803	324,162	5,871	2,730,380
Insurance/Takaful Companies, Securities Firms & Fund Managers	14,594	36,849	426	-	51,869
Residential Mortgages	1,523	58,151	12,013,779	26,070	12,099,523
Higher Risk Assets	73	15,383	16,914	-	32,370
Defaulted Exposures	81,205	95,918	566,727	19,522	763,372
Total for On-Balance Sheet Exposures	14,908,949	19,126,049	47,939,030	7,122,636	89,096,664
<u>Off Balance Sheet Exposures</u>					
Over-the-counter ("OTC") derivatives	753,549	324,196	56,997	-	1,134,742
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	8,247,512	424,710	107,419	1,367,465	10,147,106
Defaulted Exposures	11,288	3,392	115	967	15,762
Total for Off-Balance Sheet Exposures	9,012,349	752,298	164,531	1,368,432	11,297,610
Total for On and Off-Balance Sheet Exposures	23,921,298	19,878,347	48,103,561	8,491,068	100,394,274

BASEL II Pillar 3 Disclosures

5. Credit Risk (continued)

5.8 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	The Bank				
	< 1 year	>1-5 years	> 5 years	No specific maturity	Total
<u>On Balance Sheet Exposures</u>					
Corporates	5,456,461	5,177,375	7,730,238	979,034	19,343,108
Regulatory Retail	216,985	3,472,042	13,233,401	612,698	17,535,126
Other Assets	-	-	-	4,074,512	4,074,512
Sovereigns/Central Banks	1,102,570	5,562,589	4,424,111	50	11,089,320
Banks, Development Financial Institutions & MDBs	4,885,024	1,723,076	323,478	2,006	6,933,584
Insurance Companies, Securities Firms & Fund Managers	-	15,344	463	5	15,812
Residential Mortgages	1,256	38,177	3,016,000	28,706	3,084,139
Higher Risk Assets	923	15,401	18,349	-	34,673
Defaulted Exposures	78,795	76,474	393,802	90,452	639,523
Total for On-Balance Sheet Exposures	11,742,014	16,080,478	29,139,842	5,787,463	62,749,797
<u>Off Balance Sheet Exposures</u>					
Over-the-counter ("OTC") derivatives	645,613	266,819	49,983	-	962,415
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	5,826,792	327,026	16,370	1,003,950	7,174,138
Defaulted Exposures	26,601	10,705	123	1,653	39,082
Total for Off-Balance Sheet Exposures	6,499,006	604,550	66,476	1,005,603	8,175,635
Total for On and Off-Balance Sheet Exposures	18,241,020	16,685,028	29,206,318	6,793,066	70,925,432

BASEL II Pillar 3 Disclosures

5. Credit Risk (continued)

5.8 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)

31.12.2022	The Bank				
Exposure class	< 1 year	>1-5 years	> 5 years	No specific maturity	Total
<u>On Balance Sheet Exposures</u>					
Corporates	5,004,864	4,954,789	6,449,048	1,129,250	17,537,951
Regulatory Retail	222,523	3,364,788	10,192,072	509,812	14,289,195
Other Assets	-	-	-	3,486,578	3,486,578
Sovereigns/Central Banks	1,036,955	3,675,359	4,906,411	16	9,618,741
Banks, Development Financial Institutions & MDBs	2,242,674	486,636	282,585	5,832	3,017,727
Residential Mortgages	1,255	40,850	2,905,104	25,083	2,972,292
Higher Risk Assets	73	15,383	9,141	-	24,597
Defaulted Exposures	63,472	83,426	441,950	18,040	606,888
Total for On-Balance Sheet Exposures	8,571,816	12,636,231	25,186,737	5,174,611	51,569,395
<u>Off Balance Sheet Exposures</u>					
Over-the-counter ("OTC") derivatives	617,200	185,825	56,996	-	860,021
Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	7,548,867	285,875	13,438	1,004,429	8,852,609
Defaulted Exposures	11,279	3,377	115	441	15,212
Total for Off-Balance Sheet Exposures	8,177,346	475,077	70,549	1,004,870	9,727,842
Total for On and Off-Balance Sheet Exposures	16,749,162	13,111,308	25,257,286	6,179,481	61,297,237

BASEL II Pillar 3 Disclosures

6. Securitisation

The Group and the Bank currently does not have any securitization activities.

7. Market Risk

7.1 Market Risk Management Objectives and Policies

Market risk is defined as changes in the market value of a trading or investment position arising from movements in market factors such as interest/profit rate, foreign exchange rates and implied volatility rates. The Group's and the Bank's exposure to market risk results largely from interest/profit rate and foreign exchange rate risks.

Market risk may arise from proprietary trading position and investment activities (including those for liquidity requirement purposes) in the Trading and Investment Book respectively.

The Market Risk Management Framework governs the market risk activities of the Group and the Bank which are supported by a set of approved market risk management policies, guidelines and procedures.

Risk parameters are established based on risk appetite, market liquidity and business strategies as well as macro-economic conditions. These parameters are reviewed at least annually.

The Group and the Bank use derivative instruments such as interest/profit rate swap, cross currency interest/profit rate swap and currency swap to manage exposures to interest/profit rates, foreign currency and credit.

All hedging strategies are approved by GALCO and hedge documentation are reviewed by Finance Division before tabling to GALCO for notification and/or approval.

Hedging relationship is subject to periodic monitoring to assess that it remains stable throughout the life of the accounting hedge for the hedge to be effective.

Hedge ineffectiveness will lead to derecognition of the hedge.

7.2 Application of Standardised Approach for Market Risk Capital Charge Computation

The Group and the Bank adopt the Standardised Approach for the purpose of calculating the capital requirement for market risk.

Refer Appendix I.

BASEL II Pillar 3 Disclosures

7. Market Risk (continued)

7.3 Market Risk Measurement, Control and Monitoring

Market risk arising from the Trading Book is primarily controlled through the imposition of Stop-loss, Value-at-Risk ('VaR') and sensitivity limits.

Periodic stress tests are conducted to quantify market risk arising from probability of abnormal market movements.

Value-at-Risk ('VaR')

VaR estimates the potential loss of a Trading portfolio from adverse market price movements which may occur over a specified holding period of the Trading portfolio.

It measures the risk of losses arising from potential adverse movements in interest/profit rates, implied volatility rates and foreign exchange rates that could affect values of financial instruments.

