MBSB INVESTMENT BANK BERHAD (197501002077 / 23878-X)
(FORMERLY KNOWN AS MIDF AMANAH INVESTMENT BANK BERHAD)
(Incorporated in Malaysia)

BASEL II PILLAR 3 -
CAPITAL ADEQUACY FRAMEWORK DISCLOSURES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

MBSB INVESTMENT BANK BERHAD (197501002077 / 23878-X)
(FORMERLY KNOWN AS MIDF AMANAH INVESTMENT BANK BERHAD)
(Incorporated in Malaysia)

CONTENTS **PAGE**

1.0 OVERVIEW	1
2.0 CAPITAL	2-7
3.0 RISK MANAGEMENT	8-11
4.0 CREDIT RISK	12-33
5.0 MARKET RISK	34
6.0 EQUITY EXPOSURES IN BANKING BOOK	35
7.0 LIQUIDITY RISK	36
8.0 OPERATIONAL RISK	36
9.0 ATTESTATION	37

MBSB INVESTMENT BANK BERHAD (197501002077 / 23878-X)
(FORMERLY KNOWN AS MIDF AMANAH INVESTMENT BANK BERHAD)
(Incorporated in Malaysia)

1.0 OVERVIEW

The Pillar 3 Disclosure for the financial year ended 30 June 2025 for MBSB Investment Bank Berhad ("the Bank" or "MBSB Investment Bank") is in accordance with Bank Negara Malaysia's ("BNM") Risk Weighted Capital Adequacy Framework ("RWCAF") – Disclosures Requirements ("Pillar 3").

This supplements the related information in the Financial Statements for the financial year ended 30 June 2025 for the Bank.

The Bank has adopted the following approaches in determining the capital requirements in accordance with BNM's Guidelines on Risk-Weighted Assets:

- Credit Risk - Standardised Approach ("SA")
- Market Risk - Standardised Approach ("SA")
- Operational Risk - Standardised Approach ("SA")

1.1 MEDIUM AND LOCATION OF DISCLOSURES

The Pillar 3 Disclosure of the Bank is published as a separate report yearly and semi-anually: 30 June and 31 December. This disclosure will be made available under the Bank's website at www.midf.com.my.

1.2 BASIS OF DISCLOSURE

This Pillar 3 Disclosure is prepared in accordance with BNM's RWCAF Pillar 3 Guidelines and is to be read in conjunction with the Bank's Financial Statements for the financial year ended 30 June 2025.

The Pillar 3 discloses the Bank's assets both in terms of exposures and capital requirements, the information disclosed herein may not be directly comparable with the information in the Financial Statements 2025 published by the Bank.

Any discrepancies between the totals and sum of the components in the tables contained in the disclosures are due to summation method and then rounded up to the nearest thousands.

These disclosures have been reviewed and verified by an independent internal party and approved by the Board Audit Committee ("BAC") of the Bank, as delegated by the Board of Directors ("Board").

1.3 SCOPE OF APPLICATION

The Pillar 3 Disclosure is prepared based on information pertaining to MBSB Investment Bank only. The information of its subsidiary companies are not consolidated herewith. The Islamic banking financial services are offered via the Islamic banking operations under the Skim Perbankan Islam ("SPI") of the Bank.

The basis of consolidation is based on the principles of consolidation adopted in the preparation of the financial statements as disclosed in the notes to the Financial Statements for the financial period ended 30 June 2025 and differs from that used for regulatory capital reporting purposes. The investment in the subsidiary companies are deducted from the regulatory capital.

The subsidiary companies of the Bank are not subjected to any regulatory capital requirements as at the reporting date.

All information in the following paragraphs are based on the Bank's positions as at the reporting date.

2.0 CAPITAL

The primary objective of the Bank's capital management is to ensure that a strong credit rating and healthy capital ratios are maintained in order to support their business and maximise shareholder value.

The Bank manages its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Bank may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Bank monitors its capital using both leverage ratio (which is computed using Common Equity Tier 1 capital divided by total assets including off-balance sheet commitments) and risk-weighted capital adequacy ratio ("RWCR") (which is computed using capital base divided by total risk-weighted assets) as prescribed by BNM for licensed financial institutions in Malaysia.

2.1 INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS

In line with BNM's Capital Adequacy Framework – Internal Capital Adequacy Assessment Process ("ICAAP") (Pillar 2) of the Bank have instituted the ICAAP Framework (“ICCAPF”) with the objective to ensure that the Bank has maintained adequate capital to support its business strategies and operations. The ICAAPF aims to:

(a) Assess and the Bank's overall capital adequacy in relation to its risk profile.

(b) Develop strategies for maintaining appropriate capital levels consistent with the Bank's risk profile, strategic focus, and business plans.

(c) Identify all material risks and measure those risks that can be reliably quantified to determine their impact on the Bank's capital adequacy.

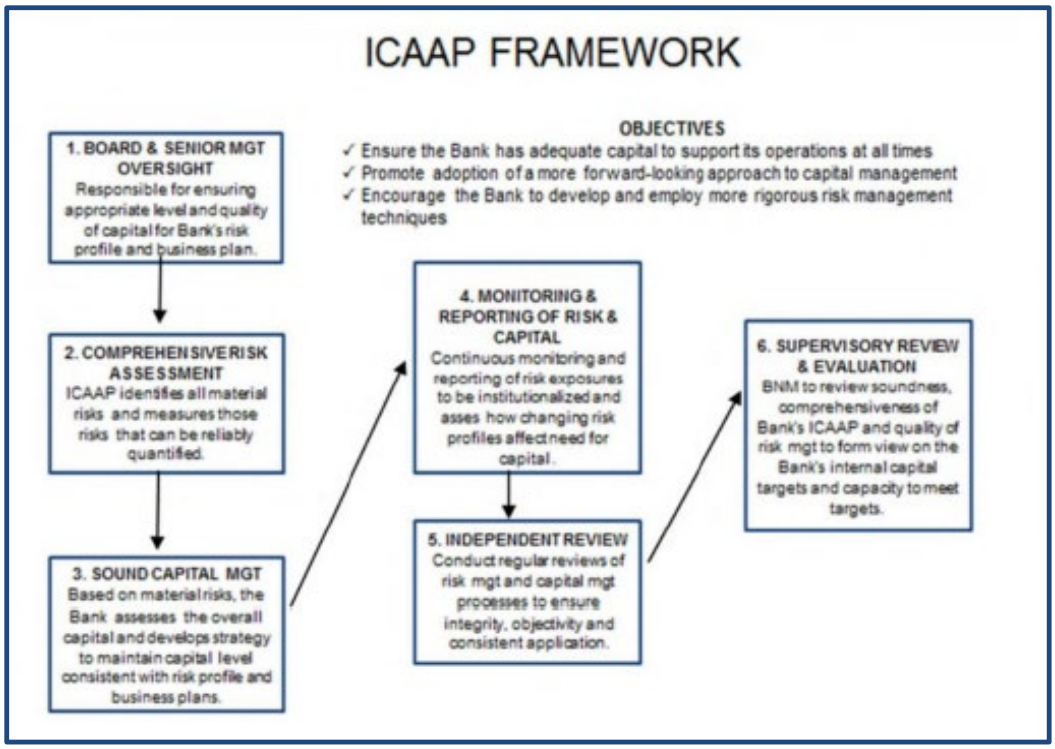
(d) Ensure capital levels remain above minimum regulatory requirements and are sufficient to support the Bank's overall risk profile over a dynamic planning horizon of at least three years.

(e) Conduct stress testing to assess the impact of adverse events or changes in market conditions on the Bank's capital adequacy.