Backtesting of the VaR results is conducted to validate and reassess the accuracy of the risk measurement systems.

Other risk measures include the following:

- i. Mark-to-market valuation tracks the current market value of the outstanding financial instruments.
- ii. Stress tests are conducted to attempt to quantify market risk arising from abnormal market movements. Stress tests measure the changes in values primarily arising from extreme movements in interest/profit rates and foreign exchange rates based on Macro Economic Variables ('MEV') provided by in-house research team.

The GALCO and GBRMC are regularly kept informed of the Group's and the Bank's risk profile and positions.

7.4 Foreign Exchange Risk

The Group and the Bank are exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The risk of fluctuations in foreign currency exchange rates is managed via setting of thresholds on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily.

BASEL II Pillar 3 Disclosures

8. Liquidity Risk (continued)

8.1 Liquidity Risk Management Objectives and Policies (continued)

Liquidity risk is the risk of inability of a bank to fund increases in assets and meet obligations as they come due, without incurring unacceptable losses. Liquidity risk includes the inability to manage sudden decreases or changes in funding sources. Liquidity risk also arises from the failure to recognise changes in market conditions that affect the ability to liquidate assets quickly and with minimal loss in value.

The Liquidity Risk Management Framework governs the liquidity risk management activities of the Group and the Bank. The objective of liquidity risk management is to ensure that there are sufficient funds to meet contractual and regulatory obligations without incurring unacceptable losses as well as to undertake new transactions. The Group's and the Bank's liquidity management process involves establishing liquidity risk management policies and prudential thresholds, liquidity risk threshold monitoring, stress testing and establishing contingency funding plans. These building blocks of liquidity risk management are subject to regular reviews to ensure relevance in the context of prevailing market conditions and regulatory landscape.

8.2 Liquidity Risk Measurement, Control and Monitoring

The Group's and the Bank's short term liquidity risk management is premised on BNM's Liquidity Coverage Ratio ('LCR') standards. The LCR is a quantitative requirement which seeks to ensure that the Group and the Bank holds sufficient High Quality Liquid Assets ('HQLA') to withstand a significant liquidity stress scenario over a 30-day horizon.

Long-term liquidity risk profile is assessed via the Net Stable Funding Ratio ('NSFR') which promotes resilience over a longer time horizon for the Group and the Bank to fund its activities with more stable sources of funding on an ongoing basis.

The Group and the Bank also employ a set of liquidity risk indicators as an early alert of any structural change for liquidity risk management. The liquidity risk indicators include internal and external qualitative as well as quantitative indicators.

Liquidity stress tests are conducted periodically and on ad-hoc basis to gauge the Group's and the Bank's resilience in the event of a liquidity disruption.

The Contingency Funding Plan provides a systematic approach in handling liquidity disruption. The document encompasses strategies, decision-making authorities, and courses of action to be taken in the event of liquidity crisis and emergencies, enabling the Group and the Bank to respond to an unexpected liquidity disruption in an effective and efficient manner.

GBRMC endorses all policies and changes relating to liquidity risk management prior to the Board's approval. The strategic management of liquidity has been delegated to the GALCO. GBRMC is informed regularly on the liquidity position of the Group and the Bank.

BASEL II Pillar 3 Disclosures

9. Operational Risk

9.1 Operational Risk Management Objectives and Policies

Operational risk is defined as the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. The definition includes legal risk, and exposure to litigation from all aspects of the Group's and the Bank's activities but excludes strategic and reputational risks. Management of operational risk also encompasses outsourcing.

The Group Operational Risk Management ('GORM') Policy governs the management of operational risk across the Group and the Bank. GBRMC endorses all policies changes relating to operational risk prior to Board's approval. GMC-GRC supports GBRMC in the review and monitoring of operational risk and establishes a forum to discuss and manage all aspects of operational risk, including control lapses.

The GORM is a function within the GRM that operates in an independent capacity to facilitate Business and/or Support Units in managing the risks in activities associated with the operational function of the Group and the Bank.

9.2 Application of Basic Indicator Approach for Operational Risk

The Group and the Bank adopt 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.

9.3 Operational Risk Measurement, Control and Monitoring

Operational risks are managed daily through established systems and processes to ensure compliance with policies, guidelines and control procedures.

The Group and the Bank employ the following operational risk tools for risk and control identification and assessment:

- Risk Control Self-Assessment ('RCSA')
- Control Self Testing ('CST')

Note: Refers to a process of assisting Business and/or Support Units to identify and assess their key operational risks and controls, inherent risk rating, control effectiveness and residual risk rating.

- Key Risk Indicator ('KRI')

Note: Refers to a process of monitoring and managing key operational risk exposures over time and measured against a set of threshold levels (Red, Amber & Green).

BASEL II Pillar 3 Disclosures

9. Operational Risk (continued)

9.3 Operational Risk Measurement, Control and Monitoring (continued)

- Operational Risk Event Reporting ('ORER')

Note: Refers to a process of evaluating, reporting and monitoring operational risk event resulting from inadequate or failed internal processes, people and systems, or from external events.

- Scenario Analysis ('ScAn')

Note: Refers to a process of developing plausible operational risk scenarios under which the identified major operational risks could materialize, evaluate the control effectiveness, estimate the probability of occurrence as well as severity of the impact, and readiness of the Group and the Bank in response to the scenario.

Introduction of new or enhanced products or services are evaluated to assess potential operational risks, mitigating controls and the operational readiness.

The Group and the Bank adopt the Three Lines of Defence ('3-LOD') model to ensure segregation of key roles and responsibilities between Business and/or Support Units and GORM as the independent oversight function in managing operational risk. As part of the first Line of Defence, Business Risk and Compliance Manager ('BRCM') is appointed as champions of Operational Risk Management ('ORM') activities within their respective Business and/or Support Units. BRCM is responsible for the reporting of ORM activities and acts as a point of liaison with GORM on all operational lapses and results.

10. Technology Risk

10.1 Technology Risk Objectives and Policies

Technology risk refers to any risks emanating from technology failures and cyber threats that may disrupt the Group's and the Bank's business such as failures of information technology ('IT') systems, applications, platforms or infrastructures including threats or vulnerabilities exposed from external network or Internet, which could result in financial loss, financial services disruption or the operations of the Group and the Bank. Failures or errors in any of the elements above could also lead to adverse reputational impact to the Group and the Bank.

BASEL II Pillar 3 Disclosures

10. Technology Risk (continued)

10.1 Technology Risk Objectives and Policies (continued)

GBITC represents the Board committee to oversee and review the formulation of IT and digital strategies, costs and planning, including the financial, tactical and strategic benefits of proposed major IT and operational related initiatives. This includes oversight, guidance and endorsement in the formulation of Technology Risk Management / Cyber Resilience Framework, risk appetite, KRIs, other associated IT/cyber security policies, major IT

initiatives, technology architecture decisions, IT expenditure and IT priorities as well as overall IT performance for the Group and the Bank.

The Group Technology Risk Management Framework and Cyber Resilience Framework governs the management of technology risk across the Group and the Bank.

The technology risk management function within GRM manages the risks associated with technology risk of the Group and the Bank. GMC supports GBRMC in the review and monitoring of technology risks and provides the forum to discuss and manage all aspects of technology risk. GBRMC is responsible to provide oversight of overall technology related matters of the Group and the Bank.

10.2 Technology Risk Measurement, Control and Monitoring

The Group and the Bank use risk identification and assessment to determine the extent of the potential threat and the risk associated with an IT system throughout its System Development Life Cycle ('SDLC'). The output of this process helps to identify appropriate controls for reducing or eliminating risk during the risk mitigation process.

Technology risk controls encompass the use of technical and non-technical methods. Technical controls are safeguards that are incorporated into computer hardware, software, or firmware (i.e. access control mechanisms, identification and authentication mechanisms, encryption methods, intrusion detection software). Non-technical controls are management and operational controls, such as security policies, operational procedures and personnel, physical and environmental security.

Technology Risk Management reports are produced periodically for the respective stakeholders and committees.

BASEL II Pillar 3 Disclosures

11. Shariah Non-Compliance Risk

11.1 Shariah Non-Compliance Risk Objectives and Policies

Shariah non-compliance ('SNC') is the risk of legal or regulatory sanctions, financial loss or non-financial implications including reputational damage, which the Group and the Bank may suffer arising from the failure to comply with the rulings of the Shariah Advisory Council of Bank Negara Malaysia ('SAC'), standards on Shariah matters issued by BNM pursuant to Section 29(1) of the Islamic Financial Services Act, or decisions or advice of the Shariah Committee.

BNM's policy document on Shariah governance together with the Group and the Bank's internal Shariah Governance Policy and Shariah Risk Management Policy are the main references for the Shariah risk management process within the Group and the Bank.

AFFIN Islamic's Shariah Committee is established to provide objective and sound advice to the management to ensure that the aims and operations, business, affairs and activities are in compliance with Shariah.

Shariah Risk Management is part of an integrated risk management that systematically identify, measure, monitor and report Shariah non-compliance risks in the operations, business, affairs and activities of the Group and the Bank.

For Shariah governance disclosure, please refer to the Group's and the Bank's 2023 Annual Report under section "Shariah Supervision and Compliance Framework".

11.2 Shariah Non-Compliance Risk Measurement, Control and Monitoring

SNC risk is proactively managed via the following risk tools:

- i. SNC Loss Event Reporting ('LER') ensure effective and timely SNC internal reporting process;
- ii. SNC Risk and Control Self-Assessment ('RCSA') assists business/support unit within the Bank to identify and assess key SNC risks and controls;
- iii. SNC Key Risk Indicator ('KRI') facilitates business/support unit within the Bank to measure and monitor a residual risk from the Risk and Control Self-Assessment; and
- iv. SNC Key Control Self-Assessment ('KCSA') facilitates business/support unit within the Bank to assess the effectiveness of control measures.

BASEL II Pillar 3 Disclosures

11. Shariah Non-Compliance Risk (continued)

11.3 Shariah Non-Compliance Income During The Year

	The Group	
	2023	2022
	RM'000	RM'000
Shariah Non-Compliance Income	-	-

12. Business Continuity Risk

12.1 Business Continuity Risk Objectives and Policies

Business continuity risk is the risk of losses in assets, revenue, reputation and stakeholder/customer confidence due to the discontinuation of services in both business and technology operations.

The Group Business Continuity Management Policy governs the management of business continuity issues, in line with BNM, PayNet, Bursa Malaysia and Securities Commission Malaysia Guidelines on Business Continuity Management ('BCM').

GBRMC endorses all policies and changes relating to business continuity management prior to the Board's approval. It also reviews, monitors and discusses business continuity management reports tabled at its meetings. Group Business Continuity Management Committee ('GBCMC') supports GBRMC in the review and monitoring of business continuity risk and provides the forum to discuss and manage all aspects of operational risk including control lapses.

The BCM function is responsible overseeing the management of the overall business continuity risk including facilitation of the crisis management.

12.2 Business Continuity Risk Measurement, Control and Monitoring

Annual Risk Assessment and Business Impact Analysis are made compulsory for each business and support unit in the Group and the Bank to undertake. The outcome of this assessment will translate into a risks listing that require business and support units to derive action plans to address the risks.

Risk control is established through adherence with established BCM guidelines and standards throughout the implementation of BCM programs. Rigorous testing on business continuity and disaster recovery plans are diligently performed to ensure effective and smooth execution of the plan for resumption and recovery of disrupted business.

BASEL II Pillar 3 Disclosures

12. Business Continuity Risk (continued)

12.2 Business Continuity Risk Measurement, Control and Monitoring (continued)

Policies and processes are in place to support the monitoring and reporting of business continuity risks.

13. Equities in The Banking Book

The Group's and the Bank's banking book equity investment consists of:

- Investments held for yield and/or long term capital gains; and
- Strategic stakes in entities held as part of growth initiatives and/or held for socio-economic reasons.

Accounting for Equity Holdings in the Banking Book

All equities are held at fair value. For quoted equities, fair value is estimated based on quoted or observable market price at the end of the reporting period. For unquoted equities, the fair value is estimated using approved valuation techniques.

Any gains and losses arising from the returns and changes in fair value of these equities holdings are reflected in the revaluation reserve and statement of income accordingly.

The details of fair value of financial instruments are disclosed in Note 51 of the Group's and the Bank's 2023 Annual Report.