2.0 CAPITAL (cont'd.)

2.1 INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS (cont'd.)

The Figure 1 below depicts the overall framework of the Bank:



ICAAP results are reported to the Board Risk Management and Compliance Committee ("BRMCC") and approved by the Board before submission to BNM on annual basis.

2.0 CAPITAL (cont'd.)

2.2 CAPITAL ADEQUACY

The Bank's capital adequacy ratio is computed in accordance with the BNM Capital Adequacy Framework (Capital Components) issued on 14 June 2024. The revised policy document supersedes Capital Adequacy Framework (Capital Components) issued on 15 December 2023.

The Bank adopted Standardised Approach ("SA") for Credit Risk, Market Risk and Operational Risk.

Table 1 sets forth further details on the capital adequacy ratios for the Bank as at 30 June 2025 and 31 December 2024.

Table 1: Capital Adequacy Ratios

	Bank	
	30-Jun-25	**31-Dec-24**
CET1 capital ratio	25.529%	26.879%
Tier 1 capital ratio	25.529%	26.879%
Total capital ratio	26.669%	28.011%

The capital ratios after the proposed single-tier interim cash dividend of 17.20 sen per ordinary share in respect of financial period ended 30 June 2025 amounting to RM26,660,000 based on 155,000,000 shares issue (31 December 2024: single-tier final dividend of 96.774 sen per ordinary share amounting to RM150,000,000 based on 155,000,000 shares issue) are as follows:

Capital ratios - net of proposed dividend

CET1 capital ratio	24.619%	22.172%
Tier 1 capital ratio	24.619%	22.172%
Total capital ratio	25.758%	23.304%

2.3 CAPITAL STRUCTURE

The total regulatory capital of the Bank is categorised into Common Equity Tier 1 ("CET 1") Capital and Tier 2 Capital which are further described below.

CET 1 Capital /Tier 1 Capital (Basel III) comprises ordinary paid-up share capital, retained profits, fair value reserves which includes unrealised gains/losses on Fair Value through Other Comprehensive Income ("FVOCI") instruments, regulatory reserve and net of regulatory adjustments (namely deferred tax assets, intangible assets, 55% of cumulative gains on FVOCI instruments and regulatory reserve).

Share capital is the issued and fully paid share capital. Retained profits and regulatory reserve are accumulated reserves reported under Total Equity in the Statement of Financial Position.

Regulatory reserve of the Bank is transferred from the retained earnings, as an additional credit risk absorbent to ensure robustness on the loans/financing impairment assessment methodology.

Tier 2 Capital comprises of expected credit loss allowance on non-credit impaired exposure and requlatory reserves is subject to a maximum of 1.25% of total Credit Risk Risk-Weighted Asset ("RWA").

2.3 CAPITAL STRUCTURE (cont'd.)

Table 2 presents the components of CET 1, Tier 1 and Tier 2 capital:

Table 2: Capital Structure

	Bank	
	30-Jun-25	**31-Dec-24**
	RM'000	**RM'000**
Common Equity Tier 1 ("CET 1") Capital		
Ordinary share capital	369,111	369,111
Regulatory reserve	31,771	34,761
Fair value reserves	6,460	(1,705)
Retained profits	387,379	506,692
	794,721	908,859
Less : Regulatory adjustments	(47,177)	(52,256)
Total CET1 capital	747,544	856,603
Total Tier 1 capital	747,544	856,603
Tier 2 Capital		
Collective assessment impairment allowance and regulatory reserve	33,363	36,063
Total Tier 2 capital	33,363	36,063
Total Capital	780,907	892,666

Breakdown of risk weighted assets in various categories of risk weights are as follows:

	Bank	
	30-Jun-25	**31-Dec-24**
Total risk weighted assets ("RWA")	**RM'000**	**RM'000**
Credit risk	2,669,011	2,885,039
Operational risk	259,184	301,830
Total RWA	2,928,195	3,186,869

2.0 CAPITAL

2.4 RISK-WEIGHTED ASSETS ("RWA") AND CAPITAL REQUIREMENTS

Table 3 presents the minimum regulatory capital requirements of the Bank:

Table 3: Regulatory Capital Requirements

30-Jun-25 **Exposure Class**	**Exposures Pre CRM RM'000**	**Exposures Post CRM RM'000**	**Risk Weighted Assets RM'000**	**Minimum Capital Requirement at 8% RM'000**
Credit Risk				
On-Balance Sheet Exposures:				
Sovereigns & Central Banks	1,189,237	1,189,237	-	-
Banks, MDBs and DFIs	646,154	646,154	129,231	10,338
Corporates	3,592,465	3,592,465	2,278,840	182,307
Regulatory Retail	52	52	39	3
Residential Mortgages	24	24	8	1
Higher Risk Assets	1,386	1,386	2,079	166
Other Assets	115,232	115,232	112,764	9,021
Total On-Balance Sheet Exposures	5,544,550	5,544,550	2,522,961	201,837
Off-Balance Sheet Exposures:				
Off balance sheet exposures other than OTC derivatives or credit derivatives	146,050	146,050	146,050	11,684
Total Off-Balance Sheet Exposures	146,050	146,050	146,050	11,684
Total On and Off-Balance Sheet Exposures	5,690,600	5,690,600	2,669,011	213,521
Operational Risk	-	-	259,184	20,735
Total RWA and Capital Requirements	**5,690,600**	**5,690,600**	**2,928,195**	**234,256**

2.0 CAPITAL

2.4 RISK-WEIGHTED ASSETS ("RWA") AND CAPITAL REQUIREMENTS

Table 3 presents the minimum regulatory capital requirements of the Bank:

Table 3: Regulatory Capital Requirements

31-Dec-24 Exposure Class	Exposures Pre CRM RM'000	Exposures Post CRM RM'000	Risk Weighted Assets RM'000	Minimum Capital Requirement at 8% RM'000
Credit Risk				
On-Balance Sheet Exposures:				
Sovereigns & Central Banks	1,391,605	1,391,605	-	-
Banks, MDBs and DFIs	615,004	615,004	123,001	9,840
Corporates	3,764,260	3,764,260	2,465,416	197,233
Regulatory Retail	75	75	56	4
Residential Mortgages	32	32	11	1
Higher Risk Assets	1,386	1,386	2,079	166
Other Assets	88,391	88,391	85,906	6,872
Total On-Balance Sheet Exposures	5,860,753	5,860,753	2,676,469	214,118
Off-Balance Sheet Exposures:				
Off balance sheet exposures other than OTC derivatives or credit derivatives	208,569	208,569	208,569	16,686
Total Off-Balance Sheet Exposures	208,569	208,569	208,569	16,686
Total On and Off-Balance Sheet Exposures	6,069,322	6,069,322	2,885,038	230,803
Operational Risk	-	-	301,830	24,146
Total RWA and Capital Requirements	6,069,322	6,069,322	3,186,868	254,949

3.0 RISK MANAGEMENT

Risk management forms an integral part of the Bank's activities and remains an important feature in all their business, operations, delivery channels and decision-making processes. The extent to which the Bank are able to identify, assess, monitor, manage and report each of the various types of risk is critical to its strength, soundness and profitability. The Bank's risk management function is independent of their operating units. All new businesses, introduction of new products, engagement in new activities or entrance into new strategic alliances are subject to endorsement by the Risk Management Division ("RMD") and submitted to the Board Risk Management and Compliance Committee ("BRMCC") and/or the Board for approval.

In essence, the objectives of the Bank's risk management activities are to:

(i) Identify and monitor the various risk exposures and risk requirements;

(ii) Ensure risk-taking activities are consistent with the approved policies and the aggregated risk positions are within the risk appetite as approved by the Board; and

(iii) Help create shareholder value through proper allocation of risk and the facilitation of independent risk assessments of new businesses and products.