The Group	2023		2022	
	Fair Value RM'000	Risk Weighted Assets RM'000	Fair Value RM'000	Risk Weighted Assets RM'000
Type of Equity Investments				
Privately held	245,640	245,672	230,918	230,945
Publicly traded	-	-	-	-
Total	245,640	245,672	230,918	230,945
			2023	2022
			RM'000	RM'000
Cumulative realised gains/(losses) from sales and liquidations of equity investments			-	12,175
Total unrealised gains/(losses) in other comprehensive income			14,726	20,623

BASEL II Pillar 3 Disclosures

13. Equities in The Banking Book (continued)

The Bank	2023		2022	
	Fair Value RM'000	Risk Weighted Assets RM'000	Fair Value RM'000	Risk Weighted Assets RM'000
Type of Equity Investments				
Privately held	220,875	220,913	206,993	207,030
Publicly traded	-	-	-	-
Total	220,875	220,913	206,993	207,030
			2023 RM'000	2022 RM'000
Cumulative realised gains/(losses) from sales and liquidations of equity investments			-	9,000
Total unrealised gains/(losses) in other comprehensive income			13,882	18,205

BASEL II Pillar 3 Disclosures

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

The following information concerning the Group 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)

The Group
31.12.2023

	Exposure Class	Gross Exposures /EAD before CRM	Net Exposures /EAD after CRM	Risk Weighted Assets	Minimum Capital Requirements at 8%
1	<u>CREDIT RISK</u>				
	<u>On Balance Sheet Exposures</u>				
	Corporates	28,933,732	27,105,646	22,888,173	1,831,054
	Regulatory Retail	27,962,281	26,502,992	19,744,019	1,579,522
	Other Assets	5,304,673	5,304,673	2,737,555	219,004
	Sovereigns/Central Banks	22,308,954	22,308,954	215,033	17,202
	Banks, Development Financial Institutions & MDBs	6,293,837	6,290,262	1,483,294	118,664
	Insurance/Takaful Companies, Securities Firms & Fund Managers	53,337	53,337	25,184	2,015
	Residential Mortgages	12,810,207	12,793,856	7,027,546	562,203
	Higher Risk Assets	45,213	45,213	67,819	5,426
	Defaulted Exposures	819,254	816,545	1,028,625	82,290
	Total for On-Balance Sheet Exposures	104,531,488	101,221,478	55,217,248	4,417,380

BASEL II Pillar 3 Disclosures

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

The Group

31.12.2023

	Exposure Class	Gross Exposures /EAD before CRM	Net Exposures /EAD after CRM	Risk Weighted Assets	Minimum Capital Requirements at 8%	
1	<u>CREDIT RISK (continued)</u>					
	<u>Off Balance Sheet Exposures</u>					
	Over-the-counter (“OTC”) derivatives	1,354,409	1,354,408	524,579	41,966	
	Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	9,581,820	6,714,711	3,797,872	303,830	
	Defaulted Exposures	41,116	41,115	60,943	4,875	
	Total for Off-Balance Sheet Exposures	10,977,345	8,110,234	4,383,394	350,671	
	Total for On and Off-Balance Sheet Exposures	115,508,833	109,331,712	59,600,642	4,768,051	
2	<u>MARKET RISK</u>	Long Position	Short Position			
	Interest Rate/Rate of Return Risk	58,216,154	57,203,775	1,012,379	1,252,134	100,171
	Equity Position Risk	89,122	976	88,146	252,365	20,189
	Foreign Currency Risk	2,570,068	2,710,802	(140,736)	324,046	25,924
	Option Risk	625	7,687	(7,062)	113	9
	TOTAL MARKET RISK	60,875,969	59,923,240		1,828,658	146,293
3	<u>OPERATIONAL RISK</u>					
	Operational Risk			4,029,830	322,386	
Total RWA and Capital Requirements				65,459,130	5,236,730	

BASEL II Pillar 3 Disclosures

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

The Group
 2022

	Exposure Class	Gross Exposures /EAD before CRM	Net Exposures /EAD after CRM	Risk Weighted Assets	Minimum Capital Requirements at 8%
1	<u>CREDIT RISK</u>				
	<u>On Balance Sheet Exposures</u>				
	Corporates	28,559,769	26,660,589	23,482,599	1,878,609
	Regulatory Retail	20,827,203	19,637,350	14,633,338	1,170,668
	Other Assets	4,578,409	4,578,409	2,453,093	196,247
	Sovereigns/Central Banks	19,453,769	19,453,769	88,879	7,110
	Banks, Development Financial Institutions & MDBs	2,730,380	2,726,977	675,079	54,006
	Insurance/Takaful Companies, Securities Firms & Fund Managers	51,869	51,869	23,716	1,897
	Residential Mortgages	12,099,523	12,079,842	6,807,787	544,623
	Higher Risk Assets	32,370	32,369	48,552	3,884
	Defaulted Exposures	763,372	750,378	957,746	76,620
	Total for On-Balance Sheet Exposures	89,096,664	85,971,552	49,170,789	3,933,664

BASEL II Pillar 3 Disclosures

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

The Group
 2022

	Exposure Class	Gross Exposures /EAD before CRM		Net Exposures /EAD after CRM	Risk Weighted Assets	Minimum Capital Requirements at 8%
1	<u>CREDIT RISK (continued)</u>					
	<u>Off Balance Sheet Exposures</u>					
	Over-the-counter (“OTC”) derivatives	1,134,742		1,134,741	443,240	35,460
	Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	10,147,106		7,312,133	3,346,445	267,716
	Defaulted Exposures	15,762		15,347	22,149	1,772
	Total for Off-Balance Sheet Exposures	11,297,610		8,462,221	3,811,834	304,948
	Total for On and Off-Balance Sheet Exposures	100,394,274		94,433,773	52,982,623	4,238,612
2	<u>MARKET RISK</u>	Long Position	Short Position			
	Interest Rate/Rate of Return Risk	37,004,137	37,209,427	(205,290)	471,237	37,699
	Equity Position Risk	34,631	154	34,477	94,190	7,535
	Foreign Currency Risk	2,977,196	2,968,764	8,432	65,638	5,251
	Option Risk	-	-	-	-	-
	TOTAL MARKET RISK	40,015,964	40,178,344		631,065	50,485
3	<u>OPERATIONAL RISK</u>					
	Operational Risk				3,951,028	316,082
Total RWA and Capital Requirements					57,564,716	4,605,179

BASEL II Pillar 3 Disclosures

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

The Bank

31.12.2023

	Exposure Class	Gross Exposures /EAD before CRM	Net Exposures /EAD after CRM	Risk Weighted Assets	Minimum Capital Requirements at 8%
1	<u>CREDIT RISK</u>				
	<u>On Balance Sheet Exposures</u>				
	Corporates	19,343,108	18,813,457	16,455,014	1,316,401
	Regulatory Retail	17,535,126	17,425,168	12,994,098	1,039,528
	Other Assets	4,074,512	4,074,512	2,345,932	187,675
	Sovereigns/Central Banks	11,089,320	11,089,320	155,279	12,422
	Banks, Development Financial Institutions & MDBs	6,933,584	6,932,743	1,739,419	139,154
	Insurance Companies, Securities Firms & Fund Managers	15,812	15,812	3,812	305
	Residential Mortgages	3,084,139	3,077,005	1,489,789	119,183
	Higher Risk Assets	34,673	34,673	52,009	4,161
	Defaulted Exposures	639,523	639,465	845,212	67,617
	Total for On-Balance Sheet Exposures	62,749,797	62,102,155	36,080,564	2,886,445

BASEL II Pillar 3 Disclosures

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

The Bank

31.12.2023

	Exposure Class	Gross Exposures /EAD before CRM	Net Exposures /EAD after CRM	Risk Weighted Assets	Minimum Capital Requirements at 8%
1	<u>CREDIT RISK (continued)</u>				
	<u>Off Balance Sheet Exposures</u>				
	Over-the-counter (“OTC”) derivatives	962,415	962,415	370,864	29,669
	Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	7,174,138	4,361,168	2,503,687	200,295
	Defaulted Exposures	39,082	39,082	58,538	4,683
	Total for Off-Balance Sheet Exposures	8,175,635	5,362,665	2,933,089	234,647
	Total for On and Off-Balance Sheet Exposures	70,925,432	67,464,820	39,013,653	3,121,092
2	<u>MARKET RISK</u>	Long Position	Short Position		
	Interest Rate Risk	43,266,464	42,317,469	948,995	72,475
	Foreign Currency Risk	165,595	324,195	(158,601)	25,936
	Option Risk	-	-	-	-
	TOTAL MARKET RISK	43,432,059	42,641,664	1,230,139	98,411
3	<u>OPERATIONAL RISK</u>				
	Operational Risk			2,063,846	165,108
Total RWA and Capital Requirements				42,307,638	3,384,611

BASEL II Pillar 3 Disclosures

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

The Bank
 2022

	Exposure Class	Gross Exposures /EAD before CRM	Net Exposures /EAD after CRM	Risk Weighted Assets	Minimum Capital Requirements at 8%
1	<u>CREDIT RISK</u>				
	<u>On Balance Sheet Exposures</u>				
	Corporates	17,537,951	16,956,859	15,255,073	1,220,406
	Regulatory Retail	14,289,195	14,189,511	10,570,540	845,643
	Other Assets	3,486,578	3,486,578	2,098,469	167,878
	Sovereigns/Central Banks	9,618,741	9,618,741	88,879	7,110
	Banks, Development Financial Institutions & MDBs	3,017,727	3,016,987	1,029,956	82,396
	Insurance Companies, Securities Firms & Fund Managers	15,426	15,426	3,426	274
	Residential Mortgages	2,972,292	2,962,907	1,428,025	114,242
	Higher Risk Assets	24,597	24,596	36,893	2,951
	Defaulted Exposures	606,888	600,267	797,029	63,762
	Total for On-Balance Sheet Exposures	51,569,395	50,871,872	31,308,290	2,504,662

BASEL II Pillar 3 Disclosures

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

The Bank
 2022

	Exposure Class	Gross Exposures /EAD before CRM		Net Exposures /EAD after CRM	Risk Weighted Assets	Minimum Capital Requirements at 8%
		Long Position	Short Position			
1	<u>CREDIT RISK (continued)</u>					
	<u>Off Balance Sheet Exposures</u>					
	Over-the-counter (“OTC”) derivatives	860,021		860,021	293,122	23,450
	Off Balance Sheet Exposures other than OTC derivatives or credit derivatives	8,852,609		6,062,965	2,344,036	187,523
	Defaulted Exposures	15,212		14,797	21,847	1,748
	Total for Off-Balance Sheet Exposures	9,727,842		6,937,783	2,659,005	212,721
	Total for On and Off-Balance Sheet Exposures	61,297,237		57,809,655	33,967,295	2,717,383
2	<u>MARKET RISK</u>					
	Interest Rate Risk	27,620,522	27,834,865	(214,343)	389,880	31,190
	Foreign Currency Risk	13,654	4,771	8,882	13,654	1,092
	Option Risk	-	-	-	-	-
	TOTAL MARKET RISK	27,634,175	27,839,636		403,534	32,283
3	<u>OPERATIONAL RISK</u>					
	Operational Risk				1,858,354	148,668
Total RWA and Capital Requirements					36,229,183	2,898,334

BASEL II Pillar 3 Disclosures

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

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

- a) Foreign Exchange ('FX')
- b) Interest/Profit Rate Swap ('IRS/IPRS')
- c) Cross Currency Swap ('CCS')
- d) Fixed Income Instruments (i.e. Corporate Bonds / 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)

The Group

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	Insurance/Takaful Companies, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Specialised Financing /Investment	Securitisation	Equity		
0%	23,125,230	-	-	-	-	-	-	-	1,802,961	-	-	-	24,928,191	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	1,019,549	-	6,849,174	35,191	5,243,530	246,309	-	-	955,194	-	-	-	14,348,947	2,869,789
35%	-	-	-	-	-	-	6,664,322	-	-	-	-	-	6,664,322	2,332,513
50%	380,409	-	1,113,414	-	254,269	28,672	3,147,190	115	-	-	-	-	4,924,069	2,462,035
75%	-	-	-	-	-	27,325,615	30,819	-	-	-	-	-	27,356,434	20,517,325
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	129,203	-	11,331	115,595	24,367,478	59,949	3,261,214	-	2,546,517	-	-	-	30,491,287	30,491,287
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	9,791	-	326,427	226,096	-	56,148	-	-	-	-	618,462	927,693
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
937.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Average Risk Weight													-	55%
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total	24,654,391	-	7,983,710	150,786	30,191,704	27,886,641	13,103,545	56,263	5,304,672	-	-	-	109,331,712	59,600,642

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)