3.1 RISK MANAGEMENT FRAMEWORK

The Bank adopts MBSB Group's Enterprise Risk Management Framework ("Group ERM Framework"), which provides systematic and consistent approaches to manage the overall risks across the Group. The Group ERM Framework involves an on-going process of identifying, evaluating, monitoring, managing and reporting significant risks affecting the Bank which is implemented through a number of committees established by the Board. This framework provides the Board and the management with a tool to anticipate and manage both existing and potential risks, taking into consideration dynamic risk profiles as dictated by changes in business strategies, regulatory environment and functional activities throughout the year.

Key features of the Risk Management Framework include:

3.1.1 GOVERNANCE AND ORGANISATION

The risk governance framework of the Bank is established to promote active involvement from the Board, BRMCC, and relevant Management Committees in the risk management process to ensure effective management of risk within the Bank.

The risk governance framework includes delegation of authority from the Board to Management Committees as well as risk controls established for material activities to Bank operates within the risk appetite. To support the Board, BRMCC, and the relevant Management Committees in discharging their oversight over risk, the responsibility within the Bank in addressing and managing the risk is clearly assigned through a "three lines of defence model".

The Bank's risk governance model establishes a structured, transparent and effective framework, promoting active participation from both the Board and Senior Management in the risk management process. This ensures a cohesive perspective on risks within the Bank, fostering a unified and comprehensive understanding across every facet of the Bank.

3.0 RISK MANAGEMENT (cont'd.)

3.1 RISK MANAGEMENT FRAMEWORK (Cont'd.)

3.1.2 INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS ("ICAAP")

The Bank's ICAAP framework ensures that all material risks are identified, measured and reported; and that adequate capital levels consistent with the risk profiles, including capital buffers, are maintained to support the current and projected demand for capital, under existing and stressed conditions. For non-measurable risks, a qualitative approach is used and normally, this type of risk is labelled as potentially material where the Management's experience and judgement is being relied upon in assessing if such risk could threaten the Bank.

3.1.3 RISK APPETITE

It is defined as the amount and types of risk that the Bank are able and willing to accept in pursuit of its strategic and business objectives. The development of the risk appetite is integrated into the annual strategic planning process and is adaptable to changing business and market conditions. As the risk appetite is dynamic, it is set based on the business and financial targets, while incorporating macroeconomic and global outlook. The Board also considers the actual and targeted risk profile of the Bank proposed by senior management and business units when setting the risk appetite. The risk appetite is reviewed annually or as and when required.

3.1.4 RISK MANAGEMENT PROCESSES

The Bank employs an effective risk management process: Identify, Measure, Monitor and Control as part of day-to-day activities.

- **Risk Identification:** Risks are systematically identified through the robust application of the Bank's Risk Management Framework, policies and procedures. Proper risk identification focuses on recognising and understanding all key risks inherent in the business activities and risks that may arise from business initiative or external factors.

- **Risk Measurement:** Risk is measured (qualitative and/or quantitative) at various levels including but not limited to risk type, front line unit and on an aggregate basis. These metrics are used to assess the Bank's risk profile and adherence to Bank's risk appetite.

- **Risk Monitor:** Through monitoring, the level of risk can be assessed relative to limits and appropriate action can be taken in a timely manner. Any exceptions will be identified, and processes are in place to appropriately report and escalate such exceptions.

- **Risk Control:** Risk controls are established and communicated through policies, standards, procedures and processes that define responsibility and authority for risk-taking. The risk controls can be adjusted by the Board when conditions or risk tolerances warrant. The lines of business are held accountable to perform within the established risk controls which are established to manage risk exposures within the Bank's risk appetite.

3.0 RISK MANAGEMENT (cont'd.)

3.1 RISK MANAGEMENT FRAMEWORK (cont'd.)

3.1.5 RISK MANAGEMENT INFRASTRUCTURE

- **Risk Policies, Procedures and Methodologies:** Well-defined risk policies by risk type provide the principles by which the Bank manage its risks. Procedures provide guidance for day-to-day risk-taking activities. Methodologies provide specific requirements, rules or criteria that must be met to comply with the policy.

- **People:** Attracting the right talent and skills are the key to ensuring a well-functioning risk management framework. The organisation continuously evolves and proactively responds to the increasing complexity of the Bank as well as the economic and regulatory environment.

- **Technology and Data:** Appropriate technology and sound data management are enablers to support risk management activities.

3.1.6 RISK CULTURE

A strong risk culture fosters the mindset and behaviour needed for effective risk management and prudent risk-taking within the Bank's defined risk appetite. The Bank continuously enhances the risk culture through ongoing training, awareness programme, and communications, fostering risk awareness and building skills across the Bank.

In addition, the Bank has implemented the Designated Compliance Officers ("DCOs"), who are appointed at the respective business and functional units across the Bank to provide real time advisory on compliance matters. The Business Units also conducted Risk Control Self Assessment ("RCSA") on a yearly basis and reviewed by RMD.

3.2 RISK ORGANISATION

At the apex of the Bank's risk management structure is the Board, which comprises Non-Executive Directors. In line with best practices, the Board determines the risk policy objectives for the Bank, and assumes responsibility for the supervision of risk management.

The day-to-day responsibility for risk management and control is delegated to the BRMCC which undertakes the oversight function for overall risk limits of the Bank to ensure that they are within risk appetites established by the Board. Other than the BRMCC, the Board is also supported by specialised and supervisory committees, the details of which are as follows:

- **Board Investment and Credit Committee ("BICC"):** The BICC assists the Board to consider and if deem fit to affirm or veto, all financing and investment applications, additional financing or investment, and/or request for changes to existing financing/investment accounts within the Committee's discretionary authority. The BICC also considers and if deem fit to affirm or veto on waivers of penalty, profit or principal amount, rescheduling/restructuring of accounts and/or request for changes to existing non-performing financing/investment accounts within the Committee's discretionary authority.

3.0 RISK MANAGEMENT (cont'd.)

3.2 RISK ORGANISATION (cont'd.)

- **Group Management Investment and Credit Committee ("GMICC"):** The GMICC oversees and approves significant investments, financing, and credit exposures to ensure alignment with the Group's strategy and risk appetite. GMICC plays a key role in managing risk by adhering to regulatory requirements and internal policies while optimizing capital allocation for growth.

- **Group Management Risk and Compliance Committee ("GMRCC"):** The GMRCC oversees risk management and compliance activities, including the development and monitoring of policy frameworks risk appetite and regulatory compliance. GMRCC actively manages enterprise risks across credit, market, liquidity, operational, ESG and other domains, ensuring robust controls and risk culture throughout the organisation. The committee also monitors adherence to laws and regulations and plays a pivotal role in supporting the Bank's recovery planning and sustainability initiatives.

The Bank's risk management approach is based on the ‘Three Lines of Defence’ model.

First Line of Defence: Responsible for owning and managing day-to-day risks inherent in business and / or activities, including risk-taking and ensures the business operates within established risk strategies, tolerance, appetite, frameworks, policies, and procedures.

Second Line of Defence: Tasks include establishing frameworks, policies, and procedures, providing overall risk governance and independent risk oversight, ensuring compliance with applicable laws, regulations, and established policies and procedures.

Third Line of Defence: The third line of defence provides assurance through independent assessment, review, and validation. This involves examining the risk management framework, policies, and tools to ensure their robustness and alignment with both internal and external standards. Additionally, the third line assesses the adequacy of controls designed to mitigate risks.

4.0 CREDIT RISK

Credit risk is the risk of loss to the Bank due to the deterioration in credit worthiness of its customers and, consequently, their ability to discharge their contractual obligations to the Bank. Credit risk remains the most significant risk to which the Bank are exposed. The purpose of credit risk management is to maintain credit risk exposure at an acceptable level in line with the Bank's risk appetite and to ensure that returns are commensurate with the risk underwritten.