The Group
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	Insurance/Takaful Companies, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Specialised Financing /Investment	Securitisisation	Equity		
0%	22,339,518	-	-	-	-	-	-	-	1,593,369	-	-	-	23,932,887	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	55,860	-	3,449,083	35,191	3,948,548	173,434	-	-	664,933	-	-	-	8,327,049	1,665,410
35%	-	-	-	-	-	-	6,374,218	-	-	-	-	-	6,374,218	2,230,976
50%	177,759	-	751,579	-	170,572	11,490	2,646,492	-	-	-	-	-	3,757,892	1,878,946
75%	-	-	-	-	-	20,485,756	31,635	-	-	-	-	-	20,517,391	15,388,043
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	66,491	-	8,453	133,290	24,973,739	67,966	3,364,467	-	2,320,107	-	-	-	30,934,513	30,934,513
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	465,720	84,725	-	39,378	-	-	-	-	589,823	884,735
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
937.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Average Risk Weight													-	56%
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total	22,639,628	-	4,209,115	168,481	29,558,579	20,823,371	12,416,812	39,378	4,578,409	-	-	-	94,433,773	52,982,623

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)

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	Insurance Companies, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Specialised Financing /Investment	Securitisation	Equity		
0%	11,902,280	-	-	-	-	-	-	-	1,260,176	-	-	-	13,162,456	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	97,506	-	6,820,248	15,000	2,880,439	140,083	-	585,505	-	-	-	-	10,538,781	2,107,756
35%	-	-	-	-	-	-	2,003,911	-	-	-	-	-	2,003,911	701,369
50%	271,886	-	1,455,253	-	194,957	19,194	589,293	115	-	-	-	-	2,530,698	1,265,349
70%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
75%	-	-	-	-	-	18,273,023	28,672	-	-	-	-	-	18,301,695	13,726,271
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	129,203	-	11,331	44,624	17,405,877	34,896	501,263	-	2,228,831	-	-	-	20,356,025	20,356,025
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	9,791	-	295,024	224,939	-	41,501	-	-	-	-	571,255	856,883
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
937.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Average Risk Weight													-	58%
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total	12,400,875	-	8,296,623	59,624	20,776,297	18,692,135	3,123,139	41,616	4,074,512	-	-	-	67,464,821	39,013,653

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)

The Bank
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	Insurance Companies, Securities Firms & Fund Managers	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Specialised Financing /Investment	Securitisations	Equity		
0%	12,495,191	-	-	-	-	-	-	-	1,115,187	-	-	-	13,610,378	-
10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20%	810	-	2,643,815	15,000	2,125,268	131,827	-	-	341,152	-	-	-	5,257,872	1,051,575
35%	-	-	-	-	-	-	2,018,903	-	-	-	-	-	2,018,903	706,616
50%	177,759	-	1,657,869	-	93,156	9,821	478,617	-	-	-	-	-	2,417,222	1,208,611
75%	-	-	-	-	-	15,021,910	26,174	-	-	-	-	-	15,048,084	11,286,063
90%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100%	66,491	-	8,453	48,049	16,262,327	40,233	486,932	-	2,030,240	-	-	-	18,942,725	18,942,724
110%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150%	-	-	-	-	401,613	84,274	-	28,584	-	-	-	-	514,471	771,706
270%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
400%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
625%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
937.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1250%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Average Risk Weight													-	59%
Deduction from Capital Base	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total	12,740,251	-	4,310,137	63,049	18,882,364	15,288,065	3,010,626	28,584	3,486,579	-	-	-	57,809,655	33,967,295

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)

The Group 31.12.2023 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)		-	-	-	-	-
Insurance/Takaful Companies, Securities Firms & Fund Managers		20,191	-	-	-	130,595
Corporates		2,195,749	57,945	11,514	1	29,933,719
Total		2,215,940	57,945	11,514	1	30,064,314

The Group 31.12.2022 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)		-	-	-	-	-
Insurance/Takaful Companies, Securities Firms & Fund Managers		20,191	-	-	-	148,290
Corporates		1,274,482	37,814	11,512	-	30,321,665
Total		1,294,673	37,814	11,512	-	30,469,955

BASEL II Pillar 3 Disclosures

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

The Bank 31.12.2023 Exposure Class	Ratings of Corporate by Approved ECAIs					
	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/Insurance Companies, Securities Firms & Fund Managers		-	-	-	-	59,624
Corporates		108,808	37,801	11,514	-	21,278,012
Total		108,808	37,801	11,514	-	21,337,636

The Bank 31.12.2022 Exposure Class	Ratings of Corporate by Approved ECAIs					
	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)		-	-	-	-	-
Insurance Companies, Securities Firms & Fund Managers		-	-	-	-	63,049
Corporates		109,315	27,752	11,512	-	19,456,303
Total		109,315	27,752	11,512	-	19,519,352

BASEL II Pillar 3 Disclosures

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

The Group
31.12.2023

Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	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		15,545,558	1,096,870	108,523	271,886	-	7,631,554
Total		15,545,558	1,096,870	108,523	271,886	-	7,631,554

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		5,444,895	346,912	138,982	12,213	1	4,693,477
Total		5,444,895	346,912	138,982	12,213	1	4,693,477

BASEL II Pillar 3 Disclosures

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

The Group
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
<u>On and Off-Balance-Sheet Exposures</u> Sovereigns and Central Banks		15,718,494	1,450,764	-	177,759	-	5,292,611
Total		15,718,494	1,450,764	-	177,759	-	5,292,611

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		3,888,444	244,980	78,370	18,520	-	2,608,246
Total		3,888,444	244,980	78,370	18,520	-	2,608,246

BASEL II Pillar 3 Disclosures

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

The Bank
 31.12.2023

Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	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	-	10,001,258	1,069,408	-	271,886	-	1,058,323
Total		10,001,258	1,069,408	-	271,886	-	1,058,323

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	-	3,829,275	192,602	138,982	12,213	-	6,773,587
Total		3,829,275	192,602	138,982	12,213	-	6,773,587

BASEL II Pillar 3 Disclosures

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

The Bank
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
<u>On and Off-Balance-Sheet Exposures</u> Sovereigns and Central Banks		10,662,149	909,660	-	177,759	-	990,683
Total		10,662,149	909,660	-	177,759	-	990,683

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		3,040,232	92,813	78,370	18,520	-	3,706,984
Total		3,040,232	92,813	78,370	18,520	-	3,706,984

BASEL II Pillar 3 Disclosures

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

The Group
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	22,308,954	-	-	-
Banks, Development Financial Institutions & MDBs	6,293,837	-	3,574	-
Insurance/Takaful Companies, Securities Firms & Fund Managers	53,337	-	-	-
Corporates	28,933,732	1,198,751	1,828,087	-
Regulatory Retail	27,962,281	245,346	1,459,288	-
Residential Mortgages	12,810,207	-	16,351	-
Higher Risk Assets	45,213	-	-	-
Other Assets	5,304,673	-	-	-
Defaulted Exposures	819,254	3,622	2,710	-
Total for On-Balance Sheet Exposures	104,531,488	1,447,719	3,310,010	-
<u>Off-Balance Sheet Exposures</u>				
Over-the-counter("OTC") derivatives	1,354,409	-	-	-
Off-Balance sheet exposures other than OTC derivatives or credit derivatives	9,581,820	25,158	2,867,111	-
Defaulted Exposures	41,116	-	-	-
Total for Off-Balance Sheet Exposures	10,977,345	25,158	2,867,111	-
Total On and Off-Balance Sheet Exposures	115,508,833	1,472,877	6,177,121	-

BASEL II Pillar 3 Disclosures

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

The Group
2022

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	19,453,769	-	-	-
Banks, Development Financial Institutions & MDBs	2,730,380	-	3,403	-
Insurance/Takaful Companies, Securities Firms & Fund Managers	51,869	-	-	-
Corporates	28,559,769	1,176,345	1,899,180	-
Regulatory Retail	20,827,203	171,777	1,189,853	-
Residential Mortgages	12,099,523	-	19,681	-
Higher Risk Assets	32,370	-	-	-
Other Assets	4,578,409	-	-	-
Defaulted Exposures	763,372	4,164	12,996	-
Total for On-Balance Sheet Exposures	89,096,664	1,352,286	3,125,113	-
<u>Off-Balance Sheet Exposures</u>				
Over-the-counter (“OTC”) derivatives	1,134,742	-	-	-
Off-Balance sheet exposures other than OTC derivatives or credit derivatives	10,147,106	25,855	2,834,973	-
Defaulted Exposures	15,762	96	415	-
Total for Off-Balance Sheet Exposures	11,297,610	25,951	2,835,388	-
Total On and Off-Balance Sheet Exposures	100,394,274	1,378,237	5,960,501	-

BASEL II Pillar 3 Disclosures

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

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	11,089,320	-	-	-
Public Sector Entities	-	-	-	-
Banks, Development Financial Institutions & MDBs	6,933,584	-	841	-
Insurance Companies, Securities Firms & Fund Managers	15,812	-	-	-
Corporates	19,343,108	1,009,603	529,639	-
Regulatory Retail	17,535,126	139,831	109,958	-
Residential Mortgages	3,084,139	-	7,134	-
Higher Risk Assets	34,673	-	-	-
Other Assets	4,074,512	-	-	-
Defaulted Exposures	639,523	2,652	59	-
Total for On-Balance Sheet Exposures	62,749,797	1,152,086	647,631	-
<u>Off-Balance Sheet Exposures</u>				
Over-the-counter (“OTC”) derivatives	962,415	-	-	-
Off-Balance sheet exposures other than OTC derivatives or credit derivatives	7,174,138	3,997	2,812,980	-
Defaulted Exposures	39,082	-	0	-
Total for Off-Balance Sheet Exposures	8,175,635	3,997	2,812,980	-
Total On and Off-Balance Sheet Exposures	70,925,432	1,156,083	3,460,611	-

BASEL II Pillar 3 Disclosures

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

The Bank
2022

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	9,618,741	-	-	-
Banks, Development Financial Institutions & MDBs	3,017,727	-	740	-
Insurance Companies, Securities Firms & Fund Managers	15,426	-	-	-
Corporates	17,537,951	932,753	581,093	-
Regulatory Retail	14,289,195	130,170	99,684	-
Residential Mortgages	2,972,292	-	9,385	-
Higher Risk Assets	24,597	-	-	-
Other Assets	3,486,578	-	-	-
Defaulted Exposures	606,888	3,566	6,621	-
Total for On-Balance Sheet Exposures	51,569,395	1,066,489	697,523	-
<u>Off-Balance Sheet Exposures</u>				
Over-the-counter (“OTC”) derivatives	860,021	-	-	-
Off-Balance sheet exposures other than OTC derivatives or credit derivatives	8,852,609	12,488	2,789,644	-
Defaulted Exposures	15,212	96	415	-
Total for Off-Balance Sheet Exposures	9,727,842	12,584	2,790,059	-
Total On and Off-Balance Sheet Exposures	61,297,237	1,079,073	3,487,582	-

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 Group and the Bank at the time of default.

In contrast to the exposure to credit risk through a lending/financing, where the exposure to credit risk is unilateral and only the lending/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.

BASEL II Pillar 3 Disclosures

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

The Group
31.12.2023

Description	Total Principal Amount	Positive Fair Value of Derivative Contracts	Total Credit Equivalent Amount	Total Risk Weighted Amount
Direct Credit Substitutes	528,246		528,245	494,592
Transaction related contingent items	1,385,471		680,360	625,540
Short Term Self Liquidating trade related contingencies	4,620,093		924,019	208,024
Forward Asset Purchases	-			
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions. (i.e. repurchase / reverse repurchase and securities lending / borrowing transactions.	3,619,584		4,259,454	85,968
Foreign exchange related contracts				
One year or less	48,727,877	315,996	877,661	348,355
Over one year to five years	326,890	5,822	28,995	20,096
Interest/Profit rate related contracts				
One year or less	2,577,284	17,187	5,952	2,393
Over one year to five years	11,298,499	116,869	384,782	136,540
Over five years	757,264	14,564	57,016	17,196
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	2,826,847		1,411,690	1,070,154
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	7,383,227		1,476,644	1,121,744
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 borrower's creditworthiness	1,624,905		-	-
Unutilised credit card lines	1,712,631		342,526	252,793
Total	87,388,818	470,438	10,977,344	4,383,395