The primary objective of the Bank's credit platform is to enhance the efficiency and effectiveness of the credit oversight and credit approval processes for commercial, corporate financing, and investment. Credit proposals are submitted to Credit Management Division ("CMD") for independent assessment, and are subsequently submitted to the relevant credit committees for approval or concurrence. Credit exposures are evaluated by the CMD and are monitored by RMD against approved limits on a periodic basis on a portfolio basis.

- **Credit risk reporting and monitoring**

  The Bank's credit portfolios are monitored through early alert reporting to ensure credit deterioration is promptly detected and mitigated through the implementation of risk remediation strategies. All business units undertake regular and comprehensive analyses of their credit portfolios and report to the relevant committees and are overseen by the CMD. The CMD provides independent review and recommendation to the business units and the Board to ensure independence in relation to the prompt identification and communication of emerging credit issues of the Bank to the Board.

- **Credit risk mitigation**

  All credit facilities are granted based on the credit standing of the customer, source of repayment, debt servicing ability and the collateral provided. The valuation of the collateral is conducted periodically. The main types of collateral taken by the Bank are marketable securities, real estate, inventory and receivables. Personal guarantees are also taken as a part of the collateral to support moral commitment from the principal shareholders and directors. Corporate guarantees are often obtained when the customer’s credit worthiness is insufficient to justify the granting of credit facilities.

- **Maximum exposure to credit risk**

  The maximum exposure to credit risk is the amounts on the statements of financial position as well as off-balance sheet financial instruments, without taking into account any collateral held or other credit enhancements. For financial assets reflected in the statement of financial position, the exposure to credit risk equals their carrying amount. For financial guarantees and similar contracts granted, it is the maximum amount that the Bank would have to pay if the guarantees were called upon. For credit related commitments and contingencies that are irrevocable over the life of the respective facilities, it is generally the full amount of the committed facilities. All financial assets of the Bank are subject to credit risk except for cash in hands, foreclosed properties, prepayments, deferred expenses, statutory deposits with central banks as well as non-financial assets.

4.0 CREDIT RISK (cont'd.)

- **Concentration of credit risk**

  Concentration of credit risk arises when several customers are engaged in similar business activities or activities within the same geographic region, or when they have similar risk characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Bank monitor their portfolios to identify and assess risk concentrations. The credit portfolios are monitored and periodically reviewed to identify, assess and guard against unacceptable risk concentrations. RMD also applies single counterparty exposure limits to protect against unacceptably large exposures to a single group of customers. RMD conducts analysis and reports concentration risk to the Board on a quarterly basis.

4.0 CREDIT RISK (cont'd.)

4.1 DISTRIBUTION OF CREDIT EXPOSURES

(a) Geographic Distribution

The following tables represent the Bank's gross credit exposures by geographic region.

Table 4: Credit Risk (General Disclosures) by Geographical Distribution

30-Jun-25	Inside Malaysia RM'000	Total RM'000
Exposure Class		
On-Balance Sheet Exposures:		
Sovereigns & Central Banks	1,189,237	1,189,237
Banks, MDBs and DFIs	646,154	646,154
Corporates	3,592,465	3,592,465
Regulatory Retail	52	52
Residential Mortgages	24	24
Higher Risk Assets	1,386	1,386
Other Assets	115,232	115,232
Total On-Balance Sheet Exposures	**5,544,550**	**5,544,550**
Off-Balance Sheet Exposures:		
Off balance sheet exposures other than OTC derivatives or credit derivatives	146,050	146,050
Total Off-Balance Sheet Exposures	**146,050**	**146,050**
Total Credit Exposures	**5,690,600**	**5,690,600**

31-Dec-24	Inside Malaysia RM'000	Total RM'000
Exposure Class		
On-Balance Sheet Exposures:		
Sovereigns & Central Banks	1,391,605	1,391,605
Banks, MDBs and DFIs	615,004	615,004
Corporates	3,764,260	3,764,260
Regulatory Retail	75	75
Higher Risk Assets	32	32
Residential Mortgages	1,386	1,386
Other Assets	88,391	88,391
Total On-Balance Sheet Exposures	5,860,753	5,860,753
Off-Balance Sheet Exposures:		
Off balance sheet exposures other than OTC derivatives or credit derivatives	208,569	208,569
Total Off-Balance Sheet Exposures	208,569	208,569
Total Credit Exposures	6,069,322	6,069,322

4.0 CREDIT RISK (cont'd.)

4.1 DISTRIBUTION OF CREDIT EXPOSURES (cont'd.)

(b) Economic Purpose

The following tables represent Bank's gross credit exposures by economic purpose.

Table 5: Credit Risk (General Disclosures) by Economic Purpose

		Purchase of Land and Building:		Purchase of Fixed Assets Other Than Land and Building		
	Purchase of securities	Residential	Non Residential	Machinery and Equipments	Transport or commercial vehicles	Other Fixed Assets
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30-Jun-25						
Exposure Class						
On-Balance Sheet Exposures:						
Sovereigns & Central Banks	1,147,688	-	-	-	-	-
Banks, MDBs and DFIs	547,362	-	-	-	-	-
Corporates	2,980,750	-	-	-	-	-
Regulatory Retail	-	-	-	-	47	1
Residential Mortgages	-	24	-	-	-	-
Higher Risk Assets	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-
Total On-Balance Sheet Exposures	**4,675,800**	**24**	**-**	**-**	**47**	**1**
Off-Balance Sheet Exposures:						
Off balance sheet exposures other than OTC derivatives or credit derivatives	75,085	-	-	-	-	-
Total Off-Balance Sheet Exposures	**75,085**	**-**	**-**	**-**	**-**	**-**
Total Credit Exposures	**4,750,885**	**24**	**-**	**-**	**47**	**1**

4.0 CREDIT RISK (cont'd.)

4.1 DISTRIBUTION OF CREDIT EXPOSURES (cont'd.)

(b) Economic Purpose (cont'd.)

The following tables represent Bank's gross credit exposures by economic purpose. (cont'd.)

Table 5: Credit Risk (General Disclosures) by Economic Purpose (cont'd.)

	Personal Use	Construction	Mergers & acquisition	Working capital	Other purpose	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30-Jun-25						
Exposure Class						
On-Balance Sheet Exposures:						
Sovereigns & Central Banks	-	-	-	-	41,549	1,189,237
Banks, MDBs and DFIs	-	-	-	-	98,792	646,154
Corporates	-	253,220	120,023	178,055	60,417	3,592,465
Regulatory Retail	4	-	-	-	-	52
Residential Mortgages	-	-	-	-	-	24
Higher Risk Assets	-	-	-	-	1,386	1,386
Other Assets	-	-	-	-	115,232	115,232
Total On-Balance Sheet Exposures	**4**	**253,220**	**120,023**	**178,055**	**317,376**	**5,544,550**
Off-Balance Sheet Exposures:						
Off balance sheet exposures other than OTC derivatives or credit derivatives	-	58,464	-	-	12,501	146,050
Total Off-Balance Sheet Exposures	**-**	**58,464**	**-**	**-**	**12,501**	**146,050**
Total Credit Exposures	**4**	**311,684**	**120,023**	**178,055**	**329,877**	**5,690,600**

4.0 CREDIT RISK (cont'd.)

4.1 DISTRIBUTION OF CREDIT EXPOSURES (cont'd.)

(b) Economic Purpose (cont'd.)

The following tables represent Bank's gross credit exposures by economic purpose. (cont'd.)

Table 5: Credit Risk (General Disclosures) by Economic Purpose (cont'd.)