BASEL II Pillar 3 Disclosures

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

The Group
2022

Description	Total Principal Amount	Positive Fair Value of Derivative Contracts	Total Credit Equivalent Amount	Total Risk Weighted Amount
Direct Credit Substitutes	500,774		500,772	473,459
Transaction related contingent items	1,331,367		653,308	593,912
Short Term Self Liquidating trade related contingencies	413,248		82,650	37,582
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions. (i.e. repurchase / reverse repurchase and securities lending / borrowing transactions.	5,175,091		6,089,943	82,080
Foreign exchange related contracts				
One year or less	26,850,314	365,302	745,833	296,239
Over one year to five years	842,979	11,705	68,961	43,005
Over five years	-	-	-	-
Interest/Profit rate related contracts				
One year or less	2,535,790	9,886	7,719	2,694
Over one year to five years	7,155,483	89,613	255,234	84,010
Over five years	670,000	18,882	56,996	17,291
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	2,869,597		1,433,032	1,063,091
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	5,557,414		1,111,476	902,755
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 borrower's creditworthiness	1,279,899		-	-
Unutilised credit card lines	1,458,431		291,686	215,715
Total	56,640,387	495,389	11,297,610	3,811,834

BASEL II Pillar 3 Disclosures

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

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	370,153		370,153	338,863
Transaction related contingent items	840,151		420,076	368,438
Short Term Self Liquidating trade related contingencies	100,039		20,008	19,772
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions. (i.e. repurchase / reverse repurchase and securities lending / borrowing transactions.	3,619,584		4,259,454	85,968
Foreign exchange related contracts				
One year or less	40,095,245	224,749	640,783	271,874
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
Interest/Profit rate related contracts				
One year or less	1,907,284	16,810	4,830	1,925
Over one year to five years	7,734,449	94,384	266,819	83,386
Over five years	640,039	12,940	49,983	13,679
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	1,924,957		961,586	775,946
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	4,480,382		896,075	762,984
Unutilised credit card lines	1,429,339		285,868	210,253
Total	63,141,622	348,883	8,175,634	2,933,088

BASEL II Pillar 3 Disclosures

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

The Bank
2022

Description	Total Principal Amount	Positive Fair Value of Derivative Contracts	Total Credit Equivalent Amount	Total Risk Weighted Amount
Direct Credit Substitutes	381,708		381,706	354,493
Transaction related contingent items	854,221		427,110	368,650
Short Term Self Liquidating trade related contingencies	112,285		22,457	21,817
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions. (i.e. repurchase / reverse repurchase and securities lending / borrowing transactions.	5,175,091		6,089,943	82,080
Foreign exchange related contracts				
One year or less	21,557,832	304,009	612,311	220,807
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
Interest/Profit rate related contracts				
One year or less	1,595,790	8,221	4,889	1,626
Over one year to five years	4,995,483	76,404	185,825	53,398
Over five years	670,000	18,882	56,996	17,291
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	1,869,128		933,531	741,941
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	3,831,479		766,289	614,864
Unutilised credit card lines	1,233,927		246,785	182,040
Total	42,276,944	407,517	9,727,842	2,659,005

BASEL II Pillar 3 Disclosures

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

Interest rate/ rate of return risk is the risk to earnings and capital arising from exposure to adverse movements in interest/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 interest rate/ rate of return risk management is to achieve a stable and sustainable net interest/profit income from the following perspectives:

- 1) Next 12 months' Earnings - Interest rate/ rate of return risk from the earnings perspective is the impact based on changes to the net interest/profit income ('NII') over the next 12 months. This risk is measured through sensitivity analysis including the application of an instantaneous 100 basis point parallel shock in interest/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 Group's and 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 interest/profit rates.

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

When measuring the Interest Rate/Rate of Return Risk in the Banking Book as at 31 December 2023, behavioral models are employed specifically for portfolios or products exhibiting behavioral optionalities. The objective is to incorporate and analyze the behavioral patterns of customers or products concerning changes in interest rates, contributing to a comprehensive understanding of the interest rate risk profile within the banking book.

BASEL II Pillar 3 Disclosures

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

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

31.12.2023 Type of Currency (RM million)	The Group		The Group	
	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	81.6	(660.1)	(81.6)	660.1
US Dollar	(47.0)	(28.0)	47.0	28.0
Euro	(0.1)	0.1	0.1	(0.1)
Great Britain Pound	(2.8)	(2.6)	2.8	2.6
Australian Dollar	1.8	(3.1)	(1.8)	3.1
Singapore Dollar	(0.4)	0.2	0.4	(0.2)
Japanese Yen	(0.0)	0.0	0.0	(0.0)
Others (#)	(0.2)	(1.9)	0.2	1.9
Total	32.8	(695.6)	(32.8)	695.6

31.12.2022 Type of Currency (RM million)	The Group		The Group	
	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	23.5	(1,097.2)	(23.5)	1,097.2
US Dollar	(18.4)	(7.6)	18.4	7.6
Euro	0.0	0.2	(0.0)	(0.2)
Great Britain Pound	(0.0)	0.0	0.0	(0.0)
Australian Dollar	(0.2)	(0.5)	0.2	0.5
Singapore Dollar	(0.4)	0.0	0.4	(0.0)
Japanese Yen	(0.0)	0.0	0.0	(0.0)
Others (#)	(2.2)	0.2	2.2	(0.2)
Total	2.3	(1,104.9)	(2.3)	1,104.9

BASEL II Pillar 3 Disclosures

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

Others comprise of NZD and HKD currencies where the amount of each currency is relatively small.

31.12.2023 Type of Currency (RM million)	The Bank		The Bank	
	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	30.3	(369.2)	(30.3)	369.2
US Dollar	(43.8)	(25.1)	43.8	25.1
Euro	(0.1)	0.1	0.1	(0.1)
Great Britain Pound	(2.8)	(2.6)	2.8	2.6
Australian Dollar	1.8	(3.1)	(1.8)	3.1
Singapore Dollar	(0.4)	0.2	0.4	(0.2)
Japanese Yen	(0.0)	0.0	0.0	(0.0)
Others (#)	(0.5)	(0.7)	0.5	0.7
Total	(15.5)	(400.4)	15.5	400.4

31.12.2022 Type of Currency (RM million)	The Bank		The Bank	
	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	5.8	(635.8)	(5.8)	635.8
US Dollar	(16.4)	(9.7)	16.4	9.7
Euro	(0.0)	0.2	0.0	(0.2)
Great Britain Pound	0.0	0.0	(0.0)	(0.0)
Australian Dollar	(0.2)	(0.5)	0.2	0.5
Singapore Dollar	(0.4)	0.0	0.4	(0.0)
Japanese Yen	(0.0)	0.0	0.0	(0.0)
Others (#)	(2.1)	0.3	2.1	(0.3)
Total	(13.3)	(645.5)	13.3	645.5

Others comprise of NZD and HKD currencies where the amount of each currency is relatively small.