		Purchase of Land and Building:		Purchase of Fixed Assets Other Than Land and Building		
	Purchase of securities	Residential	Non Residential	Machinery and Equipments	Transport or commercial vehicles	Other Fixed Assets
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31-Dec-24						
Exposure Class						
On-Balance Sheet Exposures:						
Sovereigns & Central Banks	1,300,746	-	-	-	-	-
Banks, MDBs and DFIs	248,143	-	-	-	-	-
Corporates	3,071,660	-	-	-	-	-
Regulatory Retail	-	-	-	-	70	1
Residential Mortgages	-	32	-	-	-	-
Higher Risk Assets	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-
Total On-Balance Sheet Exposures	**4,620,549**	**32**	**-**	**-**	**70**	**1**
Off-Balance Sheet Exposures:						
Off balance sheet exposures other than OTC derivatives or credit derivatives	74,082	-	-	-	-	-
Total Off-Balance Sheet Exposures	**74,082**	**-**	**-**	**-**	**-**	**-**
Total Credit Exposures	**4,694,631**	**32**	**-**	**-**	**70**	**1**

4.0 CREDIT RISK (cont'd.)

4.1 DISTRIBUTION OF CREDIT EXPOSURES (cont'd.)

(b) Economic Purpose (cont'd.)

The following tables represent Bank's gross credit exposures by economic purpose. (cont'd.)

Table 5: Credit Risk (General Disclosures) by Economic Purpose (cont'd.)

	Personal Use	Construction	Mergers & acquisition	Working capital	Other purpose	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31-Dec-24						
Exposure Class						
On-Balance Sheet Exposures:						
Sovereigns & Central Banks	-	-	-	-	90,859	1,391,605
Banks, MDBs and DFIs	-	-	-	-	366,861	615,004
Corporates	-	255,254	120,023	146,558	170,765	3,764,260
Regulatory Retail	4	-	-	-	-	75
Residential Mortgages	-	-	-	-	-	32
Higher Risk Assets	-	-	-	-	1,386	1,386
Other Assets	-	-	-	-	88,391	88,391
Total On-Balance Sheet Exposures	**4**	**255,254**	**120,023**	**146,558**	**718,262**	**5,860,753**
Off-Balance Sheet Exposures:						
Off balance sheet exposures other than OTC derivatives or credit derivatives	-	89,487	-	32,500	12,500	208,569
Total Off-Balance Sheet Exposures	**-**	**89,487**	**-**	**32,500**	**12,500**	**208,569**
Total Credit Exposures	**4**	**344,741**	**120,023**	**179,058**	**730,762**	**6,069,322**

4.0 CREDIT RISK (cont'd.)

4.1 DISTRIBUTION OF CREDIT EXPOSURES (cont'd.)

(c) Residual Contractual Maturity

The following tables represent the Bank's gross credit exposures by residual contractual maturity.

Table 6: Credit Risk (General Disclosures) by Residual Contractual Maturity.

30-Jun-25 Exposure Class	≤1 year RM'000	1 to 5 years RM'000	>5 years RM'000	No Specific Maturity RM'000	Total RM'000
On-Balance Sheet Exposures:					
Sovereigns & Central Banks	684,957	349,004	155,276	-	1,189,237
Banks, MDBs and FDIs	539,411	106,743	-	-	646,154
Corporates	1,622,531	1,556,755	413,179	-	3,592,465
Regulatory Retail	20	32	-	-	52
Residential Mortgages	16	8	-	-	24
Higher Risk Assets	-	-	-	1,386	1,386
Other Assets	-	-	-	115,232	115,232
Total On-Balance Sheet Exposures	**2,846,935**	**2,012,542**	**568,455**	**116,618**	**5,544,550**
Off-Balance Sheet Exposures:					
Off balance sheet exposures other than OTC derivatives or credit derivatives	96,358	49,692	-	-	146,050
Total Off-Balance Sheet Exposures	**96,358**	**49,692**	**-**	**-**	**146,050**
Total Credit Exposures	**2,943,293**	**2,062,234**	**568,455**	**116,618**	**5,690,600**

4.0 CREDIT RISK (cont'd.)

4.1 DISTRIBUTION OF CREDIT EXPOSURES (cont'd.)

(c) Residual Contractual Maturity (cont'd.)

The following tables represent the Bank's gross credit exposures by residual contractual maturity. (cont'd.)

Table 6: Credit Risk (General Disclosures) by Residual Contractual Maturity (cont'd.)

31-Dec-24 Exposure Class	≤1 year RM'000	1 to 5 years RM'000	>5 years RM'000	No Specific Maturity RM'000	Total RM'000
On-Balance Sheet Exposures:					
Sovereigns & Central Banks	307,915	825,945	257,745	-	1,391,605
Banks, MDBs and FDIs	453,262	161,742	-	-	615,004
Corporates	1,636,241	1,561,022	566,997	-	3,764,260
Regulatory Retail	37	38	-	-	75
Residential Mortgages	15	17	-	-	32
Higher Risk Assets	-	-	-	1,386	1,386
Other Assets	-	-	-	88,391	88,391
Total On-Balance Sheet Exposures	2,397,470	2,548,764	824,742	89,777	5,860,753
Off-Balance Sheet Exposures:					
Off balance sheet exposures other than OTC derivatives or credit derivatives	86,582	121,987	-	-	208,569
Total Off-Balance Sheet Exposures	86,582	121,987	-	-	208,569
Total Credit Exposures	2,484,052	2,670,751	824,742	89,777	6,069,322

4.0 CREDIT RISK (cont'd.)

4.2 CREDIT QUALITY OF FINANCING AND ADVANCES

Credit-impaired (Default)

At each reporting date, the Bank assesses whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Bank considers a financial asset to be in default when:

(a) Payment conduct

- Where the principal or profit or both of the financing is past due for more than ninety (90) days or three (3) months;

- In the case of revolving facilities (e.g. revolving working capital or overdraft facilities), notwithstanding the first trigger above, where the outstanding amount has remained in excess of the approved limit for a period of more than ninety (90) days or three (3) months;

- Where payments are scheduled on intervals of three (3) months (quarterly) or longer (including bullet repayment and coupon/profit payment), the account shall be classified as impaired as soon as a default occurs (i.e. when the customer is unable to meet the contractual payment terms), or

- Where the amount is past due or the outstanding amount has been in excess of the approved limit for ninety (90) days or three (3) months or less and the credit facility exhibits weakness/cause for concern in accordance with the Bank's credit risk measurement framework.

(b) Restructured and rescheduled (“R&R”) financing where the payment terms have not been continuously observed for the required observation period: or

(c) Customer/Issuer is declared bankrupt/wound up.

In assessing whether a customer is in default, the Bank also consider indicators that are:

- qualitative: e.g. breaches of covenant;
- quantitative: e.g. overdue status and non-payment on another obligation of the same customer/issuer to the Bank; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial asset is in default and their significance may vary over time to reflect changes in circumstances. The definition of default largely aligns with that applied by the Bank for regulatory capital purposes.

ECL against credit-impaired financial assets are determined based on an assessment of the recoverable cash flows, including the realisation of any collateral held where appropriate. The ECL held represent the difference between the present value of the cash flows expected to be recovered, discounted at the instrument’s original effective profit rate, and the gross carrying value of the instrument prior to any credit impairment.

Please refer to the note of the Financial Statements for the financial period ended 30 June 2025 for accounting policies on impairement of financial assets.

4.0 CREDIT RISK (cont'd.)

4.2 CREDIT QUALITY OF FINANCING AND ADVANCES (cont'd.)

The following tables provide an analysis of the outstanding balances and expected credit losses by economic purposes and by geographical distribution.

Table 7: Financing and Advances by Economic Purpose

	Neither past due nor impaired		Impaired	Total
	Stage 1	Stage 2	Stage 3	
30-Jun-25	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Purchase of securities	1,079,073	-	-	1,079,073
Purchase of Land and Building of which:				
- Residential	24	-	-	24
- Non Residential	-	-	-	-
Purchase of Fixed Assets Other Than Land and Building of which:				
- Machinery and Equipments	-	-	-	-
- Transport or commercial vehicles	48	-	-	48
- Other Fixed Assets	1	-	-	1
Personal Use	4	-	-	4
Construction	185,173	13,154	54,893	253,220
Mergers & acquisition	120,023	-	-	120,023
Working capital	178,055	-	-	178,055
Other purpose	32,046	-	28,638	60,684
Total	**1,594,447**	**13,154**	**83,531**	**1,691,132**

	Neither past due nor impaired		Impaired	Total
	Stage 1	Stage 2	Stage 3	
31-Dec-24	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Purchase of securities	1,095,692	-	12,537	1,108,229
Purchase of Land and Building of which:				
- Residential	32	-	-	32
- Non Residential	-	-	-	-
Purchase of Fixed Assets Other Than Land and Building of which:				
- Machinery and Equipments	-	-	-	-
- Transport or commercial vehicles	64	-	-	64
- Other Fixed Assets	2	-	-	2
Personal Use	9	-	-	9
Construction	184,393	16,235	54,626	255,254
Mergers & acquisition	120,023	-	-	120,023
Working capital	146,558	-	-	146,558
Other purpose	145,723	25,043	-	170,766
Total	1,692,496	41,278	67,163	1,800,937

4.0 CREDIT RISK (cont'd.)

4.2 CREDIT QUALITY OF FINANCING AND ADVANCES (cont'd.)

Table 8: Expected Credit Losses by Economic Purpose

	Neither past due nor impaired		Impaired	Total
	Stage 1	Stage 2	Stage 3	
30-Jun-25	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Purchase of securities	-	-	-	-
Purchase of Land and Building of which:				
- Residential	-	-	-	-
- Non Residential	-	-	-	-
Purchase of Fixed Assets Other Than Land and Building of which:				
- Machinery and Equipments	-	-	-	-
- Transport or commercial vehicles	-	-	-	-
- Other Fixed Assets	-	-	-	-
Personal Use	-	-	-	-
Construction	3,698	67	-	3,765
Mergers & acquisition	2,453	-	-	2,453
Working capital	2,493	-	-	2,493
Other purpose	329	-	266	595
Total	**8,973**	**67**	**266**	**9,306**

	Neither past due nor impaired		Impaired	Total
	Stage 1	Stage 2	Stage 3	
31-Dec-24	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Purchase of securities	-	-	12,537	12,537
Purchase of Land and Building of which:				
- Residential	-	-	-	-
- Non Residential	-	-	-	-
Purchase of Fixed Assets Other Than Land and Building of which:				
- Machinery and Equipments	-	-	-	-
- Transport or commercial vehicles	-	-	-	-
- Other Fixed Assets	-	-	-	-
Personal Use	-	-	-	-
Construction	3,305	67	-	3,372
Mergers & acquisition	2,277	-	-	2,277
Working capital	1,577	-	-	1,577
Other purpose	1,378	226	-	1,604
Total	8,537	293	12,537	21,367

4.0 CREDIT RISK (cont'd.)

4.2 CREDIT QUALITY OF FINANCING AND ADVANCES (cont'd.)

Table 9: Financing and Advances by Geographical Distribution

	Neither past due nor impaired		Impaired	Total
	Stage 1	Stage 2	Stage 3	
	RM'000	RM'000	RM'000	RM'000
30-Jun-25				
Inside Malaysia	1,594,447	13,154	83,531	1,691,132
31-Dec-24				
Inside Malaysia	1,692,496	41,278	67,163	1,800,937

Table 10: Expected Credit Losses by Geographical Distribution

	Neither past due nor impaired		Impaired	
	Stage 1	Stage 2	Stage 3	Total
30-Jun-25	RM'000	RM'000	RM'000	RM'000
Inside Malaysia	8,973	67	266	9,306
31-Dec-24				
Inside Malaysia	8,537	293	12,537	21,367

4.0 CREDIT RISK (cont'd.)

4.2 CREDIT QUALITY OF FINANCING AND ADVANCES (cont'd.)

Table 11: Movement of Expected Credit Losses ("ECL") for financing and advances

30-Jun-25	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January	8,537	293	12,537	21,367
(Reversal)/charge to profit or loss	436	(226)	866	1,076
Changes in the ECL due to transfer within stages:				
- Transfer to Stage 3	(40)	(226)	266	-
New financing/disbursement during the period	1,585	-	600	2,185
Repayment during the period	(1,647)	-	-	(1,647)
Changes in credit risk parameters #	538	-	-	538
Write-offs	-	-	(13,137)	(13,137)
As at 30 June	**8,973**	**67**	**266**	**9,306**

31-Dec-24	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January	3,365	604	79,182	83,151
(Reversal)/charge to profit or loss	5,172	(311)	15,105	19,966
Changes in the ECL due to transfer within stages:				
- Transfer to Stage 3	(293)	293	-	-
during the year	3,585	-	-	3,585
Repayment during the year	(591)	(604)	-	(1,195)
Changes in credit risk parameters #	2,471	-	15,105	17,576
Write-offs	-	-	(81,750)	(81,750)
As at 31 December	8,537	293	12,537	21,367

The changes in credit risk parameters include impact of forward-looking on key macroeconomic variables ("MEVs") and changes to loss rate for the ECL model.

4.0 CREDIT RISK (cont'd.)

4.3 ASSIGNMENTS OF RISK WEIGHTS FOR PORTFOLIO UNDER THE STANDARDISED APPROACH ("SA")

Under the Standardised Approach, the Bank makes use of credit ratings assigned by credit rating agencies in its calculation of credit risk-weighted assets. The following are the rating agencies or Eligible Credit Assessment Institutions ("ECAI") ratings used by the Bank and are recognised by BNM:

(a) RAM Rating Services Berhad ("RAM")

(b) Malaysisn Ratinng Corporation Berhad ("MARC")

The ECAI ratings accorded to the following counterparty exposure classes are used in the calculation of credit risk-weighted assets for capital adequacy purposes:

(a) Sovereigns & Central Banks

(b) Banking Institutions

(c) Corporates

Risk Grade	External Rating	
	RAM	MARC
1	AAA	AAA
2	AA_1	AA_+
3	AA_2	AA
4	AA_3	AA-
5	A_1	A+
6	A_2	A
7	A_3	A-
8	BBB_1 to BBB_2	BBB+ to BBB
9	BBB_2 to BBB_3	BBB to BBB-
10	BB_1 and below	BB+ and below
11	D	D

Inputs into the assessment of whether a financial asset is in default and their significance may vary over time to reflect changes in circumstances. The definition of default largely aligns with that applied by the Bank for regulatory capital purposes.

4.0 CREDIT RISK (cont'd.)

4.3 ASSIGNMENTS OF RISK WEIGHTS FOR PORTFOLIO UNDER THE STANDARDISED APPROACH ("SA") (cont'd.)

Table 12: Credit Risk Exposure by Risk Weight Under SA

30-Jun-25 Risk Weights	Sovereigns & Central Banks	Banks, MDBs and DFIs	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Total Exposure	Total Risk Weighted Assets
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Performing Exposures									
0%	1,189,237	-	-	-	-	-	-	1,189,237	-
20%	-	646,154	1,694,072	-	-	-	3,085	2,343,311	468,662
35%	-	-	-	-	24	-	-	24	8
50%	-	-	-	-	-	-	-	-	-
75%	-	-	-	52	-	-	-	52	39
100%	-	-	1,961,178	-	-	-	112,147	2,073,325	2,073,325
150%	-	-	-	-	-	1,386	-	1,386	2,079
Total	**1,189,237**	**646,154**	**3,655,250**	**52**	**24**	**1,386**	**115,232**	**5,607,335**	**2,544,113**
Defaulted Exposures									
150%	-	-	83,265	-	-	-	-	83,265	124,898
Total	**-**	**-**	**83,265**	**-**	**-**	**-**	**-**	**83,265**	**124,898**
Total Performing and Defaulted	**1,189,237**	**646,154**	**3,738,515**	**52**	**24**	**1,386**	**115,232**	**5,690,600**	**2,669,011**

4.0 CREDIT RISK (cont'd.)

4.3 ASSIGNMENTS OF RISK WEIGHTS FOR PORTFOLIO UNDER THE STANDARDISED APPROACH ("SA") (cont'd.)

Table 12: Credit Risk Exposure by Risk Weight Under SA (cont'd.)

31-Dec-24 Risk Weights	Sovereigns & Central Banks	Banks, MDBs and DFIs	Corporates	Regulatory Retail	Residential Mortgages	Higher Risk Assets	Other Assets	Total Exposure	Total Risk Weighted Assets
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Performing Exposures									
0%	1,391,605	-	-	-	-	-	-	1,391,605	-
20%	-	615,004	1,657,696	-	-	-	3,106	2,275,806	455,161
35%	-	-	-	-	32	-	-	32	11
50%	-	-	-	-	-	-	-	-	-
75%	-	-	-	75	-	-	-	75	56
100%	-	-	2,260,507	-	-	-	85,285	2,345,792	2,345,792
150%	-	-	-	-	-	1,386	-	1,386	2,079
Total	**1,391,605**	**615,004**	**3,918,203**	**75**	**32**	**1,386**	**88,391**	**6,014,696**	**2,803,099**
Defaulted Exposures									
150%	-	-	54,626	-	-	-	-	54,626	81,939
Total	**-**	**-**	**54,626**	**-**	**-**	**-**	**-**	**54,626**	**81,939**
Total Performing and Defaulted	**1,391,605**	**615,004**	**3,972,829**	**75**	**32**	**1,386**	**88,391**	**6,069,322**	**2,885,039**

4.0 CREDIT RISK (cont'd.)

4.3 ASSIGNMENTS OF RISK WEIGHTS FOR PORTFOLIO UNDER THE STANDARDISED APPROACH ("SA") (cont'd.)

The following tables present non-retail Bank's credit exposures according to ratings by ECAIs.

Table 13: Disclosure for Portfolio Under the SA on Rated Exposures according to Rating by ECAIs

30-Jun-25
Disclosures Expressed in nearest RM thousand (RM'000)

Exposure Class		Rating of Corporate by approved ECAIs				
	MOODY'S	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B+ 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
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
On and Off Balance Sheet Exposures **Credit exposure (using Corporate Risk Weights)**						
Corporates		1,694,072	-	-	-	2,044,443
Total		**1,694,072**	**-**	**-**	**-**	**2,044,443**

4.0 CREDIT RISK (cont'd.)

4.3 ASSIGNMENTS OF RISK WEIGHTS FOR PORTFOLIO UNDER THE STANDARDISED APPROACH ("SA") (cont'd.)

The following tables present non-retail Bank's credit exposures according to ratings by ECAIs.

Table 13: Disclosure for Portfolio Under the SA on Rated Exposures according to Rating by ECAIs

30-Jun-25
Disclosures Expressed in nearest RM thousand (RM'000)

Exposure Class		Rating of Sovereign 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
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
On and Off Balance Sheet Exposures							
Sovereign Central Banks		-	-	-	-	-	1,189,237
Total		**-**	**-**	**-**	**-**	**-**	**1,189,237**

Exposure Class		Rating of Banking Institutions by approved ECAIs					
	MOODY'S	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	FITCH	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A to A3	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
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to C	Unrated
On and Off Balance Sheet Exposures							
Banks, MDBs and DFIs		646,154	-	-	-	-	-
Total		**646,154**	**-**	**-**	**-**	**-**	**-**

4.0 CREDIT RISK (cont'd.)

4.3 ASSIGNMENTS OF RISK WEIGHTS FOR PORTFOLIO UNDER THE STANDARDISED APPROACH ("SA") (cont'd.)

The following tables present non-retail Bank's credit exposures according to ratings by ECAIs.

Table 13: Disclosure for Portfolio Under the SA on Rated Exposures according to Rating by ECAIs

31-Dec-24
Disclosures Expressed in nearest RM thousand (RM'000)

Exposure Class		Rating of Corporate by approved ECAIs				
	MOODY'S	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B+ 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	BBB to BB	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
On and Off Balance Sheet Exposures **Credit exposure (using Corporate Risk Weights)**						
Corporates		1,657,696	-	-	-	2,315,133
Total		**1,657,696**	**-**	**-**	**-**	**2,315,133**

4.0 CREDIT RISK (cont'd.)

4.3 ASSIGNMENTS OF RISK WEIGHTS FOR PORTFOLIO UNDER THE STANDARDISED APPROACH ("SA") (cont'd.)

The following tables present non-retail Bank's credit exposures according to ratings by ECAIs.

Table 13: Disclosure for Portfolio Under the SA on Rated Exposures according to Rating by ECAIs

31-Dec-24
Disclosures Expressed in nearest RM thousand (RM'000)

Exposure Class		Rating of Sovereign 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
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
On and Off Balance Sheet Exposures							
Sovereign Central Banks		-	-	-	-	-	1,391,605
Total		**-**	**-**	**-**	**-**	**-**	**1,391,605**

Exposure Class		Rating of Banking Institutions by approved ECAIs					
	MOODY'S	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	FITCH	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A to A3	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
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BB-	BB+ to B-	CCC+ to C	Unrated
On and Off Balance Sheet Exposures							
Banks, MDBs and DFIs		615,004	-	-	-	-	-
Total		**615,004**	**-**	**-**	**-**	**-**	**-**

4.0 CREDIT RISK (cont'd.)

4.4 OFF-BALANCE SHEET EXPOSURE AND COUNTERPARTY CREDIT RISK (cont'd.)

Off-Balance Sheet Exposures

The Bank's off balance sheet exposures are for equity, debt securities, undrawn committed credit facilities and unutilised share margin financing that are secured by quoted shares, cash and fixed deposits.

The following table presents a breakdown of the off-balance sheet exposures of the Bank:

30-Jun-25	**Total Principle Amount RM'000**	**Total Credit Equivalent Amount RM'000**	**Total Risk Weighted Amount RM'000**
Nature of Item			
Direct Credit Substitutes	33,500	33,500	33,500
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	57,384	28,692	28,692
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	419,289	83,858	83,858
Total	**510,173**	**146,050**	**146,050**

31-Dec-24	**Total Principle Amount RM'000**	**Total Credit Equivalent Amount RM'000**	**Total Risk Weighted Amount RM'000**
Nature of Item			
Direct Credit Substitutes	33,500	33,500	33,500
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	201,974	100,987	100,987
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	370,409	74,082	74,082
Total	605,883	208,569	208,569

5.0 MARKET RISK

Market risk is defined as the risk of potential loss or adverse impact on earnings or capital due to movements in market rates or prices, including profit rates, foreign exchange rates, commodity prices, and equity prices. Market risk is differentiated into two categories: Traded Market Risk ("TMR"), which pertains to trading book activities, and Non-Traded Market Risk ("NTMR"), which pertains to banking book activities.

The Bank manages market risk for both its trading book and banking book activities by employing a variety of measurement techniques and controls. These methods are designed to monitor, assess and mitigate the potential negative effects of market fluctuations on the Bank's financial health and performance.

5.1 Traded Market Risk

The Bank market risk exposures in the trading book primarily originate from trading activities in the financial markets. The objectives of TMR management are to identify , assess, measure and collaborate with the Business Units ("BUs") to ensure TMR exposures align within the Board-approved risk appetite. Governance of the trading book activities is guided by market risk policies, encompassing various quantitative and qualitative controls such as loss controls, position controls, risk sensitivity controls and concentration controls. These controls are implemented through rigorous risk controls setting, measurement, monitoring and collaboration with BUs.

To manage portfolio sensitivity to market profit rate movements, the Bank employs risk sensitivity measures such as the price value of one basis point ("PV01"). These risk metrics provide detailed insights into the Bank market risk exposures, crucial for monitoring, control and analytical purposes. TMR exposures are independently monitored against relevant risk controls on a daily basis, with reports submitted to the GALCO, GMRCC, BRMCC and the BOD. Additionally, policies and procedures are in place to ensure prompt action is taken in the event of non-adherence to TMR controls. BUs undertaking trading book activities are mandated to maintain TMR exposures within the approved risk appetite and provide explanations for any non-adherence events, along with action plans to Senior Management.

Market Risk Capital Charge

The Bank adopts the Standardised Approach ("SA") for market risk capital charge computation as per BNM’s Guidelines on Capital Adequacy Framework (Basel II - Risk Weighted Assets).

5.2 Non-Traded Market Risk

The Bank NTMR encompasses inherent risks primarily arising from banking book activities where the main risk is interest rate risk in banking book/ rate of return risk in the banking book ("IRRBB/RORBB").

IRRBB/RORRBB refers to the potential for loss in earnings or economic value stemming from fluctuations in market interest/ profit rates. This risk emerges from various factors such as mismatches in repricing dates between assets and liabilities, changes in yield curves and variations in interest/ profit rates.

The offering wholesale banking products and services, particularly activities like lending and deposit-taking, gives rise to the Bank interest/profit rate-sensitive positions. These positions are subject to non-traded market risk,primarily originating from banking book activities.

5.0 MARKET RISK (cont'd.)

5.2 Non-Traded Market Risk (cont'd.)

Banking book policies and controls are established to manage NTMR. Repricing gap analysis is a fundamental component of assessing IRRBB/RORRBB within the Bank. Earnings-at-Risk ("EAR") and Economic Value Loss ("EVE") are derived to gauge the maximum tolerance level of the adverse impact of market profit rate movements on earnings and capital, respectively. In addition, the IRRBB/RORRBB exposures are measured using PV01, a quantitative measure to assess the impact of an absolute change in economic value due to 1 basis point movement in market profit rates. The BU reviews the IRRBB/RORRBB exposures regularly and recommends strategies to mitigate any unwarranted risk exposures in accordance with approved policies.

Table below shows the projected impact of IRRBB/ RORRBB for the Bank (RM'000):

	30-Jun-25 +150 bps parallel shock		31-Dec-24 +150 bps parallel shock	
	Increase/ (Decrease) in Earnings	Increase/ (Decrease) in Economic Value	Increase/ (Decrease) in Earnings	Increase/ (Decrease) in Economic Value
Total (RM'000)	(26,246)	(104,811)	(27,568)	(127,045)

6.0 EQUITY EXPOSURES IN BANKING BOOK

Equity exposures comprise investments in unquoted equity instruments.

Disclosures on accounting policy and fair value measurement of equity expusures are the same with the audited financial statements for the financial year ended 30 June 2025.

The privately held equity investment is unquoted and recorded at fair value. This investment is held for socio-economic purposes and not for trading purposes.

	30-Jun-25		31-Dec-24	
	Exposures Pre/Post CRM RM'000	Risk-weighted assets RM'000	Exposures Pre/Post CRM RM'000	Risk-weighted assets RM'000
Privately held	1,386	2,079	1,386	2,079
	1,386	**2,079**	**1,386**	**2,079**

The table below presents the gains and loss on equity exposure in the banking book:

	30-Jun-25	31-Dec-24
Realised gains/(loss) recognised in income statement	-	-
Unrealised gains/(loss) recognised in revaluation reserve	-	(21)
	-	(21)

7.0 LIQUIDITY RISK

Liquidity risk is the risk of adverse impacts on the financial condition or overall safety and soundness of the Bank due to its inability, or perceived inability, to meet its obligations or commitments as they become due. This risk arises from either having insufficient financial resources available to fulfill these obligations or being able to access these resources only at an unreasonable cost.

The primary objective of the Bank's liquidity risk management is to ensure the availability of sufficient funds at a reasonable cost to honor all financial commitments when they fall due. Various liquidity measurements, including the Liquidity Coverage Ratio ("LCR"), Net Stable Funding Ratio ("NSFR"), and Top Depositor Concentration ratios, have been implemented to support this strategic objective. Simultaneously, the Bank aims to ensure an optimal funding structure and to balance key liquidity risk management objectives, including diversification of funding sources, customer base, and maturity period.

In line with BNM requirements on LCR and NSFR, the Bank ensures that these ratios remain above the specified regulatory minimum requirements. LCR is a short-term resilience assessment, measuring the adequacy of High-Quality Liquid Assets ("HQLAs") to withstand an acute liquidity stress scenario over a 30-day horizon. HQLAs are liquid assets that can be easily and immediately converted into cash at little or no loss of value. NSFR promotes long-term structural funding of the Bank's balance sheet and strengthens the long-term resilience of the liquidity risk profile, ensuring that the Bank maintains sufficient stable funds to support its asset growth over the medium to long-term horizon.

Additionally, a Contingency Funding Plan ("CFP") is in place, which outlines strategies for addressing liquidity shortfalls based on the severity of emergency situations, ensuring the orderly execution of procedures to restore liquidity and confidence across the Bank. It includes a set of early warning indicators designed to identify potential liquidity issues. An annual CFP testing is conducted to ensure the readiness and knowledge of relevant departments in managing liquidity incidents effectively.

8.0 OPERATIONAL RISK

Operational risk is defined as the risk of loss arising from inadequate or failed internal processes, people and systems and external events, which includes legal risk and Shariah compliance risk but excludes strategic and reputational risk. The Bank recognise and emphasise the importance of operational risk management and manages this risk through a control-based environment where processes are documented, authorisation is independent, transactions are reconciled and monitored and business activities are carried out within the established guidelines, procedures and limits. The Bank's governance approach in managing operational risk is premised on the Three Lines of Defense Approach as discussed under Risk Managemet Note 3.0.

OPERATIONAL RISK CAPITAL CHARGE

The Bank adopts the Standardised Approach ("SA") to compute operational risk capital requirement under BNM's Guidelines on RWCAF and based on the Capital Adequacy Framework (Operational Risk) issued on 15 December 2024.

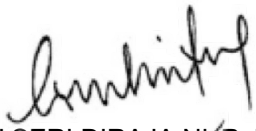
Details on RWA and capital requirements related to Operational Risk are disclosed in Table 3: Regulatory Capital Requirements.

MBSB INVESTMENT BANK BERHAD (197501002077 / 23878-X)
(FORMERLY KNOWN AS MIDF AMANAH INVESTMENT BANK BERHAD)
(Incorporated in Malaysia)

PILLAR 3 DISCLOSURES
30 June 2025

CHIEF EXECUTIVE OFFICER ATTESTATION

In accordance with Bank Negara Malaysia's Capital Adequacy Framework Pillar 3 Disclosure Requirement, it is hereby attested that the disclosures as set forth in the accompanying notes to the financial statements related to significant business and operations risks of MBSB Investment Bank Berhad for the financial period ended 30 June 2025 are consistent with the manner in which the Bank assesses and manages its risks, and are not misleading in any particular way.



DATO' SERI DIRAJA NUR JULIE GWEE ARIFF
CHIEF EXECUTIVE OFFICER